

A summary of a doctoral thesis
written under the scientific guidance of
prof. zw. dr hab. Sławomir Smyczek
„Consumer ethnocentrism on the insurance market”
mgr Agnieszka Hat

This doctoral thesis takes on the issue of consumer ethnocentrism on the insurance market. The results of literature review, as well as observation of real behavior of market players were a source of inspiration for formulating the research.

One industry sector which is claimed to be of the increasing importance in today's global economy is the service sector. With growing number of service organizations transacting business internationally, the internationalization of services has appeared to be the very core of the global economic environment. Since international trade activity is becoming a central part of the world economy, there is a greater necessity to determine consumers' attitudes toward both domestic and foreign services. Consumers are not isolated from these changes and make certain adaptive decisions such as preference of local service providers in the form of ethnocentric attitude.

Consumer ethnocentrism has its roots in sociology, psychology and anthropology. It was first defined by T. Shimp and S. Sharma as appropriateness, indeed morality, of purchasing domestic origin goods and services¹. The researchers introduced this notion in the area of consumer behavior and conducted first extensive empirical research in the US, giving birth to research of this phenomenon in other countries around the world. They described consumer ethnocentrism as a form of economic patriotism in the sphere of consumption, resulting from concern for own country and fear of loss of control over the national economy as a result of increased imports². Ethnocentric consumers are reluctant to make use of services provided by foreign companies, because of a sense of loyalty towards their home country and fear of harmful effects imports may have on the economic situation of the individual and individual's society. As a result, these consumer ethnocentric tendencies can lead to negative attitudes towards foreign services.

¹ T.A. Shimp, S. Sharma, Consumer Ethnocentrism: Construction and Validation of the CETSCALE. *Journal of Marketing Research (JMR)* 1987, Vol. 24, No. 3, s. 280-289.

² S. Sharma, T.A. Shimp, J. Shin, Consumer ethnocentrism: A test of antecedents and moderators. *Journal of the Academy of Marketing Science* 1995, Vol. 23, No 1, s. 26-37

So far investigations into the effects of ethnocentrism and country-of-origin on consumer behavior within the marketing literature have focused mostly on tangible goods. Whilst the literature on these concepts and consumer goods is vast, limited documented research has been conducted on the effects of this concept on services (mainly banking and airlines). There has been only one research conducted on the ethnocentrism in Polish service market, leaving other service sectors unsurveyed. Therefore, the study investigating ethnocentrism within a service sector will be of great cognitive importance.

Consumers evaluate a product on the basis of information cues which are separated into two categories: intrinsic (taste, design, performance, etc.) and extrinsic (price, advertising, brand name, country-of-origin). Since it is usually not possible to detect quality of an insurance service in other way than through a purchase, therefore extrinsic cues such as country-of-origin appear to be useful in evaluating it before buying. As a result, the country-of-origin, as an information cue, may activate various ethnocentric or non-ethnocentric beliefs, which subsequently affect the evaluation of product attributes³.

It may be concluded that there is a significant diversity of consumers' attitudes to domestic and foreign institutions in the insurance market, determined by set of factors of different nature and impact. This complexity and diversity of attitudes implies the necessity of seeking simplified pictures of reality that would make this issue structured cognitively and friendly for business practice. The starting point should be providing a typology of consumer attitudes in terms of ethnocentrism in the analyzed market.

As a consequence the main aim of the research project is identification and characteristics of consumer ethnocentrism phenomenon in the insurance market in Poland. The theoretical aim is, in turn, identification of typological groups of consumer ethnocentric attitudes in Polish insurance market. The complementary aims are as follows:

- characteristics of insurance market in Poland,
- determination of identification criteria of domestic/foreign insurance service providers,
- defining the role of country-of-origin attribute while choosing insurance services,
- identification of factors determining consumer ethnocentrism level in insurance market.

The methodological aim of the thesis is deciding on the conceptual and methodological problems related to the research on consumer ethnocentrism in the market of

³ C.M. Han, V. Terpstra, Country of origin effects for uni-national and bi-national products. *Journal of International Business Studies*. 1988, Vol. 19, Summer, 235-55.

services, as well as developing the methods and research techniques necessary for identification of this phenomenon. Finally, the utilitarian aim is to identify areas of practical use of knowledge about consumer attitudes to domestic and foreign insurance companies in making strategic marketing decisions.

These aims determine the scope of consumer ethnocentrism analysis in the market of insurance services. In the objective area it is related to the phenomenon of ethnocentrism and factors differentiating its level in the market of insurance services. In the subjective area it is related to individual consumers age group above 18 years of age. The spatial extent of the study was of nationwide character. Finally, the time span of the secondary research was period from 1987 to 2013, while primary research was conducted in 2014.

On the basis of literature review and secondary research the following hypotheses were defined. The main hypotheses indicates that there is a medium level of consumer ethnocentrism of economic character and resulting from the responsibility for the Polish economy. The second hypotheses, referring to the theoretical aim, indicates that it is possible to provide a typology of consumer attitudes in terms of ethnocentrism in the market of insurance services and that dominant consumer type is characterized by a medium level of consumer ethnocentrism.

The study also attempted to verify a number of complementary hypotheses. Referring to the aim related to the characteristics of the insurance market in Poland, it is believed that the structure of supply on the Polish insurance market is conducive to the emergence of ethnocentric attitudes among individual consumers. Another two hypotheses relate to the aims concerning identification of domestic insurance companies and the role of the country of origin in the process of choosing insurance services. Therefore, it is believed that the main criterion for identifying domestic insurance institutions by consumers is the majority of Polish capital. In terms of the role of country of origin, as a criterion in the purchase of insurance, it is believed that this criterion is gaining significance when domestic and foreign insurance institutions have an equivalent price offer. The final hypothesis relates to factors differentiating the level of ethnocentrism in the market of insurance services. It indicates that the main factors differentiating the level of ethnocentrism are: perceived necessity of insurance, perceived economy threat of foreign companies, the importance of the country of origin of an insurance institution, as well as demographic-economic factors such as age, sex, education, income and employment.

In order to achieve and verify formulated aims and hypotheses a proper selection of literature and research methods was required. The basis of the theoretical discussion is a

critical analysis of domestic and foreign literature concerning attitudes and consumer behaviour, marketing, sociology, social psychology, insurance and finance. Data from primary sources were collected nationwide by the means of direct survey with the use of an independently constructed research tool in the form of a structured questionnaire. The data were subjected to multivariate statistical analysis, including: variance, correlation and regression analysis. In order to identify typological groups of individual consumers cluster analysis was used.

The paper layout is a reflection of fulfillment of the research objectives. It consists of six chapters. The first chapter is of theoretical character and identifies notions concerning service, its characteristics and classification. It also depicts the idea of consumer attitudes on the service market and pays attention to the growing importance of services in the contemporary economy.

The second chapter introduces the idea of consumer ethnocentrism phenomenon based on the literature systematic review. Analysis of literature allowed to organize the existing definitions and perception of this phenomenon and to indicate directions for the future research in the area of consumer ethnocentrism.

The third chapter is devoted to the specificity of insurance service as the consumption object and the characteristics of supply and demand structure of the Polish insurance market.

The fourth chapter has been devoted to methodological issues, techniques of research, organization of studies and its primary goal is to present the objectives and hypotheses, as well as the characteristics of the selected study sample.

The last chapters, fifth and sixth, are of empirical character and presents the results of field research, as well as they aim at verifying the hypotheses and drawing theoretical-practical conclusions. The fifth chapter includes the research results in the area of consumer ethnocentrism identification on the insurance market and factors determining its level. In addition, the role of country of origin attribute and identification criteria of domestic and national service providers were discussed. The sixth chapter provides the typology of consumers attitudes in terms of ethnocentrism and recommendation of practical use of obtained knowledge, including activities of domestic and foreign insurance companies.

The key findings indicate that in general consumers reflect rather medium ethnocentrism level of economic character (responsibility for national economy and workplace) in their marketing choices on the Polish insurance market. As a result, the main hypotheses has been verified positively. In order to achieve the theoretical objective, an attempt was made to carry out the typology of consumers in terms of ethnocentrism. Different

types of consumer attitudes in terms of ethnocentrism were distinguished. The results indicate, that there is no consumer type representing high level of ethnocentrism in the surveyed market. Three existing consumer types were identified: moderate patriots (39,4%) - representing moderate ethnocentric attitude, undecided materialists (24,6%) - guided by the price criteria and determined cosmopolitan (36%) - paying attention primarily to qualitative criteria when choosing insurance institution. It should be underlined that moderate patriots constitute the largest group. As a result, the hypotheses indicating that it is possible to provide a typology of consumer attitudes in terms of ethnocentrism in the market of insurance services and that dominant consumer type is characterized by a medium level of consumer ethnocentrism has been accepted.

It has been also verified positively that structure of supply on the Polish insurance market is conducive to the emergence of ethnocentric attitudes among individual consumers. It results mainly from the high degree of concentration of insurance companies with prevailing domestic capital. Despite the fact that there are more foreign insurance companies on the Polish market, still domestic insurers have a very significant position, resulting from their large share in the sale of insurance services and settled image of ' traditional ' insurers (PZU, Warta). It certainly enables the emergence of ethnocentric attitudes among individual consumers.

In terms of identification criteria and role of country-of-origin attribute, it has been confirmed that company is considered as domestic when the majority of capital is Polish and the country-of-origin criterion is gaining the significance in the case of an equivalent price offer of domestic and foreign insurance institutions. In addition, the results showed that respondents display greater confidence in domestic insurers and perceive them as safer than foreign ones, however the latter are evaluated as more modern, experienced and more focused on high quality.

The study has been also intended to investigate the influence of particular factors determining consumer ethnocentrism level in Polish insurance market. The conducted analysis indicates that perceived economy threat of foreign companies strengthens the ethnocentrism level while the perceived necessity of service does not have substantial influence on ethnocentric attitude. Secondly, studies have verified the hypothesis that consumers who pay greater attention to the origin of the insurance company more often opt for national insurance companies. It may indicate the importance of emphasizing the 'polishness ' in the case of domestic companies so that ethnocentric consumers will be easily able to identify the country the origin of the institution. Finally, studies have demonstrated the

impact of the particular demographics on the consumer ethnocentrism. Older people, with lower income and more negative opinion on their financial situation appear to be more ethnocentric in terms of making use of foreign services in insurance sector, which is consistent with dominant view in literature. It is noteworthy that there is no significant statistical relationship in case of gender and employment sector. It is contrary to dominant view in literature where women were found to be more ethnocentric than men.

The obtained results put a step towards learning about the attitudes of consumers towards domestic and foreign institutions, enrich knowledge in a scientific discipline on consumer behavior and respond to the need of identification of possible full spectrum of consumer attitudes in insurance market. From the theoretical point of view, the research enhances knowledge of ethnocentrism and typology of consumers in, so far, non explored service market. The obtained results contribute to the development of the existing state of knowledge in the field of ethnocentrism by the analysis of this phenomenon in a very important growing sector of the Polish economy. On the other hand, from the standpoint of practice, research on consumers' ethnocentric attitudes is crucial for existing service institutions and those planning to start a business in the Polish market, as it provides knowledge on different preferences, motivation and consumer vulnerability to potential marketing instruments. The obtained results on the ethnocentric attitudes in the market of insurance services are also important for institutions regulating and supervising the insurance market in making decisions on developing legislation protecting and supporting Polish insurers and on the development of educational programs aimed at promoting Polish business.

The present dissertation does not completely exhaust the relevant issues of consumer ethnocentrism. The study was aimed at insurance services market - so services of a high involvement (purchased from time to time). It is therefore necessary to consider research in relation to other categories of services, e.g. characterized by less involvement and acquired relatively more often. In addition, the study focused mainly on demographic and economic factors determining the ethnocentrism level, while psychosocial factors were not included in the analysis. It was assumed, on the basis of literature studies, that so far there has been generally a near consensus in the area of psychosocial determinants and therefore it was decided not to include them in the research. However, incorporating them in future studies may be considered. Concluding, the presented topic creates the possibility of extending this research and developing the existing theory of consumer ethnocentrism

Katowice, 28 września 2015 r.