Indian Consumer's Ethnocentric Tendency towards Chinese Products

*Krishan Kumar Boora

Assistant professor BPSMV Khanpur Kalan, Sonipat

Email id –krishanboora@gmail.com

Mobile No. 08053215801

*Kiran

Research Scholar BPSMV Khanpur Kalan, Sonipat

Email id-bangarwakiran@gmail.com

Mobile No. 9813044777

Abstract

In the world China is the largest country by population and neighboring country of India. Both countries have a weak relationship but still China has the highest sale in Indian market. The whole Indian market is captured by Chinese products making a total boycott imposable. Hence, in this study the researcher finds out consumer decisions regarding Chinese products by ethnocentric tendency. Exploratory and descriptive research design has been used. This study describes consumer ethnocentric tendency by using standardized CETSCALE developed by Shimp & Sharma, 1987. The study has been conducted in NCR and Haryana and has used Primary as well as secondary data for finding the result. Total number of respondents is 280. Use of convenience and judgmental sampling techniques for drawn the sample which are represent total population. This is analyzed by using exploratory factor analysis, correlation, regression analysis and independent sample t-test. It was observed that consumer ethnocentrism is positive with negative attitude of consumers towards Chinese products and consumer ethnocentrism is negative with positive attitude of consumer towards Chinese products. But Indian people cannot differentiate between Chinese and Indian products and Chinese products are cheap and easily available in the market place. So the researchers provide some suggestions for Indian firms to

create availability of cheap products in Indian market for low income consumers. And they also need to develop their segmentation marketing strategies.

Key words: Chinese, products, economy, boycott, ethnocentrism

INTRODUCTION

Chinese products are very cheap and easily purchasable by low income families of India, making it difficult to stop purchasing of Chinese products. Boycott of Chinese products is current slogan of Indian people due to conflicting situation in both countries. Currently, reasons of boycotting products shown by Indian consumers are: low product quality, unsafe products and territorial conflicts etc. In 2016 China also starved India entry into the NSG (Nuclear Suppliers Group). After boycotting Chinese products, total of 40% market sale decreased as Indian consumers preferred to buy made in India products. Its recent impact was found in Diwali festival time. According to a trade report there was 30-40% impact on decorating light a product of huge purchased by Indian people during Diwali. Chinese market of electronic products also declined by 10-15% and 2% impact was on mobile phones (FORTI, 2016). Investors and dealers are also avoiding investment in China's products. The reason for purchasing Chinese products by Indian consumers is due to their cheap price and easer availability in the market. It starts from basic products to highly automatic products which are designed by China for different classes of Indian consumers. So, in this situation it is more difficult for Indian consumers to avoid those products, especially for low income families. Now Indian government has banned on purchase of Chinese products due to some economic and border dispute problems. The government of India

banned import of Chinese products like electronic gadgets, food products or steel products from April 25, 2016. According to media report, this ban started after announcement of union commerce minister Nirmala Sitharaman that Chinese products are harmful for small and medium enterprises and also have qualitative issues.

Social media created awareness amongst the Indians to boycott Chinese products and switch to national products for economic growth of the country. Majority of Indian traders also expressed on social media that such boycott is harmful for business but they avoided purchase of Chinese products for their country. According to the current report published by the Times of India, this boycott will be negatively impact Indian economy unless proper substitutes to Indian consumers and investors are provided. This boycott would not have much effect on China's exports but create harmful situation to Indian bilateral cooperation. The present study is based on Indian consumers ethnocentric behavior and attitude of consumers towards Chinese products.

Literature Review

This study is current in India when the Indian consumers boycotted Chinese products. So very little study has been conducted in India. Chinese products are spread all over the world a considerable change of and have captured all developing economies because in developing economies people have low income and they give preference to lower price products. Its latest effect was seen by the author in Malaysia. Malaysia is a developing country and people prefer lower price and better quality products to satisfy their needs (Sarwar et al., 2012). Country of origin is another factor which is study by many authors and it is very old concept but still having strong existence. Today is also considering by consumers while purchasing another countries products. Especially in case of electronic products consumers give more preference to Chinese electronic goods like mobiles. Brand image of country towards their products create country origin which are considered by consumers while purchasing (Muhamad Yunus & Wan Rashid, 2016). "Country of Origin" image creates purchase behavior of consumers and now it is most researched area in Indian economy for resolving current situation. Chinese products having higher country of origin with brand image, information search, product description in Malaysia. It is a comparative study between Chinese and Malaysian product preference give by consumers

on the basis of country of origin and ethnic factors that create consumer intention (Huang et al., 2016). Some additional factors of country of origin and ethnicity have been used by author to find out consumer intention towards purchasing (Sharon Lew & Zuraidah Sulaiman, 2014) This time Indian consumers refused to purchasing Chinese products, so this study is most important in current time to know about present and future consumer behavior towards Chinese products. Country of origin helps to find out consumer perception towards products of another country so this is perfect for current study (Harrychand D. Kalicharan, 2014). In this study the author finds out Chinese's consumer perception towards food items by using country of origin. They proved that most of consumers purchase products according to the country of origin (Walley et al., 2014). COO is basic factor to build strong brand positioning in market place and also provide opportunities to foreign investors for gaining consumer faith. In this study author explains consumer preference with Ideal System Demand Model between foreign and local brands (Agnoli et al., 2014). Many research studies are done by researchers on COO and consumer ethnocentrism to find out consumers perception towards purchasing. Some studies are explained by author through use of model and different situational factors. Most influencing factor is intention of consumer towards foreign products (Rezvani et al., 2012). Every person has a different perception towards ethnocentrism some psychological and demographical forces help to built strong ethnocentrism. This concept is helpful for the consumer to identify a market segment in international market for purchasing (Jain & Jain, 2013). Consumers think that home products are safe and if they purchase it they give their contribution in economic growth of the country. Feeling of nationalism is also concurrent with ethnocentrism. Some studies show their result with Structural Equation Modeling Method between different countries. They show consumer perception toward more than one country brands and the factors of product evaluation that influence their buying behavior (Shimp and Sharma, 1987, Josiassen, 2011, Bandyopadhyay, 2014). Consumer ethnocentrism is also influenced by environmental factors, basically developed nation consumer are highly ethnocentrism and more aware towards home or host countries brands (Qianpin Li, 2008). Further study conducted by author between the home and host nation brands and younger consumer perception towards these brands (Zhongqi Jin et al., 2014). Consumer ethnocentrism and attitude towards foreign brands have negative relationship in developed nation. People of the country show their faith on domestic brands rather than foreign

International Journal of Research
Available at https://edupediapublications.org/journals

e-ISSN: 2348-6848
p-ISSN: 2348-795X
Volume 05 Issue 12
April 2018

brands (Bandara & Miloslava, 2013). Consumers are more aware towards product ingredients so due to some products quality reasons they avoid foreign products. Consumer ethnocentrism shows their faith on particular brands (Šmaižienσ & Rimgailσ, 2014). After that a number of researchers explained that Consumer ethnocentrism is psychological that influence consumers towards domestic products rather than foreign products. A study conducted by (WU Jianlin, 2010) explained the relationship between consumer ethnocentrism and consumer attitude and purchase intention of foreign brands. Attitude of consumers makes mediator effect on consumer ethnocentrism. Ethnocentric tendency of consumers reflects purchase intention of consumers towards foreign and domestic products. Ethnocentric concept reflects of patriotism and also shows attachment and affection towards their country's products. High import is a serious problem for any country, so consumer ethnocentric behavior encourages people to export the products (Nataša Renko & Matić, 2012). Many studies are supporting the CETSCALE and these are explained as follow:

Table 1: Factors obtained in these studies of the CETSCALE

Studies	Factors obtained	Conclusion
Renka, N. Crhjar et.al (2012)	2 (Multidimensional)	First factor is explained total variability with maximum variance value 63% and second factor explained simplify it products with low variance value so only first factor is considered for further research work.
(Wanninayake W.M.C.Bandara, 2012)	4 (Multidimensional)	Four factors explained: 1) Patriotism 2) Feeling of bad economic and employment 3) product availability 4) Xenophobia. Factor one is high variance value with six variable
(Bandyopadhyay, 2014)	1 (Unidimensionality)	One factor is explaining 51.28% variance value and overall CETSCALE is considered as one factor for further analysis.
(Sanjay K. Jain,	1	One factor is explaining with 9 variable in

2013)	(Unidimensionality)	CETSCALE is used for measuring consumer ethnocentrism behaviour
(Ramadania, 2015)	1 (Unidimensionality)	One factor is explaining with 6 variable in CETSCALE with high variance value
(Ganideh, 2010)	3 (Multidimensional)	CETSCALE is explaining with 3 variables: 1) conservatism 2) dogmatism 3) world mindedness based on consumer's psychology. Conservatism is the strongest factor for measuring consumer ethnocentrism.
(AKIN, 2016)	3 (Multidimensional)	Three factors explain: 1) patriotism 2) collectivism 3) cultural openness with consumer determined socio psychological variables. Patriotism is the most effective factor for measuring consumer ethnocentrism.
(Nadiri & Tümer, 2010)	1 (Unidimensionality)	CETSCALE is explaining with one factor including all 17 variables by uni-dimensional method. Total explained variance is 57.15% accepted value for the study.
(Becic, 2016)	1 (Unidimensionality)	All variable are considered as one factor to measure consumer ethnocentrism by CETSCALE. Spearmen correlation analysis is used for demographic variable.

Objective of the study

1. To find out the consumers decision regarding boycott of Chinese products.
2. To find out the Indian consumer's attitude towards Chinese products
3. To examine the relationship between consumer ethnocentrism and attitude of consumers towards Chinese products.

Hypothesis Formulation

H1: Consumer ethnocentrism of Indian consumers is negatively related with favorable attitude towards Chinese products.

H2: Consumer ethnocentrism of Indian consumers is positively related with unfavorable attitude towards Chinese products.

Research Methodology

This study is based on consumer's attitude towards Chinese products and level of ethnocentrism to find out the real reason behind boycott of Chinese products by Indian consumers. The total numbers of respondents are 300 Indian consumers from NCR, Delhi. Convenient and judgmental sampling method is using for drawing the sample from the total population. Data is collected through a questionnaire with some additional factors. Out of 300 questionnaires 280 were received while 20 questionnaires were not filled by the consumers. This study is based on CETSCALE for measuring the ethnocentric tendency developed by Shimp & Sharma (1987). This scale is used by different author in different countries. Reliability of scale is measured by Cronbach's Alpha value that is more than 0.07. Attitude of consumer is measured in terms of feeling of nationalism, price, quality, habits, taste, lifestyle, etc. These factors are selected from the review of literature. Present questionnaire is based on five point Likert scale where, 1=strongly disagree to 5 =strongly agree.

Data Interpretation

The result of data interpretation was accumulated by IBM SPSS 21 package. In the first part of result we discussed the reliability of scale by using Cronbach's Alpha coefficients. The result of reliability is shown in table 1. As per the result and findings of this study, the scales are reliable because the Cronbach's Alpha values are .834 and .806 which is more than 0.07 indicates the high reliability of scale. This result is indicates the high reliability of CETSCALE and attitude. The factors extraction validity is examined by Exploratory Factor Analysis. The result of Kaiser-

Meyer-Olkin is very high (KMO=0.823) and the Bartlett Test of Sphericity is significant at .000 and this value is suitable for factor analysis.

Table 2: Reliability analysis

Scales	Cronch's Alpha value	Mean value	S.D	No of Item
CETSCALE	.834	49.36	.73	17
Attitude	.806	15.72	1.01	05

Source: Author survey (2016)

After analyzing the above table we found that means value of CE scale mean value is 49.36 at moderate level. Attitude of Indian consumers towards Chinese products are also at moderate level with mean value at 15.72. Further the result of ethnocentric tendency of Indian consumers was measured by using principal component analysis (PCA) and a varimax rotation method. After using PCA we found that a total of 17 items in CETSCALE are grouped into three factors on the based of Eigen values and scree plot. Eigen values are 1 and higher than selected the visibility of number of factors extracted and two items are deleted due to small coefficient value which is less than .50 (CE7 and CE8). By PCA analysis CETSCALE found three factors from 15 statement and these are as: factor 01 has high coefficient with six variables from the CETSCALE model (CE4, CE5, CE3, CE2, CE6, CE1). These variables show feeling of nationalism towards their nation. Factor 01 is named as feeling of nationalism. Factor 2 is related to five variables (CE14, CE17, CE16, CE15 and CE13). These variables show that the consumers feeling towards home country products. Factor 2 is named as product availability. Factor 3 is related to four variables (CE11, CE10, CE9 and CE12). That makes an appeal to consumers to Avoid Chinese products due to bad impact on economic growth and employment. So factor 3 is named as risk on economy by Chinese products. Finally after analyzing consumer ethnocentric behavior, the researcher found three factors: 1. Feeling of Nationalism 2.Products availability 3. Risk on economy.

Table 3: Rotated Component Matrix   **Component**

	1	2	3

CE4 Indian products first, last and foremost	.915		
CE5 Purchasing made in China products is un-Indian	.911		
CE3 Buy made in India product keep India working	.877		
CE6 It is not right to purchase Chinese products	.834		
CE2 Only those product are unavailable in India should be imported			
CE1 Indian people should always buy made in India products instead of import	.624		
CE14 Chinese should not be allowed to put their products on our markets.		.958	
CE17 Indian consumers who are purchase products made by China are responsible for putting their Indian out of work.		.937	
CE16 We should buy from China only those products that we cannot obtain within our own country		.935	
CE15 Chinese product should be taxed heavy to reduced their entry into India markets		.911	
CE13 It may be cost me in the long run but I prefer to support Indian products		.886	
CE11 Indians should not buy Chinese products, because this hurts Indian business and cause of unemployment.			.903
CE10 there should be very little trading or purchasing of goods from China unless out of necessity.			.878
CE9 It is always best to purchase Indian products			.799
CE12 Curbs should be put on all import			.754

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 5 iterations. Survey by author

In the second part of study the consumer attitude towards Chinese products is assessed Attitude of consumer towards Chinese products include 5 variables: 1. Price, 2. Safety, 3. Quality, 4. Bulk Availability, 5. Lack of identification of Chinese products. After analysis of descriptive statistics

consumer attitude towards Chinese products at moderate level by shown in (table 1) based on overall attitude of consumers. Finally correlation analysis is used to find out the relationship between overall attitude of consumer and three factors of CE suggested by PCA (table 3). Finding shows that each factors of CE is negatively correlated with positive attitude of consumer towards Chinese products and all three factors of CE are positively inter-correlated.

Table 4: Correlation Analysis

	Feeling of Nationalism	Product Availability	Risk on economy	Overall attitude
Feeling of Nationalism	1.000			
Product Availability	.387**	1.000		
Risk on economy	.438**	.784**	1.000	
Overall attitude	-.142	-.277**	.742**	1.000

Source: survey by author (**correlation is significant at the level 0.01(2-tailed)

The finding of correlation analysis shows that one major factor of CE is significantly negative relation with favorable attitude of consumers towards Chinese products with the negative value -.277 So H1 is accepted with significant value .000 which is less than 0.05 and Null hypothesis is rejected. In second case 2 factors of CE are significantly positive relation with unfavorable attitude of consumers towards Chinese products in India with the highest value .742. So H2 is accepted and Null hypothesis is rejected. In CE factors 1 there is no significant relation with attitude of consumers towards Chinese product because the significant value is more than 0.05. The factors of consumer ethnocentrism are positively correlated with each other.

Table 5: Regression Analysis

Exploratory factors	Beta value of overall attitude of consumers	
	Standardized beta	t-value
Constant	3.66**	10.437
F1- Feeling of nationalism	-.037	-.880

F2- Product availability	-.337**	-1.315
F3-Risk on economy	.730**	16.011
R square	.423	
Adjusted R square	.407	
F-statistic	89.968	
Sig.	.000**	
No. of observation	280	

**level of significant at 0.01 (source: survey by author)

And the three factors of CE show different relations on attitude of consumers towards Chinese products. But factor 3 is strongly associated with unfavorable attitude of consumer towards Chinese products i.e. risk on economy by Chinese products is the strongest exploratory factor. Beta value and t- statistics is used for the judgment of the entire variable. The highest Standardized beta value is .730 and t-value is 16.011. Descriptive statistics is used to analysis the consumer behavior towards Chinese products. After analysis it was deducted that out of 280 respondents 64.6% respondents do not want to purchase Chinese products in future and 35.4% respondents still purchase something from them.

Table 6: Frequency Distribution

Frequency		Percentage
Yes	99	35.4%
		64.6%

No	181	
Total	280	

Overall result of the study is shown by independent one sample t test that prove the relationship between consumers ethnocentrism and attitude towards Chinese products. The consumers are high as ethnocentric than behavior is negative towards Chinese products and if they are low on ethnocentricity than their behavior is positive towards Chinese products. Highly ethnocentric consumers are those consumers who have taken more than 50% score on CETSCALE and less than 50% score is considered as low ethnocentric. The results are shown by the table 6 and 7.

Table 7: Group Statistic

	Ethnocentrism	N	Mean	Std. Deviation	Std. Error Mean
Attitude	Low	137	13.656	4.865	.415
	High	143	17.699	4.596	.385

Source survey by Author (2016)

Table 8: Independent sample t test

		Levene's Test for Equality of Variance		t-test for Equality of Means						
		F	Sig.	T	df	Sig(2 tailed)	Mean diff.	Std. error difference	95% confidence interval of the difference	
									Lower	Upper
Total	Equal	4.0	.043	-7.149	278	.000	-4.242	.565	-5.155	-2.929

International Journal of Research

Available at https://edupediapublications.org/journals

e-ISSN: 2348-6848
p-ISSN: 2348-795X
Volume 05 Issue 12
April 2018

attitude	variance assumed									
	Equal variance not assumed			-7.140	275 266	.000	-4.242	.566	-5.156	-2.927

Source by Author (2016)

According to the results of independent sample t-test there is a difference between the consumer ethnocentric tendency and attitude of consumers towards Chinese products. High ethnocentric (Mean = 17.69, SD = 4.596) and low ethnocentric (Mean = 13.65, SD = 4.8). Further results are shown by table 7 by drawn through levene's test significant p value of attitude is .043 (P >0.05). So hypotheses H2 is supported.

Discussion and Conclusion

The finding of our study shows that the ethnocentric behaviors of Indian consumers described by three factors such feeling of nationalism, product availability and risk on economy. Another part of the study is finding out the relationship between consumer's ethnocentric tendencies and attitude of consumers towards Chinese products. The result of correlation reflects that each factor of consumer ethnocentric influences the consumers attitude in different ways towards the purchase of Chinese products. Consumer ethnocentrism is negative with favorable attitude of consumer towards Chinese products and consumer ethnocentrism is positive with unfavorable attitude of consumer towards Chinese products. The finding of this study indicates that the Indian consumers are highly motivated to purchase products made in India rather than Chinese products. They give more preference to Indian products rather than Chinese products and this behavior is based on ethnocentric tendency scale developed by Shimp & Sharma 1987. The results of this study also gives some suggestions to domestic companies to reformulate their production and distribution strategies.

Limitation and Future Research

Research on consumer ethnocentrism is important to know about consumer behavior towards Chinese products when the whole country is boycotting the Chinese products. The current study explores the relationship between consumer ethnocentric tendency and consumer attitude towards Chinese products. This study is represent by many limitations that the restricted region. It is related to NCR and Haryana and data was collected by self administrated questionnaire. So it is possible that sample from NCR and Haryana may represente the entire population of the country, which is related to different region. Future researcher can investigates consumer behavior with different factors such as impact of country of origin on Chinese products.

References:

A Josiassen, A. A. (2011). Consumer ethnocentrism and willingness to buy: Analyzing the role of three demographic consumer characteristics. *International Marketing Review* , 28(6), 627-646.

Abdullah Sarwar, S. F. (2013). Customer's Perception Towards Buying Chinese Products: An Empirical Investigation in Malaysia. *World Applied Sciences Journal* , 22(2), 152-160.

AKIN, M. (2016). The Relationship between Ethnocentric Tendencies of Turkish Consumers and Socio-Psychological Factors. *International Review of Management and Business Research* , 5(4), 1394-1405.

Bandyopadhyay, S. (2014). Country-of-Origin Perceptions, Consumer Ethnocentrism, and Product Evaluations in the Indian Market. *International Journal of Business and Social Science* , 5(9), 21-30.

Becic, M. (2016). An Assessment of Consumer Ethnocentrism Tendencies Scale among University Students: The case of Turkish and Bosnian Students. *Journal of Social Science* , 119-130.

Ganideh, S. F. (2010). consumer ethnocentrism in the Jordaian market the impact of social psychological variable on consumer ethnocentric tendencies. *Journal of Business and Retail Management* , 1-14.

Huat Wei Huang, E. C. (2016). "Made In China" Products and the Implication of Ethnic Identification Strength. *International Review of Management and Marketing* , 6(3), 631-640.

Ingrida Šmaižien, R. V. (2014). Consumer ethnocentrism and behavior in a market of dietary supplements. *Procedia - Social and Behavioral Sciences* , 463 – 467.

Kalicharan, H. D. (2014). The Effect And Influence Of Country-Of-Origin On Consumers' Perception Of Product Quality And Purchasing Intentions. *International Business & Economics Research Journal* , 13(5), 1-6.

Keith Walley, P. C. (2014). The influence of country of origin on Chinese food consumers. *Transnational Marketing Journal* , 2(2), 78 - 98.

Lara Agnoli, R. C. (2014). Gerographical brand and Country -of-origin effects in the Chinese wine import marke. *Journal of Brand Management* , 541-560.

Li, Q. (2008). Consumer Attitudes towards Foreign Products: an Integrative Review of its Origins and Consequences. *International Journal of Marketing* , 1-9.

Nadiri, H., & Tümer, M. (2010). Influence of ethnocentrism on consumers' intention to buy domestically produced goods: An empirical study in North Cyprus. *Journal of Business Economics and Management* , 11(3), 444–461.

Nataša Renko, B. C., & Matić, M. (2012). Influence of consumer ethnocentrism on purchase intention: case of Croatia . *EKON. MISAO PRAKSA DBK. GOD XXI* , 529-544.

Nor Sara Nadia Muhamad Yunus, W. E. (2016). The Influence of Country-of-origin on Consumer Purchase Intention: The Mobile Phones Brand from China. *Procedia Economics and Finance* , 343 – 349.

Ramadania, S. G. (2015). cultural similarity, consumer ethnocentrism and products necessity in evaluation of Malaysian products: Indonesia consumer perspective. *Procedia - Social and Behavioral Sciences* , 533-540.

Samin Rezvani, G. J. (2012). A Conceptual Study on the Country of Origin Effect on Consumer purchase intention. *Asian Social Science* , 8(12), 1-11.

Sanjay K. Jain, R. J. (2013). Consumer Ethnocentrism and Its Antecedents: An Exploratory Study of Consumers in India. *Asian Journal of Business Research* , 1-18.

Sharma, T. A. (1987). Consumer Ethnocentrism: Construction and Validation of the CETSCALE. *Journal of Marketing Research* , 24(3),280-289.

Sharon Lew, Z. S. (2014). Consumer Purchase Intention toward Products Made in Malaysia vs. Made in China: A Conceptual Paper. *Procedia - Social and Behavioral Sciences* , 37-45.

Wanninayake W.M.C.Bandara, C. M. (2012). Consumer Ethnocentrism and Attitudes Towards Foreign Beer Brands: With Evidence from Zlin Region in the Czech Republic. *Journal of Competitiveness* , 4(2), 3-19.

WU Jianlin, Z. N. (2010). Consumer Ethnocentrism, Product Attitudes and Purchase Intentions of Domestic Products in China. *International Conference on Engineering and Business Management* , 1-10.

Zhongqi Jin, R. L. (2015). The relationship between consumer ethnocentrism, cosmopolitanism and product country image among younger generation consumers: The moderating role of country development status. *International Business Review* , 380-393.