

## Investigating the Role of Demographic Characteristics on Consumer Ethnocentrism and Buying Behavior

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### Abstract

*The purpose of this study is to investigate the role of demographic characteristics on consumer ethnocentrism and buying behavior. This study will also attempt to gaze at and scrutinize the belongings of several demographic variables, i.e., gender, age, education level, income level on the consumer ethnocentric tendencies among Pakistani consumers. Four independent variables age, gender, income, and education were taken to check the ethnocentric behavior of respondents towards buying. Respondents were approached from central Punjab and 7-point lickert was used to measure the variables. Statistical Package for the Social Sciences (SPSS) Version 17 was used for data analyses. The data analysis instigate with the demographic profile of the respondents. The test of mean differences between subgroups in the demographic variables were tested using independent sample T-test and one-way ANOVA. These tests were conducted to verify whether or not the subgroups within each demographic variable are significantly different in terms of their perceptions towards consumer ethnocentrism. From results it was concluded that male consumers, older, high education, low income consumers seem to have higher ethnocentric tendencies. This study will surely provide a pragmatic confirmation for the effect of demographic variables on consumer ethnocentrism and will help the researchers to further work on some other variables.*

**Key Words:** Ethnocentric Behavior, Age, Gender, Income, Education, Willingness to buy.

## Introduction

As global and economic changes occur, consumer purchasing patterns are expected to shift dramatically as more products become available due to globalization. Imported products, previously unavailable to the average consumer are now becoming more popular. It is thus important to understand the ethnocentric tendencies of consumers as these attitudes may influence consumers' purchase decisions of imported products (Andresen & Taylor, 2005).

There is an abundance of imported clothing brands in Pakistan at competitive prices because at present Pakistan maintains a fairly liberal trade regime, where all quantitative restrictions on imports have either been removed or converted into tariffs. It is noteworthy that the applied tariffs in Pakistan are well below the bound tariffs under WTO, translating into market access. However, quality control is integral to competitiveness of Pakistan's exports. Low quality products fetch low price in the international market. The obvious problems of quality for Pakistan are those of technical precision, grading and specialization. The WTO Agreement on Technical Barriers to Trade is relevant in this regard.

There are a number of multinational companies currently operating in Pakistan. Multi-National Enterprises or MNCs as they are more commonly referred to are the major signs of how globalization has in effect created organizations that make products which are then sold the world over and thus their marketing campaigns also target consumers which belong to diverse, multi-ethnic backgrounds. Even though Pakistan is one of the poorer countries of the world, there are currently approximately 170 million people living in Pakistan. This represents a significant market size that these MNCs want to take advantage of. This is what accounts for their presence in Pakistan.

The globalization of the international market provides the opportunities and challenges for all organizations and nations all over the world. With globalization, the geographical barriers among nations are eliminated but the opportunities come with the price that they have to pay, i.e., the multi-cultural and ethnical background of potential consumers. For consumers, the globalization offers them with various ranges of products from different national origin. This has resulted in greater interest to investigate consumer attitudes towards products of different national origins (Fieldhouse, 1986). This study attempts to investigate the effects of demographic variables on ethnocentrism in the context of a developing country, in Pakistan's clothing industry.

In recent years which all the international and global companies from all over the world with any origin, try to capture market share in other countries, marketers have to consider the impact of country of origin and sense of ethnocentrism in society which they try to apply their marketing strategies to get the market share because each country have its own people and its own culture, as result they have their own purchasing behavior and purchasing decision making in facing the foreign and domestic products, especially in cloths industry which everyone have to make decision to choose whether they buy their domestic and made by their own country or other global brands which have been selling in most of the shops and shopping malls, in all over the world.

## Literature Review

### Defining Ethnocentrism

Ethnocentrism is the use of one's own culture and its practices as the standard for judging other cultures. Literally, ethnocentrism means to put our own ethnicity (Ethno) at the center (Centrism) of the universe. Ethnocentrism fosters negative judgments of anything that differs from our own ways. In extreme form,

ethnocentrism can lead one group of people to think it has the right to dominate and exploit other groups and to suppress or eliminate other cultures (Jain, 2003)

According to Andersen (2005) ethnocentrism is the habit of seeing things only from the point of view of one's own group. Fieldhouse (1986) stated that ethnocentrism describes the belief that one's own patterns of behavior are preferable to those of all other cultures. Because people are taught the values of the culture in which they grow up they tend to view their own patterns of behavior as being right, normal and best. As a corollary to this, foreign cultures are viewed as being wrong or irrational or misguided.

Law (1996) proposed that ethnocentrism is the assumption that the worldview of one's own culture is central to all reality. In our ethnocentrism, we perceive and evaluate persons, things, and events according to our values, beliefs, and assumptions, often not working or accepting other as valid or important. Ethnocentrism is the tower of Babel that each cultural group builds, resulting in the inability to communicate and relate to persons of another culture.

### **Understanding Consumer Ethnocentrism**

According to Perkins and Forehand (2010) consumer ethnocentrism is thought to result from cognitive (e.g. belief that products produced in one's own country are better), affective (a positive affective reaction toward native products), and ideological and normative (belief that it is appropriate to purchase products manufactured in one's country) thought processes.

Luthy (2002) urged that, for those who are strongly consumer ethnocentric, buying imported goods is wrong because, from their perspective, it has a negative effect on the domestic economy, results in job loss, and is unpatriotic. By contrast, for those who are not strongly consumer ethnocentric, foreign (i.e. out-group) products should be evaluated on their own merits without consideration to where they are produced. Furthermore, people have their inherent attitudes toward different countries (Shah & Halim, 2011). For example, even if a country is known for developing quality products, an unfavorable attitude toward a country may lead the buyer to favor a product originating from another nation, if this negative bias is strong enough.

However, the generalized concept of ethnocentric tendencies among consumers to explain consumers' rejection of foreign-made products has been refuted. More recent findings show that country of assembling and country of design both generally affect beliefs about products and attitudes toward buying them; however, the nature and directionality of these effects depend on the level of consumer ethnocentric tendencies (Wood, 2008).

### **Relationship between Consumer Ethnocentrism and Demographic Variables**

Published studies have demonstrated that the degree of consumer ethnocentrism varies between individuals according to demographic, socio-economic and regional economic factors; the degree of perceived threat from international competition; and how necessary or otherwise the product is perceived (Sharma, Shimp, & shin, 1995). The most commonly used demographics are age, gender, education and income (Balabanis et al. 2001). Some studies exposed no relationship between the demographic variables and consumer ethnocentrism. For instance, (Sharma et.al 1995; Festervand et.al 1985) found that there is no significant relationship between age and consumer ethnocentrism. On the other hand, (Han, 1990; De Ruyter, et.al 1998; Keillor et. al 2001) investigated that income is not significantly taken into account for variations in ethnocentricity between consumers. Other study (Brodowsky et.al 2004) reported no significant relationship between education level and consumer ethnocentrism. Tan and Farley (1987) reported a positive relationship between income and consumer ethnocentrism. Regarding gender variable some

researchers found no significant gender differences on consumer ethnocentrism (De Ruyter, et.al 1998; Keillor et. al 2001; Brodowsky et.al 2004; Caruana et.al 1996; Abdul Razak et.al 2002)

Many researchers investigated that demographic variables have an influence on consumer ethnocentrism. All in all, previous researches on consumer ethnocentrism have shown that: (a) women (Balabanis et al. 2001; Han 1990; Kaynak et.al 2002), (b) older (Balabanis et al. 2001; Watson et.al 2000; Lee et.al 2003; Vida et.al 2001), (c) less educated people (Balabanis et al. 2001; Watson et.al 2000; Lee et.al 2003; Javalgi et.al 2005), (d) lower income (Keillor et. al 2001; Lee et.al 2003) are found to be more ethnocentric.

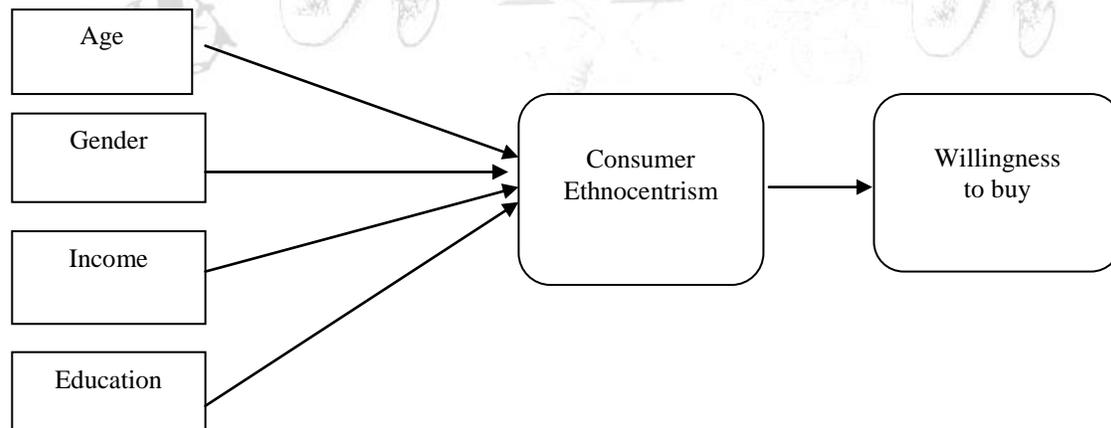
**Significance:**

This learning will attempt to gaze at and scrutinize the belongings of several demographic variables, i.e., gender, age, education level, income level on the consumer ethnocentric tendencies among Pakistani consumers. Prior researches of (Wood, 2008; Balabanis et al. 2001; Brodowsky et.al 2004; Tan et.al 1987; Caruana et.al 1996; Abdul Razak et.al 2002; Kaynak et.al 2002) have found that gender, age, education level and income level have significant impact on consumer ethnocentrism.

**Research Objectives:**

- To study the impact of age, gender, and income over the consumer’s ethnocentrism.
- To investigate which consumer groups in terms of age, gender, and income are more ethnocentric.
- To investigate either ethnocentric behavior of customers influence their purchase decision.
- To investigate the role of consumers’ demographic characteristics on the relationship between consumer ethnocentric tendencies and willingness to buy domestic products

**Model:**



(Josiassen et.al 2011)

**Proposed Hypothesis**

- H10: There is no significant relationship between gender and consumer ethnocentrism
- H11: There is a significant relationship between gender and consumer ethnocentrism
- H20: There is no significant relationship between age and consumer ethnocentrism

H21: There is a significant relationship between age and consumer ethnocentrism

H30: There is no significant relationship between level of education and consumer ethnocentrism

H31: There is a significant relationship between level of education and consumer ethnocentrism

H40: There is no significant relationship between level of income and consumer ethnocentrism

H41: There is a significant relationship between level of income and consumer ethnocentrism

## Methodology

### Population and Sample

The data gathered was majorly from survey questionnaire. A self-administered questionnaire was used. The data were collected from a convenience sample of consumers shopping in the shopping centers of Lahore and Sahiwal. Out of 500 questionnaires distributed, 427 were received back, displayed an 85 percent response rate. The demographic information of the respondents was collected through the same questionnaire.

### Measurement Instruments

Consumer Ethnocentric Tendencies Scale (CETSCALE) was originally developed by Sharma and Shimp (1995), and is considered to be a very reliable scale to measure the consumers' ethnocentrism. The CETSCALE consists of 17 items scored on a 7-Point Likert Scale, anchored by 1=Strongly Disagree and 7=Strongly Agree, measuring the consumers' ethnocentrism and it satisfies the reliability measures of at least 0.5. The data was analyzed through SPSS statistical software package using t-test and ANOVA.

## Results

Statistical Package for the Social Sciences (SPSS) Version 17 was used for data analyses. The data analysis instigate with the demographic profile of the respondents. The test of mean differences between subgroups in the demographic variables were tested using independent sample T-test and one-way ANOVA. These tests were conducted to verify whether or not the subgroups within each demographic variable are significantly different in terms of their perceptions towards consumer ethnocentrism.

### Profile of Respondents

The results of the descriptive analyses for all the demographic variables in this study are summarized in Table 1. It has been attempted to keep gender almost equal in this study. Slightly more than half (56.9%, n=243) reported they were males, while the least number of respondents (43.1%, n=184) were females. Most of the respondents (26.9%) were "Above 40 Years" old and only 8.2% of them were "26 to 30 Years" old. For the education level, the majority of the respondents was "Metric and below" (25.8%) and only 11.7% of them were of "Master" level. In examining the income level we found that majority (39.1%) were acquiring income "Below Rs10, 000".

### Relationship between Gender and Consumer Ethnocentrism

Table 2 shows the result of independent sample t-test on Gender and Consumer Ethnocentrism. It was found that gender and consumer ethnocentrism are significantly related and both are significant at 0.05 level. It was also detected that males are more ethnocentric than females. Previous studies of (Balabanis

et.al 2001; Han et.al 1990; Kaynak et.al 2002) revealed that females are more ethnocentric as compared to males. In Pakistani context the findings of (Balabanis et.al 2001; Han et.al 1990; Kaynak et.al 2002) are found to be inconsistent with our findings in terms of Gender and Consumer Ethnocentrism.

**Relationship between Age and Consumer Ethnocentrism**

Table 3 shows the results of the one-way ANOVA test on Age and Consumer Ethnocentrism. For the consumer ethnocentrism construct, age was found to be significant. The results indicate that respondents who were above 40 years old had higher mean value as compared to those who were below 40 years of age. From the Tukey post hoc test, the means were found to be significantly different between respondents who were “above 40 years” of age and with those who were between “Below and 20 years” old, between “21 to 25 years” old, between “26 to 30 years” old, between “31 to 35 years” old and between “36 to 40 years” old. Moreover, those who were between “36 to 40 years” old had a significant mean difference with those who were between “Below and 20 years” old, between “21 to 25 years” old and “26 to 30 years” old group.

Table 1: Respondents’ Demographic Profile (N=427)

Demographic Characteristics	Frequency	Percentage
1. Gender		
Male	243	56.9
Female	184	43.1
2. Age		
Below 20 Years	62	14.5
21 to 25 Years	57	13.3
26 to 30 Years	35	8.2
31 to 35 Years	62	14.5
36 to 40 Years	96	22.5
Above 40 Years	115	26.9
3. Level of Education		
Metric and Below	110	25.8
Intermediate	97	22.7
Bachelor	103	24.1
Master	50	11.7
College Diploma	67	15.7
4. Monthly Income		
Below Rs. 10,000	167	39.1
Rs. 10,001 to 20,000	145	34.0
Rs. 20,001 to 30,000	19	4.4
30,001 to 40,000	42	9.8
Above 40,000	54	12.6

Table 2: Results of Independent Sample T-Test on Gender

Study Construct	Gender	N	Mean	t-Value	Sig.
Ethnocentrism	Male	243	5.8749	10.849	0.000*
	Female	184	5.2293		

\* Significant at  $p \leq 0.05$

Table 3: Result of One-Way ANOVA Test on Age

Study Construct	Age	Mean	F	Sig.	Diff.**
Ethnocentrism	20 and Below	4.9823	46.635	0.000*	b,d>a,c e>a,b,c f>a,b,c,d,e
	21 to 25	5.3789			
	26 to 30	5.0686			
	31 to 35	5.5435			
	36 to 40	5.6906			
	Above 40	6.1470			

\* The mean difference is significant at the 0.05 level

\*\* The differences were based on Tukey Post Hoc Test: a-20 and below, b-21 to 25, c-26 to 30, d-31 to 35, e-36 to 40, f-Above 40

Table 4: Result of One-Way ANOVA Test on Level of Education

Study Construct	Education	Mean	F	Sig.	Diff.**
Ethnocentrism	Metric and Below	5.4136	4.604	0.001*	d,e>a
	Intermediate	5.5722			
	Bachelor	5.6078			
	Master	5.8720			
	College Diploma	5.7104			

\* The mean difference is significant at the 0.05 level

\*\* The differences were based on Tukey Post Hoc Test: a-Metric and below, b-Intermediate, c-Bachelor, d-Master, e-College Diploma

Table 5: Result of One-Way ANOVA Test on Level of Income

Study Construct	Income	Mean	F	Sig.	Diff.**
Ethnocentrism	10,000 and Below	6.0257	111.710	0.000*	c,d>e b>c,d,e a>b,c,d,e
	10,001 to 20,000	5.6821			
	20,001 to 30,000	5.2368			
	30,001 to 40,000	5.1024			
	Above 40,000	4.5519			

\* The mean difference is significant at the 0.05 level

\*\* The differences were based on Tukey Post Hoc Test: a-10,000 and Below, b-10,001 to 20,000, c-20,001 to 30,000, d-30,001 to 40,000, e- Above 40,000

Further, those who were between “21 to 25 years” old and “31 to 35 years” old had a significant mean difference with those who were between “Below and 20 years” old and “26 to 30 years” old group. This finding is consistent with previous studies of (Balabanis et.al 2001; Watson et.al, 2000; Lee et.al 2003; Vida et.al 2001) who also confirmed that older consumers are more ethnocentric.

### Relationship between Education Level and Consumer Ethnocentrism

Level of education was found to be significantly related with consumer ethnocentrism. Table 4 shows that the consumer ethnocentrism exhibited significant mean differences between those who had Master Degree, College Diploma with those who had “Metric and Below” qualification. The results suggest that well educated people exhibit higher ethnocentric tendencies and this is inconsistent with studies conducted by (Balabanis et.al 2001; Watson et.al 2000; Lee et.al 2003; Javalgi et.al 2005). Buying foreign products leaves adverse impacts on national economy. These adverse impacts can be understood only by well educated people, thus it justifies the well educated people to be more ethnocentric.

### Relationship between Level of Income and Consumer Ethnocentrism

Table 5 shows the results of the one-way ANOVA test on Age and Consumer Ethnocentrism. For the consumer ethnocentrism construct, Level of Income was found to be significant. It was found that the respondents having lower income (10,000 and below) are more ethnocentric. From the Tukey post hoc test, the means were found to be significantly different between respondents who were “20,001 to 30,000”, “30,001 to 40,000” income level and those who were “Above 40, 000” income level. Moreover, those who were between “10, 001 to 20, 000” had a significant mean difference with those who were between “20, 001 to 30,000”, between “30,001 to 40000” and “Above 40, 0000” income level. Further, those who were between “10, 000 and below” had a significant mean difference with those who were between “10, 001 to 20,000”, between “20, 001 to 30, 000”, between “30,001 to 40,000” and “Above 40, 000”. These findings are consistent with the findings of (Keillor et.al 2001; Lee et.al2003), who also confirmed that consumers with lower income level are more ethnocentric.

### Conclusion

This learning attempts to gaze at and scrutinize the belongings of several demographic variables, i.e., gender, age, education level, income level and geographical region on the consumer ethnocentric tendencies among Pakistani consumers. Prior researches of (Han, 1990; Keillor et.al 2001; Kaynak et.al 2002; Watson et.al 2000; Lee et.al 2003; Vida et.al 2001; Javalgi et.al 2005), have found that gender, age, education level and income level have significant impact on consumer ethnocentrism. For the ethnocentric consumers, males, older, high education, low income consumers seem to have higher ethnocentric tendencies.

This study has a number of implications. The most important one is that this research will assist the marketing professionals and multinational organizations to understand the level of brand preferences the Pakistani consumer poses to purchase the local and imported brands. In the past no significant research work has been done in this area so it is a valuable addition in the current literature in the discipline of consumer behavior in Pakistan.

### Limitations and Future Research

The current study provides pragmatic confirmation for the effect of demographic variables on consumer ethnocentrism. There are many limitations to this study. Firstly, this study only highlights the gender, age, income, level of education only. Consequently, future research should also inspect the effect of other demographic variables such as occupation, marital status and ethnic background to perk up the knowledge of the profiles of Pakistani consumers. Secondly, the study should explore other relevant variables to understand further the factors that activate consumer ethnocentrism. There are some other variables that could be interesting to explore in future research, for instance, the country image construct to examine the attitude of consumers towards foreign made products, the national loyalty construct, and world mindedness and nationalism to examine consumers' judgment of foreign versus locally made products.

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