Ethnocentric Tendencies of Consumer Behaviour and its Influence on the Perception of Private Labels

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Abstract: The main objective of this article is (1) Measuring consumer ethnocentrism, (2) measuring private label perception, (3) examining the relationship between consumer ethnocentrism and private label perception, and (4) identifying consumer segments based on private label perception and consumer ethnocentrism. The article is supported by a primary survey based on 281 respondents. In this article we use various philosophical-scientific methods (analysis, synthesis, scientific abstraction, generalization method and others) as well as statistical-mathematical methods (descriptive statistics methods, inductive statistics methods, correlation and cluster analysis). ethnocentrism influences certain determinants of the attitude towards private labels, and the results can be applied both in the field of marketing in the creation of campaigns and the context of the promotion of domestic products and strategic planning of companies and branding.

INTRODUCTION

Consumer ethnocentrism has its origins in social psychology. As early as the beginning of the 20th century, an examination of ethnocentrism as such appeared in the scientific community, which in the 1980s was transformed into a concept called consumer ethnocentrism. Consumer ethnocentrism uses a system of segmentation, with a group of ethnocentric consumers buying a domestic product to support their country, while a group of non-ethnocentric resp. a group of consumers with a low degree of consumer ethnocentrism is not interested in buying domestic products due to the support of the economy. Of course, even a non-ethnocentric consumer may be interested in domestic products, but his reasons for buying a domestic product are different (e.g. product parameters and the like).

Many experts examine the impact of consumer ethnocentrism as a factor in consumer purchasing decisions. Several studies are examining the impact of consumer ethnocentrism in terms of brand preference, but no one has yet explored the link between consumer ethnocentrism in terms of private label preference. Private labels are retailers' own brands. In the minds of ethnocentric consumers, it may therefore be the purchase of these brands in the context of efforts to improve the economic situation of the retail store, to promote employment in the retail store, which ultimately leads to an improvement in the state of the domestic economy. It is questionable whether consumers perceive private labels in the context of a domestic store or in the context of a foreign retail brand.

What is the level of consumer ethnocentrism? How do consumers perceive private labels? How does consumer ethnocentrism affect perceptions and attitudes towards private labels? What

segments can be identified based on the level of consumer ethnocentrism and the perception of private labels? We are also looking for answers to these questions in our article.

1. LITERATURE REVIEW

Author(s) Murphy (1990) characterizes Private Label as "a strategy of offering products, specially manufactured for a private label retailer and under its specification". Private labels are one of the current trends of retailers. From several definitions by the authors of the literature, a private label can generally be understood as a brand of products that are manufactured, owned and labelled by a retail chain. An advantageous feature of these brands is the promotion of a lower price, but with the preservation of product quality compared to the brands of the competition.

For private labels, price (Ashley, 1998; Mendéz et al., 2008) and quality (Zielka and Dobbelstein, 2007) are considered to be the most important factors influencing consumer perception, which affect brand image and consumer loyalty to the brand (Lin, Li, Wang et al., 2017). The willingness to buy private labels is largely influenced by the location and image of the business (Ailawadi and Keller, 2004), which may be influenced by ethnocentric tendencies in the understanding of private labels in the context of the national brand - local store support, local employment support and so on. Wulf et al., 2005).

Shimp and Sharma (1987), who characterized consumer ethnocentrism as follows, are the creators of the theory of consumer ethnocentrism in the scientific field: "From the point of view of ethnocentric consumers, the purchase of imported products is wrong, because they think it negatively affects the economy of the home country, causes job regulation and acts as non-proprietary. Imported products are therefore unacceptable from the point of view of a highly ethnocentric consumer. " (Shimp-Sharma, 1987) "A strongly ethnocentric consumer is interested in domestic production to what extent they help his country's economy (e.g. lower unemployment, economic welfare growth, national budget growth, and others). We can say that an intensely patriotic consumer will prefer domestic production, although more likely from their country's love." (Čvirik, 2021) The influence of consumer ethnocentrism on brand evaluation has been investigated in many studies (e.g., Chadhry et al., 2021; Li - He, 2013; Wanninayake - Chovancova, 2012; Fazli-Salehi et al., 2021; Wei, 2008; Souiden et al., 2018; Bernard et al., 2020), but not from the point of view of private labels, but most often from the point of view of the preference of domestic and foreign brands.

2. METHODOLOGY

The main objective of this article is (1) Measuring consumer ethnocentrism, (2) measuring private label perception, (3) examining the relationship between consumer ethnocentrism and private label perception/ evaluation, and (4) identifying consumer segments based on private label perception and consumer ethnocentrism.

Based on this goal, we created the following research questions and hypotheses:

RQ1: What is the level of consumer ethnocentrism in the selected country?

RQ2: How can the perception of private labels in the selected country be characterized?

H1: Is there a relationship between the perception of private labels and the level of consumer ethnocentrism?

RQ3: What segments can be identified from the point of view of consumer ethnocentrism and the perception of food private labels?

In the article we use basic philosophical methods (analysis, synthesis, scientific abstraction), as well as specific statistical methods (methods of descriptive statistics, measuring the reliability estimate of a research tool, correlation analysis, cluster analysis).

Sample

In the first step, the country was chosen. As Slovakia is the "heart of Europe" and several cultures meet here, it is an ideal adept for the study of consumer ethnocentrism. At the same time, price preferences in consumer behaviour suggest that consumers will be informed about private labels as cheaper options.

The article is supported by a primary survey, with 281 respondents becoming the basis. The basic population was defined as consumers of Slovak nationality. The ethnic context was important especially for the correct measurement of consumer ethnocentrism. The sample has the character of a comfortable sample. The sample consisted of 99 men (35.23 %) and 182 women (64.77 %). Most respondents were aged 18-25.

Perception of a private label

In terms of private label perception, we focused on the evaluation of generic cognitive and affective parameters, such as perceived quality, perceived price, perceived taste, but also conative parameters such as private label purchase, intention to purchase private labels and private label preferences. The aim was to create a scale tool for measuring the perception of private food labels. We used reliability estimation coefficients - McDonald's omega and Cronbach's alpha to verify the reliability of the instrument. It is generally recognized as a reliable instrument that reaches an estimated coefficient above 0.700. Cronbach's alpha was at 0.625 and McDonald's omega at 0.660, which means that reliability is not acceptable and therefore it is not possible to speak of a single instrument. For this reason, we will continue to work with the statements separately (not as a whole).

Consumer ethnocentrism

Consumer ethnocentrism was measured based on of CETSCALE10 (Simp-Sharma, 1987). As this is a borrowed / foreign instrument, it was necessary to verify its reliability. We used reliability estimation coefficients - McDonald's omega and Cronbach's alpha to verify the reliability of the instrument. The overall level of McDonald's omega was 0.856 and Cronbach's alpha was 0.857, which can be interpreted as an acceptable measure of reliability estimation. From the point of view of scientific knowledge, it is important to use the "if item dropped" method, which aims to determine whether it would not be possible to achieve a higher degree of reliability estimation when eliminating a statement. We recorded the results in Tab. 1.

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Table 1 Evaluation of the reliability estimate for CETSCALE10 using the "if item dropped" method

CETSCALE10 items	McDonald's ω*	Cronbach's α**
2. Only those products that are unavailable in the Slovak Republic should be imported.	0.850	0.850
4. Slovak products, first, last, and foremost.	0.852	0.851
5. Purchasing foreign-made products is un-Slovakian.	0.843	0.844
6. It is not right to purchase foreign products, because it puts Slovaks out of jobs.	0.839	0.839
7. A real Slovak should always buy Slovak - made products.	0.836	0.837
8. We should purchase products manufactured in Slovak Republic instead of letting other countries get rich off us.	0.834	0.837
11. Slovaks should not buy foreign products, because this hurts Slovaks business and causes unemployment.	0.843	0.844
13. It may cost me in the long-run but I prefer to support Slovak products.	0.851	0.851
16. We should buy from foreign countries only those products that we cannot obtain within our own country.	0.843	0.843
17. Slovak consumers who purchase products made in other countries are responsible for putting their fellow Slovaks out of work.	0.842	0.843

Note: * Overall level = 0.856
** Overall level = 0.857
Source: own calculations.

As Table 1 shows, there is no need to exclude any statement to increase reliability, and therefore we will continue to work with the tool in this form.

3. RESULTS AND DISCUSSION

3.1 Survey results

In the following section, we focus on answering research questions and verifying the formulated hypotheses.

RQ1: What is the level of consumer ethnocentrism in the selected country?

The degree of consumer ethnocentrism was measured based on CETSCALE10 (Shimp-Sharma, 1987), with the tool containing 10 statements to which respondents respond on a five-point Likert scale (0 - strongly disagree, 4 - absolutely agree). We recorded the basic statistical indicators (mean and standard deviation) in Tab. 2.

Table 2 Mean and standard deviation of individual statements CETSCALE10

CETSCALE10 items	Mean	St. dev
1. Only those products that are unavailable in the Slovak Republic should be imported.	2.38	1.25
2. Slovak products, first, last, and foremost.	2.49	1.05
3. Purchasing foreign-made products is un-Slovakian.	0.84	0.91
4. It is not right to purchase foreign products, because it puts Slovaks out of jobs.	1.35	1.07
5. A real Slovak should always buy Slovak - made products.	1.02	1.01
6. We should purchase products manufactured in Slovak Republic instead of letting other countries get rich off us.	2.45	1.17
7. Slovaks should not buy foreign products, because this hurts Slovaks business and causes unemployment.	1.62	1.06
8. It may cost me in the long-run but I prefer to support Slovak products.	2.45	1.07
9. We should buy from foreign countries only those products that we cannot obtain within our own country.	1.95	1.23
10. Slovak consumers who purchase products made in other countries are responsible for putting their fellow Slovaks out of work.	1.17	0.98

Source: own calculations.

As Table 2 shows, we measured the lowest value in statement 3. (Purchasing foreign-made products is un-Slovakian.) and we measured the highest value in statement 2. (Slovak products, first, last, and foremost.). However, CETSCALE10 is a comprehensive tool that, when the individual statements are summed, indicates the level of overall consumer ethnocentrism. From the above, it can be stated that the resulting value of consumer ethnocentrism will range from 0 to 40 points. The average measured value is at the level of 17.7 points with a standard deviation of 7.18 points. The median is 18 points and the mode are 17 points. The minimum measured value was 1 point and the maximum measured value of consumer ethnocentrism was at the level of 36 points. Overall, we rate the level of consumer ethnocentrism as below average (approximately 44.35 %).

RQ2: How can the perception of private labels in the selected country be characterized?

The perception of private labels was assessed using key factors, which we transformed into statements. Respondents expressed their degree of (dis) agreement on the five-points Likert scale for individual statements. We recorded the results for individual statements in Tab. 3.

Tab. 3 Evaluation of key factors in the perception of private foods

Statement	Mean	St. dev
1. Retail chain's own / private food labels are of better quality than other brands.	2.11	0.85
2. Retail chain's own / private food labels are cheaper than other brands.	2.43	1.07
3. Retail chain's own / private food labels taste better than other food brands.	1.97	0.81
4. I buy private food label of retail chains.	2.19	1.10
5. I plan to buy private food brands of retail chains.	2.28	1.01
6. Whenever I have the opportunity, I prefer private food brands to retail chains.	1.68	1.07

Source: own processing.

As Tab. 3 shows, the private labels of retail chains are rated as products at about the quality level of the brands, with a better price and about the same taste. It can be stated that a preference in terms of buying private exists, but in all circumstances.

H1: Is there a relationship between the perception of private labels and the level of consumer ethnocentrism?

We used correlation analysis to examine the relationship (intensity and direction). The results of the correlation coefficients in terms of a simple correlation matrix were recorded in Table 4.

Tab. 4 Correlation matrix

	SUM CETSCALE10
1. Retail chain's own / private food labels are of better quality than other brands.	0.152
2. Retail chain's own / private food labels are cheaper than other brands.	0.016
3. Retail chain's own / private food labels taste better than other food brands.	0.118
4. I buy private food label of retail chains.	0.051
5. I plan to buy private food brands of retail chains.	0.167
6. Whenever I have the opportunity, I prefer private food brands to retail chains.	0.302

Source: own processing.

The results in Tab. 4 indicate that in all cases there is a positive relationship in terms of direction. The differences can be seen in the intensity of the relationship. The strongest relationship exists between the degree of consumer ethnocentrism and the strong preference for private label retail chains. Little / low positive dependence can also be seen in the quality, taste, shopping plan and degree of consumer ethnocentrism. Trivial dependence was found between the purchase of private food labels and the degree of consumer ethnocentrism.

RQ3: What segments can be identified from the point of view of consumer ethnocentrism and the perception of food private labels?

We used cluster analysis to answer the research question. The Two-step Cluster method was used, which links hierarchical and non-hierarchical methods. Based on the Silhouette measure of cohesion and separation, the cluster analysis can be considered acceptable (value 0.4). We

did not determine the number of clusters in which we used an auto-clustering, specifically Schwarz´s Bayesian criterion (BIC). A range of intervals was calculated by the Log-likelihood method. This method is the latest method of cluster analysis, which takes advantage of both hierarchical and non-hierarchical methods, which indicates its explanatory power. Cluster analysis using the Two-step algorithm with seven imputes created three clusters:

Cluster 1

This segment contained 50.5 % (142) of respondents. This cluster achieved a low level of consumer ethnocentrism (average 16.59 points). From the point of view of private labels, this segment is not interested in purchasing private labels, nor does it prefer private labels. He perceives private labels as cheaper, of poorer quality and with worse taste than commercial brands.

Cluster 2

Cluster 2 is represented by 72 (25.6 %) respondents. This segment is characterized by a high degree of consumer ethnocentrism, with primary brands rated as better and tastier than brands. Overall, this segment is very interested in private labels, but perceives them as expensive, which indicates high price sensitivity.

Cluster 3

The last segment represents 23.8 % (67) of respondents. From the point of view of consumer ethnocentrism, these are mean values from among the created clusters. This segment is very interested in private labels and also prefers them, even though it perceives them as lower quality and less tasty than commercial brands. In terms of price, this segment perceives private labels as very cheap (level of agreement at an average level of 77.5 %).

3.2 Discussion

In the article we work with two topics, namely consumer ethnocentrism and the issue of private labels. Based on the results, a below-average level of consumer ethnocentrism was demonstrated, which may be due to several factors. From the point of view of individual items, it can be stated that consumers achieve a low level of consumer ethnocentrism, especially in the context of exports. Simply put, they are interested in foreign products and do not perceive their purchase and subsequent consumption as negative. On the contrary, strong ethnocentric tendencies can be seen in the context of employment and domestic product preferences.

However, it is questionable whether the strong preference for products stems from the effect of consumer ethnocentrism or the effect of the country of origin. These considerations should be verified in future research. In general, it can be stated that private labels are perceived as better quality, cheaper and with roughly the same taste as trademarks. From the point of view of behavioural intent, an above-average interest can be stated, but from the point of view of frequency, this is not a high level of preference. It would be useful to identify the impact in future research. In the future, it would be possible to examine the effects of consumer ethnocentrism on the perception of private labels in an international context.

Due to a certain discrepancy, a difference can be expected either in individual product categories or in individual brands. In general, it can be concluded that there is a link between the degree of consumer ethnocentrism and the perception of private labels (their quality, price, taste as well as shopping intent. In all cases, this is a weak positive relationship. In this context, ethnocentric consumers can be considered interested in private labels and future research should focus on the reasons, and at the time of research, retailers were introducing their own private label, which was strongly targeted at ethnocentric consumers. Based on the cluster analysis, we created three segments, with different priorities and characteristics for each

segment, which can be used in communication campaigns, in the creation of campaigns to promote domestic products, but also in strategic marketing management.

CONCLUSION

The main objectives of the article were (1) Measuring consumer ethnocentrism, (2) measuring private label perception, (3) examining the relationship between consumer ethnocentrism and private label perception / evaluation, and (4) identifying consumer segments based on private label perception and consumer ethnocentrism. Based on the primary survey, we met all goals.

Consumer ethnocentrism was measured based on CETSCALE10, which achieved an acceptable level of reliability estimation. The results indicate a below-average rate of consumer ethnocentrism (around 44.35 %). In general, it can be stated that private labels are perceived as better quality, cheaper and with roughly the same taste as trademarks. The existence of a relationship between the degree of consumer ethnocentrism and the perception of selected determinants of private labels has been proven, but the level of the relationship is low. The strongest relationship was demonstrated between the degree of consumer ethnocentrism and the preference for buying private labels. Based on cluster analysis, we created three segments and their profiles based on the examined variables.

The article also contains certain limits. One of them is a sample that, on the one hand, does not meet the conditions of representativeness and, on the other hand, has the character of a comfortable sample. We partially remove this limit with the help of statistical testing. The survey may have been influenced by several factors that could not be influenced (brand launch, pandemic), which have an impact on the level of consumer ethnocentrism and the perception of private labels.

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