



Cultural identity and consumer ethnocentrism impacts on preference and purchase of domestic versus import brands: An empirical study in China[☆]



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ABSTRACT

Drawing from a large sample of consumer survey in five major cities of China, this empirical study examines different underlying mechanisms of cultural identity and consumer ethnocentrism constructs. Furthermore, it investigates their different impacts on consumer preferences and buying behavior regarding domestic vs. import brands based on a group of hypotheses derived from theoretical conceptualizations. Test results demonstrate that cultural identity enhances both preference and purchasing of domestic brands. On the other hand, consumer ethnocentrism has a negative impact on relative preference for import brands but not on actual buying of domestic or import brands. Moderating role of brand equity is also examined. Theoretical contribution and managerial implications based on such findings are provided.

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1. Introduction

Firms often use brands as symbolic and experiential resources from which consumers can link their identity with nation or culture (Aaker, Benet-Martinez, & Garolera, 2001). For example, *Metersbonwe*, one of China's most popular domestic casual wear apparel brands, recently launched "I am a new China made" brand campaign. The campaign theme is based on a newfound sense of pride in their national culture with an emphasis on "Chinese elements" (Faber, 2012; Wang & Lin, 2009). Indeed, due to their relatively weakly perceived product quality and/or brand equity compared to the well-known global brands, Chinese domestic firms often use cultural identity to appeal to Chinese consumers. The present study addresses whether or not such a marketing positioning strategy is effective in persuading Chinese consumers to buy domestic brands.

A review of the extant literature reveals a dearth of academic inquiry about how such national/cultural identity campaigns influence Chinese consumers' preference and purchase behavior of domestic vs. import brands. Meanwhile, when talking about one's identity with his/her national culture, distinguishing the cultural identity construct from the widely used consumer ethnocentrism construct is important. Consumer ethnocentrism refers to a moral obligation to protect national industries from foreign competitors (Shimp & Sharma, 1987). Our

comprehensive review of the extant literature on such a research stream reveals important conceptual and methodological gaps that warrant further investigations.

First, cultural identity (CI) and consumer ethnocentrism (CE) have different focuses and different sentiments toward domestic and import brands. There are several studies that examined the influence of consumer ethnocentrism on Chinese consumers domestic buying bias (e.g., Ishii, 2009; Wang & Chen, 2004), but no empirical investigations regarding how cultural identity influences consumer choice between domestic and import brands. Moreover, the different underlying mechanisms of cultural identity and consumer ethnocentrism have not been examined and compared.

Second, existing studies regarding the impact of ethnocentrism on consumer choice between domestic and import products predominantly employ consumer attitude, preference, willingness-to-buy and/or purchase intention as dependent measures. While behavior intention is often a good indicator or a proxy measure of actual purchase (Schlosser, 2003), the relationship between stated preference and actual purchase behavior can be strong in certain circumstances but weak in other situations because of complex environmental and situational variables that are beyond control. Such a preference–purchase behavior relationship will be especially mitigated when an import brand is widely perceived of as high quality and more prestigious in technologically less advanced countries like China (Wang & Chen, 2004).

Third, as consumer ethnocentrism concept suggests a reverse relation between an increase in buying domestic and a declining interest in foreign products, a common dependent measure used in such studies is the domestic buying bias, with an assumption that it also means a rejection of foreign products. However, it is important to note that

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measuring consumer “willingness to buy” a domestic product does not automatically imply their “reluctance to buy” foreign products (Suh & Kwon, 2003). We argue that buying a domestic brand may be out of one’s pride of domestic culture (cultural identity) but not necessary lead him/her to reject import brands. The term “import brand” used here is based on “brand origin” instead of “manufactured origin”, as evidence showing consumers often prefer for a particular brand sourced from its origin (i.e., HQ country) (Samiee, 2010). Therefore, even a foreign brand (e.g., Nike) is manufactured in China; it is most likely to be perceived by Chinese consumers as an import brand. On the other hand, rejecting an import brand may be due to concerns of protecting national economies (consumer ethnocentrism) but not necessary reflecting one’s internal preference for domestic brands. As such, researchers have called for empirical studies that integrate outcome measures for both domestic product bias and foreign product bias (Vida, Dmitrovic, & Obadia, 2008). For such a purpose, buying domestic brands and buying import brands are measured separately in this study.

To fill such significant voids in the extant literature, the objective of this empirical study is three-fold: First, it investigates the unique influences of cultural identity on consumer preference and purchase behavior in China, where domestic firms face intense competition from strong multinational companies for the world’s largest emerging consumer market. Second, it compares different underlying mechanisms between cultural identity and consumer ethnocentrism constructs and their different impacts on preference and purchasing bias toward foreign brands. Third, it examines the relationship between consumer preferences and actual purchasing behavior in terms of both outcome measures of domestic brand bias and import brand bias. In following sections, we first introduce the theoretical and conceptual background, on which the key hypotheses are derived and developed. Next, we report our empirical study results that test such hypotheses. Finally, the findings and their theoretical contributions and managerial implications are discussed.

2. Theoretical background and conceptual development

2.1. Cultural identity and consumer ethnocentrism

Cultural identity refers to the extent to which people in a given culture recognize and identify with a set of focal elements that set the culture apart from others (Clark, 1990). Therefore, cultural identity construct differs from the general national identity construct, which is based on four founding elements (religion, history, custom and social structure) within the borders of a country (Huntington, 1993; Keillor, Hult, Erffmeyer, & Babakus, 1996). While the former emphasizes a link with the historical development and cultural heritage, the latter focuses on national territory, homeland, common legal rights and duties for all members (Smith, 1991). In other words, cultural identity represents the incorporation of cultural heritage into the individual’s self-concept, and is therefore distinguishable from nationality and other categories like race, birthplace, and religion (Cleveland, Laroche, & Papadopoulos, 2009). Since nationality is not the most salient factor in particular situations in an overall sense of identity (Sussman, 2000), distinguishing cultural identity from national identity may lead to a better understanding of business outcomes resulted from cultural factors other than nationality (Jameson, 2007).

The conceptualization of cultural identity in this study is built on theories of self-concept and collective identity (Tajfel & Turner, 1979). As a “historical reservoir”, culture is an important factor in shaping one’s identity (Pratt, 2005). Cultural identity, according to Jameson (2007), is “one part of a large concept of individual identity” (p. 207) and “an internal state that depends on self-perception” (p. 209). In essence, cultural identity is a form of collective identification binding people together based on common historical and cultural heritage. People from the same culture share their customs, practices, languages, values and world views that define their community. Cultural identity is

especially important for people of collective cultures, like China, because people often identify his/her self-concept or self-schema based on his/her connections with others (Markus & Kitayama, 1991; Wang & Mowen, 1997; Wang, Bristol, Mowen, & Chakraborty, 2000). Consequently, due to China’s long history and rich cultural heritage, which are highly valued by consumers, the influence of cultural identity on consumer behavior will be more observable than that found in individualistic Western societies (Wang & Lin, 2009; Yau, 1988).

Cultural identity differs from consumer ethnocentrism in terms of their psychological mechanisms. Cultural identity is based on collective identification of one’s culture while consumer ethnocentrism is based on nationalism mindset. In particular, cultural identity reflects a positive feeling toward one’s own culture with a socio-psychological emphasis while consumer ethnocentrism is out of negative sentiment toward out-group or other countries with an economic emphasis (Verleghe, 2007). Therefore, instead of focusing on one’s own culture, consumer ethnocentrism reflects a tendency for individuals to reject those from out-groups based on a belief that it is inappropriate, immoral or unpatriotic, to buy products from other countries (Shimp & Sharma, 1987; Sharma, Shimp, & Shin, 1995).

Both cultural identity and consumer ethnocentrism tend to influence consumers to prefer domestic brands to import brands. However, the former is more out of internal feelings but the latter is largely based on external social norm or a prescriptive course of actions, i.e. what consumers should do with respect to their consumption practices in order to prevent adverse effects on domestic employment and the economic welfare of their country (Pecotich & Rosenthal, 2001; Sharma et al., 1995). Based on our review of cultural identity and consumer ethnocentrism theories, a brief comparison between the impact of CI and CE on consumer choice of domestic vs. import brand is summarized in Table 1. Because of the different mechanisms of these two constructs, we argue that CI and CE would influence consumer brand preference and brand purchasing differently.

2.2. Brand preference

Consumers’ identification with a particular culture will influence their preferences for products or brands symbolically associated with their culture. A well developed, strong sense of cultural identity provides meanings and symbolic values of one’s belongings to people from the same culture. Even when people emigrate to another country, they may lose their nationality but keep their cultural identity by consuming products that carry symbolic meanings related to their original culture. For instance, many overseas Chinese continue using their language, wearing traditional costume, celebrating their traditional holidays, decorating their homes in Chinese style, and eating Chinese food to maintain their cultural heritage. As a product or a brand carrying the symbolic meaning of one’s cultural element will enhance one’s self-identity (Aaker et al., 2001), a consumer’s attachment to his/her cultural heritage and national symbols will transcend directly into product or brand preference for domestic over import brands. Therefore, the following hypotheses are developed.

H1a. Cultural identity associates positively with preference for a domestic brand.

H1b. Cultural identity associates negatively with preference for an import brand.

Ethnocentrism was originally conceived as a purely sociological concept that distinguished between in-groups and out-groups (Sumner, 1906). By definition, consumer ethnocentrism represents one’s beliefs about the appropriateness and moral legitimacy of purchasing domestic products while against foreign products (Shimp & Sharma, 1987). A high tendency of consumer ethnocentrism is found to be associated with more patriotic and conservative (Sharma et al., 1995) but less world mindedness (Balabanis, Diamantopoulos, Mueller, & Melewar,

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