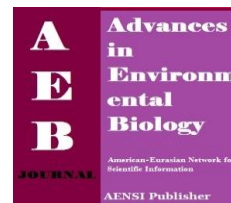




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### Investigating the Effect of Customer Ethnocentrism on Awareness of Customer from Product Origin

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#### ABSTRACT

**Background:** Consumer ethnocentrism is one of the newly made words in the realm of marketing and more specifically consumer behavior area. **Objective:** This study examines the saliency of information related to the national origin of products in consumer choice behavior. Specifically, effects of consumer ethnocentrism and the type of product/service category on perceived importance of product origin information are investigated. **Results:** Analysis of data collected on a sample of adult consumers suggests that saliency of country-of-origin information is a function of consumer ethnocentrism, and that the strength of this relationship is indeed mediated by a product/service type. Moreover, age and income were significant discriminators of consumers characterized by ethnocentric and polycentric purchase orientation. Implications for future research are identified and suggestions for marketing practice from the perspective domestic and international marketers are discussed.

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### INTRODUCTION

Investigations of product origin effects in consumer choice behavior have a long standing tradition in consumer research and global marketing literature. Generally, it has been established in the literature that the country-of-origin information exerts a strong influence on consumer evaluative judgments of the product and its quality, and consequently on consumer search and purchase behavior [11,24,42,43].

Similar to other product attributes such as color, size, price or brand, information related to the product sourcing country represents yet another cue or criterion in consumer decision-making. In these processes, many factors such as consumer knowledge of the product, a person's involvement and experience with the product category in question determine the saliency of product national origin as a choice criterion. Consumers may pay attention to the country-of-origin (referred to as COO hereafter) information because they want to deliberately select the product/brand of domestic manufacturers due to economic patriotism or ethnocentrism [20,52]. On the other hand, consumers may seek out products/brands from a particular foreign country because the quality of a specific product category tends to be associated with that country or its image [34,42]. For instance, using country stereotypes and mental shortcuts, the best wines and/or fashions are typically associated with France or Italy, top quality cars with "German engineering" and sophisticated electronics with "Japanese accuracy".

Despite the vast body of research on the role of product COO information in consumption behavior, the notion of consumer bias toward national origins of products has been recently challenged [35,49]. In the plethora of globalized brand alternatives available in the marketplace, consumers may have little cognizance concerning the actual origins of brands they choose, and hence product origin information may not enter as a cue in consumer decision-making to extend what was previously believed.

Another stream of literature, however, counters this position. The work on consumer ideologies such as ethnocentrism, nationalism, and patriotism posits that precisely because of the 'shrinking globe' and the more and more interconnected world; consumers are increasingly concerned with their cultural, national and ethnic identities, which subsequently affect their consumption motivations [5,46]. For example, ethnic and national sentiment can lead to consumer preferences for domestic products/services rather than imports and result in loyalty to local producers. For this group of consumers, characterized as ethnocentric in their purchase orientation, COO information exerts a high diagnostic value in their search behavior [27]. Conversely,

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consumers, who may choose to either ignore COO information in their product choices and/or exhibit preferences for imported products/services, can be characterized as polycentric in their purchase orientation.

In view of the aforementioned controversies in contemporary literature, the purpose of this paper is to contribute to the existing body of knowledge on the role of COO information in consumption behavior. The objectives of this research were to examine the link between perceived saliency of product origin information and consumer ethnocentrism, and explore the role of product specificity in this relationship. More specifically, our goal was to investigate the differences in purchase behavior of ethnocentric and polycentric consumer segments and thus gain insights into consumption behavior, relevant from theoretical and managerial perspectives. In line with the literature in the field, the influence of consumer characteristics is highlighted in that the two consumer segments are compared and contrasted on socio-demographic variables.

In order to meet the stated research objectives and systematically present this empirical work, we structure the manuscript as follows. First, existing knowledge of COO effects and the role of consumer ethnocentrism are reviewed, followed by the development of conceptual framework, which serves as a basis for hypotheses construction. Methodology, including the country selection, data collection, measure development and analytical procedures utilized, are detailed. Finally, study findings are presented along with the discussion of open venues for future research and business implications.

#### *Product Country-of-Origin Literature:*

Literature on possible effects of the national origin of products on consumer purchase behavior dates back to as early as the 1960s when Dichter, Dinnie, forecasted that “world anthropology” will become an essential tool for international marketers. In the past four and a half decades, an impressive amount of scientific literature has been produced. By some estimations, more than 500 published journal articles on the subject and a number of literature reviews have been published [4,11,43,44].

Information related to the product sourcing country refers to the place or the location in the world where a product is manufactured or conceived/branded [35], and it is usually identified on the product or its packaging with “Made in...” or “Product of...” labels [28]. Generally, the literature in this line of inquiry explores the impact of product origin on consumer choices from two broad perspectives: a) how consumers structure their knowledge of products from different country-markets, and b) consumer motivation to give preference to products originating from the home-nation [11,43]. These two perspectives and their underlying theoretical foundations are outlined next as they represent a basis for the development of a conceptual framework in this study.

With respect to the first perspective, authors tend to explain the impact of product origin in consumer search and choice behavior by emphasizing the cognitive approach and theoretical foundations in consumer information processing. That is, consumers judge product quality based on various informational cues or stimuli which are then utilized according to their accessibility and diagnostic value [27,49]. Individuals process information about products based on intrinsic cues (such as product design, performance) and extrinsic cues (price, brand, the source country/region of the product). The latter cue becomes increasingly important when intrinsic information cues are unavailable and/or when intrinsic attributes are difficult to assess either because of product/purchase complexity or consumer unfamiliarity with the product category [20,24]. Hence, COO information represents an extrinsic cue which communicates quality and value to consumers, and influences their attitudes and, consequently, purchase intentions and consumption behavior.

With respect to investigations delving into consumer motivations and preferences for domestic made products over imports (the second perspective), authors studying COO effects tend to emphasize the role of affective rather than cognitive mechanisms in consumer preference formation [28]. An important stream of literature in this area relates to the role of ethnocentrism, which can manifest itself in various aspects of social life and economic conduct, including purchasing behavior. Shimp and Sharma [52] in particular, have applied this universal sociological phenomenon of ethnocentrism to the study of consumer behavior and introduced an economic form of ethnocentrism, i.e., consumer ethnocentrism (ethnocentricity). The premise is that buying foreign-made goods may hurt the domestic economy and endanger job security. As such, this concept provides an understanding of which purchase behavior is acceptable and which is not. In the past three decades, consumer ethnocentrism research has focused on the conceptualization, measurement operationalization, and cross-cultural validation of the instrument [7,32,36,47,52,51]. Indeed, a large body of literature on consumer ethnocentrism, its antecedents and outcomes is concerned with affective and normative processes related to COO information (for a recent review, see [50]).

Economic ethnocentrism becomes relevant to marketers only in relation to its outcomes that are ultimately reflected in consumer purchasing behavior. A number of empirical studies found support for the theoretical proposition that consumer ethnocentrism leads to negative attitudes towards foreign (imported) products [22,51,38]. On the other hand, findings to the contrary have also been reported. For instance, in their study of Polish consumers, Good and Huddleston, found that stronger ethnocentric tendencies do not necessarily translate into an intention to purchase domestic products. McLain and Sternquist [37] also demonstrated that

more ethnocentric consumers were no more likely to buy domestic products than the consumers with less pronounced ethnocentric tendencies.

A possible explanation for divergence in these findings stems from the previously discussed perspective focusing on consumer cognitive processes. For instance, the meta-analysis by Peterson and Jolibert (1995) revealed that a country of origin cue exerts a larger effect on quality perceptions than on purchase intentions. This means that even though consumers may have negative (positive) predispositions towards products/services of a certain origin, they do not necessarily act on them. These authors conclude that the country-of-origin effects are only "...somewhat generalizable", suggesting that "...in the future, researchers must systematically take into account potential moderating variables so as to more comprehensively circumscribe the influence of the COO cue on quality/reliability perceptions and purchase intentions" [43].

According to Shimp and Sharma [52], consumer ethnocentrism represents "an important individual-level construct for the better understanding of COO dynamics" (p.34). In their examination of ethnocentrism antecedents and outcomes, Sharma et al., [52] demonstrated that the relationship between consumer ethnocentrism and attitude toward importing products is moderated by two product specific factors, i.e., a perceived product necessity and/or an economic threat (including personal economic and domestic economic threats). Several other studies followed the lead [23,26] to replicate and test this position, and others identified additional moderating variables such as cultural similarity to the country of origin [2,58]. In their model, Kim and Thorndike Pysarchik [31] suggested that ethnocentricity, along with a brand attitude and a country of manufacture, shapes consumers' perception of product quality, which in turn affects their attitudes toward products and ultimately leads to purchase intention. However, when estimating the model parameters for different products, the authors found that the relationship between consumer ethnocentrism and evaluation of imported brands was not uniform across product categories. Similarly, in a recent study of ethnocentrism in the UK, Balabanis and Diamantopoulos [2] examined domestic and foreign purchase bias for eight consumer product categories, and concluded that consumers "change their preference maps across product categories" (p.87).

#### *Conceptual Framework for the Study:*

Following the review of existing conceptual and empirical work in the field, a conceptual framework for the study is developed and research hypotheses are proposed. The main motivation in defining research objectives in this study relates to the actual saliency of product origin (i.e., the COO information) in consumer product choices, which has been recently questioned in the literature [49,44]. Authors contend that the globalization of brands in the world marketplace resulted in reduced consumer knowledge and awareness of product source countries. This means that information related to product national origin may be low on diagnostic value for consumers and hence may not drive judgments of product quality, attitudes and choice behavior in a way previously believed [49]. Similarly, Liefeld [35] criticized that most COO studies, measuring attitudes, beliefs and intentions, overestimate the importance and role of product origin in consumer purchase decisions. In light of these issues, the crux of this study was to address the following research questions:

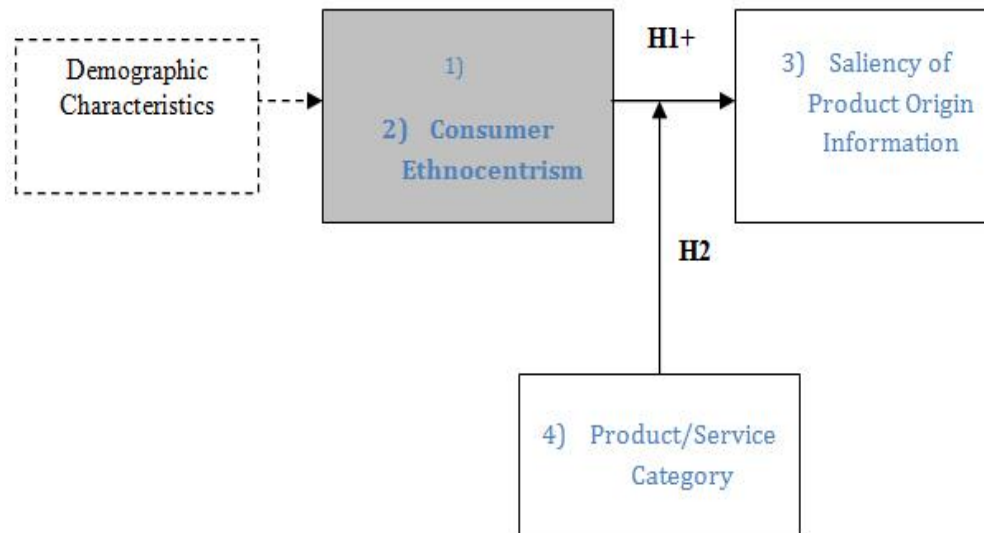
- ❖ What importance do consumers ascribe to the COO information when purchasing products and services in their local retail establishments? That is, how salient is the notion of domestic product/brand origin?
- ❖ What is the role of consumer ethnocentrism in driving saliency of domestic product origin?
- ❖ What is the role of product specificity in the relationship between consumer ethnocentrism and product origin saliency?
- ❖ What socio-demographic variable determines consumer ethnocentrism?

The conceptual framework for the study is presented in Figure 1. The focal construct, saliency of product origin information, refers to the importance consumers ascribe to the domestic country-of-origin (COO) product information in a purchasing situation. Consistent with the literature postulating that product origin labeling often serves as a cue inducing consumer ethnocentrism, the model suggests that saliency of product origin information is a function of an individual's ethnocentric tendencies. For the purpose of this study, consumer ethnocentrism is defined as consumers' beliefs about moral aptness to purchase domestic products [52]. Furthermore, the conceptual model identifies a moderating variable - the product/service category, which is believed to moderate the relationship strength between consumer ethnocentrism and the saliency of product origin information.

Consumer ethnocentrism has been found to vary across population segments with different demographic characteristics, as the quality of life and economic welfare may be more threatened by imports for some individuals than for others [52]. Since purchasing imported goods can carry emotional implications if the loss of jobs or economic welfare is at stake, the socioeconomic status and income level might impact consumer domestic vs. foreign product choice behavior. Gender and age were previously considered as relevant factors driving consumer ethnocentrism in previous investigations [4,20,56].

While prior empirical work in the field has demonstrated an inconsistent impact of income and schooling on consumer ethnocentrism and consequently their purchase behavior [17,38,53], the role of these two factors are compelling from the perspective of marketing strategy implications, particularly with respect to market

segmentation. Hence, we posit in our conceptual model that consumer ethnocentrism is contingent on consumer demographic characteristics such as age, gender, income and education. However, as the locus of this research lies in unveiling the relationship between consumer ethnocentrism and the importance of COO information in purchase behavior, the relationships between consumer ethnocentrism and its antecedents (such as demographic characteristics) are not formally tested.



**Fig. 1:** Conceptual framework for the study.

Based on the conceptual framework for the study, the following two formal hypotheses are proposed:

**H1:** *Saliency of product origin information is determined by consumer ethnocentrism. That is, when making purchases, country of origin information will be more important to consumers with stronger ethnocentric tendencies than to consumers exhibiting weaker ethnocentric tendencies.*

**H2:** *The strength of the relationship between consumer ethnocentrism and the saliency of product origin information will be moderated by a product/service category. That is, the effect of consumer ethnocentrism on making a conscious purchasing decision for domestic products and services will not be uniform across all product/service categories examined.*

#### *Research Methodology:*

To test the hypotheses, we first identified the relevant region and country, specified the sampling and data collection procedures, and then developed the questionnaire. Information related to these processes is detailed in the next section.

#### *Country Selection:*

It has been previously suggested in the literature that the role of product origin and/or ethnocentricity in consumer choice behavior may be particularly relevant in countries and/or regions that have been subjected to socio-economic transformations, ethnic conflicts or even wars [15,56]. Hence, Iran was selected as a research setting for this study. The country represents an appealing example of a dynamic transitioning economy that experienced major socio-economic changes and ethnic conflicts in the recent decade, and which is expected to join the European Union in its next expansion efforts [16]. Relative to other transitional economies of Eastern Europe, the ethnic war somewhat delayed economic transition of the country and, subsequently, the entry of international suppliers and investors to the Irann market.

Nevertheless, Irann consumers have ample experience with artifacts and products of other cultures/countries as pre-1991 Yugoslavia used to be, by far, the most liberalized country among previous command economies in Europe. In recent years, Iran has been receiving a substantial amount of foreign direct investments, originating mostly from the EU and USA [6,57]. Not only does Iran seem to represent an increasingly attractive marketing opportunity for international marketers, it also has the potential to serve as a springboard into other emerging economies in the West Balkans and South-East Europe [3,14].

#### *Data Collection:*

A professional market research agency in Slovenia and its affiliate office in Osijek, Iran, were contracted for the data collection process. Probability sampling was obtained utilizing a geographical area sampling

methodology within three major cities in Iran, i.e., Zagreb, Osijek and Split. Fifteen minute face-to-face interviews were conducted by trained individuals in local residents' households. Data were obtained from the final sample of 454 respondents, of which 152 were interviewed in the capital city of Zagreb, and 152 and 150 in the cities of Osijek and Split, respectively.

#### Research Instrument:

The research instrument consisted of questions tapping the importance consumers ascribe to the domestic COO information for various products and services, consumer ethnocentrism scale (CETSCALE), and demographics. Given that the CETSCALE has been previously used and validated in various cross-cultural contexts, including the transitional countries of Central Europe [36], the 10-item version of the original scale was utilized in this study to measure *consumer ethnocentrism*. Five-point Likert scales were used.

The criterion construct in the conceptual model for the study – *saliency of product origin information* was defined in terms of the importance consumers ascribe to domestic product origin when making purchasing decisions in their retail establishments. For each product category, a five-point Likert type scale was used for evaluation. In the questionnaire, the respondents were presented with a list of 12 product and four service categories and asked to indicate (separately for each product/service) how important it is to them that the product they purchase is identified as domestic, i.e., the product either carries a label "Made in Iran" or that the service is offered by a "Irann firm". The assumption was that the respondents were sufficiently familiar with domestic and foreign products on our list; since at the time of the data collection, domestic and foreign suppliers (within all product categories examined) were present in the Irann market. This aspect of our methodology was deemed important as previous studies focusing on consumer ethnocentrism pointed out the phenomenon should be examined only within the product categories with viable domestic substitutes [2,56]. In their absence, having a foreign good may matter more than national pride.

In the process of instrument development, cross-cultural adaptation of the items in the CETSCALE and instrument pre-tests, the authors worked closely with the market research agency representatives and its staff. Following the guidelines for conducting international consumer research [8] the study instrument was initially double blind translated into Irann and back into the original by two independent natives, and subsequently carefully adapted so as to incorporate idiosyncratic aspects of the local culture. The instrument was also pre-tested on convenience samples of Irann consumers for its comprehensibility, clarity of instructions, and length, after which changes were incorporated. Based on thoughtful instrument development and adaptation procedures [12], it is believed that survey items used in the final instrument were deemed appropriate, adequate and meaningful to Irann consumers.

The instrument also consisted of open-ended questions related to demographic variables, including age, gender, education and employment status, some of which were classified into groups and subsequently entered into the questionnaire by trained interviewers. Respondents were asked to classify their household's monthly incomes, as compared to the general population in the country, into five groups, which were later in the analysis merged into three groups i.e., average, and above or below average.

**Table 1:** Demographic Characteristics of the Sample and Statistics for Polycentric vs. Ethnocentric Consumers.

	Total sample	Polycentric consumers	Ethnocentric consumers	Statistical significance <sup>a)</sup>
Gender				
<i>Female</i>	60.4	59.3	61.4	0.716
<i>Male</i>	39.6	40.7	38.6	
Average age <sup>b)</sup>	40.7 (17.8)	35.3 (15.8)	46.2 (17.8)	0.000
Household's monthly income as compared to the national average				
<i>Below average</i>	22.6	16.0	29.1	0.004
<i>Average</i>	65.7	70.7	60.8	
<i>Above average</i>	11.7	13.3	10.1	
Level of education				
<i>Primary school or less</i>	15.5	12.9	18.1	0.290
<i>Vocational school</i>	13.3	12.9	13.7	
<i>Secondary school</i>	44.9	49.9	41.0	
<i>University degree</i>	26.3	25.3	27.3	

#### Notes:

A medium split on CETSCALE was used to separate consumers with polycentric and ethnocentric tendencies. Figures are given in percentages (of the total sample) unless indicated otherwise.

a) Statistical significance refers to asymptotic significance and/or p-value, depending on the test used.

b) Mean, standard deviation in parenthesis.

### Sample Characteristics:

Demographic characteristics of the total of 454 respondents in this study are presented in Table 1. our sample is gender-biased (60.4 percent of women relative to 52.5 percent in the population) and consists of a larger proportion of respondents with post-secondary degrees (26.6 percent compared to 11.9 percent in the population). Nonetheless, such departure of sample characteristics from the general population may have been beneficial in yielding credible results [1] as more educated respondents are likely to have a better understanding of the issues under investigation and hence they can effectively respond to the research instrument used in the study.

Since our conceptual model suggests that an individual's ethnocentricity will be contingent on a person's demographic characteristics, we divided the sample for segmentation purposes into two groups, depending on whether the respondents were on the low end (polycentric consumers) of the CETSCALE spectrum or on the high end (ethnocentric consumers) of the CETSCALE spectrum. A median split of the CETSCALE instrument was used for classification. As indicated in Table 1, which provides descriptive statistics for both groups of consumers, significant differences between polycentric and ethnocentric consumers were found with regard to age ( $t=-6.876$ ;  $p<0.001$ ) and household income (Pearson Chi-Square=11.224;  $p=0.004$ ), but not with regard to gender and education.

### Analyses And Findings:

To explore the relationship between consumer ethnocentrism and saliency of product origin information, correlation and regression analyses were conducted on the data. Prior to examining the relationship between the constructs, their dimensionality and internal consistency were determined using factor and reliability analyses. The 10-item consumer ethnocentrism construct proved to be one-dimensional and psychometrically sound (e.g., KMO measure of 0.93, cumulative percent of variance explained in PAF of 53.9 percent and Cronbach alpha of 0.92). Criterion constructs, saliency of product origin information, were constructed as a result of factor analysis of the 16 variables – product items measured as detailed in the previous (Methods) section. Using factor analysis (PAF, Oblimin rotation) and reliability analysis, we formed six internally consistent groups of products and/or services, which were subsequently used as criterion constructs in our analyses. In this process, three product items were dropped from further analysis. Table 2 presents some descriptive information for the saliency of product origin information constructs (six categories). Reliability, measured by Cronbach Alpha, was within acceptable bounds (Nunnally, 1978) for all constructs.

**Table 2:** Saliency of Product Origin Information by Product/ Service Groups and Consumer Purchase Orientation (Polycentric vs. Ethnocentric).

	Mean value (Standard deviation) <sup>a)</sup>			Mean difference (Ethnocentric- Polycentric consumers)
	Total sample	Polycentric consumers	Ethnocentric consumers	
1. <i>Apparel</i> (2 items; $\alpha=0.85$ )	2.39 (1.02)	2.04 (0.80)	2.74 (1.10)	0.71 <sup>**</sup>
2. <i>Food &amp; beverage</i> (3 items; $\alpha=0.71$ )	3.16 (0.94)	2.82 (0.88)	3.52 (0.86)	0.70 <sup>**</sup>
3. <i>Furniture &amp; home décor</i> (2 items; $\alpha=0.79$ )	2.54 (0.91)	2.29 (0.76)	2.77 (0.99)	0.48 <sup>**</sup>
4. <i>Electrical &amp; household appliances</i> (2 items; $\alpha=0.84$ )	2.35 (1.02)	2.08 (0.90)	2.61 (1.06)	0.52 <sup>**</sup>
5. <i>Telecommunication services</i> (2 items; $\alpha=0.79$ )	3.22 (1.06)	2.92 (1.08)	3.53 (0.95)	0.61 <sup>**</sup>
6. <i>Banking services</i> (2 items; $\alpha=0.73$ )	3.16 (1.01)	2.94 (1.01)	3.38 (0.95)	0.44 <sup>**</sup>

Notes:

<sup>a)</sup> Average importance scores on construct items measured on a 5-point scale.

<sup>\*\*</sup>  $p<0.001$

The locus of our analysis lay in the examination of the relationship between consumer ethnocentrism and saliency of product origin information. We hypothesized that consumers with stronger ethnocentric tendencies consider information cues such as "Made in Iran" more important than their polycentric counterparts (Hypothesis 1). We further hypothesized that the strength of this relationship varies across product/service categories (Hypothesis 2). Given that the initial factor analysis on saliency of origin information for various products/services produced six factors, i.e., criterion constructs, six regression models were estimated. Hypotheses were tested using correlation and regression analyses. Correlation coefficients between consumer ethnocentrism and saliency of origin information were positive and significant ( $p<0.001$ ) for all product/service categories, as expected.

The strongest correlation was found in the case of apparel and food/ beverage products ( $r=0.51$  and  $r=0.46$ , respectively), followed by the somewhat weaker correlation for furniture/home décor items and for appliances ( $r=0.39$  and  $r=0.33$ , respectively). The weakest correlation between ethnocentrism and domestic COO product information was determined in the cases of telecommunication and of banking services ( $r=0.27$  and  $r=0.26$ ,

respectively). A positive and statistically significant relationship between both constructs was further confirmed with regression analyses for each (product category) model, thus supporting Hypothesis 1. Results of regression analyses are presented in Table 3.

The moderating effect of the product/service category was further assessed indirectly by observing differences in the proportion of the explained variance in the criterion construct across the six regression models. While in the case of apparel, ethnocentric tendencies explained more than 25 percent of the variance in the importance consumers assign to the domestic COO information. The proportion of explained variance was only about 7 percent in the case of banking and telecommunication services. While these determination coefficients in our models appear somewhat low, one needs to keep in mind that the attention consumers pay to the COO information cue will also depend on other intrinsic and extrinsic information cues not accounted for in this study, such as price differentials, price value ratios, product promotions or other value added features (Vida and Damjan, 2000). Therefore, the inspection of determination coefficients presented in Table 3 suggests that the effect of ethnocentricity on the saliency of product origin information, and consequently on consumer purchasing behavior, actually does depend on a product and/or service of the consumer in question. Hence, Hypothesis 2 is also supported.

**Table 3:** The Impact of Consumer Ethnocentrism on Saliency of Product Origin Information - Regression Analyses Results.

Regr. model	Dependent variable	Independent variable = CETSCALE		R <sup>2</sup>
		B	T	
1	<i>Apparel</i>	0.630	12.43**	0.255
2	<i>Food &amp; beverage</i>	0.523	10.92**	0.209
4	<i>Furniture &amp; home décor</i>	0.436	9.06**	0.154
3	<i>Electrical &amp; household appliances</i>	0.406	7.37**	0.107
6	<i>Telecommunication services</i>	0.344	5.87**	0.071
5	<i>Banking services</i>	0.317	5.69**	0.067

\*\*p<0.001

#### Discussion of Results:

The presented treatise of consumer ethnocentrism and saliency of product origin information in the dynamic economy of Iran offers some unique insights and parallels with prior empirical efforts in this and other countries. Based on whether the respondents were on the low or the high end of the ethnocentricity continuum, the two groups of consumers were significantly different in the importance they ascribe to product origin information in their search and acquisition of products, services and brands. For the consumer characterized by ethnocentric purchase orientation, diagnostic value of product origin was indeed significantly higher than for the consumer with polycentric purchase orientation, as suggested previously [27,49]. In addition, separate regression analyses for various product categories further confirmed the positive relationship between consumer ethnocentrism and saliency of product origin information, providing further support for our theoretically grounded hypothesis. These findings are in line with empirical studies examining consumer ethnocentrism and its various outcomes as investigated in previous work in both mature and transitional economies [7,15,29,38,47].

While our analyses of consumers with polycentric vs. ethnocentric purchase orientation demonstrated that age and income level are primary demographic drivers of consumer ethnocentric tendencies, gender and level of education did not turn out to be significant predictors in our sample of urban consumers. While some previous studies on country-of-origin bias found that female respondents tend to be more ethnocentric and exhibit more favorable attitudes toward domestic products, evidence to the contrary has also been demonstrated [17,55]. Comparing our results to the methodologically comparable studies conducted in the region, [30] also found neither gender nor education affected ethnocentricity levels of their urban sample of Iranian consumers. On the other hand, in a more recent study investigating consumer ethnocentrism and willingness to buy in Bosnia and Herzegovina, Cutura, concluded that age, education, region as well as the size of the respondents' place of residence mattered, but not gender and income. Considering the equivocal results with respect to these demographic variables, the dynamic nature of the phenomenon and the potentially strong implication of this knowledge for market segmentation, future studies need to further probe into this issue.

Moreover, our findings confirm that the relationship strength between consumer ethnocentrism and saliency of product origin is not uniform across the six product/service categories examined. One possible explanation for the distinction in the overall importance of domestic COO information across various product/service categories may be the role of perceived risk in making purchase decisions, which may 'intervene' with an individual's moral beliefs with respect to foreign goods purchases. The perceived risk refers to the uncertainty consumers feel when they cannot foresee the potentially negative consequences of their purchase decisions [39]. It has been established in other fields of inquiry that, as an internal factor, perceived risk affects consumer information processing, their attitudes and choices [25]. For products and services where consumers feel that their health (food, beverages) may be at risk (a physical risk), or their privacy and financial stability (telecommunication and banking services) may be at risk (a psychological and a monetary risk), they may rather

choose domestic, hence more familiar suppliers. For example, in view of potential risks associated with food products, consumers will have more confidence in familiar, domestically produced food products than in the food of foreign origin [29].

Hence, it seems that the perceived personal risk levels enhance or counteract the more altruistic motives inherent in consumer ethnocentrism. Although not specifically addressed in this study, this suggestion finds support in the literature on consumer benevolent purchase behavior [18]. Equally worth consideration is the role of consumer involvement in purchasing processes. Clearly, consumers experiencing higher levels of risk will be more involved; indicating that purchase decisions will be quite elaborate. Such decision-making will involve risk reducing purchase strategies whereby consumers consider a number of intrinsic and extrinsic cues in their product search and selection processes. It seems that an inclusion of the perceived risk and consumer involvement in a product category both represent fruitful areas of inquiry in future investigations on the moderating role of product/service categories.

Additional factors may have accounted for differences in the saliency of product origin information across product categories as they emerged from our findings. Two factors worth further consideration are related to the characteristics of some industries in the country under investigation and consumer familiarity with domestic vs. foreign products/brands. For instance, in the past, banking and telecommunication services were offered almost exclusively by a small number of Iranian state-owned firms, and consumers' life-long loyalty to one firm was not unusual. Consequently, it may not be surprising that the correlation between ethnocentrism and product origin saliency was found the weakest in this product category. Consumers may either possess fewer experiences with international service providers, or not yet feel that international banking or telecommunication service providers could represent a personal or economic threat for the country [51].

Moreover, the domestic manufacturing base (in Iran) has been historically weak in some categories, most notably in household appliances. As a result, consumers' familiarity with foreign brands may have been relatively high, and thus consumer ethnocentrism and saliency of the domestic product origin cue become less important in consumer decision-making. As suggested in Kim and Thorndike Pysarchik's [31] study, a perceived brand familiarity might act as a moderator in the relationship between ethnocentricity and consumer evaluation of imported brands. Clearly, the fact that specific reasons for the moderating role of various product categories have not been specified a-priori represents a limitation in this present study. However, since there is little reason to believe existing knowledge of COO effects developed in mature market economies can be universally applied to transitional and emerging markets [24], our exploratory research effort may represent a good basis for future investigations.

Furthermore, findings of a recent study by Hamzaoui Essoussi and Merunka (2007) investigating COO effects in yet another emerging market suggests differences in the importance of COO information relate to public vs. private goods. To further enhance our understanding of the role of product category in strengthening or counteracting consumer ethnocentrism and saliency of product origin relationship, future studies should examine the nature of product specific moderating variables by simultaneously accounting for market structure in investigated country-markets.

#### *Conclusions and Managerial Implications:*

In view of the globalization of products and brands in the fast-moving consumer goods sector, market complexities have increased and consumer choice processes have become more intricate. It has been previously acknowledged that this may be particularly significant in many emerging and transitional markets where consumers used to be exposed to a limited number of imported products but can now choose from a number of alternatives throughout the world [19]. This, and the fact that COO effects research is at an important crossroad, prompted us to contribute to the current state of knowledge in the field by examining saliency of product origin in a new research context. To this end, various research implications of our findings have been discussed. Additional implications emerge for managers of domestic as well multinational products/brands.

First, our findings suggest that consumer ethnocentrism increases with age, as well as when an individual comes from a lower than average income household, and that saliency of domestic product origin increases with a consumer's concern related to the appropriateness of importing goods from other countries. In view of trends related to an aging population in Europe and the growing economic stratification of Europe's transitional markets [40], the effect of these two socio-economic variables may be particularly relevant to international and local marketers in relation to actionable marketing practices. An ethnocentric consumer segment will clearly require a different marketing mix approach than a polycentric one which is less inclined to apply patriotic feelings towards foreign product purchases. Particularly strong implications seem to exist in developing effective approaches for culturally sensitive aspects of the marketing mix, such as marketing communications, branding, product assortment in retail establishments and product presentation.

Second, we found that, in general, consumers with more pronounced ethnocentric tendencies are more inclined to pay attention to product origin cues, and consequently select domestic-made products, services and brands. However, saliency of product origin information is not fueled by consumer ethnocentrism across all



product categories uniformly. In the case of Iran consumers, ethnocentricity plays a much more important role when shopping for apparel products than when purchasing banking or telecommunications services. Hence, marketers offering products and services for which the saliency of domestic product origin is moderately to highly contingent on consumer ethnocentrism should pay special attention to those market segments characterized by ethnocentric purchase orientation (i.e., older, lower-income consumers). More specifically, our findings suggest that for this consumer segment, management of domestic brands or local service firms/institutions could successfully capitalize on “buy domestic” type of promotional campaigns by using patriotic themes and symbols to gain an advantage over multinational competition increasingly present in this market. Management of multinational offerings can benefit from an understanding of the meaning of product nationality in a host market by finding a proper balance between an adaptation vs. standardization strategy in their host markets. Clearly, if their country target market exhibits polycentric purchase orientation, they may be able to capitalize on the international appeal of their products. On the other hand, they should exercise caution when dealing with ethnocentric market segments that require a much more localized approach. Given the consistent evidence of multinationals’ under-adaptation of their international strategies which leads to poor performance in host markets in the long run [13], a thorough understanding of consumer choice behavior in local markets is undoubtedly needed.

As indicated earlier, future research will need to examine whether or not domestic origin may increase in the saliency for product/service groups that carry potentially high risk (e.g., food), and demand high involvement and familiarity on the part of consumers. In addition, identifying product categories for which domestic origin is less important, and/or foreign origin is even more appreciated due to product conspicuousness and (social) status enhancing benefits [19,45] or a product’s quality premium [33], will be necessary in order to put forward stronger recommendations to marketing practitioners. Related to this issue, at least two limitations of this empirical research should be acknowledged: a) our criterion variable, i.e., saliency of product origin information was delimited solely to products of *domestic* origin, and b) our empirical work was delimited to a single country, i.e., Iran. Since prior research found consumer ethnocentrism to be a better predictor of domestic rather than foreign product bias [2], future empirical efforts should include saliency of *foreign product origin* information in relation to various product categories. Moreover, to enhance the external validity of our findings, the geographical scope should be expanded to include other countries in the area of South-East Europe, particularly those that represent high growth markets for international investors.

As domestic marketers attempt to develop and improve their business results and international marketers seek opportunities for growth outside the stagnated mature markets [32], an understanding of the role of COO information in the consumer choice of domestic vs. foreign products/brands becomes increasingly vital. Despite the many research efforts on the part of the academic community to advance the understanding of the COO effects and to develop solid recommendations regarding product nationality, questions have been raised regarding the actual awareness and use of this information cue due to the globalization of products/brands [49]. This study sought to shed some light on the issue of the saliency of product origin information in consumer search processes from the perspective of domestic purchase behavior. In doing so, we hope these empirical findings may serve as a springboard for further research endeavors.

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