

Influence of Demographic Variables on Consumer Ethnocentrism: Case of Rajasthan, India

Khushbu Agarwal

Wisdom, Banasthali Vidhyapith, Newai - 304022, Rajasthan (India)

Abstract

This research will attempt to explore and analyse the belongings of several demographic variables i.e. gender, age, education level, income level, and nature of dwelling on the consumer ethnocentric tendencies among consumers of Rajasthan. Five independent variables gender, age, education level, income level, and nature of dwelling are taken to check the ethnocentric behaviour of respondents towards buying Fast Moving Consumer Goods. Respondents were approached from Jaipur, Rajasthan and 5-point Likert was used to measure the variables. SPSS version 21 was used for data analyses to instigate with the demographic profile of the respondents. The investigation of the differences between subgroups in the demographic variables was tested using independent sample T-test and one-way ANOVA. From results it was concluded that Indians above 31 years were more ethnocentric than younger generation and no significant relation was found between other demographic variables and ethnocentric tendencies of the consumer of Rajasthan.

Keywords: Consumer Ethnocentrism, Demographic characteristics – age, gender, income level, education level, Nature of dwelling

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1. INTRODUCTION

Year 1991, witnessed a major change in Indian Economic scenario, wherein liberal trade policy, opened Indian economic borders for foreign investments. This helped the MNCs from all over the world to foray into Indian markets. The corporate's approach has been to capture international markets and this liberal trade policy benefitted significantly. Developed countries and their respective brands have an economic, technological and political edge over brands from developing countries. This has led to cut throat competition for the marketers. However, as the things stabilize depending upon the preferences of the society and government, scenario changes rapidly propelled by consumer behaviour. While entering and existing in foreign market, marketers are required to thoroughly understand the changing behaviour of globalised corporate environment. In the globalised business environment, several variables play an important role in shaping consumer behaviour, and Consumer Ethnocentrism is one of them. This research paper investigates the consumer ethnocentric tendencies of the Consumers of a developing country, precisely Rajasthan, India in this context and focuses the analysis on ethnocentric tendencies of the consumer of Rajasthan in context of demographic variables. There is abundance of foreign owned fast moving consumer goods MNC's in India, at competitive pricing, which are available with a wider advertisement appeal. There marketers have to consider the impact of ethnocentrism in society in which they are applying their market strategy to capture a sizable market share as each country has its own people, culture, purchasing decision making behaviour in selecting products amongst various foreign and domestic brands available.

2. LITERATURE REVIEW

2.1 Consumer Ethnocentrism

The term "Ethnocentrism" was first coined by Sumner in 1906. It was restricted to distinguish between in-group and out-groups humans, where the values of own group (in-group) are the antecedents of pride and attachment whereas animosity for the symbols of other group (Out-groups) (Levine & Campbell, 1972)

"Consumer Ethnocentrism" (CET) was first coined by Prof. Terence A. Shimp and Subhash Sharma, for describing the moral belief held by *Americans* for purchasing foreign made products. A measure named CETSCALE was developed to moderately predict the level of Consumer Ethnocentrism (Shimp & Sharma, 1987).

According to Schiffman & Kanuk (2007) ethnocentrism reveals superiority of home grown products from others due to negative economic impact on domestic country.

Sharma, Shimp, & Shin (1995) identified theoretical antecedents of CET. Good & Huddleston (1995) investigated Ethnocentric tendencies of *Polish and Russian* Consumers to examine impact of CET on product selection decisions. Baumgartner & Steenkamp (1998) measured CET in *Belgium, Great Britain and Greece*. Kucukemiroglu (1999) identified consumer market segments existing among *Turkish* consumers by using lifestyle patterns and ethnocentrism by interviewing respondents of Istanbul.

Kaynak & Kara (2002) investigated ethnocentric behaviour of the *Turkish* Consumer. Balabanis &

Diamantopoulos (2004) examined the preference patterns of the UK consumers for domestic products across eight product categories. Javalgi, Khare, C., & Scherer (2005) investigated what directs consumer ethnocentric tendencies of French consumers, their perception towards imports and which subsequently reflects on their purchase intentions.

Bamfo (2012) examined the attitude of Ghanaian consumers towards indigenous goods of Ghana and concluded it below par to help boost local production. The article by CAZACU (2016) expalined moderately ethnocentric tendencies of Maldovan consumers by studying 113 respondents.

Zhang, Liu, & Lan (2014) studied psychology of Chinese consumers and concluded that Developing country consumer are effected by negative stereotype and consider local brand to be worse in quality, technology and symbolic, while vice versa for foreign brand (positive stereotype).

Panda & Misra studied COO image for the formation of Brand Equity with relation to three variables namely brand awareness, brand loyalty and brand distinctiveness.

Parts & Vida (2013) investigated domestic vs. foreign product purchase behaviour of the consumers of alcohol products, clothes, and furniture of the consumers of Estonia and Slovenia on constructs of consumer cosmopolitanism, ethnocentrism, product quality and purchase intentions.

Sing & Kewlani (2013) addressed the issue of validating CETSCALE in India by collecting data from management graduates and the findings of the research revealed that ethnocentrism of Indian consumers is multidimensional and is in a stage of transition. The results are consistent with earlier research and contrary to commonly held belief for Indian youth; ethnocentrism and favourable belief about foreign product go hand in hand.

A study by Bandyopadhyay (2014) reveals that ethnocentric Indian Consumers have positive perceptions of their own country and domestically-made products. However it does not interprets into any negative perception of US, Japan, South Korea or products originating from these countries.

The research of D Pentz, Terblanche, & Boshoff (2014) investigated the possible relationship through online survey between consumer ethnocentrism and age, income and gender in South Africa. They studied samples on the basis of ethnic diversity. The outcomes of the study exposed an affirmative association between age and consumer ethnocentrism and negative association between consumer ethnocentrism and income. The connection between consumer ethnocentrism and gender differ between the two groups of respondents.

Ramsaran (2015) studied COO effect on Mauritian population. And concluded that (27%+32%) of total respondents consulted product labelling in order to identify the Country of Origin of the respective products and COO was considered as an important factor in consumer decision making, but 91% claimed not to attach any special preference to Made-in-Mauritius label.

Mirzaeifar (2015) identified very impact of home entertainment appliances of Tehran City consumer's ethnocentrism and product knowledge on product's country of origin and purchase intention by measuring imported product purchase intention (PI), ethnocentrism (E), imported product knowledge (FPK), and country of origin (COO).

Since its introduction the term "Consumer Ethnocentrism" has been a reason of furore. Several researches have been done, which have further validated the importance of CETSCALE. Starting with America, this instrument has measured the purchase behaviour of the consumer world over, studying the different product lines like mobile phones, home entertainment appliances, alcohol products, clothes and furniture etc.

While all these studies focused on "Made-in" dimensions, this research paper had focused on "ownership" of the product. Therefore, all the questions were modified suiting to the "Ownership" dimension rather than the "Made-in-country" dimension.

For example: The FMCG products, Kissan Ketchup, Knorr Soups, Kwality walls icecream, Surf excel, Wheel and Rin detergent, domex bathroom cleaner, Axe, Closeup, clinic plus, dove, fair n lovely, Hamam, indulekha and Vaseline, present in Indian Market are almost Made in India, but their ownership rests with Hindustan Unilever Ltd. whose Holding Company is Anglo-Dutch Company Unilever holding a stake of 67.21% in HUL (as on Mar, 16). Consequently, though these basic FMCG are made in India, but their ownership is foreign.

Therefore, this consumer ethnocentrism research, deals with the ownership angle irrespective of Made in location image.

2.2 Demographic Antecedents

Numerous researches explored the association between consumer ethnocentrism and demographic variables (D Pentz, Terblanche, & Boshoff, 2014), (Petrovicova & Gibalova, 2014), (Balabanis & Diamantopoulos, 2004) and have confirmed that the degree of consumer ethnocentrism is a function of demographic characteristics, socio-economic factor and regional economic factor (Kumar et. al 2011, Renko et. al, 2012, Aziz et. al 2014, Alpaslan, 2014, Lopez et. al 2016)

Javalgi, Khare, Gross, & Scherer (2005) explored ethnocentrism studies and identified frequently used

demographic variables as age, gender, education and income. Based on the analysis of Javalgi et. al. (2005) and Rajasthan being a developing state, a demographic concern and market division here is Urban and rural, therefore apart from the four demographic variables, nature of dwelling is also included in this study.

Although there were, few studies, as well which for instance investigated no relationship between the demographic variables and ethnocentrism, For example: Sharma, et. al (1995) and Festervand, (1985) concluded no substantial association between age and consumer ethnocentrism. Likewise, Han (1990), De Ruyter, Van Bigelen, & Wetzels (1998) and Keillor, D'Amico, & Horton (2001) identified that income is not significant in measuring consumer ethnocentrism. Brodowsky et. al. (2004) investigated no substantial association between education level and consumer ethnocentrism. De Ruyter et. al (1998), Keillor et. al (2001), Brodowsky et. al (2004) and Matic (2013) identified no significant gender difference on consumer ethnocentrism.

Whereas some studies reported existence of the relationship between demographic variables and consumer ethnocentrism, like Tan & Farley (1987) stated significant positive relationship between income and consumer ethnocentrism, whereas Matic (2013) identified negative relationship between income and consumer ethnocentrism. Significant gender differences on consumer ethnocentrism were noticed by Balabanis & Diamantopoulos (2004), Han (1990), Kaynak & Kara (2002). However, Watson et. al (2000), Vida et. al (2001) Lee et. al (2003), Balabanis et. al (2004) and Matic (2013) identified older generation to be more ethnocentric. Whereas, Watson et. al (2000), Lee et. al (2003), Balabanis et. al (2004), Javalgi et. al (2005) and Matic (2013) accredited less educated people to be more ethnocentric. Keillor et. al (2001) and Lee et. al (2003) found lower income consumers to be more ethnocentric.

2.3 Significance of study

So far very few studies have been undertaken on identifying effect of demographic antecedents on consumer ethnocentrism of Indian consumers and almost negligible on the Rajasthan State, therefore this study will examine the effect of demographic variables like age, gender, education, income and nature of dwelling on consumer ethnocentric tendencies among consumers of Rajasthan.

3. RESEARCH MODEL

As illustrated in previous researches, Consumer Ethnocentric tendencies are effects by the demographic antecedents. Thus this research model studies the impact of age, income, education, gender and nature of dwelling on consumer ethnocentric tendencies as shown in Figure 1.

4. OBJECTIVE OF STUDY

The objective of the research is to explore the effect of demographic variables on consumer ethnocentrism in the state of Rajasthan. This study discourses a gap in the field of consumer ethnocentrism in the state of Rajasthan by studying the ethnocentric tendencies and their relationship with the demographic variables and endeavours to augment to the existing and limited research on consumer ethnocentrism in developing countries. Therefore, the objectives of the study are:

- To study the impact of demographic variables (age, gender, education, income and nature of dwelling) over the Rajasthan consumer's ethnocentrism.
- To investigate which consumer groups of Rajasthan are more ethnocentric, in terms of age, gender, education, income and nature of dwelling?

5. HYPOTHESIS

H1₀: There is no substantial association between gender and consumer ethnocentrism.

H1₁: There is a substantial association between gender and consumer ethnocentrism.

H2₀: There is no substantial association between age and consumer ethnocentrism.

H2₁: There is a substantial association between age and consumer ethnocentrism.

H3₀: There is no substantial association between level of education and consumer ethnocentrism.

H3₁: There is a substantial association between level of education and consumer ethnocentrism.

H4₀: There is no substantial association between level of income and consumer ethnocentrism.

H4₁: There is a substantial association between level of income and consumer ethnocentrism.

H5₀: There is no substantial association between nature of dwelling and consumer ethnocentrism.

H5₁: There is a substantial association between nature of dwelling and consumer ethnocentrism.

6. RESEARCH METHODOLOGY AND INSTRUMENT

The data for this research is gathered from an Omnibus survey conducted for the doctoral thesis. The population for this study is defined as residents of Rajasthan. The sample entailed individuals above 18 years old, who are consuming fast moving consumer goods. No minimum income level was set, because in India dependent family members are generally not even aware of the family income, but they individually do add to a considerable level of disposable income to buy both domestic and foreign-owned goods. Samples of both male and female population residing in Rajasthan were drawn, to fulfil the objective of the study. To collect wide number of responses across different demographics, the data was collected via self-administered questionnaires to be filled electronically and physically too. The next step consists of ensuring a pilot study to evaluate the comprehending ability of the questionnaire. A sample of 20 individuals 10 male and 10 female was taken to undertake the pilot study and with minor changes the questionnaire was circulated among the participants. A sample of 1500 individuals (750 males and 750 females) was randomly selected and were send an invitation to complete the questionnaire via internet (social media like whatsapp, facebook, linkedin, email). A total of 183 responses were received via online medium with a response rate of 12.20%. To delve deeper penetration of responses across the state of Rajasthan, participants were contacted at the railway station and the bus stand of Jaipur. Jaipur, being the capital of Rajasthan, served as a convenient place to locate the commuters travelling throughout Rajasthan. A total of 1500 individuals were contacted with a response rate of 9.20%, and 138 responses were collected.

7. MEASURING INSTRUMENT

Primary data is collected via a modified structured questionnaire, developed after being adapted from Shimp & Sharma (1987) along with demographic variables. The adaptations were restricted to the change in name of the country as India from America. And change in "Made in" location to "Indian-owned". This questionnaire consisted of questions, on a five point Likert scale with options 1-5 where 1 represents "strongly disagree" to 5 representing "strongly agree". The demographic data of age, gender, level of education completed, income and nature of dwelling of respondents is collected on categorical and nominal scales. After completion of pilot study, minor modifications were made to incorporate the feedback of the respondents in the questionnaire.

The items used in the questionnaire are enumerated in Table 1 and Table 2.

Out of 3000 invitations only 321 responses were received. They were all substantially complete and were considered for the analysis. For analysis SPSS version 21 is used. Table 3 represents the demographic profile of the respondents.

8. RESEARCH FINDINGS

In the first phase of data analysis, the researcher identified descriptive statistics of the nine item ethnocentrism CETSCALE. The results are illustrated in Table 4: Descriptive Statistics.

The ethnocentric measure used consisted of an inventory of nine attitudinal statements with a five-point-likert scale where '1' represented "strongly disagree" and '5' represented "strongly agree" and '3' signifies "neutral". The average score of all these nine items for 298 respondents of Rajasthan is 3.24, which indicates that Indians are ethnocentric with regards to the purchase of "Indian-owned" FMCG products. The highest rating was for statement number 3, "Buy Indian-owned products, keep India earning", while the lowest (2.65) was on item no. 5, "purchasing foreign-owned products is un-indian". Both are in line with the results of previous research of Lopez & Zunjur (2016), which studied consumer ethnocentrism of pimri-chinchwad, pune.

8.1 The reliability of the CETSCALE

To measure the reliability of CETSCALE, Cronbach's Alpha was used as listed in Table 5: Reliability Statistics. Value of Cronback Alpha is 0.903, which indicate high level of internal consistency for our nine items related to ethnocentric tendencies of Consumer of Rajasthan state.

While exploring the differences between demographic variables that were nominally scaled and ethnocentrism scores, independent-sample t-tests were conducted. For interval-scaled independent variables, one way ANOVA was used.

8.2 EMPIRICAL RESULTS

8.2.1 Effect of Gender on consumer ethnocentrism tendencies of respondents of Rajasthan

To evaluate the effect of nominally scaled demographic variable, Gender on consumer ethnocentrism, the researcher conducted a T-test, whose results are depicted in Table 6

Significance value (2-tailed) for t-test for Equality of Means is greater than 0.05. It indicates that there is no significant relation between Gender and Consumer Ethnocentrism. Hence we accept null hypothesis.

8.2.2 One way ANOVA with age

Table 7, illustrates the values of one way ANOVA with age. The significance value is less than 0.05 ($p < 0.05$), thus it specifies that there is substantial association between age and consumer ethnocentrism. Hence we reject

null and accept alternate hypothesis.

8.2.3. One way ANOVA with education

Table 8 elaborates the results of one way ANOVA with education. The significance Value is greater than 0.05. Thus it indicates no substantial association between education level and Consumer Ethnocentrism. Hence we accept null H3. That means education level of consumer and consumer ethnocentrism tendency are not related to each other.

8.2.4. One way ANOVA with income

Table 9 illustrates results of one way ANOVA with income. The significance Value is greater than 0.05. Thus it indicates no substantial connection between income level and Consumer Ethnocentrism. Hence we accept null H4. That means income level of consumer and consumer ethnocentrism tendency are not related to each other.

8.2.5. T-test with nature of dwelling

Table 10 elaborates on the results of T-test with nature of Dwelling. The significance Value is greater than 0.05. Thus it indicates no substantial association between nature of dwelling and Consumer Ethnocentrism. Hence we reject H5 and accept null H5. That means nature of dwelling and consumer ethnocentrism tendency are not related to each other.

9. FINDINGS

The main concentration of this research is to scrutinize the presence of consumer ethnocentrism and the impact of demographic variables in a developing state of a developing country i.e. Rajasthan, India. In the current globalised competitive Indian market, marketers' knowledge of ethnocentric tendencies and their demographic antecedents will assist in devising effective integrative marketing communication strategies for both foreign and Indian retailers.

This study recognizes that there is no substantial connection between gender and consumer ethnocentrism. Although many past studies like Balabanis et. al (2004), Han (1990), Kaynak & Kara (2002) identified substantial association between gender and ethnocentric tendencies. But in this study it was difficult to determine, if either of females or males are more ethnocentric. So the findings of this study didnot support the previous studies, one of the reasons could be a disproportionate sample, wherein female respondents are 36.9% only and male respondents are 63.09%. Had it been a proportionate sample findings might have shown different relationships.

Age is significantly positively related with the ethnocentric tendencies. The consumers within 18 to 30 years are considered less ethnocentric with an average mean of 2.93 whereas the older generation 31 and above are more ethnocentric with an average mean of 3.37. Since age is positively related, Indian retailers could target the consumers above 30 years to buy, Indian goods, by touting products' Swadeshi appeal. And they could incorporate global approach for quality enrichment, branding, labelling, packaging and marketing strategies to target younger generation.

Education level and consumer ethnocentrism have no substantial connection. Previous studies like Watson et. al (2000), Lee et. al (2003), Balabanis et. al (2004), Javalgi et. al (2005) and Matic (2013) acknowledged less educated people to be more ethnocentric. But the respondents of Rajasthan as in this study showed no explicit relation between education and ethnocentric tendencies.

It was found that there is no substantial association between Income and consumer ethnocentrism. Findings of this research does not match with the past findings where Keillor et. al (2001) and Lee et. al (2003) found lower income group to be more ethnocentric.

Nature of dwelling and consumer ethnocentrism, also do not have any significant relation in this study. Very few of the previous studies have identified the relationship between nature of dwelling and consumer ethnocentrism. And the results of this study could also be skewed as the majority of respondents are from urban dwelling (85.93%). Had the number of respondents were proportionate to each other, it could have indicated different results.

10. RESEARCH IMPLICATIONS

Findings of the research bring about significant strategy connotation for the business firms, especially the domestic ones. In the context of creating major niche markets for multinational firms operating in the domain of Indian Fast Moving consumer goods market, two major niche markets could be drawn to distinguish between ethnocentric and non-ethnocentric consumers. One group consist of younger generation of Rajasthan, who are less ethnocentric- in this case the consumers between 18 years to 30 years and other group are older generation from the age group of 31 years to 51 years and above, who are more ethnocentric. Therefore the manufacturers and marketers of indigenous products may find it useful to place product in the segment of people over 30 years of age. So they can focus more on this segment for positioning. On the other hand marketers of foreign brands should focus primarily on less ethnocentric (young people) segment for penetration in India.

11. LIMITATIONS OF THE STUDY

Although the present research work contributes to the marketing literature, researcher wants to draw attention to certain limitation. Firstly, this study incorporates only few demographic variables as antecedents to ethnocentrism, whereas many other variables as Economic and political factors, materialism, value orientation, nationalism, consumer life styles orientation, universalism, dogmatism, benevolence, animosity and hostility as antecedents to ethnocentrism. Secondly, the study is conducted in Rajasthan state of India. It could have been conducted pan India, to understand consumer ethnocentrism and the impact of demographic antecedents. Thirdly, the present sample is more skewed towards urban dwellers and male respondents, a proportionate sample could have been better to improve generalisations of results. Finally, this research does not incorporate the xenophobic attitude of animosity towards the products of a particular country. Future researches in this context could study consumers' xenophobia attitude toward products from various countries.

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Author – Khushbu Agarwal is Doctoral Research scholar at Banasthali Vidhyapith, Newai, where she ardently researches and writes on Swadeshi FMCG. She graduated from University of Rajasthan, with bachelor’s degree in business administration in 2007. After graduation, she pursued full time MBA from Institute of Management Technology, Ghaziabad (07-09). She is having a work experience of 2.5 years with IDBI Bank as Assistant manager and has served as customer service manager and team member, cheque management systems (CMS) and later during 4 years with Agarwal Iron Foundry, she worked as chief corresponding executive editor.

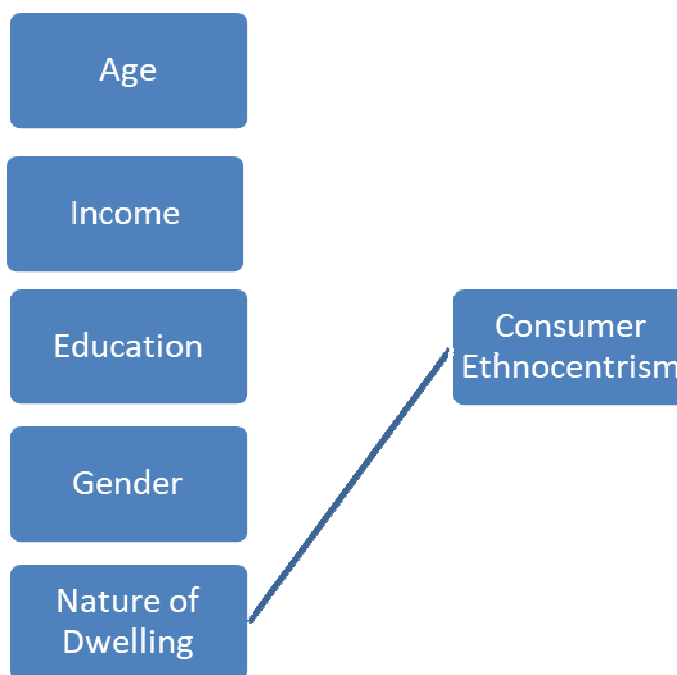


Figure 1 Research Model

Table 1: Items used in Questionnaire to measure consumer ethnocentrism

Items used
Indian Consumers should always buy Indian Owned products instead of foreign owned.
Only those products that are unavailable from Indian manufacturers should be bought from the foreign manufacturers.
Buy Indian Owned products. Keep India earning.
Indian Owned products first, last and foremost.
Purchasing foreign owned products is un-Indian.
It is not right to purchase foreign owned products.
A real Indian should always buy Indian-Owned products.
Indians should not buy foreign owned products because it causes imbalance in balance of payments (BOP) and has adverse impact on Indian Entrepreneurship.
It may cost you more in long run, but you prefer to support Indian owned Products.

Table 2: Demographic Variables

Please enter the District/town/city you live in? (Home Town / Residing Place) -----						
Please enter your Residing State. (Home State / Residing State) -----						
Please enter your nature of dwelling. / Place of living (Urban/Rural) -----						
Please select your Gender? Male/Female						
How old are you?						
Below 20	20 -25 Years	26-30 years	31-35 years	36-40 years	41-50 years	51 and above
Please enter your Level of Education						
Metric (10 th) and Below	Intermediate (12 th)	Bachelor's Degree	Master's Degree	Professional Degree		
Please enter your average annual income						
Below 50000	Rs 50000-450000	Rs 450001-6,00,000	Rs 600001-1200000	Rs 12,00,001 – 24,00,000	Rs 24,00,001 lakh and above	

Table 3: Descriptive Statistics

Item Code	Items	N	Mean	Std. Deviation
E3	Buy Indian Owned products. Keep India earning.	312	3.83	1.235
E9	It may cost you more in long run, but you prefer to support Indian owned Products.	312	3.57	1.201
E4	Indian Owned products first, last and foremost.	309	3.46	1.239
E1	Indian Consumers should always buy Indian Owned products instead of foreign owned.	316	3.45	1.3
E2	Only those products that are unavailable from Indian manufacturers should be bought from the foreign manufacturers.	314	3.27	1.235
E8	Indians should not buy foreign owned products because it causes imbalance in balance of payments (BOP) and has adverse impact on Indian Entrepreneurship.	312	3.23	1.285
E7	A real Indian should always buy Indian-Owned products.	312	3.06	1.365
E6	It is not right to purchase foreign owned products.	310	2.66	1.341
E5	Purchasing foreign owned products is un-Indian.	313	2.65	1.31
Valid N (listwise)		298		
	Average Mean Score		3.242222	

Table 4: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.903	.902	9

Table 5: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
				F	Sig.	t	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
		Lower	Upper							
CETvalue	Equal variances assumed	1.4	0.24	1.21	317	0.228	0.14398	0.11922	-0.0906	0.3785
	Equal variances not assumed			1.24	264.29	0.217	0.14398	0.11629	-0.085	0.373

**Table 6: Anova with Age
ANOVA**

CETvalue

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	26.091	6	4.349	4.376	.000
Within Groups	312.031	314	.994		
Total	338.122	320			

**Table 7: Anova with education
ANOVA**

CETvalue

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.939	4	.235	.220	.927
Within Groups	335.688	314	1.069		
Total	336.628	318			

**Table 8: Anova with income
ANOVA**

CETvalue

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.370	5	1.474	1.564	.170
Within Groups	276.072	293	.942		
Total	283.442	298			

Table 9: T test with nature of dwelling

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
CETvalue	Equal variances assumed	.020	.886	.023	318	.982	.00382	.16525	-.32131	.32894
	Equal variances not assumed			.022	56.947	.983	.00382	.17506	-.34675	.35438