

## ETHNOCENTRISM VERSUS FREE TRADE AGREEMENT IN INDONESIAN FASHION CONSUMERS\*) (THE STUDY OF MADE IN CHINA FASHION PRODUCT IN BANDUNG)

Zulganef<sup>1</sup> and Taufik Rachim<sup>2</sup>

**Abstract:** *This research attempts to understand consumer behavior in term of the implementation of Free Trade Agreements, such as ACFTA (ASEAN-China Free Trade Area) and Asean Economic Community (AEC). In this research, the authors focusing on the study of consumer ethnocentric tendency of College Students in Bandung, primarily in Chinese fashion product as representation of non-Indonesian Products. This study shows that 53.2% Students in Bandung have high ethnocentrism attitude. It shows that most of the Indonesian Students have a strong tendency to see the difference between his own group (in group) in this case the nation of Indonesia and the other group (out group) in this case the Non-Indonesian nations. Referring to the condition it can be predicted that the invasion of non-Indonesian products, especially Chinese, will not be strongly affected the presence of Indonesian fashion products. This is reinforced by some relationships between variables that are supported in this study. The relationship between ethnocentrism and the perception of quality fashion products made in China is negative; it means that the higher the attitude of ethnocentrism students in Bandung, the lower they perceive the quality of fashion products made in China. However, there is one thing to be aware for fashion business in Indonesia, namely the price. This research shows that in spite of ethnocentrism, price is still a major consideration in terms of buying fashion products made in non-Indonesian countries, since there is a positive relationship between perceptions of price and the intention to buy fashion products made in China.*

**Keywords:** *Nationalism, Consumer Ethnocentric Tendency, Free Trade Agreement, Perceives On Price, Perceives On Quality, and Purchase Intentions.*

### INTRODUCTION

Ohmae (1991) and Naisbitt (1994) suggested the increasingly important trade and globalization. In politics, countries will be perceived as borders, whereas in

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<sup>1.</sup> Lecturer of Faculty of Business and Management- University of Widyatama Bandung-Indonesia.  
Email : [zulganef@widyatama.ac.id](mailto:zulganef@widyatama.ac.id)

<sup>2.</sup> Lecturer of Faculty of Business and Management- University of Widyatama Bandung-Indonesia.  
Email : [taufik.rachim@widyatama.ac.id](mailto:taufik.rachim@widyatama.ac.id)

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economics there will be no border. The Borderless economic in South East Asia region, reflecting in the formation of Asean-China Free Trade Area (ACFTA) and Asean Economic Community (AEC). Both Free Trade Agreements will increase the competition in the economic field. On the other hand, Sally (2006) suggested that the regional economic integration will not be driven by a hub-and-spoke pattern of Free Trade Area (FTA), since the FTAs in East-ASIA countries, or even in ASIAN are weak and partial. Additionally, Sally (2006) mentions that Trade Policy in East Asia is lead to non-discriminatory unilateral liberalization. It means that Free Trade Area will tighten the ethnocentrism in the Asian Countries.

AEC 2015 will be directed towards the establishment of a regional economic integration by reducing trade transaction costs, improve trade and business facilities, as well as improving the competitiveness of the SME sector. Entry 2015 AEC aims to create a single market and production base which is stable, prosperous, highly competitive and economically integrated with effective regulations for trade and investment, in which there is free flow of traffic of goods, services, investment, and capital as well as facilitating freedom of movement of businesses and labor. Implementation of AEC 2015 will focus on 12 priority sectors, which consists of seven sectors of goods (agricultural industry, equipment, electronic, automotive, fisheries, industry-based rubber, wood-based industries, and textiles) and five services sectors (air transport, health services, tourism , logistics, and information technology industries or e-ASEAN).( Indonesia Ministry Secretary of State, <http://www.setneg.go.id/>)

The Optimistic and pessimistic idea about Free Trade Area expressed by Sally (2006) and Ohmae (1991), Naisbitt (1994), and the Government of Indonesia (Ministry Secretary of State Indonesia) give negative or positive impacts on the industry in Indonesia. Additionally, the enactment of AEC can be categorized as economic factors that will influence the strategy developed by a company, therefore, such conditions can see as part of external factor changes facing by a company, it is expressed by some authors of marketing management and strategic marketing, such as, Kotler and Keller (2009), David (2004), and Craven (2003) who outline the theory that the changes in economic or political conditions are part of the external factors that can become opportunities or threats for companies. *If Indonesia ethnocentric behavior is high, it can be predicted that the invasion of Non-Indonesian goods, especially Chinese goods will not affect negatively on the existence of products in the country of Indonesia, at least in Bandung*

Referring to the suggestion of Kotler and Keller (2009), David (2004), and Craven (2003), it can be estimated that the impact of Free Trade Agreement (FTA) will provide opportunities or threats for companies. Some writers of consumer

behavior, e.g. Assael (1998), Hawkins et al. (2002), and Howard (1989) reveals the relationship between marketing strategy and consumer behavior. The authors reveal that marketing strategy is essentially focused on consumer behavior. Thus, a phenomenon in the business environment will be a threat or an opportunity, it depends on how consumers respond to the incident, in this case attack on foreign products to Indonesia as a result of the enactment of Free Trade, such as AEC and ACFTA. Therefore, in facing the phenomena or events in the environment, the business organization should understand the impact of the events or phenomena on consumers, in terms of understanding consumer behavior. In this research we assume that Chinese products represent the non-Indonesian products, then we will use both terms for the same meaning.

Day and Montgomery (1994:4) suggest that the true understanding of consumer behavior - in terms of understanding the attitudes that influence consumers in making a purchase is important. Some authors and researchers believe that predicting consumer behavior can be done in a way to understand her attitude. Attitude is the main factor that encourages a behavior (Schiffman and Kanuk, 2000: 19). One way to understand the attitude of consumers is to examine consumer perceptions of the socio-cultural conditions faced by these consumers. Schiffman and Kanuk (2000), Peter and Olson (1999), Assael (1998), and Zaltman and Wallendorf (1979), reveal the consumer behavior model which provides an overview of cultural or social role in influencing consumer behavior, one of the sociological concepts that influence behavior consumers is ethnocentrism, it is psychology constructs which is relevant for individual personality systems analysis as well as with wider analysis of socio-cultural framework (Shimp and Sharma, 1987). Reviewing the concept of ethnocentrism in the context of consumer behavior has been studied, including by Cleveland et al. (2009), John and Brady (2009), Horn (2009), and Nien Hsu (2008), and Sihombing (2005).

Sihombing (2005) validates CETSCALE (Ethnocentric Consumer Tendency Scale) conducted by Shimp and Sharma (1987). Research of Sihombing (2005) revealed that CETSCALE (Ethnocentric Consumer Tendency Scale) version of the reduction (reduced version) has a negative relationship with attitude and intention to buy foreign brand products. This means that the higher the ethnocentric tendency of Indonesian, the lower the intention to buy the brands of foreign products. On the other hand, several studies in the field of consumer behavior reveals the perception of product attributes as the antecedent of the attitude of a consumer, such as research of Garbarino and Johnson (1999), Pritchard, et al. (1999), and Eggert and Ulaga (2002). The attributes of these products can be either the quality or price.

The third point that motivates this research is the issue of nationalism which is currently often used as a basis for promoting a product, for example advertising Pertamina “Lucky nation, we are lucky,” Maspion with the slogan “Love the made in Indonesia products,” and a shoe-making in the center of Bandung Cibaduyut shoe industry branding her shoes “JK (JusufKalla)”, the name of former Indonesia Vice President. Stanford Encyclopedia of Philosophy reveals that nationalism can be defined as an attitude owned by the nation when they care about the identity of their nation. However, Indonesian consumers have a possibility to deal with the dilemma between selecting products that are not qualified, higher prices, with nationalism, given the resulting products of other States is cheaper and better, for example bead crafters of Trowulan price ranges from 12 to 50 thousand rupiah, while Chinese products only 10 thousand rupiah. (<http://berita.liputan6.com/ekbis/>). Additionally, Chairman of the Indonesian Young Entrepreneurs Association (Hipmi) Raja Sapta Oktohari said that Shoes Employers of Indonesia has not been able to create almost the same quality with foreign products. Therefore we need to create a product that could be of the same quality (business forum with the theme of the first session of Synergy Policy in Creating Opportunities For Capitalization National Optimism Welcoming ASEAN Economic Community (AEC) in 2015. (<http://www.tribunnews.com/bisnis/2013/06/12>)

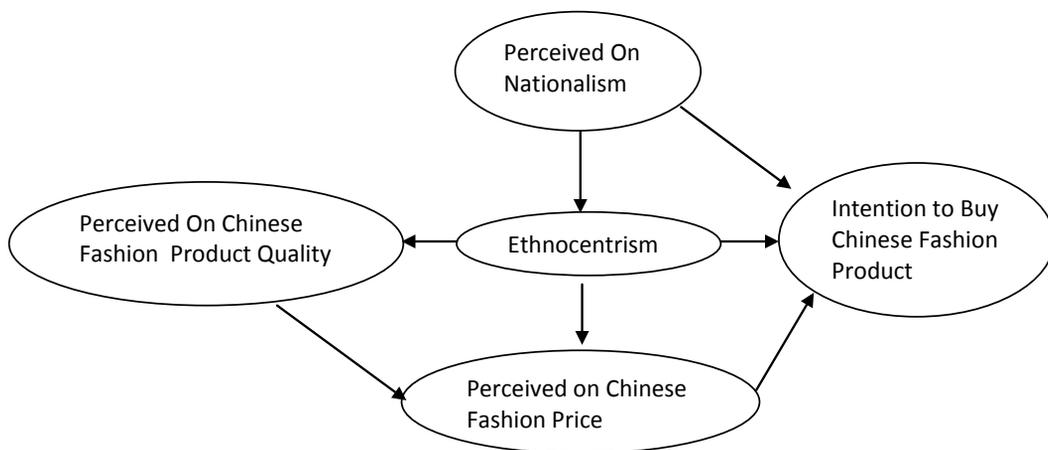
Refer to the three things above, the aims of this research are:

1. Examining the existence of ethnocentrism in the Indonesian consumer behavior, especially in connection with the implementation of Free Trade Agreements, such as AEC and ACFTA and concerning to the invasion of foreign products, especially Chinese, that are considered cheaper and better quality than Indonesian products, especially fashion products.
2. Fashion is chosen because it is part of the textile and clothing industry (TPT). Considering that the fashion sector is globally expected to have significant potential market, which is valued at 1.7 trillion U.S. dollars, or about 3 times the GDP of Indonesia about 540 billion U.S. dollars (Kompas, 19 November 2010 : 18). Students are selected because they are parts of society that are considered that they more understand the existence of the industry in Indonesia or Bandung. In addition, research Zulganef, Nursjanti, and Garniwa (2007) show that there is Opinion Leader in Fashion products, which indicates that this product is quite popular among students; in terms of dissemination information is better compared to other products studied (i.e. political product).
3. Analyzing the relationship between ethnocentrism tendencies of nationalism, product quality, price, and purchase intentions of students toward fashion products made in China.

4. By understanding the existence of ethnocentrism, it can be recognized the impact of ACFTA and AEC enactment of industries in Indonesia, especially the industries whose products face to face (head to head) with products made in China or ASEAN countries, mainly deals with the quality and price, that is fashion.

The author reveals the back ground and problems in the research model on Figure 1.

**Figure 1: Research Model**



## LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Intention is defined by Fishbein and Ajzen (1975: 288) as the possibility of subjectivity of someone to performance in action. Fishbein and Ajzen (1975: 292) further more explain that the intention is associated with the four different elements, namely the behavior, object (target), the target behavior, the situation where the behavior will be executed, and the time in which the behavior is raised. Dharmmesta (1998:91) describes the intention in the TPB variables as: "Catcher" or intermediary for the motivational factors that have impact on a behavior, illustrate how hard someone dared to try, demonstrating how much effort a person planned to do, and most closely associated with subsequent behavior. Referring to the intention expressed by Dharmmesta (1998) above, then understanding the intention is the beginning or basis for understanding the behavior of a consumer. In this study, the authors' investigation is focus on the variable of intention to purchase Chinese products. Some researchers reveal the role of intention in purchasing a product. Among them, the research of Garbarino

and Johnson (1999), and Eggertand Ulaga (2002) which investigate the role of trust and commitment in generating buying intentions. Whereas this study focuses on investigation of ethnocentrism as an antecedent for intention to buy Chinese fashion products.

Ethnocentrism is an attitude that sees the difference between his own group (in-group) with another group (out-group) (Schiffman and Kanuk, 2000). Fishbein and Ajzen (1975) and Ajzen (1988) revealed that the intention is a consequence of the attitude or a tendency toward an object or behavior. Referring to the term of attitudes proposed by Fishbein and Ajzen (1975), Ajzen (1988), and the term of ethnocentrism proposed by Schiffman and Kanuk (2000) and Shimp and Sharma (1987), which suggests that ethnocentrism is more concerned with blindly accepting to his own group (in this case, Indonesian nation) and tends to reject things that are outside the group, then the first and second hypothesis of this research are:

H1: Ethnocentrism positively influences the intention to purchase fashion products made in China.

Kotler and Keller (2009) suggest price as the major determinant of buyer choice, and consumers are "price takers" and accept prices at "face value". The suggestion shows that price is an important consideration for consumers to purchase and it could be a major determinant of buyer intention to buy. Economically, It means that the higher the price the lower the intention to buy. In spite of that, price can see as a result of consumer evaluation, meaning that price is a perceived value and it can be considered as an attitude, consequently, the second hypotheses of this study is:

H2: Bandung higher student's perceived price negatively influences the intention to purchase Chinese fashion products.

Schiffman and Kanuk (2000), Peter and Olson (1999), Assael (1998), and Zaltman and Wallendorf (1979), reveal that consumer behavior model provides an overview of cultural or social role in influencing consumer behavior. One of the sociological concepts that influence consumer behavior is ethnocentrism, which is an attitude that sees the difference between his group (in-group) and other groups (out-group). Ethnocentrism has become psychological construct that are relevant to the personality as well as extensive analysis of socio-cultural framework (Shimp and Sharma, 1987). Thus become an interesting variable in consumer behavior since it is adopted from the field of sociology. Some studies investigate the role of ethnocentrism in the context of consumer behavior, including Cleveland et al. (2009), John and Brady (2009), Horn (2009), and Nien Hsu (2008), and Sihombing (2005). Cleveland et al. (2009) revealed that the Consumer Ethnocentrism Tendency (CET) and materialism (MAT) is very suitable for predicting the behavior of a

consumer. In addition, Cleveland et al. (2009) revealed four patterns of consumption and materialism associated with ethnocentrism, namely: (1) CET is an antecedent to purchase traditional foods while materialism can not predict the behavior of traditional food purchases, (2) materialism and tendency of ethnocentrism is negative or not significant predictors on consumption goods, for example: tea and fridge, (3) CET and MAT can predict the hedonic nature of local consumption, for example; traditional snacks and restaurants, and (4) predict hedonistic global consumption, for example; blue jeans, and internet surfing is a positive function of MAT and negative functions of the CET. John and Brady (2009) examined the relationship between product consumption patterns package (consumable packages), i.e. products that are packaged with a good identity so consumers can know the origin, content and product materials (labeling), and consumption of non-product-package (non-consumable packages), i.e. products that are not given the identity of the packaging at all, with CET Mozambique-African community, they reveal that the products are packaged and comes from South Africa are more vulnerable than the products of non-package. They also found that products of non-package more influenced by consumer ethnocentrism than the packaging of products, particularly products originating from South Africa.

Research of Nien Hsu (2008) on consumer behavior in Taipei and Shanghai revealed that ethnocentrism has a strong influence on the brand selection (preference) in the country. Ethnocentric consumers in Taipei and Shanghai are the people who are relatively older, educated, and those who have traveled abroad several times in the past 3 years, while the respondents from Shanghai are loyal to domestic brands. Respondents from Taipei rank the domestic brands as one top choice. The results of this study indicate that there are different patterns between consumer ethnocentrism in the sub-cultures of different Chinese communities. Research of Maheswaran (1994) toward consumer experts (expertise) and consumer beginners (novices) showed that the State of origin (country of origin) has a strong relationship with the consumer evaluation of product attributes. Research of Cleveland et al. (2009), John and Brady (2009), Horn (2009), Nien Hsu (2008), and Maheswaran (1994) give an idea that ethnocentrism has a strong influence on the selection (preference) of a product, so that it can be estimated that ethnocentrism will also affect consumer perceptions of product quality and price of China-made fashion products, such influence will be negatively given the ethnocentrism is oriented attitude towards their own culture or group. Therefore the third hypothesis (H3) and fourth (H4) of this research are:

H3: Ethnocentrism negatively influences the Bandung Higher student's perceived quality of Chinese fashion products

H4: Ethnocentrism negatively influences the Bandung Higher student's perceived price of Chinese fashion products.

Some companies in Indonesia use the issue of nationalism which is currently often used as a basis for promoting a product, for example advertising Pertamina, a national oil company which promote her product as " we are lucky nation is lucky," Maspion with the slogan "love the made in Indonesia products," Dhompert Dhuafa, non-government organization for a charity writes advertisement "tithe for my nation", Minister of Tourism and Culture of Indonesia on Indonesian television broadcasting, states "know your country" and a shoe-making in the center of Cibaduyut shoe industry in Bandung brands his shoes as "J-K ( Jusuf Kalla) " the former vice president of Indonesia. Besides that, there are several products using Indonesian names, though the principal of those products is not come from Indonesia, such as: Toyota Kijang, Mitsubishi Kuda, and Daihatsu Ceria. The advertisement and brand names show that the issue of nationalism or original characters of Indonesian through product brand names explains that it is important to understand the consumers' attitude toward nation (nationalism). Those attitudes conform to the term of nationalism attitude stated by some researchers, such as Cleveland et. al (2009). John and Bradly (2009). And Hsu and Nien (2008) that point out that consumer prefer domestic products to foreign products.

*Stanford Encyclopedia of Philosophy* reveals the definition of nationalism as follows:

The term "nationalism" is generally used to describe two phenomena: (1) the attitude that the members of a nation have when they care about their national identity and (2) the actions that the members of a nation take when seeking to achieve (or sustain) self-determination. (<http://plato.stanford.edu/entries/nationalism/#1.1>)

Stanford Encyclopedia of Philosophy further reveals that nationalism can be defined as the attitude owned by a nation when they care about the identity of their nation. Nevertheless it is possible that Indonesian consumers to deal with the dilemma between selecting products that are not qualified, higher prices, with nationalism, given the resulting products of other Country is cheaper and better, for example bead crafters Trowulan price is ranges from 12 to 50 thousand rupiah, while Chinese products only 10 thousand rupiah. (<Http://berita.liputan6.com/ekbis/>). The authors suggest that the term of nationalism defined above is conforms to the term of ethnocentrism, in order that, it can be predicted that the higher the nationalism the higher the ethnocentrism. Referring to the logical

consequences of the nationalism and ethnocentrism, then the fifth hypothesis (H5) of this research can be formulated as follows:

H5: Nationalism positively influences the Ethnocentrism tendency of Bandung Higher Student toward Chinese fashion products

Research of Maheswaran (1994) reveals the relationship among country of origin has relations with consumers' evaluation toward product attributes. This describes that consumers have certain attitude to the origin of products. On the other hand, Nakata and Sivakumar (1996) state literature review producing several proportions connected with the relationship between national culture and the development of new products. The sixth hypotheses of this study is adopted from Maheswaran (1994) and Nakata and Sivakumar (1996) research. Maheswaran (1994) and the proportion based on literature review stated by Nakata and Sivakumar (1996) describe that nationalism can be basic factor of a consumer in purchasing, mainly when it is connected with the attitude theory that reveals the relationship between cognitive and conative (Schiffman and Kanuk, 2000), in the term that nationalism is a cognitive domain and the intention or attitude are conative domain. Referring to the term of nationalism stated by *Stanford Encyclopedia of Philosophy* above, the nationalism is the attitude of someone in connection with national identity and actions connected to the achievement of *self-determination*. The research of Maheswaran (1994) concerns to the relationship between *country* of origin and evaluation toward product attributes, proportion of Nakata and Sivakumar (1996) concerning to the relationship between national culture and the development of new products, and attitude theory (Schiffman and Kanuk, 2000), therefore the sixth hypothesis (H6) of this research can be formulated as:

H6: Nationalism negatively influences the Bandung Higher student's intention to purchase Chinese fashion product

#### **2.4 Product Quality, Price, and Ethnocentrism**

Kotler and Keller (2009:169) quotes the American Society for Quality Control that reveal the quality of the overall features and characteristics of products or services associated with the ability to satisfy customer needs. While Cheng and Tam (1997) cites the meaning of quality of some researchers, the citation expressed meaning of quality as excellence, value, fitness for use, conformance to requirements, defect avoidance, and meet or exceeds customers' expectations. On the other hand, Parasuraman (1996:145), quoting Lewis and booms in the field of quality of service, that service quality is a measure of the extent of services

provided in accordance with customers' expectations. Most of the meaning of the quality reveals that quality is closely related to the needs or desires of consumers, in the sense that the higher the product or service meets the needs of consumers, the higher the quality of that service. In addition, Barnes and Cumby (1996: 178) reveal the relationship between product quality and costs, especially in services. They reveal that to produce good quality service, we need a high cost.

Referring to the understanding proposed by Barnes and Cumby (1996), it can be expected that the quality of services associated with product price, so it can be said that if the quality of products is good, the price would be high. In order that, consumers will face the choice of quality products with high prices or products with less or no quality with low price. However, research of Riesz (1978) reveals the relationship between price and quality of products as follows: there is a negative relationship between price and product quality on the products of non-durables, while the durable products have a positive relationship between quality and price of the product. However, research of Riesz (1978) revealed that the overall aggregate analysis of products (durables and non-durables) shows the relationship between positive price-quality products. Research of Riesz (1978) suggestion and the understanding of Barnes and Cumby (1996) concerning the relationship between price and quality products, then the seventh hypothesis (H7) of this research is:

H7: Bandung Higher student's perceived quality positively influences her perceived on price of Chinese fashion products

### **Research Design**

This research approach is explanatory, while the method used is a survey method and the unit of analysis is Higher students in Bandung. Data were collected using convenience sampling technique, by distributing questionnaires to the student of Bandung. The data analysis technique used was analysis of the average frequency of respondents' answers to the question of ethnocentrism to detect the presence of ethnocentrism and structural equation modeling to analyze the relationship between the variables studied. The questionnaires were distributed using convenience sampling technique to Private Universities in Bandung, they are Widyatama University, Parahyangan University, STIE Al- Maksoem and STIE Ekuitas, the total distributed questionnaires were 500 exemplars. The returned questionnaires were 410 exemplars (response rate is 82%)

**RESULT**

**Ethnocentrism Identification**

**Table 2.2**  
**Average Response to Ethnocentrism**

	1	2	3	4	5
		<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Valid	1.00	1	.3	.3	.3
	1.10	1	.3	.3	.5
	1.30	1	.3	.3	.8
	1.40	2	.5	.5	1.3
	1.50	1	.3	.3	1.6
	1.60	2	.5	.5	2.1
	1.70	4	1.1	1.1	3.2
	1.80	5	1.3	1.3	4.5
	1.90	5	1.3	1.3	5.8
	2.00	4	1.1	1.1	6.8
	2.10	7	1.8	1.8	8.7
	2.20	9	2.4	2.4	11.1
	2.30	5	1.3	1.3	12.4
	2.40	16	4.2	4.2	16.6
	2.50	10	2.6	2.6	19.2
	2.60	19	5.0	5.0	24.2
	2.70	18	4.7	4.7	28.9
	2.80	23	6.1	6.1	35.0
	2.90	20	5.3	5.3	40.3
	3.00	25	6.6	6.6	46.8
	3.10	26	6.8	6.8	53.7
	3.20	16	4.2	4.2	57.9
	3.30	26	6.8	6.8	64.7
	3.40	20	5.3	5.3	70.0
	3.50	20	5.3	5.3	75.3
	3.60	18	4.7	4.7	80.0

3.70	9	2.4	2.4	82.4
3.80	15	3.9	3.9	86.3
3.90	10	2.6	2.6	88.9
4.00	8	2.1	2.1	91.1
4.10	7	1.8	1.8	92.9
4.20	7	1.8	1.8	94.7
4.30	4	1.1	1.1	95.8
4.40	7	1.8	1.8	97.6
4.50	2	.5	.5	98.2
4.60	2	.5	.5	98.7
4.70	1	.3	.3	98.9
4.80	3	.8	.8	99.7
4.90	1	.3	.3	100.0
<b>Total</b>	<b>380</b>	<b>100.0</b>	<b>100.0</b>	

Table 2.2 shows the average response to ethnocentrism. The 5<sup>th</sup> column shows that cumulative percent for average responses 1 to 3 is 46.8%, it is represent the lower ethnocentrism tendency response. On the other hand, the rest is 53.2% which represent the average response from 3.01 to 5. It is indicates the higher ethnocentrism tendency response. It means that most respondents have a high tendency ethnocentrism attitude.

## RESEARCH RESULT

### Data Fit Model

Analysis of data to test hypotheses of this study conducted in two stages, namely overall analysis of the model - in terms of analyzing the fit between the data to the model -, and structural analysis, i.e. analysis of the relationships contained in the model. Analysis of overall model is to analyze the fit of the model to the data that is processed through the fit index values, whereas structural analysis was to analyze the relationship between variables through the values of the correlation coefficient between variables that can be studied (Anderson and Gerbing, 1988; Hair, et al., 1995). Mueller (1996: 82), Hair, et al. (1995: 682), Bone, Sharma, and Shimp (1989), Joreskog and Sorbom (1988), reveals some of the criteria normally used in analyzing or testing the fit of the data to the model, including Chi-Square, Goodness Of Fit Index ( GFI), Adjusted Goodness Of Fit Index (AGFI), Root Mean

Square (RMR), Root Mean Square Error Adjusted (RMSEA), and the parsimony index. The researchers revealed that the higher the fit index values above, it shows the fit between the estimated data with the model (model fit to the data). Tables 5.1 and 5.2 are the result of data analysis. They show the value of Cmin / DF is 1.736 which is located between 1 and 5 value; RMR = 0187, GFI = 0837; and AGFI = 0817. This illustrates that the model under study fitto the data.

**Table 5.1**  
**CMIN/DF**

<i>Model</i>	<i>NPAR</i>	<i>CMIN</i>	<i>DF</i>	<i>P</i>	<i>CMIN/DF</i>
MODEL ALTERNATIVE	84	1208.280	696	.000	1.736
Saturated model	780	.000	0		
Independence model	39	1673.988	741	.000	2.259
Zero model	0	7390.500	780	.000	9.475

**Table 5.2**  
**RMR, GFI, AGFI, dan PGFI**

<i>Model</i>	<i>RMR</i>	<i>GFI</i>	<i>AGFI</i>	<i>PGFI</i>
ALTERNATIVE MODEL	.187	.837	.817	.746
Saturated model	.000	1.000		
Independence model	.270	.773	.762	.735
Zero model	.347	.000	.000	.000

**Structural Analysis**

Table 5.3. showing the relationships between variables analyzed. The table shows that 3 of the 7 hypothesized relationships are significant at the level of confidence 0.05, namely:

- The positively influences of Nationalism to Ethnocentrism
- The negatively Influences of Ethnocentrism to the quality of products perceived by Bandung Higher Students

On the other hand, 2 of 7 The relationship is significant at the 0.1 confidence level, namely:

- The positively influences of intention to buy (intention to buy) and the product price perceived by Bandung Higher Students.
- The negatively influences of ethnocentrism to intention to buy

While the not supported hypotheses are:

- The influence of nationalism to the price perceived, and
- The influence of nationalism to the intention to buy

**Tabel 5.3**  
**Regression Weights**

				<i>Estimate</i>	<i>S.E.</i>	<i>C.R.</i>	<i>P</i>
1	ETHNOCENTRISM	←	NATIONALISM	0.519	0.106	4.898	***
2	PRODUCT QUALITY	←	ETHNOCENTRISM	-0.308	0.099	-3.117	0.002
3	PRODUCT PRICE	←	PRODUCT QUALITY	0.379	0.152	2.495	0.013
4	PRODUCT PRICE	←	ETHNOCENTRISM	-0.011	0.038	-0.284	0.776
5	INTENTION TO BUY	←	NATIONALISM	0.018	0.048	0.379	0.705
6	INTENTION TO BUY	←	PRODUCT PRICE	0.73	0.423	1.725	0.085
7	INTENTION TO BUY	←	ETHNOCENTRISM	-0.113	0.068	-1.653	0.098

Structural analysis above shows two main paths of mental processes students of Bandung in considering the purchase of fashion products made in China:

1. Nationalism→Ethnocentrism→Perceptions of the quality of Chinese fashion products→Perceptions of the price of fashion products made in China→intention to purchase fashion products made in China. The value of statistical estimation:  $0.519 \times 0.308 \times 0.379 \times 0.73 = 0.044$
2. Nationalism → Ethnocentrism → Intention to buy fashion products made in China. The value of statistical estimation:  $0.0519 \times 0.113 = 0.059$

Two paths of mental processes mentioned above shows that Ethnocentrism plays an essential role in mediating the influence of nationalism to the intention to purchase fashion products made in China.

## CONCLUSION

The above study shows some things that need to be discussed in this study, namely:

1. This study showed that 53.2% Higher Students in Bandung have high ethnocentrism attitude, which is shown from the average value of respondents' answers about the ethnocentrism (Table 2.2.). It shows that most of the Indonesian Students recognize that there are differences between the Indonesian people (in-group) with other nations (out-group) in this case the Chinese nation.

2. Refer to the first point above, it can be expected that the Indonesian Students view different Chinese products with products of Indonesia, and different attitudes are strong enough to withstand the influence of invasion of Non Indonesian-made fashion products. This can be seen from the relationships between variables supported in this study, for example the relationship between ethnocentrism with the perception of quality fashion products made in China. The relationship between ethnocentrism with the perception of quality fashion products made in China is negative; it shows that the higher the attitude of ethnocentrism students of Bandung, the lower the perception of Students of Bandung to quality fashion products made in China. So that can be expected that if students in Bandung were given the option to choose the similar of Chinese products and domestic products, they will choose domestic product.
3. Another thing that shows that Non-Indonesian products will come together by the attitude of students of Bandung is supporting the first hypothesis, namely: there is a negative relationship between ethnocentrism and the intention of the students in Bandung to purchase fashion products made in China. This shows that the higher trend of students' ethnocentrism in Bandung, the lower the students' intention to buy products made in China. The existence of ethnocentrism in the Students in Bandung as described in point 1 above illustrates that domestic producers do not have to worry about invasion of Chinese products. This is consistent with the relationship between ethnocentrism and the perception of the quality of Chinese products (Hypothesis 3).
4. There is one thing to be noted by the business actors in Indonesia in the stem of the invasion of Non-Indonesian products, that is the pricing problem. This research shows that price is still a major consideration in terms of buying fashion products made in China, this is seen in a positive relationship between perceptions of price with the intention to purchase fashion products made in China. Operational price as something positive, the statement that says "The price of cheap fashion products made in China," or "The price of fashion products made in China is more valuable than the products made in Indonesia," It means that the cheaper the price perceived by the students, the stronger the intention of Students in Bandung to buy fashion products made in China. In addition, these conditions also shows that the price is still a consideration in buying fashion products made in China. It can be said that the price and ethnocentrism are two main variables considered by the Students in Bandung in buying fashion products made in Non-Indonesian.

5. Structural analysis above shows two main lines of mental processes students of Bandung in considering the purchase of fashion products made in Non-Indonesian, namely:
  - a. The pathway that showed the main considerations of Price: Nationalism → ethnocentrism → perceptions of the quality of Chinese fashion products → intention perceptions of the price of fashion products made in China to purchase fashion products made in China. The value of statistical estimation:  $0.519 \times 0.308 \times 0.379 \times 0.73 = 0.044$
  - b. The pathway that showed the main considerations ethnocentrism : Nationalism → ethnocentrism → Intention to buy fashion products made in China. The value of statistical estimation:  $0.0519 \times 0.113 = 0.059$

Two lines of mental processes mentioned above shows that Ethnocentrism plays an essential role in mediating the relationship between nationalism with the intention to purchase Chinese fashion products, and show that Ethnocentrism can directly influence the intention to purchase fashion products made in China. However, prices can also be a major consideration but not so alarming, because the path is longer relative price considerations with the estimated value is lower (0.059 vs. 0.044)

6. Nationalism has positive relationship with Ethnocentrism, this shows that the level of consumer trends in addressing Chinese products have associations with attitudes towards nationalism, this shows that students of private universities in Bandung is still concerned about the existence of the Indonesian people, especially the presence in the economic field, especially the survival of products produced by the Indonesian nation, however only price that should be noted. Supported research on the relationship between perceived price and the intention to purchase fashion products made in China showed that the most likely to be are the price consideration ethnocentrism or nationalism. However, nationalism does not have a significant relationship with intention to purchase Chinese fashion products, this suggests that the political attitude of students do not have influence over the economic outlook or behavior of students in Bandung
7. Product quality has a positive relationship with product price. The quality of fashion products made in China operated in positive sentences, such as for example “fashion products made in China is good,” or “fashion products made in China is better than made in Indonesia” this shows that the better fashion products made in China, then the product is perceived cheaper. Although ethnocentrism affects the perception of quality fashion products made in China, but the quality will still be influential on the price perception of fashion products made in China.

## **Recommendation**

1. This research shows that price and ethnocentrism are two main considerations of Students in Bandung in buying fashion products made in China. Ethnocentrism influenced by nationalism, while the price is influenced by the quality of the product. In addition, two main variables that influence intention to purchase products made in China, these fashions also need to consider nationalism and product quality. This shows that the higher the nationalism, the higher the ethnocentrism that is inside of Students in Bandung, and the consequences are increasingly, Students in Bandung do not intend to buy fashion products made in China. On the other hand, the higher the ethnocentrism of students in Bandung, the lower their perceptions of quality fashion products made in China.
2. Therefore, to stem the flood of fashion products made in non-Indonesian, the campaign or campaigns about nationalism or love campaign on Indonesian products, such as for example the campaign of "love the products of Indonesia," from Maspion or "we are lucky, nation is lucky" from Pertamina needs to be reinforced and reproduced by the other campaigns.
3. On the first point above third point shows that the better the perceived quality of Chinese products more expensive (the positive relationship between product quality and the price of Chinese fashion products). This suggests that product quality is importance in student's consideration, although the quality is influenced by ethnocentrism.
4. Students consider that the existence of ethnocentrism in Indonesia, especially students in Bandung is relatively not so large, that is 53.2% of the total respondents of this research, we need a campaign or a national movement to promote the importance of consuming products made in Indonesia.
5. Another thing that needs to be considered by the manufacturers of domestic products that competition issue with non-Indonesian products is price, because this research shows that price is still a major consideration in addition to ethnocentrism. Referring to the relationship between perceived price and the intention to purchase fashion products made in non-Indonesian, the high economic cost that is often a major problem in the production of goods in Indonesia need to be repaired.
6. To prevent a flood of non-Indonesian products, there should be marketing policies that reinforce the nationalism and ethnocentrism of Students in Bandung. This also indicates that the invasion of non-Indonesian, especially Chinese products is not a thing that is so worrying.
7. To prevent a flood of non-Indonesian products, there should be policies that make the Indonesian products have better quality than non-Indonesian products, especially Chinese products.

8. This research seems in line with Sally (2006) suggestion concerning Free Trade Area, and it might be concluded that Free Trade Area, at least in Asia is weak and partial, and doesn't lead to a regional economic integration.

### **Limitations and Further Research**

1. This research was conducted only in Bandung and limited at 4 Universities only, it will not generally represent all students in Bandung. Consequently, there should be research with broader respondents e.g. involving students of other towns in Indonesia, and involving citizens of Indonesia, such as: employees, the women of Household, or the Manager.
2. Students are not likely able to evaluate, in the sense of comparing the fashion products made in China, because it is not asked whether they have ever/never consume fashion products made in China. However, this weakness is not so alarming, considering that substantial ethnocentrism presented by students in Bandung who demonstrate the difference between Indonesia and China.
3. The number of objects evaluated is only Chinese fashion products, so it can not be generalized to non-Indonesian products as a whole, so that it needs to conduct further research on the types of other countries-made products, e.g. Singapore, Philippines, or Indian, and Vietnamese products.
4. The values contained in the statistical analysis tool in this research, were related to the number of samples. Suppose-dimensional analysis that eliminates several indicator variables, thus reducing the amount of information netted in this study. However, this weakness in this study was already minimized by looking at the adequate suitability indices.

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