CONSUMERS’ ETHNOCENTRISM AND ATTITUDES TOWARDS LOCAL VERSUS FOREIGN MILK POWDER BRANDS. EVIDENCE FROM SRI LANKA

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Abstract. Sri Lanka spends colossal sums of money on importing milk powder. However, Sri Lanka has its own milk powder, too. Therefore, local brands have to face competition in the market. To benefit from the competition, local firms should identify the consumers’ attitudes towards both foreign and local milk powder brands. The main objective of this research is to identify the consumers’ attitudes on local and foreign milk powder brands. A survey strategy was used. Primary data was collected through the pre-tested self-administered questionnaire. Convenience sampling was used to collect data from 120 respondents in the Colombo district. Fishbein’s model was used to evaluate the attitudes. The effect of ethnocentrism on consumers’ attitudes towards local and foreign milk powder brands was measured using CETSCALE. Mann-Whitney test was used to compare the mean rank between the attributes. Spearman’s correlation was applied to find the ethnocentrism effect on consumers’ attitudes towards local and foreign milk powder brands. According to the findings, consumers have higher attitudes towards foreign milk powder brands than local milk powder brands. There is a difference between the attitudes towards local milk powder brands and foreign milk powder brands in terms of availability, awareness, price, and trust. Ethnocentrism affects consumers’ attitudes towards foreign milk powder brands.

Keywords: CETSCALE, country of origin, ethnocentrism, local vs foreign brands, milk powder, Sri Lanka

INTRODUCTION

For a producer, understanding the consumers’ decision-making behaviour and its significance is vital for the business. It helps the firms to understand how the consumers act towards certain products and services and fully understand the consumers’ demands. Kotler and Keller (2011) define consumer buying behaviour as testing different methods of purchasing and utilising the goods or services (including ideas and experiences) by the consumers to satisfy their needs and wants. Consumer decision making differs with the type of products. Four types of consumer buying behaviour have been identified by Kotler and Keller (2002) based on two aspects: the level of buyer involvement and the extent of variations among the brands. Consumer buying behaviour differs depending on individual and environmental factors. Individual factors include demographics, consumer knowledge, perception, learning, motivation, personality, beliefs, attitudes and lifestyles. Environmental factors denote the items outside of individual factors. Those include culture, social class, reference group, country of origin, family and household, and ethnocentrism (Sata, 2013).

In addition to the above-mentioned factors, the brand of the product is another important factor that affects the consumers’ buying behaviour. In the 1960s, the American Marketing Association (AMA) defined brand as “a name, term, design, symbol, or any other feature that
identifies one seller’s goods or service as distinct from those of other sellers.” Thus, a brand serves as an element that determines the quality of a product. It enables the consumers to reduce the time they spend searching for more product information. This is one of the reasons why consumers stick with the brand. Consumers use brands as a measurement for their purchase decisions. They also consider whether it is a local brand or a foreign brand.

Ethnocentrism is another factor that affects consumers’ buying behaviour. Consumer ethnocentrism is an attitude of consumers who prefer domestic products or show prejudice against imports or foreign products. Consumer ethnocentrism, according to past studies, may lead consumers to have superior perceptions towards specific attributes and overall quality of the local products and to have an inferiority complex towards foreign products (Sharma et al., 2012; Rawwas et al., 1996). Ethnocentrism has a lesser effect on the attitudes of consumers in developing countries (Batra and Sinha, 2000) compared to developed countries (Bilkey and Nes, 1982). Shankarmahesh (2006) determined that socio-psychological, political, economic and demographic factors affect consumer ethnocentrism.

This study attempts to analyse the effect of ethnocentrism towards consumer buying behaviour concerning milk powder on the example of Sri Lanka, an emerging economy. Milk powder is one of the imported dairy products in Sri Lanka and a crucial component of food products in a household. Milk powder is fresh milk evaporated into dried milk. It is not perishable like fresh milk. Sri Lanka is a country importing significant amounts of milk powder. In 2013, it imported 69,452.4 metric tonnes of milk powder. Milk powder is preferred by many consumers for various reasons. From children to the elderly, most people consume milk powder. Therefore, there are many companies involved in milk powder production. In the market, there are more import brands, like Anchor, Nespray, Lakspray, Rathi, and Maliban, and few local milk powder brands like Pellawatta, Highland, and Milco. As there was no scientific research conducted to analyse the nature of ethnocentrism, the study attempted to evaluate the effect of ethnocentrism on consumer buying behaviour towards milk powder in Sri Lanka.

Since consumer buying behaviour towards milk powder is different for local and imported milk powder brands. Sri Lankan consumers have several options in the market. If the local producers want to improve their market share, they have to compete with international brands. So, marketers should identify the consumers’ attitudes towards local versus imported milk powder brands.

The objectives of this study are to: a) identify consumers’ attitudes towards local milk powder brands in Colombo district, b) identify the consumers’ attitudes towards foreign milk powder brands in Colombo district, c) identify the effect of ethnocentrism on consumers’ attitudes towards local milk powder brands in Colombo district and d) identify the effect of ethnocentrism on consumers’ attitudes towards imported milk powder brands in Colombo district.

REVIEW OF LITERATURE

Consumers shall be understood as any individuals or households who buy the products or services produced by the companies for personal consumption (Kotler, 2004). The activities undertaken by the consumers when trying to acquire, consume or dispose of the products or services are known as consumer buying behaviour (Sata, 2013). Consumer buying behaviour differs according to the purchased product or service. Thus, consumer buying behaviours vary depending on various environmental and individual factors.

Cultural, social, personal and psychological factors affect consumer buying behaviour. Motivation, perception, learning, belief, and attitudes are influenced by psychological factors. According to Solomon et al. (2010), “an attitude is a lasting, general evaluation of people, objects, advertisements or issues”. Attitude leads people to behave in a certain way in a place. So, attitude plays the main role in consumer behaviour. Attitudes are very hard to change. Thus, every marketer should pay attention to attitudes. A person’s attitude settles into a consistent pattern. Attitudes are made up of three components: affect, behaviour and cognition (Ostrom, 1969). This is known as the ABC model of attitudes. Modification of a single attitude may require a major adjustment in all components.

Many factors affect consumers’ attitudes. Those include country of origin of the product (Nadimi et al., 2012; Min Han, 1990), demographic factors (Khalek, 2014), awareness of the product (Khalek, 2014; Rezai et al., 2012; Lin et al., 2009), advertising of the product (Mirela-Cristina, 2013), group preference (Chung and Pysarchik, 2000; Florent et al., 2014), price (Nadimi et
al., 2012; Batra and Sinha, 2000), and ethnocentrism (Wang et al., 2004; Kinra, 2006; Watson and Wright, 2000). Different consumers have different attitudes towards different products. Marketers should understand the consumers’ attitudes towards their products because this is what the profit or loss of companies depends on (Cheah et al., 2015; Nyarunda, 2016).

Demographic factors such as age, gender, education level, income level, and geographic locations affect attitudes (Khalek, 2014; Skuras and Vakrou, 2002). High-income consumers prefer to use products originated from developed countries. Products from developing countries are targeted at middle and low-income level consumers (Kaynak and Kara, 2002; Kaynak et al., 2000).

The quality of the product also affects attitudes of consumers (Khalek, 2014; Balestrini and Gamble, 2006; Bower and Baxter, 2000). The product quality affects sales volume. Because of the increasing of attitude towards products increase the sales volume (Putra et al., 2017). Age, income level and education background influence the perception of product quality, which affects the consumers’ buying decisions (Agyeikum et al., 2015).

Consumers look at brands before they purchase the product. They consider a brand as a “sign of quality”. A brand gives an additional value to the product. Also, the producer can sell the product at a premium price. Brand loyalty and brand image have a positive effect on brand equity. By giving customers more than they expect, companies can build long-term relationships with their customers (Alhaddad, 2014). In their preference for certain brands, consumers reveal some characteristics about themselves to others, and their own self, and thus obtain social recognition as well as maintain and develop their identities (Belk, 1988). Also, brands are associated with specific favourable user stereotypes, and consumers may be favourably classified in social terms by using certain brands (Aker, 1997).

The attitudes of consumers towards purchasing local products are due to ethnocentrism (Watson and Wright, 2000; Kaynak and Kara, 2002; Wang et al., 2004; Kinra, 2006; Shankarmahesh, 2006; Nadimi et al., 2012; Renko et al., 2012). In developing countries, ethnocentrism has less effect on consumer attitudes (Batra and Sinha, 2000). However, in developed countries, its effect is significant (Bilkey and Nes, 1982; Dickerson, 1982; Samiee, 1994). Also, imported brand positioning strategies are very important when it comes to ethnocentrism (Wang et al., 2004). If the substitutes of imported products are not available in the local market, consumer attitudes towards products that come from culturally similar countries are more positive than in the case of those from culturally dissimilar countries (Kaynak et al., 2000). Cultural similarity affects ethnocentric behaviour. If local substitutes are available, ethnocentrism plays a major role in consumer attitudes (Lu Wang et al., 2004; Watson and Wright, 2000).

To measure consumers’ ethnocentrism, the consumer ethnocentrism tendencies scale (CETSCALE) proposed by Shimp and Sharma in 1987 can be used. It is mostly applied by marketing researchers (Kinra, 2006; Shankarmahesh, 2006; Kaynak and Kara, 2002; Watson and Wright, 2000). The original scale contains seventeen items. With changes in some items, the scale can be applied to different countries. The Likert scale is used to analyse the consumers’ ethnocentrism.

Country of origin (COO) tells us where the goods are coming from. As consumers prefer to buy products from countries which are well known for a product, country of origin image is important (Han, 1990). It acts as a quality measure of the products. It is also worth noting that when consumers buy for own consumption, they are not much concerned about the COO. However, when they want to use the product for special occasions, the COO is taken into account (Balestrini and Gamble, 2006). COO is more important than price and other product attributes in certain cases. Rice and clothing textiles in Ghana (Opoku and Akorli, 2009) and wine in China (Balestrini and Gamble, 2006) are some examples of examples. The country image has a relationship with familiarity with the country’s products. COO effect on attitudes than brand name (Ahmed et al., 2002). Also, it affects consumer perception in the case of importing products to the country (Kaynak et al., 2000).

Products with foreign brand names are frequently associated with the COO of the brand. Every brand has its own identity among the consumers. It differs from country to country. Consumers are attracted by foreign brands because they can get better-quality products at lower prices (Kinra, 2006). Status consumption and integrity like personality factors affect intentions to buy luxury brands in China. The attitudes towards counterfeits of luxury brands did not affect purchase intentions (Phau and Teah, 2009).

There are two major methods to measure consumer attitudes toward certain products. One is Fishbein’s attitude model (Ajzen and Fishbein, 1973; 1977) and...
another one is Ajzen’s theory of planned behaviour (Ajzen, 1985).

**Ajzen’s Theory of Planned Behaviour (TPB)**

According to the TPB, attitudes, subjective norms, and the perceived behavioural control explain the behavioural intention before the actual behaviour takes place (Ajzen, 1985). Attitudes affect consumer behaviour (Chung and Pysarchik, 2000; Knabe, 2012). There is a positive relationship between consumer attitudes and their intention to buy either domestic or imported products (Chung and Pysarchik, 2000). Ajzen’s TPB explains why companies opt for more advertising. By improving the consumers’ knowledge about the product, they try to improve the consumers’ attitudes towards the product (Leone et al., 1999).

**Fishbein’s attitude model**

It was introduced by Fishbein in 1967. The model illustrates consumers’ attitudes towards a product. Furthermore, in this model Fishbein said that “a person’s attitude toward an object was a function of his belief that the object was associated with certain attributes and evaluative responses connected to that belief”. The model has three components: Salient beliefs about the attitude towards the object, Object and attribute linkage, Evaluation of each important attribute (Tice, 1973; Ajzen and Fishbein, 1973; 1977).

The Fishbein model is represented by the following equation:

$$ A_j = \sum_{i} a_i \cdot b_{ji} $$

Where:

- $A_j$ – attitude toward the object (product, service)
- $a_i$ – importance of the attribute
- $b_{ji}$ – belief about the product’s possession of the attribute
- $n$ – number of attributes

Many studies used Fishbein’s model to measure consumer attitudes (Alsamydai et al., 2015; Dentoni et al., 2009; Chung and Pysarchik, 2011; Beaudoin et al., 1998).

**Milk powder as a case study**

In Sri Lanka, the powdered milk demand is higher than the fresh milk demand. So, fresh milk is more expensive than the powdered milk and there are huge campaigns to promote the milk powder imported under different brand names. So, as the majority of the consumers are dependent on the imported milk products, the much-needed foreign exchange leaks out from the country. Therefore, it is essential to promote domestic milk and milk products to improve the dairy industry in Sri Lanka.

There are few physical and microbial qualities to analyse in the milk powder brand. Colour, flavour, taste, solubility, appearance, specific gravity as well as total viable microbial count and coliform count - are the main aspects to be considered in the product (Drake et al., 2003). Consumers are more concerned about the packaging and colour of the milk (Fadiga and Makokha, 2014). They also take into account the package size, packaging type, milk price and nutrition qualities (Zhou and Wang, 2011).

**METHODOLOGY**

This study was based on the survey strategy (Alsamydai et al., 2015; Sarkar et al., 2012). Convenience sampling was used as the research sampling technique (Florent et al., 2014) with limited resources and time limitations. This research was carried out in three DS divisions, Maharagama, Kaduwela and Dehiwala in the Colombo district of Sri Lanka, with a high-density population. Then, three GN divisions from DS divisions were selected and 120 households were interviewed. Primary data was collected through a self-administered pre-tested questionnaire. Data was collected based on closed-ended questions, Likert scale, and categorical questions.

Fishbein’s attitude model (Fishbein, 1967) was used to process the collected data from the consumers. Mann-Mean comparisons of the product attributes (Beaudoin et al., 1998; Chung and Pysarchik, 2000; Dentoni et al., 2009) were performed using the Mann-Whitney test. Spearman’s correlation was applied to analyse the effect of ethnocentrism on consumers’ attitudes (Kinra, 2006; John and Brady, 2011; Astapchyk and Strezbnev, 2016). Frequencies, pie charts and bar charts were used to analyze the demographic factors of the sample.

**RESULTS AND DISCUSSIONS**

In the sample, 73% (88) of the respondents were female and 27% (32) were male. Among them, 2% of the respondents were aged under eighteen, 25% between eighteen and thirty, 36% between thirty-one and forty, 32% between forty-one and sixty and 5% over sixty. About 25% of the respondents were educated up to the Ordinary
level, 43% were educated up to the Advanced level and 32% had higher education. Around 18% of the respondents were employed in the government sector, 13% in the semi-government sector, 37% in the private sector, 10% were self-employed, 9% were retired, 3% worked in NGOs, 8% were unemployed and 2% were students.

In terms of the income level, around 17% of the respondents had a monthly income of less than Rs. 25,000, 20% between Rs. 25,000 and 35,000, 37% between Rs. 35,001 and 45,000, 18% between Rs. 45,001 and 65,000, 5% between Rs. 65,001 and 85,000, and 3% between 85,001 and 100,000. In the sample, 17% of the respondents consumed local brands, 33% consumed foreign brands and 50% consumed both types of milk powder brands. Overall, F1 was consumed by 63 respondents, F2 by 38 respondents, L1 by 61 respondents, L2 by 26 respondents, F3 by 15 respondents, F4 by 5 respondents, F5 by 12 respondents and F6 by 3 respondents. There were two local brands in the market, Highland and Pellawatta.

**Consumer attitudes towards milk powder brands**

Fishbein’s model was used to evaluate consumers’ attitudes (Dentoni et al., 2009; Chung and Pysarchik, 2000; Beaudoin et al., 1998). There were nine attributes considered by consumers when purchasing the milk powder brand. Those were: taste, the appearance of the milk, solubility, price, package, awareness about the product, availability, nutritional value and trustworthiness about the product (Kajal et al., 2013; Bower and Baxter, 2000; Knight, 1999; Mitsostergios and Skiadas, 1994). By using Fishbein’s model, consumers’ attitudes towards attributes of local and foreign milk powder brands were calculated. Calculated amounts were included in the following table.

The overall mean value for attitudes towards local milk powder brand is 551 and 727 for foreign milk powder brands. The average mean value of consumer attitudes is 10.39 for local milk powder brands and 11.03 for foreign milk powder brands. In this research, among the two types, consumers’ attitudes towards a foreign brand were higher than the consumers’ attitudes towards local milk powder brands.

**Table 1. Attitudes of consumers toward buying local and foreign milk powder brands. Summary of the mean attitudinal scores of 09 measures**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Attitudes towards local brands (mean value)</th>
<th>Attitudes towards foreign brands (mean value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taste</td>
<td>208</td>
<td>211</td>
</tr>
<tr>
<td>Appearance of milk</td>
<td>130</td>
<td>141</td>
</tr>
<tr>
<td>Solubility</td>
<td>57</td>
<td>94</td>
</tr>
<tr>
<td>Price</td>
<td>–47</td>
<td>–88</td>
</tr>
<tr>
<td>Package</td>
<td>77</td>
<td>82</td>
</tr>
<tr>
<td>Awareness of product</td>
<td>46</td>
<td>99</td>
</tr>
<tr>
<td>Availability</td>
<td>–95</td>
<td>221</td>
</tr>
<tr>
<td>Nutritional value</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>Trustworthiness about product</td>
<td>160</td>
<td>117</td>
</tr>
</tbody>
</table>

Source: own calculation.

For further analysis, the Mann-Whitney test was used to compare mean ranks. It statistically compares the mean ranks of attributes of two products. According to the above mean rank comparisons, attitude towards taste is higher in local varieties than in foreign varieties. The attitude towards the appearance of the milk is higher in foreign varieties than in local ones. The attitude towards solubility in foreign varieties is higher than in local varieties. Consumers feel local brands’ price is lower than the foreign brands’ price. Consumers feel that local brands’ packaging is better than foreign one. Consumers’ awareness of foreign milk powder is higher than the local milk powder. The availability of foreign milk powder is higher than the local milk powder. The nutritional value of the local milk powder is higher than that of the foreign milk powder. Consumers have more trust in local milk powder than in foreign milk powder. According to the Mann-Whitney test, there is no difference in consumers’ attitudes towards taste, appearance, solubility, packaging and nutritional value of the local milk powder brands and the foreign milk powder brands – literature and how to connect with ethnocentrism.

According to Table 2, the price, awareness about the product, trustworthiness, and availability affect the
differences between consumers’ attitudes towards local and foreign milk powder brands. Consumers have equal mean attitude value concerning both brands’ taste, the appearance of the milk, nutritional value, solubility, and packaging.

Consumers have higher attitudes towards the price of the local brands than the price of the foreign brands. Also, trust for the local milk powder brand is higher than the foreign milk powder brands, which may cause the melamine and DCD issue.

According to the respondents, local milk powder brands have lower prices than foreign milk powder brands. It may affect the consumers’ buying behaviour. According to consumers’ perception, there were fewer commercial advertisements of local milk powder brands than of the foreign milk powder brands. The attractiveness of commercial advertisement was higher in foreign milk powder brands.
The consumer ethnocentrism tendencies scale (CETSCALE)

CETSCALE was used to measure the ethnocentrism level of the consumers. There were 17 items included and the Likert scale was used to measure consumers’ ideas concerning those questions (Astapchyk and Strezhnev, 2016; John and Brady, 2011; Kinra, 2006; Kaynak and Kara, 2002). Based on the average value, consumers with ethnocentric attitudes were divided into two categories. One category was the consumers who have a higher ethnocentrism value than the average (>47.25) and consumers who have lower ethnocentrism value than the average (<47.25) (Beaudoin et al., 1998).

Base on the average value of consumers’ attitudes, the consumers were divided into two categories. The average value of the consumers’ attitudes towards local milk powder brands was 11.03. The average value of the consumers’ attitudes towards foreign milk powder brands was 10.39.

Ethnocentrism was not related to consumers’ attitudes towards local milk powder brands. The correlation coefficient value was 0.059. It means ethnocentrism has a very weak relationship with consumers’ attitudes towards local milk powder brands. Ethnocentrism was related to the consumers’ attitudes towards foreign milk powder brands. The correlation coefficient value was –0.254. It means ethnocentrism has a negative weak correlation with the consumers’ attitudes towards foreign milk powder brands.

According to the studies in South Africa, consumer ethnocentrism has more impact on the attitudes towards local agricultural products than the processed products (John and Brady, 2011). In New Zealand, ethnocentrism highly affects attitudes towards foreign products (Watson and Wright, 2000). Because of the small sample size and unavailability of the local brand, the results have deviated from those of the previous studies.

CONCLUSIONS

Consumers’ have higher attitudes towards foreign milk powder brands than the local milk powder brands. Consumers feel that the attributes of foreign milk powder products are better than those of local milk powder products. Because of lower availability, consumers have negative attitudes towards local milk powder brands than foreign milk powder brands. There is a significant difference between the attitudes towards local milk powder brands and foreign milk powder brands. Also, the taste, appearance, solubility, packaging, nutritional value attributes of foreign and local milk powder brands were not related to consumers’ attitudes while there was a significant difference between consumers’ attitudes towards the price, awareness of the product, availability, trust to the local milk powder brands and price of the foreign milk powder brands. Moreover, ethnocentrism influenced consumers’ attitudes towards foreign milk powder brands but it did not affect consumers’ attitudes towards local milk powder.

RECOMMENDATIONS

Consumers have very low attitudes towards local milk powder brands, particularly due to availability. Availability is an essential component in the milk powder
attributes. Availability of the foreign brand is very strong. Because of that, it should have more outlets and efficient distribution channel for local brand distribution.

Most consumers search for information through advertising. It is essential to have an attractive advertisement for local brands. Improvement of promotion campaigns for the local brands can improve the consumers’ attitudes towards local milk powder brands. Most of the consumers do not have real knowledge about local and foreign milk powder brands. Because of that local milk powder producers should sell their product with a uniqueness.

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