

THE INFLUENCE OF CONSUMER ETHNOCENTRISM AND PERCEIVED QUALITY: A STUDY ON THE PURCHASE DECISION OF LOCAL COSMETIC MAKE OVER

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ABSTRACT

Competitiveness in the global cosmetics sector is rising fast in Indonesia, as evidenced by an increase in the degree of competition among cosmetic enterprises. Indonesians have long believed that imported goods are superior than locally produced goods. Make Over is a local Indonesian cosmetics brand. The purpose of this study is to examine the impact of customer ethnicity and perceived quality on the purchase of Make Over cosmetic items. This form of study employs quantitative methods. In this study, 170 respondents from Lampung who used Make Over cosmetics were utilized as examples. This study's population consists of Make Over cosmetic product users. Purposive sampling is used in this study. Partial Least Squares SEM was used to analyze the data. The findings of the study show that customer ethnocentrism and perceived quality have an impact on the purchase decisions of Make Over cosmetic goods in Lampung. The stronger the customer's ethnocentrism, the more likely the consumer would choose to use local cosmetics created in the nation, such as Make Over, rather than buying foreign-made or imported cosmetics. The better the perceived quality of a thing, the more likely it will be purchased. The stronger the customer's ethnocentrism, the more likely the consumer would choose to use local cosmetics created in the nation, such as Make Over, rather than buying foreign-made or imported cosmetics. The better the perceived quality of a thing, the more likely it will be purchased. The more the customer's ethnocentrism, the more likely the consumer would choose to utilize local cosmetics created in the nation, such as Make Over, rather than purchasing cosmetic items made elsewhere or imported cosmetics. The better the perceived quality of the product, the more probable it is that the product will be purchased.

Keywords : *Consumer Ethnocentrism, Perceived Quality, Purchase Decision*

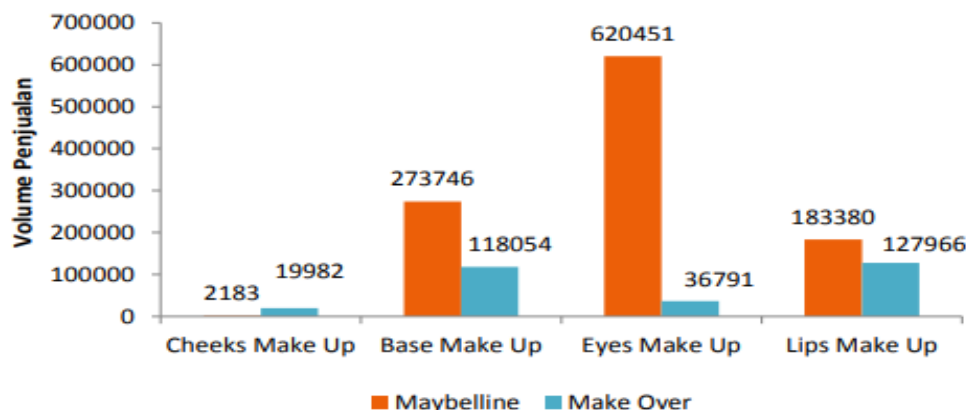
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INTRODUCTION

Indonesia is a potential market for beauty businesses both from outside and within the nation. The competitiveness in the international cosmetics sector in Indonesia is becoming increasingly visible as the degree of competition between cosmetic enterprises tightens. There are around 760 major, medium, and small cosmetic enterprises that develop and market cosmetics and skin care goods to fulfill the requirements and wishes of customers. ("Kemenperin: Kosmetik Jadi Industri Strategis," n.d.)

The United States is one of the countries that exports cosmetics and skin care to Indonesia. There has been a huge growth in cosmetics and skin care exports from 2009 to 2018. According to this information, cosmetics are being imported into Indonesia from other

countries. As the rivalry among cosmetic manufacturers gets increasingly intense. With such tough rivalry, domestic cosmetic firms are required to grow and continue to innovate in order to keep their market share, win the competition, and build a strong brand image. ("Kemenperin: Kosmetik Jadi Industri Strategis," n.d.). Make Over is a native Indonesian cosmetic product.



Source: Shopee (2020)

Figure 1 Sales Value of Make Over Cosmetic Products with Maybelline

Maybelline cosmetics outperform Make Over cosmetics in Indonesia. It is evident in various categories, such as the base make up category, which has a sales value of 273,746 units, while Make Over items have a sales value of just 118,054 pieces, and the eyes make up category, which has a sales value of 620,451 units. Meanwhile, the Make Over product is still far behind, with only 36,791 copies sold. Furthermore, Maybelline products continue to outsell Makeover goods in the lip make up category, with a sales value of 183,380 vs 127,966. However, Make Over products outperform Maybelline in the cheek makeup area. This might indicate that customers prefer foreign cosmetic items to domestic cosmetic products.

According to early poll results on cosmetic purchasing, respondents preferred imported cosmetics to local cosmetics. Furthermore, respondents stated that cosmetics from other countries had greater product quality than cosmetics from Indonesia. Additionally, respondents stated that cosmetics from other countries have a longer shelf life. Meanwhile, respondents stated that Indonesian cosmetics are less expensive than imported cosmetics.

According to the Ministry of Industry and Trade's findings, the majority of Indonesians still believe that imported goods are superior to locally produced goods ("Kemenperin: Kosmetik Jadi Industri Strategis," n.d.). Let us examine the Indonesian people's impression of a lack of real Indonesian items. By executing the 100% Cinta Indonesia initiative, the government is working hard to promote local products. This initiative aims to raise awareness and enthusiasm for all things Indonesian.

Consumers can be distinguished when making purchase selections for home or foreign items based on their proclivity to accept various products manufactured overseas and consumers. Consumer nationalism refers to the tendency of consumers to reject foreign products. Other variables impacting purchase decisions, in addition to nationality, are perceived quality. Perceived quality is described as a consumer's opinion of a product's excellence in general. As a result, perceived quality is dependent on the consumers'

subjective appraisal of the product's quality. (Yen, 2018) observes that developed products in nations such as Japan Germany and the United States are related with greater views of quality items, whereas emerging nations such as China and the Philippines are associated with perceptions of lower quality products. Consumers use quality to judge a product's perceived brand quality. Poor quality may have a detrimental impact on brand perception. Conversely, if customers view the brand to be of high quality, perceived quality will have a favorable effect in the overall perception of the brand. Consumers use quality to judge a product's perceived brand quality. Low quality can have a detrimental impact on brand perception. Conversely, if customers view the brand to be of high quality, perceived quality will have a favorable effect in the overall perception of the brand. Consumers use quality to judge a product's perceived brand quality. Low quality can have a detrimental impact on brand perception. Conversely, if customers view the brand to be of high quality, perceived quality will have a favorable effect in the overall perception of the brand.

LITERATURE REVIEW

Consumer Ethnocentrism

Consumer ethnicity is defined as "consumers who have opinions about the propriety and ethics of acquiring things created elsewhere" (Jiménez-Guerrero, Gázquez-Abad, & Linares-Agüera, 2014). Because of their commitment to their nation of origin and the urge to recognize their cultural identity, consumers with a high ethnicity prefer local items to foreign ones. CETSCALE is a technique developed by (Tomić Maksan, Kovačić, & Cerjak, 2019) to assess the concentration patterns of consumer attitudes linked to foreign product buying behavior relative to local products (Central Trend Scale Consumption). This measuring instrument is made up of 10 CETSCALE parts that have been widely utilized in many nations. as a credible and dependable indicator of customer concentration (Shan Ding, 2017).

Perceived Quality

(Haikal, 2018a) It is considered that the perceived quality of the product influences customer purchase behavior toward the national brand. When people purchase a brand, the perceived quality of the product becomes an added value. Perceived quality may be defined as the consumer's view of the product's quality or superiority, as well as how the consumer perceives the advantages of the business. Branding is heavily influenced by perceived quality. Customers will take into account and consider brand decisions in different scenarios. It may be established that quality perception is objective. Customers' perceptions of crucial qualities are referred to as quality perception. Consumer reviews are judgements, which are not necessarily consistent from one customer to the next.

Buying Decision

According to (Keller, 2009), marketing must attempt to thoroughly comprehend the consumer decision-making process, beginning with the customer's experience in learning, selecting, utilizing, and disposing of things. (Keller, 2009) define five steps in the purchasing decision-making process: problem detection, information searching, alternative appraisal, purchase decisions, and post-purchase behavior. Every buyer passes through these five stages with every purchase.

METHODS

Quantitative research is employed. The causal technique was utilized in this investigation. A questionnaire is used to collect data. The semantic difference was used to evaluate the questionnaire items. This study's population was made up of Make Over cosmetic product users. The non-probability sampling strategy was used in this investigation. In this investigation, reasonable sampling was applied. The survey has 170 participants. This study employs a data analysis strategy with SmartPLS software. The PLS evaluation model is created by comparing the exterior and internal models.

RESULT

Respondent Description

A research of 170 local individuals using Make Over cosmetics in Lampung was conducted in this study to prove the claimed theory. The questionnaire findings suggest that the features of the respondents based on the time of use are dominated by the use of cosmetics in 6 months for up to 67 persons, or 39.4%. Then there's a one-year shelf life up to 54 respondents, and lastly a more than one-year shelf life up to 49 respondents, or 28.8%. Respondent characteristics used on cosmetic product media dominated by Internet media (through smartphone or laptop) up to 74 respondents corresponding to 43.5%.

According to the results of the respondents' descriptions in the respondents' answers about ethnocentrism, the highest response was found in the statement "buying local cosmetic products is the best course of action" with 11 respondents and the smallest in the statement 49 "buying foreignmade cosmetic products does not reflect Indonesian people." with 2 respondents. Respondents' responses to statements about perceived quality that received the highest response were found in the statement "Make Over cosmetics can be used by all skin types," with as many as 12 respondents, and the smallest in the statements "Make Over cosmetics can be used repeatedly in all conditions," with 1 respondent.

Measurement Test Results (Outer Model)

The analysis of the outer model determines how each indicator connects to its latent variables. The following tests were run on the outer model:

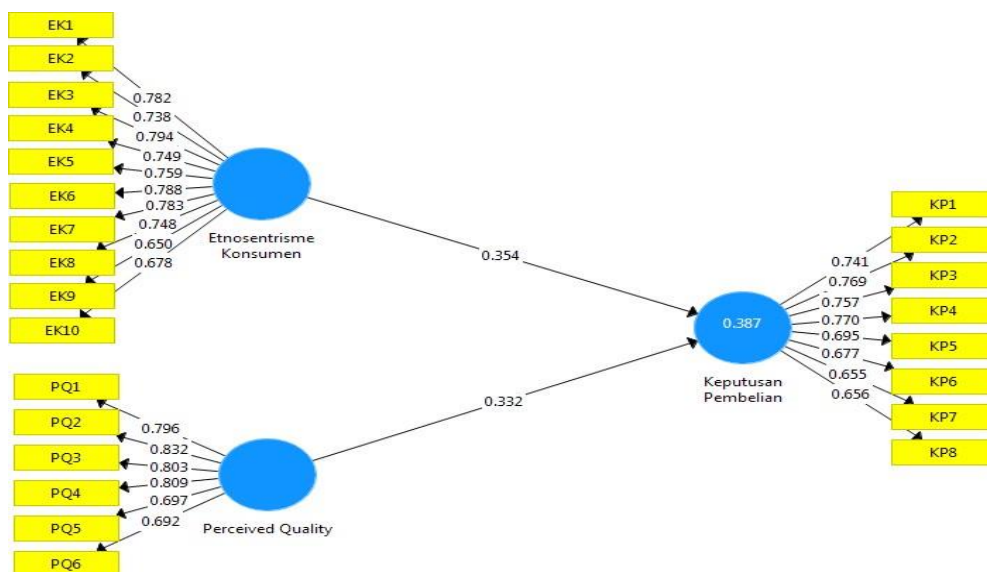


Figure 2. Outer Model PLS

Convergent Validity

Convergent Validity is the value of the latent variable's load factor with its indices. An anticipated value greater than 0.7 or a limit between 0.5 and 0.6 is frequently utilized as a scaling factor from the load factor's minimum value. When constructing a study scale, however, an outside load value of 0.5-0.6 is still appropriate.

Table. 1 Outer Loading Results

Constructs	Code	Outer Loading
Consumer Ethnocentrism (X1)	EK1	0.782
	EK2	0.783
	EK3	0.794
	EK4	0.749
	EK5	0.759
	EK6	0.788
	EK7	0.783
	EK8	0.748
	EK9	0.650
	EK10	0.678
Perceived Quality (X2)	PQ1	0.796
	PQ2	0.832
	PQ3	0.803
	PQ4	0.809
	PQ5	0.697
	PQ6	0.692
Purchase Decision (Y)	KP1	0.741
	KP2	0.769
	KP3	0.757
	KP4	0.770
	KP5	0.695
	KP6	0.677
	KP7	0.655
	KP8	0.656

Source: Author Analysis (2020)

Based on the data in the preceding table, each search variable index has an overload value greater than 0.70. Some measurements, however, still have an outside load value of 0.60. However, for early-stage scale development research, a load value of 0.50 to 0.60 is deemed sufficient to fulfill the convergence value criteria. According to the data shown above, no variation indicator has an outside load value less than 0.50. As a result, all indications are pushed to match the coverage's authenticity.

Discrimination Validity

Discriminant validity is used to verify that each construct or notion of latent variables is distinct from the others. The table displays the results of cross-load testing on the discriminant validity of the search model. Also, for each metric, the needed value should be greater than 0.50 for a decent model, as determined by the extracted average variance (AVE).

Table 2. Cross Loading Results

Indicator/Variable	Consumer Ethnocentri sm	Buying decision	<i>Perceive d Quality</i>
EK1	0.782	0.433	0.510
EK2	0.738	0.442	0.458
EK3	0.794	0.479	0.472
EK4	0.749	0.478	0.509
EK5	0.759	0.415	0.481
EK6	0.788	0.484	0.503
EK7	0.783	0.386	0.485
EK8	0.748	0.444	0.466
EK9	0.650	0.312	0.389
EK10	0.678	0.323	0.534
KP1	0.393	0.741	0.386
KP2	0.445	0.769	0.533
KP3	0.501	0.757	0.422
KP4	0.456	0.770	0.469
KP5	0.425	0.695	0.401
KP6	0.373	0.677	0.323
KP7	0.343	0.655	0.313

KP8	0.232	0.656	0.269
PQ1	0.608	0.462	0.796
PQ2	0.544	0.501	0.832
PQ3	0.527	0.465	0.803
PQ4	0.495	0.499	0.809
PQ5	0.375	0.290	0.697
PQ6	0.367	0.294	0.692

Source: Author Analysis (2020)

The analysis results are as follows, based on the cross-load table data:

1. Discriminant Validity Variable Consumer Ethnocentrism

According to the anticipated cross loading data, the green value or loading of each indicator on its build (X1) is larger than the other cross loading values. As a result, it may be stated that all constructs or latent variables already have excellent discriminant validity, especially where the construct indicator block indicators outperform other block indicators.

2. Discriminant Validity Variable Perceived Quality

Based on the predicted cross loading findings, the green value or loading of each indicator on its construct (X2) is larger than the other cross loading values. As a result, it may be stated that all constructs or latent variables already have excellent discriminant validity, particularly where the indicators in the construct indicator block outperform other block indicators.

3. Discriminant Validity Variable Purchase Decision

According to the predicted cross loading findings in table 2, the green value or loading of each indicator on its construct (X2) is bigger than the other cross loading values. As a result, it may be stated that all constructs or latent variables already have excellent discriminant validity, particularly where the indicators in the construct indicator block outperform other block indicators.

Table 3. Calculation Results

Variable	Average Variance Extracted (AVE)	Composite Reliability	Cronbach's Alpha
Consumer Ethnocentrism (X1)	0.560	0.927	0.912
Perceived Quality (X2)	0.598	0.899	0.867
Purchase Decision (Y)	0.513	0.894	0.866

Source: Author Analysis (2020)

1. The AVE value of customer ethnocentrism, perceived quality, and purchase decision was more than 0.50. As a result, we may state that each variable has a high discriminant value.
2. According to the model, the total confidence value for all variables is larger than 0.70. These findings show that each variable meets the composite confidence level, implying that all variables have a high level of confidence.
3. Each research variable's Cronbach Alpha value is more than 0.70. This can suggest that each study variable has satisfied the Cronbach's alpha value standards, implying that all variables have a high level of dependability.

Measurement Test Results (Inner Model)

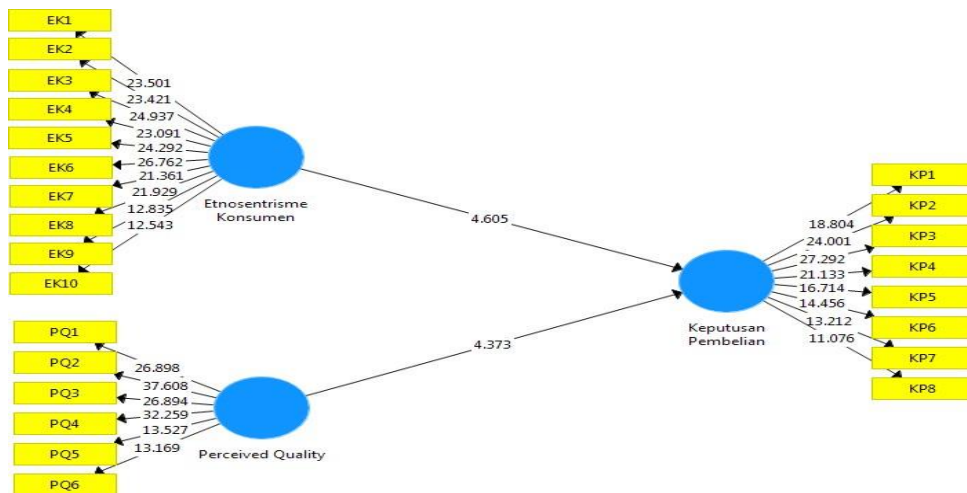


Figure 2. Inner PLS Model

R2 Value (Square)

The R2 number reveals the degree to which the exogenous variable is determined by the endogenous variable. The better the determination, the greater the R2 value.

Table 4. Results of R2 (Square) Value

R2 (Square)	
Buying decision	0.387

Source: Author Analysis (2020)

The calculation results reveal that the R2 value is 0.387, as seen in the above table. The resultant figure reveals that 38.7% of the amount indicated by the buying choice is explained. On this premise, the computation R2 result suggests that R2 is modest.

Model Evaluation (Goodness of Fit)

The Q-Square value is used to determine the quality of fit. In regression analysis, the Q-Square value has the same relevance as the coefficient of determination (R-Square), where the greater the Q-Square, the better the model fits the data. The following are the outcomes of computing the QSquare value:

$$\begin{aligned}
 Q\text{-Square} &= 1 - [(1-R^2)] \\
 &= 1 - [(1-0.387)] \\
 &= 1 - (0.613) \\
 &= 0.387
 \end{aligned}$$

The Q-Square value is 0.387 as a consequence of the foregoing computation. This demonstrates that the research model of 38.7% can explain the wide range of study findings. The remaining 61.3% may be accounted for by factors other than the study model.

Hypothesis Testing

Table 5. Path Coefficients

Influence	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Consumer Ethnocentrism => Decision Purchase	0.354	0.361	0.077	4,605	0.000
Perceived Quality=> Decision Purchase	0.332	0.339	0.076	4,373	0.000

Source: Author Analysis (2020)

The two hypotheses provided in this study are accepted, according to table 5 above. This is demonstrated by the fact that each of the listed effects has a P-value of 0.05. As a result, both variables may be argued to have an impact on purchase decisions: customer ethnicity and perceived quality.

1. Hypothesis H1: Consumer Ethnocentrism Influences Cosmetic Product Purchase Decisions

The results in Table 5 reveal a p-value of 0.05. These findings suggest that the customer ethnocentrism variable influences buying decisions. As a result, we may infer that hypothesis H1 is correct.

2. Hypothesis H2: Perceived Quality Influences Cosmetic Product Purchase Decisions Make Over

The results in Table 5 reveal a p-value of 0.05. These findings suggest that the customer ethnocentrism variable influences buying decisions. As a result, we may infer that hypothesis H2 is correct.

The Influence of Consumer Ethnocentrism on Purchase Decisions

According to the findings of this study, the ethnocentrism variable has a favorable impact on buying decisions, as seen by the experimental results shown above.

Customer ethnocentrism, according to Shimp and Sharma in (Shan Ding, 2017), is consumer faith in the appropriateness and ethics of purchasing things created overseas. Ethnic minority customers see it as an advertisement to buy foreign items since it can affect the national economy, resulting in job losses and a lack of patriotism. Non-ethnic customers, on the other hand, think that foreign items should be appreciated independently of their country of origin.

This study's findings are consistent with earlier research (Kurnianto & Widiyanto, 2015). The findings of this study demonstrate that the ethnocentrism consumer variable influences purchase decisions. Examine the responses of people who responded most strongly to the assertion that buying local cosmetics is the best course of action. According to the respondents' comments, buying cosmetics locally is a smart way to demonstrate a patriotic mentality. Given this, let us increase customers' ethnicity in purchasing Make Over cosmetics by encouraging them to select local products and highlighting that Make Over cosmetics are Indonesian products. It is vital to increase the ethnicity of customers in order to convince them that only items that are unavailable may be imported. Also, true Indonesians should always buy local items. We should buy Indonesian products instead of allowing other nations to enrich us. At that point, customers will be more aware of the need of purchasing Make Over cosmetics locally.

Perceived Quality's Influence on Purchase Decisions

According to the findings of this study, the ethnocentrism variable has a favorable impact on buying decisions, as seen by the experimental results shown above. This demonstrates that customers view Make Over cosmetics to be of high quality, which will lead to purchases of cosmetics by consumers. Some responders stated that Make Over cosmetics are of great quality and long lasting. This study's findings are consistent with earlier research (Haikal, 2018b). According to the findings of this study, the perceived quality variable influences buying decisions.

Consumers use quality to assess a product's perceived brand quality. Poor quality may have a detrimental impact on brand perception. Conversely, if customers view the brand to be of high quality, perceived quality will have a positive effect in the brand's overall perception. According to (Fandy Tjiptono, 2011), perceived quality is defined as a consumer's evaluation of a product's superiority in general. As a result, perceived quality is dependent on the consumers' subjective appraisal of the product's quality. Perceived quality is defined as customers' assessment of a brand's overall excellence based on intrinsic (performance and durability) and extrinsic (brand name) characteristics. It may be established that quality perception is objective. Customers' perceptions of crucial qualities are referred to as quality perception. Customer reviews are evaluations, which are not always consistent. Cosmetic firms must increase perceived quality, particularly in terms of quality dependability and durability. By enhancing the quality, it will be the best product among similar items, influencing people to purchase Make Over cosmetics. The customer's impression of the traits that are significant to him is referred to as quality perception. Client perception is a judgment that is not always the same from one customer to the next. Cosmetic firms must increase perceived quality, particularly in terms of quality dependability and durability. By enhancing the quality, it will be the best product among

similar items, influencing consumers' purchases of Make Over cosmetics. The customer's impression of the traits that are significant to him is referred to as quality perception. Client perception is a judgment that is not always the same from one customer to the next. Cosmetic firms must increase perceived quality, particularly in terms of quality dependability and durability. By enhancing the quality, it will be the best product among similar items, influencing consumers' purchases of Make Over cosmetics.

CONCLUSION

Consumer ethnocentrism influences Make Over's decision to purchase cosmetics because the greater the ethnicity of the consumer, the more consumers would choose to use domestically made cosmetics such as Make Over over foreign or imported cosmetics. Customers with strong ethnic preferences may enhance their purchases of Make Over cosmetic items.

Perceived quality has an impact on the choice to purchase Make Over cosmetics because the better the perceived quality of the product, the higher the possibility of acquiring the product. According to the amount of responders who believe and appreciate the Make Over cosmetic announcement, Make Over cosmetics are of high quality and have a long shelf life.

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