

# The Impact of Country-of-Origin Image, Consumer Ethnocentrism and Animosity on Purchase Intention

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**Abstract**—The purpose of this study is to examine the effects of country-of-origin image, consumer ethnocentrism and animosity on the purchase of domestic and foreign products in China. AMOS software was used to analyze the data from the questionnaire survey. The results indicate that the effects of consumer ethnocentrism are significant in the case of domestic and foreign products in China, and the hypotheses of country-of-origin image on purchase intention of domestic products, animosity on perceived quality of both domestic and foreign products are not supported. Implications for managers of domestic and multinational companies are also discussed.

**Keywords:** country-of-origin image; consumer ethnocentrism; animosity; AMOS

## I. INTRODUCTION

The globalization of markets presents considerable opportunities and challenges for both domestic and international markets [1]. Like brands, countries should also have equity associated with them [2]. Consumers tend to embrace certain ideas and stereotypes of foreign countries as producers of goods and services and then use these ideas to evaluate the qualities of these products [3]. Accordingly, marketers have shown a growing interest in understanding how country associated with the products influence the consumers' quality judgments and purchasing decisions. In some cases, consumers may favor foreign products over domestic ones [4]. Especially for consumers in the developing and Eastern countries, nonlocal brands tend to be evaluated more favorably [5, 6].

Meanwhile, the negative attitudes toward foreign products should not be ignored. For instance, many people may hold hostile feelings toward a country, its people and products [1], or believe that it is better to buy domestic and morally wrong to buy foreign products [7, 8, 9]. These streams of literature are better known as animosity and consumer ethnocentrism. Furthermore, they have assumed and found that locals hold more positive attitudes toward, and thus prefer domestic rather than foreign alternatives [10].

Thus, there exists two ambivalence that people may prefer a global brand, while may also have negative attitudes because of consumer ethnocentrism and animosity. As a result, new models that include new combinations of constructs may emerge. Especially for Chinese markets, people have xenophile towards foreign products, whereas they also have hostile attitudes towards certain countries. Furthermore, the Amos software is a professional software for covariance structure analysis (Analysis of Covariance Structures) developed by James L. Arbuckle. It is short for Analysis of Moment Structures. Amos software is especially suitable for analysis of Structural Equation Modeling (SEM). With Amos, we can analyze many variables simultaneously, which proves to be a powerful statistical analysis tools. Furthermore, it can become a visual way to create the model (path diagram), which expresses the relationship among variables better. Finally, with Amos software, the SEM model will be more accurate than standard multivariate statistical analysis software. And Amos can test whether the data meet the established model, and explore the model step by step to establish the most appropriate model.

Therefore, the objective of this study is to introduce an exploratory test and justification for researchers to develop a broader framework for country-of-origin effects with Amos software. The research model we present

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departs from previous work in two important ways. First, unlike previous studies in which the positive and negative attitudes toward foreign products were investigated separately, we conjoin the three constructs of country-of-origin image, consumer ethnocentrism and animosity, and simultaneously to examine their effects on the purchasing behavior. Second, unlike other studies examining the country-of-origin, consumer ethnocentrism and animosity effects, we focus on the effects of the three constructs on purchasing domestic products as well as foreign products, to compare the differential mechanism in evaluating domestic and foreign products.

The remaining parts of this paper are organized as follows. The next section presents the literature review outcome of three constructs of country-of-origin, consumer ethnocentrism, and animosity just mentioned, while the conceptual model proposed in this study is also included. The research design and method to verify the hypotheses are described in the third section. The fourth section contains the results. Finally, on the basis of research findings, we present the discussion for managerial implications and draw the conclusion.

## II. LITERATURE

### A. *The Country of Origin*

The research area of manufacture of products and its effects on consumer preferences have long been discussed in the marketing and international business literature as “country-of-origin effects”. Han [11] posited that country of origin may be used as a stereotype measure that acts as an external product evaluation cue. This claim has found support in the work of many studies [12]. Other studies have found that the effect of country of origin on product evaluation is context dependent. Gurhan-Canli and Maheswaran [13] found that the cultural dimension of individualism and collectivism will influence the country-of-origin effects on product evaluation. LeClerc et al [3] demonstrated that French brand names are an asset primarily for hedonic products and more effective than country-of-origin information. On the other hand, a number of studies have argued that “country-of-origin effects” do not exist, or that if they do, they are of only minor significance in the wide array of influences on the purchase decision [14, 15].

It is likely that consumer bias against foreign products will not be uniform but will vary depending on the product's specific origins. Indeed, in some cases, consumers may favor foreign products over domestic ones [4], especially for the Eastern countries [6]. Consumers in developing countries are attitudinally preferred to brands of a nonlocal country of origin, especially from the West, for reasons not only of perceived quality but also of social status [5]. Country's image can be thought of as a proxy of overall attractiveness of a country's products, and governs a country's ability to produce globally competitive products and is an information cue that affects consumers' perceptions and mental representations of country-of-origin [4]. Thus, country-of-origin image has a considerable impact on consumers' evaluation of products

originating from different countries and therefore influences their subsequent buying decisions [11, 16].

### B. *The Consumer Ethnocentrism*

Despite globalization, barriers to success in foreign markets remain. One such barrier is the consumer ethnocentrism. Shimp and Sharma [8] proposed consumer ethnocentrism as a construct that may partially explain why consumers evaluate domestic products more favorably than foreign goods, and developed the CETSCALE to measure the construct. The term “consumer ethnocentrism” was defined as the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products [8]. People who are highly consumer ethnocentric feel that purchasing foreign products is wrong because it hurts the domestic economy, resulting in loss of jobs, and it is unpatriotic [8]. In contrast, the non-ethnocentric individual evaluates products more objectively [7]. Moreover, due to ethnocentric consumers' negative attitudes toward the foreign culture, their responses to the visual and verbal components of the foreign product's advertising may be negatively influenced [17]. Furthermore, ethnocentric consumers have negative feelings toward foreign products, services, and providers. So when ethnocentrism levels are high, consumers should develop uncertainty about the providers' future intentions, and may be less interested in establishing relationships with the provider [10].

Therefore, ethnocentric consumers are negatively related with general beliefs of foreign product quality, advertisements of foreign products and attitudes toward buying foreign products, but positively correlated with preference ranking of domestic products, and importance of buying domestic products [7, 8, 17]. In turn, consumer ethnocentrism is related negatively to satisfaction, trust, value, and loyalty toward a foreign-service provider located abroad [10]. With regard to the condition when foreign brands are commonly regarded as superior to domestic brands, consumer ethnocentrism has a positive impact on attitudes toward domestic brands but no effect on attitudes toward foreign brands [6].

### C. *Animosity*

People may have hostile attitude toward a certain country based on historical or other reasons. The construct of animosity is defined as the remnants of antipathy related to previous or ongoing military, political, or economic events [1]. The animosity is distinct with consumer ethnocentrism as the CETSCALE measures beliefs about buying foreign products in general, whereas animosity is a country-specific construct [1]. But both of the constructs will affect consumers' purchase behavior in the international marketplace. The construct of animosity will be indicated in two first-order constructs: war animosity and economic animosity, and will be related negatively to willingness to buy [1].

In comparison with the effects of country-of-origin, Hong and Kang [18] suggest that if the country is not noted for manufacturing high-quality products of the specific type, or if other equally favorable products are likely to be available, the effect of animosity may

predominate. However, if the country has a reputation for manufacturing superior products of the type under consideration and a decision not to purchase the product, the effect of animosity may be less apparent.

*D. Research Questions and Hypotheses*

Drawing from the previous literature and field observation, we set up the research questions represented as the theoretical framework shown in Figure. 1, in an attempt to explore the relationship between the constructs like ‘Country of Origin’, ‘Consumer Ethnocentrism’, ‘Animosity’, ‘Perceived Quality’, and ‘Purchase Intention’. It is possible that a product’s origin will affect consumers’ buying decisions directly and indirectly from product judgments [1]. Perceived quality is included in the model as a mediated variable. All of the concepts have been widely recognized in the literature. However, we intend to combine the country of origin effects with consumer ethnocentrism and animosity, and evaluate the impact of these three constructs on consumers purchase behavior for both of the domestic products and foreign products.

For the domestic products, we hypothesize that:

H1a: Domestic country-of-origin image has positive influence on perceived quality of domestic products.

H1b: Domestic country-of-origin image has positive influence on purchase intention of domestic products.

H2a: Consumer ethnocentrism has positive influence on perceived quality of domestic products.

H2b: Consumer ethnocentrism has positive influence on purchase intention of domestic products.

H3a: Animosity has positive influence on perceived quality of domestic products.

H3b: Animosity has positive influence on purchase intention of domestic products.

With regard to the foreign products, we anticipate a negative effect of consumer ethnocentrism and animosity on purchasing behavior, and suppose that:

H4a: Foreign country-of-origin image has positive influence on perceived quality of foreign products.

H4b: Foreign country-of-origin image has positive influence on purchase intention of foreign products.

H5a: Consumer ethnocentrism has negative influence on perceived quality of foreign products.

H5b: Consumer ethnocentrism has negative influence on purchase intention of foreign products.

H6a: Animosity has negative influence on perceived quality of foreign products.

H6b: Animosity has negative influence on purchase intention of foreign products.

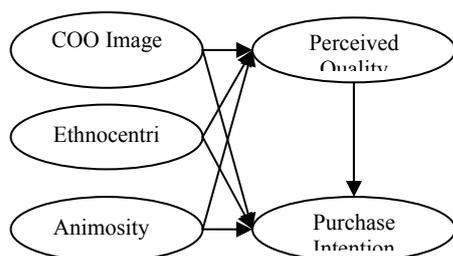


Figure1. Framework of the Study

III. METHOD

*A. Instruments*

All our measures employ items from multiple-item scales that have been tested and used in previous studies. The dependent variables of perceived quality and purchase intention are gathered from the work of Dodds et al [19]. The perceived quality includes the following attributes: Reliable, Workmanship, Quality, Dependable, and Durable. The purchase intention is measured on two items as “I would like to purchase this product” and “I would recommend others to purchase this product”.

The scales of country-of-origin image are measured on eight stemens modified from Martin and Eroglu [20]. The following indicators include: Overall Impression, Economically Development, Democratic System, and Standards of Living, Industrialization, Production of High-quality Products, Technological Research, and Literacy Rates. CETSCALE originated from Shimp and Sharma [8] is the most widely used scale for measuring consumer ethnocentrism, and is validated across different countries [7]. We use the six core items from the modified CETSCALE [1] which has been validated in the Chinese city of Nanjing (e.g., “We should buy from foreign countries only those products that we cannot obtain within our own country”). The animosity measures are also drawn from the study of Klein et al [1] and nine items are included in the scale (e.g., "I dislike the Japanese"). All of the items are evaluated on a seven-point Likert scale ranging from “strongly disagree” to “strongly degree”.

*B. Software Used*

Amos is path analysis software that can provide more advanced SEM (known as structural equation modeling) analysis option. Just like LISREL, it has an intuitive drag and drop drawing tool which can be used to draw a path graph and to analyze covariance structure.

Meanwhile, with Amos, a complex relationship model can be established to reflect the relationship between variables more accurately. Therefore, a more comprehensive model can be set up to make a decision. In practice, it can help to complete market research, government research, social science research, business plan and so on with the help of AMOS. This paper uses SEM to analyze many stages of independent and dependent variables with Amos software.

*C. Participations*

We select products made in China and Japan as domestic and foreign products respectively, as Chinese consumers are likely to harbor both war-based and economic-based animosity toward Japan [1]. We choose fictitious products as stimulus to control for the previous knowledge, involvement, and perceived risk of consumers. The stimulus is expressed as “X is a very common electronic product in the market, assuming there is an X product made in China/Japan ...”

Data was collected from three universities in Beijing. 309 subjects were interviewed and 19 questionnaires were deleted due to incomplete or inconsistent responses. Thus,

the final effective sample size was 290 with a response rate of 93.8%.

IV. RESULTS AND FINDINGS

A. Measurement System Tests

Based on the data collected, we obtained the value of Cronbach’s Alpha for indicator variables representing five latent variables respectively as shown in the Table I, which were reported separately for domestic and foreign products evaluated. All of the values are greater than 0.8, justifying that the reliability of the measurement system and confirming the constructs are adequate for this study.

TABLE I.  
RELIABILITY OF THE MEASUREMENT SYSTEM

	Domestic Products	Foreign Products	Number of Indicators
Country-of-Origin Image	0.82	0.81	8
Consumer Ethnocentrism	0.91	0.91	6
Animosity	0.86	0.86	9
Perceived Quality	0.84	0.83	5
Purchase Intention	0.83	0.85	2

B. The comparison between attitudes on products made in China and Japan

Pair-wise T-test methods were adopted to compare the attitudes on products made in China and Japan. The results in table 2 demonstrate that the country-of-origin image and perceived quality of Japanese products were significantly greater than that of products made in China. However, the purchase intention for Chinese products was significantly higher than that for Japanese products. This implies that consumer ethnocentrism and animosity play a role in purchase decisions.

TABLE II.  
PAIR-WISE T-TEST RESULT

	Domestic Products	Foreign Products	T
Country-of-Origin Image	3.86	4.95	-13.71**
Perceived Quality	3.65	4.81	-10.70**
Purchase Intention	4.71	3.16	9.10**

\*\*p<0.01.

C. The Model Goodness Fitting Test

We used SEM model to verify the hypotheses for domestic products and foreign products separately. The result of goodness fitting for SEM is shown in Table 3. All values meet the criterion of preferable values, except the ratio of GFI and AGFI, referring to a fairly good fitting for the SEM modeling.

TABLE III.  
GOODNESS FITTING FOR SEM MODEL

Model goodness fitting	Preferred value	Value For Domestic Products Model	Value For Foreign Products Model
CMIN/DF	< 3	2.670	2.657
GFI	> 0.9	0.823	0.823
AGFI	> 0.8	0.787	0.788
RMSEA	< 0.08	0.076	0.076
RFI	[0,1] and approaches 1	0.894	0.895
NFI	[0,1] and approaches 1	0.905	0.905
CFI	[0,1] and approaches 1	0.939	0.939

D. Hypotheses Test

The summary of hypotheses test is shown in Table 4. Consistent with previous researches [19], the value of path weight between the constructs of perceived quality and purchase intention is 0.39 (p<0.01) for domestic products and 0.26 (p<0.01) for foreign products to indicate a positive relationship between perceived quality purchase intention.

The path coefficients of the country-of-origin image on perceived quality are 0.55 (p<0.01) for domestic products and 0.42 (p<0.01) for foreign products indicating the country-of-origin image positively affect the perceived quality no matter from which country. H1a and H4a are supported. The path coefficients of the country-of-origin image on purchase intention is 0.28 (p<0.01) for foreign products, H4b is supported. However, the positive coefficient of country-of-origin image on purchase intention is not significant. Taking account of the direct effects of country-of-origin image on perceived quality, the country-of-origin image may influence the purchase intention indirectly for domestic products.

TABLE IV.  
THE RESULTS OF HYPOTHESES TEST

	Standardized Coefficients (Domestic)	Standardized Coefficients (Foreign)
Country-of-Origin Image→ Perceived Quality	0.55**	0.42**
Country-of-Origin Image→ Purchase Intention	0.05	0.28**
Consumer Ethnocentrism→ Perceived Quality	0.15**	-0.14**
Consumer Ethnocentrism→ Purchase Intention	0.24**	-0.23**
Animosity→ Perceived Quality	0.02	-0.05
Animosity→ Purchase Intention	0.24**	-0.24**
Perceived Quality→ Purchase Intention	0.39**	0.26**

\*\*p<0.01.

The path coefficients of the consumer ethnocentrism on perceived quality are 0.15 (p<0.01) for domestic products

and -0.14 ( $p < 0.01$ ) for foreign products, and the path coefficients of the consumer ethnocentrism on purchase intention are 0.24 ( $p < 0.01$ ) for domestic products and -0.23 ( $p < 0.01$ ) for foreign products, implying consumer ethnocentrism will influence consumer behavior positively in purchasing domestic products, and influence consumer behavior negatively in purchasing foreign products. H2a/b and H5a/b are supported.

The path coefficients of the animosity on purchase intention are 0.24 ( $p < 0.01$ ) for domestic products and -0.24 ( $p < 0.01$ ) for foreign products, implying animosity will influence consumer behavior positively in making purchase domestic products decisions, and influence consumer behavior negatively in making purchase foreign products decisions. H3b and H6b are supported. But the coefficients between animosity and purchase intention are not significant for both of domestic and foreign products, indicating although the animosity will affect the purchase decisions of consumers, it will not affect their judgments of product quality.

## V. CONCLUSIONS AND DISCUSSIONS

With Amos software, this paper uses SEM method to integrate the measurements and hypothesized causal paths into a simultaneous assessment. As SEM method has potential advantages over linear regression models, this paper uses SEM to analyze many stages of independent and dependent variables. The results of the two models for domestic and foreign products demonstrate the overall impact of country-of-origin, consumer ethnocentrism, and animosity on perceived quality and purchase intention, which extend the previous studies that investigate the three constructs independently. With regard to the construct of consumer ethnocentrism, the results are consistent with prior studies [7, 8, 9], which suppose that consumer ethnocentrism will have positive influence on purchasing domestic products, and have negative influence on purchasing foreign products. However, inconsistent with the study of Supphellen and Rittenburg [6], consumer ethnocentrism still has negative effects on attitude toward foreign products, and even foreign brands are commonly regarded as superior in Chinese markets.

However, the impact of country-of-origin image on purchase intention of domestic products is not significant, thus the effect of country-of-origin is degraded to take account to other factors. A plausible explanation is that the country-of-origin effects will be weakened with multiple cues.

Furthermore, the impacts of animosity on perceived quality are not significant for both domestic and foreign products, while the impacts of this construct on purchase intention are significant. Since it is possible that a consumer can harbor animosity toward a specific country without denigrating the quality of goods produced by that country [1], thus there is different mechanism of consumer ethnocentrism and animosity in influencing consumers' purchasing decisions. The animosity will directly affect the purchasing decisions of domestic and foreign products, but it will not influence the judgments of perceived quality of the products; while the consumer ethnocentrism will

affect purchasing decisions of domestic and foreign products from perceptions of product quality indirectly.

The contribution of this study is to integrate the three concepts of consumer's attitude towards the country, and discover the impact of country-of-origin, consumer ethnocentrism, and animosity on purchasing decisions for both domestic and foreign products. The managerial implication is to help the domestic and foreign enterprises in China to adapt the consumer's attitude toward the country and make appropriate marketing campaigns. For instance, the domestic enterprises do not need to be subservient to foreigners, and they also should not initiate a boycott campaign, which would not increase the evaluation of their products from consumers.

Limitation of this study includes the lack of category specific investigation. Sampling frames come from students in the university. Since consumer ethnocentricity is expected to vary with age, educational level, and income [9], the convenience sample may limit the generalizability of this study. Other variables such as brand name, price, and consumer involvement should also be controlled in the study, as they may affect the consumers' perceptions of product quality and willingness to buy [19]. Direction of further research is to conduct research in other countries for comparison and to increase the generalizability of the study.

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