Exploring the Purchasing Motives of Young Pakistani Consumers for Foreign Brands

Arslan Rafi, Arslan Ali, Sharjeel Saqib, Ali Iftikhar Choudhary, Syed Azeem Akhtar
Iqra University, Islamabad, Pakistan
arslanrafi87@gmail.com

Abstract: Cross-border service relationships are considerable issues in Pakistan, which tend researchers to work in this area of research. The core purpose of this study was to explore the impact of quality, satisfaction, and value on purchase intentions for foreign brands among young Pakistani customers. The data was collected from a random sample of 500 university students through questionnaire designed by the researchers. The findings suggest that providing quality and satisfaction to Pakistani ethnocentric customers does not guarantee the brand to earn loyalty in return. Foreign brands can succeed in creating brand value through creating a convinced link with some tangible benefits and by creating means of self-presentation for the customers. The student's responses can be assumed as a limitation of this study, which can be justified by considering the fact that the study is first of its type in the Pakistani environment.

Keywords: Loyalty, Consumer Ethnocentrism, Consumer Behavior, cross-border products

1. Introduction

In past few years, rivalry between domestic brands and foreign brands has turn out to be higher and competitive. This competition between foreign and domestic brands has become head to head specially in Pakistan. As a developing market of the world, Pakistani consumers are showing propensity in support of foreign brands in most of the product line especially in garments sector. In Pakistan, consumers perceive that foreign products are superior to domestic products. While making any purchase decision quality matters a lot for consumers and their opinion about foreign products that they are of top quality. Attention to the increasing influence of positive attitudes towards foreign brands, this is because of increased customers awareness of foreign brands, and foreign cultures. Media also played very important role for the exposure of this positive attitude towards foreign brands. Availability of foreign brands in domestic/local markets also played vital role in the success. Foreign brands’ shopping has become a significant and worldwide phenomenon (The Economist 2007), this is not only restricted to luxury products but it also includes consumers’ products, garments, and medicine. Even though most researchers still believe cross-border shopping an occasional, rising cross-border service relationships signify a fundamental change in consumer behavior (Piron, 2002), which calls for research consideration. Furthermore, to help recognize and understand the several stages in cross-border relationships, new models that confine the rising positive attitudes in the direction of foreign providers must be established. Consequently, new models that comprise new mixture of constructs may come out.

Campbell & LeVine (1972) and Boush & Marshall (2001) proposed that flow of information and communication between individuals belongs to different cultures establish them as more knowledgeable and decrease the levels of cognitive prejudice that might negatively pressure their attitudes in the direction of foreign options. Douglas and Nijssen (2008) argue that customers’ foreign familiarities strain consumer social-mindedness, which enhances their positive attitudes toward foreign brands. Therefore, this issue is still unaddressed that how traditional negative attitude variables might influence purchasing behavior of customers. For instance, consumer ethnocentrism might pressure growing cross-border service relationships. Even though international consumer behavior research indicates that customer’ attitudes toward foreign products play a leading role in their early assessments. These issues proposed that there is an essential need to study consumer motives, perceptions about quality, and satisfaction standards about foreign brands, more specifically in dramatically changing markets of developing countries. Prior research supports that local customers generally prefer foreign brands (Ahmed & d’Astous, 1999). Literature suggests that foreign brands influence consumer motives through two techniques, first by offering quality products
and second is about social status (Kwok et al., 2006). Consumer perspective of value, foreign brands should emphasize on value delivery (Anderson & He, 1998). Prior research did not examine value perspective of consumers purchasing intentions for foreign brands (Zhao & Hui, 2003).

To deal with recent literature gap this study emphasis on quality, satisfaction and value and loyalty aspects of purchase intentions. Furthermore to explores their impact on consumer' purchasing decisions about foreign brands in Pakistan. The objective of this study is to check customers’ preferences about Foreign Products, whether Ethnocentrism affects their purchase decisions for Foreign Products. These issues indicates that this research area should be consider about customers’ preferences about quality, satisfaction, value and loyalty, especially related to growing market-places in growing countries. This study is providing an insight for international marketers to better understand consumer-purchasing motives. A consumer’s interest for a particular brand is fundamental to his or her overall utilization experience with that particular brand. This study provides an insight for international brand managers to build up value-based market segmentations. Furthermore, it also gives an insight that how to incorporate positioning strategies to influence Pakistani consumers. In more precise manners international brand managers should establish motivational needs such as value, quality and satisfaction among their target customers. Mixture of strategies should be incorporated to get more benefits (Gong et al., 2004). Foreign Service provides should strongly emphasis on creating value for their target customers. If a Brand succeeds in building brand value through creating a convinced linkage to a tangible benefit and creating means of self-presentation, this value creation will beneficial to build-up strong cross-border relationships.

2. Literature Review

Cross-border shopping has turn into a major force and an international phenomenon that is predictable to carry on breeding (The Economist 2007). Especially when particular products are not available in domestic products people prefer to buy foreign products. For example, in Europe the introduction of a euro currency, coordination of markets, and open travel for European Union residents have started high levels of cross border purchasing (European Union 2007). The percentage of the European Union population between 2003 to 2006 cross-border shopping increased from 12% to 26% in last twelve months. The increase in cross-border shopping results because of customers’ awareness about foreign products (Nijssen et al., 2004). Low ethnocentric customers usually travel and do shopping abroad. In a research regarding Singaporean customers shopping in Malaysia, Piron (2002) states that many customers, influenced mainly by economic grounds, “go to foreign outlets daily to buy goods; few even purchase daily necessities. Mogab et al., (2005) found related findings for Mexicans people who purchase in the United States, signifying that such international shopping gradually more is a usual doings. Customers who daily buy foreign products may result in developing exchange relationships with foreign brands. If a customer buys consumer products usually from foreign stores they will be emotionally attached and use to purchase these particular products from that specific foreign store. In this situation, the cross-border situation may turn out to be less vital (Nijssen et al., 2004).

International consumer behavior research indicates that customer’ attitudes toward foreign products play main roles in their early assessments of a foreign products, their pressure in a cross-border relationship leftovers undecided. Customers appealing in cross-border shopping suppose to be low or reasonably ethnocentric, but they still might practice some patriotic emotions when they assess an exchange relationship. For that reason, we hypothesize that customer attitudes toward foreign brands have straight and moderating effects on relational predictor, like satisfaction, belief, and assurance (Johnson & Garbarinon, 1999). Personal interactions and Communication with the foreign brand might boost customers’ awareness of the foreign culture, therefore dropping, but not completely decided, the negative possessions of customer ethnocentrism. Cognitive customer intolerance may withdraw, but some level of emotional bigotry likely continues (Pettigrew & Tropp, 2005).

Quality: Quality has been largely considered as the prime contributor to purchase intention (Jacoby & Olson, 1985). In broad-spectrum, quality is defined as a customer’s assessment of brand is taken as a whole performance based on extrinsic indications (Kirmani & Baumgartner, 2000). These evaluations of quality are alike to attitudinal judgments and mostly consumer believe on who good a brand is fulfilling customer’s
Value: Value has been described as the consumer's general evaluation of the usefulness of a product depending upon observations of what is paid for that particular product (Zeithaml, 1988). In addition to this definition of value, Zeithaml (1988) proposed four conditions of value (1) value is low price (2) value is the quality that consumer receives in return of price (3) value is combination of requirements seeking by the customer (4) value is what customer gets in return of money. Researchers also supported this definition of value (Sweeney et al, 1999; McDougall & Levesque, 2000). Research proposed that a professed limited supply of products and services increases consumers’ value and liking of that particular brand (Verhallen, 1982).

Solomon (1983) proposed that substance that are involved in limited supply have a better influence about those willingly available are not so favorite. In general, consumers perceive products and services with high level of value. Mostly in developing countries, foreign brands are not available in every single market. Due to its availability, foreign brands generally considered as rare items having higher price with comparison to local brands. Consequently, it reveals that customers are more willing to pay higher price in order to purchase brand products, as they perceive foreign products as value-added products.

Consumer Ethnocentrism: The concept ‘consumer ethnocentrism’ has its source in the concept of ethnocentrism that originally was merely sociological but altered into a psychosocial construct with significance to socio-cultural techniques and individual-level personality classifications (Levine, 2001). Ethnocentrism was originally defined in 1907 as ‘the vision of things in which individual’s own cluster is the centre of all, and all others researchers related this term with to reference to it’ (Sumner, 2002). According to Adorno et al., (1982) it was additional specified as ‘a propensity in the person to be “ethnically centered”, to live rigid in his receipt of the ethnically “alike” and his negative response of the “unlike”’. In more precise words, ethnocentrism assumes seeing individual’s own cultural group as worthy and greater, individual’s own principles of value as worldwide as disgraceful and substandard (Axelrod & Hammon, 2006). Axelrod & Hammon (2006) also states that ethnocentrism is related with favoritism of individual’s own group and biased attitudes toward other groups. The phenomena ‘consumer ethnocentrism’ was first officially initiated by Sharma & Shimp (1987) as an monetary shape of ethnocentrism in classification to understand what shopping behavior is satisfactory or intolerable to the own group and, more significantly, to clarify why some customers have negative perceptions toward products manufactured other than their home country (Shimp 1984). Consumer ethnocentrism was additionally defined as bundles of beliefs seized by customers about the correctness, indeed ethics, of shopping foreign products (Sharma and Shimp, 1987).

According to the idea of consumer ethnocentrism, greater ethnocentric consumers considered purchasing foreign brands is bad because it will affect country economy, will result as unemployment and, on top, is against country values (Sharma & Shimp, 1987). In addition, to such customer’s commodities from other countries are ‘signs of contempt’ (Sharma & Shimp, 1987). Ethnocentric customers are unlikely to buy imported products. By distinction, non-ethnocentric customers assess foreign products more neutrally, on the basis of their intrinsic worth (Netemeyer et al, 1991). For this cause, non-ethnocentric customers might consider foreign products more likely (Sharma & Shimp, 1987). Many authors disagree that, in spite of being a quite constant tendency, costumer ethnocentrism is not extremely fixed. It may seldom rise when the country economy and the socioeconomic welfare of the people are in danger of extinction (Caruana & Chiricop, 2002; Sharma et al, 1995). It is noticeably, elevated costumer ethnocentrism does not always converts into ethnocentric behaviors of a single costumer such times. However, it may start protectionist measures by governments, which, consecutively, may support local commodities biasness among costumers by triggering their patriotism by buying local commodities (Brady & John, 2009).
**Hypothesis:** Sasser & Jones (1995) hypothesize that industry framework also moderates customers' satisfaction-loyalty relationship with foreign brands. Douglas et al., (2003) employ an attitudinal technique and conceptualize the outcome of customers’ temperament toward the commerce on continuing exchange relationships. On the foundation of attribution theory, they theorize that a positive valence in the direction of commerce results in helpful and compassionate attributions toward most of the industry’s associate organizations and improves links between customers and foreign brands. Their pragmatic results partly confirm the sensible effect of valence, such as on the loyalty system. Consequently, Study forecasts significant relations of (a) quality (b) Satisfaction (c) Value with customer loyalty towards the foreign brands. Thus, we hypothesized as follow;

**H1:** Consumer beliefs about the foreign industry that factors including (a) quality, (b) satisfaction, and (c) value, are positively related with loyalty towards a foreign garments brand.

**Consumer Ethnocentrism:** The concept ‘consumer ethnocentrism’ has its source in the concept of ethnocentrism that originally was merely sociological but altered into a psychosocial construct with significance to socio-cultural techniques and individual-level personality classifications (Levine, 2001). Ethnocentrism was originally defined in 1907 as ‘the vision of things in which individual’s own cluster is the centre of all, and all others researchers related this term with to reference to it’ (Sumner 2002). According to Adorno et al., (1982) it was additional specified as ‘a propensity in the person to be “ethnically centered”’, to live rigid in his receipt of the ethnically “alike” and his negative response of the “unlike”. In more precise words, ethnocentrism assumes seeing individual’s own cultural group as worthy and greater, individual’s own principles of value as worldwide as disgraceful and substandard (Axelrod & Hammon, 2006). Axelrod & Hammon (2006) also states that, ethnocentrism is related with favoritism of individual’s own group and biased attitudes toward other groups. The phenomena ‘consumer ethnocentrism’ was first officially initiated by Sharma & Shimp (1987) as an monetary shape of ethnocentrism in classification to understand what shopping behavior is satisfactory or intolerable to the own group and, more significantly, to clarify why some customers have negative perceptions toward products manufactured other than their home country (Shimp 1984). Consumer ethnocentrism was additionally defined as bundles of beliefs seized by customers about the correctness, indeed ethics, of shopping foreign products (Sharma & Shimp, 1987). With regard to these findings, we hypothesize that consumer ethnocentrism negatively impact the relationship of the foreign exchange. Thus:

**H2:** Consumer ethnocentrism is related negatively to (a) quality, (b) satisfaction, (c) value, and (d) loyalty toward a foreign garments brand.
3. Methodology

**Sample and Design:** Quantitative research methodology has been incorporated for this research study. A sample of Pakistani university students was included to work on this research study. Hence, they representing generation cohort different from old generation. Consequently, this youth is eager for learning, independent, optimist, and mimic global spending culture and all of these personality traits make them more amenable toward upcoming Foreign Service provider (Schewe & Meredith, 2004). This distinctiveness tends them more approachable for foreign branded products (Hung et al., 2007). Furthermore, young generation is more likely to get influence with latest trends (Bearden et al., 1989). Hence, young people are best target sample for such research studies (Zhao & Wong, 2008). Questionnaires were distributed in a total sample of 500 out of which 445 were usable for analysis. The respondents were engaged from four leading Universities in Islamabad. Islamabad was selected for this research because it belongs to comparatively developed and advanced regions in Pakistan and signifies a profitable market for international brands. In terms of financial development, Islamabad belongs to other major area such as Lahore and Karachi for speedy revenue generated in foreign product. To collect data, we visited four Universities at morning time to get maximum responses from undergraduate and graduate students of these Universities. The 81.6% respondents belong to age group of 18-23, which represents undergraduate and graduate students of these four Universities. 52.1% were Male and 44.5% were female. Respondents were inquired to specify their responses on a five-point scale, which calculated quality, satisfaction, value, loyalty and Ethnocentrism. Demographic information was also asked. The data worn in this research consists of foreign garments. The selection of foreign garments was support on their applicability.

**Selection of foreign brands:** We selected garments sector to test our questionnaires, because these days foreign garments are very famous among people. Customers prefer to buy foreign brands because they feel that quality-wise foreign garments are better and enduring.

**Measures:** Study provided an overview of the study scales in Appendix A. All our measures employ items from multiple-item scales that have been tested and used in previous studies. Respondents were posed to point out their awareness about brand quality, satisfaction and brand value on five-point scales.

4. Results and Discussion

The descriptive statistics of the sample are depicted in table 1. Mean value of the variables are between three and four while the standard deviation of almost all variables is very low. This depicts lower variation in the data and healthy nature of the responses.

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>3.8303</td>
<td>1.06958</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>3.6442</td>
<td>.86153</td>
</tr>
<tr>
<td>Value</td>
<td>3.4839</td>
<td>.88817</td>
</tr>
<tr>
<td>Loyalty</td>
<td>3.4667</td>
<td>.96183</td>
</tr>
<tr>
<td>Ethnocentrism</td>
<td>3.2906</td>
<td>1.15120</td>
</tr>
</tbody>
</table>

Regression tests were run on SPSS to evaluate the model and the results show that all the dependent variables have positively significant impact on the dependent variable i.e. brand loyalty (Table-2).
Table 2: Quality, satisfaction, and Value as independent variables while loyalty as dependent variable

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>.087</td>
<td>.038</td>
<td>.097</td>
<td>2.299</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>.259</td>
<td>.055</td>
<td>.232</td>
<td>4.664</td>
</tr>
<tr>
<td>Value</td>
<td>.485</td>
<td>.049</td>
<td>.448</td>
<td>9.937</td>
</tr>
</tbody>
</table>

The value of standardized Coefficients for Quality is .097 and sig. is .022 it means that quality has a strong impact of loyalty, as customers like the quality of a brand he or she will be more loyal towards that brand. Satisfaction value of Standardized Coefficients value is .232 and sig .000 that anticipate that Satisfaction has not great influence on loyalty of a customer. Standardized Coefficients value is .448 and sig .000 it means that value has significant impact on loyalty. Furthermore, when we include ethnocentrism in the model, the impact of the variable quality remains significant but becomes negative; impact of satisfaction becomes weak; while the impact of value remains positively significant (Table-III). This implies that if the customers are ethnocentric, this characteristic of the population may affect upon the relationship between quality, satisfaction, and the Brand loyalty. This implies that the even if any foreign brand provides the ethnocentric customers with quality and satisfaction; it would not be able to earn loyalty of them.

Table 3: Quality, satisfaction, and Value as independent variables while loyalty as dependent variable while Ethnocentricity as moderating variable

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>QE</td>
<td>-.035</td>
<td>.014</td>
<td>-.217</td>
<td>-2.526</td>
</tr>
<tr>
<td>SE</td>
<td>.000</td>
<td>.019</td>
<td>.002</td>
<td>.022</td>
</tr>
<tr>
<td>VE</td>
<td>.068</td>
<td>.018</td>
<td>.347</td>
<td>3.765</td>
</tr>
</tbody>
</table>

Our findings provide an extension to better evaluate the impact of consumer’s ethnocentrism on foreign products. There is a significant direct relationship between quality, satisfaction and value with loyalty, but when we include ethnocentrism; no significant impact of quality was found on loyalty. It shows that quality of foreign products does not matter for ethnocentric consumers. Customers preferred to buy domestic products instead of foreign products because they feel that quality of domestic products are higher than foreign products. Research also indicates that according to customer perception about foreign products they believe that products from certain companies are not of good quality (Balabanis & George, 2004). In addition, there is no impact of satisfaction on loyalty. It states that if a customer doesn’t like the quality of foreign product he will be not satisfied with foreign products either (Zhou & Wong, 2008). The findings also show that if Foreign Service providers successfully added customer value to their products customers will show interest in buying foreign brands.

**Managerial Implication:** Considerable resources should use to attract and retain customers. This research concludes that top managers should utilize considerable resources for creating brand value. It is also recommended to practitioners to utilize brand relationship measures, develop and initiate strategic and tactical schemes, which will surely customers are fascinated towards the Brand. This study indicates important measures for managers that they should target value-based segmentations and try to build up positioning strategies that influence potential customers. International brand managers should include quality and value added products to their offerings. The knowledge explored related to purchase intentions must be consider while designing more influential integrated market strategies.

5. Conclusion

First Hypothesis (H-1) Consumer beliefs about the foreign industry that factors including (a) quality, (b) satisfaction, and (c) value, are positively related with loyalty towards a foreign garments brand e.g. if a
foreign brand is successfully create quality in their products, customers will be more satisfied and it will create value for both customers and brands as well. Second hypothesis states that Consumer ethnocentrism is related negatively to (a) quality, (b) satisfaction, (c) value, and (d) loyalty toward a foreign garments brand. Our research indicates that quality and satisfaction has no significant impact on loyalty of ethnocentric customers, but if foreign brands focus on creating brand value for their target customers, customers will show interest to buy foreign products. Results also indicate that foreign brands should focus on those products, which are unavailable in their target markets. There will be handsome demand of unavailable products so even ethnocentric consumers in this situation will go for foreign brands. Consequently, Foreign Service provides should strongly emphasis on creating value for their target customers. If a Brand succeeds in building brand value through creating a convinced linkage to a tangible benefit and creating means of self-presentation, this value creation will beneficial to build-up strong cross-border relationships.

**Future Research:** Future limitations might be several. First, the sample which is used for this study simply provides tentative exploration and this sample might not be the representative of the overall customers in Pakistan. In Addition, customers from different areas of Pakistan would have different preferences about buying foreign products, because living standards, consumption motives are different in different areas of Pakistan. Secondly, we did this Research related to foreign garments so additional research can be done on other sectors like in consumer products, so it is also required to study other sectors that would result in better understanding of cross-border relationship between customers and Foreign Service providers.

**References**


