

# Customer Ethnocentrism, Animosity and Purchase Intentions of Chinese Products

\*Dr. Puneet Rai

## Abstract

The paper explores the relationship between customer ethnocentrism, animosity and purchase intentions of Chinese products in the Indian market. The study fulfills a gap in the extant literature as there is a dearth of studies exploring these relationships in India, a developing country for product from another country China that is at the intermediate level of development. The results of the study indicate that there are no differences in customer ethnocentric tendencies and animosity towards China across gender, income class who have similar education background. The study found that animosity towards China amongst customers has a strong influence on the purchase intention of Chinese product, while customer ethnocentric tendencies do not influence the purchase intention of Chinese product.

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## Introduction

The global trade grew at a much faster pace than the global GDP in the last decade of twentieth century and in the beginning of twenty first century (<https://www.bbc.com/news/32783365>). During this period it was unimaginable to think that the developed countries that championed the cause of globalization will resort to promotion of domestic businesses. However, the second decade of twenty first century witnessed rise of a trend that may be termed as deceleration in the process of globalization. The governments in different countries especially the developed countries are facing a situation to create employment opportunities to the labour class who have lost jobs due to shift of most of manufacturing jobs out of the Western World. Domestic brands try to capitalize such an environment by appealing to customers to buy domestic brands. Such an environment in a country may influence consumer's decision making process in favour of the domestic brands over foreign brands. Consumer's preference for the domestic brands in comparison to the foreign brands have been a well-researched area in the marketing domain. This consumer tendency to favour the domestic brand has been conceptualized as customer ethnocentrism (CET) (Shimp & Sharma, 1987). According to Shimp & Sharma (1987) customer ethnocentrism is a belief about the appropriateness of purchase of foreign products over the domestic products. CET results from a concern for the domestic economy and people of one's own country and it leads to a general tendency to prefer domestic made products over the foreign products. Generally, CET is measured at individual level; however, it may be aggregated to the whole social system of a geographical area.

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\* Asstt. Professor, Jaipuria Institute of Management, Lucknow. Email : [puneet.raj@jaipuria.ac.in](mailto:puneet.raj@jaipuria.ac.in)

## Antecedents and Consequences of Customer Ethnocentrism

Past studies have explored the antecedents of customer ethnocentrism (CET) (Rosenblatt, 1964; Sharma, Shimp & Shin, 1994; Shankermahesh, 2006). Sharma, Shimp and Shin (1994) investigated the influence of social-psychological and demographic factors on CET tendencies. They reported positive influence of collectivistic tendencies and patriotic/ conservative attitudes on CET. However, according to Shankermahesh (2006), the relationship between patriotism/conservatism and CET is likely to be moderated by education and world-mindedness of customers. Customers with higher levels of education are expected to be less ethnocentric. Similarly customers with higher level world-mindedness are expected to be less ethnocentric. They also found an inverse relationship between cultural openness, education and income vis-à-vis CET. Studies have explored the influence of demographic variables on customer ethnocentrism. Some studies have reported the influence of gender and found that females are more ethnocentric as compared to males (Bruning, 1997; Sharma et al, 1994); however some studies found males to be more ethnocentric than females (Bannister and Saunders, 1978).

Shankermahesh (2006) identified other variables such as economic environment and political environment that may influence CET amongst the residents of a country. He posited that political leadership of a country can raise concerns about adverse impact of imports that could lead to increase in CET tendencies amongst the populace of the country. Also the different stages of economic development of a country may have different impact on the CET tendencies of the residents. In the initial stages of development the foreign goods may be preferred due to their better quality and global brand image. The intermediate stage of development may result in rise in nationalistic motives.

There is a growing interest in animosity as a variable and its likely impact on CET. It is important to notice the difference between CET and animosity. CET is a general tendency to abhor purchase of foreign goods from any of the countries, while animosity is an attitude towards a specific country. E.g. Residents of India may display animosity towards China due to military aggression of China, while they may not display any animosity towards the Japan. Klein et al. (1998) defined customer animosity as “the remnants or antipathy related to previous or ongoing military, political or economic aggression that will affect consumer’s purchase behaviour”. As mentioned in the definition of animosity, it could be either military, political or economic in nature. If we look at the major economic countries in the world, these countries are likely to have one or other form of animosity between them. Major world economies have some form of military or political conflict history with each-other. China have a military conflict with the two other large economies of Asia – Japan and India. The China-Japan military conflict finds its roots in the World War II, when Japanese soldiers committed atrocities on the Chinese people. While China-India conflict finds its roots in 1962 war, continued border disputes and the desire of both the nations to be super-powers of the world. China’s close relationship with India’s arch-rival Pakistan further fuels the suspicion between the two countries. Even if the countries do not have past hostilities towards each-other, the economic rivalries may result in some form of competition between two countries. The competition between two countries may result in certain government policies such as tariffs or non-tariffs decisions by each government that may fuel the

conflict between the two nations. E.g. the top two economies of the world United States of America and China have been experiencing an economic animosity between them for some time. The economic hostilities coupled with political leadership that promises restoration of domestic businesses may lead to a situation that results in escalation in the animosity towards each other. Consequently firms from the countries which are involved in the economic hostilities may face CET tendencies in the other market. A firm that desires to have global footprints need to be careful about these issues and it needs to prepare themselves for the animosities between their overseas markets and domestic-country. They need to pro-actively understand the customer tendencies of animosity and CET, and develop necessary marketing plans to overcome these problems.

Generally, customer ethnocentrism (CET) is found to have a negative influence on purchase intention of foreign goods (Klien et al, 1998; Suh & Kwon, 2002). CET has been found to have a positive relationship with intentions to buy domestic products (Han, 1998; Herche, 1992).

## **Research Gaps**

It is important to note that the influence of customer ethnocentrism (CET) may vary across different countries. The customers in developed countries may have good domestic products available as an alternative to the foreign goods. The domestic products may be comparable to the foreign goods in terms of quality and status, this may influence customers purchase intentions in the favour of domestic products in the developed countries. While the customers in the developing countries may perceive the domestic products to be inferior as compared to the foreign products, specifically products imported from more developed countries. Therefore; even though the CET tendencies amongst the developing country residents may be high, still the relationship between CET and purchase intention of domestic products may not be positive. Customers from Indian market reported favourable attitudes towards brands from West (Batra et al, 2000). Western brands have been perceived to be high in quality and status/esteem and CET did not have a negative influence on preference for brands from Western Countries (Kinra, 2006). Deb & Roy (2013) did not find negative relationship between CET and brand attitudes towards foreign brands.

In general, there is a dearth of studies on ethnocentrism in developing countries. E.g. it would be important to investigate whether the demographic factors such as gender and income influences the CET tendencies amongst people. Since it has been reported in the past researches that the CET does not result in negative purchase intentions of foreign brands from developed countries, it would be important to examine how does the CET tendencies influence the purchase intention of products from a country like China that is not perceived by Indian customers having same level of development as Western World countries. Further how does the feelings of animosity towards China amongst Indian customers influence purchase intentions? Therefore, the research objectives of the present study are as stated below:

1. Examine the influence of demographic variables such as gender and income on customer ethnocentric tendencies.

2. Examine the influence of demographic variables such as gender and income on animosity towards Chinese Products.
3. Examine the influence of animosity, customer ethnocentrism (CET) on purchase intention.

## Method

In order to examine the proposed research objectives, a survey was conducted on a sample of students of Kanpur city in state of Uttar Pradesh, India. The students pursuing post graduate management education at two institutes were selected for the purpose of study. The past studies in CET have found little difference in the results across real consumers and students (De Nisco et al, 2016). Moreover, these post graduate students are likely to exert a significant influence in purchase of different products in their family purchase decision making process. Therefore, even though they are students yet they are also active consumers. The survey was conducted in January 2019. All students were post graduate management students.

## Measures

Construct of customer ethnocentrism, animosity and purchase intention were used. Narag (2016) validated the mentioned constructs for the Indian Market. Accordingly seven items were used to measure animosity, six items to measure customer ethnocentrism and four items to measure the purchase intention. All the constructs; CET, Animosity and purchase intention were measured on a 7-point Likert Scale ranging from "strongly disagree" to "strongly agree". Even though there has been an ongoing animosity between India and China, yet Chinese products are well accepted in the Indian Market. Chinese brands dominate some of the product categories such as mobile phone. However, acceptance of the Chinese mobile brands may be attributed to the lack of comparable domestic mobile phone brands. In order to get appropriate responses to the research questions from the customers a new product category was identified, where no brand from China is available in the Indian Market at present. Two-wheeler product category was selected for the purpose of this study. Another reason for selecting this product category was that there are reasonable domestic alternatives which are available in the market. A vignette was developed depicting a scenario and respondents were asked to read the vignette and thereafter give their responses to the structured questionnaire.

## Results

Independent sample t-test was used to examine the differences in customer ethnocentric tendencies (CET) across male and female. The results are presented in Table1a and Table1b. There was not a significant difference in the CET scores for male ( $M= 4.86$ ,  $SD= 1.25$ ) and female ( $M= 5.21$ ,  $SD= 1.17$ ),  $t(98) = -1.438$ ,  $p = 0.154$ . It means that young educated males and females do not differ in their consumer ethnocentric tendencies.

**Table 1a: Group Statistics Male & Female CET Tendencies**

	X2 - Gender	N	Mean	Std. Deviation	Std. Error Mean
X12CET	Male	52	4.86	1.245	.173
	Female	48	5.21	1.174	.169

**Table 1b: Results Independent Samples T-Test, Gender and CET Tendencies**

	t	df	Sig. (2-tailed)
X-12CET	-1.438	98	.154

The difference in CET across different income classes was examined using one-way Anova. The result is presented in Table2. There were no statistically significant differences between group means as determined by one-way ANOVA ( $F(2,97) = .553, p = .557$ ).

**Table 2 : Results of One Way Anova: Social Class and CET Tendencies**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.656	2	.828	.553	.577
Within Groups	145.221	97	1.497		
Total	146.877	99			

The differences in 'animosity towards China' was examined across male and female using independent sample t-test. The results are presented in Table3a and Table3b. There was not a significant difference in the 'animosity towards China' scores for male ( $M= 3.49, SD= 1.17$ ) and female ( $M= 3.81, SD= 1.53$ ),  $t(98) = -1.164, p = 0.247$ . It means that young educated males and females do not differ in their animosity towards China.

**Table 3 a: Group Statistics: Gender & Animosity**

	X2 - Gender	N	Mean	Std. Deviation	Std. Error Mean
X7 - Animosity	Male	52	3.49	1.172	.163
	Female	48	3.81	1.532	.221

**Table 3b: Result Independent Samples T-Test, Gender and CET Tendencies**

	t	df	Sig. (2-tailed)
X-12CET	-1.164	98	.247

The difference in animosity towards China across different income classes was examined using one-way Anova. The result is presented in Table4. There were no statistically significant differences between group means as determined by one-way ANOVA ( $F(2,97) = 1.268, p = .286$ ). Therefore, there was no difference across the different income class on animosity towards China.

**Table 4 : Results of One Way Anova: Social Class and Animosity towards China**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.658	2	2.329	1.268	.286
Within Groups	178.248	97	1.838		
Total	182.906	99			

To examine the influence of CET and animosity towards China on purchase intention for the Chinese products multiple linear regression was used. The results are shown in Tables 5a, 5b and 5c. The model was found to be statistically significant (refer Table 5b). The model explained 57.3% variance in the purchase intention of the Chinese products amongst post-graduate students of management (refer Table 5a).

**Table 5a: Model Summary Purchase Intention as DV and; CET and Animosity as Predictors**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757 <sup>a</sup>	.573	.564	.930

a. Predictors: (Constant), X12 CET, X7 - Animosity

**Table 5b: Model Significance Purchase Intention as DV and; CET and Animosity as Predictors**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	112.418	2	56.209	65.033	.000 <sup>b</sup>
	Residual	83.839	97	.864		
	Total	196.257	99			

a. Dependent Variable: X19 Purchase Intention

b. Predictors: (Constant), X12 CET, X7 - Animosity

**Table 5c: Influence of CET and Animosity as Predictors on DV- Purchase Intention**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	8.821	.402		21.922	.000
X7 - Animosity	-.798	.079	-.771	-10.070	.000
X12CET	.033	.088	.028	.370	.712

a. Dependent Variable: X19 Purchase Intention

However, it was 'animosity towards China' that was found to have statistically significant influence on the purchase intentions of Chinese products. Animosity was found to have a negative relationship with the purchase intention of Chinese products. The influence of CET on purchase intention was not found to be statistically significant.

## Discussion

The sample of this study consisted of post graduate students. Since males and females both have been exposed to management education; therefore, there is not much difference in their ethnocentric tendencies. However, the mean score of 4.86 for males and 5.21 for females on a scale of 1-7 is very high. It was found that the CET tendencies do not differ across the different income classes. This result is contrary to the expectations that higher income group is likely to have lower customer ethnocentric tendencies as compared to middle and lower income groups. Again, it may be attributed to the similarity in education of the students that there are no differences in their ethnocentric tendencies across different income classes.

The results demonstrate that CET tendencies do not influence the purchase intentions of Chinese Products amongst young Indian customers. However, animosity has a strong influence on the purchase intentions amongst Indian Customers. It is an important insight for policy makers of China as well as the firms from China. The findings of the research suggest that the Chinese firms should persuade their policy makers to develop amicable relations with India. This may be important for many Chinese firms as India is a large market for many Chinese brands such as Haier, Xiaomi, Lenovo to name a few.

## Limitations and Directions for Future Research

This study was conducted on a small sample of management post graduates. There may be some gaps between the behaviour of actual customers and students. Also the respondents were management students who have more global economic view due to the nature of their discipline of study. The future studies may try to replicate this study with actual customers.

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