

# The Impact of Consumer Ethnocentrism on Purchase Intention: Moderating Role of Perceived Quality

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## Abstract

This study aims to investigate the moderating role of perceived quality on the impact of consumer ethnocentrism on purchase intention. A total of 262 completed questionnaires were obtained through convenience sampling. Data were analyzed using SPSS-24 and AMOS-23 software: SPSS to conduct the exploratory factor analysis and AMOS for the SEM analysis. As a result of the analysis, a partial moderating role of perceived quality was found. This study contributes to the literature by investigating the moderating role of perceived quality on the consumer ethnocentrism and purchasing relationship.

**Keywords:** Consumer ethnocentrism, purchase intention, perceived quality.

## Introduction

Does the perceived quality of the local product have an effect on the effect of consumer ethnocentrism on local product purchase behavior? Akbarov (2020) stated that this question needs to be answered (see Akbarov (2020)). Based on this call, this study investigates the moderating role of perceived quality of local products in the effect of consumer ethnocentrism on local product purchase intention.

Smaoui et al. (2016) discovered that pharmaceuticals from developed nations are viewed as having higher quality, resulting in a more favorable inclination to purchase these items compared to those originating from developing nations. In his research in Azerbaijan, Akbarov (2020) found that ethnocentric consumers buy more local products in product categories where perceived quality is high.

There are many studies in the literature on the effect of consumer ethnocentrism on local product purchasing (Yen, 2018; Thomas et al., 2019; Akbarov and Cafarova, 2020). However, to our knowledge, the moderating role of perceived quality in this effect has not been empirically tested.

## Consumer Ethnocentrism

According to Shimp (1984), the concept of consumer ethnocentrism shows consumers' belief in the superiority of products produced by their own country. The basis of this understanding is the measurement of the correctness of consumers' purchase of imported products. There are two

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reasons for this understanding, economic and moral. The first reason is the problems that imported goods will cause to the local economy. The other reason is that it is acceptable for citizens who are loyal to their own country to prefer locally produced goods. According to this understanding, consumers with high ethnocentric tendencies support the purchase of domestic products and oppose the purchase of products from other countries.

In a study conducted by Akbarov and Jafarova (2020) in Azerbaijan, the positive effect of consumer ethnocentrism on purchasing was revealed. In the research conducted by Apil et al. (2009), it was observed that Georgians are anxious about unemployment, they buy products made by their own country and when imported products are needed, they accept choosing in favor of local products as a solution to save the national economy in case of local alternatives. Nguyen et al. (2008) found a negative relationship between Vietnamese buyers' level of ethnocentrism and their intention to purchase foreign-made products and a positive relationship between their intention to purchase domestic products.

### **Perceived Quality**

There is a widespread view in the literature that consumer perception is more important than what the business thinks it does (Akbarov, 2018<sup>b</sup>). Perceived quality is not the actual quality of the product, but the customer's perception of the overall quality or superiority of the product (or service) over alternatives. Perceived quality is related to consumer judgments formed after comparing consumers' expectations and actual service perception (Akbarov, 2018).

Since perceived quality is an evaluation of the customer, it is difficult for businesses to understand and direct it according to their own wishes. When organizations can increase their perceived quality, it is predicted that many variables such as purchase intention, market share and profitability can be positively affected (Kocatürk, 2017). Perceived quality will positively affect purchasing, satisfaction and loyalty (Akbarov, 2018; Kocatürk, 2017).

### **Methodology**

Consumers over 16 years of age living in Azerbaijan/Baku constituted the population of the study. Convenience sampling was selected as the sampling method. Data were collected through a survey. The questionnaire was answered by 262 people.

Consumer ethnocentrism scale was taken from Shimp and Sharma (1987), perceived quality scale from Yalçın (2019), Abdul Aziz and Vui Chok (2012) and Hsin Chang and Wen Chen (2008), purchase intention scale was taken from Narang (2016).

The data were analyzed by factor analysis and regression analysis.

### **Analysis and Results**

The sample consists of 133 women and 129 men. 182 people are in the 16-25 age group, 37 people are in the 26-35 age group and 43 people are in the 36+ age group. 77 of the participants are married and 185 are single. 159 people are in the lower income group, 73 people are in the middle income group and 30 people are in the upper income group. 134 people have bachelor's degree, 55 people have master's degree, 34 people have vocational school education and 39 people have high school education.

**Factor and Reliability Analysis**

Equamax rotation and Principal Component Analysis methods were applied in factor analysis. The consumer ethnocentrism scale was divided into 2 factors as soft and hard ethnocentrism. This naming of the factors is based on the structure of the related items. The explained variances and Cronbach's Alpha coefficients for the scales are given in Table 1.

**Table 1. Factor and Reliability Analysis Output**

<b>KMO=0,916, Bartlett, df=120, Approx. Chi-Square=2568,214, p&lt;0,001</b>			
<b>Factor</b>	<b>Factor loadings</b>	<b>Explained Variance</b>	<b>Cronbach's Alpha</b>
<b>Purchase Intention</b>		<b>20,156</b>	<b>0,916</b>
Pint 1	,823		
Pint 2	,753		
Pint 3	,717		
Pint 4	,697		
Pint 5	,605		
<b>Perceived Quality for Local Products</b>		<b>20,006</b>	<b>0,878</b>
PQ 1	,827		
PQ 2	,804		
PQ 3	,763		
PQ 4	,703		
<b>Soft Consumer Ethnocentrism</b>		<b>17,265</b>	<b>0,818</b>
SCE 1	,848		
SCE 2	,773		
SCE 3	,688		
SCE 4	,643		
<b>Hard Consumer Ethnocentrism</b>		<b>14,546</b>	<b>0,740</b>
HCE 5	,828		
HCE 6	,807		
HCE 7	,671		
<b>Total Explained Variance</b>		<b>71,973</b>	

**The moderating role of perceived quality on the effect of consumer ethnocentrism on purchase intention**

The items measuring perceived quality were averaged, and then values in the range of 1-2.99 were considered as low perceived quality and values in the range of 3-5 were considered as high perceived quality.

The value of model fit indexes were satisfactory: CMIN/DF = 2,500, GFI = 0,927, CFI = 0,955, NFI = 0,928 ve RMSEA = 0,076 (Hair et al., 2014).

**Table 2. Regression Weights: (Low perceived quality group)**

	Estimate	S.E.	C.R.	P
PInt <--- SCE	,225	,064	3,516	***
PInt <--- HCE	,217	,128	1,695	,090

As seen in Table 2, soft consumer ethnocentrism has a positive effect on local product purchase intention at the lower level of perceived quality towards local products (b=0,225; p<0,001). Hard

consumer ethnocentrism has no effect on local product purchase intention at the lower level of perceived quality of local products ( $p > 0.05$ ).

**Table 3. Regression Weights: (High perceived quality group)**

	Estimate	S.E.	C.R.	P
PInt <--- SCE	,585	,149	3,930	***
PInt <--- HCE	,131	,119	1,102	,270

As seen in Table 3, soft consumer ethnocentrism has a positive effect on local product purchase intention at the lower level of perceived quality towards local products ( $b = 0,585$ ;  $p < 0,001$ ). Hard consumer ethnocentrism has no effect on local product purchase intention at the lower level of perceived quality of local products ( $p > 0.05$ ).

### Discussion

This study investigates the impact of consumer ethnocentrism on local product purchase intention. The study addresses this effect on the basis of two groups. The first group has a low quality perception toward local products, while the second group has a high quality perception.

Research suggests that the consumer ethnocentrism of people in countries with low local product quality has less impact on their local product purchasing than the consumer ethnocentrism of people in countries with high local product quality has on their local product purchasing (Wang and Chen, 2004; Akram et al., 2011). Although there are inferences to this effect, it has not been empirically tested. The current study empirically tested this effect and revealed that perceived quality moderates the impact of soft consumer ethnocentrism on local product purchase intention. The effect of consumer ethnocentrism on purchase intention is high for the group that has a low level of perceived quality. Thus when the perceived quality of local products is high, ethnocentric consumers will have more intention to purchase local products.

But the moderating effect of perceived quality on the impact of hard consumer ethnocentrism on local product purchase intention is not significant.

Local companies must focus on quality improvement, to attract local consumers. After ensuring this, they must emphasize local origin. Foreign companies can benefit from the high quality of their products to reduce the effect of consumer ethnocentrism.

It would be useful for future researchers to empirically test the impact of perceived quality in different countries.

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## **Appendix**

### **Soft Consumer Ethnocentrism**

- Buy products made in Azerbaijan and let Azerbaijanis continue to work
- Azerbaijani products should always be chosen first before everything else
- Instead of enriching other countries, we should buy products produced in Azerbaijan
- Unless we have to, we should buy very little products from other countries

### **Hard Consumer Ethnocentrism**

- It is not right to buy products produced in foreign countries
- A real Azerbaijani should always buy products produced in Azerbaijan
- In order to reduce the entry into Azerbaijan's markets, high interest taxes should be imposed on products produced abroad.

### **Perceived Quality**

- I am satisfied with the service I received in exchange for the money I spent for products made in Azerbaijan
- The quality of Azerbaijani products is high
- I trust the quality of Azerbaijani products
- The service provided to me by the Azerbaijani products is sufficient

### **Purchase Intention**

- My choice is for products made in Azerbaijan
- My family prefers Azerbaijani products
- I recommend my friends to buy products made in Azerbaijan
- I intend to buy products made in Azerbaijan
- I plan to buy products made in Azerbaijan