

CONSUMER ETHNOCENTRISM: A LITERATURE REVIEW

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Abstract: *The consumer behaviour was affected by not only physical characteristics of the product but social, cultural and psychological factors. The purpose of the literature review was to present the consumer ethnocentrism. The article presents the development of the concept of consumer ethnocentrism. It provides a comprehensive study about the affecting factors of consumer ethnocentrism such as demographic, socio-psychological, macro environmental factors and different characteristics of the products as well. This shows the attitude towards foreign and domestic products influenced by the consumer ethnocentrism.*

Based on the literature we can conclude, that the investigation of the consumer ethnocentrism is very important in both domestic and international levels. In the future, if the purpose is the promotion of domestic products of a country, it will be taken into account, which product properties are affected by ethnocentrism. Especially we should really pay attention to the experience and confidence as product properties.

Keywords: *ethnocentrism, consumer behavior, literature review*

INTRODUCTION

The international reputation of Hungary became an even more important aspect after the EU accession of the country. The European Union provides and also expects the free movement of products, services and workforce, there by urging Member States to be tolerant to the products and services of other countries. However, in the current globalising world, the development of marketing strategies aiming at the protection of Hungarian products is increasingly important. The analysis of consumer ethnocentrism can be considered topical, since the question of the domestic consumption of Hungarian products is even more important than a few years ago. The reason for this phenomenon is that the proportion of consumers preferring Hungarian products has been showing a decreasing tendency during the recent years, which is an unfavourable trend from the aspect of establishing stable internal consumption. For this reason, it is of chief importance to examine the factors which are determinant from the aspect of preferring Hungarian products.

FROM ETHNOCENTRISM TO CONSUMER ETHNOCENTRISM

In order to understand and define consumer ethnocentrism, one first has to get to know the concept of ethnocentrism, as consumer ethnocentrism is the manifestation of ethnocentric thinking in consumer attitude. Ethnocentrism is related to the area of social psychology. The definition of this concept originates from Sumner. According to Sumner (1906), individuals are inclined to place their own social group in the centre and judge all other groups in relation to their own. In 1950, Adorno et al. defined the characteristics of ethnocentric people. During the research they performed, it was concluded that ethnocentrism results in a certain form of identification with people's own group. One of the main motives behind this identification is a certain form of refusal, as they think that individuals can identify with a group only if there is another group which they can refuse. Smith (1972) described ethnocentrism as unconditional trust in the superiority of people's own group. According to Malota (2003), ethnocentrism is nothing but the evaluation of

external groups from the aspect of people's own group. The positive form of this evaluation patriotism, while the negative form is called nationalism. In Malota's analyses, nationalistic and patriotic emotions are also supplemented by cosmopolitanism, a third dimension of ethnocentrism. Ethnocentrism is a certain manifestation of individuals' need to explore their identity and to belong to a group/community, thereby contributing to the well-being of the given group (Brkić et al., 2011).

The influence of ethnocentrism – on the relationship between different social groups – is discussed in several technical literature sources. The strong opinion-forming force of ethnocentrism is undisputable, which does not mean that everyone is affected by ethnocentric emotions. However, according to technical literature sources, it is assumed that some people are ethnocentric even they are often not aware of it.

After defining the psychological concept of ethnocentrism, the possibility of a marketing-focused consumer approach presented itself. Several research efforts showed that ethnocentrism fuelled by nationalistic and patriotic emotions affects purchase decisions, as consumers have a positive prejudice towards Hungarian products and they prefer foreign products less. Furthermore, this prejudice also appears in the evaluation of products and the willingness to purchase products (Sharma et al., 1995; Javalagi et al., 2005; Auruskeviciene et al., 2012).

CONSUMER ETHNOCENTRISM AND ETHNOCENTRIC CONSUMERS

The concept of consumer ethnocentrism was first defined by Shimp and Sharma (1987) based on the definition of ethnocentrism by Sumner (1906). In their research, they also took the economic and sociological environment into consideration; therefore, according to their definition, ethnocentric consumers consider the purchase of foreign products to be inappropriate, because they think it will have a negative impact on the Hungarian society and it will increase unemployment. On consumers' behalf, this approach is a certain kind of moral judgement of purchasing Hungarian and imported products, since this view points beyond the mere welfare and functional role of products and the choice of the given product is based on a more noble/moral motivation.

On the contrary, non-ethnocentric consumers judge foreign and domestic products objectively based on their quality and performance and choose the proper one based on the comparison of these aspects (Shimp – Sharma, 1987).

Ethnocentric emotions in consumer behaviour were studied by Schooler in 1965, who came to a conclusion that there is a certain form of aversion to imported products, which is an obstacle to their success in foreign markets.

It is assumed that ethnocentric emotions are reduced by the characteristics of cosmopolitan attitude in today's increasingly globalising world. However, the research conducted by Shimp (1984) shows that consumer ethnocentrism increases the feeling of patriotism and emphasises cultural and ethnical identity; therefore, it has a strong impact on the global business environment, especially in periods of crisis. The intention to support local economies usually increases during an economic crisis in several countries, as it was shown in the research conducted by Smyczek and Glowik in 2011.

Subsequent research of ethnocentrism focused on the willingness to pay for foreign products, as well as intention to purchase products and attitudes (Sharma et al., 1995; Klein et al., 1998). Kim and Pysarchik (2000) used statistical methods to show that there is a negative correlation between consumer ethnocentrism and the attitude towards foreign products. At the same time, there is a positive impact on the willingness to purchase domestic products (Han,1988; Herche,1992; Dogi et al., 2014). According to Moon and

Nelson (2008), the reason for this finding is that consumer behaviour is greatly affected by the cultural values of consumers. For example, customers prefer not only domestic products, but also products originating from countries with similar cultural background to those from other countries (Watson - Write, 2000). Both the above mentioned studies and the research performed by Shoham and Brenčić (2003) show that consumer ethnocentrism strongly affects habits to purchase domestic and foreign products; therefore, the management of local enterprises can be greatly helped by this phenomenon in developing their marketing strategies (more specifically in segmentation, the selection of the appropriate method of communication and choosing the right target markets).

THE IMPACT OF FACTORS AFFECTING CONSUMER ETHNOCENTRISM

Findings of previous research show that socio-psychological factors and elements of the economic environment also affect consumer ethnocentrism in addition to the demographic characteristics of individuals (Malota, 2003; Shankarmahesh, 2006; Saffu et al., 2010; Cumberland et al., 2010; Siemieniako, 2011; Hámori, 2013). This paper intends to present the impact of these factors by means of an overview of technical literature.

As regards the impact of *demographic factors*, women, older people and those with lower educational degrees can be considered more ethnocentric, as people with higher educational degrees can be less frequently described with nationalism and the feeling of superiority (Shimp – Sharma, 1987; Sharma et al., 1995; Balabanis et al., 2001; Javalagi et al., 2005; Erdogan – Uzkuurt, 2010; Josiassen, 2011; Mockaitis et al., 2013). The same refers to people with lower income. These customers are also more ethnocentric, because they feel that their quality of life is threatened by the presence of imported products more (Mockaitis et al., 2013).

Based on *socio-psychological factors*, it was concluded that nationalism and conservatism have a positive influence on ethnocentrism (Balabanis et al., 2001; Malota, 2003; Anastasiadou - Florou, 2012; He – Wang, 2014), while cosmopolitanism has a negative effect (Jin et al., 2014). According to the related technical literature, the influence of the inclination to travel / travel experience also belongs to the category of socio-psychological factors. Those who travel a lot and get to know other cultures are more open and more tolerant to other cultures; therefore, they are less ethnocentric (Nijssen - Douglas, 2004; Kottasz - Bennet, 2006).

It is a widely accepted and fundamentally important fact – and also considered to be the basis of marketing – that the *level of economic development* and the resulting consumer well-being are the primary factors determining consumer behaviour. Based on the related technical literature sources, it can be concluded that a certain country's level of economic development affects consumer ethnocentrism (Javalagi et al., 2005; Shankarmahesh, 2006). There are two types of economic environment from the aspect of consumer ethnocentrism. The first type includes developed countries which are less ethnocentric due to the fact that their economy is strong enough; therefore, they are not afraid to support the import of foreign products, thereby increasing competition, improving the quality of domestic products and widening the product range. The other group consists of developing countries whose populations seem to be more ethnocentric, as they are concerned for the situation of their own economy due to their lower level of economic development; therefore, they encourage the purchase of domestic products. (Good - Huddleston, 1995; Durvasula et al., 1997). According to certain research findings, the population of some developing countries are less ethnocentric, since they consider the quality of their own products to be lower than those of more developed countries (Wang – Chen, 2004). Therefore, there are consumers in developing countries who prefer foreign

products, because they consider them to be of better quality and a novelty. However, this tendency is likely to decrease as soon as the given economy is becoming more developed (Shankarmahesh, 2006).

In addition to demographic, socio-psychological and economic factors, the *political climate also has a significant influence*. Often times, the acquisition policy of the government (“Buy local/domestic products!”) can strengthen consumer ethnocentrism. For example, in the years prior to the establishment of the European Union, local public procurement policies were in force in all European countries and government contracts were awarded to local enterprises in nearly all cases, which greatly increased the ethnocentric point of view (Shankarmahesh, 2006).

THE SITUATION OF CONSUMER ETHNOCENTRISM IN HUNGARY

In 1990, Papadopoulos et al. concluded that the majority of Hungarians were either not or only slightly ethnocentric, because less developed countries often praise the living standards and products of more developed countries and, consequently, underrate the performance of their own country. At the time of the political restructuring in Hungary, domestic products were typically underrated in comparison with those of western countries.

Ten years later, the findings of Berács and Malota (2000) showed that Hungarian respondents generally had a positive attitude to Hungarian products, but products of developed countries were still more preferred.

Based on a subsequent representative survey conducted among Budapest citizens (Malota, 2003), consumers still did not consider Hungarian products to be good. On the contrary, the highest willingness to purchase was measured in relation to Hungarian products.

According to the results of the newest – ethnocentrism-focused – cluster analysis (Szakály et al., 2014), four consumer segments were identified in Hungary. Patriots had the highest proportion (36%), followed by the group of regional nationalists, nation-loving and moderately nation-conscious segments. In Hungary, no internationalist segment was found during the segmentation into four groups. It is possible that further segmentation would have resulted in the appearance of this group, but only to a minor extent. This fact leads to the assumption that Hungarians have a very strong emotional attachment to the Hungarian nationality itself. This strong national consciousness (ethnocentrism) has a proven influence on product selection, too. Even though consumers are extremely price-sensitive today, they still make emotion-driven purchase decisions. Emotions play a key role in customers’ decisions to purchase a certain product. In Hungary, patriotism (which is one of the elements of ethnocentrism) is an especially strong aspect; therefore, it greatly affects product selection (Szakály et al., 2014).

SUMMARY

During the analysis of ethnocentrism as a factor influencing product selection, the most interesting question is which factors affect ethnocentrism and how they affect it. As a conclusion, Table 1 shows the factors which affect consumer ethnocentrism and the way they influence decisions, as well as the authors who demonstrated each influence in their research.

Based on the related technical literature, it can be concluded that the impact of influencing factors has not changed significantly for today. More up-to-date technical literature sources supplement and basically confirm the findings of preliminary research.

Table 1

Factors influencing consumer ethnocentrism

Influential factors		Authors
Demographic factors	Old age (+)	Shimp – Sharma, (1987); Sharma et al., (1995); Balabanis et al., (2001); Malota, (2003); Javalagi et al., (2005); Sharma et al., (1995); Balabanis et al., (2001); Erdogan – Uz Kurt, (2010); Josiassen, (2011)
	Female consumers (+)	Sharma et al., (1995); Balabanis et al., (2001); Chambers et al., (2007); Chung et al., (2009)
	Lower educational level (+)	Sharma et al., (1995); Malota, (2003); Erdogan – Uz Kurt, (2010); Josiassen, (2011); Mockaitis et al., (2013)
	Lower income (+)	Shimp – Sharma, (1987); Sharma, et al., (1995); Balabanis et al., (2001); Mockaitis et al., (2013)
Socio-psychological factors	Patriotism (+)	Sharma at al., (1995); Balabanis et al., (2001); Malota, (2003); Anastasiadou - Florou, (2012); Szakály et al., (2014)
	Nationalism (+)	Balabanis et al., (2001); Malota, (2003); He - Wang, (2014)
	Conservatism (-)	Sharma at al., (1995); He – Wang, (2014)
	Cosmopolitanism (-)	Malota, (2003); Jin et al., (2014)
	Interest in traveling (-)	Malota, (2003); Nijssen – Douglas (2004); Kottasz - Bennet, (2006)
Economic climate	Developed countries (-)	Good - Huddleston, (1995); Durvasula et al., (1997); Wang – Chen, (2004); Shankarmahesh, (2006)
	Developing countries (-) (+)	
Political climate	Government propaganda (+)	Shankarmahesh, (2006)

Source: Own construction based on technical literature data (2015)

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