

BUYING LOCAL? ETHNOCENTRICITY AND ITS IMPACTS IN THE RELATIONSHIP OF PERCEIVED VALUES AND LOYALTY: CASE OF HEALTH FOODS IN THE DRUGSTORES

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ABSTRACT

Taking health foods or dietary supplement is getting popular in Taiwan, and thus attract tremendous number of brands compete in the market. Based on the wisdom from the literature that perceived values drive customer loyalty, the current research examine the relationship in the health foods market in Taiwan. To advance our understanding regarding the nature of the competition between the local producers and the imported, this research adds consumer's ethnocentricity as a new construct to see how it may affect the relationship. The sample was 150 female customers who are family housewives. Test result shows that brand with foreign equity received more favorable value in average. The strongest association between the customer's loyal behaviour is the emotional values for local brand. The current research confirmed the effects of perceived value on the customer's loyalty, and best for foreign brand. Combined the consumer ethnocentricity and perceived value is the best to explain the loyalty for local brand, but not for foreign brands. One of the niche the local supplier may take as a measure against international giants is the consumer ethnocentricity.

Keywords: Health foods, Consumer ethnocentricity, Perceived value (PERVAL), Customer loyalty, international joint venture (IJV), Wholly-owned subsidiary (WOS).