Consumer Ethnocentrism: Reconceptualization and Cross-Cultural Validation

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Prior research on ‘Consumer Ethnocentrism’ (CE) shows mixed results across different product categories, over time, and in relation with other constructs such as animosity, open mindedness, cosmopolitanism etc. Most studies also do not establish the unidimensionality and cross-cultural measurement invariance of CETSCALE. This paper develops and tests a new multi-dimensional CE scale to address these concerns.

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Consumer Ethnocentrism: Reconceptualization and Cross-cultural Validation

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ABSTRACT
Prior research on ‘Consumer Ethnocentrism’ (CE) shows mixed results across different product categories, over time, and in relation with other constructs such as animosity, open mindedness, cosmopolitanism etc. Most studies also do not establish the unidimensionality and cross-cultural measurement invariance of CETSCALE. This paper develops and tests a new multi-dimensional CE scale to address these concerns.

Keywords: Consumer ethnocentrism, cognitive bias, domestic vs. foreign products, services

INTRODUCTION
Shimp and Sharma (1987) defined ‘Consumer Ethnocentrism’ (CE) as a tendency of consumers to reject imported products and prefer domestic products, and introduced CETSCALE (a 17-items scale) to measure this construct. Since then many studies have explored the influence of CE on consumers around the world, but mostly with mixed results. For example, some find that the influence of CE may be product-category specific (e.g., Herche 1992; Kim and Pysarchik 2000), and that the effects of CE may not be stable over time (Nielsen and Spence 1997). Others show only a small or no significant main effect of CE (Acharya and Elliott 2003), or significant impact of demographic factors on CE (Nguyen, Nguyen, and Barrett 2008) unlike Sharma et al. (1995). Most studies also did not test the measurement invariance of the full CETSCALE or used its shorter versions (e.g., Cleveland, Laroche, and Papadopoulos 2009), raising concerns about the validity of their findings.

Most studies using the full CETSCALE also could not replicate its unidimensional structure (Hsu and Nien 2008), as proposed by Shimp and Sharma (1987). There is also a lack of consensus on the role of various antecedents of CE such as patriotism, collectivism, conservatism, global mindedness, cosmopolitanism, internationalism, and world mindedness (Javalgi et al. 2005; Suh and Kwon 2002). As a result despite its popularity, there are major concerns about the conceptual definition and structure of the CE construct and the validity and dimensionality of CETSCALE.

This paper addresses all the above concerns. First, based on an extensive review of international marketing and cross-cultural social-psychology research, it reconceptualizes CE as a three-dimensional construct consisting of affective (affinity for domestic products and aversion for foreign products), cognitive (evaluation bias in favor of domestic products), and behavioral (rejection of foreign products and acceptance of domestic products) dimensions. Next, it develops and validates a new scale to measure these three dimensions across different cultures, using well-established scale development procedures and a series of empirical studies with adult consumers from diverse cultural backgrounds in four different countries. Finally, it tests the reliability and validity of the new scale along with its cross-cultural measurement invariance.

THEORETICAL BACKGROUND
Consumer ethnocentrism originates from the general concept of ethnocentrism, characterized by a favorable bias towards everything related to one’s own group (in-group) versus others (out-group), and consists of the following properties: 1) distinction among different groups; 2) biased perception about events that favor own group’s interests; 3) perception about own group as the center of the universe; 4) suspicion and disdain for other groups; 5) perception about own group as being superior, strong, and honest; and 6) perception about other groups as being inferior, weak and dishonest (LeVine & Campbell, 1972).

Notwithstanding the above, the current conceptualization of CE focuses primarily on one context (imported products) and tries to tap the attitudinal, behavioral and socio-normative aspects of this complex construct using a rather simplistic unidimensional structure; whereas several studies show that it possesses at least two or more dimensions (e.g., emotional vs. rational, soft vs. hard etc). Therefore, based on an extensive review of the extant literature on ethnocentrism as well as country-of-origin effects, this paper reconceptualizes CE as a three-dimensional construct:

Affective reaction: High ethnocentric...
consumers show an affinity for domestic products and aversion for foreign products irrespective of their respective quality, as reflected in its affective aspect, called 'emotional' or 'soft' ethnocentrism in prior research.

**Cognitive bias:** High ethnocentrics display a cognitive bias not only in favor of domestic vs. foreign products but also service providers, hence it is an important dimension of CE.

**Behavioral preference:** Rejection of foreign products and acceptance of domestic products is an important element of CE. However, this paper goes beyond the preference for domestic products and extends its scope to other behavioral aspects (e.g., trial, repeat purchase, and positive WOM) as well as other contexts (e.g., service encounters).

**STUDY 1: Scale Development and refinement**

First, an initial pool of 36 items was generated based on an extensive literature review, focusing especially on the existing scales used to measure CE and ethnocentrism. Four independent judges (marketing professors not related with this study) reviewed all the items and based on the scores assigned by them 24 items were retained, with eight items for each of the three dimensions. This scale was further refined using data from a random sample of shoppers in major metropolitan areas in the four countries (N = 640). All the 24 items were interspersed throughout a questionnaire with a 7-point Likert-type response format (1 = strongly disagree, 7 = strongly agree) and administered as a part of a general survey of shopping habits of the consumers to mask its real purpose and to minimize demand effects.

Exploratory factor analysis and item-to-total correlations were used to assess all the items, omitting items with factor loadings below .40 and/or item-to-total correlations below .50 as recommended. This resulted in the elimination of six items, two from each dimension of the 24-item scale, and the remaining 18 items loaded on three factors as expected, explaining 72% variance in the data (42%, 18%, and 12%) with four items loading significantly on each of the three factors, named affective reaction, cognitive bias and behavioral preference. Next, each set of six items was treated as a sub-scale to test its individual reliability as well as for the full 18-item reduced scale. All the scales showed high reliability (Cronbach’s α = .80 to .86).

**STUDY 2: Scale Validation**

The purpose of this study was to confirm the three-dimensional structure of the new CE scale and to establish its discriminant, convergent and nomological validity, and its cross-cultural measurement invariance using a fresh sample (N = 1080). Hence, in addition to the new CE scale, it included several other scales, namely CETSCALE, consumer animosity, racism, consumer affinity, national identification, patriotism, nationalism, internationalism, and cosmopolitanism. In addition, consumer perceptions about ten categories each of domestic and foreign products and services were used to test the predictive validity of the new CE scale.

Confirmatory factor analysis on all the scales using maximum likelihood estimation procedure with AMOS 6.0 helped assess the construct validity of the new scale. As expected, all the items loaded highly (> .60) on their original scale as expected, with no major cross-factor loadings (> .40). All the t-values were high, suggesting high significance of all the factor loadings. The composite reliability estimates were also high, ranging from .75 to .90 for all the scales including the three sub-scales of the new CE scale. None of the confidence intervals of the correlation coefficients for each pair of scales (phi-estimates) included 1.0, providing adequate support for the convergent and discriminant validity of the new scale.

Next, three alternative measurement models (i.e., with one, two and three factors) were tested to examine the dimensionality of the new scale. As expected, the three-factor model provided a superior fit. Chi-square value of the three-factor model was significantly lower than the other models. Moreover, all the other fit indices were also significantly higher for the three-factor model (RMSEA = .044, AGFI = .91, NFI = .93, CFI = .96). The average variance extracted for each dimension was greater than the squared correlation among the three dimensions and .50, which indicates the independence of the dimensions, showing convergent validity. Hence, affective reaction, cognitive bias, and behavioral preference seem to represent three reliable and valid dimensions of consumer ethnocentrism.

A look at the phi (Φ) estimates for the correlations between the new CE scale and its dimensions and all the other scales showed the expected pattern of correlations, providing support for the nomological validity of the new scale. The new scale also showed high predictive validity compared to the old CETSCALE as well as all the other scales,
by explaining greater variance in the consumer perceptions about ten categories of domestic and foreign products and services. Finally, the cross-cultural measurement invariance of the new scale was tested using the multi-step process (Steenkamp and Baumgartner 1998), showing full configural, metric, and scalar invariance but only partial factor covariance and error variance invariance.

**DISCUSSION AND CONTRIBUTION**
This paper makes a significant contribution by addressing many important gaps in study of consumer ethnocentrism by developing and testing a new multidimensional scale to measure this complex construct. Using a series of studies with retail shoppers in four countries with varying levels of economic development and cultural values, it shows that CE has three different aspects – affective, cognitive and behavioral. Therefore, international managers need to acknowledge the importance of these dimensions and their unique influence on consumers’ perceptions and evaluation of domestic vs. imported products and services. Future research may further replicate the findings reported in this paper by testing the three-dimensional structure of this new scale and its psychometric properties with consumers in other countries and cultural contexts.

**Keywords:** Consumer ethnocentrism, cognitive bias, domestic vs. foreign products, services

**REFERENCES**


