Abstract

This article presents an analysis of the concept of consumer ethnocentrism measured by the researchers with the use of the Consumer Ethnocentric Tendencies Scale (CETSCALE) developed by Shimp and Sharma in 1987. The communication campaigns promoting the consumption of goods produced in Romania were revised together with the European legislation regarding this type of campaigns. While country-of-origin and ethnocentrism have been extensively researched, the link between CE and the attitude toward locally made products, as well as the link between CE and the attitude toward a buy local campaign has not been fully explored. The results will be useful for marketers, policy makers and businessmen to find what is especially important in consuming local products in Romania, why consumer ethnocentrism is relevant and what is influenced by consumer ethnocentrism. Such information could help them in taking strategically decisions.

Keywords: consumer ethnocentrism, buying local, CETSCALE, EU legislation, consumer behaviour.

JEL classification: P00, R00
1 Introduction

The liberalization of political and economic systems such as the regional integration in the European Union (EU) has led to a large unified market for international firms. These changes have added to the rate of growth of world trade which “has been higher than that of world GNP since the mid-1950s” (Porter, 1986, p.15). Even as tariff barriers have come down considerably in the past decade or so, non-tariff barriers persist. Given the wide scope of non-tariff barriers, some authors such as Jeannet and Hennesy (1995) have contended that any barrier to international trade other than formal tariffs can be classified as a non-tariff barrier. The focus of international trade negotiations has been increasingly shifting to non-tariff barriers with countries and regional blocs attempting to achieve uniform product-related regulations in a wide variety of industries. Even as substantial progress has been made towards globalization of businesses through the elimination of tariff and non-tariff barriers, Porter (1986, p.3) foresaw the emergence of new forms of protectionism to ward-off international competition that he labelled them “cross-currents” of globalization.

One of the most enduring forms of non-tariff barriers is that of “consumer ethnocentrism (CET)” (due to Shimp and Sharma, 1987). CET indicates a general proclivity of buyers to shun all imported products irrespective of price or quality considerations due to nationalistic reasons.

Sumner (1906) was the first to provide a formal definition of ethnocentrism (Shimp and Sharma, 1987). He defined ethnocentrism as: “... the 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... Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities and looks with contempt on outsiders (p. 13).”

Shimp and Sharma (1987) formulated CET as “a domain specific concept for the study of consumer behaviour with marketing implications” (Sharma et al., 1995). CET was regarded as a “unique economic form of ethnocentrism that captures the beliefs held by consumers about the appropriateness and indeed morality of purchasing foreign-made products” (Shimp and Sharma, 1987, p. 280).

Shimp and Sharma were the first to develop a comprehensive scale to measure CET even though other instruments to measure “attitudes towards foreign goods” existed at that time. Notable among these is the Reirson’s (1966) scale which was widely used by early researchers such as Dornoff et al. (1974). The
international validity of the CETSCALE, originally developed in the US, was confirmed by several studies such as Durvasula et al. (1997), Hult et al. (1999) and Luque-Martinez et al. (2000).

The CETSCALE is an additive 17-item scale that measures CE by using a seven-point Likert (strongly disagree to strongly agree) scale for each item. Thus, CETSCALE scores can range from 17 to 119. Justification for using the scale was based on confirmation of its reliability and validity by a number of researchers (Luque-Martinez et al., 2000; Durvasula et al., 1997; Sharma et al., 1995; Herche, 1994; Netemeyer et al., 1991). Additionally, the CETSCALE has been used and validated in central and eastern Europe (Lindquist et al., 2001; Good and Huddleston, 1995) and in Africa (Saffu and Walker, 2006). As reported by Durvasula et al. (1997), high-CETSCALE scores indicate a high level of ethnocentrism, while low-CETSCALE scores indicate a low level of ethnocentrism.

2 The factors that influence the consumer ethnocentric tendencies

Economic environment

Several studies came to the conclusion that when discussing about the consumer ethnocentrically tendencies, the economic environment should be an important factor to be taken into consideration. Therefore, Schuh (1994) developed a framework trying to connect the different stages of the economic development to the consumer’s preferences towards foreign products. His recommendations are that in the first years of transition from a planned economy to a market economy, consumers tend to prefer more foreign products (usually western), due to the fact that they are something new, have a better quality, a better status and because they are curios. However, as the economy progresses to an intermediate period to the market economy, the nationalistic motives behind the purchase are becoming dominant. But as the economy reaches the state characterized by lots of MNCs (Multinational corporations) then the ethnocentric purchase behaviours start to change again. This theory was supported by researches made by Good and Huddleston (1995) in Poland and Russian and also by Durvasula et al. (1997) in Russia.

Political environment

Rosenblatt (1964) named the political propaganda as one of the
antecedents of ethnocentrism. He argued that the leaders can influence the ethnocentrism of a group by pointing out the foreign danger. However, this issue still needs further empirical research together maybe with fact that if consumers come from a more democratic country they are more difficult to manipulate as those coming from an authoritarian society.

Besides the political propaganda, the political history of a country plays an important role in measuring the CET level in a country. Good and Huddleston (1995) explained that the higher level of CET in Poland in comparison to Russia has its roots in the fact that consumers coming from societies who have been during its history under oppression might be more ethnocentric than the ones coming from conquering societies. In contrast, it can also be commented that consumers coming from the conquering countries might see their national products superior and in favour for buying them as by the ones coming from oppressed societies might see foreign products more attractive. Therefore, the political history and CET should be more researched.

**Demographical factors**

These kinds of factors have showed in different studies that they influence the ethnocentric purchase behaviour. The advantage of using demographic antecedents lies in the opportunities of segmenting consumers according to their favourable and unfavourable disposition to foreign products. Hypotheses pertaining to four such antecedents, namely, age, gender, education and income are discussed below.

**Age.** The argument for a positive relationship between age and CET is based on increased cosmopolitanism in recent years and its socio-cultural influence on the belief patterns of the youth. Even though the empirical evidence is mixed, there seems to be more empirical support for the argument that younger people will have lower CET scores than older people (Klein and Ettenson, 1999; Caruana, 1996). It must also be mentioned that some studies did not find any statistically significant relationship between age and CET (Sharma et al., 1995; Festervand et al., 1985) and other older studies in fact found a positive relationship between age and favourable foreign product evaluation (Schooler, 1971; Bannister and Saunders, 1978).

**Gender.** An overwhelming body of evidence supports the proposition that women have higher ethnocentric scores than men (Bruning, 1997; Sharma et al., 1995). The underlying logic is that women are more conservative, conformist
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Eagly, 1978; Han, 1988) and collectivistic concerned about maintaining social harmony and positive feelings among group members (Triandis et al., 1985). However, there are some studies that found no significant gender differences (Caruana, 1996) and other studies that found men to be more ethnocentric than women (Bannister and Saunders, 1978).

Education. But for a few exceptions, the findings on the relationship between education levels and CET have almost been consistent pointing to a negative relationship (Klein and Ettenson, 1999; Caruana, 1996). The underlying rationale is that more educated people are less likely to have ethnic prejudices (Watson and Johnson, 1972) and tend to be less conservative (Ray, 1990). However, studies such as Han (1988) did not find education to be a significant factor in explaining consumer patriotism.

Income. A majority of studies (Sharma et al., 1995; Bruning, 1997) point to a negative correlation between income levels and CET. Increased income levels provide more opportunities for travel and purchase of foreign products thus resulting in more cosmopolitan views (Sharma et al., 1995). However, some studies (Han, 1988) found no income effects and other studies (Tan and Farley, 1987) reported a positive relationship between income and CET.

Ethnocentrism and attitudes

The intention to adopt a certain course of action logically precedes actual performance of the behaviour (Ajzen, 1991). According to the theory of planned behaviour (Ajzen, 1985, 1987) intentions to perform a given behaviour are influenced by three major factors. These are as follows: a favourable or unfavourable evaluation of the behaviour (attitude toward the behaviour); a perceived social pressure to perform or not perform the behaviour (subjective norm); and self-efficiency in relation to the behaviour (perceived behavioural control). Intentions are generally found to be good predictors of behaviour (Ajzen, 1991)

We believe that ethnocentrism affects attitude formation. Since ethnocentrism implies a general preference for homemade products (Herche, 1992), we argue ethnocentrism may also imply a favourable attitude toward a buy local campaign. This is consistent with ethnocentrism as a means by which the in-group is considered to be better than the out-group (Adorno et al., 1950). The subjective norm will be important in accepting a buy local campaign. Finally, based on the theory of planned behaviour, we suggest that consumers have the ability to accept or not accept the buy local campaign.
Attitude has been shown to impact the final action, i.e. the purchase, taken by a consumer (Fazio et al., 1989). Prior empirical research has constantly established a positive relationship between ethnocentrism and attitude toward imports (Javalgi et al., 2005). Several of these studies suggest that the more ethnocentric the consumer, the more the consumer will be against imports (Kaynak and Kara, 2002; Sharma et al., 1995; Watson and Wright, 2000).

A consumer who has ethnocentric tendencies may buy imported products as a result of a perception of quality associated with products from a particular country (Han and Terpstra, 1988). There may also be a willingness on the part of an ethnocentric consumer to buy foreign goods that are considered very necessary (Sharma et al., 1995; Javalgi et al., 2005). An ethnocentric consumer may also buy foreign product in the absence of product availability in the local market (Watson and Wright, 2000).

3 A comparison between the campaigns promoting domestic products in Romania to other countries

*Description of the programs*

The mechanism was pretty similar: there are some local producers who gather, pay a fee to an association, which then will help them to promote their products. This means by building a collective brand and also with the supports of lots of promoting campaigns. Such a campaign was successful used by Barack Obama at the beginning of his nomination for the USA Presidency, a moment that coincided with the debut of the recession. The campaign was named “Buy American”, and it triggered an international real hysteria.

But for such a campaign to work properly, it needs the trust of the consumers in the collective brand and also on the team behind it. Or, in the Romanian context, the interference of the state in this matter, through launching of these hybrid-programs for stimulation of the consumption of local products within the national framework of the strategies for long term development (in which Romanians did not trust) could only lead to mistrust. The state should leave these actions to businessmen, because, by copying similar programs, it creates confusion and compromises the whole idea.

The program ‘Buy Romanian” was presented “as a program for revival of the internal production, for protecting and generating new workplaces (...”), an important component of this national anti-crisis program was also the attitude and the rediscovering of the national identity.
Why are these types of campaigns like ‘Buy National’ successful only by others?

The first campaign of this type was initiated in 1985 by Sam Walton, one of the main shareholders of the chain stores Wal-Mart. The slogan of the “Buy American” campaign was “Keeping America Working and Strong” and appealed to the American nationalism, in order to promote the chain stores.

Afterwards, other similar initiatives started to grow in number, with different arguments such as supporting the regional economic and social development, restauration of the national values endangered by globalization or the protection of the environment and of the population health.

The programs that have started till now in Romania tried to imitate those in the western societies, where the economic and social context is different. Unfortunately, the patriotic sentiment was flattened because of the general disappointment and today such an appeal for patriotism is seen as a joke. On the other side, the national campaigns encouraging consumption of the Romanian products mixed over the private campaigns led to mistrust within the consumers, because the Romanians don’t trust anymore state programs.

Along with lying off thousands of workers due to the financial crisis, several politicians and business representatives launched an initiative encouraging the population to buy Romanian products. The representatives of the employers led campaigns with the slogan such as “Romanians, don’t let the economy to die! Consume food produced in your country.” Or “If you would buy a 100% Romanian product, you will save a job.” The objectives mentioned by these companies were meant to support the Romanian agriculture and food industry, encouraging the usage of raw material from our country, to maintain the activities of the local enterprises and keeping the jobs of the people working in these fields.

But, under the circumstances of a inconsequent communication, the Romanians don’t understand anymore where are these voices coming from, being very similar to the ones of the politicians, which always tell them about the programs of coming out of the crisis with no concrete results.

On the other side, the Romanians haven’t got bored of the global brands, the standard ones. They haven’t reached that saturation, in order to make them go back to the national products, as it happened in the western world. The phrases “Manufactured in Romania” and “Produced in Romania” don’t say anything positive related to the reputation of the manufacturing places, of their competences of the people working there, it is an extra quality guarantee, as it
happens in other countries. But, on contrary it still has negative connotations. (Cercelescu 2010, Săptămâna Financiară)

Romanians will buy cheap products no matter where they are coming from
Besides these reasons related to the national disappointment, there are also the economic ones: “Consumption is determined mainly by 2 factors: price and income. By us, on side have the prices raised since 2010, because of the VAT rate, on the other side have the earnings fallen, because of lowering the wedges of the budgetary, which had consequences in the businesses area. In such a context, the consumption cannot be compensated through an advertising campaign. Romanians will turn to cheaper products, unconcerned about their provenience”, believes Liviu Voinea, Director of the Applied Economy Group.

The program “Manufactured in Romania” repositions itself
The first program for stimulating the autochthonous consumption was initiated by the Association for Promoting Products and Services – Romania (APPSR). The program “Manufactured in Romania” was launched in 2000 due to a significantly and continually decrease of the internal production, as also of losing of some important national economic highlights. This was aiming to support the autochthonous businessmen in the unequal competition and also often disloyal – with the imported products, proposing its members a coherent promotion to break down the image of bad quality products and to restore the trust in the Romanian products. Unfortunately, the program worked only at the beginning achieving to give a hope and to unify the businessmen representatives, local authorities, trade unions, etc. Valentin Ionescu, its project manager, answered that he was working hard to reposition this program (Cercelescu, 2010)

4 European Union Law with regard to the support of the national government given to local products
State aid under EU law
When I discovered the concept of consumer ethnocentrism and about the national campaigns supporting the consumption of local products, I was confronted with the idea this action was against EU law regarding competition and free trade among member states. Therefore, I had to research and to answer to this issue. According to the founding treaties of the European Commission the objective of the state aid control is to ensure that the government interventions
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do not distort competition and trade inside the EU (Cini, 2001). In this respect, under state aid it is understood the advantage of any form conferred on a selective basis to undertakings by national public authorities. (Mihle, 2013).

State aid effects trade between member state

To fall within the scope of state aid, it is not necessary for businesses to operate at an inter-state level in the EU, i.e. in the markets of more than one Member State. In a situation where the business only operates at a local level i.e. it does not export its products, it may still affect trade in the internal market, since the beneficial aid may strengthen the business position in the local market, which may be a disadvantage for other businesses from a other Member State and thereby a potential barrier for them to enter the market. (Mihle, 2013)

Derogations

The Treaty pronounces the general prohibition of state aid. Nevertheless, the founders agreed that in some circumstances the government interventions are necessary for a well-functioning and equitable economy; especially during periods of financial crisis. Therefore, the Treaty leaves room for a number of policy objectives with which state aid can be considered compatible. Article 107 (3) TFEU provides five exceptions that may be compatible with the internal market:

a) aid to promote regional aid; (b) projects of common European interest or see- king to counter serious disturbance in the economy of a Member State; (c) the development of certain economic activities or of certain economic areas; (d) cultural aid; and (e) aid specified by a decision of the European Council (Council).

In addition to the general exemptions, there is also a range of sector specific regulations governing grants of aid, and the Council has recently introduced new categories that the Commission may exempt from the obligation to prior notification. These new categories include aid for innovation, culture, natural disasters, sport, certain broadband infrastructure, other infrastructure, social aid for transport to remote regions and aid for certain agriculture, forestry and fisheries issues. (Mihle, 2013)

Ethnocentric campaigns affecting the internal market

Campaigns aiming to increase ethnocentrism are often framed as a desire to ‘support our own’, especially in times of economic hardship (Williams, 1983),
such as the on-going financial crisis, where it may be difficult for states to act with fairness in the internal market. ‘Buy national’ campaigns are by their nature intended to encourage consumers to purchase national products in preference to imported goods. Boosting ethnocentric consumer behaviour may contravene the principles of the EU internal market and undermine the hard and long process of integration of the EU single market and removal of age-old barriers between states. (Hojnik, 2012)

The “Buy Irish” campaign

Janja Hojnik describes some of the various so-called ‘ethnocentric campaigns of EU member states’ that promote national products. Ethnocentric campaigns on EU territory have been carried out for years. In the famous “Buy Irish” case, (Hojnik, 2012) the Irish government tried to encourage its own nationals to buy Irish rather than imported goods. The ECJ stated that the association’s campaign was ‘... a reflection of the Irish government’s considered intention to substitute domestic products for imported products on the Irish market and thereby to check the flow of imports from other Member States (Whitehouse, 2013) and declared that the campaign did constitute measures having effect equivalent to quantitative restrictions on imports pursuant to Article 34 TFEU. The ECJ held that Ireland had failed to fulfil its obligations under EU law by organizing a campaign promoting its own national goods within its territory. (Mihle, 2013)

Quality labelling

The Hungarian government has established a ‘helping hand’ to promote and advertise Hungarian products in domestic and export markets. Furthermore, it has also introduced a quality label entirely for Hungarian products in order to make them stand out from other products. The Czech Republic, Slovenia, Lithuania and even Croatia (which at the given time was an acceding country to the EU) have also introduced quality labels and promotions of national products. Ethnocentric market campaigning therefore seems an on-going tendency and a particularly well-used tool by national governments during financial crises. (Hojnik, 2012)

A new approach and other comments

In light of Buy Irish and the general prohibition of ethnocentric
campaigns, the Commission has, in its recent Green Paper on promotion measures and information provision for agricultural products, adopted a new approach to local and regional food markets. Janja Hojink argued that the Commission’s fresh approach could have significant consequences on the legitimacy of promoting national products and on the ruling set by Buy Irish. Furthermore, the promotion of agricultural products on the EU internal market is covered by specific EU law. In this way, the EU is trying to encourage consumers to buy EU agricultural products. However, as the ruling in Buy Irish established, the promotion of production based on national region is prohibited, except in cases of specific regions recognised by EU law (Hojnik, 2012).

The case law has shown that some ethnocentric campaigns are in accordance with the EU provision on the free movement of goods (Article 34 TFEU) under the condition that the campaign is solely organised by a private body or by the EU itself.

5 Conclusions
After going through the literature associated with everything it had to do with consumer ethnocentrism, we managed to see the evolution of the theory regarding this concept, to find the campaigns supporting local products consumption even in Romania and also to understand the EU legislation that is regulating different protectionism attempts. We also found that the CETSCALE has never been used by researchers to measure consumer ethnocentrism in Romania. Therefore, we have decided to use CETSCALE in my next empirical research, where we will try to measure the situation in Romania and also to see how attitudes towards local products and the attitudes towards the campaigns supporting the consumption of the local products are influencing this scale.

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