Exploring the Impact of Consumer Ethnocentrism on Impulsive Buying Decisions: with evidence from Sri Lanka

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Abstract: The purpose of this paper is to examine certain aspects of the relationship among consumer ethnocentrism (CE), consumer impulsiveness (CI) and impulse decisions to buy domestic brands at the point of purchasing; in the context of young educated customers in Sri Lanka. The sample was drawn from university students who usually buy FMCG product categories. A self-administrated questionnaire was distributed among 130 randomly selected respondents, both males and females. The reliability of all scales was found to be acceptable since Cronbach’s alpha values were higher than 0.7. The findings revealed that there is no correlation between CE and CI and that both constructs are positively correlated with impulsive buying decisions. Furthermore, high ethnocentric and impulsive customers display a higher tendency of making impulsive decisions than high ethnocentric and low impulsive customers.

Key-Words: - Consumer Ethnocentrism, Consumer Impulsiveness, Impulsive Buying, Sri Lanka

1 Introduction
As the world becomes increasingly interconnected, many global firms have emerged with the purpose of capitalizing the opportunities in the global market. During this process however, domestic firms of many countries face momentous challenges in the face of global competition. Therefore, most local firms begin to use ethnocentrism as a strategic tool to attract local customers towards their domestic brands. Generally, ethnocentrism is a tendency to regard their own culture as superior and to downgrade other cultures [4]. Ethnocentrism was introduced by William G. Sumner in 1906 [17] as a sociological concept. However, it was converted into consumer ethnocentrism (CE) in the context of consumer behavior. According to Shimp and Sharma [15], CE refers to the feelings of consumers that persuade them to buy products from their home country and reject foreign-made products. Furthermore Kaynak and Kara, [7] noted that CE generates intensions in consumers to buy local products as well as products from the countries that are perceived to resemble their own cultural values. According to previous researchers, highly ethnocentric consumers perceive that purchasing foreign-made products is wrong due to its damaging effects on the local economy, creation of conditions that lead to unemployment, and thus it is considered a plainly unpatriotic gesture towards the home country [e.g. 15]. Moreover, Cicic et al., [3] noted that consumer ethnocentricity makes a psychological force that generates consumer preferences for domestically-made products and reduce consumers’ intentions to purchase foreign goods [8, 9, and 20]. Therefore, the primary outcome of this concept is stimulating consumer decisions to purchase domestic products as opposed to foreign products [2]. On the other hand, modern retailers try to use various in-store marketing tactics in order to stimulate customers to make buying decisions at the moment of their over-all purchasing. It is important to induce the impulse buying of
customers [21]. There is no universal definition for impulsive buying and it is difficult to define. According to Stern [16], it is simply “unplanned buying”. However, all the cases of unplanned buying may not be impulsive [21]. According to Verplanken & Sato [18], unplanned habitual purchases and emergency purchases may not be impulsive purchasing. Furthermore, impulsive purchasing is the expression of a consumer’s hedonistic desire satisfaction [10]. Therefore impulse purchasing is a spontaneous and immediate purchase of the customers [12]. According to Beatty and Ferrel [1], spontaneous purchasing occurs when the consumer is not actively evaluating the features of a product and has no prior plans to buy it. Moreover, Rook [11] has defined impulsive buying as: “Impulse buying occurs when a consumer experiences a sudden, often powerful and persistent urge to buy something immediately”. Based on the aforesaid background, Rock and Hoch [13] introduced five distinctive elements that draw the difference between impulsive purchasing and non-impulsive purchasing. Those are: feelings of sudden and spontaneous desire to act, temporary loss of self-control, psychological conflicts and struggle, reduced cognitive assessment and spending regardless the consequences.

Previous researchers argued that impulsive purchasing behavior is stimulated by different antecedents. Rook & Fisher, [12] noted that the main determinant of consumer impulsive buying behavior is the degree of impulsiveness. Furthermore Gaśiorowska, [5] has classified the antecedents of impulsive buying into three categories. Those are: certain individual traits, individual or situational factors and Moderating factors. Furthermore, Wanninayake and Chovancova, [21] have summarized those antecedents into three factors such as extrinsic determinants, intrinsic determinants and environmental and situational determinants based on previous researches. However none of those factors include consumer ethnocentrism as an antecedent of impulsive buying. Furthermore, previous researchers did not make a considerable attempt to explore the relationship between CE and consumer impulsiveness (CI). Therefore the present study mainly focuses on exploring the relationship among CE, CI and impulsive buying behavior for selecting domestic brands in the context of Sri Lanka. Therefore this study has significance in both the theoretical and practical aspect. From the theoretical perspective, this study will contribute empirical evidence to literature regarding the role of CE and CI on impulse buying of domestic brands at the point of purchasing. In the practical aspect, this study will aim to provide guidelines to marketers of domestic companies to promote ethnocentric appeal at the point of purchasing. In this article the researchers will first discuss the theoretical background of the related concepts. Then they will continue by presenting the problem formulation and research design. Research findings and discussion will be presented in section four, followed by the conclusion in the final section.

2. Problem Formulation and Research Design

In the practical scenario, most supermarkets and mega stores display some symbols and logos within the store to emphasize some brands as local brands. Especially in the Sri Lankan context, domestic brands endorse the “Lion Logo” with the purpose of generating ethnocentric feelings in the customers and induce them to make impulse buying decisions at the retail stores. However, the most important argument is whether these ethnocentric feelings of customers may actually stimulate them to make sudden decisions to buy local brands over their foreign competitors. Sometimes high ethnocentric customers make planned decisions rather than impulsive buying decisions. According to Wanninayake and Dissanayake [22], the ethnocentric appeal becomes more effective in developing awareness of domestic brands rather than creating customer loyalty towards those brands. The present study mainly concentrates on the relationship between CE and the impulsiveness of consumers and the impact of those constructs on the impulsive buying decisions of customers to select local brands at the point of sales. The path diagram for the study framework is given in the figure 01.
Researchers of behavioural sciences did not pay considerable attention to investigate the relationship between CE and CI. However, Youn & Faber [23] argued that a personality trait is an antecedent of consumer impulsiveness. According to the trait theories, CE is a major personality trait of consumers [14]. Based on the aforesaid background researchers argue that CE and CI should have a direct relationship. Furthermore, previous literature has noted that CE has a direct impact on customer buying intentions towards local brands [e.g. 20]. Even though there is no sufficient empirical evidence, it can be reasonably assumed that CE can influence the impulsive buying decisions of customers to select domestic brands over their foreign counterparts in the context of shopping. In addition, most of the previous literature confirms that impulsivity encourages customers to make impulsive buying decisions [e.g.12]. Based on the aforesaid arguments, researchers of this study have developed the first three hypotheses to empirically test the arguments in the context of developing countries.

H1: There is a direct positive relationship between CE and impulsiveness of customers.

H2: CE has a positive impact on the impulsive buying decisions of customers in selecting domestic brands

H3: CI is positively correlated with the impulse buying decisions of customers in selecting domestic brands

Based on the first three hypotheses, researchers can reasonably argue that customers with a high degree of ethnocentrism and a high degree of impulsiveness have a higher tendency to make impulsive decisions to buy domestic brands at the point of purchasing. High ethnocentric customers with a low degree of impulsiveness may not be stimulated to select domestic brands. Therefore researchers have developed H4 to demonstrate the aforesaid relationship.

H4: High ethnocentric and impulsive customers make impulsive decisions to buy local products at the point of purchase rather than high ethnocentric and low impulsive customers.

3. Methodology

The respondents of this study were students (both undergraduate and post graduate students) of the University of Kelaniya in Sri Lanka. It is one of the leading state universities in the country. 130 students were selected randomly and were handed a self-administrative questionnaire for data collection. Six (06) uncompleted questionnaires were rejected and 124 questionnaires were taken for the analysis. Accordingly, the sample consisted of a higher proportion of female respondents (59.67 percent) than male respondents (40.33 percent). In addition, the students represented 10 districts in the country and all respondents were aged between 20 – 35 years. Therefore, the sample reasonably represented the young educated population of Sri Lanka. The survey instrument of the present study was developed based on previous studies. The questionnaire consisted of the three constructs and a few demographic questions. CE was measured using the consumer ethnocentric tendency scale (CETSCALE) developed by Shimp and Sharma in 1987 [15]. It consisted of 17 questions; minor changes were made to adapt it to the Sri Lankan context. The CETSCALE
has been validated in different cultures as well as in different contexts by previous researchers. There are several scales for measuring impulse buying in so far published literature. Some of them are Rook and Fisher [12], Beatty and Ferrell [1], and Hausman [6]. However, those scales are not highly adaptable to the social and cultural context of Sri Lanka. Therefore the 20 items impulse buying tendency scale developed by Verplanken and Herabadi [19] was used to measure consumer impulsiveness. This scale includes 10 items of cognitive aspects and another 10 items of affective aspects of the impulse buying tendency of customers. The complete 20 items scale has a fair internal reliability with reporting 0.87 of coefficient alpha value. Furthermore, sub scales of cognitive aspects and effective aspects had 0.82 and 0.80 coefficient alpha values respectively. All the scales were scored on a five point likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Furthermore, impulsive buying decisions on domestic brands at the point of sales were measured by using a two item scale developed by the researchers based on previous literature.

4. Findings and Discussion

The IBM SPSS 19 package was employed for data analysis. The outcome of the analysis is reported in the first part of this section. Further findings and their possible consequences are discussed here in detail. Initially, a reliability analysis was done to measure the internal consistencies of the total scores for each scale through Cronbach’s Alpha Coefficients. As per the findings, all reliabilities for scales are found to be adequate since Cronbach’s Alpha values are higher than 0.7. The inter correlations among each construct, reliability statistics and descriptive statistics are presented in table 01. According to the descriptive statistics given in table 1, the ethnocentric tendency (M = 2.8, SD = 1.00805) of Sri Lankan customers is higher than their impulsiveness (M = 2.6, SD = 1.08491). The findings implied that even though young educated customers in Sri Lanka are willing to buy local brands of consumer products, their impulsive traits are not higher than their ethnocentric characteristics. However, impulsive buying decisions at the point of purchasing are at a relatively high level (M = 2.8685, SD = .84405).

Table 01: Descriptive Statistics and Correlations

<table>
<thead>
<tr>
<th></th>
<th>CE</th>
<th>CI</th>
<th>IBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Ethnocentrism (CE)</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer Impulsiveness (CI)</td>
<td>.010</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Impulsive Buying Behaviour (IBB)</td>
<td>.316*</td>
<td>.531*</td>
<td>1.000</td>
</tr>
<tr>
<td>No. of Items</td>
<td>17</td>
<td>20</td>
<td>02</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>0.872</td>
<td>0.821</td>
<td>0.712</td>
</tr>
<tr>
<td>Mean</td>
<td>2.802</td>
<td>2.616</td>
<td>2.868</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>1.008</td>
<td>1.084</td>
<td>.8440</td>
</tr>
</tbody>
</table>

Source: Survey data 2012

In addition to descriptive statistics, the researchers assessed the correlation among main constructs of the research model by using Pearson’s correlation analysis. The findings revealed that there is no significant correlation between CE and CI. However, CE has a significant positive correlation (r = 0.316) with impulsive buying decisions (IBD). Furthermore, with the confirmation to the previous literature CI shows a strong positive correlation (r = 0.531) with IBD. According to the findings, H1 is not supported by empirical evidence. However, H2 and H3 were completely supported. Therefore the empirical results implied that there is no relationship between CE and CI and both constructs positively correlated with IBD at the point of purchasing.

In H4, the researchers argued that high ethnocentric and impulsive customers have a higher tendency to make impulsive buying decisions than high ethnocentric and low impulsive customers at the point of purchasing. Therefore the sample was divided into four categories. Descriptive statistics for each category is given in table 02. According to the findings given in table 02, high ethnocentric and high impulsive customers show a higher tendency (M = 3.64, SD = .46160) to make impulsive decisions to buy local brands
than high ethnocentric and low impulsive customers (M = 2.67, SD = .92060).

Table 02: Descriptive Statistics for Four Difference Customer Groups

<table>
<thead>
<tr>
<th>Consumer Groups</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Ethnocentric and High Impulsive Customers</td>
<td>37</td>
<td>3.6432</td>
<td>.46160</td>
</tr>
<tr>
<td>Low Ethnocentric and Low Impulsive Customers</td>
<td>24</td>
<td>2.0167</td>
<td>.35098</td>
</tr>
<tr>
<td>Low Ethnocentric and High Impulsive Customers</td>
<td>22</td>
<td>2.8591</td>
<td>.31116</td>
</tr>
<tr>
<td>High Ethnocentric and Low Impulsive Customers</td>
<td>41</td>
<td>2.6732</td>
<td>.92060</td>
</tr>
</tbody>
</table>

Source: Survey data 2012

Furthermore, a one way analysis of variance (ANOVA) was carried out with the purpose of testing whether there is a significant difference between the aforesaid four customer groups. According to the results in table 3, there is a significant difference across consumer groups (F= 35.479, p < 0.001). Furthermore, a Turkey Post-hoc Test revealed that the high ethnocentric and high impulsive customers display a high degree of impulsive buying of domestic brands rather than high ethnocentric and low impulsive customers.

Table 03: ANOVA

<table>
<thead>
<tr>
<th></th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>41.190</td>
<td>3</td>
<td>13.730</td>
<td>35.479</td>
<td>.000</td>
</tr>
<tr>
<td>Within Groups</td>
<td>46.438</td>
<td>120</td>
<td>.387</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>87.627</td>
<td>123</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data 2012

Therefore, H4 was fully supported by the empirical evidence.

5. Conclusion

The present study has mainly focused on the relationship between CE and CI. Furthermore, it has also examined the impact of both concepts on consumers’ impulsive decisions to buy local brands at the point of purchase in the Sri Lankan context. The findings revealed that the ethnocentric tendency, the impulsiveness and the stimulation to make buying decisions are above the average in the Sri Lankan context. Furthermore, the respondents did not show a significant relationship between CE and CI. However, both constructs had strong positive relationships with the IBD of customers. Furthermore, high ethnocentric and impulsive customers displayed a high tendency of making impulsive decisions to buy local brands rather than high ethnocentric and low impulsive customers. This study is characterized by several limitations that restricted the reliability to generalize the findings. Mainly, the study is restricted to young university students in Sri Lanka. Therefore, further studies are needed in different contexts and cultures for elaborating this concept comprehensively.

References


