

# Global Brands and Consumer Ethnocentrism of Youth Soft Drink Consumers in Greater Jakarta, Indonesia

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Indonesia is a large market for consumer products targeting youth consumers, with populations of more than 70 million young inhabitants and market size of USD 155 billion. The large size of this potential market attracts foreign products with globally recognized brands to enter the Indonesian market. The objective of this study is to explain the purchase intention of youth consumers toward a particular brand of soft drink with global penetration by their perceptions and ethnocentrism. This study obtained response from 156 youths in Greater Jakarta, Indonesia. The resulting data was analyzed using structural equation modeling with LISREL software package. The study found that consumer ethnocentrism decreases purchase intention, both directly and indirectly through brand image. Contrary to the hypothesis, consumer ethnocentrism does not influence corporate image of the global firm, which significantly influences brand image but only slightly impacts purchase intentions directly.

**Keywords:** global brand, consumer ethnocentrism, purchase intention, youth consumer, soft drinks, Indonesia

Indonesia adalah pasar yang besar bagi produk konsumen yang membidik kalangan pemuda, dengan 70 juta populasi berusia muda dan ukuran pasar sebesar USD 155 milyar. Besarnya pasar potensial ini menarik produk-produk asing dengan merek global untuk masuk ke pasar Indonesia. Tujuan studi ini adalah menjelaskan bagaimana niat membeli dari konsumen muda terhadap salah satu produk dengan merek global dipengaruhi oleh persepsi dan etnosentrisme mereka. Studi ini memperoleh respon dari 156 pemuda di wilayah Jabodetabek, Indonesia. Data yang diperoleh kemudian diolah menggunakan pemodelan persamaan struktural dengan paket LISREL. Studi ini menemukan bahwa etnosentrisme konsumen mengurangi intensi membeli, baik secara langsung maupun secara tidak langsung melalui konstruk citra merek. Berlawanan dari hipotesis, etnosentrisme konsumen tidak mempengaruhi citra perusahaan yang memiliki pengaruh yang kecil namun signifikan terhadap niat membeli.

**Kata Kunci:** merek global, etnosentrisme konsumen, niat membeli, konsumen muda, minuman ringan, Indonesia

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## Introduction

Indonesia is a large market for consumer products, especially for products targeting youth consumers, with populations of more than 70 million young inhabitants and market size of USD 155 billion (BPS, 2010). The large size of this potential market attracts foreign products with globally recognized brands to enter the Indonesian market.

The entry of global corporation to Indonesian market may happen in various ways. Some of these global products would be directly

imported from abroad, while some would be produced locally and may even use local components. This concept of production further muddled the division between foreign and local product, since some foreign product used local components while some local product may use foreign components in its production process (Han and Terpstra, 1988).

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Tse and Gorn (1993) proposed the concept of global brand, which is a brand with well-known international appeal that gives a product distinctive image compared to its competitors. They contend that firms with Global brands can generate more profit by sourcing their production in countries with low production costs, while retaining superior image as perceived by their consumers. Furthermore, a brand can be associated with a specific country origin, regardless of where the product was manufactured (Thakor and Kohli, 1996; Thakor and Lavack, 2003).

The bottom line is that what differentiates between global and local brands are the perceptions of the consumers. Some products may be perceived as global brands even though nearly 100 percent of components were produced locally, while other products would be perceived as local brands even though nearly 100 percent of the components used in the production process were imported. This perception of consumers will be reflected in both the brand and corporate image of respective products and companies (Tse and Lee, 1993).

On the other hand, having a global brand may not necessarily be a good thing for a product. Sharma and Shimp (1987) points out negative emotions that might be felt by consumer toward products perceived to be "foreign". They coined the term "Consumer Ethnocentrism" to describe these negative emotions which showed consumer tendencies to give less favorable evaluation toward foreign brand as opposed to local brands. These negative emotions might arise from a sense of patriotism or nationalism which compels consumers to feel disloyal when purchasing foreign brands, especially if local alternative is available (Good and Huddleston, 1995; Watson and Wright, 2000; Klein, 2002).

Despite the diversity of ethnic cultures as well as geographic condition in Indonesia, Indonesian national identity remains a strong common bond among diverse ethnicities. "Bhinneka Tunggal Ika", loosely translated as "Unity in Diversity", is the Indonesian motto displayed in its national emblem. This is especially true in urban populations with less homogenous ethnic background than rural populations (van Leeuwen and Mashuri, 2013). Members of different ethnicity mingle and intermarry, thus fur-

ther clouding ethnic identity in favor of stronger national identity. Thus, Indonesian national identity is seen as the bindings in which various ethnic identity are blended. Therefore, highly ethnocentric consumers may show preference for their national products regardless of their ethnic background.

As explained earlier, Indonesia is a large market for consumer products. Indonesian annual population growth projected between 2.38 to 2.6 percent (Nitisastro, 2006). In order to have clearer taken on relationships between global brands, consumer ethnocentrism and their purchase intention, the scope of this study is narrowed down to a single industry in consumer goods category. This study focuses on the soft drinks industry since it is considered to represent an excellent example of how global consumer goods brands entering Indonesia. Few brand achieved such global brand status as the major brands in the soft drink industry, most notably Coca Cola and Pepsi (Holt, Quelch and Taylor, 2004). Both companies entered the Indonesian soft drink market around 1970s, quickly dominating not only the Indonesian soft drink market but also the bottled beverages industry by directly competing with other beverages such as locally produced bottled tea and juices (Susanto, 2006). Therefore, this industry is suitable for the purpose of this study.

Furthermore, food and beverages has always been the top-spending category for unplanned purchase of Indonesian youth consumers (MarkPlus, 2012). On the other hand, consumption of soft drink in their home country, the United States, has reached saturation. As an illustration, in 2010 the average consumption of Coke in the United States is 394 servings per person per year or 1.01 serving per day, while the average consumption of soft drink in Indonesia is still at 13 servings per person per year (The Coca-Cola Company, 2010). The per capita consumption of soft drinks in the emerging markets is generally still at a much lower level than the consumption in developed countries.

This means that expanding the market in such countries would have greater opportunities than expanding in the saturated market of their home country. Thus, the soft drink industry would be an excellent case for studying how consumer' ethnocentrism affects their percep-

Table 1. Cognitive, Affective and Normative Country of Origin Effect

Effect	Descriptions	Major Findings
Cognitive	Sign of Quality	Country of Origin as signal of overall product quality or a certain quality attributes, such as reliability or durability.
Affective	Symbolic and emotional values	Country of origin as association with certain images with emotional or symbolic value, including patriotism and nationalism.
Normative	Social Norms	Country of origin as the “right way of conduct”.

Source: Adapted from Verlegh and Steenkamp (1999)

tion of the global brands and ultimately their purchase intentions.

Therefore, the objective of this study is to explain the how consumer ethnocentrism may impacts the perceptions of Indonesian youth consumers toward a particular brand of soft drink with worldwide market penetration and their consequent purchase intention. Which brand of soft drink brand became the object of this study will remain to be unnamed in order to avoid legal complications regarding the use of licensed names.

## Literature Review

In order to develop a model to accomplish the objective of this study, brief review on existing literatures would be necessary. This section is arranged using the topical approach. The first part of the review will discuss part research on Consumer Ethnocentrism. The second part will discuss consumer perception toward global brands and corporations. The final part will discuss purchase intention and the relationship between variables.

### Consumer Ethnocentrism

As explained earlier, Sharma and Shimp (1987) is the first to explore the concept of ethnocentrism in the consumer decision making context by pointing out negative emotions felt by consumers toward purchasing foreign products. They coined the term “Consumer Ethnocentrism” to describe these negative emotions and developed an instrument to measure such construct, the CETSCALE (Consumer Ethnocentrism Tendency SCALE).

Various studies have validated the construct of Consumer Ethnocentrism and found consistent result which showed how consumer ethnocentrism tendencies decreases consumer evaluation toward foreign brand as opposed to local brands (Watson and Wright, 2000; Klein, 2002;

Neese and Hult, 2002). This effect relies on the status of foreign versus local brand as perceived by the consumer, which is related to the concept of Country of Origin Effect (COE).

COE is the impact of perceived origin of a product toward a person’s evaluation toward a certain product or brand (Nebenzahl, Jaffe, and Lampert, 1998). In this case, Samiee (1994) states that *Country of Origin* refers to “*The country with which the product’s firm is associated*”, which also elaborates that for global brands, even though produced locally, would still be associated with the country which the brand originated. While a recent study by Noorderhaven and Harzing (2005) describes the complex nature of Country of Origin for Multinational Corporations spread in various countries around the world. Verlegh and Steenkamp (1999) described COE as three different effects, i.e. Cognitive, Affective and Normative, shown in Table 1. The concept of COE used in this study deals mainly with the affective effect of COE.

### Global Brand and Corporate Image

Brand image plays important role in consumer decision making. Brand images is defined as various meanings associated to the product by the consumers and global brand image can be defined as meanings associated with the global status of products sold in various countries (Roth, 1992; Steenkamp, Batra and Alden, 2003; Winit, Gregory, Cleveland and Verlegh, 2014).

Hsieh, Pan and Setiono (2004) showed various levels of meanings associated to the product by the consumer. Their study found that consumer associate specific meaning toward product as well as the firm. Thus consumers may have particular brand image toward a product and certain corporate image toward the firm that produce it. This is consistent with another study by Aaker (2004) which stated that

corporate brand image can be used as leverage for marketing to improve consumer perception and evaluation toward a product.

This study focused specifically to one product and one business entity with recognized global image. Dimofte, Johansson and Ronkainen (2008) compared response between “antiglobal” and “proglobal” consumers toward global brands of alcoholic beverages. Despite some mixed result, their study did find that the “antiglobals” showed significantly lower response toward global brands compared to the “proglobals”. Similarly, Haque, Rahman, and Haque (2011) studied the influence of ethnocentrism toward consumer perception, such as corporate image and brand image. Their study found that Consumer Ethnocentrism does reduce consumer evaluation on brands of foreign brands and consumer with high ethnocentrism tends to put less trust on foreign based companies.

More recent finding shows that ethnocentric consumers in emerging markets preferred brands from their own countries to brands from developed countries when evaluating different brands of car (Hamin, Baumann and Tung, 2014). This finding is consistent with previous studies supporting the hypotheses that consumer ethnocentrism have negative effect to consumer evaluation of global brands and corporations. Therefore, it is proposed that high consumer ethnocentrism would also predispose consumer to give less favorable evaluation to brands and companies perceived as foreign

*H1: Consumer Ethnocentrism negatively influences Corporate Image*

*H2: Consumer Ethnocentrism negatively influences Global Brand Image*

Gwinner and Eaton (1999) develop a concept of image transfer which proposed that meanings consumer associate to a firm may be transferred to products the firms produce. More recently, Argenti and Druckenmiller (2004) discuss how corporate image have positive influence on the brand image of products they are associated with. In line to this proposition, Hsieh, Pan and Setiono (2004) also argue that consumers associate distinct meaning to product and firms which correlate positively. Recent study by Popoli (2011) discovers that corporate

image developed through exposure from global CSR activities have positive influence toward brand image of products. Based on these studies, the third hypothesis proposed is that Global Corporate Image transfers into Global Brand Image positively.

*H3: Global Corporate Image positively influences Global Brand Image*

## **Purchase Intention**

Consumer purchase intention can be defined as their deliberate plan to purchase a certain product in the near future (Espejel, Fandos, and Flavian, 2008). Furthermore, Fandos and Flavian (2006) argue that purchase intention reflects the short term behavior of consumer's future purchase decision. Therefore, the construct of Purchase Intention is expected to predict the consumer's actual purchase behavior in the future.

Consumer purchase intention can be influenced by various factors. Relevant with the construct of Consumer Ethnocentrism discussed earlier, ethnocentric consumers associate local brands with positive symbols such as patriotism or nationalism. On the other hand, purchasing foreign brand may evoke negative emotions which compel ethnocentric consumers to feel disloyal when purchasing foreign brands, especially if a local alternative is available (Singh, Furrer and Ostinelli, 2004).

Nadiri and Tümer (2010) discover that consumers ethnocentrism positively affects consumer intention to purchase domestically produced goods in North Cyprus. Similar result was also obtained by Qing, Lobo and Chongguang (2012) in consumer purchase intention of fresh fruits in China. Recent study by Ahmed et al. (2013) also identifies negative relationship between consumer ethnocentrism and purchase intention of foreign fast food franchise in Malaysia. These studies supported the proposition that consumer ethnocentrism has adverse impact toward purchase intention of foreign products. Therefore, it is proposed that similar finding may apply for the soft drink industry in Indonesia.

*H4: Consumer Ethnocentrism negatively influences Purchase Intentions*

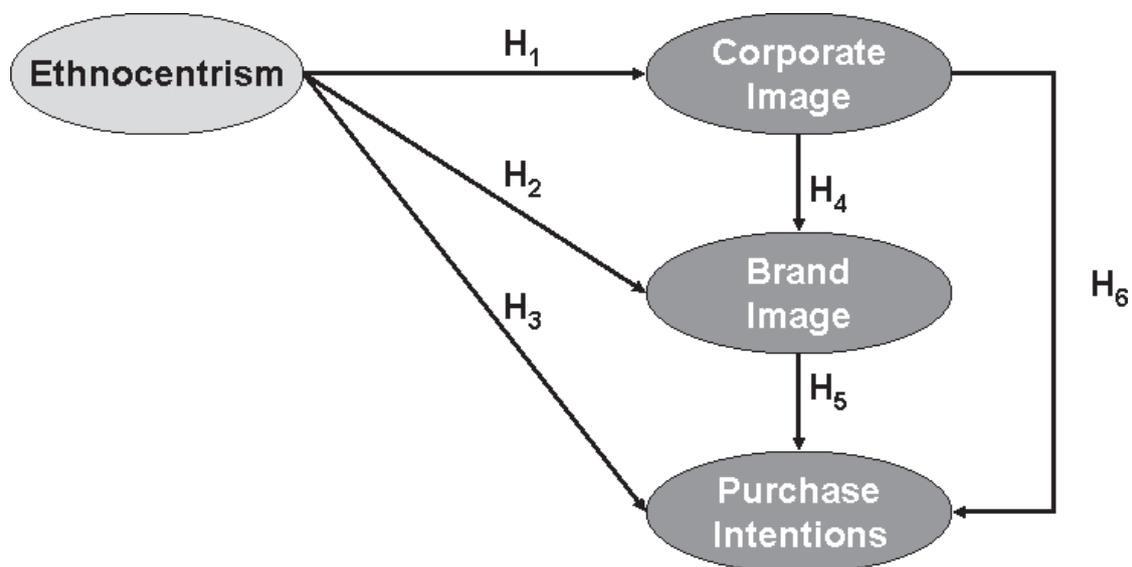


Figure 1. Research Model

Various researches have also linked corporate and brand image to consumer purchase intention (Becker-Olsen, Cudmore and Hill, 2006). It is generally agreed that better corporate and brand image would increase consumer purchase intention. In the absence of specific information, consumer will use brand to evaluate quality. Similar finding for global brands showed that corporate-brand credibility and self-image congruence of global brands have direct positive impacts on purchase intention (Li, Wang, and Yang, 2011).

Recent study by Ryu, Lee and Kim (2012) discover similar findings, brand image of the restaurant positively influence consumers in the United States to visit more frequently. In the same time, Haque, Rahman and Yasmin (2012) studied the influence of Global corporate image toward purchase intention of foreign product in Malaysia. Consistent with previous studies, they found that global corporate image positively influence purchase intention. These studies supported the proposition that Global Brand Image and Global Corporate Image has positive impact toward consumer purchase intention.

*H5: Global Brand Image positively influences Purchase Intentions*

*H6: Global Corporate Image positively influences Purchase Intentions*

Based on the literatures reviewed earlier, the six formulated hypotheses are summarized in the research model shown in Figure 1.

## Methods

Measurement used in the survey are modified from the CETSCALE (*Consumer Ethnocentrism Tendencies Scale*) developed by Sharma and Shimp (1987), which originally consist of 17 item to measure ethnocentric tendencies related to consumer purchase decision of local versus imported products. The 17 item scale was further distilled into the abbreviated version of a seven item scale, which possess high convergent validity with the original 17 item scale. The CETSCALE measurement was proven valid in several countries, such as: Japan, France, and Germany (Netemeyer, Durvasula, and Lichtenstein, 1991), Korea (Sharma, Shimp, and Shin, 1995), United States and Russia (Durvasula, Andrews, and Netemeyer, 1997), China (Klein, Ettenson and Mooris, 1998). Brand image, corporate image and purchase intention was measured using instruments adapted from Haque, Rahman, and Haque (2011).

All instruments were validated using pre-test on 30 student respondents before the actual data collection. The pre-testing data was analyzed using Cronbach's alpha to assess internal consistency and factor analysis to assess construct validity. One item from the shortened CETSCALE was excluded from the final questionnaire due to poor validity. Six measurement items was validated for each remaining construct, i.e. brand image, corporate image and purchase intention.

This study employed self-assessment questionnaire to 156 youths in the Greater Jakarta, the capital region and largest metropolitan in Indonesia. Purposive sampling technique was employed due the nature of population which is impossible to obtain a working sampling frame. A potential respondent was recruited online and screened for their age, soft drink consumption and global brand awareness. Recruited participant are allowed to fill the questionnaire only if they are young consumers, ranging from 15 to 21 of age, consumed soft drink and has prior awareness of the product and the company as a global brand.

Potential respondents were screened for their recognition of the product as a global brand due to the use of local ingredients or components in the production process which blurred the concept of local versus imported product. Potential respondents were first shown the company logo and pictures of the product. Respondents who did not perceive both the company and brand as a global brand after the images were shown was not included in the survey.

The final data set from the 156 screened responses was then analyzed using structural equation modeling with LISREL 8.51 software package. The two step approach was employed in order to avoid making conclusion using flawed measurement. The first step tests the measurement model to ensure a valid and reliable measurement, while the second step tests the structural model to accept or reject the proposed hypotheses (Hair et al, 2009). Using the two step approach would minimize possible errors introduced from items with poor validity or reliability in the instruments.

## Results and Discussion

### Descriptive Statistics

In order to provide contexts for further discussions in subsequent sections, this section describes the characteristics of the 156 respondents in the final data set. In the final part of the questionnaire, the respondent was asked several questions about their demography. Based on their gender, the respondent is split nearly half with 76 (48.71 percent) male respondents and 80 (51.29 percent) female respondents. This

balanced gender ration should minimize possibility of gender bias in the sample.

Classified by their age, 50 (32.05 percent) respondents are 15-18 years old and 106 (67.95 percent) respondents are 18-21 years old at the time of the survey. This means that the sample may be slightly biased toward older youths. Grouped by monthly consumption of soft drinks, one hundred (64.10 percent) respondents consumed between one to five servings a month, thirty three (21.15 percent) respondents consumed between six to ten servings, eleven (7.05 percent) respondents consumed eleven to fifteen servings, six (3.85 percent) consumed between sixteen and twenty servings and six (3.85 percent) consumer more than twenty servings a month. This showed that the sample inclined toward light to moderate consumers of soft drinks. However, this characteristic is in line with the Indonesian average consumption of soft drink, which is only 13 servings per person per year or 1.08 servings per person per month (The Coca-Cola Company, 2010).

Categorized by their monthly personal expenditure, seventy six (48.72 percent) respondents claims to have personal expenditures between Rp500,000 to Rp1,000,000 a month, forty two (26.92 percent) respondents between Rp1,000,000 to Rp1,500,000 a month, seventeen (10.90 percent) respondents between Rp1,500,000 to Rp2,000,000 a month, six (3.85 percent) respondents between Rp2,000,000 to Rp2,500,000 a month, five (3.21 percent) respondents between Rp2,500,000 to Rp3,000,000 a month, and ten (6.41 percent) respondents claims to have personal expenditures of more than Rp3,000,000 a month.

When further sorted by their monthly expenditure for bottled beverages, 94 (60.26 percent) respondents claimed that they spend less than Rp25,000 a month for bottled beverages, 36 (23.08 percent) spends between Rp25,000 to Rp50,000 a month, 12 (7.69 percent) spends between Rp50,000 to Rp75,000 a month, 9 (5.77 percent) spends between Rp75,000 to Rp100,000 a month, and 5 (3.21 percent) spends more than 100,000 a month for bottled beverages. This is consistent with previous demographics that light consumers are better represented in the sample than heavy users.

Table 2. List of Error Covariance between Items

Constructs	Error Covariance between	
Consumer Ethnocentrism	CE1	CE2
	CE4	CE5
Brand Image	B15	B16
	PI1	PI2
Purchase Intention	PI2	PI4

Table 3. Result of Final Measurement Model

Constructs	Items	Mean	SLF	t-value	Conclusions
Consumer Ethnocentrism CR: 0.89 AVE: 0.58	CE1	5.59	0.72	10.00	Valid
	CE2	5.77	0.67	9.03	Valid
	CE3	4.23	0.82	12.03	Valid
	CE4	4.62	0.80	11.46	Valid
	CE5	4.86	0.72	10.08	Valid
	CE6	5.21	0.79	11.44	Valid
Corporate Image CR: 0.89 AVE: 0.66	CI1	3.30	0.71	10.03	Valid
	CI2	4.51	0.81	11.79	Valid
	CI3	3.94	0.83	12.40	Valid
	CI4	4.13	0.87	13.09	Valid
	<b>CI5</b>	<b>2.10</b>	<b>0.51</b>	<b>7.17</b>	<b>Dropped</b>
	<b>CI 6</b>	<b>2.64</b>	<b>0.51</b>	<b>7.15</b>	<b>Dropped</b>
Brand Image CR: 0.94 AVE: 0.76	<b>B11</b>	<b>1.95</b>	<b>0.46</b>	<b>7.10</b>	<b>Dropped</b>
	B12	4.17	0.86	13.45	Valid
	B13	3.98	0.93	15.32	Valid
	B14	3.47	0.87	13.54	Valid
	B15	4.08	0.88	10.93	Valid
	B16	3.83	0.83	12.62	Valid
Purchase Intention CR: 0.92 AVE: 0.67	PI1	1.94	0.86	12.95	Valid
	PI2	1.85	0.89	13.79	Valid
	PI3	1.94	0.83	12.52	Valid
	PI4	1.79	0.72	10.13	Valid
	PI5	1.52	0.79	11.57	Valid
	PI6	2.08	0.54	7.07	Valid

### Measurement Model

The initial test for the measurement model did not yield a good fit. Model testing yields chi-square value of 852.26 with degree of freedom (df) of 246. Testing the significance of chi-square value yields *p*-value of under 0.05 and RMSEA above 0.08, which means that the model was rejected because significant differences exists between the correlation matrix obtained from the data with the correlation matrix specified from the model. Therefore several modifications are required before the measurement model can be used for hypothesis testing.

Modifications consisted of eliminating two items from Corporate Image (CI5 and CI6) and one item from Brand Image (B11) due to low item validity. Item validity was determined by Standardized Loading Factor, which must exceed 0.6 (Hair et al., 2009). Several error covariance restrictions were also eased for items within the same construct based on the modi-

fications indices provided by LISREL. List of covariance between errors of items is shown in Table 2. The final measurement model produces Chi-square of 270.72 and degree of freedom of 178, yielding RMSEA of 0.057, which means that the final measurement model is found to be of good fit. Calculating Construct Reliability (CR) and Average Variance Extracted (AVE) for each construct also yield good result, with all CR exceed 0.7 and all AVE exceed 0.5 (Hair et al., 2009). Full result of the measurement model is shown in Table 3.

### Hypotheses Testing

The second step after estimating the measurement model is to estimate the structural model in order to test the research hypotheses. Six structural equations were added to the measurement equations to reflect the hypothesized relationships between latent variables. Initial structural model produces Chi-square of 272.98

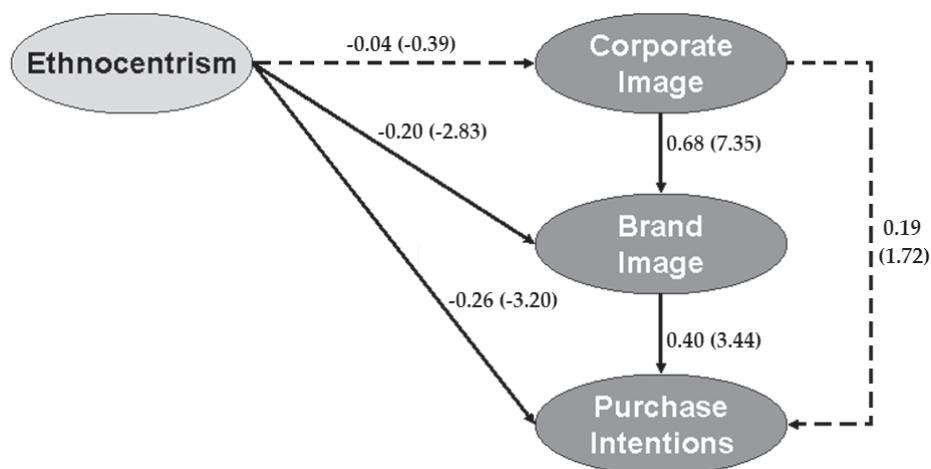


Figure 2. Final Research Model and Hypotheses

Table 4. Result of Hypotheses Testing

Hypotheses	Path	SLF	t-val*	Conclusion
H1	Consumer Ethnocentrism --> Corporate Image	-0.04	-0.39	Rejected
H2	Consumer Ethnocentrism --> Brand Image	-0.20	-2.83	Accepted
H3	Consumer Ethnocentrism --> Purchase Intention	-0.26	-3.20	Accepted
H4	Corporate Image --> Brand Image	0.68	7.35	Accepted
H5	Brand Image --> Purchase Intention	0.40	3.44	Accepted
H6	Corporate Image --> Purchase Intention	0.19	1.72	Rejected

Note: \* Significant at 5 percent 2-tail, t-value above 1.96 or below -1.96

and degree of freedom of 179, yielding RMSEA of 0.057, which means that the final structural model is found to be of good fit. Hypothesis testing can only be conducted after structural model with good fit are obtained.

Hypotheses are rejected if the absolute t-value of the corresponding path does not exceed 1.96, at 95 percent confidence level required. Out of six hypotheses tested, two of them were rejected. The influence of Consumer Ethnocentrism to Corporate Image and the influence of Corporate Image to Purchase Intention are found to be not significant. On the other hand, both the direct influence of Consumer Ethnocentrism to Purchase Intention and the indirect influence through Brand Image are found to be significant. Therefore, partial mediation by Brand Image existed between Consumer Ethnocentrism and Purchase Intention.

Even though Corporate Image is found have no significant direct influence to Purchase Intention, it is found to have significant indirect relationship to Purchase Intention through Brand Image. Therefore, full mediation by Corporate Image existed between Consumer Ethnocentrism and Purchase Intention. Complete result of the hypotheses testing is shown in Table 4, while the final research model is shown in Figure 2.

## Discussion

There are several interesting findings, first of which, consumer ethnocentrism directly reduces purchase intention of the product with global brand. Consumer ethnocentrism also decreased brand image of global brand, which has positive influence toward purchase intention. Therefore, consumer ethnocentrism decreases purchase intention, both directly and indirectly through brand image. Second is that contrary to the hypothesis, consumer ethnocentrism does not influence corporate image of the global firm, which significantly influences brand image but only slightly impacts purchase intentions directly.

Previous research has tied consumer ethnocentrism to both corporate and brand image (Becker-Olsen, Cudmore and Hill, 2006; Haque, Rahman, and Haque, 2011). However, this study finds that in this case, Consumer Ethnocentrism influences brand image but not corporate image. One possible explanation is that in this particular case, the product's brand image may have distanced itself from the corporate image of the firm that produced it. The soft drink industry often employed licensing contracts to local partners which produce and distribute the end products while the parent

company manages advertising and public relations. This business model may influence how consumer ethnocentrism influenced corporate image, compared to other business model in which the parent company does not use local partner in producing and distributing their product.

Even though consumer ethnocentrism is found to be not significant in influencing corporate image, it is found to be significant in negatively influencing both brand image and purchase intentions. Furthermore, the negative effect would be compounded since brand intentions positively influence purchase intentions, which means that brand image partially mediates the influence of consumer ethnocentrism to purchase intentions. The total effect of consumer ethnocentrism to purchase intention is calculated to be  $-0.34 (-0.26 + (-0.20 \times 0.40))$ . This outlines the importance of global brands in dealing with consumer ethnocentrism. In order to counter the negative effects of consumer ethnocentrism, global brands may adopt advertising campaigns to highlight their local relevance despite being a global brand.

Even though corporate image does not influence purchase intentions directly, it does influence it indirectly through brand image. The finding showed that both the paths from corporate image to brand image and from brand image to purchase intentions to be positive and significant. This means that brand image fully mediates the influence between corporate image and purchase intentions. The total effect of corporate image to purchase intention is calculated to be  $(0.68 \times 0.40) 0.272$ . This supports the proposition that corporate activities which shaped the corporate image might be transferred down toward the brand image and ultimately influence the consumer purchase intentions.

The managerial implication of this findings is that the negative influence of consumer ethnocentrism to their purchase intentions of global brands may be mitigated using strong and positive corporate and brand image. This may justify the efforts spent by multinationals to cultivate and maintain their positive image in the consumer consciousness. Arguably, negative brand or corporate image may also intensify the negative effect of consumer ethnocentrism to

purchase intention. Therefore, it is strongly recommended for global brands to nurture positive brand and corporate image in their host countries.

## Conclusion

In conclusion, this study found that consumer ethnocentrism plays important role in shaping youth consumer's purchase intention of soft drink products with global brand. However, the negative influence of consumer ethnocentrism is somewhat offset by strong corporate image of the global firm that produce the beverage. Even though ethnocentric consumer may exhibit adverse reaction toward foreign brand, they still acknowledge the appeal in values associated with the brand and corporate image cultivated by the company.

This study shows that it is possible to create a strong global image while embracing ethnocentric consumers. The managerial implication of this study is that marketers of global brand should aim to build a corporate and brand image which bridge the distance between global and local values to counterbalance the negative impact of consumer ethnocentrism toward foreign products.

Despite the valuable insight, this study still has many limitations to be considered. First of all, this study only focuses on young consumer in the urban metropolitan of Greater Jakarta. Different demographical and geographical scope most likely would yield different result. Since the recruitment process rely on the voluntary participation of potential respondent, it is possible that non response bias may occur. This study also focuses on the soft drink product. Therefore, no generalization to the population should be made from this study. The findings in this study would need to be further validated on other context of product categories in the consumer goods industry.

Future scope of study should focus on specific aspects of brand and corporate images which balanced both the global and local approaches. Better understanding of which value to cultivate would be valuable for global brand entering new markets in the emerging economies.

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