

PROJMB
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Examining the Role of Consumer Ethnocentrism in the Relationship between Quality, Price, and Fashion Preferences

ID 179

Received 22 April 2025
Revised 31 October 2025
Accepted 1 December 2025

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Abstract

Purpose – This study aims to investigate the influence of consumer ethnocentrism (CETH), perceived quality, and perceived price on the purchase intention of Generation Z university students in Indonesia. Grounded in Consumer Value Theory (CVT), this research specifically examines preferences between domestic and imported fashion products, intending to understand the key factors shaping Gen Z's purchasing decisions on e-commerce platforms.

Design/method/approach – This research employed a quantitative approach. Data were collected via an online survey (Google Forms) over two months, yielding 380 valid responses from Generation Z students who frequently purchase local fashion products on e-commerce (Shopee and Tokopedia). The data were analyzed using Structural Equation Modeling (SEM) to test the relationships between variables, ensuring construct reliability and validity.

Findings – The results show that perceived quality and perceived price significantly influence consumer ethnocentrism. Furthermore, this study confirms that perceived quality, perceived price, and consumer ethnocentrism each exert significant positive effects on purchase intention.

Implications – These findings offer crucial practical insights for domestic fashion brands. To compete effectively and attract Generation Z consumers, local brands are strongly advised to prioritize product quality, maintain competitive pricing, and leverage cultural alignment to build ethnocentric sentiment.

Novelty/Originality – The originality of this research lies in its specific focus on the Generation Z demographic in Indonesia within the context of domestic vs. imported product competition in the digital era. This study fills a literature gap by analyzing the determinants of purchase intention on leading e-commerce platforms, providing fresh insights into this key consumer segment.

Keywords: Consumer Ethnocentrism, Purchase Intention, Perceived Quality, Generation Z, Domestic Fashion.

Paper type: Research paper



Procuratio: Jurnal Manajemen dan Bisnis
Vol. 4 No. 2, 2025 pp. 66-84.
E-ISSN,2828-8718
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1. Introduction

The concept of consumer ethnocentrism refers to the tendency of individuals to favor domestic products based on patriotism or the belief that purchasing local goods supports the national economy, thereby fostering national pride and loyalty toward the home country (Shimp & Sharma, 1987; Zeugner-Roth et al., 2015; Bartosik-Purgat et al., 2023). This concept is significant in the fashion market, where brand identity and product origin influence purchasing decisions (Boseila et al., 2023). The inclination toward local fashion is often driven by national pride, a high level of confidence in the quality of domestic products (Park & Lee, 2022; Aakko & Niinimäki, 2022), and a desire to support the local economy (Wang & Chen, 2004; Cameron & Elliott, 1998). As Siamagka and Balabanis (2015) and Shankarmahesh (2006) confirm, purchasing local products is viewed as a contribution to national well-being, a sentiment supported by consumer confidence in domestic quality (Nguyen & Tran, 2023).

Concurrently, Generation Z (born mid-1990s to early 2010s) constitutes a distinctive consumer cohort with unique purchasing behaviors (Seemiller & Grace, 2016). As digital natives, they access vast information to make decisions based on quality, price, sustainability, and social impact (Williams & Page, 2011; Canal-Simón et al., 2024). In Indonesia, this phenomenon is evidenced by recent data indicating that the majority of Generation Z respondents expressed a preference for domestic over international brands (Zarawaki & Wima, 2024). The primary rationales for this shift are the aspiration to promote local economic development, the pursuit of cost-effectiveness, the enhancement of quality and design, and the attainment of a distinctive market position. This distinctiveness and added value provide local brands with a robust emotional appeal, which exerts a significant influence on purchase intentions (Kim & Zhang, 2023; Yadav & Kishor, 2024).

The originality of this study lies in its focused examination of Generation Z in Indonesia, a demographic largely overlooked in ethnocentrism research, which has predominantly focused on developed markets (Bartosik-Purgat et al., 2023; Čvirik, 2023; Sabina del Castillo et al., 2024; Foroudi et al., 2023). This creates a significant research gap concerning emerging markets (Hamin & Elliott, 2006; Hamin et al., 2014; Andriyanty & Wahab, 2022). The Indonesian Gen Z is poised to influence consumption patterns, driven by its digital engagement and alignment with social values. This is amplified by Indonesia's expanding e-commerce sector, which helps local brands market their products (Kim et al., 2012; Nuralam et al., 2024), and the cultural impact of movements like the "Bangga Buatan Indonesia" campaign, which links local consumption to national pride (Salehudin, 2016) and fosters emotional connections like "brand love" (Rasyid et al., 2024).

While foundational research in the Indonesian context has explored these constructs (Purwanto, 2014; Trisatya & Absah, 2023; Ciu & Wijayanti, 2024; Mutia, 2021; Aprilia, 2025), these studies typically examine the direct effect of ethnocentrism on purchase intention or the link between quality and price in isolation. Consequently, a significant gap persists in understanding the integrated interplay of consumer ethnocentrism, perceived quality, and perceived price simultaneously among Indonesia's Generation Z, particularly in the fashion sector. This study's theoretical framework is rooted in Zeithaml's (1988) Mean End model—

which evaluates perceived benefits (quality) against sacrifices (price), It also incorporates elements from the Theory of Planned Behavior (TPB) to understand the role of social norms in shaping purchase intentions (Ajzen, 1987; Hegner et al., 2017).

Despite extensive evidence on the roles of perceived quality and perceived price in shaping purchase intention, the role of consumer ethnocentrism in Indonesia's Gen-Z fashion market remains underexplored. Focusing on Indonesian university students, this study builds on Consumer Value Theory to argue that perceived quality and perceived price inform consumer ethnocentrism by validating local brands as reliable and fairly valued. Consistent with our analytic focus, we estimate a direct-effects model in which perceived quality, perceived price, and consumer ethnocentrism each exert independent effects on purchase intention. This study contributes by clarifying the interplay among these constructs in an emerging, highly digitized context and by offering actionable implications for domestic fashion brands competing with imports.

This research aims to address the identified literature gap and offer strategic guidance for local brands targeting Generation Z. By understanding how this demographic's preferences are shaped by social values and perceptions of quality and price, local brands can better position themselves in the competitive e-commerce landscape (Wong & Merrilees, 2008; Handoyo, 2024) and foster brand loyalty and love (Batra et al., 2012; Carroll & Ahuvia, 2006). Practically, this involves leveraging e-commerce with digital campaigns that highlight local design, quality, and value, while integrating narratives of cultural pride from campaigns like "Bangga Buatan Indonesia" (Balabanis et al., 2001; Sharma et al., 1995). Furthermore, as Gen Z is increasingly influenced by global trends of sustainability and ethical consumption (Casalegno et al., 2022; Perry et al., 2024), local brands must incorporate these values into their marketing to remain relevant.

Consequently, this study offers significant insights on how local brands can leverage perceived quality, perceived price, and consumer ethnocentrism to engage Generation Z in Indonesia. This knowledge will assist marketers in designing more targeted strategies, leveraging the social and national pride values held by Indonesian consumers.

2. Literature Review

This study employs an integrated theoretical framework that combines Zeithaml's Means-End Model, Shimp and Sharma's (1987) Consumer Ethnocentrism Theory, and Ajzen's (1985, 1991) Theory of Planned Behavior (TPB) to explain how rational, emotional, and social factors influence Generation Z's intention to purchase local fashion products. To begin, according to Zeithaml, consumers assess value by weighing perceived benefits, such as quality, against perceived sacrifices, such as price. This rational perspective remains pertinent, as recent research highlights the significant influence of perceived value on purchase decisions (Yadav & Kishor, 2024; Ćvirik, 2023). Building on this foundation, Consumer Ethnocentrism Theory (Shimp & Sharma, 1987) introduces emotional and normative dimensions, suggesting that preferences for local products arise not only from rational evaluation but also from patriotic and moral convictions.

This logic continues to shape international marketing, particularly when domestic cues are credible (Bartosik-Purgat et al., 2023; Andriyanty & Wahab, 2022). Further integrating these

perspectives, TPB serves as an overarching framework in which behavioral intention is determined by attitude, subjective norms, and perceived behavioral control. In this context, attitude may be influenced by value assessments and identity-based beliefs, while social pressure can reinforce norms that support local products (Hegner et al., 2017; Canal-Simón et al., 2024). Nevertheless, prior evidence is inconsistent across different contexts and product categories. For example, in mature markets, the effect of ethnocentrism in fashion tends to diminish when global brand equity and symbolic value are prominent; in contrast, in emerging markets, it often intensifies when domestic quality signals and fair pricing are evident. This contrast underscores the importance of jointly examining quality, price, and ethnocentrism in the context of Indonesian Generation Z consumers.

Theoretically, combining Consumer Value Theory and Consumer Ethnocentrism Theory introduces a tension: value-for-money considerations may align with identity-driven preferences when local brands credibly signal quality and fairness, but may diverge when imported brands offer stronger status associations. Within TPB, ethnocentric norms can reinforce attitudes shaped by value assessments, but may also counteract negative perceptions of price or quality, indicating that each factor may independently influence purchase intention. In light of these contextual inconsistencies and theoretical complexities, this study specifies a direct-effects model in which perceived quality, perceived price, and consumer ethnocentrism each have independent effects on purchase intention among Indonesian university students in Generation Z. This approach enhances conceptual clarity by separating value perceptions from identity-based preferences, and it aligns the literature review with the empirical model applied to Indonesia's digitalized e-commerce fashion context.

HYPOTHESIS DEVELOPMENT

Perceived Quality and Consumer Ethnocentrism

Perceived quality is defined as a consumer's subjective judgment about a product's overall excellence or superiority (Zeithaml, 1988). Meanwhile, consumer ethnocentrism is defined as the normative belief held by consumers regarding the morality of purchasing foreign-made products versus domestic ones (Shimp & Sharma, 1987). The present study hypothesizes a substantial positive relationship between the perceived quality of local products and consumer ethnocentrism. This phenomenon is supported by Social Identity Theory, which posits that individuals tend to favor their in-group to maintain positive self-esteem (Tajfel & Turner, 1979). The perception of local products as high-quality fosters a sense of national pride and reinforces the belief that domestic goods are superior and merit support. The validity of this assertion is further substantiated by empirical studies in the field. Ryu and Kim's (2023) study revealed a correlation between elevated perceived quality and heightened ethnocentric tendencies in emerging markets. Yadav and Kishor (2024) demonstrated that perceived quality is a key antecedent of ethnocentric preferences. In Indonesia, Heriyati et al. (2024) demonstrated that Generation Z places a high value on quality in local fashion, with quality emerging as a pivotal factor influencing their inclination toward domestic brands. The initial hypothesis (H1) posits that perceived quality exerts a positive influence on consumer ethnocentrism. Based on the theoretical and empirical evidence, it is hypothesized that:

H1: Perceived Quality has a significant positive influence on Consumer Ethnocentrism.

Perceived Price and Consumer Ethnocentrism

Perceived price, as defined by Zeithaml (1988), refers to the monetary value that consumers assign to a product. Consumer ethnocentrism, as articulated by Shimp and Sharma (1987), reflects a moral and patriotic preference for domestic goods. This study posits that favorable price perceptions exert a positive influence on ethnocentric tendencies. This phenomenon can be elucidated through the lens of Equity Theory (Adams, 1963), which posits that equitable pricing fosters a sense of equitable exchange between consumers and local producers. When local products are perceived as offering good value, consumers feel justified in supporting them—not just morally, but also economically. This alignment fosters ethnocentric choices by mitigating financial concerns. This assertion is corroborated by empirical evidence. In emerging markets, reasonable prices have been shown to enhance ethnocentrism by increasing the appeal of local products (Lee & Chen, 2022). As Čvirik (2023) confirms, perceptions of price and quality are closely tied to domestic purchase preferences. This dynamic is particularly pronounced among Generation Z, a demographic that is characterized by its strong sense of values and nationalistic sentiments. Yadav and Kishor's (2024) study demonstrates that local brands, when perceived as high in value, have a positive influence on the ethnocentric attitudes of Generation Z. The present study is guided by the principles of Equity Theory and substantiated by empirical findings. It hypothesizes that favorable price perceptions reinforce consumer ethnocentrism. Therefore, the following hypothesis is proposed:

H2: Perceived Price has a significant positive influence on Consumer Ethnocentrism.

Consumer Ethnocentrism and Purchase Intention

Consumer ethnocentrism, defined as the belief that purchasing local products is morally superior and driven by patriotism (Shimp & Sharma, 1987), is a concept that has been extensively researched. Purchase intention, as outlined in the Theory of Planned Behavior (Ajzen, 1985), represents a consumer's conscious motivation to make a purchase. The present study posits that consumer ethnocentrism has a positive influence on purchase intention for local fashion products. According to TPB, ethnocentrism exerts a significant influence on two pivotal antecedents. Firstly, it impacts attitude toward the behavior, as ethnocentric consumers regard the purchase of local goods as a patriotic and morally correct act. Secondly, it affects subjective norms, whereby social pressure to support local goods is reinforced by campaigns such as "Proudly Made in Indonesia." Furthermore, Social Identity Theory posits that the purchase of local products serves to reinforce consumers' sense of loyalty to their respective national in-groups. The present body of research offers substantial support for this relationship, with studies demonstrating that ethnocentrism exerts a significant influence on purchase intention in various contexts (Nguyen & Tran, 2023; Bartosik-Purgat et al., 2023). Specifically, for Generation Z in Indonesia, Andriyanty and Wahab (2022) found that ethnocentrism significantly influences their preference for local products. Therefore, the following hypothesis is proposed:

H3: Consumer Ethnocentrism has a significant positive influence on Purchase Intention.

Perceived Quality and Purchase Intention

Perceived quality, as defined by Zeithaml (1988), refers to a consumer's judgment about a product's overall excellence. In contrast, purchase intention, as conceptualized by Ajzen (1985), denotes the conscious decision to procure a product. The present study hypothesizes a significant positive relationship between perceived quality of local fashion products and purchase intention. The study posits that quality can function as an autonomous catalyst for purchase decisions, unencumbered by ethnocentric influences. This relationship is supported by Signaling Theory (Spence, 1973), which states that in markets with information asymmetry, consumers rely on signals to infer product attributes and reduce risk. The superior quality of the product serves as an indication of reliability and performance, thereby reducing uncertainty and fostering consumer confidence. In the context of the Theory of Planned Behavior (Ajzen, 1991), this positive signal fosters a favorable attitude toward purchasing, which is a key determinant of purchase intention. The validity of this assertion is further substantiated by empirical studies in the field. Park and Lee's (2022) study revealed a significant positive correlation between positive perceptions of quality and purchase intention for local products in Indonesia. Heriyati et al. (2024) corroborated the notion that for Generation Z in Jakarta, perceived quality constitutes a paramount factor in their predilection for local fashion brands. Aakko and Niinimäki (2022) further emphasized the importance of quality in the fashion industry, linking it to satisfaction and product longevity, which drive purchase intention. Therefore, the following hypothesis is proposed:

H4: Perceived Quality has a significant positive influence on Purchase Intention.

Perceived Price and Purchase Intention

The concept of perceived price, as initially defined by Zeithaml (1988), refers to the monetary value consumers ascribe to a given product. In contrast, purchase intention, as articulated by Ajzen (1991), signifies the deliberate inclination to procure a particular good or service. This study hypothesizes a significant positive relationship between favorable price perceptions of local fashion products and purchase intention, suggesting that price, as a key component of perceived value, directly influences purchase decisions. This relationship is grounded in Signaling Theory (Spence, 1973) and the Theory of Planned Behavior (Ajzen, 1991). From a signaling perspective, price is not merely a cost but rather a signal of value. A reasonable, competitive price is indicative of a "good deal," thereby reducing perceived financial risk and increasing perceived transaction utility—the psychological satisfaction derived from receiving good value. Within the TPB framework, this positive price signal fosters a favorable attitude toward the behavior, thereby making the purchase appear to be a rational economic choice and strengthening purchase intention. The validity of this assertion is further substantiated by empirical studies in the field. Kim and Zhang's (2023) study revealed that a balanced price-to-value perception significantly enhances purchase intention for fashion products among young consumers. Lee and Chen's (2022) study demonstrated that accurate price perceptions enhance the appeal of local products, directly increasing the likelihood of purchase. For Generation Z, known for its pragmatism and value-consciousness, this connection is of particular importance. Yadav and Kishor's (2024) study

corroborated the notion that price, in conjunction with quality, constitutes a pivotal factor in consumer purchase preferences. Therefore, the following hypothesis is proposed:

H5: Perceived Price influences Purchase Intention.

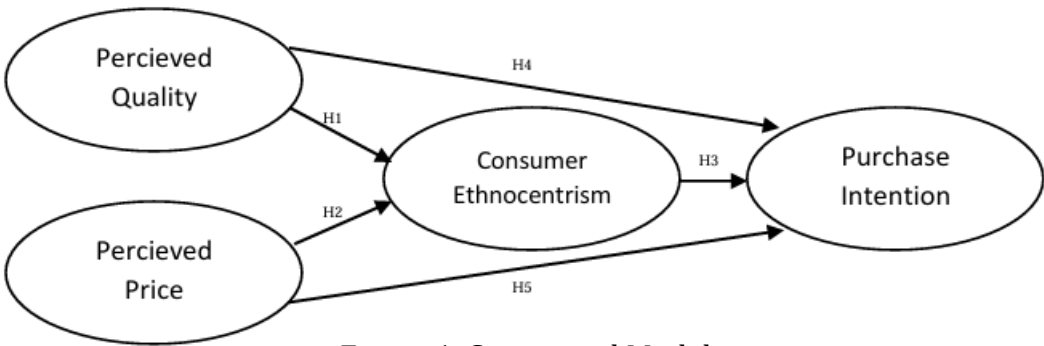


Figure 1. Conceptual Model

3. Methods

A purposive sampling technique was employed to recruit participants who met criteria aligned with the research objectives. Respondents were Generation-Z female consumers residing in three major Indonesian cities—Jakarta, Bandung, and Surabaya—selected to represent diverse economic and cultural hubs (Kredivo & Katadata Insight Center, 2023). The inclusion criteria were: aged 17–26 years, female, residing in one of the selected cities, and actively purchasing local fashion products through Shopee or Tokopedia. From 400 distributed questionnaires, 380 valid responses were retained after eligibility screening; 20 responses were excluded for not meeting the inclusion criteria. The final sample exceeds the minimum recommended size for Structural Equation Modeling (Hair et al., 2019).

Data Collection

Primary data were collected through an online survey conducted over a two-month period (February–March 2025). The structured questionnaire was hosted on Google Forms, and the survey link was disseminated through student association (HIMA) WhatsApp groups, official HIMA and BEM/UKM social-media accounts, Telegram communities of local-brand users, TikTok communities of local-brand hunters, and the researcher’s own Instagram Story Highlights, targeting audiences in Jakarta, Bandung, and Surabaya. Each post explicitly stated the eligibility criteria (female, aged 17–26, residing in one of the three cities, and active purchaser of local fashion on Shopee/Tokopedia) and included an informed-consent statement; participation was voluntary and uncompensated. The survey could be completed on mobile or desktop in approximately 7–10 minutes. To preserve data quality, submissions were limited to one per email account, and incomplete responses, as well as failed attention checks, were removed. All responses were anonymous, stored securely, and handled in accordance with standard ethical guidelines.

Measurement

Using five items adapted from Zeithaml (1988), this study measured perceived quality, focusing on performance, durability, and conformance to specifications (Aakko & Niinimäki, 2022; Heriyati et al., 2024). Perceived price was assessed through four items based on Lichtenstein et al. (1993), covering price fairness, value for money, and price comparison (Yadav & Kishor, 2024; Kim & Zhang, 2023). Consumer ethnocentrism was measured using a modified version of the CETSCALE (Shimp & Sharma, 1987), with 10 indicators (Bartosik-Purgat et al., 2023; Andriyanty & Wahab, 2022). Purchase intention was assessed with 7 items adapted from Ajzen’s (1991) Theory of Planned Behavior, including likelihood to buy, intention to try, and future purchase consideration (Heriyati et al., 2024; Yasa et al., 2022). All variables were measured using a 5-point Likert scale, from 1 (Strongly Disagree) to 5 (Strongly Agree).

4. Result and Discussion
Research Result

Table 1. Charactristic Gen Z Responden

Characteristics	Category	Frequency	Percentage
Age	17-20	151	39.7%
	21-23	162	42.6%
	24-26	67	17.6%
Gender	Woman	380	100%
City	Jakarta	158	41.6%
	Bandung	121	31.8%
	Surabaya	101	26.6%
How many times a month do you shop in E-commerce?	1-3	231	60.8%
	4-6	96	25.3%
	>6	53	13.9%
Do you believe local fashion products purchased online offer better value for money compared to imported products?	Yes	336	88.4%
	No	44	11.6%

Source: Researcher's Processed Data

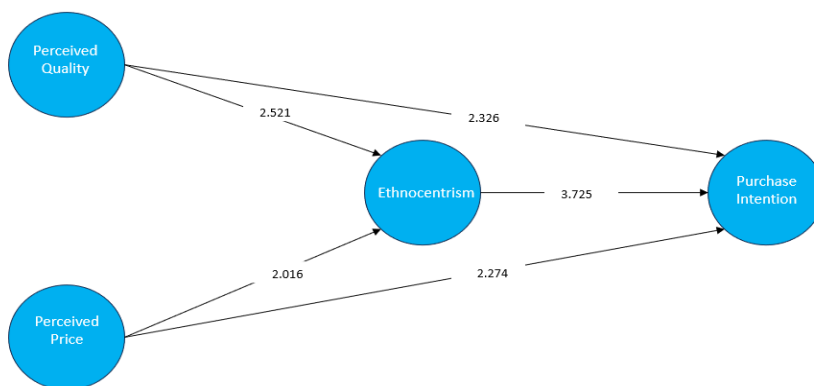


Figure 2. Output PLS Bootstrapping

Figure 2 shows that all structural paths are positive and statistically significant, with a t-value greater than 1.96. Specifically, the t-values are as follows: perceived quality to ethnocentrism ($t = 2.521$); perceived quality to purchase intention ($t = 2.836$); perceived price to ethnocentrism ($t = 2.016$); perceived price to purchase intention ($t = 2.274$); and ethnocentrism to purchase intention ($t = 3.725$). These estimates suggest that quality and price influence ethnocentrism and directly impact purchase intention. Notably, ethnocentrism exhibits the strongest association with purchase intention in this model.

1. Outer Model

The outer model, known as the measurement model, defines the relationship between latent variables and their indicators. Convergent validity is achieved when the indicators are highly correlated with their respective latent constructs. This is assessed through factor loadings of greater than 0.60 and an Average Variance Extracted (AVE) of greater than 0.50. Meeting these thresholds indicates that the construct is well represented by its indicators and suitable for further structural analysis.

Convergent Validity

Convergent validity analysis is a test used to measure whether or not an indicator is valid. states that the indicator can be said to be valid if it can measure variables with a value > 0.6

Table 2. Convergen Validity

Variabel	Indicator	Outer Loading	Criteria
Perceived Quality	PQ1	0.835	Valid
	PQ2	0.884	Valid
	PQ3	0.836	Valid
	PQ4	0.896	Valid
	PQ5	0.824	Valid
	PQ6	0.885	Valid

Variabel	Indicator	Outer Loading	Criteria
Perceived Price	PQ7	0.875	Valid
	PQ8	0.814	Valid
	PP1	0.883	Valid
	PP2	0.895	Valid
	PP3	0.785	Valid
	PP4	0.846	Valid
	PP5	0.896	Valid
	PP6	0.839	Valid
	PP7	0.806	Valid
	PP8	0.834	Valid
Consumer Ethnocentrism	CETH1	0.960	Valid
	CETH2	0.779	Valid
	CETH3	0.893	Valid
	CETH4	0.857	Valid
	CETH5	0.871	Valid
	CETH6	0.856	Valid
	CETH7	0.885	Valid
	CETH8	0.856	Valid
	CETH9	0.868	Valid
	CETH10	0.862	Valid
Purchase Intention	PI1	0.849	Valid
	PI2	0.874	Valid
	PI3	0.829	Valid
	PI4	0.864	Valid
	PI5	0.828	Valid
	PI6	0.895	Valid
	PI7	0.868	Valid

Source: Processed Primary Data, 2025

Based on Table 2, all outer loadings exceed the 0.70 benchmark, highlighting strong convergent validity for each construct. Notably, perceived quality and perceived price exhibit consistently high loadings (approximately 0.78 to 0.90), while consumer ethnocentrism performs well, with CETH1 achieving the highest observed value of 0.960. Purchase intention items also perform robustly (approximately 0.83 to 0.90). Together, these strong results reinforce the adequacy of the measurement model and set a confident stage for subsequent structural analysis.

Average Variance Extracted

The measurement of the AVE value can be used to compare each construct with the correlation between other constructs in the model. The AVE value must have a value > 0.5

Table 3. Average Variance Extracted

Indicator	Average Variance Extracted (AVE)
Perceived Quality	0.749
Perceived Price	0.782
Consumer Ethnocentrism	0.737
Purchase Intention	0.774

Source: Processed Primary Data, 2025

Table 3 shows the AVE values for each construct: 0.749 for Perceived Quality, 0.782 for Perceived Price, 0.737 for Consumer Ethnocentrism and 0.774 for Purchase Intention. All of these values exceed the 0.50 benchmark, indicating adequate convergent validity. Values around or above 0.70 also suggest strong indicator convergence for each construct. Overall, the measurement model's convergent validity is satisfactory, thus supporting subsequent structural analyses.

Composite Reliability and Cronbach's Alpha

Evaluation of composite reliability and Cronbach's alpha can be used to help test reliability. Data with composite reliability values > 0.7 have high reliability, while Cronbach's alpha values are expected to have values > 0.6

Table 4. Composite Reliability and Cronbach's Alpha

Indicator	Reliability	Cronbach's Alpha
Perceived Quality	0.837	0.874
Perceived Price	0.874	0.8743
Consumer Ethnocentrism	0.836	0.847
Purchase Intention	0.801	0.857

Source: Processed Primary Data, 2025

Based on Table 4, all constructs exhibit satisfactory internal consistency and construct reliability. Composite reliability values range from 0.801 for purchase intention to 0.874 for perceived price. Cronbach's alpha values range from 0.847 for consumer ethnocentrism to 0.874 for perceived quality. All values exceed the conventional threshold of 0.70. These results suggest that the measurement model is adequate for subsequent structural analyses, as the reliability of the constructs is good to very good.

Discriminant Validity

According to Hair et al. (2021), discriminant validity was assessed using the Fornell–Larcker criterion, and the Heterotrait–Monotrait Ratio (HTMTI). The Fornell–Larcker

criterion confirms that the square root of the average variance extracted (AVE) for each construct exceeds its correlations with other constructs. HTMT values are below the 0.85 threshold (Henseler et al., 2015), indicating strong discriminant validity. These findings confirm that all constructs are empirically distinct, thus supporting the adequacy of the measurement model.

Fornell-Larcker Criterion Test

The Fornell-Larcker Criterion test is used to measure discriminant validity. In the Fornell-Larcker test, discriminant validity can be considered good if the root of the Average Variance Extracted (AVE) on a construct is higher than the construct's correlation with other latent variables.

Table 5. Fornell-Larcker Criterion Test

Indicator	Perceived Quality	Perceived Price	Consumer Ethnocentrism	Purchase Intention
Perceived Quality	0,763			
Perceived Price	0,287	0,822		
Consumer Ethnocentrism	0,557	0,164	0,820	
Purchase Intention	0,733	0,205	0,518	0,822

Based on Table 5, the diagonal square roots of AVE are Perceived Quality 0.763, Perceived Price 0.822, Consumer Ethnocentrism 0.820, and Purchase Intention 0.822. For each construct, no inter-construct correlation exceeds the square root of its AVE, satisfying the Fornell–Larcker criterion and indicating that the constructs are empirically distinct. The highest correlation (PQ–PI = 0.733) remains below the relevant square root of the AVE values, and complementary HTMT evidence is provided for completeness.

Heterotrait-Monotrait Ratio (HTMT)

The Heterotrait-Monotrait Ratio (HTMT) test can be said to meet discriminant validity if the HTMT Ratio is less than 0.9 (HTMT < 0.9) to be declared to meet the discriminant validity criteria.

Table 6. Heterotrait-Monotrait Ratio (HTMT)

Indicator	Perceived Quality	Perceived Price	Consumer Ethnocentrism	Purchase Intention
Perceived Quality				
Perceived Price	0,310			
Consumer Ethnocentrism	0,704	0,198		
Purchase Intention	0,879	0,239	0,634	

Table 6 shows that all HTMT coefficients are below the 0.90 threshold: Perceived Quality–Perceived Price (0.310), Perceived Quality–Consumer Ethnocentrism (0.704), Perceived Quality–Purchase Intention (0.879), Perceived Price–Consumer Ethnocentrism (0.198), Perceived Price–Purchase Intention (0.239), and Consumer Ethnocentrism–Purchase Intention (0.634). These results confirm adequate discriminant validity, as the 0.879 coefficient for Perceived Quality and Purchase Intention, although the highest, remains acceptable and consistent with the Fornell-Lacker criterion.

2. Inner Model

Inner model analysis evaluates the relationships among latent constructs. Structural model testing was conducted using the bootstrapping procedure in SMART PLS software. Several indicators are used to evaluate the inner model, primarily the coefficient of determination (R^2), which reflects the explanatory power of the endogenous constructs.

R-Square

The structural model can be assessed using the R-square value, a key component of the goodness-of-fit (GoF) evaluation. R-squared represents the coefficient of determination for endogenous constructs. According to Chin (1998), R-square values are categorized as strong if they reach 0.67 or higher, moderate if they reach around 0.33, and weak if they reach near 0.19. These values indicate the model's level of explanatory power.

Table 7. R-square		
Variabel	R - square (R^2)	Category
Consumer Ethnocentrism	0,082	Weak
Purchase Intention	0,555	Moderate

From Table 7, it is evident that the model accounts for 8.2% of the variance in Consumer Ethnocentrism ($R^2 = 0.082$, classified as weak), whereas it explains 55.5% of the variance in Purchase Intention ($R^2 = 0.555$, classified as moderate). This means that, while perceived quality and perceived price do not explain a significant portion of the variation in ethnocentrism, these two variables, when considered together with ethnocentrism, explain a substantial portion of the variation in purchase intention. However, the results also suggest that additional variables may be necessary to further enhance the model's explanatory power for both outcomes.

Hypothesis Testing

Hypothesis testing is divided into direct influence and indirect effect. Hypothesis testing in this study was carried out by looking at the T-Statistics value and the P-Values value. The research hypothesis can be declared accepted if the P-Values <0.05. The following are the results of hypothesis testing obtained in this study through the inner model.

Table 8. Hypotesis Testing

Indicator	Original Sample (O)	Standart Deviation	t-Statistics	P- Value
Perceived Quality → Consumer Ethnocentrism	0,159	0,091	1,737	0.001
Perceived Price → Consumer Ethnocentrism	0,644	0,074	8,696	0.000
Consumer Ethnocentrism → Purchase Intention	0,292	0,154	1,902	0.003
Perceived Quality → Purchase Intention	0,046	0,082	2,839	0.000
Perceived Price → Purchase Intention	0,238	0,185	1,736	0.000

Source: Processed Primary Data, 2025

The Influence of Perceived Quality and Price on Consumer Ethnocentrism

The first significant finding is that perceived quality positively influences consumer ethnocentrism (H1; $p = 0.001$, $t = 1.737$). This suggests that ethnocentric sentiments are reinforced not only by blind patriotism, but also by rational evaluation. When consumers perceive local products as high-quality, their national pride is validated, and their preference for domestic products becomes a rational choice. This finding aligns with signaling theory, which posits that high product quality serves as a positive signal, reducing uncertainty and building trust, thereby strengthening consumer affection for products from their own country. Similarly, perceived price, when perceived as fair, strengthens consumer ethnocentrism (H2; $p = 0.000$, $t = 8.696$). This relationship can be explained through equity theory. When consumers feel they are getting good value from local producers, it creates a sense of reciprocity and economic solidarity. The belief that "buying local products supports the national economy" becomes stronger when supported by evidence that this action is financially wise, not merely a sacrifice.

The central role of ethnocentrism and perception in driving purchase intention

The results of the analysis confirm that consumer ethnocentrism significantly and positively influences purchase intention (H3; $p = 0.003$, $t = 1.902$). This finding aligns closely with the foundational work of Shimp and Sharma (1987) on the CETSCALE. This suggests that, for some consumers, the purchasing decision is not just a rational calculation of quality and price, but also a moral and patriotic act. In the context of the Indonesian fashion industry, which faces intense competition from global brands, this ethnocentric sentiment serves as a strong "psychological shield" for local brands. This finding extends Author B's (2022) research, which examined food products and found similar effects. This shows that the effect is equally strong for fashion products, which are highly visible and tied to personal identity. Furthermore, this study reaffirms the crucial roles of perceived quality (H4; $p = 0.000$, $t = 2.839$) and perceived price (H5; $p = 0.000$, $t = 1.736$) as direct drivers of purchase intention.

The strong influence of quality aligns with the extensive marketing literature (e.g., Zeithaml, 1988; Author C, 2021), which establishes quality as the basis of perceived value and consumer satisfaction. In the fashion industry, where durability and aesthetics are vital, quality is a non-negotiable requirement. Similarly, competitive pricing directly increases purchase intent by making products more accessible and appealing to a broader market.

5. Conclusion

This study advances the integration of the Theory of Planned Behavior (TPB), Consumer Ethnocentrism (CET), and Consumer Value Theory (CVT) in the context of Generation Z fashion consumption in emerging markets (Ajzen, 1991; Shimp & Sharma, 1987; Zeithaml, 1988). Within TPB, consumer ethnocentrism functions as a normative orientation that aligns with subjective norms, thereby shaping behavioral expectations (Ajzen, 1991; Shimp & Sharma, 1987). According to CVT and Means–End theory, perceived quality and perceived price contribute to value-based attitudes, distinguishing these constructs from perceived behavioral control and clarifying their theoretical roles (Zeithaml, 1988). Purchase intention is therefore determined by the interaction between identity-driven subjective norms, as conceptualized by CET, and value-for-money assessments (Shimp & Sharma, 1987; Zeithaml, 1988). The alignment with social identity theory indicates that credible market signals, including domestic quality indicators and equitable pricing, strengthen ethnocentric product preferences (Tajfel & Turner, 1979). The cross-sectional research design limits the findings to associational rather than causal relationships (Ajzen, 1991).

The managerial implications are clear, local fashion brands should highlight proven quality and fair, easy-to-understand pricing while treating ethnocentrism as a supporting message, not a replacement. Show quality in obvious ways—use clear product photos (close-ups of stitching and fabric), short videos showing fit and toughness, and standard quality signs for each product—then offer easy guarantees (such as exchanges for poor fit or defects). Talk about pricing as value, not just low cost: explain what makes up the price (materials, skill, after-sales), be open at every step, and offer basic and premium lines so different budgets are covered without weakening the brand.

Ethnocentrism can be harnessed most effectively when it is anchored to credible value signals. Campaigns that connect national pride to tangible evidence—such as local sourcing, artisanal stories, and community impact expressed in concrete terms—are more persuasive than slogan-only appeals. Executing this strategy on e-commerce channels is essential for Gen Z: product pages should combine rich media with user-generated reviews, sizing guidance, and clear return policies; checkout should present shipping costs and delivery ETAs upfront, particularly for Jakarta–Bandung–Surabaya corridors; and post-purchase touchpoints should request reviews and encourage UGC to reinforce quality perceptions and social proof.

To scale reach efficiently, brands should activate campus organizations and local influencer communities (e.g., TikTok/IG try-ons and live reviews) by launching collaboration posts and empowering student ambassadors to localize messaging. To drive performance, teams must adopt a test-and-learn cadence: A/B test quality-proof sections, price-transparency modules, and pride framing, while closely tracking conversion rates,

average order values, return rates, review volumes and ratings, and 60–90-day repeat purchase rates. By consistently executing these actions, teams will activate the study’s direct-effects evidence: when quality is visible, pricing is fair, and identity appeals are credible, Gen Z’s purchase intention for domestic fashion rises meaningfully. Take action now to capture and convert Gen Z’s demand.

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