

Consumer Ethnocentrism Among Government Servants in Kota Bharu Towards Buying Automobile

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ABSTRACT

This study attempts to identify consumer ethnocentrism among government servants in Kota Bharu, Kelantan when buying automobile. The objectives of this study are to identify the level of ethnocentrism among the samples and investigate whether products, prices, dealers, promotions and personal factors have an impact on consumer ethnocentrism in buying automobiles and to assess personal relationship with level of ethnocentrism. The research tool used was in the form of a questionnaire. Based on the responses from respondents, it can be concluded that the level of ethnocentrism among respondents is low. This study revealed that factors influencing consumer ethnocentrism among government servants in Kota Bharu, Kelantan, were products, prices and promotions. To test the relationship between personal and ethnocentrism, Pearson-Chi square was used and the analysis revealed a significant relationship between age and level of education with ethnocentrism in choosing automobiles.

Keywords: consumer purchasing behavior; consumer ethnocentrism; automobile.

Introduction

Globalization presents considerable challenges and opportunities for international marketers. The relaxation of trade policies has provided

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consumers with more foreign product choices than ever before. Consequently, their attitudes toward products originating from foreign countries have been of interest to international business and consumer behavior researchers for decades (Cheng & Zhen, 2004). Success of market mostly depends on the ability to satisfy the customers in terms of delivering products/services values. However, international business requires more than just that. There are various factors contributing to international business success and this paper will discuss one of it that is Consumer Ethnocentrism (CE). Two of the most important constructs in international marketing research have been the concepts of ethnocentrism (Sharma et al., 1995; Shimp & Sharma, 1987) and the country of origin concept (LeClerc & Schmitt, 1994).

CE is a concept introduced by Shimp and Sharma (1987). This concept has been derived from the original concept of ethnocentrism, which was introduced by Sumner (1906). Previous researches showed that CE levels among consumers can differ across countries (Shin, 1993; Martinez, Zapata & Garcia, 2000; Watson & Wright, 2000) which directly imply that consumer readiness to accept imports varies among consumers and markets.

In Malaysia, automobiles can be categorized into two categories that are, international and domestic. Proton and Perodua are the major types of domestic automobiles, while Honda, Toyota, Hyundai, Mercedes, Mitsubishi, Isuzu and BMW are types of international automobile. Now, although the two leading national carmakers continue to control more than 63% of the market, both are losing out to imported brands. Proton saw its market share dropped to 26.6%, while Perodua saw its share fell to 36.6%. Business Monitor International (BMI) expects international brands to grow in significance, particularly following the signing of a joint venture between DRB-Hicom and General Motors. Another threat to the domestic manufacturers is Toyota, which claims around 18% of sales. This Japanese firm also receives a boost from its Lexus premium brand, which is targeted a 50% growth in 2008 (Business Monitor International - BMI report) (<http://www.mindbranch.com/about/>).

At year-end of 2013, the end of our five-year forecast period, BMI expects sales to be around the 600,000 units mark. BMI also expected national manufacturer Proton to regain lost market share by 2010 as it signed into a small car agreement with Japan's Mitsubishi Motor. Most of the major players started 2009 with a slump in sales. Leading international brand Toyota Motor saw sales for January 2008 fell by

around 40% year of year, while domestic market leaders Perodua and Proton posted declines of 5% and 4%, respectively. However, Japan's Honda Motor managed to post its best ever monthly sales, largely made better by the success of its new City model. Sales of 3,815 units were enough to claim 10% of the total market while Honda's Malacca-based plant is working at full capacity to meet demands for the model.

Consumers who in the past were restricted in the choices of products existed to them, now have a wide mixture of domestic and imported products to choose from. As the choices available to consumers become more numerous, the consumer selection process is becoming more complex and the final product choice is influenced by a variety of reasons.

This study has three objectives. The first objective is to know the factors influencing consumer ethnocentrism in buying automobiles among government servants in Kota Bharu. The second objective is to know the level of ethnocentrism among the respondents. Meanwhile, the third objective is to assess relationship between personal factors and level of ethnocentrism.

Literature Review

The original concept of ethnocentrism is rooted from the fields of study of sociology and psychology which was introduced by Sumner in 1906. This original concept of ethnocentrism has become a psychosocial construct which represents the tendency of individuals to view their own group as omnipotent, to view other groups from their own perspective, and to reject culturally dissimilar ideas while blindly accepting culturally similar ideas and people (Shimp & Sharma, 1987). Consumer ethnocentrism is a variable that partially explains the preference for a product based on its origin (Caruana, 1996).

Consumer ethnocentrism can also be referred to the concept of 'economic nationalism' or 'national loyalty' in behavioural study (Bruning, 1997). It is the belief that purchasing imported products is wrong because it hurts the domestic economy and one's fellow citizens. Consumer ethnocentricity evolves from the love and concern for one's own country and the fear of losing control of one's economic interests as the results of the harmful effects that imported products may bring to one-self and countrymen. This implies the intention or willingness not to purchase foreign products. Furthermore, the purchase of foreign products is not

only the economic issue, but also more importantly, a moral problem. This is because morality causes consumers to purchase domestic products even though in some cases the quality is below that of imports (Watson & Wright, 2000). In addition to this, CE also shows a reflection of a personal level of prejudice against imports. In other words, highly ethnocentric consumers overestimate domestic products, underestimate imported products and have a preference and moral obligation to buy domestic products (Shimp & Sharma, 1987).

The majority of studies have explored how Country of Origin (COO) affects consumers' perception on a product's quality, consumers' attitudes toward a product or their purchase intentions (Liefeld, 1993; Papadopoulos, 1993; Brodowsky, 1998; Chao, 1998; Chinen et al., 2000; Kaynak et al., 2000; Li et al., 2000; Huddleston et al., 2001; Pecotich & Rosenthal, 2001). Some studies deal with the effects of country-of-origin, others have focused on the relative influence of country-of-origin information versus other product attributes or have considered it as yet another cue (such as brand name, price and warranty) on which to evaluate product quality (Bilkey & Ness, 1982; Thorelli et al., 1989; Agarwal & Kamakura, 1999; Tan et al., 2001).

Researches have also proved that there is a relationship between CE and consumer purchase decision or product selection (Lundstrom, Lee & White, 1998). In the interest of international business, specifically, there is a strong evidence that CE is more dominant than traditional marketing strategy in import buying decisions (Heche, 1994). Moreover, CE also seems to have various effects across types of products. Herche (1992) found that CE is a better predictor of import buying behaviour than demographic variables for US owners of automobiles and personal computers. In reverse, a study of Russian and Polish consumers by Good and Huddleston (1995) found that there was no significant relationship between ethnocentric tendencies and purchase intent for apparel products from different countries. In the case of air-carrier, Bruning (1997) reported that consumers' preference for local carriers is not equally strong across traveller segments. In addition, consumers perceived that the necessity of products also affects product evaluation (Huddleston, Good & Stoel, 2001).

According to McDaniel, Lamb and Hair (2007), consumer decision making process does not occur in a vacuum. Individual factors, which include gender, age, family life-cycle stage, personality, self concept, and

lifestyle, are unique to each individual and play a major role in the types of product and services consumers want.

Individuals are more likely to buy brands which personalities intimately match their own self images (Schiffman & Kanuk, 2000). Similarly, consumers express themselves by selecting brands which are recognized to be consistent with their own personalities (Sirgy, 1982; Aaker, 1999).

In many circumstances, consumers' self image influences their purchase decisions (Zinkham & Hong, 1991). In other words, consumers use products to illustrate, maintain, and reinforce their self concepts to themselves (Sirgy, 1982; Wallendorf & Arnould, 1988; Zinkham & Hong, 1991).

According to Monroe (2002), the quantity of each product to buy depends on the price of that product, the prices of all other product, the income of the buyer, the buyers' and their preferences. Given the price of all products, and given their income, buyers make their purchasing according to their own testers and their preferences. The price of a product/service can be analyzed with association with customers' quality expectations and/or their past experiences.

Brand preference is a state where customers select specific brands over other brands. These brands are said to have a high degree of awareness in the market, while others are able to entice customers' loyalty. Awareness and loyalty make these brands as top choices among customers within the target group (Kotler & Armstrong, 2006).

Aaker (1997) posits that perceived quality of a brand influences the decision-making process of a consumer. It also directly influences the brand loyalty of consumers. Perceived quality has a greater influence in customers' purchasing process and in brand loyalty. This influence is very important when customers are in a condition which makes them unable to make an analysis of the quality. Perceived quality can be used as a helping tool when company intends to utilize a pricing strategy with premium price and further extend a brand in several markets. All customers are conscious about product quality. A majority of people prefer to go for well- known car brands which have a high reputation in the market instead of for the different attributes of the quality. There are many quality attributes which customers look for, like mileage, safety, design, etc.

McDaniel et al. (2008) states that promotional strategy is a plan used by organization to communicate with customers. This plan is used

with respect to their offerings and exchanges between the service agents and the customers. It can elicit information about customer requirements, and also permits service agent to explain organization's products and how these might meet the customers' needs and satisfaction.

Sawamipak (2002), studied "Factors affecting the Purchase of Honda Civic in Bangkok Area" to determine the relationship between each factor and satisfaction derived from the Honda Civic car. The independent variables consisted of nine factors such as product attributes, price performance, brand warranty, coverage, services, personal relevance, media influence and promotion. Therefore, the conceptual framework for this research comprises of pricing, dealer, promotion and personal factors (see Figure 1).

Independent Variables

Dependent Variables

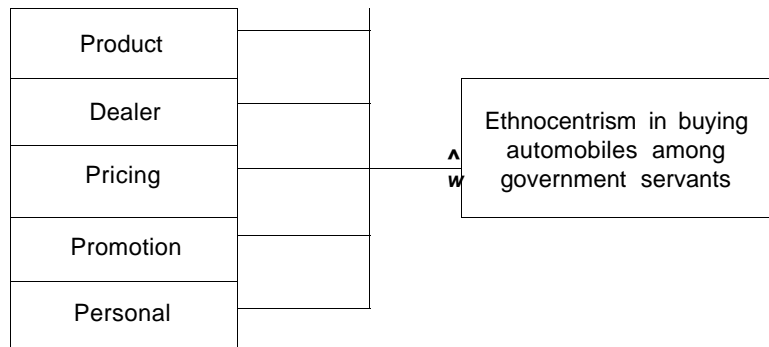


Figure 1: A Framework for Understanding Ethnocentrism in Buying Automobiles

Methodology

This study was conducted to identify the level of consumer ethnocentrism towards buying automobiles. To achieve this objective, the research instrument used is in the form of a questionnaire. The instrument was adopted and adapted from Schiffman and Kanuk (2010).

The target population in this study was government servants in Kelantan. A probability cluster sampling technique was employed by the researcher to select a representative sampling of the subject in this study.

Choosing the subjects using the cluster sampling is based on randomly selecting a district from all districts in Kelantan. Then, the subjects were randomly selected from the selected district. The selected subjects were 165 government servants from government offices in the Kota Bharu district which includes Hospital Raja Perempuan Zainab (2) Kota Bharu, District and Land Office of Kota Bharu, secondary and primary school in Kota Bharu, Kelantan Water Supply, Kelantan Public Work (JKR), and some departments in Wisma Persekutuan.

Data collected was analyzed with the latest version of Statistical Package for Social Science or commonly known as SPSS 16.0. The descriptive statistics was used to calculate frequency distribution of socio-demographic variables and the Pearson Chi-Square test was applied to determine the statistical significant relationship between factors contribute to ethnocentrism.

Results and Discussion

Demographic Profile

Out of 165 respondents, 59% were male and only 41% were female. The highest percentage of respondents were from the age of 28-37 years old (29%), followed by respondents aged 38-47 years old (27%), 48-57 years old (22%) and 48-57 years old (20%). A majority of the respondents were Diploma holders (38%), followed by Degree holders (24%) and secondary school leavers (21%). Sixteen percent of respondents were Master's degree holders and only 1 percent of respondents were Phd holders. According to the gross income of the respondents, it is shown that most of them earned RM2001-RM3000 (39%) per month. Thirty percent of respondents earned RM1000-RM2000 and 22 percent earned RM3001-RM4000. Furthermore, only 6 percent earned above RM5001 and 2 percent earned below RM1000.

Level of Ethnocentrism

Reseachers used the preferences in choosing car brand in the future among respondents on whether they prefer local or imported cars as a mechanism to know their level of ethnocentrism. Majority of the respondents which 54% (90 respondents) said that they own local cars and 46% (75 respondents) of them own imported cars, (refer to Table 1)

Table 1: Owned Band Car

	Local	Imported	Total
Car brand	54% (89)	46% (76)	100% (165)

Table 2 illustrates the result between current car brands and future car brands among the respondents. The results show that 82% (135 respondents) intended to buy imported cars for their next car rather than local cars, even though currently they own a local car. Only 18% (30 respondents) preferred to buy local cars. Based on this result, we can say that the level of ethnocentrism among government servants is low.

Table 2: Future Car Brand

Car brand	Local	Imported	Total
Future	18% (30)	82% (135)	100% (165)

Factors Influencing Consumer Ethnocentrism in Buying Automobile

Table 3 shows the result on the association test between most preferred car brands and variables that influence ethnocentrism. The results show that there are 3 variables that have the relationships with choosing car brands, which are product attribute (p-value < 0.001), price (p-value < 0.006) and promotion (p-value < 0.003). However there is no relationship between dealers (p-value > 0.525). It means that, product, price and promotion are the factors influencing when respondents choose an automobile.

Table 3: Test of Factors Influencing Ethnocentrism

Variable	Chi-square	p-value	Status
Most preferred car * Product Attribute	16.028	0.001	Supported
Most preferred car * Pricing	7.459	0.006	Supported
Most preferred car * Dealer	0.404	0.525	Not Supported
Most preferred car * Promotion	8.924	0.003	Supported

** p < 0.05

Association Between Personal Profiles and Ethnocentrism in Choosing Automobiles

Table 4 shows the results on the association test between most preferred car brands and personal variables. The resulted chi-square for gender is 0.006, age is 10.677, level of education is 64.440 and gross income is 6.434. Thus, it is shown that there is a relationship between the age (p-value = 0.030) and level of education (p-value < 0.001) have a relationship in choosing an automobile.

Table 4: Test of Association between Personal Profiles and Ethnocentrism in Choosing Automobiles

Variable	Chi-square	p-value	Status
Most preferred car * Gender	0.006	0.940	Not Supported
Most preferred car * Age	10.677	0.030	Supported
Most preferred car * Level of education	62.440	0.001	Supported
Most preferred car* gross income	6.434	0.169	Not Supported

*Note\ $p < 0.05$.

Conclusion

The study concludes that the level of ethnocentrism among the government servants in Kota Bharu, Kelantan is still low because they intend to buy imported cars rather than local cars. Interestingly, this study was able to identify that there is a statistically significant association between most preferred car brands with product attribute, price and promotion. Besides that, results from this study also found that among personal factors, only age and level of education have relationships choosing an automobile. Some limitations in this research include the small sample size. Samples were randomly selected at selected areas in Kota Bharu as a result of time and cost limitation. Future researches should focus more on other locations using simple random sampling and employing a larger number of respondents to obtain more representative results. In addition further studies should consider "Consumer Ethnocentrism Tendencies Scale". More factors such as culture, government, economic and psychological conditions should be also considered in order to study the levels of ethnocentrism among government servants also in Kelantan in buying automobiles.

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