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Ethnocentrism on Repurchasing Intentions of Domestic Products Mediated by Product Image and Perceived Value

Yusuf Fikri Efendi[1], **Ananda Sabil Hussein**[2], **Mintarti Rahayu** [3]

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Abstract

The purpose of this research is to examine and explain the effect of ethnocentrism on product image, intention to repurchase domestic products, and perceptions of the value of domestic products; explore and explain the impact of product image and perceived product value on intentions to repurchase domestic products; examine and explain the effect of ethnocentrism on the repurchase intention of domestic products mediated by product image and test and explain the impact of ethnocentrism on the repurchase intention of domestic products assessed from perceived value. The number of samples is 95 people who are determined using the model to item ratio aged 18-46 years. Data were analyzed using partial least squares (PLS) analysis. The results of the study show that ethnocentrism has a positive and significant effect on the intention to repurchase domestic products, ethnocentrism has no effect on the image of household products, ethnocentrism has a positive and significant effect on the perceived value of domestic products, product image has no significant effect on the intention to repurchase domestic products , Perceived value has a positive and significant effect on the intention to repurchase domestic products, mediation of product image does not have a major effect on ethnocentrism on the intention to repurchase domestic products, mediation of perceived value has a positive and significant effect on ethnocentrism on the intention to repurchase domestic products.

[1]*Universitas Brawijaya Malang, Indonesia; fikri.disperindag@gmail.com*
[2]*Universitas Brawijaya Malang, Indonesia; sabil@ub.ac.id*
[3]*Universitas Brawijaya Malang, Indonesia; mintarti@ub.ac.id*

1. Introduction

In the era of globalization, the retail market has become increasingly competitive. Moreover, many local brands from various countries have turned into global brands that can dominate; the worldwide market. Thus, brand origin becomes an important determinant of consumer purchase intentions. According to a global consumer survey by (Nielsen, 2016), a leading market research firm, nearly three-quarters of respondents say their purchase decision is influenced by brand origin, which is as important or more important than other product characteristics, including price, function, and quality.

In addition, because brands are the basis for competing in the market, they must be identified, built, and managed carefully (Nguyen, Huynh, Lam, Le, & Nguyen, 2021). Brands enable companies to gain a competitive advantage by providing current products and services and helping businesses expand their product brands or other services (Ahmad, Imtiaz, Rehman, & Ur, 2018). Among the factors influencing customer awareness of a brand, country of origin is a significant one. Signals from the country of origin that support customers in building confidence and evaluating products influence their buying behavior (Civirik, 2021). Hien et al. (2020) argue that purchase intention is the final consequence of brand evaluation. Consumer purchase intentions are developed through harmonious integration between all factors of products and consumers themselves. The process of selecting and purchasing a product is carried out when someone needs a tool to help meet the need for electronic devices at home. Consumers with a positive attitude towards a product will look for products they like when needed and ignore those they do not like (Ahmad et al., 2018; Muhammad & Shao, 2013). In the opinion, consumer behavior is based on various main factors, such as cultural, social, personal, and psychological (psychological). Culture explains that one of the determinants of the will or expectations and individual behavior is principled. All people have social levels, which social strata represent the choice of goods or services with various brands. Assessment of other cultures based on the values and measurements of one's own culture describes ethnocentrism.

Prioritizing ethnocentrism by launching the movement to love Indonesian products and hate products made in foreign countries, which has been campaigned since 2021 by President Joko Widodo, can increase competitiveness in a competitive and open market. The community is directed to use domestically produced goods that will lead to pride in the future. Moreover, in cyberspace, many people share activities with branded goods which can be a highly effective marketing promotion tool. It can strengthen the economy and reduce dependence on foreign products in the long term. For some people, implementing ethnocentrism must be improved, especially in developing countries like Indonesia. To make matters worse, other countries have launched political policies such as dumping politics in which the selling price of their products has been massively minimized, and wide-open market policies with minimal protection policies have resulted in the competitiveness of domestically made products dropping drastically because foreign products sell good quality at more competitive prices. To survive and develop amidst the increasing number of imported household appliances in circulation, business managers selling electronic products must create competitive advantages in terms of price, service, and product quality to provide customer satisfaction and overcome the tough business competition. In this condition, only businesses selling electronic products with solid competitive strengths will likely maintain business and grow. Agree with that, PT. The Maspion Group is also still facing problems in the production and marketing process. It is not uncommon for obstacles such as delays in production due to a lack of raw materials, technical problems with stock computerization, and marketing distribution due to transportation

constraints and policy changes. These constraints are often a limiting factor in marketing Maspion's products to retail stores, large stores, supermarkets, and hyper marts, not to mention competing imported products that charge lower prices, creating additional purchasing choices for the public.

Indonesian consumers' interest in branded and well-known electronic products can be seen from the wide variety of products available in the Indonesian market. Domestic (national) branded electronic product sales data also shows an increase throughout the year. As of September 2013, electronic product sales for brands that are members of the Electronic Marketer Club (EMC) Indonesia have earned IDR 38.5 trillion.

The increase in sales of goods for the Indonesian electronics industry includes 25 EMC member brands, including household electronics and home audio (Suleiman, Bin Muhammad, Suleiman Yahaya, Abubakar Adamu, & Usman Sabo, 2020). Data on the growth of electronic product sales that have brands in Indonesia on an ongoing basis in the five years from 2010 to 2014 are described in Table 1.

Table 1
Sales Value of National Electronic Products

Year	Total (Trillion)	Deep Ascension (%)
2010	19,6	-
2011	24,5	25
2012	28,9	17,9
2013	38,5	33,2
2014	42,35	10
2015	45,3	7
2016	52,1	15
2017	68,67	31,8
2018	79,51	13,6

Source: Electronic Marketers Club (EMC) 2014

Data collected from 2010 to 2018 explained that sales of national electronic products covered by EMC increased gradually every year. Projections for 2018 show that sales will reach a figure of 79.51 trillion. This growth continues in tandem with favorable economic conditions and the increasing demand of the modern public for various high-quality and well-known brand electronic goods. The Growth from Knowledge (GfK) Retail and Technology Indonesia notes that the sales volume of electronic products in Indonesia for three years has increased. There are 6 (six) essential products as sales drivers: consumer electronics, photography, major household appliances, small household appliances, information technology, and telecommunications. Table 1 will explain the sales volume of electronic products in Indonesia from 2017 to 2019. Based on the presentation in Table 1, telecommunications products have the highest sales in the 2017-2019 range. 3.969 million units of significant household appliances were sold, and 1.066 million units of small household appliances by 2019. Deloitte 2018 conducted a survey related to the spending patterns of Indonesian people based on brand preferences in product categories and monthly income levels with a focus on audio products, major household appliances, and small household appliances.

Table 2
Electronic Product Sales Volume in Indonesia

Product	2017	2018	2019
Consumer Electronics	3,042	3,094	3,229

Photography	666	612	628
Major Household Appliances	3,725	3,627	3,969
Small Household Appliances	1,067	965	1,066
Information Technology	5,345	5,791	5,743
Telecommunication	21,289	25,077	25,717
GfK TEMAX ® Indonesia	35,133	39,166	40,353

Source: GfK Retail and Technology Indonesia, 2020.

Then, table 3 will show the choice of Indonesian people towards domestic and foreign products based on product category brand preferences and monthly income levels. Based on the description in table 3, it can be understood that electronic audio and video products, as well as MDA such as washing machines, refrigerators, air conditioners, and fans in this case, are large household products / which require large amounts of electricity, the Indonesian people still entrust their choice of these products. Overseas. As for natural resources, such as ovens, rice cookers, pans, and stoves, the Indonesian people have chosen domestic products such as Maspion.

Table 3
Product Category Brand Preference and Monthly Income Level

Income Amount	**Category (in percent)**					
	Audio & video electronic product		**MDA**		**SDA**	
	DN	**LN**	**DN**	**LN**	**DN**	**LN**
<Rp1.000.000	46	54	27	73	70	30
Rp1.000.000-Rp1.999.999	46	54	25	75	75	25
Rp2.000.000-Rp2.999.999	36	64	29	71	67	23
Rp3.000.000-Rp4.999.999	49	51	30	70	54	46
Rp5.000.000-Rp7.499.999	42	58	43	57	67	33
Rp7.500.000-Rp9.999.999	45	55	35	65	59	41
>Rp 10.000.000	29	71	48	52	46	44
Rata-rata	41,86	58,14	33,86	66,14	62,57	34,57

Source: Deloiite, 2018

The explanation above shows inconsistencies from previous research, which can be used as gaps for this research. The existence of different things in previous research can occur due to several factors, including the dimensions and the object used for research. The existence of these research differences becomes a research gap that researchers use in developing research on the influence of

ethnocentrism on the intention to repurchase domestic products by mediating product image and perceived value with product customer studies. Maspion Surabaya. This is because consumer ethnocentrism is not only influenced or influence the brand of a product (Wardana et al., 2022). However, ethnocentrism also influences purchasing decisions, perceived quality, and perceived product value (Kurnianto, Widiyanto, Muhdi, & Ibnu, 2015). In addition, ethnocentrism can also get influenced by brand image, and the brand image of a product can also influence consumer buying interest (Sari, 2018).

2. Materials and Methods

This research approach uses a quantitative approach with the type of explanatory research. Explanatory research aims to test a theory or hypothesis to strengthen or even reject existing theories or hypotheses of research results. The object of this research is a consumer of household technology produced by the Maspion Group. The location of choice in this study is household technology consumers of the Maspion brand in Surabaya City. The sample used is from the total population of Maspion product consumers in Surabaya, as many as 95 people. The data for this study is primary data, namely data obtained by directly referring to the primary reference through observation, interviews, and surveys. Data was collected through direct surveys through pre-designed questionnaires. Data analysis used using Partial Least Squares (PLS) analysis is a multivariate statistical method used to test and model the relationship between complex variables in a model. PLS is used primarily in data analysis involving latent or construct variables that are difficult to measure directly.

3. Results and Discussions

The coefficient of determination test, or R2, is one of the analyzes used to test the inner model. The coefficient of determination shows the contribution of the exogenous variables to changes in the endogenous variables in the model. The results of measuring R2 for each dependent variable are presented in Table 4

Table 4
Results of Measurement Coefficient of Determination (R^2)

Variable	R Square	R Square Adjusted
Product Image	0,060	0,050
Perceived Value	0,121	0,112
Repurchase Intention	0,255	0,230

Source: Output Results PLS (2023)

From these measurements, the contribution of ethnocentrism to product image and perceived value is presented from the R2 value of 6% and 12.1%, respectively. From the R2 value, it is included in the weak category. Repurchase intention has an R2 value of 0.255 or as high as 25.5%. With this value, it means that all variables that influence repurchase intention contribute 25.5%, the rest are influenced by other variables not included in the model. The effect given to repurchase intention is weak.

Hypothesis testing

After checking the R2 value of each endogenous variable, the next step is testing the hypothesis. Test this hypothesis using a t-test which is simulated by the bootstrapping method in the SmartPLS software. The results of bootstrapping are shown in Figure 1.

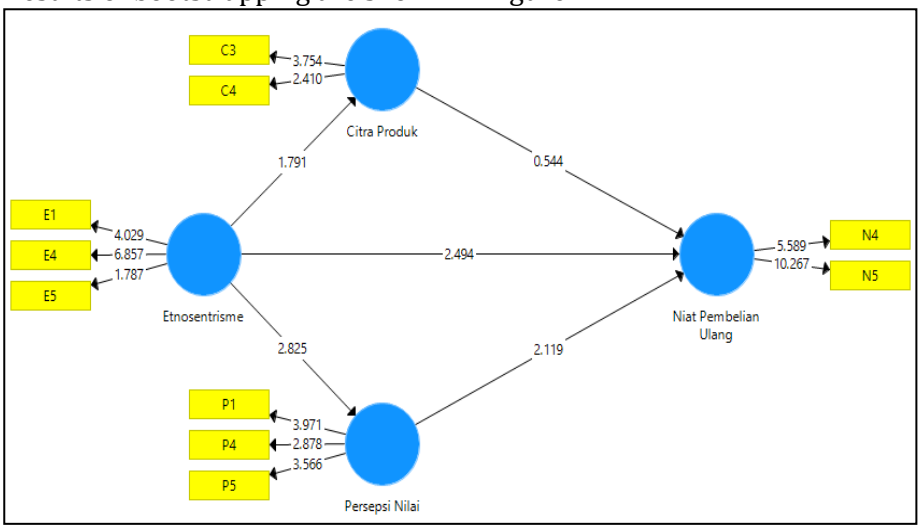


Figure 1. Results of Bootstrapping Model 2 analysis
Source: Output Results PLS (2023)

Discussions

The Effect of Ethnocentrism on Domestic Product Repurchase Intentions

The study results prove that ethnocentrism directly positively impacts the intention to repurchase domestic products. These results mean that increasing the repurchase intention of domestic products can be carried out by increasing ethnocentric values during company promotions. The frequency of answers from respondents to the ethnocentrism statement item itself also shows clear evidence. Namely, the respondents strongly agree to prioritize national goods and the importance of purchasing Indonesian national goods to advance Indonesia. The output on outer loading shows that ethnocentrism is more dominant and sourced from the benefits obtained and high product quality indicators. For Maspion, to apply ethnocentrism when planning marketing campaigns while still echoing the love of Indonesian products and highlighting the value that domestic products are superior to other countries in terms of quality and benefits to increase the emotional side in stimulating repurchase intentions. This is to the views of (Chusna, Atsnaul, Riptiono, & Sulis, 2021), which define *ethnocentrism* as beliefs held by customers about suitability or harmony and moral ethics when purchasing local or national goods. On an empirical basis, the acceptance of H1 is linear with the results of previous studies conducted by (Murti, Wahyu, Fernandez, & Dreko, 2019). Murti and Fernandez suggested that there was a real (positive) unidirectional impact between ethnocentrism on repurchase intention on SmartFren brand smartphones.

The Effect of Ethnocentrism on the Image of Domestic Products

The results of testing the effect of ethnocentrism on the image of domestic products reject the 2nd hypothesis (H2) because the effect is insignificant. This indicates that product image must be vital to influence product repurchase intentions. The results of the outer loading research show that ethnocentrism originates more from indicators of the benefits obtained, and high product quality has not been able to influence it significantly. For Maspion, the results of this test can be used as a reference in reflecting on marketing strategy planning to prioritize factors other than product image because the image is now firmly attached to society as a long-lasting brand and robust product quality, which helps maintain Maspion's product competitiveness. Most research respondents think that the image of Maspion's products is perfect, as well as the high ethnocentrism of the respondents. However, ethnocentrism cannot affect consumer views of the image of domestic products, especially electronic products from Maspion. This study's findings contrast with previous studies done shows that ethnocentrism has an indirect relationship of influence on the product image.

The Effect of Ethnocentrism on Perceived Value of Domestic Products

The 3rd hypothesis (H3) which suspects that there is an influence of ethnocentrism on the perception of value is accepted. The stronger the value of ethnocentrism that consumers have, the better the product evaluation will be regardless of the real benefits they receive. This means that consumers are more subjective in assessing local products compared to products from other countries along with increasing ethnocentrism. The results of the outer loading test show that ethnocentrism indicators affect the perception of product value where product quality and usefulness factors add to the perceived value. For Maspion, the results of this study can be applied as a factor that can be strengthened in increasing product value perceptions. The ethnocentrism campaigned through advertisements with the slogan "Love Indonesian products" has emphasized the advantages and pride of using domestic products thereby stimulating the perceived value of the Maspion brand in terms of product quality and emotional aspects that can suppress the attributes of products made in other countries. This statement is supported by a number of studies that have been carried out by previous researchers such as (Xianguo, Yang, Wang, Xia, & Lei, 2012) who argued that ethnocentrism will influence consumer perceptions of the value and quality of products indirectly. There are also previous studies such as (Fauziyyah, Salma, Suryaningsih, & Barokah, 2021) which also explain that ethnocentrism has a real positive impact on the perception of the value of domestic goods.

Effect of Product Image on Domestic Product Repurchase Intentions

Based on the results of the analysis described earlier, the effect of product image on repurchase intentions rejects the hypothesis 4th (H4). The results of the outer loading study show that the four product image indicators do not affect repurchase intention. The majority of respondents strongly agree with the good image of Maspion's electronic products, as well as the high repurchase intention. However, product image is not a reason for the intention to repurchase domestic products, especially products from Maspion. Maspion has a good corporate image in producing good quality products, attractive designs at competitive prices. However, this image does not provide a competitive advantage because other brands also pay attention to quality aspects and adjust prices to the Indonesian market. The findings of this study are in contrast to the previous study conducted by (Adriani, Nyoman, Warmika, & Ketut, 2019). (Adriani et al., 2019) found that product image has a

positive and real impact on repurchase intention. While in this study it can also be seen that product image does not contribute a real influence on repurchase intention.

The Influence of Perceived Value on Repurchase Intentions of Domestic Products

According to the results of the analysis, it is known that perceived value contributes significantly and is directed toward the intention to repurchase domestic products. Favorable value perception conditions for consumers will also increase the intention to repurchase Maspion's domestic products. The results of the outer loading study show that five indicators of perceived value affect product repurchase intentions, where quality and design improvements can increase repurchase intentions. Perceived value includes perceived product quality. Besides that, it can also be a subjective assessment when comparing the quality of national products with foreign goods. Moreover, the last value perception is from the functional aspect of the product itself. These factors can increase consumer perceptions of the value of domestic products. Maspion is always proud of every product marketed; this is evident in every Maspion advertising campaign that shows the love and superiority of domestically made products along with after-purchase service support that translates the perception of the value of the Maspion brand in society in proven product quality from durability, consistency, and optimal functions which are interpreted as the best among various foreign products sold in the market. However, this is directly proportional to previous studies, as (Bimartha, Agusta, Aksari, & Asti, 2019) concluded, which explain that the perceived value of the product influences the customer's intention to purchase an item. Another research that is also in line is (Adriani et al., 2019), who also found a real positive impact from the perceived value of a product on the intention to reuse the item.

The Role of Product Image Mediation on the Influence of Ethnocentrism on Domestic Product Repurchase Intentions

The data analysis shows that ethnocentrism has an indirect positive effect on the intention to repurchase domestic products, which is mediated by product image, but this effect is not significant. The results of the outer loading study show that ethnocentrism mediated by product image is less significant in stimulating interest in repurchasing. Overall, ethnocentrism through product image cannot significantly influence the intention to repurchase Maspion products. These results are different from, which suggests that the purchase of domestic products by the millennial generation can be influenced by ethnocentrism, so it impacts the image of local products.

The Mediating Role of Value Perceptions on the Influence of Ethnocentrism on Domestic Product Repurchase Intentions

The final hypothesis tested in this study is the mediating role of value perceptions in the influence of ethnocentrism on the intention to repurchase national products. These findings show that ethnocentrism positively (directly proportional) impacts the intention to repurchase domestic products but not significantly. The results of this study imply that increasing ethnocentrism can encourage better perceptions of product value so that consumers are increasingly inclined to repurchase domestic products, especially Maspion electronic products. The results of the outer loading study show that ethnocentrism mediated by perceived value significantly influences the

repurchase intention of local or national goods. The output is quite contrasting, considering that the direct effect of ethnocentricity on perceived value and the direct effect of perceived value on repurchase intention is significantly positive. (Peng & Chen, 2019) explain that in developing countries, domestic consumers perceive that imported branded goods have superior quality than foreign or imported goods.

4. Conclusion

This study aims to analyze the role of ethnocentrism in the intention to repurchase domestic products directly and indirectly through the mediation of product image and perceived value with studies on consumers of Maspion products. The model construction consists of independent variables, namely ethnocentrism, the dependent variable, repurchase intention, and mediating variables are product image and perceived value. Analysis of the model obtained the following results: Ethnocentrism significantly positively affects the intention to repurchase domestic products. Ethnocentrism does not affect the image of domestic products. Ethnocentrism significantly positively affects the perception of the value of domestic products. Product image does not affect the intention to repurchase domestic products. Perceived value has a significant positive effect on the intention to repurchase domestic products. Product image mediation does not affect ethnocentrism toward the intention to repurchase domestic products. Mediation of perceived value significantly positively affects ethnocentrism on the intention to repurchase domestic products. As the research results show that the intention to repurchase Maspion products is significantly influenced by ethnocentricity and perceived value, the Government can be more massive in supporting domestic companies and promoting GBBI. Referring to research results reveal that ethnocentrism does not have a significant impact on product image, and product image is not significant on repurchase intentions; the Government also needs to formulate policies that can elevate the image of domestic products through the introduction of products originating from within the country so that People can get to know local products better.

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