The Effect of Ethnocentrism and Image of Asian Industrialised Countries on Perceived Relative Quality

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ARTICLE INFO

ABSTRACT

The study examined the effects of consumer ethnocentrism and country image on perceived relative quality. The respondents of the study were consumers at a shopping mall in Mataram, Indonesia. They compared the quality of televisions from three industrialised Asian countries, i.e. Japan, South Korea and China, to those from Indonesia. The result of the study was that image of those countries has a significant effect on perceived relative quality. Indonesian consumers perceived televisions from those countries to be more favourable in terms of quality compared to Indonesian televisions. Indonesian consumers have a similar perception on the quality of televisions made in those main Asian countries relative to those of Indonesia. The image of those countries is favourable leading to a better perception on quality of televisions made in the countries relative to domestically made. Domestic consumers view that those countries have better capabilities in producing higher quality televisions. However, consumer ethnocentrism do not lead them to negatively perceive the quality of imported televisions. Indeed, the image of those countries has a greater role in Indonesian consumers' quality evaluation. The result calls for a substantial improvement in quality of domestically made televisions.

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INTRODUCTION

Todays globalisation of the world market has created greater opportunities for consumers to purchase and enjoy foreign products. This has consequently added one important criterion to consumers' evaluations of products: the country of origin (COO) image (Shirin & Kambiz, 2011). Positive reputation of a country creates favourable perception of product quality and a concomitant strong purchase intention toward products

originated from the country (Wang & Yang, 2008). This suggests that consumers' perceptions of a country affect their behaviours towards imported products from the country.

Consumers' behaviour toward domestic or foreign products also depends on various other factors, including consumer ethnocentrism and quality perception (Powers, Fetscherin, Coolege & Park, 2008). Previous studies on ethnocentrism and COO have consistently focused on the effect of those variables on purchase decisions and intentions (Brkic, Corbo & Berberovic, 2011; Abedniya & Zaem, 2011). The country of origin (COO) effect has been widely studied showing that COO information plays a great role on consumers' quality judgment of products from the source country (Essoussi & Merunka, 2007; Biswas, Chowdhury & Kabir, 2011).

Consumers perception on quality may also depend on their ethnocentrism. They may think quality of imported products as good but they still perceive quality of domestic products as better due to their emotional attachment to their own country (Chinen & Sun, 2011; Abedniya & Zaem, 2011). Although the link between COO and consumer purchase behaviour has been studied extensively, Biswas, Chowdhury & Kabir (2011) called for more research on the effect of COO on consumers' perceptions of product quality. Rybina, Reardon & Humprey (2010) earlier suggested that studies on this issue need to explore perceived relative quality. This study therefore aimed at examining the effect of COO and consumer ethnocentrism on perceived relative quality.

This study also provided evidences on how consumers in an Asian developing country perceived quality of products imported from Asian industrialised countries in comparison to products made in their home country. Inspite of COO effect has been widely studied, studies relating to non-Western countries, especially those in Asia, are still inadequate (Yim, Garma & Polonsky, 2007). Also, Previous studies on the COO effect in various countries regarding three main Asian

industrialised countries i.e. Japan, South Korea and China provided different results. Japan has a more favourable image compare to the other countries while China is in the opposite. The standard of living in a number of Asian countries is almost equivalent to that in developed European countries. Nevertheless, the perception still exists that these Asian countries are less capable of producing high-quality products (Speece & Nguyen, 2005). This suggests that products made in Asian countries are perceived to be of lower quality. For the purpose of this study, the quality of televisions from the Asian countries was evaluated against that of Indonesian-made televisions. The aim was to understand Indonesian consumers' perceptions regarding the image of the countries and consumers ethnocentrism, and how these constructs have an effect on perceived quality, i.e imported compare to domestically made television. The findings of this study will be of significant value to government and producers/ manufacturers in developing countries.

Literature Review and Hypothesis Development
Country of origin

The literature on the effect is still puzzled (Essoussi & Merunka, 2007) as there is no agreement on the definition of country of origin, country of origin image or country image. They are different concepts (Jenes, 2008). However, a number of authors view that the terms are actually the same (Lu & Heslop, 2008; Notari, Ferencz, Levai & Czegledi, 2011; Biswas, Chowdhury & Kabir, 2011). They overlap and there is no boundary between them (Notari, Ferencz, Levai & Czegledi, 2011). Therefore, those terms are used interchangeably in this paper.

Studies on country image often associates it with image of particular products (Shirin & Kambiz, 2011) giving explanations that all factors regarding a country influence consumers' behaviour (Barbu, 2011). It has been examined in terms of the fit between countries and certain product categories thereby showing how consumers perceive

products emanating from the countries (Roth & Romeo, 1992). Consumers tend to associate a product with image of the source country (Oyeniyi, 2009). Product image, hence, entails how consumers perceive the quality of a product in which information on its origin has a great role (Hong & Wyer, 1989).

The literature highlights the debate on the concept of COO as "made-in" vs brand origin (Thakor & Kohli, 1996). Diamantopoulos, Schlegelmilch, & Palihawadana (2009) recommended future research to explore brand origin rather than product origin. Balabanis and Diamantopoulos (2011) nevertheless found that consumers often do not know the true origin of global brands and they frequently associate them with the wrong COO. This means that consumers may not know the correct COO of well-known brands. Consumers are also more likely to search for information regarding the origin of a product as a cue when they are unfamiliar with the brand name (Phau & Suntornnond, 2006; Biswas, Chowdhury & Kabir, 2011) or they are less familiar with the product (Karami, Pourian, & Olfati, 2011). A study by Phau & Sunntornnond (2006) indicated that consumers who are familiar with a brand name also rely on the COO cue. In other words, what consumers know about a particular country can influence their behaviour toward the country's products meaning that "made in" label is still important. For the purposes of the current study therefore, the "made-in" concept is used.

Country image is used to be understood as consumers' overall perceptions of products from a particular country based on their prior perceptions of the country's production and marketing capabilities (Roth & Romeo, 1992). It is composed of consumers' beliefs about product categories and based on the historical, political, economic and social values of the country, as well as its brands, companies and politics (Jenes, 2008), cultural symbols, degree of industrialisation, values, products (Essoussi & Merunka, 2007),

technology and standard of living (Chinen & Sun, 2011). This suggests that country image describes how consumers perceive a country's development level through which they evaluate products from the country. In other words, the image of products that originate from a country arise from ccnsumers preconceptions about the country (Notari, Ferencz, Levai & Czegledi, 2011). This suggests that country image is a form of stereotyping process and has a role in consumers' product evaluations and decision-making especially when there is a lack of product information (Jenes, 2008; Abedniya & Zaem, 2011). Information on COO facilitates the process of choosing products that originate from different countries (Brkic, Corbo & Berberovic, 2011). It has been widely viewed as one of quality cues (Jo, 2005; Yim, Garma & Polonsky, 2007; Wang & Yang, 2008). Information regarding the country of manufacture can be extrinsic product cue, which play a greater role than intrinsic cues in consumers' evaluation. This is due to consumers relied more on image of the source country to evaluate products ignoring the other specific product attributes (Hong & Wyer, 1989). It is widely found that consumers evaluate products from highly industrialised countries offering superior quality (Yim, Garma & Polonsky, 2007; Barbu, 2011) because they infer favourable image of the source country to the image of products manufactured there (Powers, Fetscherin, Coolege & Park, 2008). To consumers, country image thus corresponds to the quality of products: countries with a better quality image also have a better country image (Chinen & Sun, 2011; Kattak, Saeed & Shah, 2011). There is a positive and strong correlation between consumers product evaluation and the level of economic development of the source country (Elliot & Cameron, 1994). Abedniya & Zaem (2011) pointed out that developed western countries, are globally perceived by global consumers to manufacture products of high quality. China and South Korea are, on the contrary, associated with products of a lower quality in comparison to western developed countries. Accordingly, Eastern European countries are argued to be

the sources of the lowest quality products. This suggests that consumers' perceptions are very much correlated with the economic development of a country and thus its image (Speece & Nguyen, 2005; Kattak, Saeed & Shah, 2011). Simply put, the more developed a country is, the better consumers perceive the quality of its products. Similarly, the more positive the image is, the better the perceived quality of the products from that country (Essoussi & Merunka, 2007).

Consumers in developing countries tend to show more positive behaviours towards products from developed countries (Biswas, Chowdhury & Kabir, 2011; Kattak, Saeed & Shah, 2011) since they perceive that the imported products offer a better quality than local products (Barbu, 2011). Consumers in developing countries will seek and purchase foreign products as they are viewed to be of high quality and are therefore associated with high social status (Kattak, Saeed & Shah, 2011). In contrast, it was found that US consumers were discouraged by products "made in" a developing nation due to their lack of familiarity with, and inferior image of the source country (Chinen & Sun, 2011). That simply means that country image has an important role in product quality evaluation (Speece & Nguyen, 2005; Biswas, Chowdhury & Kabir, 2011). Various research in developing countries have been carried out, namely Pakistan (Kattak, Saeed & Shah, 2011), Ghana (Banfo, 2012), Bangladesh (Chowdhury & Ahmed, 2009; Biswas, Chowdhury & Kabir, 2011), Malaysia (Abedniya & Zaem, 2011) and Eastern European countries (Barbu, 2011) suggests that locally made products are perceived to be less favourable in terms of quality compared to those of foreign countries. Further, Indonesia was viewed as a newly industrialised country and therefore perceived to offer inferior quality products in the international market (Yim, Garma & Polonsky, 2007; Oyeniyi, 2009). Consequently, the following hypotheses can be developed as follows:

1a. the image of Japan has a positive impact on perceived quality of Japanese televisions relative to Indonesian televisions.

1b. the image of SouthKorea has a positive impact on perceived quality of South Korean televisions relative to Indonesian televisions.

1c. the image of China has a positive impact on perceived quality of Chinese televisions relative to Indonesian televisions.

Consumer Ethnocentrism

Consumers' perceptions of local and foreign products greatly depend on the consumers' feelings towards their own countries (Notari, Ferencz, Levai & Czegledi, 2011). Simply, consumer behaviour toward domestic vs foreign products is dependent on ethnocentrism (Powers, Fetscherin, Coolege & Park, 2008). Consumers' quality evaluation on domestic vs imported products seems to be governed by their love and emotional attachment to their home country. Consumers with low ethnocentrism will evaluate and perceive foreign products based on their actual quality and he or she may well perceive them to be of high quality (Abedniya & Zaem, 2011). They evaluate foreign products based on the products' features – or even perceive them as better than the local offerings since they are imported (Al Ganideh & Al Taee, 2012). Ethnocentrism is likely to increase when consumers perceived there to be a threat to the economic wellbeing of their nation (Lantz & Loeb, 1996). Ethnocentric consumers may not buy foreign products due to the possible social and economic implications (Notari, Ferencz, Levai & Czegledi, 2011). They will strongly believe that, ethically or morally, buying a foreign-made product is wrong (Abedniya & Zaem, 2011; Al Ganideh & Al Taee, 2012). Rybina, Reardon & Humprey, 2010) found that consumers' ethnocentrism leads to high consumption of locally produced goods. Highly ethnocentric consumers therefore have positive attitudes towards domestic products. This encourages countries to pay more attentions on strengthening ethnocentrism among their people in order to survive against competitors from developed countries (Al Ganideh & Al Taee, 2012).

Ethnocentric consumers will behave more favourable toward local products. They perceive imported products to have a higher quality but will be unwilling to purchase and use the products (Oyeniyi, 2009; Chinen & Sun, 2011). They may also irrationally behave toward domestic products as they feel the products have a better quality and performance compared to imported products. They often overvalue domestic products quality as they view that their country's products as superior to those of other countries (Abedniya & Zaem, 2011). As a result, consumer ethnocentrism has a negative impact on quality perception of imported products (Roth, 2006). Based on the literature review, the following hypotheses can be formulated:

2a. Consumer ethnocentrism has a negative impact on perceived quality of Japanese televisions relative to Indonesian televisions.

2b. Consumer ethnocentrism has a negative impact on perceived quality of South Korean televisions relative to Indonesian televisions.

2c. Consumer ethnocentrism has a negative impact on perceived quality of Chinese televisions relative to Indonesian televisions.

METHODS

Selection of the countries and product category

The product category selected for this study was electronics, i.e. televisions, which generally have high levels of product familiarity. Further, the selection of the countries was based on the following judgments: First, according to Yim, Garma & Polonsky, 2007; COO studies relating to Asian countries are still limited. Therefore, the three main Asian industrialised countries, namely Japan, South Korea and China, were selected for the current study. These countries consistently show favourable economic conditions and advanced industrialization. Second, despite this, a number of studies have indicated that Japan and South Korea seem to differ in terms of perceived product quality (Essoussi & Merunka, 2007). China is trying to follow the success of the other countries, which are deemed to be the producers of top-quality televisions and have high familiarity

of various brands in the global market (Powers, Fetscherin, Coolege & Park, 2008).

Data collection

The study was carried out at the oldest mall in Mataram City, Lombok, i.e. Mataram Mall, where local customers might see and know, or even get familiar with various foreign products and brands at a number of stores in the mall. The questionnaires were distributed to 400 shoppers in October 2014, and 309 were returned but only 269 of the returned questionnaires were usable. The convenience sampling technique was employed for the shopping mall customers; they have been viewed as an adequate sampling frame in a number of previous studies on the COO effect (Chinen & Sun, 2011). Among the respondents, there were 160 males and 109 females, most of whom (75.8%) were aged between 20 and 30 years. This means that the majority of respondents were young, and thus the result of the present study indicated how young Indonesian consumers perceived the quality of imported televisions compared to that of made in their own country.

Since the study relied on the concept of "made in", we asked for the respondents to reveal their perception about the quality of imported televisions from those countries in question in comprison to that of domestically made without thinking of particular brands. In order to collect information, we developed a structured and pre-tested questionnaire consisting of six items regarding consumer ethnocentrism and eight items in term of country image. They were used and validated in the studies of Rybina, Reardon & Humprey (2010) and Shirin & Kambiz (2011), respectively. In the current study, country image composed of external components only (Jenes, 2008), namely what local consumers think about those countries. We measured perceived relative quality by adopting four items based on the work of Diamantopoulos, Schlegelmilch, & Palihawadana (2009) and asking the respondents to evaluate the product quality (televisions) of each country

in question compared to the televisions made in Indonesia. In sum, for the purpose of the study, consumer ethnocentrism was operationalised as domestic consumers' tendency to behave more favourable towards domestically made televisions for the good of national economy. Image of a country was refered to the image of the source country in term of manufacturing capability, economy, democracy, technology, industrial, standard of living, product image and proudness of using imported televisions from the three main Asian industrialised countries. Perceived relative quality was operationalised as perceived quality imported television from each country relative to domestically made in term of durability, reliability, product consistency and overall quality.

The questionnaire was written in Bahasa and required the respondents to assess each foreign country, as well as their perceptions towards imported vs domestically manufactured televisions. The structure of the questionnaire was as follows: first part consisted of six items to measure the respondents' view of ethnocentrism; the second part was to evaluate COO image consisting eight items for each country; and the final part aimed to obtain information regarding perceived relative quality and consisted of four items, i.e. durability, reliability, product consistency and overall quality. For all the variables, ratings were obtained on five-point likert type scales (1 = strongly disaggre to 5 = strongly agree).

RESULTS AND DISCUSSION

In order to assess the reliability of the scales, the value of Cronbach's alpha was utilised and the results are displayed on Table 1 below. The table also shows that, on avarage, Japan had the most favourable image and enjoyed the highest relative quality compare to Indonesian made televisions, followed by South Korea and China. Among the constructs, ethnocentrism was the only construct with cronbach's alpha value less than the common threshold of 0.70 (Hair, Black, Babin, Anderson & Tatham, 2006) but the value was very close to the threshold. Therefore, it also meant that the questionnaire used in the study was satisfactory/reliable.

In term of the scales' validity, it was evaluated by item-total correlation analyses. The result is displayed on Table 2 where all item-total correlation coefficients surpassed the critical value of .230 and statistically significant at $p \leq 0.001$. The scales were therefore reliable and valid.

For the purpose of analysis and hypothesis testing in a multivariate framework, the authors used regression analysis by utilising SPSS 20. As a result, three regression models were developed and displayed on Table 3. The table demonstrates that the COO of Japan, South Korea and China has a significant effect on consumers' perceptions of product quality from those countries compared to that of locally made televisions. This means that Hypotheses 1a, 1b and 1c were all supported.

Table 1. Descriptive Statistic and Reliabilities

	Mean	Std. deviation	Cronbach's Alpha	Variance
Ethnocentrism (6 items)	21,72	3.496	.640	12.221
COO-Japan (8 items)	32.73	4.076	.769	16.615
COO-S. Korea (8 items)	29.89	4.182	.775	17.493
COO-China (8 items)	27.70	4.581	.739	20.988
RQ-Japan (4 items)	16.00	2.857	.850	8.164
RQ-S.Korea (4 items)	14.43	2.983	.902	8.896
RQ-China (4 items)	12.58	3.724	.916	13.868

Table 2. Summary of Item-total correlation

	Items	Item-total correlations*
Consumer Ethnocentrism		
Indonesian products, first, last and foremost	E1	.280
A real Indonesian should always buy Indonesian made products	E2	.430
Indonesian should not buy foreign product, because this hurts the Indonesian business and cause unemployment.	E3	.500
It may cost me in the long run, but I prefer to support Indonesian products	E4	.271
Indonesian consumers who purchase products made in other countries are responsible for putting their fellow Indonesian citizens out of work.	E5	.439
Only those products that are unavailable in Indonesia should be imported	E6	.309
COO-Japan		
The level of economic development of this country is high	COO-Jp1	.524
The level of democracy and politics of this country is high	COO-Jp2	.407
The level of industrialization of this country is high	COO-Jp3	.514
The standards of living of this country are high	COO-Jp4	.482
The level of technically advanced of this country is high	COO-Jp5	.541
The product quality of this country is high	COO-Jp6	.569
It is great to have the product of this country	COO-Jp7	.284
The product of this country is reliable	COO-Jp8	.485
COO-South Korea		
The level of economic development of this country is high	COO-SK1	.441
The level of democracy and politics of this country is high	COO-SK2	.385
The level of industrialization of this country is high	COO-SK3	.460
The standards of living of this country are high	COO-SK4	.478
The level of technically advanced of this country is high	COO-SK5	.607
The product quality of this country is high	COO-SK6	.614
It is great to have the product of this country	COO-SK7	.370
The product of this country is reliable	COO-SK8	.470
COO-China		
The level of economic development of this country is high	COO-Chi1	.292
The level of democracy and politics of this country is high	COO-Chi2	.290
The level of industrialization of this country is high	COO-Chi3	.374
The standards of living of this country are high	COO-Chi4	.534
The level of technically advanced of this country is high	COO-Chi5	.432
The product quality of this country is high	COO-Chi6	.558
It is great to have the product of this country	COO-Chi7	.509
The product of this country is reliable	COO-Chi8	.477

Table 2. continued

Perceived Relative Quality: Japan vs Indonesia		
Overall quality	RQ-Jp1	.616
Durability	RQ-Jp2	.762
Reliability	RQ-Jp3	.750
Product consistency	RQ-Jp4	.643
Perceived Relative Quality: South Korea vs. Indonesia		
Overall quality	RQ-SK1	.742
Durability	RQ-SK2	.846
Reliability	RQ-SK3	.781
Product consistency	RQ-SK4	.756
Perceived Relative Quality: China vs. Indonesia		
Overall quality	RQ-Chi1	.580
Durability	RQ-Chi2	.710
Reliability	RQ-Chi3	.746
Product consistency	RQ-Chi4	.636

All correlations were significant at the 0.001 level (two-tailed)
* Pearson correlation coefficients

The results in Table 3 displays the effect image of each country and consumer ethnocentrism on perceived relative quality. The table also indicates that each regression model possesses statistically significant F-test scores. We are therefore confident that the models hold good explanatory power. Moreover, the examination of variance inflation factor (VIF) and condition index statistic indicated that multicollinearity was not a problem in the data as they were within tolerable limit; i.e. tolerance values were between 0.957 to 0.996, which were very closed to 1. The VIF ranged between 1.001 and 1.045 (< 10; Hair, Black, Babin, Anderson & Tatham, 2006). Accordingly, the condition index statistics reached the highest at 20,092 and thus <30 (Hair, Black, Babin, Anderson & Tatham, 2006). Therefore, we can be confident on the regression results.

The table above indicates that image of those countries hasa strong impact on perceived relative quality. Televisions made in those countries are viewed as more favourable in terms of quality compared to Indonesian-made televisions. Indonesian consumers seem to view imported televisions from the three main Asian countris as being of a higher quality across all dimensions compared to domestic products. The standard of living, economic, human resources, industrial, manufacturing and technological advancement in those countries are ahead of Indonesia. This creates a more favourable perception on the quality of televisions made in the countries. The domestic consumers negatively perceive the quality of locally made televisions since the Indonesian development is still behind those countries. This means that domestic consumers' evaluations of locally made products correlates to the level of development in their own country (Powers, Fetscherin, Coolege & Park, 2008). Domestic consumers have a favourable perception on those countries generating a more favourable perception on the quality of televisions made in the countries. This confirms the finding of previous studies which suggested that consumers'

Table 3. Regression Analysis on The Effect of The Main Asian Industrilsed Countries' Image and Consumer Ethnocentrism on Perceived Relative Quality

Variable	β	t-value	Sig	Conclusion
		Japan		
Image of Japan	.476	8.765	.000	H1a (Suported)
Consumer Ethnocentrism	.083	1.529	.127	H2a (Not Supported)
F = 44.247, p = .000; R = .500; R² = .250; Std error of the estimate = .62240				
		South Korea		
Image of SK	.540	10.459	.000	H1b (Suported)
Consumer Ethnocentrism	.011	.204	.839	H2b (Not Supported)
F = 55.056; p = .000; R = .541; R² = .293; Std error of the estimate = .61900				
		China		
Image of China	.471	8.750	.000	H1c (Supported)
Consumer Ethnocentrism	.093	1.725	.086	H2c (Not Supported)
F = 41.946; p = .000; R = .490; R² = .240; Std error of the estimate = .79743				

quality perceptions are greatly influenced by a country's image, which is a signal of product quality (Hong and Wyer, 1989; Koschate-Fischer, Diamantopoulos, & Oldenkotte, 2012).

Based on a study in Iran, Karami, Pourian, & Olfati (2011) concluded that Iranian consumers do not have positive perceptions on imported products from China as high-quality products from this country are rarely imported to Iran. Barbu (2011) found a similar result based on a study in Romania where consumers perceived domestic products to have a better quality than those made in China. However, the current study indicated that Indonesian consumers had different perceptions: they perceived Chinese televisions to be of better quality than domestically made televisions. In the Indonesian market, Chinese products are easily found in almost every part of the country. Imported Chinese products to the country range from low to high quality products with various global brands. This is due to China has been very attractive to

Foreign Direct Investment (FDI) as it offers high eficiency for global brands. Also, the electronics manufacturing industry has been one of China's strongest sector, especially that of television manufacturing (Powers, Fetscherin, Coolege & Park, 2008).

According to Powers, Fetscherin, Coolege & Park (2008), consumers believe that if a country has high technological capabilities, it will generate a high quality of certain products, including televisions. According to those authors, Indonesia has demonstrated remarkable improvements in its manufacturing capabilities. The result of the study, however, the country is still viewed by domestic consumers as lacking competence in the production of high-quality televisions. This is not surprising if we consider that the advertising of local television manufacturers has never promoted a "made in Indonesia" label; indeed, they emphasise the brand name instead of the label. This may not prevent domestic consumers to think

locally made televisions as imported ones leading to positive attitude toward foreign products. This research relied on the concept of the "made in" COO image and respondents were asked not to think of particular brands but rather to indicate their perceptions of the quality of televisions from the countries in question. However, the results suggested that the respondents do not know that some of the well-known brands produce televisions in Indonesia and indeed they think that their own country does not have great capabilities in the production of high-quality televisions. A COO image can be formed by the information received by consumers (Karami, Pourian, & Olfati, 2011) and it seems that domestic consumers seem to lack of information regarding domestically manufactured televisions, as well as their country's technological capabilities.

Surprisingly, consumer ethnocentrism did not have a significant impact on perceived relative product quality. Indeed, the data indicated positive direction between consumer ethnocentrism to relative quality televisions from those countries. These were incontrast to what were already expected. This demonstrates that Hypotheses 2a, 2b, and 2c were not supported.

It is generally argued that ethnocentrism may lead consumers to ignore rational consideration and overestimate the quality of domestic products (Watson & Wright, 2000; Abedniya & Zaem, 2011). This is due to their love to their home country based on which they evaluate and compare quality of imported vs domestic products. Then, their evaluation is highly influenced by their feeling and may often be irrational (Balabanis, Diamantopoulos, Mueller & Melewar, 2001). Ethnocentric consumers perceive quality of domestic products is higher than imported ones (Abedniya & Zaem, 2011). The data in this study however indicated that the quality of domestically manufactured televisions is viewed as lower than that of the three main industrialised Asian countries. Indonesian consumers' perception

on product quality is not affected by their feeling toward their own country showing their rational evaluation. The study suggests that although consumer ethnocentrism is viewed as important in the domestic consumers' minds, it does not mean they will think negatively about the quality of imported televisions and view domestic televisions have a better quality. Domestic consumer still perceive imported televisions from those Asian countries have a better quality.

As indicated by Table 3, the image of those industrialised Asian countries has a greater effect on relative quality perception than consumer ethnocentrism. Clearly, Indonesian consumers rate televisions from the more developed Asian countries to be of higher quality. This result is consistent with the findings of Biswas, Chowdhury & Kabir, 2011) who suggested that country image is associated with product quality perception and thus COO acts a quality cue. This indicates that Indonesian consumers perceive products from those Asian industrialised countries more favourably than locally made products. Indonesian consumers seem to put greater emphasis on information regarding a product's COO in their quality judgements rather than whether the products are locally made or not. Indonesian consumers consider the label "made in Indonesia" with little affection in comparison to foreign labels in quality evaluation. Indonesia is perceived to produce low-quality products in international markets (Yim, Garma & Polonsky, 2007; Oyeniyi, 2009). This study showed that a similar view still existed in the domestic market.

MANAGERIAL IMPLICATIONS

It is very clear that Indonesian consumers consider domestically manufactured televisions to be of poor quality. As the finding was derived from relatively young respondents, who will be the main consumers and decision makers for the well being of their own country, there is an urgent need for a more substantial improvement in local product quality and manufacturing processes. This

has become increasingly important as Indonesia's inclusion in the ASEAN–China Free Trade Area in 2010 has resulted in made-in China products excessively entering the country market. Import restrictions may not be the solution to enhance the competitiveness of locally made products in the domestic market but, as shown in the present study, an improvement in quality has to be the nation's priority.

Indonesian manufacturers should have a greater emphasises on increasing their manufacturing and technological capabilities to create higher customer value than their foreign competitors. The improvement of product image need to be accompanied by broad advertising showing that their products are made in Indonesia. This may create local consumers' proudness and belief that their country is capable of making good products. In addition, consumer ethnocentrism, patriotism and nationalism need to be reinforced among the young Indonesian generations in order to encourage more positive attitudes and perceptions towards domestically manufactured products.

As a developing country, Indonesia needs ethnocentric consumers in order to support domestic products/manufacturers and industry. Efforts in this regard should be accompanied by government campaigns towards quality improvement among domestic manufacturers to compete in both the cuntry and global markets. Indonesian manufacturers should also therefore make an effort to improve the quality of their products and consistently try to convince domestic consumers that they have the capability to produce high-quality products.

CONCLUSION

This study has clearly demonstrated that Indonesian consumers perceive the quality of televisions made in the three main industrialised Asian countries to be higher than that of domestically produced televisions, and those countries' images significantly affect their perceptions. In line with previous studies, the study demonstrates COO is an important quality cue for consumers in their quality evaluation. It was expected that ethnocentrism would negatively affect consumers' relative quality perceptions. However the data indicated the opposite. It seems that ethnocentrism does not lead the domestic consumers to have a negative perception toward quality of imported products. They indeed still view that imported televisions from the three main industrialised Asian countries have a better quality than domestically made.

This study extends previous studies by expanding on consumers' perceptions in an Asian country about the quality of imported products from the three main industrialised Asian countries in comparison to locally made. There were some limitations however as the study focused on only one product category and provided evidence from just one small town. The study did not address relative price, consumers' perceived value, their belief in products or purchase intention issues. These constructs may provide a more comprehensive explanation on domestic consumers behaviour especially in term of ethnocentrism. It is therefore recommended that future research consider those issuees. Based on the findings of the present study, it is essential to investigate home country image in order to determine what domestic consumers think of their home country and the effect of this on their perceptions, attitudes and ethnocentric tendencies. ■

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