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Consumer ethnocentrism in Estonian skin care products market

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Abstract

Current research purpose is to measure the effect of ethnocentrism on Estonian consumers buying behavior in the skin care products category. Consumer ethnocentrism is measured by CETSCALE. Questionnaire is carried out with a sample 304 respondents. Consumers tend to buy foreign skin care products in Estonia. Consumers do not consider purchasing locally manufactured products important and buying foreign goods is not wrong or irresponsible. Consumers with a high level of ethnocentrism (level 5.00 or higher) prefer to buy skin care products from domestic origin. Current survey provides several suggestions how to market skin care products in Estonia.

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Keywords: Consumer ethnocentrism; Country of origin; Skin care products; Domestic and foreign; Estonia.

Introduction

Marketing specialists and producers have been seeking succesful strategies and tactics in selling their products to local and foreign markets. Foreign producers need to understand that some consumer markets are quite ethnocentric and not very opened to foreign products. Consumer ethnocentrism can give power to domestic producers if they know exactly what local consumer waits for them (Nadiri & Tümer 2010, 448). Consumers will not evaluate products usually based on real attributes such as price, quality, and workmanship, and often the most important criterion is country of origin in the product purchase process. Consumers tend to prefer products that are made from countries that they perceive as a high level of economic or technological development, because they believe products from these countries are with higher quality and the reliability to get a good product is almost certain (Acharya & Elliott, 2003, 88).

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Consumer ethnocentrism is measured in Estonia before, but the originality of the current study is to examine that phenomenon towards skin care products, which category consists here of three groups: body care, facial care, and hand care. This product category is selected, because there is not enough information about the consumer ethnocentrism impact on consumer choices and purchase behavior in choosing skin care products in Estonia, even though this small market has reasonable amount of domestic and foreign products. The purpose is to examine the effect of consumer ethnocentrism in purchasing skin care products in Estonia. There are two formulated research questions: What is the effect of consumer ethnocentrism on Estonian skin care products market and what are the demographical factors that influence the level of consumer ethnocentrism in consumer choices.

This research paper is divided to the following sections: theoretical setting, methodology, results and conclusions with suggestions for companies.

1. Theoretical setting

The in-group construct of *consumer ethnocentrism* as a term is derived from the Greek word *ethnos*, meaning nationality, and the Greek word *ethnikos* means belonging to the ethnic group (Chan & Rossiter, 1998). Ethnocentrism is originally conceptualized as a purely sociological concept that distinguished between in-groups (those groups with which an individual identifies) and out-groups (those regarded as antithetical to the in-groups) (Sumner, 1906).

The first signs of ethnocentrism in consumer behavior literature can be identified at the beginning of 1970s, but the conception was still totally socio-psychological (Levine & Campbell, 1972; Markin, 1974). Economic importance of the concept raised in the mid-1980s when Shimp (1984) stated: "Ethnocentric consumers believe it is wrong to purchase foreign-made products because it will hurt the domestic economy, cause the loss of jobs, and it is plainly unpatriotic" (p. 285). Major advancement with the concept in marketing research was achieved in 1987 when CETSCALE instrument was developed for measuring consumer ethnocentric tendencies (Shimp & Sharma, 1987).

Ethnocentric consumers tend to exhibit preferences for domestic products that have been confirmed by several studies (Cleveland et al., 2009; Dmitrović et al., 2009; Ferrín et al., 2015; Vida et al., 2008), but ethnocentrism gives less promise in predicting consumer preferences for foreign products (Balabanis & Diamantopoulos, 2004). Consumers with high level of ethnocentrism are tend to treat foreign products as the ones with lower quality and decreased equity (Saffu et al., 2010; Shankarmahesh, 2006; Šmaižiene & Vaitkiene, 2014). Strong ethnocentric attitudes might lead to overestimation of domestic products or underestimation of foreign-made products in the market place (Šmaižiene & Vaitkiene, 2014).

Consumer ethnocentrism can exist even in countries where the majority of consumers prefer products that are imported (e.g. Balabanis et al., 2001; John & Brady, 2011; Watson & Wright, 2000), therefore this theoretical construct is also appropriate for small opened economies (Ferrín et al., 2015).

2. Methodology

Consumer ethnocentrism is measured by the full version of CETSCALE (*consumer ethnocentric tendencies scale*, 17 statements) developed by Shimp and Sharma (1987). The scale is from 1 don't agree at all until 7 totally agree. The average value of CETSCALE shows us how strong and intensive is consumer ethnocentrism in consumption behavior (Upadhyay & Singh 2006, 63).

The survey is divided into four sections:

- Consumer ethnocentrism CETSCALE (17 statements)
- What are the main country of origins for skin care products that respondents have bought (scale from 1 only foreign products until 7 only domestic products).
- What kind of skin care brands have you bought during the last 12 months?
- Respondent characteristics (age, gender, income, education).

Data collection have combined methods. A store intercept survey and web-based survey methods are used based on the sample of adult consumers. A quota sampling method based on gender, age, education, and income are applied. The survey get 304 respondents, where 116 answers are collected from Facebook, and financial internet forums of LHV, and also from the two largest shopping centers (Ülemiste and Rocca al Mare) in Tallinn (respectively, 96 and 92 filled questionnaires). The survey included respondents who are 18-76 years old with the average age 31.74. More than 2/3 respondents are females. Sample characteristics are presented in more detail in Table 1.

Table 1. Sample characteristics

Characteristic	Item	Number or %
Size	Number of respondents	304
Gender	Female	69.70%
	Male	30.30%
Age	Average in years	31.74
Education	Primary education	7.89%
	Gymnasium education	35.86%
	University education	56.25%
Income	Proportion claiming below-average income	50.99%
	Proportion claiming average income	16.12%
	Proportion claiming above-average income	32.00%

Current study main results will be introduced next.

3. Results

The level of ethnocentrism on a 7-point scale is rather low in Estonia, namely 2.66 on CETSCALE, therefore can be concluded that respondents do not consider purchasing locally manufactured products important and buying foreign goods is not wrong or irresponsible for them. Figure 1 shows how respondents divided their ethnocentrism on 7-point Likert-type scale based on all CETSCALE statements.

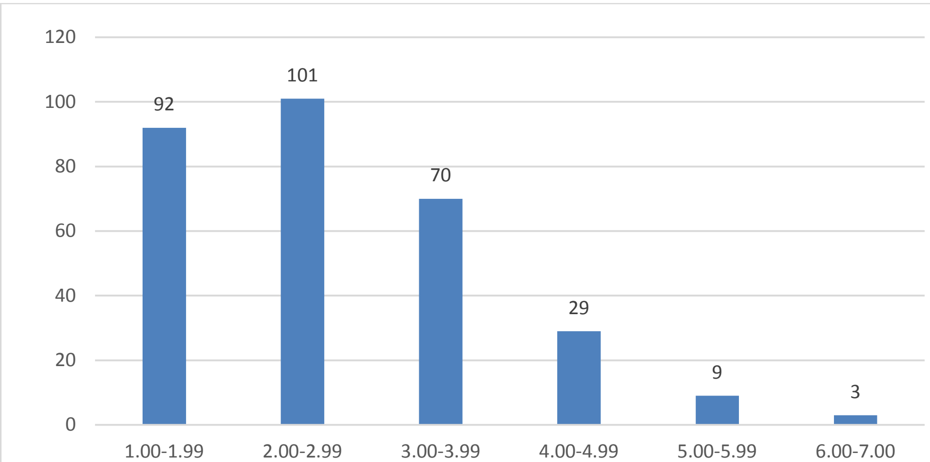

Fig. 1. The strength of consumer ethnocentrism in buying skin care products on 7-point scale (Number of respondents)

The strength of consumer ethnocentrism is also analyzed toward respondent characteristics (gender, age, education and income) with correlation analysis. The analysis show that females, and respondents with lower income and older people are more ethnocentric compared to others in buying skin care products, but education does not have any impact on consumer ethnocentrism. Education will not have always effect on consumer ethnocentrism has been confirmed by prominent scholars (Han, 1988; Balabanis et al., 2001).

As noticed respondents had quite low level of ethnocentrism. It is also examined do consumers prefer to buy domestic skin care products or foreign ones. Respondents are asked to evaluate on the 7-point scale, where 1 is only foreign products and 7 only domestic products. It is logical due to low level of ethnocentrism that consumers prefer skin care products mainly from foreign origins, because the average value of the scale is 3.28. Respondents who declare that they buy only Estonian products are very modestly (0.7%) compared to consumers who prefer only foreign ones (11.2%).

When the level of consumer ethnocentrism and origin preferences are known, the next step is to find out the preferences for the skin care brands in Estonia. Figure 2 interprets the most frequently bought skin care products in Estonia based on respondents own evaluations what they have bought in previous 12 months.

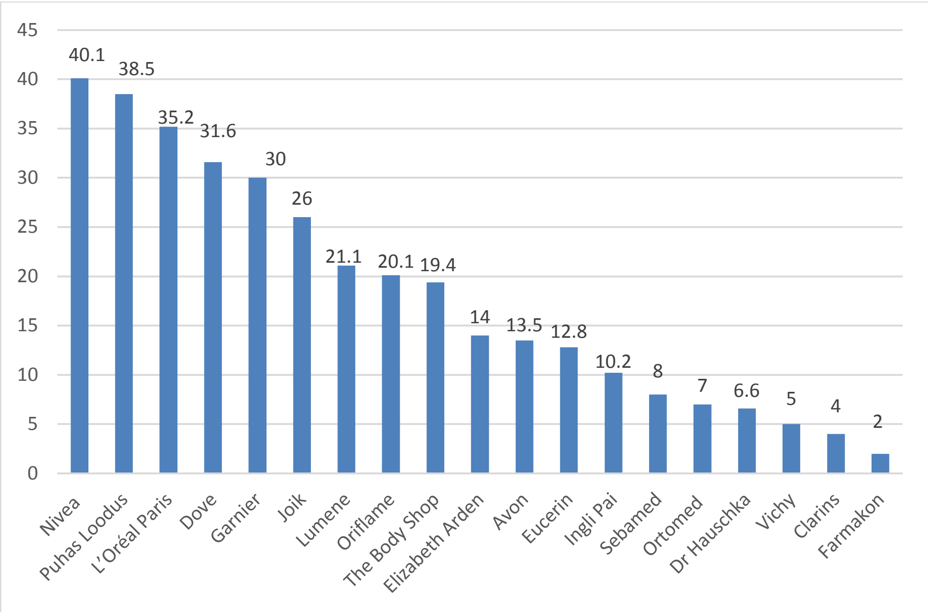

Fig. 2. The most frequently bought skin care brands in previous 12 months (% respondents)

Results are showing that foreign brands are dominating in Estonian market. Respondents mentioned 19 brands that they have bought in previous 12 months and only five of them are from domestic origin. Estonian brands are Puhas loodus (second), Joik (sixth), Ingli Pai (thirteenth), Ortomed (sixteenth), Farmakon (nineteenth). Actually one Estonian brand belongs even to respondents top three selection: Puhas loodus get the second place and it is in the middle of Nivea, and L'oreal Paris brands. In general, Estonian brands are mentioned 269 times and foreign ones 830 times in the survey. One reason why domestic brands are not much purchased in Estonia can be also low brand awareness and local producers should think how to rise consumer awareness about their brand. There are some differences between the study results and market shares if we could make some comparisons. For example, Nivea market share is 8.4%, L'Oreal Paris has 23% (the highest share) and Puhas Loodus 3% in Estonia (Skin Care in Estonia).

Additional analysis is done about consumer ethnocentrism and brand origin selection. Ethnocentric consumers should prefer domestic brands based on the literature review of ethnocentrism (Balabanis & Diamantopoulus, 2008; Samiee et al., 2005), therefore the authors decide to check the accordance of the results to the theory. Current survey show that consumers with a high level of ethnocentrism (level 5.00 or higher on 7-point scale) prefer to buy skin care products with local origin, thus Estonian ethnocentric consumers will not have a wish to buy foreign skin care products.

Conclusions

The impact of consumer ethnocentrism is relatively low on skin care products in Estonia and respondents prefer foreign products. This attitude is inline with other findings in the current study, because respondents buy more foreign brands and they know that they buy skin care products from foreign origins. Consumers do not consider purchasing locally manufactured products important and buying foreign goods is not wrong or irresponsible for them, except respondents with high level of ethnocentrism who favour locally produced skin care products. In this point of view, consumer ethnocentrism has reasonable effect on buying behavior.

The level of consumer ethnocentrism is investicated also towards demographical factors. It is possible to conclude here the following: Older respondents are more ethnocentric, women are more ethnocentric than men, respondents with higher income have a lower level of ethnocentrism. Education is not important influencer of ethnocentrism and does not have any impact on consumer choices in skin care products category.

Respondents had an ability to say what kind of problems can be behind the phenomenon that Estonians will not buy much domestic brands. Local brand awareness is quite low for the most brands and majority of them have been too limited time in Estonian market (except brand Puhas Loodus by Orto AS). Domestic brands advertise themselves too seldom compared to foreign competitors, and domestic brands have usually higher prices. It is also problematic that domestic brands quality can be perceived low by consumers.

Authors will do some suggestions for domestic and foreign brand producers and sellers for better skin care products marketing in Estonia. Local brand producers should cooperate with reliable authors of beauty blogs in order to rise brand awareness (www.annaelisabeth.net, www.missliina.com, www.genefic.blogspot.com). It is important to carry out a consumer survey to find out the consumers' needs and expectations for optimizing the product portfolio. The price of locally produced products might be higher, therefore the positive aspects of the products need to be communicated to the consumers. For example, ethnocentric consumers will buy more your brands if you could emphasize domestic origin.

Finally, suggestions can be made for the companies that offer foreign brands in Estonian market. Foreign brand producers or sellers should emphasize important shopping criteria for local consumers (e.g. price and quality, naturality) through marketing communication. Moreover, they should identify the shopping criteria which consumers consider more important than origins and communicate them more intensively.

Similar research is also important in the future. For example, to look the time dynamics of consumer ethnocentrism in current product category and to carry out the same research also in different small opened-economies. The producers of skin care brands can make then more relevant business decisions.

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