

An Empirical Research on Cultural Identity and Purchase Intention of Foreign Goods

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Abstract

Multinational enterprises have adopted the form of business to successfully operate globally, and the overseas project has brought huge cultural exchange and penetration. The cultural liberalization also has improved the manufactured goods production and effect the consumers' purchase intentions. In this paper we focused on the influence factors that effected the cultural output, by investigating the actual consume market, using Structure Equation model(SEM model) to test the relationships among cultural preferences and purchase intentions of foreign products. Also, we evaluated the consumers' ethnocentrism's influences on cultural identity with other nations' cultural background. Lastly, we concluded that cultural identity has influences and complicate individual thoughts and purchase actions, it provides significance of impact of nation's soft power and whole economic development, and ethnocentrism has no significant influences on consuming foreign manufacture goods.

Keywords: Cultural identity, Ethnocentrism, Structure Equation Model

* Received: Dec. 7th, 2020 Revised: Feb. 4th, 2021 Accepted: Feb. 28th, 2021

This paper is supported by: ① Education department of Humanities and Social Sciences youth project of Henan province (2019-ZZJH-301); ② High school of young teachers training program of Henan province (2017GGJS128); ③ Social science and consultation project program of Henan province (2019JC23); ④ Joint Funds of the National Science Foundation of China (U1404706).

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1. Introduction

In recent years, the related cultural expenditures of each family have grown extremely rapidly. During 1980 and 2008, annual world trade of cultural goods has increased tenfold. In 1996, cultural products(movies, music, television programs, books, journals and computer software) became the largest export industry of the United States, surpassing traditional industries for the first time. The expansion of globalized economy has generated the need to understand the similarities and differences of consumers from different cultures as individuals of different countries bear different characteristics determined by their culture. Major explanation of this growth is that emergence of information technological industries, combined with the developing of leisure space and of cultural tourism. People's consumption habits has changed following with the adjustment of industrial structure. At first stage, the main economic and industrial structure almost was based on crops, small scale military-reliance business(such as billiard stores, laundries, groceries, book stores); At second stage, the consumptive style has transferred to Self-sustainable consumption and livelihood consumption(such as special products, statue of wind god, kitchen knives, some small scale industries, salt factor like ceramic factories, wine factories, and granite factories); Up to now, the consumptive style has been transferred to tourism consumption, service economy, and informal economy.

Therefore, the research about cultural industry has become a hot issue of common concern in both academic and industry circle. Most studies about cultural industrial agglomeration were focusing on the production scale and infrastructures of regions, but cultural goods has related with psychological preferences, people's identity on different source area should has consumption deviation. Since the countries of East Asia face a substantial challenge to sustain income growth and poverty reduction in today's competitive global economy, as they continue to recover from the 1997 financial crisis and to adapt to China's emergence as a major world and regional position.

So this paper choose the cultural identity factor as a research object, But even as they make decisions about the pace and extent of change needed to compete in the new East Asia market, governments also face fundamental challenges to ensure that the benefits of regional and global trade are shared more evenly, among and within countries and social groups. Consumers in these countries may have different cultural perceptions of products that made in China, and this kind of psychological implication may influence their consumption choice.

2. Literature

About cultural economic literature has classified into two categories, one of a kind is focus on cultural factors(such as ethnic, linguistic expression, religion) influence pattern with economy. Alesina and La Ferrara(2001) survey how ethnic diversity is related to economic performance at country-city-community levels. At country level, they recognize a negative effect on the provision of public goods, while they do not find conclusive evidence about the effect of diversity on growth. In particular, they estimate the effect of ethnic and linguistic fragmentation on long term growth and find diversity measures to be negatively correlated with growth only in poor democratic or low income countries, while for richer and fully democratic countries the relation turns out not to be significantly different from zero. In the former there is no evidence of any effect of racial fragmentation on population growth, while in the latter a positive effect of share of foreigners in the population is found to positively impact on productivity. After adding to Barnett et al.(1995)'s specification an interaction term of initial per capital income, the results turn out to be similar to those presented across countries: the effect of fragmentation is negative for low-income countries and insignificant(and in some cases positive) for high-income countries. Another line of research looks at production diversity in the context of industrial districts. The results showed that the culture related factors has significant effect on low-income countries but no influences on high-income countries.

The impact of cultural diversity on long run growth has been studied by Ashraf and Galor(2012) who analyze the 'reverse of fortunes' between China and Europe. The former, more culturally homogeneous because of geographical location, had been richer for a long period, while the latter, much more vulnerable to the cross-fertilization brought by the influx of foreign people, finally leap-frogged shifting from a regime of production based on agriculture to a new regime characterized by the adoption of new manufacturing technologies. Although not founding the process leading different cultures to mix, Ashraf and Galor(2012) show that cultural homogeneity is a blessing in early stages of development when static incremental technologies have to be developed on a local basis. However, in later stages of development characterized by human capital intensive technologies, cultural diversity fosters the exchange of new ideas and knowledge allowing steady growth to arise. While subscribing to this agenda, the present paper focuses on its cultural dimension by assuming that individual knowledge is cultural specific and cultural identity(and in the end diversity itself) is under strain in

multicultural environments.

Another view is globalization implies that businesses, and above all individuals, take into account cultural difference to cope with new environments and conditions. The expression 'culture', more specifically its dimensions, facilitate its understanding and measurement and serves as a fundamental tool to establish comparisons between countries. So in numerous studies cultural dimensions in different countries play a key role in adopting innovations and technology. Since, each culture possesses its own characteristics that influence the behavior of its individuals. From the perspective of consumer psychology that whether the cultural identity has an impact on their economic behavior should be worthy of argument, the similar demand among different nations is not influenced by income level, social system, but also effected by cultural factors. In this paper, the author used Stimulate of cultural intention to analyze the relationships between culture and consumption.

3. Empirical Research

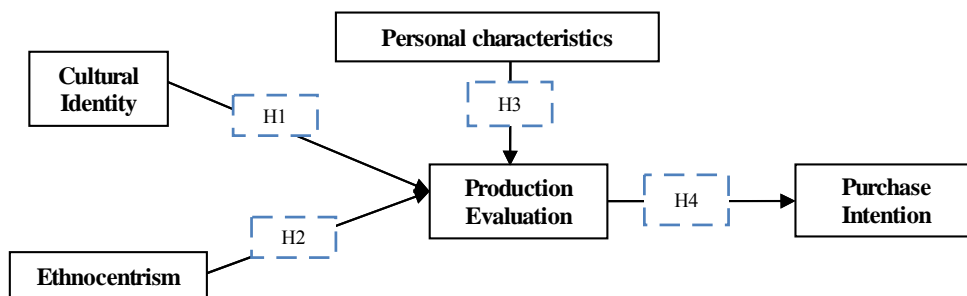
Individuals are members of a particular culture which affects their attitudes and behaviors hindering integration and adjustment into different societies. The basis of the differences between cultures originates from an inescapable reality that all human beings are ethnocentric, which means they firmly believe that what is 'normal' in their culture should be normal elsewhere. Hence, an individual from one culture that tries to integrate into another will encounter difficulties and probable dissatisfaction.

The model of 'Stimulate - Onto - Psychology - Respondent model' indicated when something stimulated customers' physiological and psychology changed, the customers may make the intention to buy this good and then they do it. After purchase behavior finished, there emerged some respondents on the products' brand, quality, and adventure methods. All stimulates elements included external and internal environments' simulations.

'Stimulation choice model' also indicated, based on society's sides there is a simple customers' purchase behavior pattern. This pattern was improved based on 'S-O-S' Model, refined some procedures, he said that simulations lead customers to make behavior decisions, it including business internal marketing stimulation and business external environment stimulation, the interaction working caused customers' intentions, based on these perspectives,

we added cultural intention as an external environment stimulation. Since different characters of customer, has different decision processes, these processes consisted of awareness, information gathering, program evaluation, program decision-making and purchase behavior. And the respondent of customers including choice of products, choice of brands, and choice of distributor, purchase time, and quantities of purchase products. England economist Marshal indicated that customers' purchase decision in order to satisfy their own needing, and get the maximum effectiveness, so that customers always cared about the economic values rather than use value. Marshal only demonstrated purchase decision affected by rationally justification, it was a clearly economic math calculation process. The shortage of this theory is that it only considered of economic factor, ignoring other factors' influences, and in fact, not all customers are rational customer. Actually, most consumers has cultural preferences, especially after they came into contact with some visual cultural products.

Jacoby(2014) used Venn diagram to analysis and classify the correlations among factors that affect customers' purchase behaviors. The results showed that character, identity, knowledge, and perceived risk have important and significant influence on purchase decision. And perceived risk is a psychological respondent to external stimulation. Lu et al.(2016) explored the relationship between product involvement and purchase intention. The results indicated that different degrees of involvement have different level influence on purchase intention, it reflected by the choice time length, number of chosen products, and so on. Francois and Van Ypersele(2009) did a survey research on Chinese consumers and indicated that qualities of products have similar identity on different region people, but shopping environment, the external elements has significant influence on customers' purchase behavior. Beamish and Lupton(2016) found that based on the customers' value and purchase decision model, the customers' perceived value, psychological physiology affected by the individual factor, and their social, political, cultural whole environment factor, especially individual growth and study experiences. They raised to use product effectiveness, customer cost, customer demand, and customer character these four basic information to evaluate customers' perceived value. Wu et al.(2012) claimed that some famous brands established the purposes to make marketed as limited-edition products to intensify consumer desire and intention to buy them, and used "S-E-D" model to verified perceived uniqueness, perceived sacrifice and perceived value are stronger than the scarcity effects.



<Figure 1> Research Model: The test among cultural identity and purchase intention

3.1. Research Model

Besides macroeconomic conditions, the author added up with market consumers purchase intention and cultural identity factors. Based on the empirical research results, this paper established ‘Cultural identity and Purchase intention related’ model as shown as following:

So based on original model, the research model is expressed by: This model tries to find the exact relationship between cultural identity and purchase intention of foreign goods. Absolutely both production evaluations on foreign products and ethnocentrism of patriotic thinking also have their influences between these two variables. The term ethnocentrism was coined by William G. Sumner, upon observing the tendency for people to differentiate between the in group and others. He described it as often leading to pride, vanity, beliefs of one's own group's superiority, and contempt of outsiders.

3.2. Hypotheses

The paper established four hypotheses to verify whether cultural identity or ethnocentrism have influences on the consumer’s purchase intention of foreign goods.

- H1: Cultural identity can promote the foreign product evaluation in consumers’ perspectives.
- H2: Ethnocentrism has negative influences on production evaluation of foreign products.
- H3: Different consumers have different respondents on foreign products.
- H4: Good production evaluation has positive effect on purchase intention of foreign products.

3.3. Data

This paper used questionnaires to collect all measuring data, focused on 4 municipality cities

of P.R. China.(Beijing, Chongqing, Shanghai, Guangzhou) Since these four areas are representative, urban openness is relatively high, the per capita income level is higher than other regions, also there are a large number of younger people lived in these cities, most of they have high education background so that they can accept or learn new foreign culture easier and faster and they would like to following with the popular trends of foreign countries. The questionnaires in this thesis have six parts, and except first part the other parts questions used Likert 7 scales to survey, where 1=very low, to 7=very high. First part is personal information, second part is about the factors that the degrees of cultural identity on foreign countries, third part is about customers' ethnocentrism, forth part is about purchase experiences, last part is about purchase intention. It took appropriate one month to gather the questionnaires. With field survey was conducted with interviews and internet ways, this research randomly selected 150 direct customers as participants, and 250 questionnaires were distributed by e-mail or interviews survey collected finally, 63 questionnaires were invalidated. The valid return rate was 74.8 %. 48.7% of object participates are male, 51.3% are female.

3.4. Results

After analyzed on the basic information and explanation, we should do the valid test first in order to prepare for other analysis procedures. The reliability of the scale indicated that all Cronbach Alpha coefficient of each factor were 0.802, 0.903, 0.684, and 0.644, respectively. Except product evaluation and purchasing intention these two factors' Cronbach Alpha coefficients are a little lower, but they can validly accept. Other factors' Cronbach Alpha coefficients proved the scale to be highly reliable.

A principal component factor analysis with Varimax rotations is then used to explore the set of variables in consumer purchase intentions for foreign cultural products. The factor analysis results as four factors. Prior to the factor analysis, Kaiser-Meyer-Olkin test is done to assess the

<Table 1> Cronbach's Alpha Coefficient of the Scales

Factors	Items	Cronbach's Alpha(α)
Cultural identity	13	0.802
Ethnocentrism	11	0.903
Product evaluation	5	0.684
Purchasing intention	4	0.644

<Table 2> Factor rotation matrix results

Factor 1 Cultural Identity	Factor loads	% of Variance
I1 always looking for overseas style in shopping.	.762	24.092
I10 want to buy foreign products.	.370	
I12 like listening foreign pop music.	.328	
I11 imitate foreign idol behaviors sometimes.	.688	
I9 want to make foreign friends.	.472	
I5 want to study abroad.	.382	
I7 often discuss the overseas news.	.679	
I2 other regions people take into account education.	.552	
I3 have an intimate knowledge of foreign stars.	.633	
I4 Foreigners working very seriously.	.751	
I6 Foreigners are law-abiding.	.702	
I8 Foreigners are politely.	.629	
I13 want to go overseas travel.	.828	
Factor 2 Ethnocentrism		20.96
N1 Chinese should buy Chinese made rather than imports.	.654	
N2 only products that domestic market not buying can import.	.689	
N3 buy Chinese made products let Chinese have jobs to do.	.844	
N4 we should give priority to buy Chinese made products.	.715	
N5 a real Chinese should always buy Chinese products.	.747	
N6 do not let other regions people make money away from us.	.864	
N7 we should not consider buy foreign products unless a last resort.	.819	
N8 we should not allow foreigners to sell their products into our market.	.657	
N9 high taxed on foreign products in order to reduce their importing.	.666	
N10 buying domestic products are a patriotic act.	.756	
N11 we should persuade others to buy domestic products.	.654	
Factor 3: Product evaluation		5.965
A5 foreign products are economic and durable.	.570	
A2 foreign products have higher technological skills.	.627	
A4 foreign products' color and design are very nice.	.575	
A3 foreign products valued added.	.681	
A1 foreign products are expensive.	.749	
Factor 4: Purchasing intention		13.876
P2 I have to buy foreign products.	.674	
P3 considered with same quality, I will spend 10% higher price to buy foreign products.	.563	
P1 if this is a chance, I will buy foreign products.	.747	
P4 if possible, I will avoid to buy domestic products.	.808	
KMO	.801	
Bartlett Chi square	3047.003	
df	528	
Sig.	.000	

validity of the sample size, KMO value is determined to be 0.801. It is concluded that the KMO value is a sufficient value to perform the factor analysis. The results of the Bartlett test revealed an existing relationship among the variables. (Chi square= 3047.003; Sig= 0.000). Thus it is concluded that a factor analysis was applicable.

In above table 2, cultural identity dimension of ‘I want to buy foreign products’, ‘I like listening foreign pop music’, ‘I want to study abroad’ these three factors load coefficients are 0.328, 0.370 and 0.382, respectively, so failed in later regression analysis. The other dimensions have higher factors load coefficients and represent higher favorable recognition with foreign culture. From the Ethnocentrism dimension the results shows that all factors load coefficients are higher than 0.650, and it means the strong representativeness of ethnocentrism factor. The product evaluation factor load coefficients almost is larger than 0.60, it shows ‘foreign products’ technological skill, durable, design, value, price and etc’ are consistent with the recognition of foreign manufactures. The purchasing intention factors load coefficients are 0.674, 0.563, 0.747, 0.808 respectively, since if the consumers decide to buy foreign goods should with strong intentions.

In order to estimate are there any interrelations among these four determinants, correlation analysis was did firstly; the results are shown as following table 3.

Cultural identity has significant correlations with other three determinants. First one, cultural identity has 5 percent level of negative significant with ethnocentrism, estimated coefficient value is -0.179, so it means if customer has much more favor of foreign culture, he or she will reduce his or her ethnocentrism when choosing foreign produced goods; secondly cultural identity has 5 percent level of positive significant with purchase evaluation, estimated coefficient value is 0.382, it means the favor degrees of foreign culture can enhance the goods evaluation’s preference after purchase behavior; lastly, cultural identity also has 5 percent level of positive significant with purchase intention, estimated coefficient value is 0.384, it means

<Table 3> Dependent variables of correlation coefficient results

	Cultural identity	Ethnocentrism	Purchase Evaluation	Purchase Intention
Cultural identity	1	-.179**	.382**	.384**
Ethnocentrism	-.179**	1	-.033	-.122
Purchase Evaluation	.382**	-.033	1	.465**
Purchase Intention	.384**	-.122	.465**	1

Notes: ***, **, and * denote one, five, and ten percent level of significance, respectively.

<Table 4> Regression equations for purchase intentions

	Unstandardized Coefficient		Standardized Coefficient	t	Sig	F	R2
	B	Std. Error	Beta				
Step 1 (constant)	2.855	.328		8.694	.000	18.743***	0.384
Cultural identity	.391	.064	.389	6.101	.000		
Ethnocentric	.023	.040	.037	.584	.560		
Step 2 (constant)	.553	.319		1.737	.084	60.016***	0.465
Products evaluation	.539	.070	.465	7.747	.000		

Notes: F-value of both steps is 1 percent level of significant.

goods evaluations can stimulate people to purchase same goods again. Ethnocentrism only has significant interrelation with cultural identity, but has no significant interrelation with other two determinants. However the estimated coefficients with purchase evaluation and purchase intention are -0.033 and -0.122, respectively, so it means although these influences are not significant, consumers' ethnocentrism still will reduce their desire to buy foreign goods. Purchase evaluation has 5 percent level of positive significant with cultural identity and purchase intention, but no significant interrelation with consumer ethnocentrism. The estimated coefficient value with purchase intention is 0.465, it means if consumers has a higher scale of foreign goods, they would like to buy foreign goods in future.

Linear regression analysis was used to estimate the causal relationship among these determinants. Table4 shows the linear regression analysis results.

In first step analysis of this model the results shows that cultural identity has 1 percent level of significant positive influence on product evaluation of foreign goods. ($\beta=0.391$, t-value = 6.101***) However the consumers' national ethnocentrism has no significant influence on product evaluation. ($\beta=0.023$, t-value = 0.584). F-value of this model is 18.743 with 1 percent level of significance. R square value is 0.384. The second step analysis of this model indicates that the product evaluation of cultural goods has 1 percent level of significant positive influence between on consumers' product purchase intention to buy the same kind cultural goods, the estimated coefficient β value is 0.539, t-value is 7.747***. F-value is 60.016 with 1 percent level of significance. R square value is 0.465.

Logistic analysis was used to measure whether gender, age, education background and contact experiences with foreigners of Chinese customers have influences on purchase intentions of foreign cultures. The significant value of contact experiences with foreigners has ten percent level significant relationship with customers' purchase intention about foreign goods, the significant values of education background of respondents has ten percent level significant relationship with customers' purchase intention about foreign goods, that it shows that if people have more chances to get touch with foreigners or they have higher education background they would like to buy more foreign goods positively. However the age and gender of respondents two factors have no significant influences on purchase intention of customers will buy foreign goods, it means that both male and female people they decide to buy foreign cultural is following with their evaluation on the products, there are no preference about masculinity - femininity, also either younger or older man they have no preference choose on foreign goods.

Hypothesis 1 was accepted, the result had revealed to do with determining that foreign cultural identity has significant positive effect on customers' production evaluation on foreign goods (Sig =0.000 < 0.001, F=18.743***).

Hypothesis 2 was rejected that the result reveals that consumers' ethnocentrism has no significant influence on customers' purchase evaluation of foreign goods (Sig = 0.560 > 0.01, F=18.743***).

Hypothesis 3 was accepted, the result had revealed to do with determining that consumers characteristics defined their production evaluation on foreign goods (Sig =0.000 < 0.001, F=24.410***).

Hypothesis 4 was accepted that the single linear regression result shows foreign goods' evaluation has a significant positive influence on customers' purchase intention of customers to buy foreign goods (Sig = 0.000 < 0.001, F=60.016***).

4. Conclusions

The survey has attempted to review the field of cultural identity's influences on purchase intention. It has identified the various influenced factors and the various access taken to affect them. One of the critical problem is that the ethnocentrism does not affect consumers' favorite

to purchase foreign productions. Furthermore, it should note that many ethnocentrism studies offer little more than other factors guesses concerning the relative importance of contextual or cultural influences. However to separate the culture from contextual variables surrounding it would require an intimate knowledge of the nation. The recent research trend toward mapping people's perceptions and cognition should add us in this effect. Ethnocentric factors effected normal goods trade patterns among countries, consumers' psychological factors in deciding purchases also have their practical influences on the market economy. After empirical analysis about cultural identity and consumer ethnocentrism, that the national culture's publicity program is very important. If the government wants to have greater international influence, economic strength is not the only way to bring out, but rather cultural strength plays a large part. And the results showed that consumers care more about product core quality itself.

International transfer of market is influenced by cultural factors, and this influence is determined by cultural dimensions at the moment of technology adoption, cultural output is considered a very important subject of research in the field of international business, moreover, several authors confirm how it directly affect businesses and the consumers when adapting to different cultural value-added products, the government should realize that successful cultural intention is essential for success in international projects of multinational enterprises. From a theoretical point of view, this study proposes a relationship between cultural identity and purchase intention, the results point to a direct and significant cultural influences on effort expectancy.

In conclusion, cultural identity issues are clearly receiving increased attention, this only appropriate, as interdependence is also increasing. Although many issue both theoretical and methodological, remain to be investigated, significant progress appears to have occurred.

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