

Consumer Planned Behavior Toward Domestic and Foreign Product Categories in Cross-Border E-Commerce

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ABSTRACT

The Indonesian government has implemented discriminatory policies against foreign bags, shoes, and garments to alleviate the concerns of local manufacturers amid intense e-commerce competition. This study investigates whether consumer behavior aligns with the theory of planned behavior and consumer ethnocentrism post-policy implementation. The objectives are to determine (1) the impact of ethnocentrism on purchasing plans for domestic versus global goods on e-commerce, where option overload may prevent consumers from making logical decisions, and (2) how different product types influence the relationship between ethnocentrism and consumer purchasing behavior. Using partial least squares structural equation modeling on 786 samples, the researcher reveals that ethnocentrism significantly influences planned purchasing decisions for local and international goods on e-commerce post-policy implementation. It confirms that existing theories apply online and highlights that ethnocentrism increases consumer preference for domestic products while decreasing preference for foreign ones, with imported bags being the only category that moderates this relationship. These findings suggest multinational marketers should explore ethnocentric markets, as consumer behavior varies by product type. Policymakers and local producers are cautioned not to assume consumers will always favor domestic items. Future research should broaden the context and consider additional factors to enhance predictive accuracy.

Keywords: Consumer, plan, behavior, domestic, foreign, product, category

1. INTRODUCTION

As domestic manufacturers complained about an unfavorable market in cross-border e-commerce (CBEC), the Indonesian government, like other governments worldwide, issued policies [1] to protect specific local products, namely bags, shoes, and garments, but it sparked a public debate on consumer behavior toward foreign versus domestic products. Thus, we aim to examine (1) whether consumer ethnocentrism tendency (CET) influences consumer planned behavior toward purchasing domestic (DPB) and foreign products (FPB), and (2) whether specific product categories (bags, shoes, and garments) moderate the relationships between CET, DPB, and FPB.

Our work is crucial because we first add real-world data to studies that need clarification. Extensive studies have shown that consumers act in different ways when it comes to

buying foreign versus domestic goods [2]–[5]. Inconsistent study settings and methods have led to different conclusions that make it hard to build a robust model [2].

Second, we investigate customer reactions to product category discrimination policies [1]. The biased preference for native products over international products, or vice versa, has become a more pressing issue than ever before [4]. The overall understanding of consumer behavior will guide policymaking and marketing initiatives.

Third, our research intends to apply to the current highly competitive digital environment in which managers and consumers operate: CBEC. As a result, we intend to investigate the generalizability of the basic TPB-CET model, which was developed mainly for offline settings [6], [7], to the online context [8], [9], where option overload may prevent consumers from making logical decisions [10].

Fourth, we advance the use of the theory of planned behavior (TPB) model as a high-order structure for local and international products. We investigate whether this practice makes the model more parsimonious than past studies that implemented low-order constructs [6], [7], and easier to understand, as well as whether it alleviates collinearity issues where constructs are highly correlated [11], and effectively predicts consumer-planned behavior toward purchasing foreign and domestic products as theories require.

Last, we put the framework to the test in a demanding setting—the world's most ethnocentric country [12], [13]—in the hope that the results will serve as a barometer for less challenging, more cosmopolitan consumers. Furthermore, we focus on the young, the largest segment of the world's population, making it appealing to foreign fashion marketers. Understanding this large section of consumers will assist managers in developing marketing strategies for approaching a market through CBEC.

2. LITERATURE REVIEW

2.1 Consumer Ethnocentrism Tendency (CET) and Social Identity Theory

Individuals' proclivity to favor their social group over others, resulting in intergroup prejudice, was initially characterized in psychology as ethnocentrism or ethnocentricity. This bias is the tendency toward consumer ethnocentrism (CET) in marketing and consumer behavior. CET frequently uses social identity theory, which introduces the in-group (individuals with common identities or affiliations) and the out-group (individuals thought to be different or alien). It contends that people with an in-group identity prefer to support their in-group over the out-group [14].

2.2 The Theory of Planned Behavior (TPB)

The TPB is founded on the principle of reasoned action. It is proposed that attitudes toward domestic products (AD), subjective norms toward domestic products (SD), and perceived behavioral control toward domestic products (PD) influence consumer behavioral intention to purchase domestic products [6], [15], [16], and attitudes toward foreign products (AF), subjective norms toward foreign products (SF), and perceived behavioral control toward foreign products (PF) influence consumer behavioral intention to purchase foreign products [17].

Domestic planned behavior (DPB) is described at a higher level of abstraction to produce a second-order model built by three lower-order constructs (LOC) of the TPB for domestic items, as shown in Figure 1. Similarly, three first-order constructs of AF, SF, and PF combine to generate the second-order construct of foreign planned behavior (FPB). Higher-order construct (HOC) models are becoming more prominent in various disciplines, including economics and management [11]. The TPB is conceptually evaluated using multiple combinations and interactions with reflective-reflective [18]. It can embody synergistic effects, making the model more parsimonious and easier to grasp and alleviating collinearity difficulties where constructs are highly associated, as proven later in our paper [11].

3. CONCEPTUAL FRAMEWORK

3.1 The effect of CET on DPB and FPB

When purchasing foreign merchandise, consumers with a solid ethnocentric orientation may be concerned about domestic alternatives [14]. Thus, the more ethnocentric clients are, the more likely they are to generate good DPB while also generating negative FPB. Most evidence supports the rationale of CET having a favorable effect on the TPB model of DPB (H1) [17], [19], [20]. Similarly, most evidence supports the detrimental effect of CET on the TPB model of FPB (H2) [21]. However, some have found it inconsequential [22]. The rationale holds in the case of Indonesia [23]. As a result, we propose the following hypotheses:

H1: CET positively influences DPB on CBEC

H2: CET negatively influences FPB on CBEC

3.2 The Interaction Effect of CET and Product Categories on DPB and FPB

CET influences the purchasing intention toward domestic products in the fashion category [24] online [23]. However, the intensity and impact of the links vary depending on the product category within the fashion product. Consumer perceptions of home-country product specialty are linked to this phenomenon. When ethnocentric customers believe their country can produce garments better than foreign producers, they are more likely to buy domestic products. The author explores three distinct product types: garments, bags, and shoes. The government has declared that these three goods are Indonesian specialties [1]. As a result, the authors propose the following hypothesis:

H3: In the context of CBEC, specific product categories—(a) bags, (b) shoes, and (c) garments—will moderate the positive influence of CET on DPB.

CET harms the FPB in numerous product categories, including fashion wear [24]. However, negative connections between CET and FPB are preserved in specific fashion products for the shoe product type but not for garments. As a result, contradictions emerge when we evaluate certain product kinds. CET is unrelated to any analyzed product kinds

from the United States. Although the strength of the link between CET and foreign product purchase intention varies among product categories, the fluctuation does not indicate consistently significant negative correlations of varying magnitudes or generally nonsignificant links [4]. However, we propose the following hypothesis:

H4: In the context of CBEC, specific product categories—(a) bags, (b) shoes, and (c) garments—will moderate the positive influence of CET on FPB.

Figure 1 describes all hypotheses in the framework.

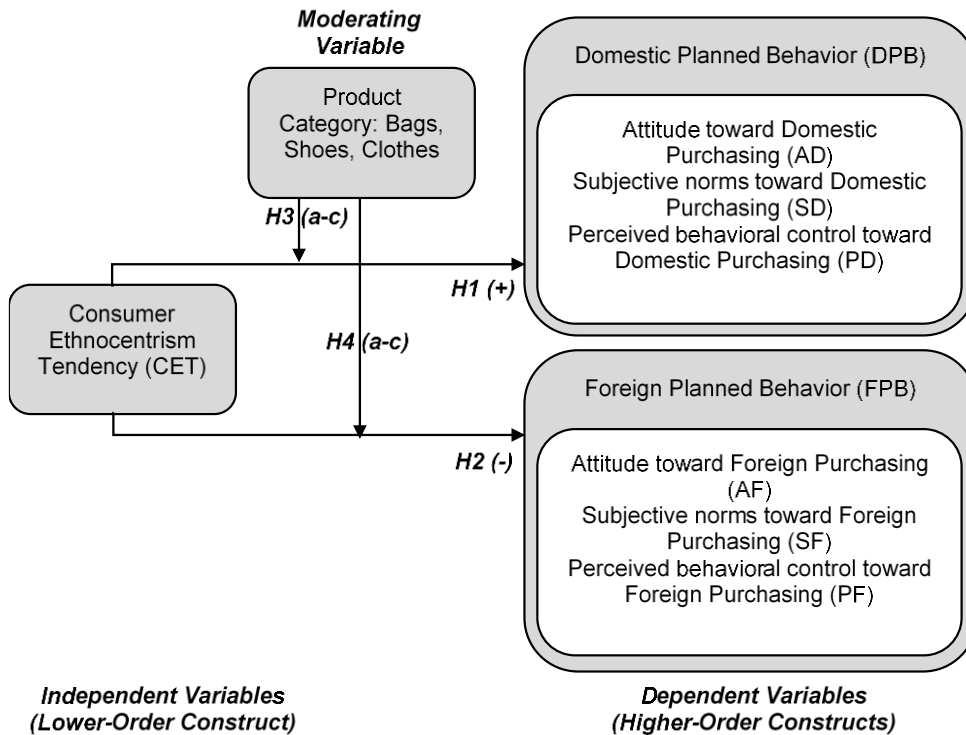


Figure 1. Research Framework

4. METHODOLOGY

4.1 Data Collection

The data were acquired via a self-administered online questionnaire. Compared to traditional in-person surveys, this mode of data collection provides increased efficacy, efficiency, and anonymity while eliminating potential biases imposed by investigators. Nonetheless, the limited monitoring capability of this strategy makes it difficult for respondents to seek clarification or ask questions. Before being disseminated, this instrument was validated by two specialists in the field. An AACSB-accredited top university has given its ethical approval to the questionnaire. We confirmed informed permission, confidentiality, and voluntary principles from all participants at the start of the questionnaire. CBEC platforms were defined, as was the concept of fashion, which included garments, shoes, and bags.

Participants were asked to share the questionnaire link with their contacts using social media platforms, including WhatsApp, Instagram, and TikTok. We used a non-probability sampling strategy that combined two sample types: convenience sampling and snowball sampling. Due to the non-contrived nature of our study environment, the level of surveyor interference in completing the questionnaire was purposely limited. The data collection period lasted 60 days, from July 2023 to August 2023. We collected 865 complete responses, with 786 cleaned data points processed for further research.

4.2 Measure

Indonesian subject-matter experts evaluated the Indonesian version of this study's questionnaire. We translated our measurements into English to make the writing process for this academic paper easier. The questions include multi-item 7-point Likert scales.

4.3 Data Analysis

The descriptive data were analyzed with the Statistical Package for the Social Sciences (SPSS), and the hypotheses were tested with the WarpPLS software. Despite the initial appearance of normally distributed variables, the Jarque Bera test within WarpPLS revealed a more comprehensive analysis, indicating that the data did not follow a normal distribution. Table 1's linearity column further confirms that our dataset was not linear. Partial least squares structural equation modeling (PLS-SEM) stood out as the most suitable data analysis technique for our unique dataset, thanks to its robustness in accommodating non-normal data [25]. Warppls was the most appropriate software for this non-linearity [26]. Moreover, PLS-SEM's adaptability was well-equipped to address the complexity of our structural model, which includes three moderating variables, two higher-order reflective-constructs, and seven lower-order 3 to 4 item-constructs [27]–[29]. This approach guarantees the credibility of our results.

5. RESULTS

5.1 Statistical Descriptions

Our study's sample population is skewed toward women aged between 18 and 24, middle-income, and living in cities in the most populated Indonesian islands, Java, Bali, Nusa Tenggara, and Sumatra. In descending order of popularity, participants mostly use the following e-commerce sites: Shopee, Lazada, Tokopedia, TikTokShop, and Bukalapak. Although our survey has no gender limits, it is worth noting that our fashion study attracts a higher proportion of female participation than male responses (9.84% female, 9.16% male). The tendency toward females in fashion studies is consistent with earlier research [30]. The study's overrepresentation of women does not correspond to the demographic distribution of the Indonesian population, which is characterized by a higher number of men than women. However, the sample distributions regarding the main islands and urban regions where respondents live, the median income, and the dominant age span indicate that the sample is typical of the larger population [31]. Furthermore, the proportion of e-

commerce platforms used by our respondents supports this population representation [32]. Nonetheless, the prevalence of skewness in our obtained data limits our findings' generalizability to a larger demographic sample.

Skewness in marketing literature is frequent due to the heavy use of non-probability sampling in most academic articles [33]. Although previous research has demonstrated that student samples are appropriate for many research questions, they may result in a higher chance of bias when compared to general consumer samples because age may influence specific consumer behavior [24].

According to the data in Table 1, the average CET level is 4.61, which is higher than the neutral value of 4.00, indicating that the samples in our study have ethnocentric tendencies and confirming previous research that suggests Indonesia is one of the most ethnocentric nations in the world [12], [13], [34]. This ethnocentrism finding has persisted for decades, even after free trade measures are implemented; this finding will continue to be prevalent in the future because our samples are youth, who will make up most of the general consumer population.

Table 1. Descriptive statistics

Variable	Item	Mean	SD	Skewness	Kurtosis	JB	Linearity
CET	3	4.61	1.12	-.056	-.372	No	
AD	3	5.53	1.11	-.565	-.155	No	Warped
SD	3	5.77	1.03	-.794	.556	No	Warped
PD	4	5.94	.91	-1.048	1.301	No	Warped
AF	3	4.81	1.35	-.451	-.064	No	Warped
SF	3	4.78	1.32	-.256	-.368	No	Warped
PF	4	5.14	1.24	-.573	.036	No	Warped

Source: Authors' own research.

Notes: SD = Standard deviation, JB = Jarque Bera normality test, CET = consumer ethnocentrism tendency, AD = attitudes toward purchasing domestic products, SD = subjective norms toward domestic products, PD = perceived behavioral control toward domestic products, AF = attitudes toward purchasing foreign products, SF = subjective norms toward foreign products, PF = perceived behavioral control toward foreign products.

DPB represented by AD, SD, and PD averages (5.53, 5.77, and 5.94) are significantly higher than FPB means (4.81, 4.78, and 5.14). PD has the greatest average, with a mean of 5.94, while CET has the lowest average, with a mean of 4.61. Furthermore, PD has the lowest standard deviation of .91, indicating that PD responses have a better level of consistency and agreement. FPB responses were less consistent (standard deviation AF = 1.35, SF = 1.32, PF = 5.14) than DPB responses (standard deviation AD = 1.11, SD = 1.03, PD = .91). Respondents plan their purchase behavior toward domestic products more favorably and consistently than they plan their purchase of international products.

Skewness and kurtosis are close to zero for all constructs and remain acceptable between +/-2, ranging from -1.048 to 1.301 for PD, indicating their symmetric and so-called normal distribution. Further investigation using Jarque-Bera demonstrates our postulated non-normality and non-linearity (warpedness), which supports our PLS-SEM technique [29].

5.2 Outer Model and Measurement Quality

After validating the factor loadings of indicators for first-order constructs, the cross-loadings of indicators for first-order constructs, and the cross-loadings of indicators for second-order constructions, we conclude that all 23 indicators, with a minimum of three indicators for each construct, showed satisfactory indicator reliability above the relaxed or acceptable threshold of .4 or .5 [28], surpassing the often recommended rule of thumb of .7 [29]. The outer loadings of all indicators exhibit statistical significance, cross-loadings below the threshold of .5 [28], and are lower than the outer loadings of all indicators [29]. This observation serves to confirm the discriminant validity. To further establish the discriminant validity of our measures, we confirm with the HTMT and Fornell-Larcker criterion for the LOC and HOC.

The average variances extracted (AVEs) are greater than .5, proving the convergent validity of our model [28]. The HOC model outperforms the LOC model in terms of composite reliability. This enhancement is owing to the presence of some constructs in the LOC model. The HOC model has enhanced composite reliability within the allowed range of .7 to .95.

Table 2. Latent variable coefficients in the HOC

Coefficients	CET	DPB	FPB	Bags	Shoes	Garments	Remarks
CR	.915	.892	.908				
Alpha	.860	.818	.848				
AVE	.782	.733	.768				
Full collinearity VIFs	1.062	1.342	1.312	1.289	1.190	1.088	Acceptable > 3.3
Block VIFs		3.163	2.996				Acceptable > 3.3
R-squared		.090	.054				Acceptable > .02
Adjusted R-squared		.085	.049				Acceptable > .02
Q-squared		.086	.052				Acceptable > .02

Source: Authors' own research.

Notes: CR = Composite Reliability, Alpha = Cronbach's alpha, AVE = Average variances extracted, HOC = Higher-order Construct, VIF = variance inflation factor, CET = consumer ethnocentrism tendency, DPB = domestic purchasing planned behavior, FPB = foreign purchasing planned behavior.

5.3 Structural Model Quality and Hypotheses Testing

Following the successful establishment of the above outer model quality for LOC and HOC, we use the variance inflation factor (VIF) to evaluate structural model quality, beginning with collinearity. The HOC model improves VIFs if none exceed the threshold of between .2 and 3.3, either full or block, as shown in Tables 2 [29]. Table 2 shows that full collinearity VIFs and block VIFs are ideal for each design because they are less than 3.3. Their averages verify this inexistence of the collinearity issue: AFVIF at 1.228 and AVIF at 2.337 (Table 4), which are less than 3.3, indicating that our model is free of common method bias [28].

The coefficients of determination R-squared and modified R-squared for all constructs are more than .02, indicating that the effects are practical. FPB has the lowest R-squared and adjusted R-squared at .054 and .049, respectively, yet it is still meaningful. Because the recognized criteria for defining small, medium, and high effect sizes are .02, .15, and .35, respectively, the DPB in-sample explanatory power (adjusted R-sq) of .085 is deemed a modest effect size [28]. With an R-squared of .085, their exogenous constructs explain 8.5% of the variance in DPB.

The matching p-values for the R-squared coefficients of all constructs are significant. Because R-squared coefficients are above the threshold, they imply that all constructs have practical value. Firm evidence shows that the model can predict the endogenous latent variable (Table 2: DPB = .086, FPB = .052), as shown by the Q-squared coefficients being significantly above zero.

Using the effect size F2 (F-squared), one can determine how much an exogenous construct adds to the R-squared value of an endogenous latent variable. Effect size coefficients of .02, .15, and .35 indicate the extent of an independent construct's influence on an endogenous construct [29]. Four out of 8 paths signify small effect sizes: CET → DPB, CET → FPB, CET*Bags → DPB, and CET*FPB → FPB. The rest is not meaningful, including CET*Garments → FPB; although the p-value is significant at .038 (see Table 3), the effect size of .008 is not meaningful because it is lower than the threshold of .02. CET has a greater impact on DPB than FPB, among other paths. Figure 2 shows a more detailed representation of the entire model and its structural qualities, including R-squared.

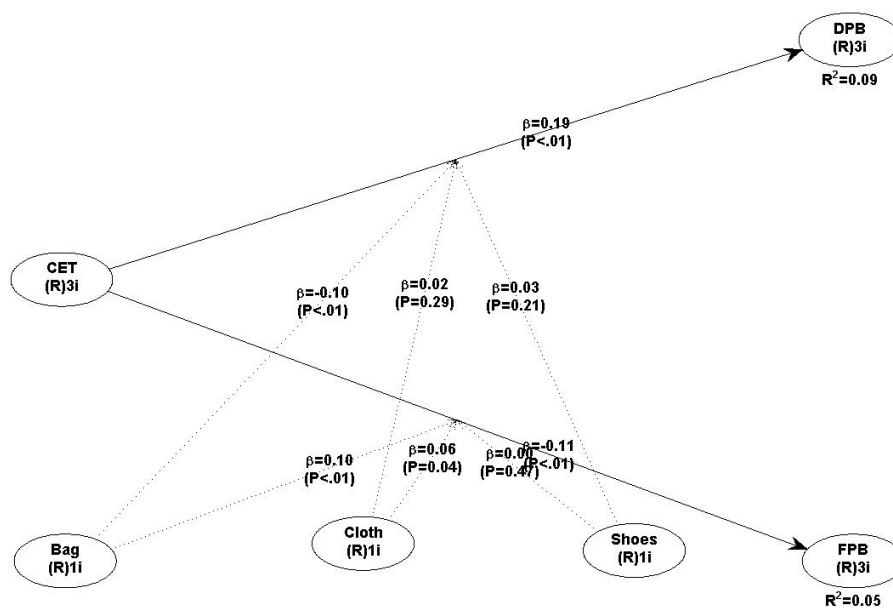
Table 3. Hypotheses testing of factors that impact domestic and foreign planned behavior

Path	B	SE	p-values	Effect Size	Results
CET → DPB***	.188	.035	<.001	.055	H1 supported
CET → FPB***	-.114	.035	<.001	.024	H2 supported
CET*Bags → DPB**	-.096	.035	.003	.026	H3a supported
CET*Shoes → DPB	.029	.036	.210	.006	H3b rejected
CET*Garments → DPB	.020	.036	.288	.003	H3c rejected
CET*Bags → FPB**	.098	.035	.003	.021	H4a supported
CET*Shoes → FPB	.003	.036	.466	.000	H4b rejected
CET*Garments → FPB**	.063	.035	.038	.008	H4c supported

Source: Authors' own research.

* $p < .1$, ** $p < .05$, *** $p < .001$.

Notes: CET = consumer ethnocentrism tendency, DPB = domestic purchasing planned behavior, FPB = foreign purchasing planned behavior, β = Beta coefficient, SE = Standard error, p = probability.

**Figure 2.** Structural model

Source: Authors' own research.

Notes: CET = consumer ethnocentrism tendency, DPB = domestic purchasing planned behavior, FPB = foreign purchasing planned behavior, β = Beta coefficient, P = p-value.

H1 is supported since the direct positive effect from CET to DPB has the most significant effect size (.055). This result is consistent with previous research [17], [19], [20]. Similarly, the direct but negative effect (B = -.114) from CET to FPB has a significant effect size (.024), indicating that H2 is supported. This finding is consistent with previous

research [21] but inconsistent with other studies [22]. These findings indicate consumer behavior after the CBEC's discriminatory policy against foreign items, comparable with previous findings in Indonesia before the policy's implementation and in offline contexts [23]. As a result, policy enforcement in an online situation is insufficient to make consumer behavior differ in offline and online settings. Consumer behavior toward international and domestic items is similar in online and offline environments, with CET tending to boost favorable behavior toward domestic purchases and reduce favorable behavior toward foreign purchases. Furthermore, ethnocentrism is a crucial determinant of consumer behavior toward domestic and foreign products before and after implementing the discriminatory policy.

Bags have a substantial effect size on DPB ($F_2 = .026$) and FPB ($F_2 = .021$) among other product categories under investigation by the CBEC discriminatory policy; hence, H3a and H4a are justified. Other product categories have insignificant effect sizes; however, garments have a significant positive interaction impact on FPB (H4c supported). Bags are beneficial moderators of DPB and FPB. As demonstrated in Figure 3, its combination with CET reduces the positive effect on DPB while increasing the negative effect on FPB.

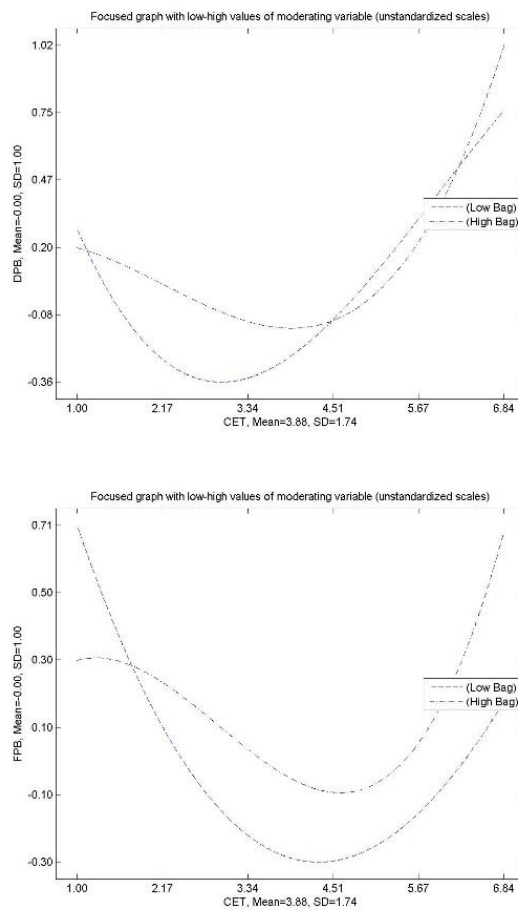


Figure 3. Moderation effect of bags on CET and DPB (left) and FPB (right)

Source: Authors' own research.

Notes: CET = consumer ethnocentrism tendency, DPB = domestic purchasing planned behavior, FPB = foreign purchasing planned behavior, β = Beta coefficient, SE = Standard error, p = probability.

The conventional wisdom holds that the more ethnocentric consumers are, the more likely they are to acquire favorable planned behavior toward purchasing native products while unfavorable toward foreign products. However, for the bag product category, the advantageous position of DPB is lessened, and the adverse position of FPB is improved toward a better position. This outcome corresponds to previous research [4], [24]. Consumers may believe it makes sense to be receptive to foreign bags due to features like quality while maintaining their ethnocentrism. Similarly, customers may regard it as sensible to have a minor prejudice against local bags due to their undesirable qualities while keeping their ethnocentric attitude. As a result of these findings, domestic and international bags appear to hold slightly different positions in customers' eyes. If this discriminatory policy aims to establish a level playing field for local products, it has yet to be achieved, at least in the eyes of consumers.

5.4 Robustness and Model Fit

To assess the robustness of our structural model, we analyze (1) nonlinear effects, (2) endogeneity, and (3) common method bias. To begin, we discover that all interactions are nonlinear – warped, to be precise – as illustrated in Figure 3. As a result, our implementation strategy for PLS-SEM is solid [29].

Second, because a PLS-SEM analysis is largely explanatory, endogeneity is tested in our study model. Endogeneity occurs frequently in partial regression of the PLS path model when a construct with a correlation with either the exogenous or endogenous components is removed from the model. Our model is free from endogeneity concerns because all exogenous constructs are directly linked to endogenous constructs [29].

Third, VIFs (Tables 2 and 4) demonstrate that our structural model is not subject to common method bias [35], [36], thereby confirming its robustness. Table 4 is provided to support the model fit.

Table 4. Model fit indices and robustness

Model fit indices	Value	Criteria	Decision
Average full collinearity (AFVIF)	VIF 1.228	acceptable if ≤ 5 , ideally ≤ 3.3	Ideal
Average block VIF (AVIF)	2.337		Ideal
Standardized root mean squared residual (SRMR)	.063	acceptable if $\leq .1$	Acceptable

Source: Authors' own research.

The SRMR fit index evaluates the model fitness for PLS-SEM, reducing model misspecification [37]. Our model is a good fit because our SRMR value of .063 is smaller than .1.

6. DISCUSSIONS, IMPLICATIONS, AND LIMITATIONS

6.1 The Effect of CET on DPB and FPB

6.1.1 Discussions on the Effect of Ethnocentrism on Domestic and Foreign Purchasing Planned Behavior

We discover that consumers with higher levels of ethnocentrism are more likely to have favorable planned behavior toward purchasing domestic products (H1) and unfavorable planned behavior toward purchasing foreign products (H2), as found by previous studies [17], [19]–[21] rebutting insignificant findings in other studies [22], [38]. The coefficients for CET are all in the right direction and substantial. CET is a personality attribute that contributes to a person's inner character, principles, intellect, and quality [7]. According to social identity theory, consumers consider their in-groups to retain the benefits of being identified as in-group members, and their product choices reflect the identity they seek to portray to their groups. The identity that customers' personalities desire to communicate is revealed by their intended behavior toward acquiring domestic and international products.

6.1.2 Implications of the Effect of Ethnocentrism on Domestic and Foreign Purchasing Planned Behavior

The HOC model is an innovative technique connecting the TPB, CET, and social identity theory. HOC has addressed collinearity issues by decreasing VIF over the 3.3 thresholds to be accepted below the limit in Table 2. It reduces the complexity of our model from Appendix F to Figure 2. This hierarchy simplifies our model by allowing us to focus more on the six interaction links involving the three product groups. Our comprehensive model lays the path for using TPB and CET to explain consumer behavior when purchasing domestic and foreign products simultaneously.

The result is strong evidence for Indonesian politicians never to question teenage ethnocentrism. They, like their elders, are ethnocentric. CET is a stable property over time [39], although the older generation claims that younger generations do not regard the nation of origin of products in their purchasing decisions. The practical implication of this finding is that national firms can reasonably expect that the more ethnocentric consumers are, the more likely they prefer domestic products over international items. However, because the effect size is small, domestic producers should not rely on CET to boost sales but rather combine their selling techniques with other marketing programs.

The coefficients of variance explained (R-squared) for DPB are 8.5% and 4.9% for FPB, indicating that the variance in customer preferences for domestic and foreign items is strictly limited. These findings are similar to previous research, which found that CET, product categories, and customer behavior toward foreign and domestic products vary by less than 10% [24]. This low R-squared value suggests that CET is not a strong predictor of customer preferences and requires more research to investigate any more potent driver(s). R-squared and F-squared indicate that CET predicts DPB better than FPB. CET

explains the positive bias for home items more effectively than the negative bias toward international products. This finding shows that marketers cannot rely simply on CET as an indicator of anticipated opposition to their foreign product offerings. This finding encourages academics to investigate predictors to explain consumer prejudice toward foreign items, as CET may be a less relevant, helpful, and significant predictor. Higher practical significance predictors are necessary.

We agree with the positive (negative) relationship between CET and DPB (FPB) constructs. This discovery is critical for expanding the TPB's applicability to a new context of e-commerce, where international and domestic products can compete fairly. This discovery is also notable because it provides empirical proof of the theory's usefulness in predicting foreign and local consumer behavior, which previous studies need to improve [40].

6.2 The Interaction Effect of CET and Product Categories on DPB and FPB

6.2.1 Discussion on the Effect of Ethnocentrism and Product Categories on Domestic and Foreign Purchasing Planned Behavior

This study discovers that customers behave differently based on the product category, particularly for bags, which reduces the positive link between CET and DPB while reversing the negative link between CET and FPB. It impacts the link between CET and FPB but not the link between CET and DPB in the case of cloth or garments. The shoe product category has no significant interactions with DPB and FPB linkages.

The moderating role of the product category in the relationship between CET and DPB has been observed to exhibit greater consistency in previous research compared to the relationship between CET and FPB. The interaction between product categories, CET, and DPB has been identified across various product categories. These categories encompass high-involvement products, such as cars, televisions, and furniture, and low-involvement products, including food, toiletries, and fashion wear [5]. Consumers may exhibit discriminatory behavior while choosing products from the same source. In the present scenario, Indonesian consumers prefer domestic shoes and garments while lacking enthusiasm towards local bags. Moreover, they prefer imported bags while expressing disfavor towards international shoes. The level of CET differs across different product categories [24].

6.2.2 Implications of the Effect of Ethnocentrism and Product Categories on Domestic and Foreign Purchasing Planned Behavior

The relationship between product categories, CET, and FPB has a higher level of intricacy than that observed in previous studies regarding DPB. British consumers strongly prefer

foreign items from France and Germany across numerous product categories to those from the USA, Japan, and Italy [24]. This study presents conflicting findings, indicating that a higher proportion, precisely two-thirds, of product categories demonstrate a significant association between CET and FPB. One potential explanation could be using a general foreign country rather than a specific one, as has been done in previous research. In addition to aligning general foreign countries with the policy under investigation, this phenomenon produces more consistent and straightforward findings. There is a compelling basis for proposing an alternate assertion that the country of origin (COO) impact can be more reliably predicted by the CET construct regarding preferences for domestic items instead of foreign products. Future studies could utilize a general foreign country to acquire consistent and favorable support for theoretical reasons, as evidenced by previous studies [41].

The increase in ethnocentric consumer behavior harms customers' purchase habits toward foreign products. This conclusion extends previous research on CET and TPB linkages [7], [17], which failed to cover foreign (rather than domestic) products. This study also addresses previously contradictory findings in which CET and TPB linkages are more consistent for domestic items [24]. In contrast, others argue for international products [4]. We emphasize that this disparity is related to product category positioning in a single country.

Regarding policy implications, specific COOs can help better target foreign items for segregation measures. Previous research has indicated that specific products from specific countries have more consistent findings than those from places that are not highly valued. Cars and DIY tools from Germany, cuisine from Italy, electronics from Japan, and fashion from France are examples of these distinct items from specific countries [24]. These foreign items from specific countries are from prominent and well-known global sources. The appeal of such imported goods influences customer behavior and consumer preferences toward domestic goods. Because consumer behavior toward these products differs from general foreign products, identifying these conspicuous foreign products is critical for future policymaking.

This study has also discovered that bags may have comparable consistent outcomes as the previously indicated unique products from specific countries, particularly when compared to garments and shoes. The general director of customs monitors the last two product categories. They are published regularly by Statistics Indonesia (BPS) under the exported athletic shoes and textiles category. Bags with the SITC number 831 are generally imported from China, France, Italy, and ASEAN (Singapore and Cambodia) [31]. Because bags are not widely exported from Indonesia, imported bags have no significant domestic rivals. This fact lends credence to our claim that Indonesian consumers like local shoes and garments but reject domestic bags. Indonesia, the native country, is not always favored. This study supports the concept that domestic manufacturers can only sometimes rely on local consumers to favor them over imported goods consistently, even in one of the world's most ethnocentric countries [12], [13].

As a result, a discrimination policy is required to secure preferential treatment of imported goods. However, our data suggest that this restriction is unnecessary for the shoe product category because local consumers prefer native shoes over imported ones. However, the restriction is still required in the case of bags because local buyers prefer imported bags over native ones. The availability of comparable domestic products for overseas alternatives explains this consumer prejudice. Indonesia has long been known for exporting high-quality athletic shoes and textiles, not bags [42]. Domestic bags are not considered comparable to foreign bags.

Our findings have laid the groundwork for a segregation strategy prioritizing domestic and imported bags. We recommend conducting additional studies on which countries are prominent in the bag product category to improve the policy. China is the leader in mass-produced goods. Meanwhile, Italy and France compete for market share in luxury bags [31]. Further elaboration on these various segments may clarify the present strategy toward specific measures for distinct countries of origin and how consumers may behave differently based on their COO.

When deciding to enter foreign markets, especially the Indonesian market, global marketers must exercise caution when making assumptions based on other product categories because consumer preferences for foreign products change contingent upon the concerned product type [4], [24]. Bags from other nations are more prevalent in Indonesian markets than shoes or clothing. CET may be a stimulant for specific product categories, such as foreign bags, in this study. CET may not affect other goods categories, such as foreign shoes. In short, the utility of CET to global marketers developing market segmentation tactics varies depending on the product category in question.

Global sellers should not be put off because people in an ethnocentric country tend to dislike foreign products. After all, consumer bias in favor of local products and against foreign substitutes is not the same throughout all product categories [4], [24]. CET is a quality of personality that is hard for marketers to change [7]. This statement is good news for marketers because they can change customers' attitudes and subjective views through their marketing efforts, like social media, digital marketing, and word of mouth. Another way to sell foreign bags in Indonesia could be to connect them to their foreign origin, while the best way to sell foreign shoes and garments is to connect them to the consumer's home country. Based on what we know about consumers' behavior in Indonesia, these marketing tactics can only be used there. The way different countries act could be different.

Given that CET and product groups did not explain consumer preferences very well in this study, future research should look at other factors that might explain consumer preferences better. Along with specific foreign countries of origin, other ideas that could be looked into further include cosmopolitanism as opposed to CET, which says consumers tend to be more interested in the world than their country only [3], [13]. Future studies could also examine how delivery on e-commerce, e-commerce platform features, or perceived risks affect consumer preferences for foreign products. The second point is

essential for both foreign marketers and software developers from a management point of view.

6.3 Limitations and Future Research

It is important to highlight several limitations of this study. It primarily focuses on Indonesian customers who may exhibit unique preference patterns. The existing literature indicates that the effects of CET may vary based on the respondents' country [34]. Therefore, it is imperative to conduct replication studies in different countries to ascertain the robustness of the findings across various situations. Furthermore, it is essential to note that consumer behavior might vary among individuals residing in the same country due to political, social, and cultural influences [43]. The inclusion of these effects in future studies poses an intriguing research challenge.

Furthermore, the study makes generalizations about all foreign countries. While this generalization accurately supports the underlying ideas and provides an overall assessment, future research could benefit from examining a diverse group of COOs to gain further insights into why customers favor, for example, French bags over Italian bags. The selection of nations for comparison should be conducted cautiously, ensuring that the number chosen is manageable, methodologically feasible, and not excessively small which would result in a loss of practical and policy relevance for such a study. We propose further investigations into countries that primarily source foreign bag products to enhance the existing policies.

Additionally, it is essential to note that the scope of this study was limited to a specific set of product categories under the purview of the Ministry of Finance [1]. Different product categories might offer supplementary perspectives regarding consumer preferences for local and global products. Product categories' availability and qualities for domestic and international items must be comparable. This study's comparative analysis of fashion wear from international and domestic sources yields similar results despite the inherent challenge of comparing brands with distinct features, akin to comparing dissimilar entities such as apples and oranges. Moreover, it would be beneficial to focus on utilizing multifarious and hierarchical categorizations, such as low versus high involvement [5] and conspicuous vs. inconspicuous [44]. This categorization is particularly relevant as customers may depend heavily on product signals when purchasing. The relationship between CET and domestic or international purchases may not be significantly impacted by low-involvement, low-cost, inconspicuous, and convenience products because customers tend to purchase these products out of habit, without much conscious thought or consideration [4]. When making decisions on expensive products, it may be more relevant to consider factors such as the deliberation on CET, the anticipated in-group identity, and the substantial price disparity between domestic and foreign products.

In conclusion, this study has employed advanced conceptual frameworks derived from three components of the theory of planned behavior (TPB). The methodology above has proven to be an effective means of examining consumer behavior and bias when

confronted with various product categories. However, it is worth considering that lower-level constructs may provide more precise features and predictive variables, offering a more comprehensive understanding of consumer behavior [45]. Further research could address this limitation by including a more granular TPB analysis, offering more comprehensive and detailed insights.

7. CONCLUSIONS

This study aimed to investigate two main research questions: (a) whether ethnocentrism can explain consumer behavior towards both domestic and foreign items by utilizing the features of the TPB, and (b) whether specific product categories influence this bias. To comprehensively assess a discriminating policy for specific product categories supplied through electronic commerce, we presented empirical findings on customer behavior utilizing a robust, simple, higher-order model. In addition to aligning general foreign countries with the policy under investigation, this phenomenon has produced more consistent and straightforward findings. This alignment of online context with existing theories and prior research of mainly offline context aligns with the notion that ethnocentrism fosters positive behaviors towards home items while simultaneously generating negative behaviors towards foreign alternatives.

The intensity of relationships varies across different product categories. The preference for the home country is not consistently observed, particularly in the context of the bag product category. These findings have practical implications in terms of formulating marketing strategies to promote specific foreign items to ethnocentric consumers. Furthermore, these findings advocate for a refining of the policy, as it fails to provide domestic bag manufacturers with a consistent preference from consumers compared to overseas bag producers. Future research can broaden its scope by focusing on a particular foreign country of origin and examining potential determinants, such as cosmopolitanism, which may yield a more robust predictive power than this study. The applicability of this research is limited to the Indonesian environment and the associated sample profile.

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