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## CONSUMER ETHNOCENTRISM IN TRANSITIONAL ECONOMIES: EVIDENCE FROM SERBIA<sup>1</sup>

*Summary: This paper explores consumer ethnocentrism of young people among student population in the Republic of Serbia. The aim of the research is to examine whether there has been a growth in the level of consumer ethnocentrism among young people in Serbia given the increasingly adverse demographic and economic situation as well exceptional political turbulences in the country. The research was conducted by surveying students at the University of Belgrade by applying the CETSCALE and factor analysis techniques. The obtained values of the CETSCALE indicate that consumer ethnocentrism is within the limits of moderate, but it shows a slight increasing trend compared to the previous research. Three sets of factors are recognized: ethical ethnocentrism, economic patriotism and radical consumer ethnocentrism. The factors indicate that different intertwined motives influence young people's choice to buy local products. Preferences of young Serbian towards buying local products are the result of socio-economic environment, as well as a current political climate in Serbia.*

*Keywords: consumer, ethnocentrism, CETSCALE, student, Serbia.*

### Introduction

We live in a very dynamic time whose developmental imperative is openness of individual societies to a wide variety of mutual influences. Opening up of an individual society entails acceptance of many different external influences and willingness to adapt to change. Accordingly, the economic opening up involves a global exchange of people, goods and services, and thereby constant increase of market competition.

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Modern consumer society is characterized by greater availability and higher quality production one hand, and consumers who are increasingly rich, more educated and more attached to brands, on the other (Harrison, 2003). However, despite the globalization of modern market with all these features of global consumer society, the phenomenon of consumers' attachment to domestic products still persists. There are many factors that determine how ethnocentrism influences consumer behavior. However, it is very difficult to evaluate their individual strength and level of impact. The rationale for this should be sought in the complexity of factors that are influenced by historical, cultural, and global factors. Economic factors that determine the level of economic development, and social aspects that influence the attitudes of individuals towards external influences are also very important (Kosterman and Feshbach, 1989). Moreover, the concept of consumer ethnocentrism is precisely based on the pursuit of consumers to favour domestic over foreign products.

From the perspective of the Republic of Serbia, the problem is that its society has not yet got overall the "childhood diseases" of transition. The biggest problem lies in the (in)ability of Serbian companies to respond adequately to market conditions and improve their competitiveness. There are a few examples of Serbian companies that have managed to achieve this goal. The Serbian market has since become widely stocked with imported goods. Therefore, as expected, a domestic consumer faces the dilemma which product to buy, whether to opt for domestic or imported one.

The aim of this article is to analyze the degree of consumer ethnocentrism of the youth, particularly of the student population in the Republic of Serbia. Also, the purpose of this research is to compare the obtained results with the results of other relevant empirical research in Serbia and abroad. The article is structured as follows. After the introductory part, demographic, economic and political factors that may influence the consumer ethnocentrism in the Republic of Serbia are briefly explained; The next section (Section 3) surveys the literature on the background of consumer ethnocentrism; Section 4 gives a short overview of applied methodology where the emphasis is on the application of the CETSAL and techniques of factor analysis; Section 5 presents and discusses the results of the research through three isolated dominant factors of consumer ethnocentrism, but also gives the comparison with previous research in Serbia that are done based on the same methodology. The last section concludes and summarizes the research results and offers some limitations of the research.

### **Demographic, economic and political environment**

The starting ascertainment of the research on consumer ethnocentrism of the youth in the Republic of Serbia was that, above all, demographic, economic and political factors in the country shape public opinion and influence domestic consumer prefer-

ences. The demographic factor describes the unfavourable demographic structure of the country i.e. a pronounced trend of demographic aging of the population of Serbia, which is visible through the population aging index. Serbia belongs to demographically oldest nations in Europe. Natural population growth is consistently negative; according to the last 2011 census, the birth rate stood at -5.2 per 1000 people. The life expectancy of the population is extended and for men it is 71.0 and for women 76.1 years. However, compared to the developed countries of Europe, this data is very unfavourable. The share of the working age population (15-64 years old) in the total population is relatively stable. There is a noticeable trend of increasing average age of the total population of the Republic of Serbia (Statistical Office of the Republic of Serbia, 2015).

Projections of the labor force by the year 2020 indicate a decrease in the share of working age population (15-64 years old) in the overall population, as well as the growth of demographic dependency rate of the elderly population (the ratio of elderly to the working age population). (Statistical Office of the Republic of Serbia, 2011). These demographic trends have significant economic implications for economic growth of Serbia.

**Table 1. Demographic indicators in Serbia (2006-2014)**

Indicators	Population		Share in the total population (in %)		The average age of the population	Ageing index
	Active labor force (15-64 years)	65 and over	Active labor force (15-64 years)	65 and over		
Year						
2006	4978407	1203779	67.17	16.26	40.70	101.40
2007	4967517	1202204	67.29	16.31	40.90	103.20
2008	4959456	1194693	67.47	16.28	41.10	105.90
2009	4954984	1181544	67.68	16.15	41.20	108.60
2010	4955764	1164520	67.97	15.97	41.30	111.40
2011	4943600	1182145	68.34	16.34	41.50	121.90
2012	4908781	1190407	68.19	16.53	42.20	125.30
2013	4862126	1210409	67.84	16.89	42.40	129.32
2014	4908781	1235785	67.39	17.32	42.57	133.16

Source: Statistical Office of the Republic of Serbia (2015). *Statistical Database*. Belgrade: Statistical Office of the Republic of Serbia <<http://webzrs.stat.gov.rs/WebSite/>> 1.12.2015.

What further negatively affects the economic progress of Serbia is the fact that despite the existence of relatively stable contingent of the working-age population, there has been a constant increase of the unemployment rate from 2008 to 2012. It has a significant influence on the living standard and purchasing power of the population (Table 2).

**Table 2. Key macroeconomic indicators for Serbia (2006-2014)**

Indicators	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real GDP growth (in %)	4.9	5.9	5.4	-3.1	0.6	1.4	-1.0	2.6	-1.8
Consumer prices (in %, relative to the same month a year earlier)	6.6	11.0	8.6	6.6	10.3	7.0	12.2	2.2	1.7
Exports (in EUR million)	6,948	8,110	9,583	8,043	9,515	11,145	11,469	13,937	14,451
- growth rate in % compared to a year earlier	30.4	-	18.2	-16.1	18.3	17.1	2.9	21.5	3.7
Imports (in EUR million)	11,970	15,468	18,267	13,099	14,244	16,487	16,992	17,782	18,096
- growth rate in % compared to a year earlier	24.5	-	18.1	-28.3	8.7	15.7	3.1	4.7	1.8
Current account balance (in EUR million)	-2,356	-5,474	-7,125	-2,032	-2,037	-3,656	-3,671	-2,098	-1,985
Current account balance (as % of GDP)	-9.6	-18.6	-21.1	-6.6	-6.8	-10.9	-11.6	-6.1	-6.0
Unemployment according to the Survey (in %)	20.9	18.1	13.6	16.1	19.2	23.0	23.9	22.1	19.2
Wages (average for the period, in EUR)	260.0	347.1	400.5	337.4	330.1	372.5	364.5	388.6	379.3

RS budget deficit/surplus (in % of GDP)	-1.7	-1.6	-1.7	-3.2	-3.4	-4.0	-5.9	-5.2	-6.3
RS public debt, (external + internal, in % of GDP)	35.9	29.9	28.3	32.8	41.8	45.4	56.2	59.6	70.4
RSD/EUR exchange rate (average, in the period)	84.11	79.96	81.44	93.95	103.04	101.95	113.13	113.14	117.31
RSD/EUR exchange rate (end of period)	79.00	79.24	88.60	95.89	105.50	104.64	113.72	114.64	120.96
GDP (in EUR million)	24,435	29,452	33,705	30,655	29,766	33,424	31,683	34,263	33,319

Source: National Bank of Serbia (2015). Key macroeconomic indicators. Belgrade: National Bank of Serbia. <<http://www.nbs.rs/internet/english/80/index.html>> 1.12.2015.

Compared to other European countries, Serbia began its transition process late. Serbia has started to implement the transition process, which involves complex social, economic and political reforms (Kragulj, 2013), only since 2000, and it has not been finished yet. The economic factor is reflected in the continuously unfavorable economic situation in the country in the past quarter of the century, with a predominantly negative trend of all relevant macroeconomic indicators, low living standard, an unfavourable investment climate and the lack of FDI for completion of economic reforms and transition processes (Šestović and Miović, 2013; Estrin and Uvalic, 2014). There is a constant budget deficit and a relatively low and unstable GDP growth rate with negative values in 2009, 2012 and 2014 (National Bank of Serbia, 2015). One cannot neglect the impact of the global financial crisis on the Serbia's economy.

The consequences on the real sector of the economy are dominantly manifested in the absence of funds, increased capital outflows from the economy and the decline in the inflow of foreign direct investments, necessary for the continuation of reforms. The shortage of capital has led to more expensive loans on one hand, and to the increased number of non-performing loans, on the other. The decline of FDI inflows has resulted in insufficient creation of new production capacities, which has resulted in the lack of new jobs, anemic export growth and its unfavourable structure, as well as holding back economic growth of the country.

Dominant political factors are primarily related to long-term efforts of the Govern-

ment of the Republic of Serbia to achieve simultaneously two very important objectives: faster progress into the European integration process and the preservation of sovereignty and territorial integrity of the country (the problem of Kosovo) (Hrvatini and Trampuž, 2000; Korovilas, 2002). In fact, all the countries of the Western Balkans (Albania, Bosnia and Herzegovina, Montenegro, Croatia, Macedonia, Serbia) see their economic and political future in the European Union. Numerous reforms that have been implemented in these countries imply harmonization of the standards with those of the united Europe's in all spheres of economic and social life (Kragulj, 2013). These countries are at different stages of accession to the European Union. Croatia has gone furthest ahead, becoming a full member of the EU on 1 July 2013. Serbia was granted candidate status and started accession negotiations with the EU on 21 January 2014, but the date of full membership and the dynamics of the negotiations remain uncertain.

**Table 3. Process of European integration of the Western Balkans**

European integration of the Western Balkans	Beginning of the Stabilization and Association Process	Feasibility Study	Start of negotiations	The signing of the SAA	Submitted candidacy for membership in the EU	Becoming a candidate	Negotiations for membership	Achieved membership
Croatia	Yes - 1999.	Yes - May 2000.	Yes - November 2000.	Yes - October 2001.	Yes - February 2003.	Yes - June 2004.	Yes - October 2005.	July 1, 2013.
Macedonia	Yes - 1999.	Yes - June 1999.	Yes - March 2000.	Yes - April 2001.	Yes - March 2004.	Yes - December 2005.	No	
Albania	Yes - 1999.	Yes - June 2001.	Yes - January 2003.	Yes - June 2006.	Yes - April 2009.	Yes - June 2014.	No	
Serbia	Yes - 2001.	Yes - April 2005.	Yes - October 2005.	Yes - April 2008.	Yes - December 2009.	Yes - March 2012.	Yes - January 2014.	
Montenegro	Yes - 2001.	Yes - April 2005.	Yes - October 2005.	Yes - October 2007.	Yes - December 2008.	Yes - November 2010.	Yes - June 2012.	
Bosnia and Herzegovina	Yes - 1998.	Yes - November 2003.	Yes - November 2005.	Yes - June 2008.	Yes - February 2016.	No	No	

Source: Adapted from (Budimir, *et al.*, 2008) and updated by authors.

All Western Balkan countries are facing primarily institutional and economic obstacles in the EU accession process. The Republic of Serbia's way is additionally burdened with the issue of Kosovo, which leads to dissatisfaction of the population and strengthen nationalism (Berna, 2013).

### **Background of consumer ethnocentrism in Serbia and literature review**

The concept of consumer ethnocentrism has been widely discussed in the literature. It was first developed as a sociological phenomenon (Bar-Tal, 1990; Block and Block, 1951; Forbes, 1985; Levine and Campbell, 1972; Rokeach, 1948), and later got its application in economics and marketing research (Cordell, 1992; Druckman, 1968; Ram and Sheth, 1989; Watson and Wright, 2000). The very notion of ethnocentrism was introduced by Sumner (1906), who defines ethnocentrism as a "view of things in which one's group is the center of everything, and others are scaled and rated with reference to it." From the perspective of marketing, consumer ethnocentrism should be considered as consumer choice that is conditioned by the attitude that in this way he/she helps not only economic but also political and social development of the country. Therefore ethnocentric consumers opt for domestic rather than foreign products. In other words, to some extent, consumers are more ready to give their trust to domestic companies and domestic products than to foreign companies and imported products. Such consumer's attitude is categorized as an act of patriotism (Shimp and Sharma, 1987). If a consumer choice is a foreign product, such behavior is considered unpatriotic. (Klein, 2002). Buying foreign products represents unpatriotic act because it leads to an increase in unemployment rate and harm the local economy (Shimp, 1984). Based on this view, the CETSCALE (Consumer Ethnocentric Tendency Scale) is developed, which was first empirically verified in the US economy (Shimp and Sharma, 1987) and was later accepted and applied in studies across the world as a concept for measuring consumer ethnocentrism.

Crawford and Lamb (1981) showed that the purchase of foreign products may cause a severe emotional response in the consumer if it is linked with the economic development of the country and the loss of jobs in their home country. This argument along with a practical application of the CETSCALE helped ethnocentrism to shift from the sphere of psychology and sociology to the domain of marketing, and to become a significant factor in the research on consumer choice (Klein and Ettenson, 1999). Some studies have shown that, although consumer ethnocentrism exists, it does not affect the rational behavior of consumers (Balabanis and Diamantopoulos, 2004; Sirgy, 1982; Vida and Reardon, 2008; Yoo and Donthu, 2005). Depending on

the specific situation caused by various factors, consumers will opt for either a domestic or foreign product (Schnettler, *et al.*, 2011). In order to better comprehend its essence, it is necessary to perceive consumer ethnocentrism in the light of socio-economic and political context of a particular country.

Empirical studies in many countries have shown the validity and practical application of the CETSCALE (Table 4). In most countries consumer ethnocentrism is located within the limits of moderate ethnocentrism: the US (Durvasula, *et al.*, 1997; Hult, *et al.*, 1999; Shimp and Sharma, 1987), Poland (Good and Huddleston, 1995; Vida and Fairhurst, 1999), Malta (Caruana, 1996), Indonesia (Hamin and Elliott, 2006), the Czech Republic, Hungary, Estonia (Vida and Fairhurst, 1999), New Zealand (Watson and Wright, 2000) and others. In Russia (Durvasula, *et al.*, 1997), Belgium, the UK and Greece (Steenkamp and Baumgartner, 1998) there is a mild consumer ethnocentrism (the scale values between 28 and 38). Somewhat more pronounced ethnocentrism is present in South Korea (Sharma, *et al.*, 1995), Malaysia (Shah and Ibrahim, 2012) and Indonesia (Hamin and Elliott, 2006).

**Table 4. A review of research of consumer ethnocentrism**

Author	Country	Respondent	Mean
Caruana (1996)	Malta	General population	58.8
Chryssochoidis, Krystallis & Perreas (2007)	Greece	General population	65.45
Durvasula, Andrews & Netemeyer (1997)	USA	Students	50.24
	Russia	Students	32.02
Good & Huddleston (1995)	Poland	General population	69.19
	Russia	General population	51.68
Hamin & Elliot (2006)	Indonesia	General population	74.5
Hult, Keillor & Lafferty(1999)	USA	Students	61.5
	Japan	General population	40.1
	Sweden	General population	38.4
Schnettler et al. (2011)	Chile	General population	52.9
Shah & Ibrahim (2012)	Malaysia	General population	79.64
Sharma, Shimp & Shin (1995)	South Korea	General population	85.07
Shimp & Sharma (1987)	USA	Students	51.92



Steenkamp & Baumgartner (1998)	Belgium	General population	28.7
	Great Britain	General population	30.29
	Greece	General population	37.84
Veljković (2009)	Serbia	General population	57
Vida & Fairhurst (1999)	Czech Republic	Students	45.17
	Estonia	Students	53
	Hungary	Students	59
	Poland	Students	43.3
Watson & Wright (2000)	New Zealand	General population	50.61
Wong et al. (2008)	China	Students	56.25

Source: Adapted from (Hamin and Elliott, 2006; Teo, *et al.*, 2011) and updated by authors.

A factor analysis is used to isolate factors that influence the degree of consumer ethnocentrism. These factors are named differently in various studies. In a study conducted in Greece two factors were identified and called *hard ethnocentrism* and *soft ethnocentrism* (Chryssochoidis, *et al.*, 2007). Upadhyay and Singh (2006) identify four factors (nationalism, socio-economic conservatism, protectionism and ultra-nationalism). In Singapore protectionism and conservatism were identified as a result of the factor analysis of consumer ethnocentrism (O'cass and Lim, 2002). Acharya and Elliott (2003) recognize emotional and rational consumer ethnocentrism as factors of consumer ethnocentrism in Australia. Depending on the intensity of consumer ethnocentrism the factors are also called economic protectionism, patriotism and pragmatism or the factors of trade, country preferences and employment (Strehlau, *et al.*, 2012). In the Republic of Serbia several studies on consumer ethnocentrism have been conducted (Marinković, *et al.*, 2011; Miladinović, 2012; Veljković, 2009; Vida, *et al.*, 2008). Individual factors have not been isolated in these studies, except in the study conducted in 2011 in which *consumer patriotism*, *politically motivated consumer ethnocentrism*, *ethical ethnocentrism*, and *radical ethnocentrism* were isolated as components of consumer ethnocentrism (Miladinović, 2012).

### Short overview of methodology applied

This research uses the original poll (Shimp and Sharma, 1987) which forms the basis of the CETSAL. The poll contains 17 claims that are measured using a 1-7

Likert scale, where 1 denotes absolute refusal of ethnocentrism, and 7 full compliance with consumer ethnocentrism. Values of the CETSCALE range from 17 to 119, where the result of 17 determines theoretical minimum value of absolutely non-ethnocentric consumers, and 119 represents theoretical maximum value of absolutely ethnocentric consumers (Shimp and Sharma, 1987).

The survey was conducted on a sample of the student population of the University of Belgrade, Faculty of Organizational Sciences in May 2014. The survey included 577 respondents of both sexes. The age of respondents was 18-25 years, all residing in Belgrade. Due to the structure of the sample it was not possible to carry out detailed analysis by features such as age, residence, education level and ethnicity (characteristics are the same for the whole sample), and this appears to be a limitation of the study.

Based on the analysis of the existing research on consumer ethnocentrism as well as current social, economic and political circumstances in Serbia, three hypotheses are posed here:

H1: There is a moderate consumer ethnocentrism among young people in Serbia.

H2: There is a rise in consumer ethnocentrism among young people in Serbia.

H3: It is possible to identify groups of factors that influence consumer ethnocentrism among young people in Serbia.

The research starts from the assumption hypothesis 1 that the consumer ethnocentrism in young people is more moderate compared to that in the older population (Witkowski, 1998). The assumption is consistent with studies conducted in the Republic of Serbia and the countries that have already gone through the transition process (Vida, *et al.*, 2008). Also, the hypothesis 2 and hypothesis 3 are based on previously conducted research where the factors of consumer ethnocentrism are successfully identified (Acharya and Elliott, 2003; Chryssochoidis, *et al.*, 2007; Miladinović, 2012; O'cass and Lim, 2002; Strehlau, *et al.*, 2012; Upadhyia and Singh, 2006). It is expected that the statistical data analysis will isolate the factors from a collected sample of the student population. The factor analysis (varimax rotation) has been performed in the article and the findings have been then compared with the previous research.

## Results and discussion

The data analysis has determined the total CETSCALE value of 65.22 and the mean value of 3.84, which indicates the presence of moderate consumer ethnocentrism in the student population of Serbia, thus confirming hypothesis hypothesis 1. Previous studies conducted in Serbia had showed that the CETSCALE value was 62.6 in 2005 and 57.0 in 2008 (Veljković, 2009), 63.35 in 2011 (Marinković, *et al.*, 2011);

60.51 in 2012 (Miladinović, 2012). This shows that the trend in the analyzed studies from 2005-2012 was variable, but within the limits of moderate consumer ethnocentrism. The growth of consumer ethnocentrism appears in 2014 and reaches the highest value of the CETSCALE in research to date. Thus, comparing our results with previous studies, hypothesis 2 may be accepted, i.e. the claim that there is an increase in consumer ethnocentrism among young people in Serbia can be also accepted.

The cause of slight increase in consumer ethnocentrism among young people in Serbia can be sought in situational factors, primarily political and economic. The escalation of the Kosovo crisis and the pressures of the international community that preceded the signing of the Brussels agreement on the normalization of relations between Belgrade and Pristina in April 2013 is certainly seen as a prominent political factor. Part of the answer must be sought in the recent changes in the structure of political power, i.e. coming to power of forces that until recently declared themselves as nationalists, and calling themselves now “the European road.”

Recent public opinion polls have shown that the number of those who support European integration at the expense of recognition of the independence of Kosovo has reduced in Serbia (European Integration Office, 2011, 2012, 2013), along with also significant reduction of the already low support to Serbia’s accession to NATO. The rating of democratic parties is also in constant decline due to relatively poor economic performance in a twelve-year continuous power and their shift into opposition.

Economic problems are manifested in full strength and affect almost all sectors and all citizens of Serbia: high unemployment rate, low real wages and decline in living standard, a huge foreign trade deficit, excessive indebtedness of the country, bloated and inefficient public sector, unsuccessfully implemented privatization, high level of corruption in all spheres and so on. (European Bank for Reconstruction and Development, 2014).

**Table 5. Means and SD of statements**

Statement	N	Mean	SD
Serbian people should always buy Serbian-made products instead of imports.	577	4,29	1.724
Only those products that are unavailable in Serbia should be imported.	577	5,06	1.771
Buy Serbian-made products. Keep Serbia working.	577	5,57	1.390
Serbian products, first, last, and foremost.	577	4,28	1.752
Purchasing foreign-made products is un-Serbian.	577	2,34	1.515
It is not right to purchase foreign products, because it puts the Serbian people out of jobs.	577	3,30	1.634
A real Serbian should always buy Serbian-made products.	577	3,14	1.762
We should purchase products manufactured in Serbia instead of letting other countries get rich off us.	577	4,45	1.704
It is always best to purchase Serbian products.	577	3,63	1.726
There should be very little trading or purchasing of goods from other countries unless out of necessity.	577	3,14	1.640
Serbian people should not buy foreign products, because this hurts Serbian business and causes unemployment.	577	3,49	1.556
Curbs should be put on all imports.	577	4,51	1.665
It may cost me in the long-run but I prefer to support Serbian products.	577	4,17	1.638
Foreigners should not be allowed to put their products on our markets.	577	2,66	1.522
Foreign products should be taxed heavily to reduce their entry into Serbia.	577	3,63	1.660
We should buy from foreign countries only those products that we cannot obtain within our own country.	577	4,69	1.720
Serbian consumers who purchase products made in other countries are responsible for putting their fellow Serbians out of work.	577	2,87	1.647

Looking at individual attitudes from the CETSCALE (Table 6) the attitudes with the highest acceptance are those that express the limitation of imports and reliance on domestic offer of the products that are produced in Serbia. The statement *Buy*

*Serbian-made products; Keep Serbia working* with a mean score of 5.57 tops the list. The second-ranked statement is *Only those products that are unavailable in Serbia should be imported*. These two statements had also the highest values in earlier studies (Miladinović, 2012; Veljković, 2009). At the same time these are the only statements in the observed sample with the mean score above 5. The least accepted attitudes of the respondents were *Purchasing foreign-made products is un-Serbian* (mean score 2.34) and *Foreigners should not be allowed to put their products on our markets* (mean score 2.66). This is consistent with the aforementioned earlier studies, with a slight increase of the mean score.

Factor analysis has identified three dominant factors in consumer ethnocentrism that cover 64.026% of the variance, which confirms the hypothesis 3. The first factor explains 48.408% of the variance, the second 9.222% of the variance, and the third 6.400% of the variance.

**Table 6. Rotated Component Matrix<sup>a</sup>**

Statement	Component		
	1	2	3
Purchasing foreign-made products is un-Serbian.	.761	.241	.172
It is not right to purchase foreign products, because it puts the Serbian people out of jobs.	.671	.356	.277
A real Serbian should always buy Serbian-made products.	.739	.421	.137
It is always best to purchase Serbian products.	.613	.437	.177
Serbian people should not buy foreign products, because this hurts Serbian business and causes unemployment.	.593	.204	.522
Serbian consumers who purchase products made in other countries are responsible for putting their fellow Serbians out of work.	.663	.070	.382
Foreigners should not be allowed to put their products on our markets.	.629	.045	.512
Serbian people should always buy Serbian-made products instead of imports.	.259	.754	.055
Only those products that are unavailable in Serbia should be imported.	-.027	.666	.380

Statement	Component		
	1	2	3
Serbian products, first, last, and foremost.	.392	.702	.170
We should purchase products manufactured in Serbia instead of letting other countries get rich off us.	.460	.562	.307
It may cost me in the long-run but I prefer to support Serbian products.	.364	.527	.318
There should be very little trading or purchasing of goods from other countries unless out of necessity.	.483	.128	.621
Curbs should be put on all imports.	.086	.304	.734
Foreign products should be taxed heavily to reduce their entry into Serbia.	.386	.086	.673
We should buy from foreign countries only those products that we cannot obtain within our own country.	.051	.514	.657

Extraction Method: Principal Component Analysis.

Rotation Method: Equamax with Kaiser Normalization.

a. Rotation converged in 22 iterations.

The first and most important factor that covers almost half of the variance in this article, is called *ethical ethnocentrism*. The claim *Purchasing foreign-made products is un-Serbian* (0.761) has the greatest factorial saturation, followed by the statement *A real Serb should always buy Serbian-made products* (0.739). Keywords of statements that show the greatest factorial saturation are: not Serbian, should, it's not right, you should not. The claims from this factor mainly take the form of moral appeals and calls to buy domestic goods because it is generally good for Serbia.

The second factor is called economic patriotism. The claims with the greatest factorial saturation are *Buy Serbian-made products; Keep Serbia working* (0.794) and *Serbian people should always buy Serbian-made products instead of imports* (0.754). Key words in the claims covered by this factor are Serbian and Serbian product. The focus is on stimulating domestic growth by purchasing domestic at the expense of imported goods.

The third factor is called *radical consumer ethnocentrism*. Radical ethnocentrism supports the implementation of protectionist measures in foreign trade of Serbia. The claims with the greatest factorial saturation are *Curbs should be put on all imports* (0.734) and *Foreign products should be taxed heavily to reduce their entry into Serbia*

(0.673). Key words in the claims that cover this factor are related to the restriction of imports, imposing higher tax rates on imported goods, and import only what is necessary. The factor analysis isolated the factors whose order expresses gradation of the general acceptance of consumer ethnocentrism because it is good and morally justified for the Serbian economy, through direct calls to buy domestic in order to foster the development, to the open advocacy to introduce protectionist measures to protect domestic production from foreign competition.

Compared with previous research (Miladinović, 2012) only radical ethnocentrism occurs now in the same amount, indicating the presence of a solid extreme nationalistic core in public opinion. They are those who persist in supporting extreme nationalistic political parties in elections, and those who support any kind of social, economic and political isolation of Serbia from international community. The rest of the population is variable and takes the position on the wide scale of ethnocentrism, from mild - ethically motivated, over moderate to sharp ethnocentrism, depending on the current situation.

Due to the aforementioned political and economic developments, year 2014 saw increased ethnic homogenization in Serbia that was then transferred into the field of interethnic relations, as well as into the perception of the priorities in foreign trade exchange (Josifidis, *et al.*, 2013). Part of the population not covered by the obtained factors generally corresponds to the number of those abstaining from parliamentary elections. Others can be divided into supporters and voters of parties that are part of broader 'political families' that could globally be classified into nationalist, national-democratic and civic option (Komšić, *et al.*, 2003; Todosijević 2016). In the long run, these three options are more or less a stable share of total voters in electorate, in that the parties are not ideologically homogeneous in the longer-term but are prone to occasional ideological reposition and transitions from one to another ideological camp. In this party-political galimatias, only the extreme national line can be said to have a firm core of electorate. The isolation of radical consumer ethnocentrism as a separate factor can be justified by the current distribution of political power in the Republic of Serbia and the growing discontent of the population due to a bad economic situation.

A relative growth of consumer ethnocentrism can be explained by the increasing awareness among the youth about high foreign trade deficit and Serbia's import dependence. Balance of current transactions recorded a negative value for the reference period of 2000-2012 with a tendency to increase negative values (in 2009 it amounted to -6.6% of GDP, while in 2012 it amounted to -10.7% of GDP). In 2013 the GDP recorded a growth rate of 2.6%. Unfavourable foreign trade exchange is a reflection of poor competitiveness of the national economy (Ministry of Regional Development and Local Government of the Republic of Serbia, 2013, 2014).

## **Conclusions and limitations**

One of a series of sociological and psychological factors that influence consumer preference in the selection of goods they will buy when they come to the market is consumer ethnocentrism. Therefore it is understandable that there is a social interest to learn the limits of consumer ethnocentrism in Serbia because, on the basis of these findings, it is possible to prepare a long-term strategy for market penetration, not only of individual companies, but also of the entire national economy. This is also important for those who want to sell their goods on the Serbian market. Preferences of young Serbian towards buying local products are the result of socio-economic environment, as well as a current political climate in Serbia. Thus, the trend of increasing consumer ethnocentrism does not surprise. However, this slight increase is still within the limits of moderate consumer ethnocentrism measured by the CETSCALE. These results are complementary to previous studies conducted in the Republic of Serbia (Marinković, Stanišić, and Kostić 2011; Miladinović 2012; Veljković 2009; Vida, Dmitrović and Obadić 2008). Factors of consumer ethnocentrism in Serbia indicate that young people are primarily motivated by ethical and economic reasons for the purchase of domestic products. Consequently, young people have developed awareness that this is a way one should help the local economy to recover. A smaller number of respondents felt that it should act radically to protect national economy.

Considering the sample, limitations of the research are inability to deeper analyze consumer ethnocentrism by age, educational attainment and employment. It also ignores income as a crucial factor in making consumer decisions (Josiassen, Assaf, and Karpen 2011). As the sample comprised only student population, it is clear that it refers to part of the population that mostly does not have its own sources of income and a steady job. In addition, the sample included only the student population of the University of Belgrade, Faculty of Organizational Sciences. The question is whether the findings could be different if the data were collected across other universities in Serbia. A direction of future research could be determined in this sense.



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## ПОТРОШАЧКИ ЕТНОЦЕНТРИЗАМ У ЗЕМЉАМА У ТРАНЗИЦИЈИ: ПРИМЕР СРБИЈЕ

*Сажетак: У раду се истражује потрошачки етноцентризам младих међу студентском популацијом у Републици Србији. Циљ истраживања је да се испита да ли је дошло до раста у нивоу потрошачког етноцентризма код младих у Србији с обзиром на све негативне демографске и економске околности, као и политичке турбуленције у земљи. Истраживање је спроведено анкетирањем студената на Универзитету у Београду, применом CETSCALE и факторском анализом. Добијене вредности CETSCALE указују на то да је потрошачки етноцентризам у границама умереног, али се исто тако бележи благи узлазни тренд у односу на претходна истраживања. Изоловане су три скупине фактора: етички етноцентризам, економски патриотизам и радикални потрошачки етноцентризам. Фактори указују на то да различити међусобно испреплетани мотиви утичу на избор младих људи да купују домаће производе. Преференције младих према куповини домаћих производа су резултат како социо-економског окружења тако и тренутне политичке климе у Србији.*

*Кључне речи: потрошач, етноцентризам, CETSCALE, студент, Србија.*