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Multinational Products for Consumer-Driven Global Sourcing Strategies*

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Abstract

Purpose - This study aims to proposes a conceptual framework to segment multi-national products based on a Chinese consumer's perception of multi-national products, to find the role of consumer ethnocentrism (CET) in country of origin (COO) effects for Chinese, and to figure out how different dimension of CET Effects on purchase intention developed market and home country.

Research design, data and methodology – This study selected a 2×2×2 factorial design for the hypothesis test based on the product category × combination of manufactured type × Ethnocentrism level. This study distinguishes products between luxury (Burberry) and non-luxury (Nike) products and choose combination of manufactured type (Spain vs India/ Spain vs China) in order to perform comparative studies. A total of 223 Chinese participated in the experiment. After being exposed to each scenario, participants were asked to respond to questions about brand preference and purchase intention

Results – Regarding to luxury made in developed country, it is worth that exposing COO information to low level of ethnocentrism consumers. Regarding to non-luxury product made in emerging country, it makes it worse when COO information to high level of ethnocentrism consumers. Lastly, regarding to non-luxury product, patriotic consumers prefer to purchase product made in home country.

Keywords: Country of Origin (COO), Multi-national Products, Consumer Ethnocentrism (CET), Global Sourcing Strategies.

JEL Classifications: C12, M11, M31.

1. Introduction

Even though the business-friendly economic situation through FTA (Free Trade Agreements) and RCEP (Regional Comprehensive Economic Partnership) popularizes multi-national products in a global sourcing strategy, firms with multi-national products are facing some challenges these days. For example, the crisis of quality of made-in-china over the years made consumers around the world, including the United States, have a feeling of refusal to made-in-china, which acted as a risk factor for companies locating their production base in China (Liu, Perry, Moore, & Warnaby, 2016).

In addition, the situation where trade friction and tension with China for the world economic supremacy are intensified is deteriorating the perception of consumers across the

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world of made-in-china. This has led to a spending pattern in which consumers are reluctant to purchase made-in-china. These trends of consumption and behavioral change as factors on choosing global sourcing show that the customer's perception of the country-of-origin is becoming important, accordingly, it can be seen as being required to establish a sourcing strategy considering the image of country-of-origin.

Moreover, some studies show a negative effect of consumer ethnocentrism (CET) on the evaluation of foreign products by consumers in emerging markets (Halim & Zulkarnain, 2017; Klein, Ettenson, & Krishnan, 2006). Also few studies explore the perceptions of consumers in emerging markets, and they mostly show negative perceptions about the quality of such products, coupled with low purchase intentions (Sharma, 2011). With the recent protective trade policies in China, highly ethnocentrism Chinses consumer are increasing acceptance of Chinese products. However, low ethnocentric Chinese attitudes towards these products have hardened and they prefer to purchase multi-national products made from developed countries.

Above studies focus on the domain of multi-national origin. However, these studies take limited approach in viewing the phenomenon of multi-national origin from the consumer psychology perspective. Some consumer behavior oriented studies distinguish the characteristics of multi-national products based on consumer psychology (Asgari & Hosseini, 2015; Han, Nunes, & Drèze, 2010; Godey, Pederzoli, Aiello, Donvito, Chan, Oh, & Weitz, 2012; Riefler, Diamantopoulos, & Siguaw, 2012). These studies emphasize that the impact of multi-national origin should be examined by segmenting consumers based on the level of (1) consumer involvement, (2) prior knowledge about the product, (3) the value pursued by consumers for the product. This is because the segmentation reflecting consumer perceptions of the multi-national product is more effective than simply dividing by the type of country-of-origin.

Unfortunately, the existing literature fails to provide any insights of how to develop a global sourcing strategy for multi-national products by considering consumers' perception of multi-national products. Neither any contingent factors to influence consumers' perceptions on multi-national products nor even any segmentation of multi-national products has not been studied in a global sourcing strategy literature.

To summarize, this paper address the following gap in the current COO literature: (1) Differences in COO effect between luxury and non-luxury products; (2) what is the role of CET for Chinese in COO effects; (3) COO effects on brand preference for products from both developed and emerging markets; and (4) how different dimension of CET effects on purchase intention developed market and home country

2. Literature review

2.1. COO effect of multi-national products segmentation

Previous marketing studies have been focused on 1) the image of country-of-origin (Hamzaoui-Essoussi, Merunka, & Bartikowski, 2011), 2) combination of country-of-origin (Insch & McBride, 2004; Fetscherin & Toncar, 2010; Li, Murray, & Scott, 2000), 3) characteristics of multi-national products (Godey et al., 2012), and 4) country-of-origin effect and consumer characteristics (Ahmed & d'Astous, 2008; Sharma, 2011). The attempts at segmentation of multi-national products have been divided into the country of manufacture(COM), the country of assembly(COA), the country of design(COD), the country of brand(COB), the country of parts(COP), etc., mainly focused on the effect of country-of-origin (Cattin, Jolibert, & Lohnes, 1982; Han & Terpstra, 1988; Insch & McBride, 2004; Li et al., 2000).

Most of the above researches have studied on the components of multi-national origin, but limitations have been pointed out which do not reflect the psychology of consumers in terms of business managerial aspects. In order to overcome this, a few studies have tried to distinguish the characteristics of multi-national products based on consumers' psychology (Asgari & Hosseini, 2015; Han et al., 2010; Godey et al., 2012; Riefler et al., 2012), and their studies emphasize that it should be divided into the level of consumer's involvement, the level of prior knowledge about the product, the value pursued by consumers for the product and so on. This is because the segmentation reflecting the characteristics of the product is more useful in understanding the behavior of consumers than the multi-national products are simply divided by the type of country-of-origin.

In the existing studies, the type of product is mainly divided into luxury goods and non-luxury goods(necessity) based on the price (Chen, Su, & Lin, 2011; Li et al., 2000; Sharma, 2011). In this way, the value of consumption pursued by consumer is expressed in the functional level and the symbolic level. A functional product is a product that emphasizes the function or performance of a product, and in the case of a product with high functional value, it is useful for consumers to solve a functional and practical problem using the product.

On the other hand, a symbolic product is a product that emphasizes values such as fun, pleasure, self-expression, etc. In the case of symbolic product, the emotional parts of the consumer play a leading role and the information processing has characteristics that are performed as a whole rather than as analytical. Luxury goods corresponding to symbolic products emphasize the excellent quality of the products and the exclusivity of the brands, and the necessity corresponding to functional products regards characteristics such as price and practicality as important (Godey et al.,

2012; Shukla & Purani, 2012; Liu et al., 2016). In addition, public consumption product which is easily exposed to the outside is reported to emphasize the expression of social status, and private consumption product which is not exposed to the outside is reported to emphasize the self-satisfaction (Amatulli, Guido, & Nataraajan, 2015; Bearden & Etzel, 1982).

Other scholars divided products into products with high utilitarian benefits and products with high hedonic benefits (Dhar & Wertenbroch, 2000). The utilitarian benefits evaluate the product based on objective criteria such as physical properties of product or price, mainly in connection with the motivation of consumer's utilitarian pursuit to assess how much the attributes provided by the product meet the utilitarian needs in the process of consumption. On the other hand, the hedonic benefits evaluate the product based on subjective criteria which can meet the social psychological symbolic needs with the sensory benefits to satisfy the five senses of consumer, while the emotional and sensory aspects of the consumer play a leading role in product evaluation.

As described above, each product has different characteristics, and the reason why it is necessary to distinguish products according to these characteristics is that consumers' consumption behavior changes according to the type of product (Han et al., 2010; Riefler et al., 2012). In particular, the division between luxury goods and non-luxury goods, public goods and necessity is a level of conspicuous consumption for others or the improvement of social image, consumers distinguish products according to a display of the product (Amatulli et al., 2015), multi-national origin can negatively affect this display of the product. One of the external cues that can express the exclusive status is the country of brand, as multi-national origin confuses the country of brand, thereby reducing the brand power of the product. As such, consumption behavior of consumers who come into contact with multi-national origin also has a lot of room to change their consumption behavior depending on the type of multi-national products, so it is very important task to assess the product with distinguishing the multi-national products. Based on the above discussion, this study refers to the existing studies on product types and categorizes the types of products into publicly consumed necessity, publicly consumed luxury, privately consumed necessity and privately consumed luxury, which are intended to be used in the analysis of multi-national products.

2.2. Consumer Ethnocentrism (CET) in China

China is one of the countries with highest level of ethnocentric tendency (Ishii, 2009). Especially, in the last two decades, there were several incidents that represent Chinese consumers' high ethnocentrism. In 2005, protestors smashed shops and stoned Japanese consulate, with slogans saying "Boycott Japanese products" (Anti-Japan Rampage in Shanghai, 2005). More recently in 2018, Chinese consumers refused to purchase Dolce & Gabbana's products due to Dolce & Gabbana's racial advertisement. Many of Chinese celebrities such as Zhang Ziyi and Chen Kun participated in this movement. Traditionally, the boycott of foreign products (and buying of national products) in China reflected nationalistic antagonism toward imperialistic invasions (Gerth, 2003).

Consumer Ethnocentrism (CET) is defined as the beliefs held by consumers about the appropriateness and morality of purchasing foreign-made products (Sharma, 2011). Highly ethnocentric consumers refuse to buy imported products, and may even chastise fellow consumers for doing so. Also highly ethnocentric consumers are tended to biased judgment by being more inclined to adopt the positive aspects of home country-made products. Whereas low ethnocentric consumers in emerging markets may have a higher preference for products imported from developed country, because they can satisfy their demand for high-quality products with the increased available and affordability of foreign products (Smith, 2006).

A dimension of CET is presented with consumer dogmatic CET value and patriotic CET value. Dogmatic CET value is a characteristic of individuals' value that makes them feel proud of their group (Caruana & Magri, 1996). Highly dogmatic CET person tends to feel uncomfortable with unfamiliar situation or object, thus they show defensive attitudes towards unfamiliar or object (Schiffman & Kannuk, 2004). While dogmatic consumers prefer domestic products or products from culturally similar countries generally, they are known to be avoided for foreign products (Shoham, Davidow, Klein, & Ruvio, 2016).

On the other hand, patriotism CET value is a personal tendency to sacrifice to purchase products which are made from their own country rather than foreign-product. Patriotism CET is defensive and protective tendency compared to dogmatic CET.

2.3. Consumer evaluation towards the multi-national product

2.3.1. Brand preference

Brand preference is defined as the degree of attachment towards the particular brand. Alamro and Rowley (2011) had claimed that brand preference is more favorable for particular brand than any other brand among the consideration set. Consumers tend to have strong appeal and loyalty by repeat purchasing a particular brand. In addition, Assael (1992) recommended brand preference as a result of learning process when consumers purchase particular brand continuously, they have a positive attitude towards particular brand.

However, if the diversification of the country of origin confuses the brand identity, it is likely that the brand

preference will be reduced. In the case of products that provide hedonic and emotional value like luxury, for example, the country of manufacture conducts as a heuristic clue to determine brand preference as a factor that reflects effort as compared to the time spent on it and excellent quality (Fionda & Moore, 2009). Accordingly, previous researchers have argued that the brand is consumed to use for certain purpose of consumer themselves. Hence, multi-national products would provide limited benefits, because of difference between brand origin and manufactured origin. Therefore, it seems important to understand consumer's brand preference for multi-national products.

Hypothesis 1: When luxury products made in developed country (emerging country), individuals with low (high) levels of consumer ethnocentrism will have more(less) brand preference than individual with high (low) ethnocentrism.

Hypothesis 2: When non-luxury products made in developing country, individuals with high(low) levels of consumer ethnocentrism will have less(more) brand preference than individual with low (high) ethnocentrism.

2.3.2. Purchase intention

In evaluating products, evaluation criteria are required that can reflect brand strength and intention to purchase. In the case of a bi-national product whose manufacturing is the third country, the discrepancy of the manufacturing country may reduce the value-benefit given by the particular brand. Consumers make an overall evaluation of their products based on what benefits they have received from brand and what they have provided to purchase (cost or sacrifice in acquiring and using the product and services) (Chao, Wührer, & Werani, 2005).

As a criterion, intention to purchase can reflect the concern about brand power or quality due to the difference of brand origin and manufacturing origin. Ha-Brookshire (2012) has studied that consumers' intention to purchase toward the multi-national products shows different impact because country of manufactured and country image has a different influenced on consumers' perceived value.

Meanwhile highly ethnocentric consumers reject staunchly to buy imported products. Highly ethnocentric consumers have a tendency to biased evaluation by being more likely to adopt the positive characteristics of domestic products and discount benefits of foreign made products (Sharma, 2011). On the other hand, low ethnocentrism consumers may have more favorable attitude for products imported from foreign markets (Sharma, 2011). In this sense, there will be a difference in the purchase intention towards the multi-national products according to combination of manufactured country type. Thus, this study developed the following hypothesis.

Hypothesis 3: Individuals with dogmatic consumer will be higher intention to purchase the luxury products if it is made from developed country than when it is made from their home country.

Hypothesis 4: Individuals with patriotic consumer will be higher intention to purchase the non-luxury product if it is made from home country than when it is made from developed country.

3. Research methodology

3.1. Research design

Study 1 selected a 2×2×2 factorial design for the hypothesis test based on the product category (Luxury/non-luxury) × manufactured country (developed country/emerging country) × Ethnocentrism level (High/Low). Study 2 selected a 2×2×2 factorial design for the hypothesis test based on the product category (Luxury/non-luxury) × manufactured country (developed country/home country)× Dimension of Ethnocentrism (Dogmatic/Patriotic). Product category, combination of manufactured type, and ethnocentrism level are variables manipulated by experiment.

Regarding to product category, this study distinguishes products between luxury and non-luxury products in order to perform comparative studies by utilizing Amatuli, Guido, and Natarajan (2015) studies. The study conducted preliminary surveys to select products that represent luxury and non-luxury products. The respondents identified how highly relevant the products used in the survey were to show off consumerism and to enhance social image.

According to the survey, respondents recognized luxury goods such as designer clothes, luxury bags, and luxury watches. On the other hand, sneakers, electric shavers, and printers were recognized as non-luxury goods. In addition, this study was designed using actual brand to help respondents understand the level of recognition of a brand. Brand awareness was surveyed on a five-point scale for each brand by modifying the scales used by Rubio, Oubiña, and Villaseñor (2014). The highest average of these brands was "Burberry" and "Nike," which were selected as examples of analyses.

To experiment of incongruence toward the multi-national products, this study manipulated country of manufactured origin and price. First, country of manufactured origin using the attitude that Chinese consumers generally have in various countries. In particular, this study selected the 10 countries (India, Philippines, China, Poland, Costa Rica, Spain, Czech Republic, Pakistan, Vietnam, Malaysia) where are mainly located manufacture factories. Next, 20 graduated students were selected to choose manufacturing origin. The measurement items of origin image were constructed by referring to Parameswaran and Pisharodi (1994). The

measurement items were designed by the five-point recurring scale with the items related to national image and the product image.

The survey found out of 10 countries, respondents rated Pakistani and Indian products the most negatively. The difference in the national image of the ten countries perceived by consumers were statistically significant (p<.001). According to the results of the survey, top two positive national images are Spain (M=4.22), and Poland (M=4.01), while top two negative national images are India (M=1.83), and Pakistan (M=1.62). Spain has been selected as a positive incongruence origin, considering Spain is the country of origin of Zara which are worldwide fashion brand. Also, India has been selected as a negative country of origin, considering its trade volume with China, its economic impact, and establishment of manufacturing facilities. To measure regulatory fit, the scenario was created at a fixed price for products made in Spain and 30 percent discount for products made in India

3.2. Measurement items

A basic version of the questionnaire was developed in Korea, and with the help of Chinese graduate students was translated into Mandarin. Another pair of Chinese graduate students translated questionnaire back into English, then conduct comparison of the original Korean questionnaire. Through this progress, the questionnaire is resolved a few minor differences in their understanding.

In the survey, conceptual definitions and measurement items were constructed to measure influential factors derived from previous studies. The measurement items were modified or manipulated to fit the purpose of this study. First, in order to measure independent variables, there were six questions of consumer ethnocentrism. Based on Sharma (2011), patriotic ethnocentrism was measured by (1) Only certain products that are unavailable in China should be imported, (2) Chinese should not buy foreign products, because this hurts China's businesses and causes unemployment, (3) It is not right to purchase foreign products, because it puts Chinese out of jobs. To measure dogmatic ethnocentrism this study adopted Neuliep and McCroskey (1997)'s study. The variables were measured by three items: (1) Other countries should model themselves after China. (2) China is a good example of how to run a country. (3) Countries are smart to look up to China.

The dependent variable of this study is the evaluation of bi-national origin product, specifically brand preference and intention to purchase. Based on Jamal and Goode (2001), the variables were measured by four items: (1) I like this Brand better than any another brand, (2) I would use this Brand more than I would use any other brand, (3) This Brand is my preferred brand over any other brand, and (4) I would be inclined to buy this Brand over any other brand.

The intention to purchase is based on the research of Lee, Yun, and Lee (2005) and the variables were measured by four items: (1) I would like to buy this product, (2) I do not want to buy another product besides this product, (3) I would like to recommend it to others. A total of thirteen items were designed for three constructs except demographic variables.

3.3. Factor analysis

Factor analysis was conducted to verify the validity of the construct. Principal component analysis was used as a factor extraction method, and a varimax rotation method was used to simplify the constituent structure. As a result of the factor analysis, it was confirmed that the total of thirteen items were classified into three factors, as shown in Table 1. The KMO (Kaiser Mayer Olkin) test was conducted to confirm the degree to which the correlation between variables was explained by other variables. The KMO value

Table 1: Factor Analysis and reliability analysis

#	Measurement Items	Patriotic Ethno-centrism	Dogmatic Ethno-centrism	Brand preference	Purchase intention	Cronbach's α
1	Only certain products that are unavailable in China should be imported	.81				.84
2	Chinese should not buy foreign products, because this hurts China's businesses and causes unemployment	.89				
3	It is not right to purchase foreign products, because it puts Chinese out of jobs	.74				
4	Other countries should model themselves after China		.80			.85
5	China is a good example of how to run a country		.85			
6	Countries are smart to look up to China		.82			
7	I like this Brand better than any another brand			.91		.96
8	I would use this Brand more than I would use any other brand			.94		
9	This Brand is my preferred brand over any other brand			.95		
10	I would be inclined to buy this Brand over any other brand.			.91		
11	I would like to buy this product				.91	.94
12	I do not want to buy another product besides this product				.93	
13	I would like to recommend it to others				.91	

KMO=.88, ***p<.001

was .88. The Bartlett test was performed to confirm the fit of the factor analysis model. The significance value of significance value was .00. Through this, this study was confirmed that there is no issue in the factor analysis result of the constitutional concept measurement item. As a result of the factor analysis on the constituent conceptual measurement item, the initial eigenvalues were classified into three constituent concepts. Also, reliability analysis was conducted to evaluate the consistency of the measurement tools, and internal consistency method was applied (Table 1).

4. Empirical Analysis

4.1. Manipulation check

A manipulation check was conducted to verify whether the manipulated variables designed in this study were perceived as intended by the researchers under the experimental conditions encountered by the study participants. First, we conducted one-way ANOVA to evaluated whether the participants perceived the experimental manipulation of product category as the researcher's intention. Participants were randomly assigned to each experimental condition and responded to a measurement item that accessed the category of the proposed product. One-way ANOVA showed that experimental manipulation related to product category had a statistically significant effect on perceived product attributes (F=7.46, p<.01). Specifically, the difference between the mean value 3.71 of luxury product and the mean value 2.60 of non-luxury product was analyzed according to the intention of the researcher.

Second, we accessed whether the experimental manipulation of the consumer ethnocentrism level was perceived by the participants according to the intention of the researcher. The participants' randomly assigned to each experimental condition evaluated how much proud of their home country. As a result of one-way ANOVA, experimental manipulation of highly ethnocentrism and low ethnocentrism was evaluated as the beliefs held by consumers about the appropriateness and morality of purchasing foreign-made products, which showed difference in evaluation of product quality (F=17.40; p<.01). Specifically, the difference between the average values of low ethnocentrism (3.50) and highly ethnocentrism (2.95) knowledge level was analyzed as statistically significant according to the intention of the researcher.

Third, we assessed whether the experimental manipulation of the discounted price was perceived as the intention of the researcher. Participants randomly assigned to each experimental condition evaluated product image with discount. As a result of one-way ANOVA, experimental manipulations on the images of discounted price (M=3.56) and fixed price (M=3.20) showed a statistically significant effect on the evaluation of products (F=6.54; p<.01).

A total of 223 Chinese participated in the experiment, and each participant was randomly allocated to one of the eight groups. After being exposed to each scenario, participants were asked to respond to questions about brand preference and purchase intention. It is conducted for 10 minutes under the control of the researchers.

4.2. Hypothesis testing

A total of 250 people participated in the study, and a total of 223 survey were used, except for 27 faithless respondents. University students in China were sampled using the Convenience sampling method. The hypothesis of this study is set up to examine two-way interaction effects between ethnocentrism level and country of manufactured origin that is affect by product category. The means and standard deviations for each dependent variables are shown in Table 2.

In order to test the proposed hypotheses, this study conducted three-way ANOVA. The result showed a statistically significant interaction effect of Product type x COO x CET on brand preference (F=10.900, p<.01). On the other hand, Product type x COO x CET on purchase intention did not show a significant interaction effect (see Table 3).

Table 2: Means and standardized deviation

Brand preference	Luxury		Non-Luxury	
	Made in Spain	Made in India	Made in Spain	Made in India
Low ethnocentrism	3.99(.82)	3.04(1.02)	3.82(.74)	3.64(.72)
High ethnocentrism	3.28(.94)	3.21(.95)	3.54(1.02)	2.61(.99)
Total	3.63(.95)	3.12(1.03)	3.68(.91)	3.12(.95)
Purchaseintention	**Luxury**		**Non-Luxury**	
	Made in Spain	Made in China	Made in Spain	Made in China
Dogmatic ethnocentrism	3.11(.24)	3.08(.22)	2.38(.17)	2.85(.27)
Patriotic ethnocentrism	3.00(.25)	3.51(.25)	1.40(.23)	3.31(.22)
Total	3.09(.82)	3.32(.85)	2.40(.23)	2.52(.72)

Table 3: Three-way interaction effect output

Three-way interaction effect among				
Product type * COO * CET on brand preference				
Source	**Type Ⅲ Sum of Squares**	**df**	**Mean Square**	**F**
Corrected Model Intercept	44.023	7	6.289	6.738***
A. Product type	0.036	1	0.036	0.039
B. Country of Origin	16.357	1	16.357	17.524***
C. Ethnocentrism	12.621	1	12.621	13.522***
A*B	0.275	1	0.275	0.295
A*C	2.829	1	2.829	3.031*
B*C	0.011	1	0.011	0.012
A*B*C	10.174	1	10.174	10.900***
Error	200.587	215	0.933	
Total	2558.797	223		
Corrected Total	245.1	222		
Three-way interaction effect among				
Product type * COO * dimension of CET on purchase intention				
Source	**Type Ⅲ Sum of Squares**	**df**	**Mean Square**	**F**
Corrected Model Intercept	33.845	7	4.835	7.823***
A. Product type	10.513	1	10.513	17.011***
B. Country of Origin	11.382	1	11.382	18.417***
C. Ethnocentrism	0.069	1	0.069	0.738
A*B	4.95	1	4.95	8.009**
A*C	0.99	1	0.99	1.601
B*C	5.419	1	5.419	8.768**
A*B*C	1.155	1	1.155	1.868
Error	53.768	87	0.618	
Total	847.554	95		
Corrected Total	87.614	94		

Note: ***p<0.01, **p<0.05, *p<0.1

Hypothesis assumed that consumers' brand preference will differ product category depending on interaction effect between country of origin and CET. This study finds a significant three-way interaction among product type, COO, and consumer ethnocentrism on brand preference (F=10.900; p<.01).

In order to test the hypothesis 1, brand preference was analyzed as a dependent variable. As a result, this study observes a significant interaction effect of incongruence of manufactured country and CET on brand preference toward luxury (F=4.577; p<.05). Specifically, consumers with low CET(M=3.99, SD=.18) have more favorable brand preference of luxury products manufactured from Spain (developed market) than consumers (M=3.28, SD=.18) with high CET (F=7.68; p<.10). Whereas there is no such difference brand preference of luxury products manufactured from India (emerging market) between consumers low CET(M=3.20, SD=.25) and highly CET(M=3.03, SD=.23) (F=0.27, p>.10). (see Figure 1)

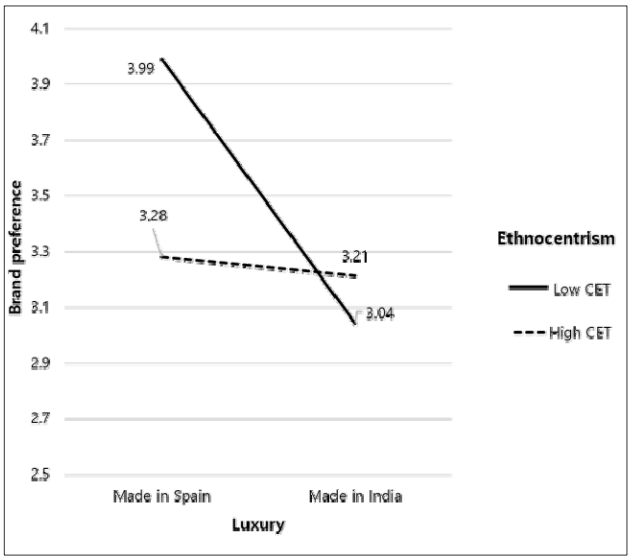

Figure 1: Interaction effect of incongruence of manufactured country and CET on brand preference toward luxury

In order to verify hypothesis 2, brand preference was analyzed as a dependent variable. Regarding to hypothesis 2, it was found that there was a significant interaction effect of incongruence of manufactured country and CET on brand preference toward non-luxury product(F=6.565; p<.05). However, there is no such difference brand preference of non-luxury products manufactured from Spain (positive incongruence) between consumers low CET(M=3.81, SD=.18) and highly CET(M=3.53, SD=.17) (F=1.30; p>.01). Meanwhile, highly CET consumers (M=3.28, SD=.18) have less favorable brand preference of non-luxury products manufactured from India (negative incongruence) than low CET (M=3.63, SD=.19) consumers (F=7.68; p<.10). (see figure 2)

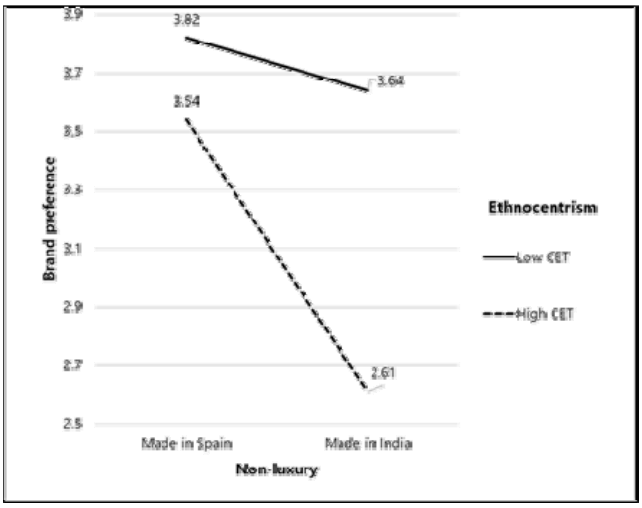

Figure 2: Interaction effect of incongruence of manufactured country and CET on brand preference toward non-luxury

In order to test hypothesis 3 and 4, purchased intention was analyzed as a dependent variable. According to the result, intention to purchase differ product category depending on interaction effect between country of origin and dimension of ethnocentrism. There was not significant three-way interaction among product type, country of origin, and dimension of ethnocentrism on intention to purchase toward the multinational products (F=1.868; p>.10). However, this study found two significant interactions that product type and country of origin (F=8.009; p<.01) and dimension of ethnocentrism and COO (F=8.768; p<.01).

Specifically, hypothesis 3 shows not significant interaction effect between interaction effect between country of origin and dimension of ethnocentrism on purchase intension toward luxury product (F=1.232; p>.10). Between Chinese consumer with dogmatic ethnocentrism and with patriotic ethnocentrism, there are no difference in their purchase intention based on clues whether luxury goods made from developed country or from their home country.

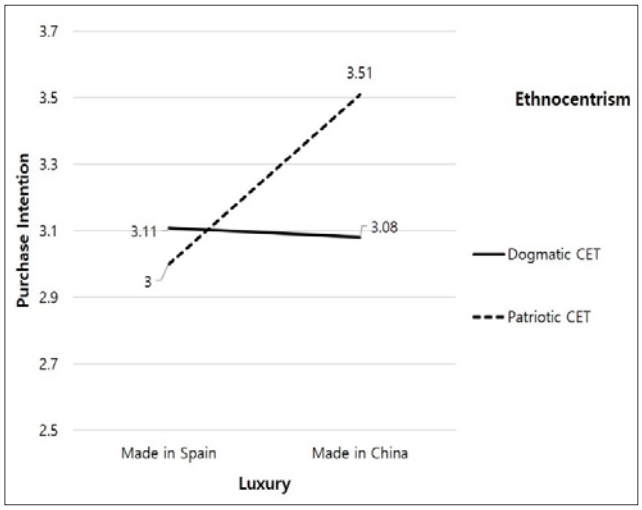

Figure 3: Interaction effect of manufactured country and the dimension of ethnocentrism on purchase intention toward luxury

Regarding to hypothesis 4, figure 4 showed that a significant international effect of manufactured country and dimension of ethnocentrism on purchase intention toward non-luxury product (F=9.96; P<0.01). Chinese consumer with patriotic ethnocentrism (M=3.31) has shown higher purchase intention toward non-luxury product made in home country than Chinese consumer with dogmatic ethnocentrism (M=2.85). Whereas Chinese consumer with dogmatic ethnocentrism has shown higher purchase intention toward non-luxury product made from developed country than Chinese consumer with patriotic ethnocentrism (M=2.38).

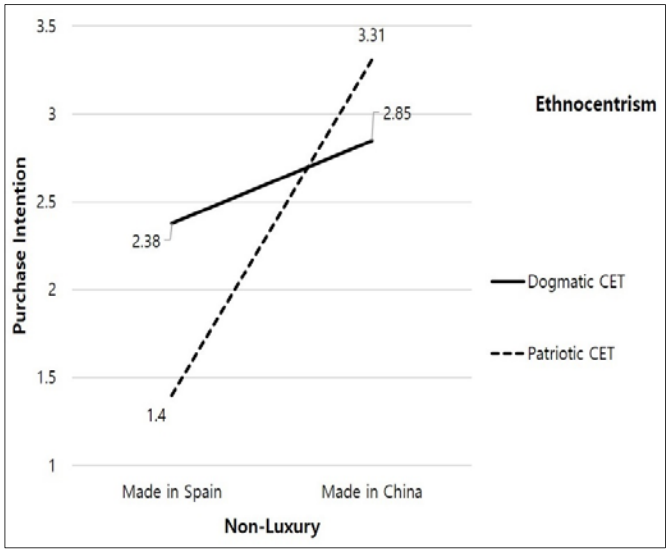

Figure 4: Interaction effect of manufactured country and the dimension of ethnocentrism on purchase intention toward non-luxury

5. Conclusion

The specific contributions of this study are as follows. First, this study provided outsourcing diversification strategies based on COO (country of origin) effect distinguished with product category. In order to facilitate a better understanding of the consumer ethnocentrism, this paper has investigated two different sub-ethnocentrism groups by dividing it into nationalism (dogmatic CET) and patriotism (patriotic CET).

Second, it would be effective for luxury brand marketers to increase brand preference by exposing the COO information which is made in developed country to low level of ethnocentrism Chinese consumer. On the other hand, it might not be the favorable information to high level ethnocentric Chinses consumer when they found out the COO information in terms of emerging country manufactured luxury.

Third, exposing COO information might not be effective promotion source to Chinese consumer with high CET when non-luxury products were made in emerging country. However, when the non-luxury products were made in developed country, there is no difference brand preference toward the products between Chinese consumer with high CET and with low CET.

Fourth, it would be effective to distribute non-luxury products into China market when the products were made in China. The manufactured information, which is made from home country, play an important role to increase consumers' purchase intention especially highly patriotic consumers.

Fifth, by demonstrating how differences in the evaluation of multi-national products perceived by consumers in each segmentation market, this study contributes to develop outsourcing diversification as well as marketing strategies that allows companies to manage the distribution in order to maintain the brand strength.

Lastly, this study used Chinese consumers as a sample to test the effect of CET in customer's evaluation process, since China used to be the most ethnocentric country, and the term ethnocentrism was also originated from China. However, a few studies have indicated that China is not ethnocentric anymore and the Chinese consumers nowadays rather prefer imported products. Despite weakened ethnocentrism in China, this study offer some meaningful results with COO effect in China. Nevertheless, if future research is done in other countries that are newly known to be highly ethnocentric such as South Korea, Germany, and Japan, it could be another valuable material to be analyzed.

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