

# The Role of Consumer Ethnocentrism on Perceived Quality, Perceived Price, and Brand Image towards Local Brand Purchase

Frida Aryanti Mutia<sup>a</sup>

<sup>a</sup>Sampoerna University, Jakarta, Indonesia

---

## ABSTRACT

**Objective** – The purpose of this research is to examine the effect of consumer ethnocentrism and its effect on perceived quality, perceived price and brand image toward consumers' intention to purchase local clothing brand especially young consumer.

**Methodology** – The research methodology used quantitative method with primary data. The design and development of this questionnaire were based on an initial pretested survey, distributed to 141 college students.

**Findings** – The results show that consumer ethnocentrism has a positive effect on consumer perceived quality, perceived price and brand image toward consumers' intention to purchase local brand in casual clothing category. It also shown that brand image plays a big role in influencing consumers' purchase intention in buying local clothing brands.

**Novelty** – This study will give an understanding regarding the influence of government campaign using consumer ethnocentrism towards young consumer's purchase intention of local brands in Indonesia.

**Keywords:** *Consumer Ethnocentrism; Brand Image; Purchase Intention*

**JEL Classification:** M3, O3

**Article info:** Received 10 September 2021; Revised 27 September 2021; Accepted 29 September 2021

**Article Correspondence:** [fridaamutia@gmail.com](mailto:fridaamutia@gmail.com)

**Recommended Citation:** Mutia, F. (2021). The Role of Consumer Ethnocentrism on Perceived Quality, Perceived Price, and Brand Image towards Local Brand Purchase. *Journal of Business, Management, and Social Studies*, 1(2), 77-89.

---

## I. INTRODUCTION

As the economy grows, infrastructure will improve, foreign investment will pour in, people will become wealthier, and consumers will spend more. According to Indonesia's Bureau of Statistics, Indonesia's economy grew with GDP at 5.02 percent in 2019 (Akhlis, 2020). Indonesians appear to be increasing discretionary spending on what can be considered premium goods. With more money to spend, Indonesian people begin to spend on products other than necessities to catch up with the latest trends. Spending is expected to grow in financial services, travel, leisure, and apparel as urbanites grow to roughly 71 percent of the total population in 15 years (Insight InterAsia, 2014). The rise in consumer demand has led to a property construction boom, prioritizing new multi-story shopping complexes. Along with the development, global brands and investors are attracted to expand their businesses in Indonesia, whether entering for the first time or continuing their expansion activities by adding their retail stores or brand portfolios, primarily in major or key cities across Indonesia.

Seen as a great potential of the retail market with over 250 million people in 2014 (World Bank, 2015), Indonesia continued to be lucrative to many global brands. Global companies are entering the market through joint ventures or establishing their own local company as a subsidiary. By joint venture, they leverage an existing local company's distribution and expertise in the market. The clothing retail business is always trying to keep pace with the ever-changing fashion trends of the time. The industry comprises a fiercely competitive market composed of large chains and small independent retailers. Today, consumers are presented with numerous options for what clothing styles are available and where to buy them. Due to the significant presence of competitors in this market, consumers have more discretion over which business or brand to choose. Therefore, customer preferences are critical to the survival of a business.

In a study by Özsomer (2012), global brands generally tend to be desirable on a high profile and high involvement product category, while local brands are more desirable for everyday products. Today, consumers have more exposure to a broader array of imported goods because of ongoing trade liberalization, advances in transportation, improved communication technologies, and other catalysts (Wignaraja, 2002). This plethora of imported products and brands has changed the marketplace.

According to Budiman (2013), some 90 million Indonesians will join the consumer class by 2030. It is more than in any other emerging market in the world, apart from China and India. For local brands, this will mean an additional US\$1 trillion in annual spending by increasingly optimistic buyers (Insight interAsia, 2014). However, a national campaign to use local products struggles amid the flow of international brands (Prathivi, 2014). Consumers in developing economies appear to perceive those products from developing countries are of lesser quality and will result in higher levels of dissatisfaction (Batra et al., 2000). Many Indonesians, especially those from the upper class, are reluctant to buy Indonesian products because they regard them as lower quality than imported ones (Suyanto et al., 2019). In dealing with the competition of global brands, nationalism is on the rise, and more robust industrial policy is being considered.

Love Indonesia 100% or in the Indonesian language “100% Aku Cinta Indonesia” launched in 2009 as a sign of the government’s intensifying effort to bolster the consumption of domestic products. This campaign program is based on Presidential Decree No.2 of 2009 on Intensification of the Use of Domestic Products in Government Procurement of Goods or Services. Although the campaign was initially meant as a consumer awareness program to promote Indonesian products and brands, the campaign has transformed into a social movement to appreciate and love everything Indonesian, not just brands and products but also foods, arts, crafts, traditional and popular culture, and many aspects of Indonesia. The vast number of consumers and the relatively low manufacturing level have created opportunities for imported consumer products to flood the local market. The campaign is aimed at helping local industries survive the impact of the global economic crisis, which has caused the global demand for Indonesian products to shrink. This type of campaign indicates the concept of consumer ethnocentrism introduced by Shimp and Sharma (1987), which claims it is inappropriate to buy foreign products. Instead, consumers are encouraged to support domestic companies through the purchase of locally made products. Thus, the main subject of this study is to analyze the effect of consumer ethnocentrism to purchase local clothing brands along with other variables explained in the following research questions.

The main questions of this research will be elaborated in the following questions: Does consumer ethnocentrism positively affect consumers’ perceived quality of local clothing brands? Does consumer ethnocentrism have a positive effect on consumers’ perceived price on local clothing brands? Does consumer ethnocentrism have a positive effect to the brand image of local clothing brands? Finally, does consumer ethnocentrism have a positive impact on influencing the consumer to purchase local clothing brands?

## II. LITERATURE REVIEW

### Brand Image

Brand image is a device beliefs, ideas, and impressions of a person to a brand. Brand image represents the entire consumer perceptions of the brand and is formed through information and experience to the brand (Kotler, 2002). Brand image is defined as the consumer picture of how the brand is distinguished from other brands in the category of similar products. Brand image is an important variable in the studies on brand; usually it measures certain aspects of the brand in the mind of people (Saleem et al., 2015). In addition, brand image has an impact on the perceived personality (Chan-Olmsted & Cha, 2008). When a company extends its brand, then perceived quality and the fit between the extension and parent brand affect the brand image (Arslan & Altuna, 2010). Using brand image, consumers have a foundation in evaluating alternative existing brand that encourages interest in making purchasing decisions.

### **Perceived Price**

Price can be the reason of the amount of willingness needed to purchase a product and indicant of quality level of a product or service. Although higher price leads to higher perceived quality, higher price could indicate a greater monetary measure one have to make and what must be sacrificed in order to gain something (Harmanta et al., 2011).

### **Perceived Quality**

Customers typically sees price as a critical expense component. Perceived quality is a psychological assessment of a consumer about the quality of any product based on his or her perceptions (Saleem et al., 2015). The objective characteristics of a product include intrinsic as well as extrinsic signals of quality. Intrinsic signals lead to perceived quality and the perceived quality increases the brand equity so managers should strive to reduce the gap between the expected perceived qualities and observed perceived quality (Sanyal & Datta, 2011). Quality is a perceptual thing and subject to individual's assessment of product features. Herstain and Zvilling (2011) mentioned that when managers should focus on ten different attributes of their brand, and quality is prominent among them. Customers want permanent quality at a low price, yet very difficult to know what quality they perceive in a brand (Grunert, 2005). Brand credibility increases perceived quality which has an effect on purchasing intentions, however pleasure-seeking behavior has a moderating role in this relationship (Baek & King, 2011). Akram et al. (2011) reported that when a brand is perceived to be globalized, it can meet the consumers' purchase intention of focusing on the features like quality and prestige according to consumers' perceptions.

### **Purchase Intention**

Purchase intention is a measure of readiness to buy a product and has also been set as the probability that a consumer will buy a product or services (Rizwan et al., 2014). For marketers purchase intention is of vast meaning as their forecasted consumer behavior is highly dependent on this purchase intention of the customers. Purchase intentions can help companies especially managers in making marketing decision which related to product demand with new or existing products. Purchase intention is the probability that customers in a certain purchasing situation choose a certain brand of a product category (Crosno et al., 2009). Besides that, purchase intentions also can help managers in segmenting the market and the last is helping in promotion strategies. Prior to a purchase, first, consumers collect information about the products. When collecting the information, consumers can get it from personal experience or external environment. After collecting the product information that they want, next, consumers continue to the assessment and evaluation process. The aim of do assessment and evaluation process knows exactly the advantages and benefits from the products that they want to buy. Lastly, consumers make a purchase decision after making comparison and judgment about the products. In this step, consumers have already decided what products that they want to buy. Since they have already collected and evaluated the products information, when consumers make a purchase decision, they will not doubt to purchase the products. As the result, consumers will be satisfied if they have already got the advantages and benefits after purchasing a particular product and at the end consumers will make other purchase decision in the future. In brief, before consumers make a purchase, consumers collect product information based on personal experience and external environment. When the amount of information reaches a certain level, consumers start the assessment and evaluation process, and make a purchase decision after comparison and judgment.

### **Consumer Ethnocentrism**

Ethnocentrism is a nearly universal syndrome of attitudes and behaviors, typically including in-group favoritism (Sumner & Keller, 1906; Le Vine & Campbell, 1972). Ethnocentrism is an attitude that is usually defined as the tendency to view other cultures through the eyes of one's own culture, and thereby misrepresent them (Starr et al., 1997). Shimp and Sharma (1987) introduced the concept of consumer ethnocentrism that it is inappropriate to buy foreign products, and that consumers are encouraged to support domestic companies through the purchase of locally made products. Others have explored how consumer ethnocentrism affects the extent to which consumers' select domestic goods over foreign alternatives

(Shimp & Sharma, 1987). The common definition of ethnocentrism mentions two elements, “a positive attitude toward one's own group” which includes positive prejudice about the in-group and “a negative attitude toward other ethnic groups” which contains negative prejudice about out-groups (Billiet et al., 1996). As defined by Kinra (2006), consumer ethnocentrism is a psychological construct representing how consumers view products made in their own country markets as objects of pride and identity versus those from other country markets. Ethnocentricity has substantial implications for consumer attitude formation towards foreign products or brands, their purchase intentions and choice between domestic versus foreign-made products (Reardon et al., 2005). According to Steenkamp et al. (2003) ethnocentric consumers take pride in their country's brands, symbols, and culture. They are less open to foreign cultures and are less cosmopolitan.

Consumer ethnocentrism does not mean that consumers always prefer domestic products over foreign alternatives at any cost (Thelen et al., 2006; Verlegh, 2007). Several studies indicated that in-group evaluations display a balance of in-group bias and reality (Verlegh, 2007). For example, Balabanis and Diamantopoulos (2004) reported that in-group bias may be more capable of explaining consumers' positive bias toward domestic products rather than negative bias against foreign alternatives from specific countries by UK consumers. Similar examples have also been established elsewhere. For example, although Polish, Russian, and Chinese consumers displayed positive bias towards their domestic products, they did not harbor negative bias against foreign alternatives when these were clearly superior to the domestic brands (Thelen et al., 2006). In other words, consumer ethnocentrism often distorts consumer product perceptions in favor of domestic products, but this in-group bias may not be strong enough to overcome shortcomings such as product quality and so consumers may sometimes prefer a foreign alternative over a domestic product (Verlegh, 2007). Based on the study of demographic by Awdziej et al. (2016), older consumers have a tendency to be more ethnocentric than younger consumers. Income is not a discriminating factor in determining the ethnocentric tendencies of consumers. Female consumers have a tendency to be more consumer ethnocentric than men.

Other related theories on consumer ethnocentrism are patriotism, nationalism and internationalism. According to Galston (2018), patriotism refers to strong attachment to certain political community without the corresponding to its existing form of government. Researchers have found that negative stereotypes about some foreign goods and patriotic feelings about domestic goods have caused consumers to be more likely to negatively stereotype some foreign goods and prefer domestically made goods (Shimp & Sharma, 1987). Nationalism encompasses views that one's country is superior and should be dominant (and thus implies a denigration of other nations). Finally, internationalism focuses on one's concern about other nations' welfare and reflects empathy for the people of other nations. In summary, favorable attitudes towards one's country are not necessarily associated with negative ones towards other countries. Consequently, it appears plausible that a favorable bias towards domestic products may not necessarily imply a negative one for imported products (Balabanis et al., 2001).

### III. RESEARCH METHODOLOGY

This research takes place in several universities in Indonesia, majority in Jakarta, Bogor, Depok, Tangerang, and Bekasi from July 9, 2015, to July 15, 2015. The model is adopted from Putri's (2008) study with several modifications. Additional variable was added to the model, which is brand image, then perceived value were taken out from the model. Perceived value was taken out because in the aim this research is to know the direct effect of perceived quality and perceived price to purchase intention. Therefore, perceived value was taken out. Meanwhile, brand image was added to this model because the researcher wants to know in which a specific brand is positioned in the market especially among young consumers. The idea behind brand image is that the consumer is not purchasing just the product or service but also the image associated with that product or service. Since this research is emphasizing on the brand as the determinant factor for consumer to purchase a product, thus brand image was added to the model as independent variable. The proposed model will be described in Figure 1.

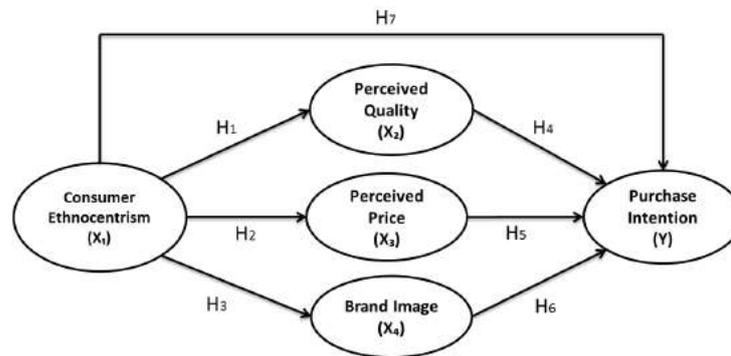


Figure 1. Proposed Research Model

Based on the model above, perceived quality along with perceived price and brand image are influenced by consumer ethnocentrism. In the actual world, many other factors that affect the formation of perceived quality perceived price and brand image beside the aspects of consumer ethnocentrism and so does the other variables. However, the model in this research is focusing on finding the positive effect between independent and dependent of the described variables.

Questionnaire is a research instrument involving series of questions that is aimed to extract certain information from the respondent. A questionnaire was employed in collecting the data needed for this study. This research questionnaire consists of 4 parts. First part is screening questions; second part is the questions regarding the variable, third part is the demographic and last one is the general question. The questionnaire is using 6-likert scale with the degree of agreement toward the statement given from 1 to 6, with 1 being Strongly Disagree and 6 being Strongly Agree.

#### IV. FINDINGS AND DISCUSSION

Pretesting refers to the testing of the questionnaire on a small sample of respondents to identify and eliminate potential problems. Before spreading the real questionnaire, researcher conducted a pre-test to 30 respondents. The respondents are Sampoerna University students that fulfil the criteria of the real sample respondents. Pre-test was conducted to test whether the questionnaire can be used or not to avoid misunderstanding of meaning in the questions. To test whether the questionnaire can be used, reliability and validity test are applied in this research. There were 28 questions from all variables that being tested before doing the validation and reliability test.

##### Reliability and Validity Tests

Cronbach's Alpha is used to measure the reliability test. The measurement can be categorized as reliable if the Cronbach's Alpha is 0.7 or above.

Table 1. Reliability Analysis

Variables	Cronbach's Alpha
Consumer Ethnocentrism	0.900
Perceived Quality	0.783
Perceived Price	0.879
Brand Image	0.765
Purchase Intention	0.857

Data in Table 1 shows that there is no variable that has Cronbach's Alpha below 0.7. Therefore, it can be said that all of the questions in the questionnaire are reliable and supports research constructs.

Validity test conducted after the reliability test is finished. The aim of validity test is to analyze the factor based on variables in the research. KMO (Kaiser-Meyer-Olkin) and Anti Image Correlation Matrix can be used as techniques to check whether the data is valid or not. If the KMO value is below 0.50 is not valid and indicated problem with sampling. For Anti Image Correlation Matrix, if the value is above 0.50 it means the data is good and not valid if the value is below 0.50 (Field, 2000).

Table 2. Validity Analysis

Questions	Kaiser-Meyer-Olkin	Anti-Image	Conclusion
CE1	0.695	0.555	Valid
CE2		0.556	Valid
CE3		0.785	Valid
CE4		0.721	Valid
CE5		0.593	Valid
CE6		0.582	Valid
CE7		0.730	Valid
CE8		0.767	Valid
CE9		0.776	Valid
CE10		0.733	Valid
CE11		0.655	Valid
CE12		0.492	Not Valid
CE13		0.739	Valid
CE14		0.730	Valid
CE15		0.548	Valid
CE16		0.817	Valid
CE17		0.772	Valid
PQ1	0.655	0.611	Valid
PQ2		0.793	Valid
PQ3		0.632	Valid
PP1	0.692	0.825	Valid
PP2		0.631	Valid
PP3		0.675	Valid
BI1	0.500	0.500	Valid
BI2		0.500	Valid
PI1	0.728	0.697	Valid
PI2		0.774	Valid
PI3		0.722	Valid

### Descriptive Result of the Respondents

The total respondents of this research are 141 students, 72% of the respondents are female. Majority of the respondents are currently pursuing bachelor’s degree with the percentages of 82% and Diploma for 18%. The respondents resided in Jakarta with 71%, followed by Bekasi with 15%, Depok with 6%, Tangerang with 5% and Bogor with 3%. The average monthly spending shows that 32% of the respondents spend about Rp 1.000.000 – Rp 1.999.000 per month. Meanwhile, 31% of the respondents spend IDR 500.000 – IDR 999.000, 15% of respondents spend IDR 2.000.000 – IDR 3.000.000. Lastly, 11% of respondents spend more than IDR 3.000.000 and the other 11% of respondent spend less than IDR 500.000 in a month.

### Analysis of Model 1

The first model will answer the hypothesis H1. The technique that used on this model is simple regressions model. The table below describes the effect of Consumer Ethnocentrism to Perceived Quality.

Table 3. Regression Analysis (Model 1)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	11.595	1	11.595	16.932	.000 <sup>b</sup>
Residual	95.187	139	.685		
Total	106.782	140			

According to the regression result, p-value is less than significant level 0.001. It indicates that the model is fit and can be used as the model. This analysis also supported by the value of F-statistic. F-statistic (F=16.932) is higher than F-table (F-table (n =141, k = 2) = 3.84) explain that the whole model is highly significant. F-statistic describes overall significance of the model.

Table 4. Coefficients (Model 1)

Model		Unstandardized Coefficients		t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.860	.322	8.884	.000	2.224	3.497		
	X1	.349	.085	4.115	.000	.182	.517	1.000	1.000

### Regression Analysis (Model 2)

The second model will answer the hypothesis H2. The technique that used on this model is simple regressions model. The table below describes the effect of Consumer Ethnocentrism to Perceived Price.

Table 5. Regression Analysis (Model 2)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.046	1	41.046	58.776	.000 <sup>b</sup>
	Residual	97.069	139	.698		
	Total	138.115	140			

According to the regression result, p-value is less than significant level 0.001. It indicates that the model is fit and can be used as the model. This analysis also supported by the value of F-statistic. F-statistic (F=58.776) is higher than F-table (F-table (n =141, k = 2) = 3.84) explain that the whole model is highly significant. F-statistic describes overall significance of the model.

Table 6. Coefficients (Model 2)

Model		Unstandardized Coefficients		t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.635	.325	5.029	.000	.992	2.278		
	X1	.657	.086	7.667	.000	.488	.827	1.000	1.000

### Regression Analysis (Model 3)

The third model will answer the hypothesis H3. The technique that used on this model is simple regressions model. The table below describes the effect of Consumer Ethnocentrism to Brand Image.

Table 7. Regression Analysis (Model 3)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.332	1	24.332	32.716	.000 <sup>b</sup>
	Residual	103.380	139	.744		
	Total	127.713	140			

According to the regression result, p-value is less than significant level 0.001. It indicates that the model is fit and can be used as the model. This analysis also supported by the value of F-statistic. F-statistic

(F=32.716) is higher than F-table (F-table (n =141, k = 2) = 3.84) explain that the whole model is highly significant. F-statistic describes overall significance of the model.

Table 8. Coefficients (Model 3)

Model		Unstandardized Coefficients		t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1.850	.336	5.513	.000	1.186	2.513		
	X1	.506	.089	5.720	.000	.331	.681	1.000	1.000

### Regression Analysis (Model 4)

The fourth model will answer the hypothesis H4, H5, H6 and H7. The technique that used on this model is multiple regressions model. The table below describes the effect of Consumer Ethnocentrism, Perceived Quality, Perceived Price and Brand Image to Purchase Intention.

Table 9. Regression Analysis (Model 4)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	106.309	4	26.577	81.857	.000 <sup>a</sup>
	Residual	44.156	136	.325		
	Total	150.465	140			

According to the regression result, p-value is less than significant level 0.001. It indicates that the model is fit and can be used as the model. This analysis also supported by the value of F-statistic (F=81.857) which is higher than the F-table (F-table (n =141, k = 5) = 2.37) hence a highly significant result. F-statistic describes overall significance of the model.

Table 10. Coefficients (Model 4)

Model		Unstandardized Coefficients		t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	-.516	.278	-1.860	.065	-1.065	.032		
	X1	.166	.071	2.352	.020	.026	.306	.686	1.458
	X2	.330	.079	4.198	.000	.174	.485	.493	2.029
	X3	.225	.072	3.118	.002	.082	.368	.450	2.220
	X4	.414	.075	5.545	.000	.266	.562	.455	2.196

### Model 1

**Perceived Quality = 2.860 + 0.349 X1**

First, the intercept value is 2.860. It means that 2.860 is the estimation of the average of perceived quality when the explanatory variable X1 remain the same or zero. Second, the findings regarding explanatory variable's (slope) indicated that X1 was statistically significant different from zero where the coefficient value of X1 was 0.349. The value 0.349 indicated that any changes in consumer ethnocentrism will increase perceived quality variable by 0.349.

Based on the model above, this research has 1 significant variable which was consumer ethnocentrism (X1). Besides that, model 1 of this research also has positive correlation between dependent variable and independent variables. It means that when consumers have a high consumer ethnocentrism, it would increase their perceived quality of the local branded products.

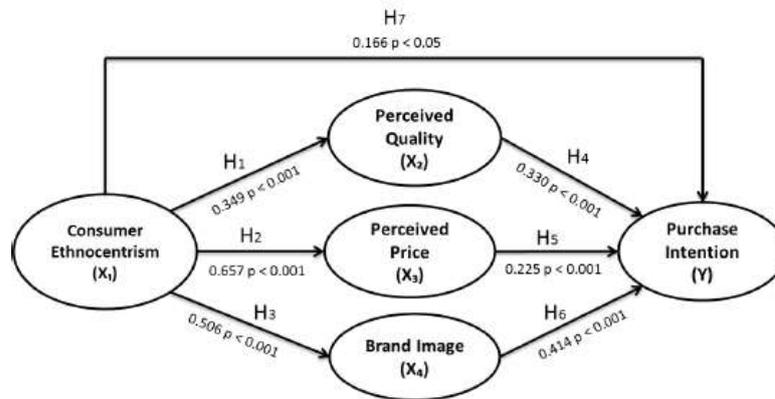


Figure 2. Research Model

**Model 2**

**Perceived Price = 1.635 + 0.657 X<sub>1</sub>**

First, the intercept value is 1.635. It means that 1.635 is the estimation of the average of perceived price when the explanatory variable X<sub>1</sub> remain the same or zero. Second, the findings regarding explanatory variable's (slope) indicated that X<sub>1</sub> was statistically significant different from zero where the coefficient value of X<sub>1</sub> was 0.657. The value 0.657 indicated that any changes in consumer ethnocentrism will increase perceived price variable by 0.657. Based on the model above, this research has 1 significant variable which was consumer ethnocentrism (X<sub>1</sub>). Besides that, model 1 of this research also has positive correlation between dependent variable and independent variables. It means that when consumer more ethnocentric, it would increase their perceived price of the local branded products.

**Model 3**

**Brand Image = 1.850 + 0.506 X<sub>1</sub>**

First, the intercept value is 1.850, meaning that the value is the estimation of the average of brand image when the explanatory variable X<sub>1</sub> remains the same or zero. Second, the findings regarding explanatory variable's (slope) indicated that X<sub>1</sub> was statistically significant different from zero where the coefficient value of X<sub>1</sub> was 0.506. The value 0.506 indicates that any changes in consumer ethnocentrism will increase the brand image variable by 0.506. Based on the model, this research has 1 significant variable which was consumer ethnocentrism (X<sub>1</sub>). Besides, model 1 of this research also has positive correlation between dependent variable and independent variables. It means that when consumers are being ethnocentric, it would increase their brand image toward local-branded products instead of foreign-branded ones.

**Model 4**

**Purchase Intention = -0.516 + 0.166 X<sub>1</sub> + 0.330 X<sub>2</sub> + 0.225 X<sub>3</sub> + 0.414 X<sub>4</sub>**

First, the intercept value is -0.516, meaning that the value is the estimation of the average of purchase intention when the explanatory variables (X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub>, and X<sub>4</sub>) remain the same or zero. Second, the findings regarding explanatory variable's (slope) indicated that X<sub>1</sub> was statistically significant different from zero where the coefficient value of X<sub>1</sub> was 0.166. The value 0.166 indicated that any changes in consumer ethnocentrism will increase purchase intention variable by 0.166. For X<sub>2</sub>, the result also gave significant effect to dependent variable. It can be seen by the coefficient value of X<sub>2</sub> was 0.330. The value 0.330 indicated that any changes in perceived quality will increase purchase intention variable by 0.330. For X<sub>3</sub>, the result also gave significant effect to dependent variable. It can be seen by the coefficient value of X<sub>3</sub> was 0.225. The value 0.225 indicated that any changes in perceived price will increase purchase intention variable by 0.225. The last variable which was variable X<sub>4</sub> that gave significant result too that can be seen from the coefficient value of X<sub>4</sub> was 0.414. The value 0.414 indicated that any changes in brand image will increase purchase intention variable by 0.414. Based on the result of this study, it shows that consumer

ethnocentrism has a low effect to purchase intention when it acts as a direct effect. Consumer ethnocentrism will have a high effect to purchase intention when it uses brand image as a mediating variable to purchase intention.

## V. CONCLUSION

Based on the result of this research after collecting data from 141 college students who lived in Jakarta, Bogor, Depok, Tangerang, and Bekasi and made analysis of data by using SPSS for all variables, it can be concluded: (1) Consumer Ethnocentrism has positive significant effect to Perceived Quality of consumer in buying local clothing brand, (2) Consumer Ethnocentrism has positive significant effect to consumer's Perceived Price in purchasing local clothing brand, (3) Consumer Ethnocentrism has a positive significant effect to the Brand Image of local clothing brand, (4) Consumer Ethnocentrism has a positive significant effect in influencing consumer intention to purchase local clothing brand, (5) Brand image has the highest effect towards consumers' purchase intention. Since consumer ethnocentrism has positive significant effect to the perceived value, perceived price, and brand image to the purchase intentions, it is important for companies to maintain or even increase the campaign that using consumer ethnocentrism factor to enhance the sales of local products or brands. The result in this research is similar from a past research claiming that consumer ethnocentrism has a positive effect on consumers' perceived quality and perceived price (Purwanto, 2014; Mockaitis et al., 2013). On the contrary, current study found that consumer ethnocentrism has a direct positive effect to consumers' intention to purchase local clothing brand. The reason why this happens is because the product category is different with the one used in this research. Moreover, high or low consumer involvement to a product reflects the level of involvement when he/she is evaluating a product before making an actual purchase. The higher the level of involvement, the more complex decision-making process will be made.

As an enormously large, diverse, and rapidly transforming country of 250 million people, Indonesia's complexity poses many uncertainties and opportunities for international and domestic companies aiming to do business in the archipelago. Since consumer ethnocentrism has a positive significant effect to the all variables in this research, ethnocentrism can benefit domestic companies because ethnocentric consumers will be more likely to purchase domestically produced products and less likely to purchase foreign-manufactured products. This can have the effect of keeping foreign companies out of the market, which allows domestic companies to avoid competition from low-cost foreign producers. This allows domestic companies to protect their market and maintain low levels of competition.

### Managerial Implication

For clothing company, marketing departments with the help of advertising and sales department always strive to providing a better brand image and positioning. This study has few managerial implications that can help managers to make a better marketing decision. From the model, Brand Image and Perceived Quality hold a very big role in affecting consumers' intention to purchase a product (in this case clothing). It means that if the clothing or apparel companies concentrate and make improvement to increase their brand image and consumers' perceived quality, the more consumers' will likely to purchase the product. In increasing brand image, company could conduct branding activities. Branding activities are all a brand does that impacts consumer perceptions of the brand including product improvements, customer service, user manuals/quick-start guides, and discounts amongst others. These activities have several benefits such as attracting customers, better market position and competitive advantage. Indonesia is an attractive investment opportunity for local and international investors. Therefore, both local and international brands are competing with each other for attaining maximum market share. Accordingly, managers should not undervalue the relationships of consumer ethnocentrism, and perceived price as it forms link of how consumers' intention is affected by those variables based on the results above. Consumers pay attention more to the brand with good images and quality, which is an important factor for clothing companies. While formulating the branding program, managers can make decisions based on the results of this study. The findings refers that it seems to be important to focus on the advertising strategy which create a perception

in the minds of the customers about the quality and the image of the brand. Moreover, because the findings of this study are of the opinion that the perceived quality of the brand should be higher so therefore awareness programs and the loyalty programs must concentrate on the quality features of the brands.

### Limitations and Future Research

There are few limitations in this research; first, the sample is nonprobability, and it is not representative of all the consumers of the country. It means that this study is limited only for clothing products not for other consumer goods product as well. The selection of local and global brands for the questionnaire was done by having some information from the market as the researcher cannot find the data which explains the top clothing brands among young consumers. Time period to conduct the study was very limited. Some of the respondents did not answer the questions seriously. The sample size was limited to five cities only which cannot be easily applied to all populations of Indonesian college students. All respondents have not maintained the same level of accuracy in answering the questions due to the lack of time and interest. It may create a little discrepancy to some extent in formulating the conclusions.

For the next research, future studies could be more exploring other factors that would influence purchase intention of consumers in buying local brand such as consumerism and conspicuous consumption that consumer have to possess certain goods or brands.

With a larger sample size or probability sampling frame research may help to generalize the results of this study in future. Conduct the research not only in Java, but in other big cities outside Java to measure the ethnocentrism tendency in every geographic area in Indonesia so that it will give better result at the end to truly represent the population of Indonesia.

Similar research can be carried out to other product categories like food, jewelry, cosmetics, and electronics. Research for different industries can also be carried out such as manufacturing industry or retailers. Since brand image has the highest effect to consumers' purchase intention of buying local clothing brand, a comparison of brand image among various product categories may enhance the knowledge for different results of consumers' perception of brand towards a product. Study of same local brands operating in different cities can educate companies about brand image formation in two different region and cultures.

### REFERENCES

- Akhlas, A. W. (2020). Indonesia's GDP growth stagnated at 5.02 percent last year, weakest since 2015. *The Jakarta Post*. <https://www.thejakartapost.com/news/2020/02/05/indonesias-gdp-stagnated-at-5-02-percent-last-year-weakest-since-2015.html>
- Akram, A., Merunka, D., & Akram, M. (2011). Perceived brand globalness in emerging markets and the moderating role of consumer ethnocentrism. *International Journal of Emerging Markets*, 6(4), 291-303.
- Alden, D. L., Steenkamp, J. E. M. & Batra, R. (1999). Brand Positioning through advertising in Asia, North America and Europe: the role of global consumer culture. *Journal of Marketing*, 63, 75-87.
- Arslan, F. M. & Altuna, O. K. (2010). The effect of brand extensions on product brand image. *Journal of Product & Brand Management*, 19(3), 170-180.
- Awdziej, M., Tkaczyk, J., & Wlodarek, D. (2016). Are elderly consumer more ethnocentric? Attitudes towards Polish and 'foreign' food products. *Journal of Economics and Management*, 23(1), 91-107.
- Baek, T. H. & King, W. K. (2011). Exploring the consequences of brand credibility in services. *Journal of Services Marketing*, 25(4), 260-272.
- Balabanis, G. & Diamantopoulos, A. (2004). Domestic country bias, country-of-origin effects and consumer ethnocentrism: A multidimensional unfolding approach. *Journal of the Academy of Marketing Science*, 32(1), 80-95.
- Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C. (2001). The Impact of Nationalism, Patriotism, and Internationalism on Consumer Ethnocentric Tendencies. *Journal of International Business Studies*, 32(1), 157-175.

- Batra, R., Ramaswamy, V., Alden, D. L., Steenkamp, J-B, E. M., & Ramachander, S. (2000). Effects of Brand Local and Nonlocal Origin on Consumer Attitudes in Developing Countries. *Journal of Consumer Psychology*, 9(2), 83-95.
- Billiet, J., Eisinga, R., & Scheepers, P. (1996). *Ethnocentrism in the Low Countries: A Comparative Perspective*, Leuven: K.U.Leuven, Departement Sociologie/Sociologisch Onderzoeksinstituut, 22.
- Budiman, A., Chhor, H., & Razdan, R. (2013). Understanding the diversity of Indonesian consumers. *McKinsey & Company*. <https://www.mckinsey.com/featured-insights/asia-pacific/understanding-the-diversity-of-indonesias-consumers>
- Burns, A. C. & Bush R. F. (2010). *Marketing Research*, 6<sup>th</sup> Ed. Prentice Hall.
- Chan-Olmsted, S. & Cha, J. (2008). Exploring the Antecedents and Effects of Brand Images for Television News: An Application of Brand Personality Construct in a Multi-channel News Environment. *International Journal on Media Management*, (10), 32-45.
- Crosno, J., Freling, T. H., & Skinner, S. J. (2009). Does brand social power mean might? Exploring the influence of brand social power on brand evaluation. *Psychology and Marketing*, 26(2), 91-121.
- Field, A. (2000). *Discovering Statistics for SPSS for Windows*. Sage Publications, Ltd.
- Galston, W. A. (2018). In defense of a reasonable patriotism. *Brookings*. <https://www.brookings.edu/research/in-defense-of-a-reasonable-patriotism/>
- Grunert, K. (2005). Food quality and safety: consumer perception and demand. *European Review of Agricultural Economics*, 32(3), 369-391.
- Herstain, R. & Zvilling, M. (2011). Brand management perspectives in the twenty-first century. *Qualitative Market Research: An International Journal*, 14(2), 188-206.
- Kinra, N. (2006). The effect of country-of-origin on foreign brand names in the Indian market. *Marketing Intelligence & Planning*, 24(1), 15-30.
- Kotler, P. (2002). *Marketing Management: Millenium Edition*. Prentice Hall International.
- Le Vine, R. A. & Campbell, D. T. (1972). *Ethnocentrism*. Wiley.
- Mockaitis, A. I., Salciuviene, L., & Ghauri, P. N. (2013). On What Do Consumer Product Preferences Depend? Determining Domestic versus Foreign Product Preferences in an Emerging Economy Market. *Journal of International Consumer Marketing*, 25(3), 166-180.
- Özsomer, A. (2012). The Interplay Between Global and Local Brands: A Closer Look at Perceived Brand Globalness and Local Iconness. *Journal of International Marketing*, 20(2), 72-95.
- Prathivi, N. (2014). Embracing Local Products How Hard Can It Be? *The Jakarta Post*. <https://www.thejakartapost.com/news/2014/02/09/embracing-local-products-how-hard-can-it-be.html>
- Purwanto, E. (2014). The Effect of Consumer Ethnocentrism on Perceived Domestic Product Quality and Purchase Intentions among Young Consumers in Jakarta, Indonesia. *International Journal of Asian Social Science*, 4(9), 1003-1012.
- Putri, P. N. (2008). *Analisis Tingkat Ethnocentrism Konsumen Indonesia terhadap Perceived Quality, Perceived Price, Perceived Value, dan Purchase Intention pada Produk Bermerek Lokal*. Fakultas Ekonomi Universitas Indonesia, Depok.
- Reardon, J., Miller, C., Vida, I., & Kim, I. (2005). The effects of ethnocentrism and economic development on the formation of brand and ad attitudes in transitional economies. *European Journal of Marketing*, 39(7/8), 737-754.
- Rizwan, M., Qayyum, M., Qadeer, W., & Javed, M. (2014). The impact on branded product on consumer purchase intentions. *Journal of Public Administration and Governance*, 4(3), 57-74.
- Saleem, S. Rahman, S. U., & Umar, R. M. (2015). Measuring Customer-Based Beverage Brand Equity: Investigating the Relationship between Perceived Quality, Brand Awareness, Brand Image, and Brand Loyalty. *International Journal of Marketing Studies*, 7(1), 66-77.
- Sanyal, S. N., & Datta, S. (2011). The Effect of Perceived Quality On Brand Equity: An Empirical Study On Generic Drugs. *Asia Pacific Journal of Marketing and Logistics*, 23(5), 604-625.
- Shimp, T. A., & Sharma, S. (1987). Consumer Ethnocentrism: Construction and Validation of the CETSCALE. *Journal of Marketing Research*, 24(3), 280-289.

- Suyanto, B., Sugihartati, R., Hidayat, M., & Subiakto, H. (2019). Global vs. Local: Lifestyle and Consumption Behaviour among the Urban Middle Class in East Java, Indonesia. *South East Asia Research*, 27(4), 398-417.
- Starr, P. D., Kelly, D. A., James, H. G., & Richard, W. P. (1997). *Society, Culture and the Environment*, 2<sup>nd</sup> Ed. American Heritage Custom Publishing.
- Steenkamp, J.E.M., Batra, R. and Alden, D.L. (2003). How perceived brand globalness creates brand value. *Journal of International Business Studies*, 34(1), 53-65.
- Sumner, W. G. & Keller, A. G. (1906). *Folkways: A Study of the Sociological Importance of Usages, Manners, Customs, Mores, and Morals*. Ginn.
- Thelen, S. T., Ford, J. B., Honeycutt, E. D. Jr. (2006). Assessing Russian consumers' imported versus domestic product bias. *Thunderbird International Business Review*, 48(5), 687-704.
- Verlegh, P. W. J. (2007). Home country bias in product evaluation: The complementary roles of economic and socio-psychological motives. *Journal of International Business Studies*, 38(3), 361-73.
- Wignaraja, G. (2002). *Competitiveness Strategy in Developing Countries*, 1<sup>st</sup> Ed. Routledge.
- World Bank (2015). *Indonesia*. <http://data.worldbank.org/country/indonesia>