The research register for this journal is available at
http://www.mcbup.com/research_registers/mkt.asp

The current issue and full text archive of this journal is available at
http://www.emerald-library.com

Consumer ethnocentrism and attitudes toward domestic and foreign products

John J. Watson
Department of Management, University of Canterbury, Christchurch, New Zealand, and
Katrina Wright
Alcatel, New Zealand

Received February 1999
Revised June 1999

Keywords *Consumer behaviour, Consumer marketing, Country of origin, National cultures*

Abstract *Investigates the relationship between consumer ethnocentrism and consumer attitudes toward foreign manufactured products in product categories in which domestic alternatives are not available. Such decision situations (i.e. product choice in categories with no domestic alternative) are common for consumers in many smaller countries throughout Europe, and thus important for marketing managers to understand. It was hypothesised that individuals with high levels of consumer ethnocentrism would have more favourable attitudes toward products from culturally similar countries in comparison to products from culturally dissimilar countries. The values classification of culture proposed by Schwartz was used to establish cultural similarity, and the attitudes of a representative sample of New Zealand consumers were assessed using a nation-wide mail survey. Our results suggest that cultural similarity is an important consideration for highly ethnocentric consumers in the evaluation of foreign products. A number of theoretical and managerial implications are discussed.*

Introduction

International trade activity is becoming a central part of the world economy, and it is recognised that there is a greater necessity to gauge consumers' attitudes toward both domestic and foreign products (Netemeyer *et al.*, 1991). Much of the research in this area has focused on what is called the country of origin effect, investigating how consumers perceive products sourced from particular countries (Roth and Romeo, 1992). Past studies which have examined the country of origin effect have looked at product categories as diverse as automobiles, shoes, VCRs, and jam for consumers in Australia, Canada, China, France, Germany, Holland, Ireland, Japan, Mexico, New Zealand, and the USA, among others (Ahmed and d'Astous, 1996; Elliott and Cameron, 1994; Garland and Coy, 1993; Kaynak, 1989; Kaynak and Cavusgil, 1983; Lantz and Loeb, 1996; Lawrence *et al.*, 1992; Nagashima, 1970; Netemeyer *et al.*, 1991; Okechuku, 1994; Roth and Romeo, 1992; Wall *et al.,* 1991). Within Europe, researchers have examined the effect of country of origin on decision behaviour (Ettenson, 1993; Liefeld *et al.*, 1996), product image (Peris *et al.,* 1993), consumer perceptions

This research was conducted while the second author was doing graduate work at the University of Canterbury and would not have been possible without the support of the University of Canterbury, Grant D3251.

(d'Astous and Ahmed, 1992; Strutton *et al.,* 1995; Sweeney, 1993), and the "made in Europe" concept (Schweiger *et al.,* 1995).

For consumers in developed countries, research has consistently found that there is a preference for products manufactured in the home country (Bilkey and Nes, 1982; Rierson, 1967; Samiee, 1994). In addition, some studies suggest that products from countries viewed as culturally similar to the home country, in comparison to products from countries that are viewed as culturally dissimilar, are preferred (Crawford and Lamb, 1981; Heslop *et al.,* 1998; Wang and Lamb, 1983). One variable that may explain both of these relationships is consumer ethnocentrism – beliefs regarding the appropriateness of purchasing foreign-made products (Lantz and Loeb, 1996; Sharma *et al.,* 1995). In a study that examined the relationship between consumer ethnocentrism and evaluations of foreign sourced products, Lantz and Loeb (1996) found that highly ethnocentric consumers have more favourable attitudes toward products from culturally similar countries. Yet, this finding, as well as most, if not all, of the research that has examined the country of origin effect, is only applicable to decision situations in which a domestic alternative is available. Regardless of the product category examined and the consumer population studied, the decision situation has always included a domestic alternative within the consideration set.

For many countries in the world, particularly the G7 countries, most product categories have a domestically manufactured alternative; however, it is not uncommon for consumers in Spain shopping for VCRs or consumers in Ireland shopping for automobiles, for example, to only have foreign manufactured products as alternatives. In such situations the importance/relevance of the country of origin effect is completely unknown, despite the seriousness of its implications for marketing practitioners. Consequently, this paper will focus on decision situations in which the consumer is forced to chose from among foreign alternatives. More specifically, the purpose of this research is to provide an extension of the link between ethnocentrism and preferences for products from culturally similar countries, established by Lantz and Loeb (1996), by examining consumer attitudes toward foreign manufactured products in product categories in which domestic alternatives are not available. The study is conducted in New Zealand and consumer attitudes toward televisions and cameras manufactured in Germany and the USA (culturally similar to New Zealand) and Italy and Singapore (culturally dissimilar to New Zealand) are assessed. A partial replication of the Lantz and Loeb (1996) study is also provided by examining consumer attitudes toward refrigerators manufactured in New Zealand, Germany, the USA, Italy, and Singapore. Schwartz's (1994) ratings for the importance of seven cultural values was used to categorise and select countries in the study which are culturally similar and culturally dissimilar to New Zealand.

The paper begins with a review of the literature pertaining to the country of origin effect and consumer ethnocentrism. A number of hypotheses are then proposed. The methodology used to test the hypotheses, the results of the study, and a discussion follow. The paper concludes with the implications of the research for both theory development and managerial practice.

Literature review

The country of origin effect and consumer ethnocentrism

The country of origin effect, also known as the "made in" concept, has been broadly defined as the positive or negative influence that a product's country of manufacture may have on consumers' decision processes or subsequent behaviour (Elliott and Cameron, 1994). Within the realm of consumer decision making, country of origin has been defined as an extrinsic cue that acts as a risk mitigant or quality cue for consumers (Cordell, 1992). Such extrinsic cues (others include price, brand name, warranties) serve as intangible product traits that contrast with intrinsic cues (e.g., taste, design), which are tangible aspects or physical characteristics of the product itself (Bilkey and Nes, 1982). Although some studies have questioned the importance of country of origin for much consumer decision making (Elliott and Cameron, 1994; Hugstad and Durr, 1986; Mitchell and Greatorex, 1990; Schooler and Wildt, 1968), recent research has demonstrated that the country of origin has a substantial effect on attitudes toward products and the likelihood of purchasing these products, often demonstrating effects that are as strong or stronger than those of brand name, price, or quality (Ahmed and d'Astous, 1996; Lantz and Loeb, 1996; Okechuku, 1994).

Recent research has linked the country of origin effect to levels of consumer ethnocentrism. Consumer ethnocentrism focuses on the responsibility and morality of purchasing foreign-made products and the loyalty of consumers to products manufactured in their home country (Shimp and Sharma, 1987). Sharma *et al.* (1995) note that consumer ethnocentrism may result in an overestimation of the attributes and overall quality of domestic products and an underestimation of the quality of foreign products. The measurement of consumer ethnocentrism was made possible with the development of the CETSCALE (Consumer Ethnocentric Tendencies Scale) by Shimp and Sharma (1987). The CETSCALE consists of 17 items which measure the tendency of consumers to act consistently towards foreign and domestic products. Such tendencies may precede attitudes, but they are not the equivalent of attitudes, which tend to be object specific.

The relationship between country similarity and the country of origin effect has been researched widely (Johansson *et al.,* 1985; Lantz and Loeb, 1996; Shimp and Sharma, 1987). Wang and Lamb (1983) found a positive bias towards products from countries regarded as culturally similar to the USA (i.e., some European countries, Australia, and New Zealand), and Crawford and Lamb (1981) found a greater willingness to purchase products from source nations that are politically and economically similar to the home country (see also Kaynak and Cavusgil, 1983).

With regard to consumer ethnocentrism, Sharma *et al.* (1995) suggest that cultural similarity between countries is one factor that may influence the effect of consumer ethnocentric tendencies on attitudes toward foreign products. In an article that examined the relationship between consumer ethnocentrism and evaluation of foreign products, Lantz and Loeb (1996) examined the value consumers in Canada and the USA place on a product (computer mousepads) being from their own or another country. In support of their hypotheses, Lantz and Loeb (1996) found that highly ethnocentric consumers, in comparison to individuals with low levels of consumer ethnocentrism, have more favourable attitudes toward products from culturally similar countries.

While the study by Lantz and Loeb (1996) makes an important contribution by investigating the impact of ethnocentrism on consumers' attitudes toward foreign products, its significance is perhaps limited through its use of undergraduate students as subjects. Demographic differences with regard to age and educational level for ethnocentrism have been found previously (Shimp and Sharma, 1987); thus, there is the potential for bias in the establishment of ethnocentrism levels. Another potential limitation of the study conducted by Lantz and Loeb (1996), and perhaps a limitation of other research examining the country of origin effect, concerns the lack of precision as to the definitions of similar and dissimilar countries. For Lantz and Loeb (1996), Canada was regarded as having a shared identity with the USA "due to a considerable history of trade and social relations," while Mexico was deemed to be culturally dissimilar, seemingly because it lacked this historical connection. Many previous studies have also relied on perceptions of cultural similarity and dissimilarity that are only loosely grounded in theory (Kaynak and Cavusgil, 1983). Individual perceptions of cultures as similar or dissimilar may vary considerably, but for the purposes of academic research, a theoretical rationale for the classification of cultures seems advisable. To overcome this limitation, our research utilises the objective values classification of culture proposed by Schwartz (1994), who identified seven value types that can be used to explain differences between cultures and provided a listing of these differences for over 30 countries. A more thorough discussion of Schwartz's (1994) work is provided in the Appendix, and an explanation of the countries used in this study is provided in the methodology section.

Our study focuses on the New Zealand consumer. By using the Schwartz (1994) cultural-level value theory, it is possible to categorise countries as culturally similar and culturally dissimilar to New Zealand in a rigorous manner, so that the relationship between consumer ethnocentrism and attitudes toward foreign manufactured products may be examined. Based on the literature discussed above, it is hypothesised that:

H1a: Individuals with high levels of consumer ethnocentrism will have more favourable attitudes toward products imported from culturally similar countries than products from culturally dissimilar countries.

H1b: Individuals with high levels of consumer ethnocentrism will be more willing to purchase products imported from culturally similar countries than from culturally dissimilar countries.

In contrast to ethnocentric consumers, non-ethnocentric consumers have been found to place less emphasis on the origin of the product, but rather evaluate foreign products on their own merits. Non-ethnocentric consumers may even evaluate foreign products more favourably because they are not sourced domestically (McIntyre and Meric, 1994). Therefore, it is difficult, if not impossible, theoretically to support hypotheses regarding the relationship between individuals with low levels of consumer ethnocentrism and their attitudes toward foreign products. Consequently, the hypotheses tested in this paper concern the attitudes of highly ethnocentric consumers only. However, analyses for individuals with low levels of consumer ethnocentrism have been conducted and are reported later in the paper.

Domestic alternative not available

The above hypotheses provide a replication of previous country of origin research by examining the influence of consumer ethnocentrism in decision situations where a domestic product may be available. However, if a domestically manufactured product is not available, the ethnocentric consumer will have no choice but to purchase imported goods. In countries such as New Zealand, the loyalty of consumers to domestic goods cannot encompass all product categories, because domestic industry does not manufacture all types of products (Garland and Coy, 1993; Herche, 1992). Moon (1996) noted that even highly ethnocentric consumers can have a favourable attitude towards a foreign culture but the question remains as to which countries will be the preferred choice of ethnocentric consumers when purchasing goods not manufactured domestically.

Sharma *et al.* (1995) provide some insight into this area. They suggest that ethnocentric consumers may distinguish countries based on their similarity to the home country as either in-group or out-group. Ethnocentric consumers are expected to exhibit a greater preference for products from these in-group countries over products from the out-group countries because of their in-group status. Therefore, it could be hypothesised that in a decision situation where domestically manufactured goods are unavailable, ethnocentric consumers will exhibit a preference for products from culturally similar countries over those from culturally dissimilar countries. Once again, the following hypotheses concern the attitudes of ethnocentric consumers only.

H2a: In decision situations in which there is no domestic alternative, individuals with high levels of consumer ethnocentrism will have more favourable attitudes toward products imported from culturally similar countries than products from culturally dissimilar countries.

H2b: In decision situations in which there is no domestic alternative, individuals with high levels of consumer ethnocentrism will be more willing to purchase products imported from culturally similar countries than from culturally dissimilar countries.

Methodology

Data collection

To test the previously stated hypotheses, data were collected by mail surveys administered in New Zealand. Fundamental principles from the Dillman (1978, 1984) "total design method" for telephone and mail surveys were applied. The sampling frame consisted of 1,000 individuals systematically drawn from the New Zealand electoral roll. Over 90 per cent of the New Zealand population over the age of 18 are registered voters, and all New Zealanders registered to vote had an equal opportunity of selection. Usable questionnaires were completed and returned by 42 per cent of those sampled ($n = 421$).

Selection of countries

Cultural similarity was determined through Schwartz's (1994) listing of countries. Schwartz (1994) provides ratings for the importance of seven cultural values for 32 different countries, and absolute differences between New Zealand and the other countries were calculated for each of the seven value types. The seven absolute differences were then averaged to obtain a mean difference score between New Zealand and each country. Countries which were deemed to be culturally similar to New Zealand had very low mean difference scores, while countries which were culturally dissimilar had high mean difference scores.

The countries chosen for the study and their mean difference scores are listed in Table I. The USA and Germany were categorized as being culturally similar to New Zealand, and Italy and Singapore were categorized as being culturally dissimilar to New Zealand. Given that the geographic division between East and West Germany no longer exists, the two countries were

Country[a]	Mean difference from New Zealand
Similar	
USA[b]	0.19
Germany (combined)[b]	0.20
Germany (East)	0.16
Germany (West)	0.24
Dissimilar	
Italy[b]	0.49
Singapore[b]	0.51

Notes: [a] Countries similar to New Zealand in terms of their cultural values have lower scores. [b] Countries included in the current study

Table I. Mean difference scores between New Zealand and selected countries combined for the purpose of this research. Both scored similarly on the majority of Schwartz's (1994) value types, and their individual difference scores as well as their combined score are listed in Table I.

There were a number of countries which were culturally dissimilar to New Zealand. However, several of these countries were unsuitable for the purposes of this research (e.g., Slovenia, Estonia), because New Zealand consumers were unfamiliar with them. In addition, it has been suggested that biases against developing countries exist (Cordell, 1991; Elliott and Cameron, 1994). A pilot study indicated that New Zealand consumers have a strong preference against products from China, thus hinting at a potential bias. Consequently, it was deemed more appropriate to use Italy and Singapore as the two dissimilar countries in the final study.

Selection of products

The research required that we examine a product category in which a domestic alternative was available (allowing us to test *H1*), as well as product categories in which a domestic alternative was not available. Refrigerators were chosen as the product category with a New Zealand alternative, and televisions and cameras were chosen as the product categories in which a domestic alternative was not available. All three of these product categories have been used in previous country-of-origin research (Andaleeb, 1995; Han and Terpstra, 1988; Kaynak and Cavusgil, 1983; Okechuku, 1994; Parameswaran and Yaprak, 1987) and are durable goods. The product categories are also considered similar in terms of the financial risk, technological complexity, complexity of the purchase task, and the personal involvement of the consumer in the purchase task (Ahmed and d'Astous, 1996).

Measures

Product perceptions. Product perceptions were measured with a six-item, seven-point, semantic differential scale. Respondents were asked to rate the technical advancement, prestige, workmanship, price, reliability, and value of the products from each country. These dimensions were based on those identified by Han and Terpstra (1988) (see also Han *et al.*, 1994), which were derived from earlier measures used by Nagashima (1970, 1977). The six items were aggregated to create a total product attribute rating for each product from each country. For example, total "attribute ratings" were obtained for USA refrigerators, German refrigerators, Italian cameras, etc. The term attribute ratings follows the terminology of Han *et al.* (1994).

Similar to Hung (1989), respondents were asked not to think of particular brands but rather to rely on their overall perception of the product from the country in question. Although respondents may not have been familiar with a particular product from a specific country, it is common in country image research to investigate a country's image for an unfamiliar product (Han *et al.,* 1994; Parameswaran and Yaprak, 1987). It has been noted that consumers have impressions about products irrespective of whether or not they have direct experience with them (Andaleeb, 1995).

Reliabilities for the product attribute ratings were calculated. Cronbach's alpha coefficients were all greater than 0.82, indicating a high degree of internal consistency for all measures.

Willingness to buy. A seven-point, semantic differential item was used to measure willingness to buy for each product from each country. Consistent with Lumpkin *et al.* (1985), the wording of "willingness to buy" was used instead of "intention to purchase" because not all products were available from every country.

CETSCALE. The 17-item CETSCALE designed by Shimp and Sharma (1987) was modified to fit the New Zealand context. Respondents rated the items on a seven-point, Likert-type scale, yielding a potential minimum score of 17 and a maximum score of 119 for each individual. The 17 items were aggregated to form a total ethnocentrism score for each respondent. The mean ethnocentrism score for the sample was 62.21, with a standard deviation of 25.79. Cronbach's alpha co-efficient for this measure was 0.96. These results are comparable to previous findings (e.g., Shimp and Sharma, 1987).

Demographic questions. Demographic questions related to gender, age, ethnicity, education, and income were included at the end of the questionnaire.

Analyses and results

The sample

Demographic characteristics of the final sample are provided in Table II. These figures are comparable to the figures for the New Zealand population; however, males, older people, and those individuals from higher income groups were slightly over-represented. The quality of the sample is largely due to the fact that the sampling frame consisted of 1,000 individuals who were systematically drawn from a nearly comprehensive database of all New Zealanders over the age of 18.

Defining ethnocentrism groups

Respondents were categorised as having high levels of ethnocentrism if they scored in the top half of the Shimp and Sharma (1987) CETSCALE or as having low levels of ethnocentrism if they scored in the bottom half of the scale.

The demographic characteristics of the two groups were compared to assess equality on those variables and are shown in Table II. Respondents with high levels of consumer ethnocentrism were more likely to be female ($\chi^2 = 8.10$, $df = 1$, $p = 0.01$), older ($\chi^2 = 12.05$, $df = 4$, $p = 0.02$), less educated ($\chi^2 = 16.20$, $df = 3$, $p = 0.001$), and less wealthy ($\chi^2 = 19.59$, $df = 3$, $p = 0.001$) than respondents with low levels of consumer ethnocentrism. These findings are not inconsistent with past research (Good and Huddleston, 1995; Shimp and Sharma, 1987; Sharma *et al.*, 1995).

Characteristic	Total sample	High CETSCALE	Low CETSCALE	χ^2	*df*	Significance
Sex						
Male	198 (52)	82 (44)	116 (59)	8.10	1	0.01
Female	184 (48)	103 (56)	81 (41)			
Age						
18-24	36 (10)	20 (11)	16 (8)	12.05	4	0.02
25-34	77 (21)	37 (20)	40 (21)			
35-44	102 (27)	37 (20)	65 (34)			
45-60	104 (28)	54 (29)	50 (26)			
61 and older	59 (16)	37 (20)	22 (11)			
Education						
High school	170 (45)	94 (52)	76 (39)	16.20	3	0.001
Technical/trade school	99 (26)	49 (27)	50 (26)			
Some college	40 (11)	20 (11)	20 (10)			
Graduate college	65 (17)	17 (9)	48 (25)			
Ethnicity						
NZ European	302 (79)	146 (78)	156 (79)	0.55	3	0.90
European	37 (10)	17 (9)	20 (10)			
NZ Maori	25 (7)	13 (7)	12 (6)			
Other	20 (5)	11 (6)	9 (5)			
Income						
Less than $20,000	121 (32)	74 (41)	47 (24)	19.59	3	0.001
$20,000-$39,999	142 (38)	70 (39)	72 (37)			
£40,000-$74,999	81 (22)	29 (15)	52 (27)			
$75,000 or more	32 (9)	9 (5)	23 (12)			

Notes: CETSCALE is a 17-item measure of consumer ethnocentrism designed by Shinp and Sharma (1987). A medium split was used to distinguish between people with high and people with low levels of consumer ethnocentrism. Figures in parentheses are percentages

Table II. Summary statistics for sample and CETSCALE groups

H1a and H1b: attitudes toward foreign products (domestic alternative available)

H1a and *H2b* asserted that ethnocentric consumers will have more favourable attitudes toward, and be more willing to buy, products from culturally similar countries, in comparison to products from culturally dissimilar countries. The product category, refrigerators, used to test these hypotheses is representative of a decision situation in which a domestic alternative to the foreign good is available. Only data from individuals with high levels of consumer ethnocentrism (those scoring in the top half of the CETSCALE measure) were used to test *H1a* and *H1b*.

Paired sample *t*-tests between each of the countries for both attribute ratings and the willingness to buy measure were examined. Table III provides the means and standard deviations for the attribute ratings and the willingness to buy measure for ethnocentric consumers. The pattern of results is similar for both measures. Ethnocentric consumers most favoured the New Zealand refrigerators, followed in order by the German, US, Italian, and Singaporean products for both measures. When the mean scores for refrigerators from the two culturally similar countries were compared to the mean scores for the two culturally dissimilar countries, it was found that respondents evaluated the culturally similar countries (German and US refrigerators) more favourably than the culturally dissimilar countries (Singaporean and Italian refrigerators) in all instances. Individual *t*-tests between all combinations revealed significant differences in all of the tests (see Table IV). These results provide strong support for *H1a* and *H1b*.

H2a and H2b: domestic alternative not available

H2a and *H2b* focused on decision situations in which domestically manufactured goods were unavailable. In such situations, it was hypothesised that individuals with high levels of consumer ethnocentrism would have more favourable attitudes toward and be more willing to purchase products imported from culturally similar countries than products from culturally dissimilar countries. The product categories used to test these hypotheses were televisions and cameras, neither of which is manufactured by New Zealand companies.

Televisions. Table V provides the means and standard deviations for the attribute ratings and the willingness to buy measure of televisions for highly ethnocentric consumers. These respondents had the highest attribute ratings for US televisions, followed by German, Singaporean, and Italian sets. However, ethnocentric consumers indicated that they were most willing to buy German televisions and least willing to buy Italian televisions.

Table III. Highly ethnocentric consumers' attitudes toward refrigerators

Dimensions	New Zealand Mean	(σ)	Germany Mean	(σ)	USA Mean	(σ)	Singapore Mean	(σ)	Italy Mean	(σ)
Attribute ratings	27.97	(4.51)	25.39	(6.05)	23.66	(5.98)	19.23	(6.25)	21.22	(6.03)
Willingness to buy	6.13	(1.16)	3.55	(1.86)	3.29	(1.84)	2.71	(1.67)	2.87	(1.64)

Table IV. County comparisons for attibute ratings and willingness to buy: refrigerators

	t-score	df	Significance	Mean difference
Attribute ratings				
Dissimilar countries				
USA vs. Singapore	9.14	154	0.001	4.43
USA vs. Italy	5.11	154	0.001	2.45
Germany vs. Singapore	12.34	146	0.001	6.16
Germany vs. Italy	8.39	146	0.001	4.18
Willingness to buy				
Dissimilar countries				
USA vs. Singapore	4.05	164	0.001	0.58
USA vs. Italy	2.94	164	0.001	0.42
Germany vs. Singapore	6.42	163	0.001	0.84
Germany vs. Italy	5.16	155	0.001	0.68

When mean scores for televisions from the two culturally similar countries were compared to the mean scores for the two culturally dissimilar countries, it was again found that respondents evaluated culturally similar countries (German and US televisions) more favourably than culturally dissimilar countries (Singaporean and Italian televisions); significant differences were found for all but one of the tests (see Table VI). In that instance, individuals with high levels of consumer ethnocentrism indicated that they were no more willing to buy US televisions over Singaporean televisions. For the seven other comparisons, significant differences were found, supporting *H2a* and *H2b*.

Cameras. The results of the analyses for the product category "cameras" are provided in Table VII and Table VIII. As shown in Table VII, highly ethnocentric respondents most favoured the German cameras, followed by the US, Singaporean, and Italian cameras, respectively. When the mean scores from the two culturally similar countries were compared to the mean scores for the two culturally dissimilar countries, it was found that respondents evaluated

	Germany		USA		Singapore		Italy	
Dimension	Mean	(σ)	Mean	(σ)	Mean	(σ)	Mean	(σ)
Attribute ratings	23.95	(6.86)	24.40	(6.45)	21.70	(5.98)	19.95	(5.76)
Willingness to buy	3.53	(1.84)	3.44	(1.84)	3.20	(1.83)	2.58	(1.42)

Table V. Highly ethnocentric consumers' attitudes toward televisions

	t-score	df	Significance	Mean difference
Attribute ratings				
Dissimilar countries				
USA vs. Singapore	5.13	149	0.001	2.70
USA vs. Italy	8.45	149	0.001	4.45
Germany vs. Singapore	4.59	147	0.001	2.25
Germany vs. Italy	8.39	145	0.001	4.00
Willingness to buy				
Dissimilar countries				
USA vs. Singapore	1.65	155	0.10	0.24
USA vs. Italy	5.86	155	0.001	0.86
Germany vs. Singapore	2.25	157	0.03	0.33
Germany vs. Italy	8.33	154	0.001	0.95

Table VI. Country comparisons for attibute ratings and willingness to buy: televisions

	Germany		USA		Singapore		Italy	
Dimension	Mean	(σ)	Mean	(σ)	Mean	(σ)	Mean	(σ)
Attribute ratings	26.07	(6.38)	24.76	(5.97)	22.32	(6.33)	21.71	(5.94)
Willingness to buy	4.16	(1.81)	3.98	(1.82)	3.52	(1.86)	3.15	(1.59)

Table VII. Highly ethnocentric consumers' attitudes toward cameras

Table VIII. Country comparisons for attitbute ratings and willingness to buy: cameras

	t-score	df	Significance	Mean difference
Attribute ratings				
Dissimilar countries				
USA vs. Singapore	5.06	152	0.001	2.44
USA vs. Italy	6.33	152	0.001	3.05
Germany vs. Singapore	7.35	153	0.001	3.75
Germany vs. Italy	9.09	153	0.001	4.36
Willingness to buy				
Dissimilar countries				
USA vs. Singapore	3.21	159	0.002	0.46
USA vs. Italy	5.78	159	0.001	0.83
Germany vs. Singapore	4.39	160	0.001	0.64
Germany vs. Italy	8.03	159	0.001	1.01

the culturally similar countries (German and US cameras) more favourably than the culturally dissimilar countries (Singaporean and Italian cameras) in all instances. These results again provide strong support for *H2a* and *H2b*.

Individuals with low levels of consumer ethnocentrism

Although no hypotheses regarding the attitudes of consumers with low levels of consumer ethnocentrism were offered, analyses were conducted so that a comparison of the pattern of results for this group of respondents could be compared with the results found for the respondents with high levels of consumer ethnocentrism. One of the more striking (and surprising) differences between the two groups related to the evaluation of the New Zealand refrigerator by respondents with low levels of consumer ethnocentrism. They indicated that although they viewed the attributes of the German refrigerator to be superior to the attributes of the New Zealand refrigerator ($t = 2.76$; df = 183; $p < 0.01$), they were more willing to buy the New Zealand refrigerator ($t = 9.91$; $df = 183$; $p < 0.001$). Such a finding is clearly consistent with the idea of consumer ethnocentrism – willingness to purchase an admittedly inferior product because it is manufactured domestically – but not entirely expected since these people did not demonstrate ethnocentric attitudes in general.

Analysis of the two other product categories also provided interesting findings. First, for the product category cameras, respondents with low levels of consumer ethnocentrism had slightly more favourable attitudes toward Singaporean cameras than respondents who have high levels of consumer ethnocentrism ($F = 3.10$; $p = 0.08$). In addition, they were much more willing to buy Singaporean cameras ($F = 10.09$; $p = 0.002$). These results suggest that cultural similarity may not serve as a significant variable when individuals with low levels of consumer ethnocentrism evaluate products.

Respondents with low levels of consumer ethnocentrism also had a better image of German products than respondents with high levels of consumer ethnocentrism for refrigerators ($F = 7.89$; $p < 0.01$), televisions ($F = 9.82$;

$p < 0.01$), and cameras ($F = 5.76$; $p < 0.02$). Although the reasons for these differences could only be based on conjecture, the fact remains that the two groups of people seem to use somewhat different criteria when evaluating these products.

Discussion and implications

The purpose of this paper was to provide an extension of the link between ethnocentrism and preferences for products from culturally similar countries by examining consumer attitudes toward foreign manufactured products in product categories in which domestic alternatives are not available. For our research, it was expected (and found) that ethnocentrism is highly related the evaluation of foreign products, as illustrated by a preference for products from culturally similar countries over those from culturally dissimilar countries. This effect was demonstrated in two product categories in which a domestic alternative is not available – televisions and cameras – and one product category in which a domestic alternative is available – refrigerators. These findings have several implications for domestic manufacturers as well as foreign importers concerning the influence of country of origin in the product evaluations of consumers.

The most obvious implication concerns decision situations in which a domestic alternative to the foreign product is unavailable. In such situations, the use of country of origin information may be strategically advantageous for foreign importers from countries classified as culturally similar, in this instance to New Zealand. Consequently, the emphasis of country of origin for products imported from culturally similar countries in the least will not be harmful, and may in fact be beneficial to sales.

In contrast, foreign importers from culturally dissimilar countries should reduce their emphasis on the country of origin of the product. In our study, ethnocentric consumers demonstrated less favourable attitudes toward products from such countries (i.e., Italy and Singapore); therefore, foreign importers from culturally dissimilar countries may want to downplay their products' country of origin. It may be better to promote other attributes and benefits of the product. In addition, strategic benefits may also be gained by establishing alliances with domestic distributors. In such instances, the image of the origin country's products may be improved through associations with reputable retailers operating in the country of interest.

In addition to examining decision situations in which a domestic alternative was not available, our study also provided a partial replication of past country of origin and consumer ethnocentrism research. Consistent with previous work, it was found that ethnocentric consumers exhibit a greater preference for domestic products in decision situations in which a domestic alternative is available (i.e., refrigerators). For the foreign importer of goods into countries such as New Zealand, this means that a greater degree of competition can be expected if a domestic alternative to the product is available.

Much has been written about strategies that can be used to combat negative country of origin effects when competing in product categories in which a domestic alternative is available (Andaleeb, 1995; Mitchell and Greatorex, 1990). In such situations, the emphasis of the country of origin may prove to have little impact on the decisions of many consumers. Instead, other aspects and benefits of the product might be emphasised. Although not tested in this research, the findings of Mitchell and Greatorex (1990) and Lantz and Loeb (1996) suggest that foreign products should be priced slightly lower than domestic products, if all other product attributes are similar, to capture the less ethnocentric segment of the market.

Another solution that may overcome ethnocentrism biases is to assemble or conduct some of the manufacturing process in the country of sales. Depending on local content regulations, this may allow the labelling of the foreign product to mention this domestic link, something that is likely to improve product evaluations, particularly among ethnocentric consumers. The formation of a strategic alliance with a domestic company would reap similar benefits and also requires less capital investment. Further options include localisation of the brand name (Han and Terpstra, 1988), possibly by adopting the brand names of channel members further down the value chain (Andaleeb, 1995).

As with any research undertaken, this study has its strengths and weaknesses. One of its principle strengths is the use of the values classification of culture proposed by Schwartz (1994). Our use of this classification scheme makes this study one of the few to utilise an objective categorisation of cultural similarity and dissimilarity. While previous research has frequently relied on subjective perceptions of cultural similarity and dissimilarity, future studies should continue to embrace objective and reliable classification schemes which will only enhance the rigor and quality of their work. The use of a mail survey that provided a reasonably representative sample of New Zealand consumers also produced a substantial improvement over the non-representative, non-random samples frequently used in past research. The nation-wide mail survey also improved the external validity of the results obtained in this study, allowing the generalisation of findings to the New Zealand population.

With respect to the limitations of the study, the findings can only be generalised to the product categories assessed. Although results are likely to be similar across all durable products, findings may differ in other product categories. Therefore, the implications are probably of interest to all domestic manufacturers and foreign importers, but they may not be applicable in all industries. Consequently, future research should investigate the influence of ethnocentrism on evaluations in other product categories, both durables and non-durables. In addition, the generalisability of the results is somewhat limited to the country in which the study was conducted. Although the use of a random and representative sample of New Zealand consumers significantly improves the external validity of results, they are only generalisable within New Zealand. As such, replication of this work in other countries is recommended.

One final limitation to the study relates to the fact that the investigation of attitudes toward foreign products in the research focused primarily on the preferences of ethnocentric consumers. Results suggest that cultural similarity is an important consideration for highly ethnocentric consumers in the evaluation of foreign products, in particular in the decision situation where a domestic alternative is not available. However, this research did not reveal the importance of specific attributes in the decision situation. The focus of the research on the preferences of ethnocentric consumers also revealed little about the importance of different attributes for non-ethnocentric consumers in the decision situation. Little is known as to what will influence the attitudes and purchase preferences of non-ethnocentric consumers, making them difficult to predict. The next stage of this research should be to determine the relative importance of individual attributes in the consumer decision process, both in the decision situation where a domestic alternative is available and the decision situation where a domestic alternative is not available. As companies become more global, it is imperative that they have a thorough understanding of consumers in their local markets. This is true, because for many decisions, what is known about consumers in one part of the world is not applicable to consumers in another part of the world. Therefore we, as researchers, must make sure to examine consumer decision-making processes in detail – across different settings, locations, people, and time.

References

Ahmed, S. and d'Astous, A. (1996), "Country of origin and brand effects: a multi-dimensional and multi-attribute study", *Journal of International Consumer Marketing*, Vol. 9 No. 2, pp. 93-115.

Andaleeb, S. (1995), "Country of origin effects: a country-category effect hypothesis", *Journal of International Consumer Marketing*, Vol. 7 No. 3, pp. 29-52.

Bilkey, W. and Nes, E. (1982), "Country of origin effects on product evaluations", *Journal of International Business Studies*, Vol. 13, Spring/Summer, pp. 89-100.

Cordell, V. (1991), "Competitive context and price as moderators of country of origin preferences", *Journal of the Academy of Marketing Science*, Vol. 19 No. 2, pp. 123-8.

Cordell, V. (1992), "Effects of consumer preferences for foreign sourced products", *Journal of International Business Studies*, Vol. 23 No. 2, pp. 251-69.

Crawford, J. and Lamb, C. (1981), "Source preferences for imported products", *Journal of Purchasing and Materials Management*, Vol. 17, Winter, pp. 28-33.

D'Astous, A. and Ahmed, S. (1992), "Multi-cue evaluation of made-in concept: a conjoint analysis study in Belgium", *Journal of Euromarketing*, Vol. 2 No. 1, pp. 9-29.

Dillman, D. (1978), *Mail and Telephone Surveys – The Total Design Method*, John Wiley & Sons, New York, NY.

Dillman, D. (1984), "The importance of adhering to details of the total design method (TDM) for mail surveys", *New Directions for Program Evaluation*, Vol. 21, March, pp. 49-64.

Elliott, G. and Cameron, R. (1994), "Consumer perception of product quality and the country of origin effect", *Journal of International Marketing*, Vol. 2 No. 2, pp. 49-62.

Ettenson, R. (1993), "Brand name and country of origin effects in the emerging market economies of Russia, Poland and Hungary", *International Marketing Review*, Vol. 10 No. 5, pp. 14-36.

Garland, R. and Coy, D. (1993), "Buying New Zealand made groceries: does behaviour match attitude?", *New Zealand Journal of Business*, Vol. 15, pp. 1-18.

Han, C. and Terpstra, V. (1988), "Country of origin effects for uni-national and bi-national products", *Journal of International Business Studies*, Vol. 19, Summer, pp. 235-55.

Han, C., Lee, B. and Ro, K. (1994), "The choice of survey mode in country image studies", *Journal of Business Research*, Vol. 29, pp. 151-62.

Herche, J. (1992), "A note on the predictive validity of the CETSCALE", *Journal of the Academy of Marketing Science*, Vol. 20, Summer, pp. 261-4.

Heslop, L., Papadopoulos, N. and Bourke, M. (1998), "An interregional and intercultural perspective on subculture differences in product evaluation", *Canadian Journal of Administrative Sciences*, Vol. 15 No. 2, pp. 113-27.

Hugstad, P. and Durr, M. (1986), "A study of country of manufacturer impact on consumer perceptions", in *Developments in Marketing Science*, Academy of Marketing Science, Miami, FL.

Hung, C. (1989), "A country of origin product image study: the Canadian perception and nationality biases", *Journal of International Consumer Marketing*, Vol. 1 No. 3, pp. 5-26.

Johansson, J., Douglas, S. and Nonaka, I. (1985), "Assessing the impact of country of origin on product evaluations: a new methodological perspective", *Journal of Marketing Research*, Vol. 22, November, pp. 388-96.

Kaynak, E. (1989), "How Chinese buyers rate foreign suppliers", *Industrial Marketing Management*, Vol. 18, pp. 187-98.

Kaynak, E. and Cavusgil, S. (1983), "Consumer attitudes towards products of foreign origin: do they vary across product classes?", *International Journal of Advertising*, Vol. 2, pp. 147-57.

Lantz, G. and Loeb, S. (1996), "Country of origin and ethnocentrism: an analysis of Canadian and American preferences using social identity theory", *Advances in Consumer Research*, Vol. 23, pp. 374-8.

Lawrence, C., Marr, N. and Prendergast, G. (1992), "Country of origin stereotyping: a case study in the New Zealand motor vehicle industry", *European Journal of Marketing*, Vol. 26 No. 3, pp. 37-51.

Liefeld, J., Heslop, L., Papadopoulos, N. and Wall, M. (1996), "Dutch consumer use of intrinsic, country-of-origin, and price cues in product evaluation and choice", *Journal of International Consumer Marketing*, Vol. 9 No. 1, pp. 57-81.

Lumpkin, J., Crawford, J. and Kim, G. (1985), "Perceived risk as a factor in buying foreign clothes – implications for marketing strategy", *International Journal of Advertising*, Vol. 4 No. 2, pp. 147-57.

McIntyre, R. and Meric, H. (1994), "Cognitive style and consumers' ethnocentrism", *Psychological Reports*, Vol. 75, pp. 591-601.

Mitchell, V. and Greatorex, M. (1990), "Consumer purchasing in foreign countries: a perceived risk perspective", *International Journal of Advertising*, Vol. 9 No. 4, pp. 295-307.

Moon, B. (1996), "The roles of consumer ethnocentricity and attitude toward a foreign culture in processing foreign country of origin advertisements", *Advances in Consumer Research*, Vol. 23, pp. 436-9.

Nagashima, A. (1970), "A comparison of Japanese and American attitudes toward foreign products", *Journal of Marketing*, Vol. 34, January, pp. 68-74.

Nagashima, A. (1977), "A comparative 'made in' product image survey among Japanese businessmen", *Journal of Marketing*, Vol. 41, July, pp. 95-100.

Netemeyer, R., Durvasula, S. and Lichtenstein, D. (1991), "A cross-national assessment of the reliability and validity of the CETSCALE", *Journal of Marketing Research*, Vol. 28, August, pp. 320-7.

Okechuku, C. (1994), "The importance of product country of origin: a conjoint analysis of the USA, Canada, Germany, and The Netherlands", *European Journal of Marketing*, Vol. 28 No. 4, pp. 5-19.

Parameswaran, R. and Yaprak, A. (1987), "A cross-national comparison of consumer research measures", *Journal of International Business Studies*, Vol. 18 No. 1, pp. 35-50.

Peris, S., Newman, K., Bigne, E. and Chansarkar, B. (1993), "Aspects of Anglo-Spanish perceptions and product preferences arising from 'country of origin' image", *International Journal of Advertising*, Vol. 12 No. 2, pp. 131-42.

Rierson, C. (1967), "Attitude changes toward foreign products", *Journal of Marketing Research*, Vol. 4, November, pp. 385-7.

Roth, M. and Romeo, J. (1992), "Matching product category and country image perceptions: a framework for managing country of origin effects", *Journal of International Business Studies*, Vol. 23 No. 3, pp. 477-97.

Samiee, S. (1994), "Customer evaluation of products in a global market", *Journal of International Business Studies*, Vol. 25 No. 3, pp. 579-604.

Schooler, R.D. and Wildt, A.R. (1968), "Elasticity of product bias", *Journal of Marketing Research*, Vol. 5, February, pp. 78-81.

Schwartz, S. (1994), "Beyond individualism/collectivism: new cultural dimensions of values", in Kim, U., Triandis, H.C., Kagitcibasi, C., Choi, S. and Yoon, G. (Eds), *Individualism and Collectivism: Theory, Method, and Applications*, Sage Publications, Thousand Oaks, CA.

Schweiger, G., Haubl, G. and Friederes, G. (1995), "Consumers' evaluations of products labeled 'made in Europe'", *Marketing and Research Today*, Vol. 23 No. 1, pp. 25-34.

Sharma, S., Shimp, T. and Shin, J. (1995), "Consumer ethnocentrism: a test of antecedents and moderators", *Journal of the Academy of Marketing Science*, Vol. 23 No. 1, pp. 26-37.

Shimp, T. and Sharma, S. (1987), "Consumer ethnocentrism: construction and validation of the CETSCALE", *Journal of Marketing Research*, Vol. 24, August, pp. 280-9.

Strutton, D., True, S. and Rody, R. (1995), "Russian consumer perceptions of foreign and domestic consumer goods: an analysis of country-of-origin stereotypes with implications for promotions and positioning", *Journal of Marketing Theory and Practice*, Vol. 3 No. 3, pp. 76-87.

Sweeney, T. (1993), "Becoming import status conscious", *Journal of European Business*, Vol. 4 No. 3, pp. 8-10.

Wall, M., Liefeld, J. and Heslop, L. (1991), "Impact of country-of-origin cues on consumer judgments in multi-cue situations: a covariance analysis", *Journal of the Academy of Marketing Science*, Vol. 19 No. 2, pp. 105-13.

Wang, C. and Lamb, C. Jr (1983), "The impact of selected environmental forces upon consumers' willingness to buy foreign products", *Journal of the Academy of Marketing Science*, Vol. 11 No. 2, pp. 71-84.

Appendix. The values classification of culture

Schwartz (1994) derived a set of theoretically grounded and empirically sound dimensions of cultural values that can be used to categorise and compare countries. Schwartz (1994) defines values as "desirable goals, varying in importance, that serve as guiding principles in people's lives" (p. 88). He gathered comprehensive data from 86 samples drawn from over 17,000 individuals from 41 cultural groups in 38 nations. Respondents were asked to rate the importance of 56 single values as a "guiding principle" in their lives, using a scale ranging from 1 (opposed to my values) to 7 (of supreme importance).

Seven cultural level value types derived from the 56 single values were identified. These seven value types are defined below:

(1) *Conservatism* emphasises consideration of the group over the individual, maintenance of the status quo, and avoidance of conduct which disturbs traditional order. Specific values that fall into this value type include "security", "social order," and "obedient."

(2) *Intellectual autonomy* stresses the importance of pursuing individual interests and desires. Specifically, it emphasises self-direction and encompasses the values "curious," "broadminded," and "creativity."

(3) *Affective autonomy* also stresses the importance of pursuing individual interests and desires, but it emphasises stimulation and hedonism and includes values such as "pleasure" and "exciting life."

(4) *Hierarchy* focuses on the legitimacy of hierarchical role and resource allocation, and encompasses such values as "social power," "wealth," and "authority."

(5) *Mastery* emphasises mastery of the social environment through self-assertion, and includes such values as "ambitious," "successful," and "independent."

(6) *Egalitarian commitment* involves a commitment to promoting the welfare of other people and, consequently, surpasses selfish interests. Values in this type include "equality," "loyal," and "responsible."

(7) *Harmony* focuses on peace and social justice, and encompasses such values as "unity with nature" and "protecting the environment."

Mean importance scores were calculated for each country on each of these seven value types. The countries were subsequently listed, from the lowest to highest means, on each of the value types. This relative positioning allows the similarity and dissimilarity of the countries to be gauged.