

EFFECTS OF “OWNED BY” VERSUS “MADE IN” FOR WILLINGNESS TO BUY AUSTRALIAN BRANDS

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1.0 Introduction

The market for wine is known to be more fragmented than any other alcoholic beverage market. A consumer in a wine store can be faced with anything from “400 to 4000” brands and labels from which to select (Hervé et al., 2008; Cohen, Lockshin and Sharp, 2012; Lockshin and Corsi, 2012). Within this context the search for “suitability” of or “quality” in wine becomes crucial. As such a more prevalent issue in wine consumption behaviour are the ‘motivational’ factors influencing consumer’s wine selection, evaluation and purchasing behaviour.

Research has established the power of extrinsic wine 'cues' on consumers' evaluation of quality and their willingness to pay a price premium (Wiedmann et al. 2014; Lockshin and Corsi, 2012). Specific to wine, research reveals that the influence of extrinsic versus intrinsic cues on consumer expectations of wine price and quality showed that extrinsic cues tested consistently influenced consumer opinions more so than the intrinsic cue tested (Easingwood, Lockshin and Spawton, 2011; Charters and Pettigrew 2006; Lockshin, Rasmussen and Cleary, 2000).

In particular, wine research shows that the following extrinsic attributes (in no particular order) can be expected to significantly influence consumer evaluations of wine quality. These include “awards” and “label styles” were found to be as equally important, suggesting that wines receiving prizes are likely to be highly regarded by consumers and where design and personality in certain wine labels have also been found to be influential. Furthermore, “shelf position” (horizontality and verticality), where (generally) positions that are 'central', 'higher rather than lower' and 'right rather than left' have been found to generate higher sales (Valenzuela and Raghubir 2009) and “bottle closure”, where the traditional cork closure is associated with better quality in many markets (Orth, Campana,

and Malkewitz, 2010). Last but not least, “country of origin”, where “old world” producers such as France, Italy and Spain are still considered to produce better quality wines as compared to “new world” source such as China, the United States and Australia. Furthermore, wineries in Australia, the USA, South America and even Eastern Europe now market their wines primarily by brand and region. As a result, consumers are encouraged to ask for a glass of “California red” or “Australian Chardonnay”, and in other cases brands and labels like Gallo, Paul Masson, Blossom Hill or Jacob’s Creek are used as heuristic cues to associate a leading producer (within a country or region) or quality wines.

Extensive research conducted in Australia and internationally suggests that consumers are able to, basically, discriminate 'good' from 'bad' wines. For example, these studies often cite 'taste' and 'variety' as the important attributes influencing their assessment of wine quality and subsequent purchase decisions. However, research has also established that many extrinsic factors can actually be more influential (Veale 2008; Veale and Quester 2009a, 2009b; Verdu-Jover et al. 2004).

Specifically, wine research in Australia has demonstrated that taste rated a poor third (behind country or origin and price) in determining consumers' quality ratings (Veale and Quester 2009b) in a comprehensive sensory experiment. Nevertheless, as global wine consumption is increasing, wine manufacturers and producers around the world are concern of the sustainability and uniqueness of their brands and labels in an already overcrowding marketplace. In order to be distinct and different, wine producers are looking to emphasize more of the product's origin on the label.

Nowadays it is becoming more common for wine products to be associated with multi country affiliations or in other words becoming a “hybrid” product. It is not uncommon for wines to be produced and manufactured in one region or country, packaged in another and owned by completely separate foreign businesses or firms. For example, Orlando wines produces and manufactures its wine in South Australia’s Barossa valley, however this commercial Australian winery produces well known labels such as Jacob’s

Creek is currently part of premium wine brands, a wholly owned subsidiary of “Pernod Ricard”, a French company that produces and owns a number of distilled beverages.

While the importance of marketing mix variables such as price and product quality is still important for the marketing of wine, there has been a renewed interest on the COO (or region) image of wine products that are classified as “hybrids” and sold in new world markets such as in Australia where consumers are becoming more exposed to wider range of wine products and less accustomed to the complexities of different wines.

To date studies of consumer attitude towards food and beverage products have been relatively limited, especially in the COO research literature. Furthermore, much of the past research in this area (including those focused on the wine industry) is limited to a North America and European context with a growing portion of studies now focusing on developing markets such as China (Li, et al., 2011; Qiu et al., 2013; Liu et al., 2014).

This study investigates the roles of consumer ethnocentrism and economic nationalism on consumer’s evaluation of wine products associated with more than one country of origin. Specifically, in comparing the “made in...” and “owned by...” country of origin cues and effects on consumer evaluation. Furthermore, consumer knowledge of wine products will be examined as a moderator of consumer attitudes towards their evaluation of hybrid/bi-national wine products (eg. Whether consumers are more or less likely to rely on COO cues) and the impact this has on the wine buying decision-making process.

2.0 Relevant Literature, Conceptual Development and Hypotheses

Country-of-origin effects.

Numerous studies have indicated that COO bears a significant influence on consumer perception and decision-making (Hulland, 1999; Kaynak and Kara, 2002; Josiassen, Lukas and Whitwell, 2008). The literature has also revealed that COO may

incorporate variables such as traditions, political status, economic liberalisation and general country perceptions. Similarly, researchers have found and demonstrated a vast variety of factors, such as consumers' nationalism, dogmatism, xenophobia, and ethnocentrism that will influence consumers' behaviours and purchase decisions regarding local and foreign products (Acharya and Elliott, 2003; Chrysochoidis, Krystallis and Perreas, 2007; Wang and Chen, 2004).

Studies have shown that the COO influences consumers' product evaluations by signalling product quality when they are unable to detect the true quality of a country's product (Chattalas, Kramer and Takada, 2008; Josiassen, 2010). In particular, the COO can be an indicator of quality when it is difficult to assess by other objective means (Ahmed and d'Astous, 2001). The "made-in" cue does not only serve as an informational cue for consumers; marketers are also taking advantage of countries' positive image to indicate their product quality (Gurhan-Canli and Maheswaran, 2000; Brodowsky, Tan and Meilich, 2004; Maheswaran, 1994). When consumers are not familiar with a country's product, they will use the country's image as a "halo" in product evaluation (Maheswaran, 1994). This "halo effect" presumes that the consumers infer the product's quality from his or her stereotyped beliefs about the COO (Han and Terpstra, 1988; Han 1989; Lotz and Hu, 2001). For this purpose, country of origin is viewed as a form of stereotyping (a surrogate indicator, heuristic or a mental shortcut) that simplifies information processing and subsequently aiding in the purchase decision as a remedy for risk reduction (Beverland and Lindgreen, 2002; Baker and Ballington, 2002; Josiassen and Assaf, 2010).

Specific to wine, research reveals that "wine regionality" and "country of origin" to be important choice factors or "quality indicators" in influencing consumer's decision to purchase wine (Cohen, Lockshin and Sharp, 2012; Lockshin and Corsi, 2012; Easingwood, Lockshin and Spawton, 2011). Angulo et al., (2000) found that wine purchasing behaviour in Spain in particular, the market price for wine labels were heavily influence by the region of production and the vintage year. Furthermore, Famularo, Bruwer and Li, (2010) confirmed that a greater understanding of a wine's region of origin will ultimately impact positively on the consumer's wine decision-making process. Similar

findings were supported from a broader European context (see Skuras and Vakrou, 2002; Koewn and Casey, 1995; Gluckman, 1990) as well as recently from Asia-Pacific 'East Asia' regions specifically in emerging economies (Li, et al., 2011; Qiu et al., 2013; Liu et al., 2014) also suggested that the COO was a primary and implicit consideration of consumer in their decision to purchase wine.

In the more recent COO research, focus has been placed on the more complex and ambiguous aspects of the cue, such as hybrid/bi-national products (Chao, 1993, 2001; Andersen and Chao, 2003). Literature has indicated that specific COO information such as the "made-in" cue is becoming less dominant and or relevant, as it is becoming increasingly difficult for consumers to extract the multiplicity of country information (such as assembled in, designed in, ingredients from, manufactured in, owned by etc) embedded in a single product. As such, the concept of COO has become blurred and confused in recent years. However, through the "de-origin" (or the decomposition) process of the "made-in" cue (Insch and McBride, 2004; Van Pham, 2006), COO effects have shifted from the "product level" to the "brand level" in consumer product evaluation (Phau and Prendergast 2000; Hui and Zhou, 2003; Samiee, Shimp and Sharma, 2005; Koubaa, 2008). In light of the increase proliferation of hybrid/bi-national products, the recognition of "non-manufacturing" based nationality of a product in COO has procured a new avenue emphasizing (nationality) ownership of the parent company as a more appropriate cue in consumer product evaluation (Mort and Duncan, 2003).

Economic Nationalism and Ownership sentiment.

Economic nationalism is defined as a term that encapsulates issues of ownership of businesses and economic strength (Mort and Duncan, 2003 p. 58). More importantly, is the need retain ownership of businesses in domestic custody to allow for communal support amongst locals; that is demonstrated through their buying behavior and preference toward local products. The economic nationalist's perspective confirms the distinction between domestic and foreign companies such that foreign and international corporations

are viewed as economic competition (Baughn and Yaprak, 1996; Usunnier, 2006). Similarly, past studies have demonstrated that nationalism, patriotism, ethnocentrism, internationalism and animosity are related closely to economic nationalism and may explain the generation of this positive emotion toward home country products (Kosterman and Feshbach, 1989; Druckman, 1994; Balabanis et al., 2001; Klein, 1998; Mort and Duncan, 2003). Although these constructs do collectively influence economic nationalism, the specific antecedent of economic nationalism may differ from country to country. For instance, while economic nationalism and ethnocentrism effects are deemed similar and correlated (Druckman, 1994; Balabanis et al., 2001), recent findings by Mort and Duncan (2003) and Akhter, Kim and Hosseini (2003) and theory (such as the “discontinuity effect” – a phenomenon of inter-group relations termed by Insko, Schopler, Kennedy, Dahl, Graetz and Drigotas, 1992) clarifies that the process in which these xenophobia tendencies are operationalize, especially in the context of country of origin cues (e.g. “Made in...” versus “Owned by...”) are different, distinct and independent in their empirical relationships and results.

According to the realistic group conflict theory (Campbell, 1965 and Sherif 1966), inter-group hostility is produced by the existence of conflicting goals, threats or competitions. Given the heightened level of international competition worldwide, the discrimination and preconception toward foreign businesses (e.g. the out-group) often stemmed from perceived threats (e.g. territories, jobs, power and economic benefits) to the local businesses and communities (e.g. in-group) (Bobo, 1983; Levine and Campbell, 1972; Sidanius and Pratto, 1999). For example, the act of selling off the “Bonds” brand and moving its main production to China has led local Australians to form animosity in terms of their thinking (e.g. anger) and behaviour (e.g. aggression) towards a specific country and company. As illustrated, consumers will tend to have a vested interest (financial, economic, and political) in ensuring that nationalistic economic policy orientations are enacted and maintained (Akhter, Kim and Hosseini, 2003). Therefore, these social-psychological orientations along with the emotional appeals such as feelings of “hostility”, “prejudice” and “feeling threatened” may facilitate political attempts to

arouse public support for campaigns such as boycotting foreign products, denying access to foreign suppliers and erecting international trade and investment barriers.

Based on these discussions, the following hypotheses are developed:

H1 - Economic nationalism and consumer ethnocentrism are distinct but positively correlated constructs

H2a - There is a negative relationship between economic nationalism and the product judgment of bi-national brands.

H2b - There is a positive relationship between product judgment of bi-national brands and the willingness to buy bi-national brands.

H2c - There is a negative relationship between economic nationalism and the willingness to buy bi-national brands.

Consumer ethnocentrism and Home-country bias.

Using the sociological concept of ethnocentrism, Shimp and Sharma (1987) applied it onto the field of marketing as “consumer ethnocentrism” and defined it as the beliefs held by consumers about the appropriateness and morality of purchasing foreign-imported products. It has been further explained that consumer ethnocentrism is derived from one’s love for their own country and fear of harming the economic interests of one’s own country by purchasing foreign products (Shimp and Sharma, 1987; Netemeyer et al., 1991; Kaynak and Kara, 2002). As such, highly ethnocentric consumers believe that because it is unpatriotic, immoral and inappropriate to purchase foreign products as it would damage their domestic economy; they are more likely to rate domestic products’ quality positively and be unwilling to purchase foreign products (Shimp and Sharma, 1987; Netemeyer et al., 1991; Sharma et al., 1995).

In some cases factors such as economic development will tend to play a role in consumers perception of domestic products from different countries (e.g. Balabanis and Diamantopoulos, 2002; Wang and Chen, 2004; Zolfagharian and Sun, 2010). Past studies have revealed that countries that are economically sustainable (large markets) and self-

sufficient (lower levels of imports) are more likely to exhibit higher levels of consumer support for domestic merchandise (Netemeyer et al., 1991; Balabanis et al., 2001; Saffu and Walker, 2005) whilst developing countries or countries with transition economies and smaller markets will experience a reverse or opposite effect, where favoritism lies with foreign imports.

While consumer ethnocentrism has a generalized negative effect on foreign products (disregarding assessments of their quality and value), this home country bias does not necessarily imply that consumers prefer products that are made in their home country (Hamin and Elliott, 2006; Vida, Dmitrovic and Obadia, 2008). For example, although Australian consumers could perceive to a greater extent in comparison to people from other countries, that Australia has a good reputation as regards say, wine making, Australians should be nevertheless inclined to think that wines from exclusive regions in France, Italy, Spain and Portugal are better. Moreover, this bias may be in part explained by consumer knowledge or the country familiarity effect such that i.e. in general consumers should know more about their home country than consumers from other countries (Wong, Polonsky and Garma, 2008).

Based on these discussions, the following hypotheses are developed:

H3a - There is a negative relationship between consumer ethnocentrism and the product judgment of bi-national brands.

H3b - There is a negative relationship between product judgment of bi-national brands and the willingness to buy Australian brands.

H3c - There is a positive relationship between consumer ethnocentrism and the willingness to Australian brands.

“Direct” and “in-direct” COO effects: Behavioural decision making theory.

The behavioural decision making theory suggests that two interrelated elements of behavioural decision making are: normative and descriptive (Slovic et al., 1977). The normative decision making refers to the prescribed decisions that conform to actual belief

and values. It involves the specifics of what the consumer should do in particular circumstances.

According to Bobo (1983) and Jackson (1993), a number of other factors concerning the economic interest, political advantage, military consideration, or social status of the group can also influence the degree of hostility. As a result, one particular issue would form to become the dominant influence in the inter-group relationship. Sherif (1966) labeled this phenomenon the “Limiting Factor”, because it tends to skew the evaluations of all other inter-group issues that arise. The issues relative to economic competitiveness and political stand between two countries are common examples (Beehner, 2005). These activities would increase “negative attitudes towards objects, people, ideas or products from the aggressor country” (Nijssen and Douglas, 2004, p. 28).

Therefore, in situations where the economic interest and welfare of the home country is being threatened by another country through a form of competition in the domestic market, hostility will arise and cause ethnocentric and/or economic nationalistic consumers to resent any association with that offending country (Baughn and Yaprak, 1996). Similarly, if consumers have economic nationalistic and/or ethnocentric tendencies, he/she would believe that purchasing foreign products is detrimental to their country, they would then avoid such purchase (Shimp and Sharma, 1987). When such norms exist regarding the correctness of purchasing products from specific nations or of all-domestic products for that matter, country of origin information may affect purchase intentions directly, regardless of any product-related beliefs (Klein et al., 1998; Klein, 2002).

Based on these discussions, the following hypotheses are developed:

H4 - If product judgment and consumer ethnocentrism are held constant, Economic nationalism will have a direct and positive impact on willingness to buy Australian brands.

H5 - If product judgment and economic nationalism are held constant, Consumer ethnocentrism will have a direct and negative impact on willingness to buy bi-national brands.

Consumers' product knowledge: Confirmation bias theory.

The country of origin of a product is an extrinsic cue which similar to brand name, is known to influence consumers' perceptions and to lead consumers to cognitive elaboration (Pappu *et al.*, 2006; Josiassen, Lukas and Whitwell, 2008). In Australia alone, over 1,000 wine companies produce over 16,000 wine brands, causing consumers great difficulty in their purchase decision (Cohen, Lockshin and Sharp, 2012; Lockshin and Corsi, 2012). According to Heslop, Cray and Armenakyan, (2010), many consumers do not have a clear understanding of branding in the wine market. In addition, a recent study by Phau and Suntornnond, (2006) found that Australian consumers' evaluations for "fast-consuming" products (i.e. beer) depended heavily on consumers' familiarity (and objective product knowledge) with the product and its labels. As such, familiarity with a brand name and product may also influence consumers' perceptions of product quality and their willingness to purchase (Dodd *et al.*, 2005; Skuras and Vakrou, 2002; Easingwood, Lockshin and Spawton, 2011; Wiedmann *et al.* 2014)

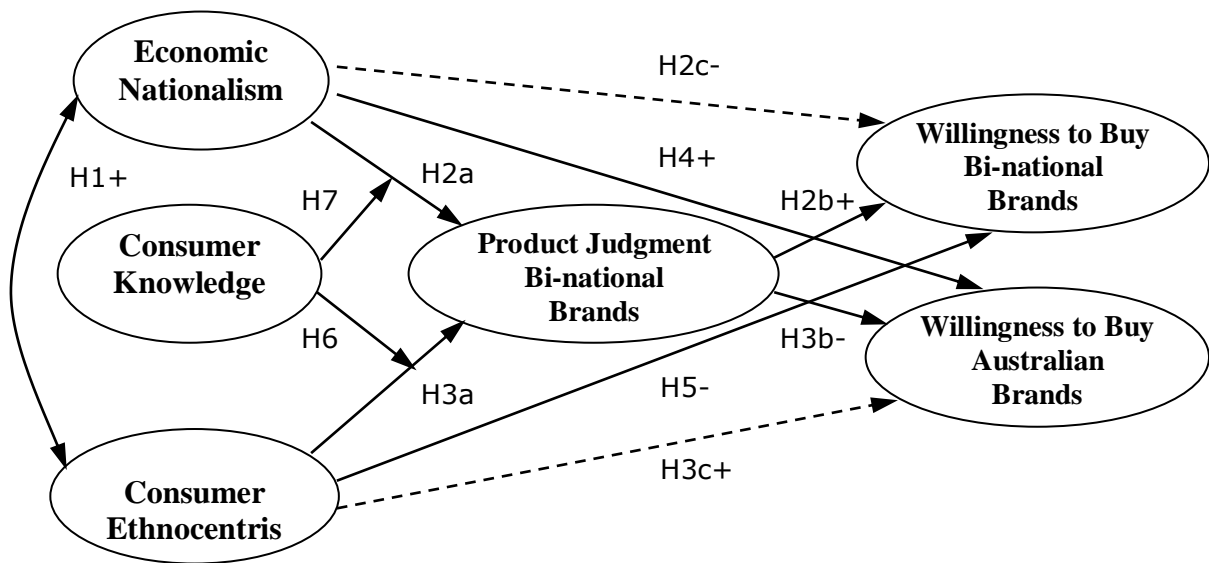
According to the theory of confirmation bias, individuals tend to search for or interpret information in a way, manner or approach that confirms one's preconceptions such as biasing judgments and disregard 'true' information (Evans 1989; Nickerson 1998). Previous research has found that consumers with high product knowledge were less likely to be influenced by COO cues in their product evaluation than those with low product knowledge (Lin and Chen, 2006; Phau and Suntornnond, 2006; Josiassen, Lukas and Whitwell, 2008). However, it is likely that consumer' cognitive beliefs in support for domestic brands and reluctance to purchase foreign products would enhance xenophobia tendencies against foreign brand evaluations thus negating the need for consumers' product knowledge as a means to resolve any dissonance. Thus, it is proposed that the level of consumers' product knowledge will moderate the current relationship between

the constructs and was theoretically underpinned by the theory of confirmation bias in rationalizing the concept of “selective thinking” and “human reasoning” (Evans, 1989; Nickerson, 1998). Based on these discussions, the following hypotheses are developed:

H6 - Consumers’ product knowledge moderates the consumer ethnocentrism effect on product judgment of bi-national brand; such that this effect is “stronger” following “low” product knowledge levels.

H7 - Consumers’ product knowledge moderates the economic nationalism effect on product judgment of bi-national brand; such that this effect is “weaker” following “high” product knowledge levels.

Figure 1: Conceptual Model of Study



3.0 Methodology and Analysis

An experimental fixed-factor 2 x 2 between subjects factorial research design was developed (see Figure 2). The two research components were COO cues (country of manufacture versus country of ownership), a uni-national Australian wine brand

(indicated by the *Penfolds* label, locally owned- locally manufactured) and a bi-national wine brand (indicated by the *Houghton* label, foreign owned-locally manufactured). The decision to use a wine product was based on two precepts: (1) the brands are realistic and products involved are of relative interest to the subject pool used (i.e. Australian consumers), and (2) the product brand is comparable to the bi-national or hybrid concept presented in the study providing the theoretical foundation for this study, contributing to a degree of replication to provide additional research support for current findings.

The goal of the study was to test respondent's "product judgment of bi-national brands" through a series of advertising stimuli based on multiple COO cues. Thus, the main research is divided into two experimental studies. Study one conceals the COO cues within the advert stimuli, while study two made these country cues available. This partition was necessary in order to determine whether or not country of origin cues as country stereotypes stimulate or dampen the different economic nationalistic or consumer ethnocentric effects compared to one another.

Data with a sample size of 402 were collected via a mall intercept at a major wine trade exhibition in the city of Perth, Western Australia, with the assistance of a reputable Perth wine wholesaler. The main sample consisted of Australian residents who are aged 18 and above and may or may not be alcoholic drinkers. The survey instrument was developed using established scales. The CETScale from Sharma, Shimp, and Shin's (1995) and a newly developed CENTScale were used to measure the two independent variables. An adapted scale from Klein et al. (1998) was used to measure "product judgment of bi-national brands", and Wood and Darling's (1993) and Bone and Ellen's (1992) scales were incorporated to measure willingness to buy. In addition, an adapted scale from Flynn and Goldsmith (1999) was used to measure consumer knowledge. Lastly a section for demographic profiles was included. All items were measured with a seven point Likert scale with 1 representing "strongly disagree" and 7 representing "strongly agree". The whole process of collecting the data took approximately three weeks.

Figure 2: Suggested 2x2 research design

	UNI-NATIONAL BRAND	BI-NATIONAL BRAND
COUNTRY OF MANUFACTURE CUES	 AUSTRALIA'S MOST FAMOUS WINE	 HOUGHTON WESTERN AUSTRALIA AUSTRALIA'S MOST FAMOUS WINE
COUNTRY OF OWNERSHIP CUES	  FOSTER'S GROUP FOSTER'S WINE ESTATES	HOUGHTON   Constellation Wines U.S. <small>A CONSTELLATION BRANDS COMPANY</small>

4.0 Results

Model testing

The analysis of the study consists of both traditional techniques and Structural Equation Modelling (SEM) techniques. The reliability of the constructs was determined based on Cronbach's alpha (α) and the discriminant validity of the measurement models, as well as the fit of their multi-indicator (-item) scales, were subjected to latent variable SEM analysis (Jöreskog & Sörbom, 1993). Using Maximum Likelihood (ML) estimation as the estimation procedure, the study adopted the prescribed logical SEM procedure that begin in the order of model specification, model identification, parameter estimation, model testing and, finally, model modification/re-specification. Confirmatory Factor

Analysis (CFA) and goodness-of-fit were assessed at single-factor measurement model level before a full measurement model was tested using AMOS 21.0 programme. Finally, the study's proposed structural model with all the hypothesised causal pathways were established for interpretations.

Measurement model evaluation

The reliability and discriminant validity of each of the constructs would be established. The internal consistency of the constructs was examined based on Cronbach's alpha and the discriminant validity of the measurement models as well as the fit of their multi-indicator (-item) scales were subjected to latent variable structural equation modelling analysis (Joreskog and Sorbom, 1993). As the five single-construct measurement models were specified a priori, a series of confirmatory factor analysis (CFA) were conducted and re-specified, if theoretically sound, before a full measurement model was being tested.

CFA conducted and respecified using SEM demonstrated unidimensionality with high reliability for the five single-construct measurement models, namely: 1) Product Judgments, 2) Consumer Ethnocentrism, 3) Willingness to Buy Australian Brands, 4) Willingness to Buy Bi-national Brands, 5) Economic Nationalism.

Subsequently, a full measurement model is tested to ensure discriminant validity among them. Each item only loads on one construct; constructs are allowed to covary. All the items were proposed and tested as reflective of the constructs. Items that did not fit a proposed construct were re-examined as indicators for alternate constructs if the interpretation of the item is similar to some aspect of the alternate constructs. Item removal was also considered however, practical considerations had to be given to ensure that the deletion of item(s) would not change the meaning of the construct, or not capture the full domain of the construct, as conceived in the literature (MacCallum, Roznowski, and Necowitz, 1992).

Discriminant validity is evidenced in the full measurement model with all items significantly related ($p < .001$) to their respective constructs with adequate factor loadings, therefore allowing the development of a full structural equation model to test the study's hypotheses. Table 1 and 2 provides a summary of the results for the single-construct measurement model as well as the full measurement model for both studies.

Table 1 - Single-Construct & Full Measurement Models Results (study one)

Constructs	No. of Item	α	Mean	χ^2	df	p -value	RMSEA	SRMR	GFI	AGFI	TLI	CFI
Product Judgments	6	.826	4.988	14.653	9	.101	.038	.023	.989	.974	.988	.993
Consumer Ethnocentrism	5	.839	2.691	15.904	5	.053	.071	.027	.984	.953	.975	.988
Willingness to Buy (Australia)	2	.780	1.862	-	-	-	-	-	-	-	-	-
Willingness to Buy (Bi-national)	3	.665	3.113	-	-	-	-	-	-	-	-	-
Economic Nationalism	2	.775	3.237	-	-	-	-	-	-	-	-	-
Full Measurement Model	-	-	-	226.57	122	.000	.066	.086	.912	.900	.961	.920

Table 2 - Single-Construct & Full Measurement Models Results (study two)

Constructs	No. of Item	α	Mean	χ^2	df	p -value	RMSEA	SRMR	GFI	AGFI	TLI	CFI
Product Judgments	6	.831	4.880	13.851	9	.054	.070	.033	.978	.934	.964	.983
Consumer Ethnocentrism	5	.790	2.624	5.755	5	.000	.028	.021	.984	.964	.975	.988
Willingness to Buy (Australia)	2	.846	1.595	-	-	-	-	-	-	-	-	-
Willingness to Buy (Bi-national)	3	.755	3.515	-	-	-	-	-	-	-	-	-
Economic Nationalism	2	.808	3.248	-	-	-	-	-	-	-	-	-
Full Measurement Model	-	-	-	199.20	124	.000	.046	.052	.914	.883	.950	.959

Evaluation of the hypothesized structural model

Having established an acceptable measurement model, the hypothesized structural model can be evaluated. The validity of the hypothesized structural model was accessed by examining indices of model fit, structural parameter estimates, and the proportion of variance explained in the endogenous variables (i.e. predictive power). The model fit indices and the pathways between the constructs were specified in the full structural model to test the study's hypotheses. The model for Study One presented an adequate level of fit, $\chi^2(125) = 270.450$, $p < .000$, RMSEA = .043, SRMR = .059, GFI = .929, AGFI = .919, TLI = .952 and CFI = .920. Similarly, the model for Study Two presented an adequate level of fit, $\chi^2(126) = 178.648$, $p < .001$, RMSEA = .046, SRMR = .053, GFI = .914, AGFI = .918, TLI = .951 and CFI = .960. The standardised parameter estimates for both studies are presented in Table 3 and 5 respectively. The structural model with standardised parameter estimates is presented in Figure 4 and 5.

5.0 Discussions

Discussions: Study One

The test of the hypotheses in the structural model indicated both the hypothesised pathways to be significant at $p < .005$. A significant correlation factor coefficient of .29 between Economic Nationalism and Consumer Ethnocentrism is reported. This result is also supported by discriminant validity shown in the measurement models which suggest the two constructs to be distinct and independent from each other hence H1 is accepted.

The path from Consumer Ethnocentrism to Willingness to Buy Bi-national Brands is significant with a factor coefficient of -.94 while a significant factor coefficient of .61 is reported for the path from Consumer Ethnocentrism to Willingness to Buy Australian Brands. These results thus indicate that Consumer Ethnocentrism is positively influencing Willingness to Buy Australian Brands but negatively influencing Willingness to Buy Bi-national Brands hence both H3 and H5 are accepted. This demonstrates that high

ethnocentricity amongst Australian consumers is present when revealing their negative product judgment of bi-national brands. In addition to this, the social identity theory (Tajfel and Turner, 1986) and behavioural decision making theory (Slovic et al., 1977) supports this finding, which advocates the relationship of one's ingroup to create distinction by favoring their own (domestic) products and discriminating other (foreign) products. This correlates with the notion that the normative decision making refers to the prescribed decisions that conform to actual belief and values.

However, the path from Economic Nationalism to Willingness to Buy Bi-national Brands is insignificant with a factor coefficient of $-.48$ while a significant factor coefficient of $-.63$ is reported for the path from Economic Nationalism to Willingness to Buy Australian Brands. These results thus indicate that Economic Nationalism does not have a significant effect on Willingness to Buy Bi-national Brands and hence H2 is rejected. These results may also suggest that it is not necessary for both constructs to be specified in the same model in order to explain consumer's product judgment of bi-national brands. Therefore, this could indicate the redundancy of the economic nationalism construct and hence the possibility of excluding the construct from the overall research model.

Whilst statistically significant the direct path (H4) suggest a negative (instead of a positive) magnitude of Economic Nationalism on Willingness to Buy Australian Brands ($-.63$), thus implying low economic nationalistic tendencies amongst Australian consumers when revealing their willingness to buy Australian brands. While literature supports the notion of economic nationalistic individuals preferring domestic products and brands, it does not necessarily mean the rejection of foreign ones (Kinra, 2006).

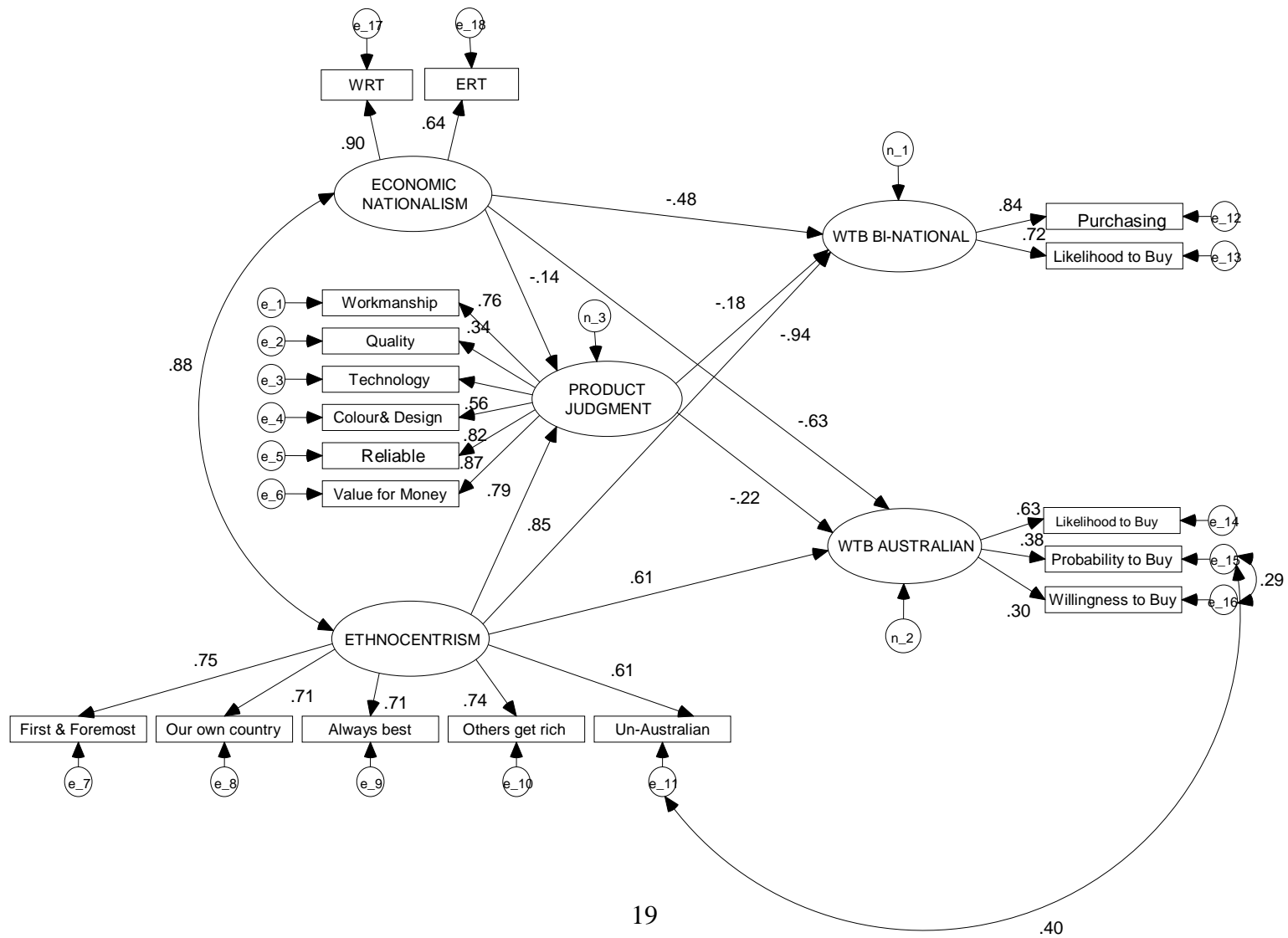
This finding may be interpreted that the anti-foreign sentiment was so weak that respondents accepted brands that had any association with an Australian firm, regardless of whether the products are (judged) directly or indirectly related to the locals (Klein et al., 1998; Klein, 2002). This suggests that they do not see any distinction between local brands and bi-national brands as long as there are elements of the "local-ness" involved, and this

in spite of bi-national brands being identified as partly foreign. Subsequently, H4 is rejected.

Table 3 – Structural model pathways of bi-national brands (study one)

Pathways	Factor loadings	Sig.
EN ↔ CE	0.295	.001
EN → PJ	-0.144	.573
PJ → WTBNB	-0.183	.061
EN → WTBNB	-0.482	.068
CE → PJ	0.851	.004
PJ → WTBAB	-0.226	.002
CE → WTBAB	0.611	.002
EN → WTBAB	-0.631	.004
CE → WTBNB	-0.949	.000

Figure 3: Full Structural Model (Study One)



In order to test H6 and H7, hierarchical moderated regression analysis (see Baron and Kenny's 1986 approach to moderation) was undertaken to study the effects of the moderation (consumers' product knowledge) on both the independent, Consumer Ethnocentrism (or Economic Nationalism) and dependent, Product Judgment of Bi-national Brands variables. Separate regression analyses were conducted for all three terms in the hierarchal moderated regressions: consumers' product knowledge, Consumer Ethnocentrism (or Economic Nationalism), and the interaction between these variables. Moderation is indicated when the interaction term between Consumer Ethnocentrism (or Economic Nationalism) and consumers' product knowledge is statistically significant ($p < .005$).

Table 4 – Moderation model analysis of bi-national brands (study one)

Variables	Standard Coefficient	t-value	p-value
CE x CK (high)	-0.132	3.802	.423
CE x CK (low)	0.517	2.481	.631
EN x CK (high)	0.328	5.389	.112
EN x CK (low)	0.794	1.114	.267

Results in relation to study one showed no moderation as standard coefficients for effect of consumer ethnocentrism and economic nationalism constructs on both high and low consumer's product knowledge were clearly not significant (Table 2). Thus, H6 and H7 are rejected. This finding may be interpreted that in a scenario where COO cues are concealed, consumers did not rely on COO cues when they evaluate an unknown brand name. According to Cordell (1997), consumers are reluctant to make purchase decisions about a product when they lack sufficient information. Hence, it can be implied that consumers hesitate to judge unknown brand names simply because they may feel that inadequate information is made available to them.

Discussions: Study Two

H1 is accepted with a significant correlation factor coefficient of .54 between the two constructs. The path from Economic Nationalism to Product Judgments (.09) and from Product Judgments to Willingness to Buy Bi-national Brands is insignificant with a factor coefficient of .07 while a significant factor coefficient of -.18 is reported for the direct path from Economic Nationalism to Willingness to Buy Bi-national Brands. In addition, a significant factor coefficient of .87 is reported for the direct path from Economic Nationalism to Willingness to Buy Australian Brands.

These results thus indicate that Economic Nationalism is positively and negatively influencing Willingness to Buy constructs directly and independently of Product Judgments hence H2a and H2b are rejected but accepting H2c and H4. This demonstrates consumer's ability to separate beliefs, attitudes and emotions towards a country from their assessment of that country's product (Kinra, 2006). Thus, consumers using COO cues to infer product attributes indirectly affecting their brand attitude or decision to purchase through their inferential beliefs. (supporting the 'halo' model - Han, 1989; Maheswaran, 1994).

The path from Consumer Ethnocentrism to Product Judgments (-.20) and from Product Judgments to Willingness to Buy Australian Brands is significant with a factor coefficient of .34 while an insignificant factor coefficient of .48 is reported for the direct path(s) from Consumer Ethnocentrism to Willingness to Buy Australian Brands and Willingness to Buy Bi-national Brands (-.21). These results thus indicate that Consumer Ethnocentrism is negatively influencing both Willingness to Buy constructs and hence H3a and H3b are accepted but rejecting H3c and H5. This demonstrates that ethnocentric consumers will need to first use COO cues to summarise brand beliefs about product brand quality judgments (or attributes) before forming an attitude toward the brand or making a decision to purchase (supporting the 'summary construct' model - Han, 1989; Han & Terpstra, 1988).

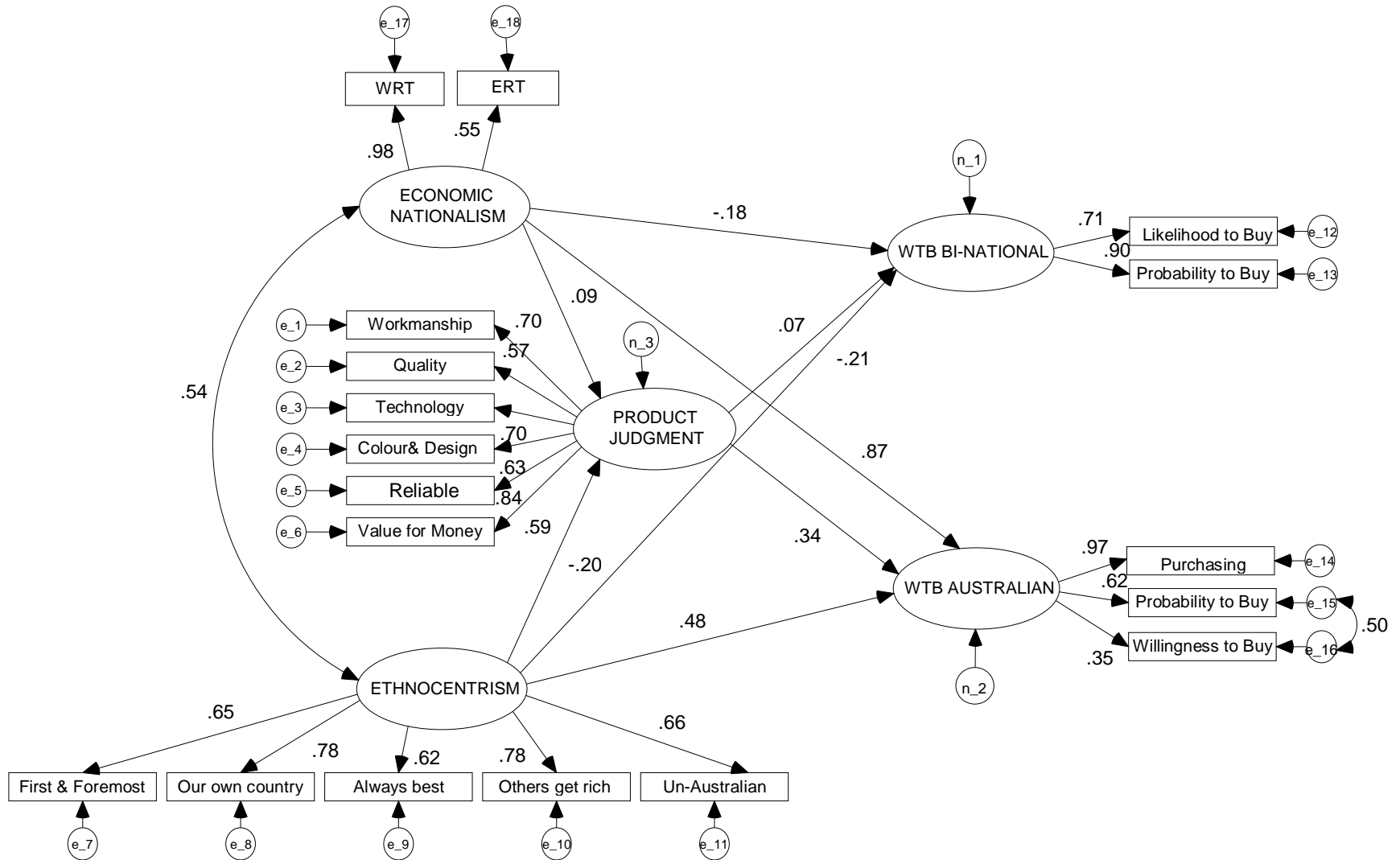
Results in relation to H6 showed that the effect of consumer ethnocentrism on product judgment of bi-national brands is stronger in individuals with low product

knowledge than those with high product knowledge. The standard coefficients for effect of consumer ethnocentrism on product judgment of bi-national brands was .52 (T-value = 5.01) and .35 (T-value = 4.82) for individuals with low and high knowledge respectively (Table 4); thus H6 is accepted. Under a situation when COO cues are available, an ethnocentric consumer with lower levels of product knowledge will likely use these extrinsic country cues to reinforce their ethnocentric tendencies when judging an unfamiliar bi-national brand. However, an ethnocentric consumer with higher levels of product knowledge may base evaluations on intrinsic attributes rather than extrinsic cues.

Table 5 – Structural model pathways of bi-national brands (study two)

Pathways	Factor loadings	Sig.
EN ↔ CE	0.541	.001
EN → PJ	0.090	.342
PJ → WTBNB	0.070	.315
EN → WTBNB	-0.182	.004
CE → PJ	-0.207	.004
PJ → WTBAB	0.346	.000
CE → WTBAB	0.482	.221
EN → WTBAB	0.870	.002
CE → WTBNB	-0.214	.132

Figure 4: Full Structural Model (Study Two)



Results in relation to H7 showed that the effect of economic nationalism on product judgment of bi-national brands is weaker in individuals with high product knowledge than those with low product knowledge. The standard coefficients for effect of economic nationalism on product judgment of bi-national brands was .43 (T-value = 4.46) and -.29 (T-value = 3.37) for individuals with low and high knowledge respectively (Table 4); thus H7 is accepted. This demonstrates that consumers with high product knowledge were less likely to be influenced by COO cues in their product judgment than those with low product knowledge.

Table 6 – Moderation model analysis of bi-national brands (study two)

Variables	Standard Coefficient	t-value	p-value
CE x CK (high)	.351	4.82	.001
CE x CK (low)	.520	5.01	.002
EN x CK (high)	-.290	3.37	.003
EN x CK (low)	.435	4.46	.001

In addition, the confirmation bias theory (Evans, 1989; Nickerson, 1998) supports this finding, which speculates that if consumers are accustomed to a particular brand within a product category (more knowledgeable and familiar) there is less tendency to search for more information to confirm their decision making, rather such decisions or judgments will be pushed by intrinsic attributes (such as economic nationalistic beliefs, attitudes and past experience) as oppose to extrinsic cues (such as country name, origin etc). This claim is however, regardless of whether or not a correct decision, outcome or rightful representation is derived. This is to say that knowledgeable consumers are more susceptible to unknowingly seek and interpret incorrect evidence to support or confirm rather than to deny their hypotheses or existing beliefs.

6.0 Research and Managerial Implications

The findings of this research dictate important guidelines for wine dealing companies that wish to enter a foreign wine market to better understand the customers' behaviour. This research has shown that Australian consumers still recognise that wine produced in Australia as having good quality or value for money. This preconception may exert a powerful influence on the importance of COO. More importantly, marketing managers have to be cautiously aware of any past or prolonged xenophobia remnants toward specific countries that may endanger its business activities in the long term.

According to our results, if consumers are operating in a somewhat hostile environment (i.e. a recession or financial crisis) it is likely that economic nationalistic sentiment for "ownership" is seen as priority and associations with locally owned businesses, products and brands to be more prevalent and favoured. However, this could also mean that hybrid products and or bi-national brands regardless of being fully or partially associated with the foreign country would not be accepted or tolerated. Thus, planning on advertising and branding strategies, such as whether to have standardised or a localised campaign, should be carefully considered. A worst case scenario may see some businesses to even consider alternative markets if xenophobia effects are persistent after a long period of time (see Kim, 2006).

This research has shown that Australian consumers will still have a greater reliance generally on COO information when evaluating wine especially when product knowledge is insufficient or when other intrinsic attributes or extrinsic cues are absent. However, our results have found that the more knowledgeable segment of consumers do not rely on COO cues in their evaluations of bi-national brand and hybrid products. Therefore, wine producers of international brands may not need to focus entirely on COO in promotion strategy when introducing new brand to the market. Rather, emphasis should be on compensating these perceived "country" competences through the uniqueness of the new brands, such as, product attributes e.g. distinguish package, or, other elements of marketing strategies (i.e. competitive pricing, long product warranties, and ingredient authenticity and co-branding strategies). On the other hand, other "non-COO" strategies can be used for the segment of inexperienced consumers. These include sales promotions

techniques, such as, price deals, coupons, a free sample, or premiums may be a more efficient way to get these consumers to try the products.

These "marketing tactics may entice consumers to trade-off less than positive COO attitudes for lower cash outlay in purchasing (possible short-term gains). However, in the long term, cost driven manufacturing locations may lock-in manufacturers into a positioning strategy from which it may be undesirable, rigid and difficult to change (as found in Karunaratna and Quester, 2007) as consumers become increasingly aware of component origins. Such situations could be eventually countered with education and awareness programs. Other suggestion to avoid negative COO image association is for manufacturers to extend or divide their product line into several categories. For example, a manufacturer can still produce high-end products to suit its market; however, it would be advantageous to introduce a cheaper product alternative (such as a me-too or mimic label) to target a lower-end market. This secondary label can be made in a cheaper location to reduce costs. This scenario may see profit margins decline at first, although in the longer term if managed correctly, an increase in brand status and recognition of its secondary label will mean that consumers would feel as though they are receiving excellent value for money in purchasing low-end products.

From a different perspective, this research can also significantly help wine marketers to a better understanding of Australian consumers and help them develop more effective segmentation and positioning strategies. In the case of a "halo effect" driving consumer decision making in terms of "countries" rather than the individual brands, labels or institutions, it is then seen as more appropriate for marketing strategies to either build on the strengths of the existing country image or to counteract and challenge negative country image perceptions. Thus, wine producers especially in traditional wine producing countries should capitalize on the positive images associated with product's COO in their promotional programmes: highlighting the wine's COO can help to signal superior product quality and premium image to consumers.

In the case of “*Pernod Ricard*” a French company that produces alcoholic beverages re-badges and distributes many of their key brands within Australia such as the well-known Jacob’s Creek label. Like a brand, COO can reduce consumer’s perceived risk by becoming a reliable symbol of product quality. Since COO image exerts a significant role in the relationship between product judgment and willingness to buy, it is critical for managers to make good use of Jacob’s Creek’s foreign partner’s globally positive images, which appear to be a great attraction for the Australian market. “*French-ness*” (i.e. French, France and French wine) for instance, could be highlighted to a greater extent in communication strategy (see Heslop, Cray and Armenakyan, 2010).

The retention of social occasion themes in promotional campaigns can amplify this phenomenon. For example, companies could also hold promotional festivals to introduce wine culture from foreign partner’s home country or in this case, prominent wine provinces in France such as *Bordeaux*, *the Loire Valley* or *Champagne’s vineyard*. This shows that foreign brands available in the market can make use of their country of origin images by emphasizing their superiority in product quality and social acceptability.

Lastly, the results of this study would be useful for local wine wholesalers and retailers when making decisions in marketing and promotional campaigns. Local retailers, merchandisers and importers should avoid importing products originating from offending countries once they have been clearly identified as consumers are likely to boycott them (Klein, 2002; Akhter, 2007; Ishii, 2009). In addition, local managers will need to consolidate marketing efforts, and with the support from government and union groups to promote and encourage annual nation-wide campaigns such as the “Buy Australian” or “Fight-Back Australia” (Zarkada-Fraser and Fraser, 2002; Inch and Florek, 2009). Other suggestions for domestic companies operating in a highly competitive environment with many foreign companies can consider capitalising on social normative influences to further elevate the level of economic nationalistic or ethnocentric sentiment and cause boycotting of foreign products (Klein, 2002).

7.0 Limitations and Future Directions

The present study has several limitations, which are areas to consider for further research. Firstly, this research is country specific, future studies can test the generalizability of the results and framework with cross-national and longitudinal data. Firstly, it must be recognized that data were collected solely in Perth, Western Australia, which may not be representative of the entire Australian wine buying population. Ideally, marketing research that aims to assess foreign markets should consider at least five major “cities” in order to achieve a representative sample of the population (Malhotra and Birks, 2003). A comparative study in the eastern states of Australia such as Sydney or Melbourne for example would be of particular interest as the characteristics of these cities and its people differ in many areas. Wine consumption is there more developed and may provide better insights into the way in which the Australian wine market will develop. Secondly, consumer demographic characteristics may influence the exact nature of the COO effects, however in this research, the author did not analyse the interrelationship between the consumers’ demographic characteristics and the COO effects.

Another stream of research can focus on examining the difference in the degree of economic nationalism (country of ownership cues) with respect to different countries. That is, are Australians more economically nationalistic toward the USA than, say, China or the Middle East? Other areas in extending the study would be to replicate the analysis with a dataset that includes one or more product categories that are either high or low involvement. Other areas of interests such as testing for the effects of multiculturalism, regiocentrism, animosity, socio-demographic effects in determining consumer’s level of moral maturity or moral obligations in consumption patterns can also be considered. Finally, by applying the conceptual model developed in this study to other research settings, such as the business technology, health and services industry, can potentially serve as an avenue for future research. This is because these settings’ specifics warrant further investigation in order for businesses to comparably evaluate the effect on more traditional products and services as well as to discern their advantages and disadvantages.

8.0 References

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