

ROLE OF CONSUMER ETHNOCENTRISM ON GENERATION Z PURCHASE INTENTION TOWARD CHINESE HOME APPLIANCES PRODUCTS IN JABODETABEK

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ABSTRACT

Chinese home appliances continue to dominate the market, with imports seeing significant growth. This paradox highlights the tension between national pride and the appeal of foreign products. This research seeks to assess the impact of Indonesian consumer ethnocentrism, general country image of China, and product country image of China on Generation Z purchasing intentions for home appliances products from China. This research used survey method and data collection was conducted using a questionnaire distributed to 208 respondents who are familiar with Chinese home appliances products. The sampling technique used was purposive sampling, and data analysis was conducted with the SmartPLS version 4 software. The research results shows that Indonesian consumer ethnocentrism has an influence on general country image of China, Indonesian consumer ethnocentrism has an influence on product country image of China, Indonesian consumer ethnocentrism has an influence on purchase intention of Chinese home appliances, general country image of China has an influence on product country image of China, general country image of China has an influence on purchase intention of Chinese home appliances and product country image of China has an influence on purchase intention of Chinese home appliances. The findings of this research are hoped to serve as a strategy for both local and global companies in addressing consumer preferences in the Indonesian home appliances market. The Managerial implication of this research is recommending domestic companies to prioritize cultural values and Multinational companies can localize products and support local communities to increase familiarity and gain local consumer support.

Keywords: consumer ethnocentrism, general country image, product country image, purchase intention

1. Introduction

Indonesia and China boast a multifarious relationship, blended with historical threads, cultural exchanges and flourishing economic partnership. However, this relationship is greatly affected by political factors. According to (Ji Siqu, 2022) China has been deepening its ties with Indonesia and has become a major trading partner and a major foreign investor. Meanwhile China relies on Indonesia's large and various consumer markets. Chinese goods have become popular among Indonesian consumers, with extensive imports including textile products, electronic goods as well as other products (Global Times, 2024). Despite the thriving economic ties, there has been some mistrust in Indonesia about the quality of Chinese goods as well as the dominance of Chinese goods which poses a threat to Indonesian.

goods. As China's GDP ranks top 2 in the world in 2023 according to Statistics Times, it is not a question that Chinese products bring an unmatched opportunity compared to other countries to the Indonesian market (Yu et al., 2022). Generation Z born between 1997-2012 is shaping Indonesia's market. According to (J. Han et al., 2024) Generation Z has become marketer's main target customer group as Generation Z is characterised by strong purchasing power as well as strong market influence. Generation Z has engaged in technology from an early age making them exposed to wealth of information and innovation (Kahawandala et al., 2020). This shapes their knowledge into finding innovative, trendy and useful products to fulfil their needs which makes Chinese products the answer to their needs. Meanwhile, Indonesia has a slogan that has been used for years now which is 'Cintailah Produk Indonesia' an effort to condemn the growing presence of imported goods in Indonesia particularly, Chinese goods. Indonesian brands have used this slogan and other local pride attributes in their products to attract customers and encourage them to buy products with national pride, which is a concept of consumer ethnocentrism. Despite extensive efforts from the government and increasing awareness among Indonesians to use local products, Chinese home appliances continue to dominate the Indonesian home appliance sector which poses a challenge to local Indonesian brands.

2. Literature Review

2.1 Definitions of Variables

2.1.1 Purchase Intention for Foreign Goods

Purchase intention is deeply rooted in the Theory of planned behaviour (TPB) by (Ajzen, 1985). The Theory of planned behaviour (TPB) explains that there are three drivers of intention which are attitude toward the behaviour, subjective norm, and perceived behavioural control. Attitude, which is the evaluation of the behaviour, subjective norm being the perceived social pressure and lastly perceived behavioural control which is the ease or difficulty that is based on past experiences. Purchase intention is a crucial element of consumer behaviour which shows the willingness of a consumer to buy a certain product. Purchase intention is defined as when the value of a certain product and its price meets the expectations of consumers and consumer has the intention of purchasing as it meets the expectations of consumers (Cai et al., 2024) . It is the process which includes shopper behaviours, perspectives and perceptions to forecast buying. (Pham et al., 2023).

2.1.2 Consumer Ethnocentrism

Consumer ethnocentrism, as described by (Shimp & Sharma, 1987) is the tendency to view one's own group as superior. It is the ethics behind purchasing imported products. This concept emphasizes the role of cultural as well as national identity in shaping consumer preferences as well as behaviour. It refers to consumers that think using imported goods is not right and unethical and seems unpatriotic (Nguyen et al., 2023).

2.1.3 General Country Image

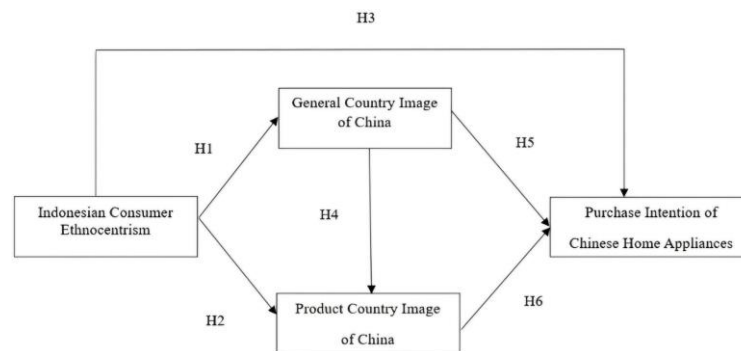
General country image, frequently associated with Country of Origin is the perception of a consumer toward a certain country. The value of global brands is now often affected by the image of the country of origin (C.O.O) (Karoui & Khemakhem, 2019). Positive perception about the source of any brand makes them more successful in the international market landscape (Karoui & Khemakhem, 2019). General country image is the values and the bias of

consumers about a certain country, and it affects consumers perceptions of goods from a certain country (Nguyen et al., 2023).

2.1.4 Product Country Image

Product country image (PCI) influences decisions and intentions to purchase. It is the overall perception consumers have regarding the form of products from a particular country (Z. Jin et al., 2015). Product country image is related to product image. Product image is the impression and evaluation of a product’s attributes and its quality by consumers. Product image affects a company’s reputation (Hengboriboon et al., 2022) as it shows how a company produces their products to satisfy consumers.

2.2 Research Model and hypotheses



2.3 Hypotheses

2.3.1 H1: Indonesian consumer ethnocentrism influences general country image of China

Consumer ethnocentrism influences the impression of a certain country’s image. Ethnocentric consumers usually have a positive perception of their own country and a negative perception of foreign country. This results in their perception that foreign country’s goods are not reliable and do not have high quality. (Aqif & Mumtaz, 2024), (Baber et al., 2024), (Nguyen et al., 2023).

2.3.2 H2: Indonesian consumer ethnocentrism influences product country image of China

Consumer ethnocentrism influences the image of foreign products. Ethnocentric consumers view foreign products as secondary to domestic products. Consumer ethnocentrism has an influence on product’s image and ethnocentrism shows high influence on products from certain countries (Nguyen et al., 2023), (C. M. Han & Nam, 2019). Furthermore, consumer ethnocentrism has an influence on foreign products which impacts the product country image of a certain product (Sabina del Castillo et al., 2024).

2.3.3 H3: Indonesian consumer ethnocentrism influences purchase intention of Chinese home appliances

Consumer ethnocentrism has an influence on the purchase intention of foreign products. Ethnocentric consumers believe that buying domestic products contributes to the growth of local economy as well as employment, this leads to less intention of purchasing foreign products which shows that consumer ethnocentrism influences purchase intention. (Karoui & Khemakhem, 2019) (Sabina del Castillo et al., 2024) (Muchandiona et al., 2021).

2.3.4 H4: General country image of China influences product country image of China

Country's image influences the image of products, it creates a halo effect for consumers to have certain stereotypes about a product from a certain country, therefore country image influences product image of foreign products. (Xin & Seo, 2019) (Nugraha et al., 2024) (Nguyen et al., 2023) .

2.3.5 H5: General country image of China influences purchase intention of Chinese home appliances

General country image influences purchase intention, when consumers are not familiar with certain products, they will analyze through country image, therefore, it is said that country image influences purchase intention of foreign products. (Kim et al., 2024), (Nguyen et al., 2023), (Herrin et al., 2023).

2.6 H6: Product country image of China influences purchase intention of Chinese home appliances

It is crucial for companies to maintain a good product image as good product image influences purchase intentions. Product image serves as a critical function in shaping purchase intention of consumers. A positive product image has great workmanship, design, durability and is reliable and consumers will rely on these attributes to make purchase decisions, thus, product image influences purchase intention of products. (Hengboriboon et al., 2022), (Nguyen et al., 2023), (Gassler et al., 2019).

3. Research Method

This research is conducted quantitatively with the use of surveys to examine the relationships between the variables in the research. Furthermore, a probability sampling method is used, where each member of the population has a chance of being included in the sample. (Bougie & Sekaran, 2020). The respondent criteria are Generation Z individuals aged 17–27 who have previously used Chinese home appliances. The data collection method was a questionnaire, resulting in 208 respondents. The data was then processed using SmartPLS 4. For the Average Variance Extracted (AVE), the AVE value expected to be used was above 0.5 (Wijaya, 2019). The Composite Reliability used exceeds 0.70 (Ghozali, 2018). Furthermore, this research used 5 as the maximum value of VIF, because if an indicator records a value above 5 it shows multicollinearity which indicates that a certain indicator is excessive and no longer needed.

4. Results and Discussion

4.1 Profile of Respondents

4.1.1 Gender of Respondents

	Number of Respondent	Percentage (%)
Female	163	78.5%
Male	45	21.5%
Total	208	100%

4.1.2 Employment Status of Respondents

Employment Status	Number of Respondents	Percentage
University Student	160	76.9%
Full-time Employee	41	19.7%
Entrepreneur	5	2.4%
Part-time Employee	2	1.0%
Total	208	100%

4.2 Outer and Inner Models

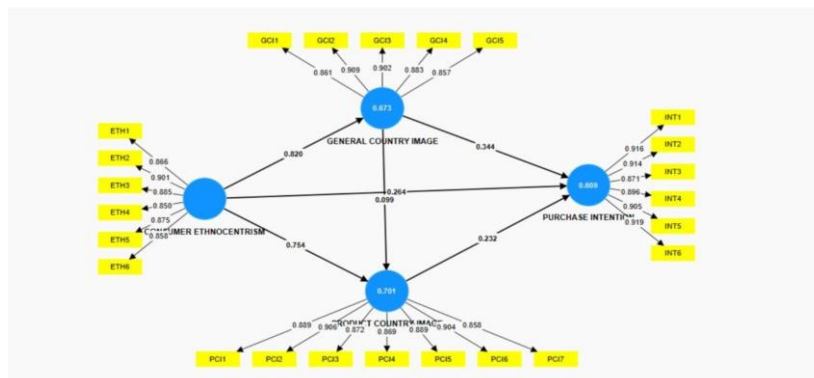


Figure 4. 1 Outer Model

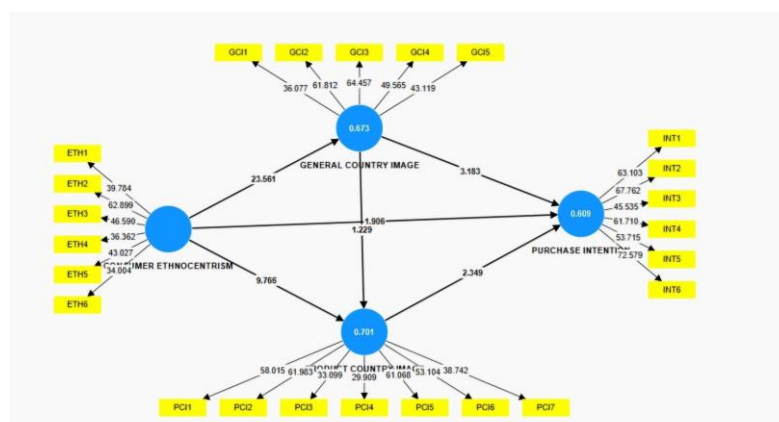


Figure 4. 2 Inner Model

5. Conclusion

5.1 Conclusion

In this research, data processing and analysis were carried out using SmartPLS version 4.0. This research used a sample size of 208 respondents, and the data collected were processed to form hypotheses. Based on the analysis results, the conclusion of this study is as follows:

1. H1: Indonesian Consumer Ethnocentrism influences General Country Image of China is supported.
- 2.H2: Indonesian Consumer Ethnocentrism influences Product Country Image of China is supported.
- 3.H3: Indonesian Consumer Ethnocentrism influences Purchase Intention Of Chinese home appliances is supported.
- 4.H4: General Country Image of China influences Product Country Image of China is supported by the theory but not supported by significant values.
- 5.H5: General Country Image of China influences Purchase Intention of Chinese home appliances is supported.
- 6.H6: Product Country Image of China influences Purchase Intention of Chinese home appliances is supported.

5.2 Limitations

This research only uses a select number of variables which are consumer ethnocentrism, general country image and product country image to analyse the effects on purchase intention. Future research can expand by using additional variables such as price sensitivity and perceived quality to analyse the effects on purchase intention. This study is limited by potential misalignment between questionnaire indicators and respondents' perspectives on purchasing Chinese home appliances. This research uses SmartPLS for analysis. SmartPLS is useful for studying complex relationships between variables, however, it does not fully capture the complexity of real-world situations.

5.3 Conclusion

This research contributes to expanding the limited knowledge on variables such as consumer ethnocentrism, general country image, product country image, and purchase intention. Additionally, Chinese companies should emphasize home appliances' quality to reduce ethnocentrism, while domestic firms can highlight cultural values to strengthen local support.

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