

CHAPTER 4

CONSUMER ETHNOCENTRISM IN THE TRANSITION TO ELECTRIC VEHICLES

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THEORETICAL FOUNDATIONS OF CONSUMER ETHNOCENTRISM

Consumer ethnocentrism refers to the belief that purchasing domestic products is morally superior and economically beneficial, while buying foreign goods is detrimental to the local economy and unpatriotic (Shimp & Sharma, 1987). In the context of electric vehicle (EV) marketing, this concept highlights how cultural attachment, economic loyalty, and national pride influence consumer preferences for locally manufactured EVs over imported alternatives. These preferences shape purchase decisions, brand loyalty, and pricing acceptance, making ethnocentrism a critical factor for both domestic and international EV manufacturers.

Consumer ethnocentrism plays a pivotal role in the global EV industry, particularly in regions where national identity and economic sovereignty are strong drivers of consumer behavior. In developing countries, such as China and India, consumers view domestic EV brands as symbols of national progress and technological self-reliance. For example, BYD in China and Tata Motors in India leverage ethnocentrism to dominate their respective markets, appealing to consumers who prioritize supporting local industries and contributing to national development (Yadav & Kishor, 2023). In contrast, in developed markets like Germany and Japan, ethnocentrism intersects with perceptions of quality and cultural pride, driving preferences for domestic brands like Volkswagen and Toyota (Yadav, 2024). Additionally, emotional factors such as patriotism and cultural heritage further reinforce the appeal of local brands, influencing advertising narratives and consumer perceptions (Wang et al., 2024).

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identity and innovation to dominate a market less influenced by strong ethnocentric tendencies (IEA, 2023). In Germany, domestic brands such as Volkswagen consistently outperformed foreign competitors, benefiting from cultural loyalty and engineering prestige.

CETSCALE Scores and Surveys

The Consumer Ethnocentric Tendencies Scale (CETSCALE) provides a quantifiable measure of ethnocentrism's intensity, revealing significant regional variations. Developing markets such as China (4.5/5) and India (4.3/5) exhibit strong ethnocentric preferences, driven by national pride, economic protectionism, and self-reliance (Guo & Bunchapattanasakda, 2020; Agnihotri & Chaturvedi, 2024). In contrast, developed markets like Germany (3.8/5) and the U.S. (3.5/5) display moderate ethnocentrism, balancing local loyalty with demands for quality, innovation, and global brand reputation (Zhou, 2023).

Government Policies and Their Effects

Government subsidies and incentives play a pivotal role in reinforcing ethnocentrism by making domestic EVs more accessible and competitive. In China, over 85% of EV subsidies in 2023 were allocated to domestic manufacturers such as BYD and NIO, significantly reducing production costs and retail prices while marginalizing foreign brands (China Association of Automobile Manufacturers, 2023). Similarly, in India, the FAME II scheme prioritizes subsidies for domestic production, benefiting Tata Motors and enabling it to lower costs while promoting its alignment with national narratives (Agnihotri & Chaturvedi, 2024). These policies not only encourage consumer loyalty to local brands but also create substantial barriers for imports, further amplifying ethnocentric dynamics.

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