The Impact of Consumer Ethnocentrism on Purchase Intention: An Empirical Study from Vietnam

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Abstract

Ethnocentrism in users plays an important role in predicting user behavior when deciding between imported and domestic goods. The purpose of this study is to look into the influence of ethnocentrism in customer behavior on brand image, perceived value, perceived quality, brand trust, and brand buy intention. Vietnamese customers prefer homegrown brands. The moderate role of consumer ethnocentrism in the conceptual framework emphasizes the country origin of the product is the most important factor. It also demonstrates how the intention of Vietnamese consumers to buy domestic brands is substantially influenced. To test the hypothesis, this article used a quantitative technique utilizing PLS-SEM software. With 917 samples, the study used the quota sampling approach to collect data from students at 10 universities in Ho Chi Minh City. The data suggest that all players have a positive association and that consumer ethnocentrism has a moderate impact in the Vietnamese brand context. Following that, suggestions are made to help Vietnamese firms create and retain their brands in the face of severe competition from global brands in the domestic market. To increase consumer intent in purchasing behavior, the Vietnamese local company needs to establish a strong brand.

Keywords: Consumer Ethnocentrism, Brand Image, Perceived Value, Perceived Quality, Brand Trust, Purchase Intention

JEL Classification Code: M16, M31, D10

1. Introduction

Consumer ethnocentrism is usually the most important component in a company’s attempt to understand the customer because it has a significant impact on forecasting consumer behavior when buying domestic and imported goods. The truth explains the preceding assertion that consumers in developing economies tend to assume that local items are inferior to imported goods (Batra et al., 2000).

In emerging countries, consumers choose local brands less than in developed countries (McCann, 2015). Furthermore, consumers can now readily purchase international products from all over the world, and they have a large selection of foreign brands to choose from in addition to domestic companies. This makes local producers in developing countries like Vietnam facing significant pressure from foreign brands and do need to have the ability to defeat effectively against foreign products. As a consequence, there have been many activities to support the development of Vietnamese brands and promote domestic products such as Vietnam’s High-Quality Products, Vietnam National Brands Program, Vietnam Brands Protection; the slogan “Vietnamese use Vietnamese Products” has been encouraging Vietnamese to buy domestic products through promoting ethnocentric behavior. Although after 11 years of implementation with many practical and effective activities, this campaign has brought many positive results, Vietnamese brands are facing many challenges in the era of globalization. Thus, there is a great need for studies to show why Vietnamese people have to use Vietnamese goods or, in other words, to study the factors that affect consumers when they choose between domestic and imported brands.
Meanwhile, although some studies have found the effects of ethnocentrism on consumer behavior in developing countries, it is still in its dawn (Makanyeza & du Toit, 2017). Due to the differences in the economy and the level of technological development, values and attitudes towards consumption will also differ between developed and developing countries. This means that the findings of ethnocentrism and buying behavior in previous studies are likely not to demonstrate similar results in a different research context. Despite this, apart from ethnocentrism, brand image, perceived value, perceived quality, and brand trust are also measured to affect the purchase intention positively, and there are also not many researches that study the effects of these factors. Accordingly, this study examines the impacts of brand image, perceived value, perceived quality, brand trust, and the moderating effect of consumer ethnocentrism on purchase intention in the context of a developing country - Vietnam and fashion will be the representative industry chosen for research.

2. Literature Review and Hypotheses

2.1. Theory of Planned Behavior

According to TPB, each behavior is determined by attitude, subjective norms, and perceived behavioral control (Ajzen, 1991). Attitude is defined by Ajzen as “a disposition to respond favorably or unfavorably to an object, person, institution or event” (Ajzen, 1998). Subjective norms refer to the belief that an important person or group of people will approve and support a particular behavior. Subjective norms are determined by the perceived social pressure from others for an individual to behave in a certain manner and their motivation to comply with those people’s views (Ajzen, 1998). And perceived behavioral control refers to how easy or difficult it is to perform the behavior.

When reviewing the theory of planned behavior, it can be said that the relationship between attitudes and intentions is an integral part of this theory. There have been many studies verifying this relationship. One of the first is the study of Bentler and Speckart (1979). They concluded that attitude could both directly influence behavior and indirectly influence behavior through intention. However, Bagozzi (1981) determined that attitudes only affect intention but not behavior directly.

From determining the relationship between attitude and behavior, the researchers examined the relationship between attitudes and purchase intention. Results of studies have shown that attitude has an impact on purchase intention. Specifically, a positive attitude leads to a higher purchase intention. This research will focus on the relationship between attitude and intention, is explicitly attitude and purchase intention, to explain the relationship between the variables in the research model.

2.2. Consumer Ethnocentrism

Ethnocentrism was first introduced by the American sociologist William G. Sumner. In his book Folkways, Sumner describes it as “the technical name for this view of things in which one’s own group is the center of everything, and all others are scaled and rated with reference to it “According to LeVine and Campbell (1972), ethnocentrism is “the symbols and values of one’s own ethnic or national group becoming objects of pride and attachment, whereas symbols of other groups may become objects of contempt.”

Ethnocentric consumers believe that buying foreign-made goods cannot only cause their people to lose their jobs but also threaten the domestic economy; therefore, they always consider the act of buying imported products to be not patriotic or even immoral (Shimp & Sharma, 1987). Therefore, they prioritize domestic products over imported products in the consumer decision-making process (Siamagka & Balabanis, 2015). Consumer ethnocentrism is described as a personality trait that influences an individual’s views and intentions, according to another study. In addition, when comparing imports to domestic production, buyers’ behavior is more favorable to imports (Lee et al., 2003). Consumer ethnocentrism manifests attitudes toward home and international products and services, according to the findings of a recent study (Fastoso & González-Jiménez, 2020).

2.3. Brand Image

Keller (1993) argued that brand image is “perceptions about a brand as reflected by the brand associations held in consumer memory.” These brand associations are defined as any aspect linked in memory to a brand, usually in some meaningful way. Furthermore, brand image can also be defined as the combination of the consumer’s perceptions and beliefs about a particular brand (Campbell, 1998) or only a set of beliefs in the consumer mind about a brand (Kotler & Armstrong, 1996), this set of beliefs play an essential role in the buyer’s decision-making process when customers evaluate alternative brands. Brand image is defined in various ways, such as favorability, strength, and uniqueness of brand associations (Keller, 1993) or six brand dimensions in the work of Anselmsson et al. (2014), which include awareness, uniqueness, perceived quality, and positive associations with corporate social responsibility, origin, and social image. This brand image allows customers to admit their needs and wants regarding the brand and distinguishes the brand from others.
2.4. Perceived Quality

Perceived quality was defined as “a consumer’s judgment about the superiority or excellence of a product” (Zeithaml, 1988). The concept of product quality has been divided into two different dimensions: objective quality and subjective quality. Due to the difficulty in defining a standard measurement method for objective quality, perceived quality in most studies is measured as subjective quality (Solomon et al., 1999). Moreover, the perceived value of consumer toward the service is crucial to the loyalty increase when they are satisfying (GOELTOM et al., 2020).

Besides, consumers infer an overall personal assessment of a product’s quality by intrinsic and extrinsic cues (Dodds et al., 1991). Intrinsic cues are “product-related attributes—such as price, brand name, and packaging—which are not part of the physical product, and intrinsic cues represent product-related attributes, such as ingredients, that cannot be manipulated without also altering physical properties of the product” (Richardson et al., 1994). However, this study accepts the definition of perceived quality as subjective quality and uses the multidimensional scale suggested by Yen (2018) which includes design, durability, fashion, functionality, and reliability to measure the perceived quality of domestic products.

2.5. Perceived Value

In the field of marketing and consumer behavior studies, perceived value has been considered an essential factor. Researchers have pointed out that business enterprises have more competitive advantages when providing more value to consumers (Sweeney & Soutar, 2001). Perceived value is a complex concept, and there is no consistency in the literature on definition and characteristics. There are two main approaches to perceived value: unidimensional and multidimensional. The original product value definition was the ratio or trade-off between quality and price, with a focus on unidirectional concepts. Perceived value, according to Zeithaml (1988), is a “consumer’s overall estimate of the utility of a product (or service) based on perceptions of what is received and what is given.” Similarly, perceived value is described as the balance between a product’s perceived quality or utility and the reward they expect when they pay the price.

Sweeney and Soutar (2001) proposed a comprehensive way to measure the perceived value of endurance products by expanding the PERVAL scale into four categories, including functional value, emotional value, economic value, and social value. Although multidimensional constructs provide comprehensive representations of complex events and allow researchers to integrate wide predictors with various results, detractors argue that they are conceptually confusing and generate a confusing relationship between their aspects and other structures. As a result, this study supports the concept of perceived value as a cost-benefit trade-off.

2.6. Brand Trust

The term belief has received much attention from scholars in several disciplines such as psychology, sociology, economics, and the fields of application rather than management and marketing. This is why many definitions of belief have been introduced. However, a careful review of the existing literature shows that expectation and confidence are essential components of the definition of trust. Consequently, trust is defined as a person’s belief in what they would expect from another person instead of being afraid of that person.

The concept of brand trust was first mentioned in 1969 by Howard and Sheth. They believe that brand trust will have a positive impact on consumer willingness. Brand trust is defined as the degree of consumer willingness to trust the ability to perform the functions that the brand has stated. According to UT-THA et al., (2021) mentioned brand trust is consumers’ belief that they can trust a brand to provide the same services or products as committed.

2.7. Purchase Intention

Purchase intention is the willingness of a customer to buy a certain product or a certain service (Spears & Singh, 2004). Purchase intention, according to some researchers, refers to the likelihood that a buyer in a specific purchase situation will choose a specific group of products in the future (Le et al., 2021). On the other hand, it is believed to be the likelihood that consumers intend to purchase a specific brand in the future.

2.8. Brand Image, Brand Trust, Purchase Intention

In the research of Pavlou et al. (2007), brand image plays an important surrogate for an intrinsic product presenting information about the attributes of a product so that the better the brand image, the more customers will establish their confidence in the brand’s product and that confidence ultimately leads to a customer’s trust in the brand. In other words, customers tend to trust and be more loyal to the brand if it has a good image and reputation. First, the relationship between brand trust and purchase intention is evidenced by the Theory of Planned Behavior (TPB) as outlined above. According to TPB, the attitude has a direct effect on behavioral intentions. In this research, the variable brand trust is an attitude, and the purchase intention variable
is the intention. Therefore, we can conclude that brand trust influences purchase intention.

Besides, the effect of brand trust on buying intent has also been demonstrated by numerous studies in the past decades. Specifically, some scholars have found that trust is the premise of purchase intention; Thus, they propose to increase a consumer’s purchase intention toward a particular brand, a business needs to increase consumer’s trust with that brand (Laroche et al., 1996). Accordingly, this study proposes that:

\[ H1: \text{Brand trust is an intermediary between brand image and purchase intention.} \]

2.9. Brand Image, Perceived Value, Purchase Intention

Perceived value plays a vital role in purchase intention. The more consumers perceive a product benefit, the higher the perceived value to the product, which increases their purchase intention (Zeithaml, 1988). Eggert and Ulaga (2002) also found in their research that consumer satisfaction (based on the subsequent use of the product) is an essential driver of purchase intention, but the perceived value is the main factor that affects purchase intention. Previous research has suggested that consumer perceived value can be seen as a reliable predictor of consumer satisfaction and purchase intention (Ryu et al., 2012). Furthermore, Yuan et al. (2020) emphasized the importance of perceived value, arguing that consumer assessment of value before buying a product is an essential condition leading to consumption behavior in practice. Accordingly, this study proposes that:

\[ H2: \text{Perceived value is the mediator of a brand image and purchase intention.} \]

2.10. Brand Image, Perceived Quality, Purchase Intention

Nearly half a decade ago, experimental research by Jacoby et al. (1971) found that consumer perceptions of quality and value are significantly affected by brand image. Shimp and Bearden (1982) supported the view that brand image is, in many cases, used for quick reference or shorthand reference by consumers in terms of quality and value representation. Besides, Kotler and Armstrong (1996) also mentioned that brand image is used by consumers to evaluate the perceived quality of products. According to (Aberdeen et al., 2016), brand image significantly affected perceived quality from brand image testing on quality perception compared to two carbonated drinks brands: Coca-Cola and Big Cola. In addition, the more positive the brand image of low-cost green cars, the more positive product quality is perceived.

Perceived quality is a precursor to brand trust because consumers do not have sufficient or limited knowledge and information related to the product; consumer credence can be directly based on perceptions of the quality of the product or brand (Kardes et al., 2004). Past research confirmed the positive role of perceived quality on brand trust. In addition, perceived low quality can discredit customers. Conversely, if consumers perceive a high-quality product or brand, their trust in that product or brand is likely to increase (Chen & Chang, 2013). Previous research also reported that perceived quality is positively related to brand trust (Konuk, 2018). Accordingly, this study proposes that:

\[ H3: \text{Perceived quality is the mediator of a brand image and purchase intention.} \]

2.11. Perceived Value, Brand Trust, Purchase Intention

Previous studies found that there is a positive relationship between perceived value and customer trust as a high level of perceived value can increase trust when buying a product (Sirdeshmukh et al., 2002). If customers receive high value from the product, it can increase brand trust. A previous study also confirmed the positive role of perceived value on brand trust. It was revealed that consumers’ higher value perception might increase their trust (Sharma & Klein, 2020). Base on the previous studies, brand trust has a strong mediation impact on the relationship between perceived value and purchase intention.

\[ H4: \text{Brand trust is a mediator of perceived value and purchase intention.} \]

2.12. Perceived Quality, Brand Trust, Purchase Intention

Perceived quality is a precursor to brand trust because consumers do not have sufficient or have limited knowledge and information related to the product; consumer credence can be directly based on perceptions of the product or brand’s quality (Kardes et al., 2004). In addition, perceived low quality can discredit customers (KUSUMAWATI et al., 2021). Conversely, if consumers perceive a high-quality product or brand, their trust in that product or brand is likely to increase (Chen & Chang, 2013). According to previous findings, this study is supposed the hypothesis as the following:

\[ H5: \text{Brand trust is a mediator of perceived quality and purchase intention.} \]
2.13. Consumer Ethnocentrism – Moderator Role

Previous studies have found that the higher the ethnocentric consumers are, the more restrictive they are to buy foreign products (Abosag & Farah, 2014). Similarly, other scholars’ research results have also shown that ethnocentrism has a positive impact on the intention to purchase domestic products (Qing et al., 2012). Besides, according to Pecotich and Rosenthal (2001), ethnocentrism is not only the factor affecting the moral responsibility of purchasing domestically produced products but also the determinant of perceptions of the product. In addition, high ethnocentrism can also lead to a higher appreciation of domestic products, and even pay prices are higher for them.

Consumer ethnocentrism is a personality trait that affects a person’s views, intentions, and purchasing behavior when it comes to imports vs. domestic products. In this study, consumer ethnocentrism is the factor that accommodates the relationship between perceived quality, perceived value, and brand trust of domestic brands and consumer purchase intentions for these brands. This leads to the following theories:

\[ H6a: \text{Consumer ethnocentrism moderates the effect of perceived value on purchase intention toward domestic brands.} \]
\[ H6b: \text{Consumer ethnocentrism moderates the effect of brand trust on purchase intention toward domestic brands.} \]
\[ H6c: \text{Consumer ethnocentrism moderates the effect of perceived quality on purchase intention toward domestic brands.} \]

3. Research Methodology

3.1. Sample and Procedure

This study employed nonprobability sampling, including technique-convenience sampling for office workers, quota sampling for university students, and snowball sampling for freelancers. Based on the aforementioned hypotheses and the previous studies, draft questionnaires were prepared. The draft questionnaires were initially developed in the English language and then were translated into the Vietnamese language with several English language experts’ support.

This research was carried out in two stages, including a first-stage pilot study (qualitative and quantitative) and a second-stage critical study (quantitative) by collecting Vietnamese consumers’ responses. Via a personal connection, the research surveyed 30 individuals to perform a qualitative pilot study to collect in-depth information. The emphasis group was formed to assess the conceptual construct’s representation, the coherence of the words, the content of the questions, and the ability to respond to the interviewers’ questions. A focus group was used to pre-test the Vietnamese version questionnaire to ensure that the scale was well-known. The authors then discussed the tool with seven marketing lecturers to evaluate it. During the discussion, the authors also attempted to determine whether the measurement scale used in the Vietnam study was adequate. Following the revisions in the measurement scale, all the comments from the discussion were noted. Several wording modifications were made to the final questionnaire to reduce ambiguity, and several items were eliminated or combined.

After translating and refining the final set of surveys, the authors developed the questionnaire using Google Docs and printed a paper copy for easy responses. In Ho Chi Minh City, the questionnaire was sent to office workers, freelancers, and university students. Following data collection, a total of 1000 questionnaires were created. However, only 917 replies were qualified for data analysis, with Office Workers, Students, and Freelancers receiving 287, 330, and 300 responses, respectively. The study collected data from students at ten universities in Ho Chi Minh City using a quota sampling strategy. Then, at each school, a convenient sampling method was used to collect responses. Also, Office Workers’ data was collected directly from friends and colleagues of the authors using convenient sampling methods, then use the snowball technique to spread it further. Using the same data gathering methods as Office Employees, the Freelancer objects got all responses from Google Docs.

3.2. Measurement

A seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree), was used to measure the main questionnaire items. The questionnaire comprised measures and scales were operationalized based on previous research. However, to fit the current research context and purposes, some appropriate modifications have been made. The main items of “Brand image” were adapted from Salinas and Pérez (2009). A four-item scale developed by Chaudhuri and Holbrook (2001) was used to measure brand trust. The perceived value” scale was measured by five items of Dodds et al. (1991). The main constructs of “Consumer ethnocentrism” were measured using items from Shimp and Sharma (1987). The “Perceived quality” was adopted from Erdoğan and Büdeyri-Turan (2012). Finally, four items were adapted from Bian and Forsythe (2012) to measure “Purchase intention”.
4. Results

4.1. Respondent Profile

The sample is those who are studying and working in Ho Chi Minh City. There are 917 people, including 36% students, 31.3% office workers, and 32.7% freelancers. In terms of sex, 40% of them are male and 60% female. In terms of age, 97.6% of respondents are aged 18–35, 2.4% are older than 35 years. This means that the respondents are mostly young people in Ho Chi Minh City. Last but not least, in terms of income, about half of the respondents had an income of less than 6 million VND/month (51.6%). The most common income level of the respondents is from 6–12 million VND/month (30.7%).

4.2. Measurement Model

As shown in Table 1, the composite reliability score for each of the constructs was greater than 0.7. Alternatively, convergent validity of all constructs that were greater than 0.5 (ranged from 0.656 to 0.771); Brand image = 0.657, Perceived value = 0.669, Perceived quality = 0.656, Brand trust = 0.771, Purchase intention = 0.752. Therefore, it demonstrated good convergent validity. Fornell and Larcker (1981) suggested that discriminant validity is found when the square root of AVE for each latent variable is higher than other correlation values among any other construct. Table 2 shows that the AVE of each construct ranged from 0.656 to 0.771, which was greater than the square internal-construct correlation.

Furthermore, Henseler et al. (2015) suggested that using heterotrait monotrait ratio of correlations (HTMT) is necessary to confirm discriminant validity for PLS by “average variance extracted (based on consistent loadings) with its squared consistent construct correlations.” The result in Table 3, showed that the values of the Heterotrait-Monotrait Ratio of each of the constructs were lower than 0.85 (range from 0.419 to 0.671) indicated good discriminant validity.

4.3. Mediation Paths Possibility Checking

Since all the p-values were less than 0.05, the results in Table 5 and Model 1 suggested that Brand Trust, Perceived Value, and Perceived Quality mediated the association between Brand Image and consumers’ Purchase Intention (which were 0.013, 0.000, and 0.000 respectively). The regression weight of the influence of Perceived Value on customers’ Purchase Intention was 0.307, whereas the numbers of Brand Trust and Perceived Quality with significant values were 0.266 and 0.191, respectively. It was discovered that Perceived Value, rather than Brand Trust or Perceived Quality, has a greater impact on Purchase Intention. This data suggest that Vietnamese buyers are more inclined to buy brands that have a high perceived value than those that have a low perceived value.

4.4. Moderation Paths

According to hypothesis H6a, consumer ethnocentrism moderates the influence of Perceived Value on Purchase
Intention toward domestic brands. Table 6 shows that this effect (CE * PV) in PI is not statistically significant ($p = 0.224 > 0.05$), indicating that hypothesis H6a is unsupported.

According to Hypothesis H6b, consumer ethnocentrism moderates the influence of Brand Trust on Purchase Intention toward domestic brands. Table 6 shows that the effect (CE * BT) in PI is not statistically significant ($p = 0.003 < 0.05$), indicating that hypothesis H6b is supported.

According to hypothesis H6c, consumer ethnocentrism moderates the influence of perceived quality on purchase intention toward domestic products. Table 6 shows that in PI, this effect (CE * PQ) is not statistically significant ($p = 0.128 > 0.05$), indicating that hypothesis H6c is not supported.

5. Discussion and Conclusion

Brand trust is an intermediate variable of Perceived Value and Purchasing Intention, according to the above-mentioned analysis results; brand trust is the mediating variable of perceived quality and purchase intention. This illustrates that brand trust is incredibly essential in determining purchase intent. Brand trust is impacted by brand image, perceived quality, and perceived value, and it has a direct impact on a customer’s purchase intent. When elements such as brand image, perceived value, and perceptible quality are improved, brand trust grows, which increases purchase intent. This outcome is consistent with earlier research (Sharma & Klein, 2020; Konuk, 2018).

Perceived value is an intermediate variable of brand image and purchase intention, according to the findings of this study. Furthermore, perceived quality is a stepping stone between brand image and purchase intent. As a result, brand image has a direct effect on perceived value and quality, as well as an indirect effect on purchase intent. Customers will believe that the brand’s items are of good quality, and they will give them greater value, resulting in a larger buy intention when the brand image is improved. This conclusion is consistent with earlier research: Brand image has a positive impact on perceived value. (Yuan et al., 2020).

Consumer Ethnocentrism plays a role in moderating the relationship between Brand Trust and Purchase Intention, according to the findings of this study. This suggests that ethnocentrism increases Purchase Intent for brands that consumers trust. This finding is consistent with prior research suggesting that the more ethnocentric a customer is, the more inclined they are to pay for, buy, and trust domestic products (De Nisco et al., 2016; Yildiz et al., 2018).

However, the findings show that Consumer Ethnocentrism nationalism has no effect on two relationships: the first is the relationship between Perceived Value and Purchase Intention, and the second is the relationship between Quality Perceived and Purchase Intention. As a result, when a consumer’s perceived value for a brand is reduced, they will be willing to reduce their Purchase Intention for that brand, regardless of whether they are consumer ethnocentrism or not.
The concept of ethnocentrism has been examined by researchers all over the world for many years, but Mai and Smith (2012) were the first to apply it to the study of consumer behavior. However, there are still few studies in Vietnam that look into this aspect of consumer behavior research. In the context of Vietnamese research, ethnocentrism in consumer behavior has been mentioned in several studies, such as Le et al. (2013)’s study on the impact of orientation on preferences. Consumer purchases of foreign products were becoming more popular in Vietnam at the time. In addition to the factors of Brand Image, Quality Perception, Perceived Value, and Purchase Intent for local brands in the Vietnam market, this study is predicted to have scholarly contributions, contributing to more diversified documentation on ethnocentrism in consumer behavior.

Although it yielded a number of significant findings, there are several problems in this study. The first limitation relates to the survey object. Students, office professionals, and freelancers were the only participants considered for the study. In truth, many target customers of Vietnamese businesses with high purchasing power, such as housewives, laborers, and others, still exist. As a result, the study’s limitation has become focusing just on the three objects mentioned above. To obtain better results, future studies should extend the survey subjects to accommodate this constraint.

The problem of generalization is the second limitation. To prove and investigate the overall perception of Vietnamese consumers about Vietnamese brands, hypotheses must be tested with various categories of Vietnamese brands. However, this study solely looked at brands in the Vietnamese fashion sector. As a result, investigations on various categories of Vietnamese brands should be done in the near future to gain a better understanding of how customer behavior is influenced by the nationalism of Vietnamese businesses.

References


References


