

Consumer Ethnocentrism, Demographic Characteristics and Willingness to Buy Commercial Banking Services in Kenya

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Abstract

International marketing empirical literature has indicated the existence and strength of relationships among the consumer ethnocentrism, demographic variables and product attitude vary in different market context. Subsequently consumer ethnocentrism and purchase intentions influence depends on the product categories and other market factors. It is on the basis of this premise that the current study embarked on assessing the moderating effect of demographic characteristics on the relationship between consumer ethnocentrism and willingness to buy banking services. Descriptive and explanatory research design were used in the study. Primary data was collected among 374 commercial banks account holders in Kenya. Data was analyzed using step wise binary logit regression. Consumer national ethnocentrism was found to have a negative influence on the willingness to buy banking services from foreign owned commercial banks. The assessment of the effect of demographic characteristics on willingness to buy commercial banking services revealed that as the levels of respondents' income per month increased, there was high preference of buying from foreign owned banks and vice versa. However age, gender and income do not moderate the relationship between consumer ethnocentrism and willingness to buy banking services. This indicate the essence of intergroup differentiation in service or market offerings as well as market segmentation and targeting.

Keywords: International marketing; Consumer ethnocentrism; demographic characteristics; willingness to buy

Introduction

The relative influence of demographic characteristics on consumption of financial services has been found to vary considerably from other consumer goods (Erdogan & Uzkuurt, 2010). In particular differences may be found when

comparing consumers from less developed nations with those from more developed nations. Although this has not been established yet, the proposition can be supported by evidence on individual antecedents of consumer ethnocentrism. For instance, according to Chrysochoidis *et al.* (2007) consumer animosity effects exist at country, product, and attribute levels. Thus for consumers who are ethnocentric, the animosity effect usually becomes activated at the national level but not at the attributes or product levels. Further Chrysochoidis *et al.* (2007) asserted that if the foreign country of origin is known, the animosity effect for ethnocentric consumers gets activated at the product level. However for consumers who are not ethnocentric animosity does not lead to overall rejection or acceptance but rather influences evaluations of particular product attributes. Among the highly ethnocentric consumers, animosity cues normally have a relatively larger effect on product assessments and willingness to buy foreign products than it does on less ethnocentric consumers (Chattalas *et al.*, 2008). Therefore based on previous empirical studies CET effect exists across different nations (Hamin & Elliott, 2006). However the CET effect varies not only across nations but also across groups within the same country (Bandyopadhyay *et al.*, 2011).

Wang and Chen, (2004) conducted a study in China and found that the effect of consumer ethnocentrism on willingness to buy domestic products tends to be weaker when consumers hold higher conspicuous consumption values. Similarly Josiassen, Assaf, and Karpen (2011) study in Australia found that age, gender, and income of consumers predicts the levels of consumer ethnocentrism. The extent to which these demographic factors moderate the influence of consumer ethnocentrism on willingness to buy foreign and domestic products or services is a major concern in this study.

Consumer Demographic Characteristics

Demographics can be defined as the quantifiable statistics of a given population in a specific location. In some cases, demographics are also used to identify the study of quantifiable subsets within a given population which characterize that population at a specific point in time (Power & Elliott, 2006). Commonly examined demographics include age, race, gender, level of education, income level, disabilities, mobility, home ownership, employment status, among others. Studies related to both import purchasing behavior and consumer ethnocentrism take demographics of the respondents as a separate set of antecedents (Shankarmahesh, 2006). This presents an opportunity to the researcher of segmenting consumers according to their favorable and unfavorable preferences to foreign as well as domestic products or services.

Consumer demographic characteristics have been found to be vital while discussing the ethnocentric behavior of consumers (Good & Huddleston, 1995). However there has been mixed results on how these

factors influence ethnocentric tendencies. For instance, there seems to be more inclined empirical arguments which support that younger people are less ethnocentric when compared with older people (Klein & Ettenson, 1999). Conversely other previous studies such as Sharma *et al.*, (1995) did not find any statistically significant relationship between age and CET. Therefore there is a need for further inquiry and validation of such propositions.

Willingness to Buy

Morrison (1979) refers to purchase intents as outcomes of a stochastic process whose latent (unobserved) variable is the true purchase intent at the time of the survey. Intentions to perform a given behaviour are influenced by three key factors: a perceived social pressure to perform or not perform the behaviour (subjective norm); a favourable or unfavourable evaluation of the behaviour (attitude toward the behaviour); and self-efficacy in relation to the behaviour (perceived behavioural control) (Ajzen, 1987). Past studies used different constructs such as purchase intention, willingness to buy domestic products, and willingness to buy foreign products (Shankarmahesh, 2006).

The intention to adopt a certain course of action logically precedes actual performance of the behaviour (Ajzen, 1991). Hence individual level of discrepancies between purchase intent and behavior can be explained by a random change in true purchase intent after the survey as determined by an exogenous switching probability and/or the very nature of stated purchase intents and behavior variables. As such, it is necessary to understand the process followed in making purchase decisions and the main factors which influence the outcome of that decision for the final consumer. Therefore willingness to buy in the study comprised of the patron's preference or lack of preference of banking services from locally owned commercial banks. These measures were similar to those used previous service literature (Baker *et al.*, 1992).

Consumer Ethnocentrism, Demographic Characteristics and Willingness to buy Banking Services

Empirically there has been mixed evidence on the influence of age on consumer's purchase intentions. For instance Balabanis *et al.* (2001) and Sharma *et al.* (1995) found that older consumers are more ethnocentric than younger consumers (Shankarmahesh, 2006). Conversely Bannister and Saunders (1978) and Schooler (1971) found that younger consumers are more ethnocentric than older consumers. Other studies that show positive relationships are Caruana and Magri, (1996) and Shimp and Sharma, (1987). The study by Josiassen *et al.* (2011) posited that older consumers have a tendency to be more ethnocentric than younger consumers. According to them, the results confirmed the theoretical foundation laid by Sharma *et al.* (1995)

who found positive relationship between age and conservatism and that of Anderson and Cunningham (1972) who also found positive relationship between age and dogmatism. Conservatism and dogmatism act as antecedents to consumer ethnocentrism. But this deepened the controversies in this construct.

With respect to the effect of gender Schooler (1971) and Dornoff *et al.* (1974) found that women prefer products coming from abroad than men while McLain and Sternquist (1991) and Caruana, (1996) found no significant relationship between gender and willingness to buy. Other empirical and theoretical studies such as Bannister and Saunders (1978) and Shankarmahesh (2006) reported that men are more ethnocentric than women. However empirical evidence shows that women are more conservative and conformist (Han & Terpstra, 1988) as well as collectively minded (Triandis *et al.*, 1985) than men. Conservatism, conformism and collective mindedness in turn have been shown to be antecedents of consumer ethnocentrism (Nishina, 1990; Sharma *et al.*, 1995) and hence affects consumer willingness to buy. Josiassen *et al.* (2011) found that ethnocentric tendencies are more prevalent among female consumers than among male consumers.

Subsequently empirical support in several studies seems to disagree on the proposition that an increase in income has negative or positive effects on the relationship between consumer ethnocentrism and willingness to buy. Studies that support negative relationship include Sharma *et al.* (1995) and Caruana, (1996). Those who found no effect include Han and Terpstra (1988) and Josiassen, *et al.* (2011) while those who reported positive relationship are Tan and Farley (1987) and Balabanis *et al.* (2001). Although there a number of demographics variables, the study only focused on those demographic antecedents where previous studies posited mixed results that is age, gender and income. This is depicted in figure 1.

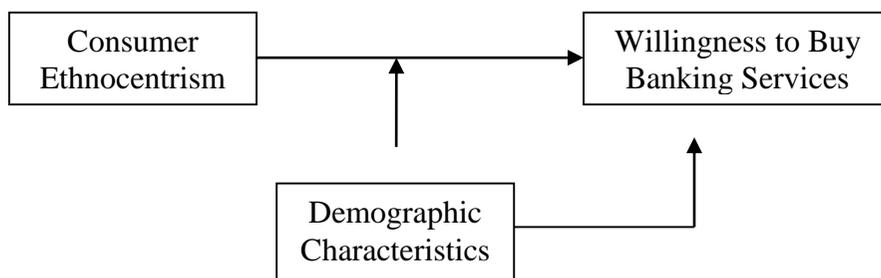


Figure 1 Conceptual Model

Based on the conceptual model (Figure 1) and the empirical review the following hypotheses were tested in the study:

H₁: Consumer ethnocentrism has significant influence on willingness to buy

banking services.

H₂: consumer demographic characteristics have significant effect on the willingness to buy banking services.

H₃: Consumer demographic characteristics have significant moderating effect on the relationship between consumer ethnocentrism and willingness to buy banking services.

Methodology

Study Design and Data Collection

Descriptive and explanatory research design were used in the study. Descriptive design focused on examining the what and how of consumer behaviour in commercial banking sector. Explanatory design was used to explain the effect of consumer ethnocentrism and demographic characteristics on the willingness to buy banking services. The population of interest was the account holders in both the domestic and foreign commercial banks in Kenya. A sample of 374 was selected for the study using disproportionate stratified sampling plan. The researcher personally administered the questionnaires among the study respondents.

Reliability and Validity of the Research Instruments

The reliability test for consumer ethnocentrism (CETSCALE) had a Cronbach alpha coefficient (α) of 0.896. Hence the result for the scale was higher than the general convention in research that has been prescribed by Nunnally and Bernstein (1994) who state that one should strive for reliability values of .70 or higher. The distinctiveness of the measure or construct validity for consumer ethnocentrism was examined through Confirmatory Factor Analysis (CFA). In this respect 55.3% of the total variability of consumer ethnocentrism was found to be explained by three factors. The first factor which is consumer patriotism explained 23.1% of the total variability, while the second (consumer salience) and third (consumer animosity) explained 19.8% and 12.4% respectively. The results of Kaiser-Meyer-Olkin test was 0.897 and Bartlett's test of sphericity was statistically significant ($\alpha \leq 0.05$).

Data Analysis

Both descriptive and inferential statistics were used. Descriptive statistics included cross tabulations and measures of variability. The purpose of categorizations and cross-tabulation was to allow the inspection of differences among groups and to make comparisons. This form of analysis helps determine the form of relationship between two variables. Hence critical aspects in the questionnaire were cross-tabulated with demographical questions in the questionnaire to determine the level of association. To test the

relationships between the study variables, binary logistic regression analysis was used appropriately. Specifically binary logistic regression was used in the study to predict dichotomous outcome of willingness to buy (preference or no preference). Logistic regression uses maximum likelihood estimation to compute the coefficients for the logistic regression equation. To test the moderating effects the change in odds ratio attributable to the interaction terms added was examined (Keppel & Zadeck, 1989). If they produced a significant odds ratio change in the criterion variable (willingness to buy anking services), the moderating effect was significant (Jaccard *et al.*, 1990; Jaccard, 2001). The exponent function or odds ratio was used for interpretation.

Empirical Results and Discussion

Respondents' Demographic Characteristics

The analysis of general characteristics of the respondents is presented in Table 1. These include age, gender and level of income per month.

Table 1 Respondents' Demographic Characteristics

Respondent's characteristics	Frequency	%
Gender		
Female	186	49.7
Male	187	50
Non response	1	0.3
Total	374	100
Age		
18-25 years	148	39.6
26-32 years	70	18.7
33-40 years	70	18.7
Above 40 years	85	22.7
Non response	1	0.3
Total	374	100
Level of income per month		
Up to Ksh 10,000	73	19.5
Ksh 10,001-20,000	31	8.2
Ksh 20,001-50,000	96	25.7
Ksh50,001-100,000	75	20.1
Above Ksh 100,001	50	13.4
Non response	49	13.1
Total	374	100

Source: Primary Data

The results in Table 1 indicate that there was almost equal number of respondents from each gender: female (49.9%) and male (50.1%). Among those respondents 39.6% were between 18 and 25 years. This suggests that a

large number of young people participated in the study. With respect to the level of income per month almost half (45.8%) of the respondents earned between Kshs 20,000 and Kshs 100,000. To predict whether there existed any relationship among the demographic variables (gender, age and income) cross tabulations were conducted with reference to willingness to buy banking services. Table 2 shows the cross tabulation between gender and willingness to buy banking services.

Table 2 Respondents' Gender and their Willingness to Buy Banking Services

	n _i	Willingness to buy banking services		Total (%)
		No Preference	Local preference	
Female	167	47.9	52.1	100
Male	170	53.5	46.5	100
Total	337	50.7	49.3	100

Source: Primary Data

As shown in Table 2 women were more ethnocentric than men since 52.1% preferred services from locally owned commercial banks. This is contrary to other studies such as Bannister and Saunders, (1978) and Shankarmahesh, (2006) who found men to be more ethnocentric than women. Table 3 presents the results between age and willingness to buy banking services.

Table 3 Respondents' Age and their Willingness to Buy Banking Services

	n _i	Willingness to Buy banking services		Total (%)
		No Preference	Local preference	
18-25 years	136	53.7	46.3	100
26-32 years	60	48.3	51.7	100
33-40 years	62	41.9	58.1	100
Above 40 years	79	54.4	45.6	100
Total	337	50.7	49.3	100

Source: Primary Data

With respect to age distribution Table 3 reveals that as respondent advances in age the ethnocentric tendency also increases. However, the ethnocentric tendencies decrease among respondents who were above 40 years. Based on these observations the older people appear to be more ethnocentric than the younger ones. This observation is inconsistent with Bannister and Saunders (1978) and Schooler (1971). The cross tabulation between the level of income per month and willingness to buy banking services are presented in Table 4.

Table 4 Respondents' Level of Income per Month and their Preferences

	n _i	Willingness to Buy banking services		Total (%)
		No Preference	Local preference	
Up to Ksh 10,000	68	47.1	52.9	100
Ksh 10,001-20,000	30	56.7	43.3	100
Ksh 20,001-50,000	88	48.9	51.1	100

Ksh50,001-100,000	69	46.4	53.6	100
Above Ksh 100,001	44	65.9	34.1	100
Total	299	51.2	48.8	100

Source: Primary Data

It is discernible from Table 4 that there was no major difference with respect to respondents' preference based on level of income. However those who preferred banking services from locally owned banks were slightly less than those who had no preference. However most of the respondents had multiple accounts in different banks.

Table 5 Types of Banking Services Bought

	Responses		Multiple responses (%)
	n_i	%	
Withdrawals	80	32.4	43.0
Deposits/investments accounts	76	30.8	40.9
Encashment of cheques	13	5.3	7.0
Credit facilities	21	8.5	10.2
Electronic banking services	30	12.1	16.1
Payment of utility bills	10	4.1	5.2
Foreign trade	3	1.2	1.1
Money transfer	7	2.8	3.8
Others	7	2.8	3.7
Total	247	100.0	132.8

Source: Primary Data

The results in Table 5 reveal that the highly bought services were withdrawals and deposits. However most of the respondents bought an assortment of services.

Responses on Willingness to Buy Banking Services

To measure willingness to buy banking services the respondents were asked to choose their preference based on their overall assessments of where to buy their banking services given the choice of locally owned banks, foreign owned banks, both or none. The results are presented in Table 6.

Table 6 Responses on Consumer Preferences Based on Overall Assessment

	Frequency	%
From locally owned banks	149	43.6
From foreign owned banks	17	5
Both	172	50.3
None	4	1.2
Total	342	100

Source: Primary Data

The scenario represented by data in Table 4.10(a) reveals that the respondents had a high preference of locally owned banks (43.6%) as compared with foreign owned banks (5%). Moreover half of the respondents (50.3%) would prefer both and 1.2% would not prefer any of the choices provided. However 98.1% of the respondents had multiple accounts in different banks.

Consumer Ethnocentrism and the Willingness to Buy Banking Services

The first objective of the study was to establish the relationship between consumer ethnocentrism and the willingness to buy banking services. The replication of this objective from the previous studies was imperative in order to test the validity of CETSCALE in Kenyan mixed economy contrary to their application in ex-communist economies. This objective was achieved by testing hypothesis one:

H₁: Consumer ethnocentrism has significant influence on willingness to buy banking services in Kenya.

The model proportional by chance accuracy was computed as shown in classification Table 1(a).

Table 1(a) Proportional by chance Accuracy Classification Table

Observed		Predicted		
		Willingness to buy banking services		Percentage Correct
		No Preference	Local preference	
Willingness to buy banking services	No Preference	172	0	100.0
	Local preference	166	0	0.0
Overall Percentage				50.9

Source: Primary data

The data in Table 1(a) reveals that the proportional by chance accuracy rate for the expected model is 50.9%. To determine the level of significance for the logistic regression model Omnibus test was done and the results are presented in Table 1(b).

Table 1(b) Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step	30.601	1	.000
Block	30.601	1	.000
Model	30.601	1	.000

Source: Primary data.

As further shown in Table 1(b) the probability of the model chi-square is 30.601 and its p value is < 0.001 which is less than the level of significance of 0.05. Therefore the study fails to reject H₁. Thus the existence of a

relationship between consumer ethnocentrism and willingness to buy banking services was supported. The relationship model summary is presented in Table 1(c).

Table 1(c) Model Summary

-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
437.860 ^a	.087	.115

Source: Primary data

Cox and Snell R² and Nagelkerke's R² values in Table 1(c) are less than 1. Hosmer and Lemeshow test was also done and the corresponding p value is greater than 0.05). These results therefore indicate a satisfactory goodness of fit. The smaller the likelihood value the better the goodness of fit. The classification accuracy compares predicted group membership based on the logistic model to the actual known group membership which is the value for the dependent variable. The actual accuracy of the model is presented in classification Table 1(d).

Table 1(d) Actual Accuracy Classification Table

Observed		Predicted		
		Willingness to buy banking services		Percentage Correct
		No Preference	Local preference	
Willingness to buy banking services	No Preference	117	55	68.0
	Local preference	62	104	62.7
Overall Percentage				65.4
The cut value is .500				

Source: Primary Data

As can be discerned in Table 1(d) the utility of the logistic regression model is 65.4%. Following the guidelines of Hair *et al.*, (2006) the classification accuracy should be at least one-fourth (25 percent) greater than the hit ratio (proportional by chance accuracy), calculated at 50.9 %. Specifically the validation of the holdout sample should be at least 63.6 % (1.25 x 50.9). The criterion for classification is therefore satisfied since the classification accuracy surpassed the proportional by chance criteria which support the utility of the model. Thus the model makes a correct prediction 65.4% of the time overall. To determine the logistic equation coefficients the probabilities of the Wald statistic were computed and the results are as shown in Table 1(e).

Table 1(e) Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Consumer ethnocentrism	.778	.149	27.304	1	.000	2.176
Constant	-2.204	.431	26.195	1	.000	.110

Source: Primary Data

As presented in Table 4.12(e) the independent variable standard error is less than 2.0 and hence there is no indication of multicollinearity. The probability of the Wald statistic for the variable is < 0.001 which is less than the level of significance of 0.05. The binary logistic regression equation that estimates the level of willingness to buy banking services is therefore stated as:

$$\ln WB = -2.204 + 0.778 \text{ CET}$$

Where:

$\ln WB$ = Natural logarithm of willingness to buy banking services

$\beta_0 = -2.204$ (Intercept constant)

$\beta_1 = 0.778$ (Logistic régression coefficient)

CET = Composite index of Consumer ethnocentrism

The value of Exp (B) ($e^{0.778}$) is 2.176 which imply the probability that willingness to buy banking services equals 1 is twice as likely (2.176 times) as the value of consumer ethnocentrism is increased by one unit. The overall binary logistic regression also show that a one unit increase in consumer ethnocentrism decreases the odds that survey respondents had willingness to buy banking services from commercial banks in Kenya.

Effect of Consumer Demographic Characteristics on the Willingness to Buy Banking Services

The second objective of the study was to assess the effect of consumer demographic factors on the willingness to buy banking services. The following hypothesis was tested to achieve the objective:

H₂: Demographic factors have significant influence on willingness to buy banking services.

The proportional by chance accuracy for the logistic regression model was computed as shown in classification Table 2(a).

Table 2 (a) Proportional by Chance Accuracy Classification Table

Observed		Predicted		
		Willingness to buy banking services		Percentage Correct
		No Preference	Local preference	
Willingness to buy banking services	No Preference	147	0	100.0
	Local preference	145	0	0.0
Overall Percentage				50.3

Source: Primary data.

The information in Table 2(a) indicates that the proportional by chance accuracy rate for the expected model is 50.3%. To determine the level of significance Omnibus tests was done and the results are presented in Table 2(b).

Table 2(b) Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step	16.126	9	.064
Block	16.126	9	.064
Model	16.126	9	.064

Source: Primary Data.

As shown in Table 2(b) the probability of the model chi-square is 16.126 and p value of 0.064 which is greater than the level of significance of 0.05. Hence the study rejects H₂. Hence the relationship between demographic characteristics and willingness to buy banking services do not exist. However further statistical analysis show different results. The model summary is as shown in Table 2(c).

Table 2(c) Model Summary

-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
388.658	.054	.072

Source: Primary Data.

The Cox and Snell R² and Nagelkerke's R² values in Table 2(c) are less than 1. Hosmer and Lemeshow test was also computed and the p value is greater than 0.05. Therefore the results indicate satisfactory goodness of fit for the logistic regression model. To assess the actual accuracy of the logistic regression model the classification accuracy test was computed and the results are as shown in Table 2(d).

Table 2(d) Actual accuracy Classification Table

Observed		Predicted		Percentage Correct
		Willingness to buy banking services		
		No Preference	Local preference	
Willingness to buy banking services	No Preference	67	80	45.6
	Local preference	39	106	73.1
Overall Percentage				59.2

Source: Primary Data

As presented in Table 2(d), the model utility is 59.2% which is less than the proportional by chance accuracy criteria of 62.9% (1.25 x 50.3). The criterion for classification is not satisfied therefore the model cannot be relied upon in order to make correct predictions. To establish the logistic regression

equation coefficients the probabilities of the Wald statistic were computed and the results are shown in Table 2(e).

Table 2(e) Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Age			8.213	3	.042	
18 – 25 years	-.936	.509	3.389	1	.066	.392
26 – 32 years	-.200	.396	.254	1	.614	.819
33 – 40 years	.436	.378	1.331	1	.249	1.546
Gender	.159	.247	.418	1	.518	1.173
Income			10.796	4	.029	
Up to Ksh 10,000	1.902	.605	9.893	1	.002	6.698
Ksh 10,000 – 20,000	1.301	.594	4.794	1	.029	3.673
Ksh 20,001 – 50,000	1.010	.437	5.333	1	.021	2.745
Ksh 50,001 – 100,000	.946	.416	5.181	1	.023	2.577
Constant	-.474	.844	.315	1	.574	.623

Source: Primary Data

As shown in 2(e) the standard errors for all independent variables are less than 2.0 and as such there is no indication of multicollinearity. The probabilities of the Wald statistic for age, gender and religion are greater than the level of significance of 0.05. However, the probabilities of the Wald statistic for the levels of income per month are less than the level of significance of 0.05. Hence results indicate a significant relationship between the levels of income and the willingness to buy banking services. Hence the study fails to reject H_2 . The logistic regression equation is therefore stated as:

$$\ln WB = - 0.474 + 1.902 I_1 + 1.301 I_2 + 1.01 I_3 + 0.946 I_4$$

Where:

$\ln WB$ = Natural logarithm of willingness to buy banking services

$\beta_0 = - 0.474$ (Intercept constant)

$\beta_1 = 1.902$; $\beta_2 = 1.301$;

$\beta_3 = 1.01$; $\beta_4 = 0.946$ (Logistic régression coefficients)

$I_1 =$ Up to Ksh 10,000;

$I_2 =$ Ksh 10,001 – 20,000

$I_3 =$ Ksh 20,001 – 50,000

$I_4 =$ Ksh 50,001 – 100,000

The corresponding Exp (B) values are 6.698 ($e^{1.902}$), 3.673 ($e^{1.301}$), 2.745 ($e^{1.01}$) and 2.577 ($e^{0.946}$) respectively which implies:

i) The probability that willingness to buy banking services equals 1 is seven times (6.698) as likely as the levels of income among the respondents currently earning below Ksh 10,000 is increased by one unit.

ii) The probability that willingness to buy banking services equals 1 is four times (3.673) as likely as the levels of income among the respondents currently earning between Ksh 10,001 – 20,000 is increased by one unit.

iii) The probability that willingness to buy banking services equals 1 is three times (2.745) as likely as the levels of income among the respondents currently earning between Ksh 20,001 – 50,000 is increased by one unit.

iv) The probability that willingness to buy banking services equals 1 is three times (2.577) as likely as the levels of income among the respondents currently earning below Ksh 50,001 – 100, 000 is increased by one unit.

Overall, the results indicate that a one unit increase in levels of income decreases the odds that survey respondents had in willingness to buy banking services from commercial banks in Kenya. Hence the tendency to prefer local or foreign commercial banking services was highly influenced by the respondents' level of income.

Consumer Ethnocentrism, Demographic characteristics and Willingness to Buy Banking Services

The third objective was to assess the moderating effect of consumer demographic factors on the relationship between consumer ethnocentrism and willingness to buy banking services. The hypothesis three was tested in order to achieve the objective:

H₃: Demographic factors have significant moderating effect on the relationship between consumer ethnocentrism and willingness to buy banking services.

The moderating effect of the demographic characteristics including gender, age and income was tested using stepwise binary logistic regression. However none of these variables were significant when the Wald statistic test was conducted. Therefore the three demographic factors do not moderate the relationship between consumer ethnocentrism and willingness to buy banking services. These findings contradict Josiassen *et al.*, (2011). However the moderating effect of demographic factors may vary depending on the product type or country where the study was conducted. Also some market environmental factors may affect a specific consumer group and not necessarily the entire population. This is evident by the findings of the study which showed a joint effect of consumer ethnocentrism and demographic factors on the willingness to buy banking services among the youth aged 18 – 25 years. Therefore consumer ethnocentrism construct should not be limited to the country as whole but to specific social groups within a country.

Conclusion

Several conclusions may be made based on the study results. Consumer ethnocentrism was found to have a negative influence on willingness to buy banking services from foreign owned commercial banks. Hence the level of localization adopted by the commercial banks can influence consumer choice behaviour. Subsequently although the study's findings did

not show any moderating influence of all demographic factors on the relationship between consumer ethnocentrism and willingness to buy banking services, the role of such factors needs to be investigated further. The direct influence of levels of income was found to have a strong effect on the consumer willingness to buy banking services in Kenya. Consumers with lower levels of income preferred to buy from locally owned commercial banks and vice versa. This indicated the essence of intergroup differentiation in service or market offerings as well as market segmentation and targeting.

Managerial Implications

Consumer ethnocentrism was found to have a negative influence on the willingness to buy banking services from foreign owned banks. Based on the these findings foreign investors in the banking industry should have pertinent localization strategies incorporated in their broad corporate strategies. This will not only guide the banks in repositioning their products in the domestic markets but also in adapting their operations in order to enhance domestic consumption. Hence foreign commercial banks can maintain their bargaining strength by developing local support systems. They can satisfy their own objectives and find local acceptability by implementing activities that consistently and openly explain their business behavior as well as by developing product lines specifically for local demand. The spirit of nationalism can be counteracted if the foreign commercial banks develops localized image to avoid falling victim.

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