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Rediscovering Australian Brands: The Roles of Categorization Theory and Confirmation Bias on Country of Ownership Cues

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Statement of Original Authorship

Declaration

To the best of my knowledge and belief this thesis contains no material previously published by any other person except where due acknowledgment has been made.

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university.

Isaac Cheah
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Abstract

The study examines the effect of country of ownership cues, economic nationalistic and consumer ethnocentric tendencies with regards to product judgments and purchase intentions of Australian wines with multi country affiliations. To test the research model, a specific scale to measure and conceptualise economic nationalistic tendencies (CENTSCALE) was developed and a new construct "consumer willingness to buy hybrid products" was created. The scale development process consisting of scale generation, purification, validation and confirmation were achieved through four studies. The main methodology entailed a 2 x 2 factorial experimental design to examine the effects of the two sub-components of COO with two levels of sourcing location – home (Australia) and foreign (United States), for Australian wine brands. The cross-sectional strategy for data collection resulted in 400 usable responses. Structural equation modeling supports the model and shows that economic nationalistic bias against foreign affiliations resulted in the Australian consumer's unwillingness to buy bi-national products. The findings of the study revealed that economic nationalistic tendencies will affect negatively consumer's willingness to buy independently of judgments of product quality. Therefore, this finding suggests that there is a significant impact on consumer buying decisions contrary to prior findings of decisions based on economic nationalistic and ethnocentric tendencies. Consistent with literature, the study found that the importance that consumers place on COO cues when they evaluate products is contingent on their level of consumer knowledge. Specifically, the results showed that consumers consider the COO 'owned by' cue to be more prevalent over COO 'made in' cue for their product evaluations when they evaluate hybrid products (i.e. less familiar and more complex, involved products).

Key words: Country of Origin, Economic Nationalism, Consumer Ethnocentrism, Scale Development, Ownership Appeals, Attitudes, Purchase Intentions.

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CHAPTER 1
INTRODUCTION

1.1 OVERVIEW

In laying the foundations of the report, this chapter will commence by presenting a general introduction, which will be followed by a more extensive problem analysis, where the significance of the problem area will be acknowledged. This problem is then clearly identified and research questions, hypotheses and justification for the study and the key literature and gaps are presented. The problem defined will be clearly supported with information needed to elucidate the problem. To conclude a summary of the key concepts will be provided, an overview of the research design will be presented and the organization of the report itself will be put forward.

1.2 BACKGROUND OF STUDY

Country of Origin (COO) is undoubtedly one of the most researched areas in marketing (see, e.g., Verlegh and Steenkamp, 1999; Gurhan-Canli and Maheswaran, 2000; Jaffe and Nebenzahl, 2001; Mort and Duncan, 2003; Bhaskaran and Sukumaran, 2007; Josiassen, Lukas and Whitwell, 2008; Thanasuta et al. 2009; Heslop, Cray and Armenakyan, 2010). The substantive amounts of literature coupled with numerous implications have resulted in the topic's recognition in our marketplace (see, e.g., Chao, 1993; Hui and Zhou, 2003; Scott and Keith, 2005; Usunier, 2006; Heslop, Lu and Cray, 2008; Wang and Yang, 2008; Prendergast, Tsang and Chan, 2010; Josiassen and Assaf, 2010). To date, researchers have primarily investigated "manufacture in ..." and its decompositions as the cue for the country of origin effect (Mort and Duncan, 2003; D'Astous et al., 2008; Josiassen and Harzing, 2008). This paper undertakes a new focus on the "owned by..." cue and its affect on product judgments and willingness to buy uni-national local products (i.e. both locally owned and manufactured) or bi-national products (i.e. foreign owned but locally manufactured). The influence of consumer ethnocentrism and economic nationalism are canvassed with an emphasis on the explicit cue based research, and finally an appropriate psychometrically valid and reliable scale to measure economic nationalistic tendencies developed.

Country of origin stereotyping or country stereotype is a surrogate indictor or a mental shortcut that simplifies information processing (see, e.g., Johansson and Nebenzahl 1986; Hong and Wyer, 1989; Tse and Gorn, 1993; Maheswaran, 1994;); whereby consumers utilizes labels such as the “made in” cue (Roth and Romeo, 1992) and other country of origin sub-components to serve as an informational cue (Chattalas, Kramer and Takada, 2008; Kotler and Gertner, 2004; Liu and Johnson, 2005) when they evaluate a product (for reviews, see Bilkey and Nes, 1982; Heslop and Papadopoulos 1993; Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999; Pharr, 2005).

Among the numerous investigated modifiers, consumer characteristics have received the most attention (see, e.g., Schooler, 1971; Heslop and Wall, 1985; Wall et al., 1991; Marcoux et al., 1997; Kaynak and Kara, 2002; Insch and McBride, 2004; Spillan et al. 2007; Zolfagharian and Sun, 2010). The country of origin effect has been found to vary with nationality (O’Cass and Lim, 2002; Kim, 2006; Ahmed and D’Astous, 2007), social class (Becker, 1986; Khachaturian and Morganosky, 1990; Levin et al., 1993; Okechuku, 1994), personal values (Balabanis et al. 2002) and incidental emotions and cognitive appraisals (Maheswaran and Chen, 2006).

More specifically, corresponding studies and research have demonstrated a vast variety of factors, such as consumer nationalism (Pinkaeo and Speece, 2000; Ishii, 2009), dogmatism (Baughn and Yaprak, 1996), authoritarianism / xenophobia (Balabanis et al., 2001), animosity (Klein, Ettenson and Morris, 1998; Shin, 2001; Nijssen and Douglas, 2004) and ethnocentrism (Netemeyer, Durvasula and Lichtenstein, 1991; Heslop and Papadopoulos, 1993; Sharma, Shimp and Shin, 1995), among many others, that will manipulate consumer’s behaviors and influence their buying decisions regarding domestic and foreign products.

With the present globalized competition, many marketing managers and businesses are seeking to leverage the effects of countries' positive image to indicate product quality (Javalgi, Cutler and Winans, 2001; Erdem, Swait and Valenzuela, 2006; Heslop, Lu and Cray, 2008). With the increasing growth in international trade, businesses are operating in immense competition and challenge (Chu et al., 2010). At the same time, the increased levels of global trade liberalization and the amplification of relative convergence of economic ideology (Shankarmahesh, 2006), consumers are increasingly exposed to products from different countries and as such, the role of country of origin cues, that is, how consumers perceive or evaluate products from a particular country (Chao, Wuhrer and Werani, 2005; Wong, Polonsky and Garma, 2008; Josiassen, 2010) are more salient.

This situation has imposed pressure on numerous businesses and marketers to put together a strategy that will possibly create competitive advantages in order to advance and remain at the forefront. In order to take advantage of lower wage rates and other operating costs, multinational companies have moved or outsourced production to more economical 'cheaper' locations (usually in developing countries) to develop or manufacture products in turn to increase profits (Craig and Douglas, 1996; Essoussi and Merunka, 2007; Wong, Polonsky and Garma, 2008). For example, Pacific Brands is shifting its manufacturing operations overseas to China for price reasons (Pacific Brands boss blames Australian consumers for China move 2009). With no long-term sustainable advantage from local manufacturing, the relocation to cheap labor economies was part of a new strategy to restructure the business, fold smaller brands to cut costs and complexity and shut down some clothing manufacturing in Australia.

According to Prendergast, Tsang and Chan (2010, p. 180), there has been a rise in the outsourcing of various components, as well as of design and engineering work by collaborating with foreign partner firms or establishing design centers overseas. For example, the Pontiac LeMans automobile made by Daewoo in South Korea was designed in Germany by Opel, which in turn is owned by General Motors (GM). The LeMans is branded and sold in various countries as a GM vehicle (Chao, 1993; Chao, 1998). Similarly, Boeing outsources the manufacture of more than half of the structure of its

“787 model airplane”, with manufacturing locations across in six different countries (Tatge, 2006).

Although manufacturing in developing countries can assist corporations in enhancing cost advantages (Cho and Kang, 2001; Andersen and Chao, 2003; Trent and Monczka, 2005), corporations also face the risk of potential loss due to negative country of origin effect associated with merchandise from developing economies (Wang and Lamb, 1980; Cordell, 1992; Li et al., 2000). Therefore, as multinational firms seek to acquire competitive cost advantages through global manufacturing or global sourcing, it is also important to develop effective strategies to reduce possible damage of negative country of origin. As such, businesses must be stringent in quest of countries that have a strong reputation for quality, expertise or even technological advancement that will be compatible or well associated with their products (Karunaratna and Quester, 2007; Heslop, Lu and Cray, 2008; Wang and Yang, 2008).

Country of origin cues potentially have a more complex meaning under globalization compared to traditional “export” focused international trade, given that fewer products are designed, manufactured, assembled, branded and owned by one country (see, e.g., Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Chao, 1993; O’Shaughnessy and O’Shaughnessy, 2000; Baker and Ballington, 2002; Andersen and Chao, 2003 Javalgi et al. 2003; Kinra, 2006 Cheah and Phau, 2009; Prendergast, Tsang and Chan, 2010). This resulted in the emergence of hybrid products that may have components derived from several countries all over the world (see, e.g., Sauer, Young and Unnaya, 1991; Li et al., 2000; Chao, 2001; Andersen and Chao, 2003; Oliver and Lee, 2010).

The present-day consumers are young in an era where multi-origin market offerings are more pronounced than any other generation has experienced (see, e.g., Andersen and Chao, 2003; Ewing, 2003; Kose et al., 2006; Blonigen and Wilson, 2008; Josiassen, 2010). Therefore, the distinction of products being foreign or locally made have become much more complicated, and subsequently interest has moved to the deconstruction of the “made in” cue itself (see, e.g., Phau and Prendergast, 2000; Chao, 2001; O’Cass and

Lim, 2002; Zhuang et al., 2007; Cheah and Phau, 2009; Oliver and Lee, 2010). These aspects include country of design (Ahmed and D'Astous, 2008), country of assembly (Brodowsky et al. 2004; Wong, Polonsky and Garma, 2008), country of manufacture (COM) (Okechuku and Onyemah, 1999; Essoussi and Merunka, 2007), country of brand (Pecotich and Rosenthal, 2001; Zhuang et al., 2007) and country of ownership (COown) (Mort and Duncan, 2003; Cheah and Phau, 2009). The recognition of non-manufacturing based nationality of the product in the minds of consumers propose that the ownership of the company making the product, the "owned by" cue (see Mort and Duncan, 2003), is also potentially important to consumers (Cheah and Phau, 2009).

Despite the extant research on country of origin, the literature identifies five major shortcomings:

First, many past studies are wholly based on the "made in" label, also referred to as country of manufacture to investigate consumer behavior toward products from different countries (see, e.g., Schooler, 1965; Nagashima, 1970; Narayana, 1981; Bilkey and Nes, 1982; Heslop and Papadopoulos 1993). Only a minority of studies take into account global sourcing which involves multiple sourcing locations or countries and therefore transforms country of origin into a multifaceted construct (see, e.g., Chao, 1993; Samiee, 1994; Li et al., 2000; Chao, 2001; Insch and McBride, 2004; Ahmed and D'Astous, 2008; Pecotich and Ward, 2007; Wang and Yang, 2008; Wong, Polonsky and Garma, 2008), although research into more complex constructions of country of origin are emerging (Andersen and Chao, 2003; Karunaratna and Quester, 2007; D'Astous et al., 2008; Thanasuta et al. 2009).

Second, while consumers may retain certain sets of beliefs and values that would guide their judgments and purchases, the overwhelming amount of information and variety of products available in the highly saturated marketplace has made it increasingly difficult for consumers to carry out sound cognitive judgments. This has resulted in complications for both researchers and marketers to determine and understand consumer's underlying motivations in their purchase decisions, especially from a theoretical point of view

(Samiee, 1994; Li and Dant, 1997; El Enein and Phau, 2005; Kea and Phau, 2008). Therefore, continuous research effort in this area is imminent.

Third, while there is a substantial body of research on country of origin it has traditionally emerged out of the USA (see, e.g., Ettenson et al., 1988; Blumenthal, 1989; Gallup, 1991; Yaprak and Baughn, 1991; Walton, 1992; Chao and Rajendran, 1993; Okechuku, 1994; Maronick, 1995). However, there has been a call to explore country of origin from other perspectives (see, e.g., Maheswaran, 1994; Al-Sulaiti and Baker, 1998; Wilkinson and Cheng, 1999; Maheswaran and Shavitt, 2000; Balabanis and Diamantopoulos, 2004; Crnjak-Karanovic et al., 2005; Zolfagharian and Jordan, 2007). This might help to partially address the growing research investigating country of origin outside the USA in recent times (see, e.g., Kaynak et al., 2000; Pereira et al. 2002; Wang and Chen, 2004; El Enein and Phau, 2005; Kea and Phau, 2008; Lin and Chen, 2006; Heslop, Lu and Cray, 2008; Wong, Polonsky and Garma, 2008; Cheah and Phau, 2009; Prendergast, Tsang and Chan, 2010).

Fourth, several studies have implied the need for the country of origin research framework to establish "reliable relationships between COO perceptions and actionable segmentation variables based on consumer characteristics" (Nijssen and Douglas, 2004; Karunaratna and Quester, 2007; Wong, Polonsky and Garma, 2008; Josiassen, 2010; Oliver and Lee, 2010). It is now more redolent that the marketplace be segmented into distinct groups for which each specific dimension of country of origin will have different levels of importance. For instance, people, whose product evaluation is dominated by the importance of the "made in" cue, will demonstrate a high level of consumer ethnocentrism (Sharma, Shimp and Shin, 1995; Wang and Chen, 2004; Poon, Evangelista and Albaum, 2010). Similarly, the 'owned by' cue implies that consumers feel it is important a company is owned domestically (Mort and Duncan, 2003, p.58), then a construct that relates to the societal concerns regarding the role of foreign firms, issues of ownership and control of domestic economic activities (Baughn and Yaprak, 1996; Akhter et al., 2003; Akhter, 2007) which translates to the degree or extent to which consumers are “economic nationalistic” is expected to be associated with the use of the “owned by” cue (Cheah and Phau, 2009).

Fifth, among the psychographic variables, consumer ethnocentrism has received the most attention (see, e.g., Krishnakumar, 1974; Netemeyer et al., 1991 Heslop and Papadopoulos, 1993; Sharma, Shimp and Shin, 1995; Agbonifoh and Elimimian, 1999; Ramaswamy et al., 2000; Jaffe and Nebenzahl, 2001; Acharya and Elliott, 2003; Wang and Chen, 2004; Chryssochoidis, Krystallis and Perreas, 2007; Poon, Evangelista and Albaum, 2010); while comparable constructs such as economic nationalism (see, e.g., Baughn and Yaprak, 1996; Balabanis et al., 2001; Mort and Duncan, 2003; Akhter, 2007; Cheah and Phau, 2009) continue to be of growing interest in terms of the country of origin effect.

The concept of consumer ethnocentrism was developed to predict and explain consumer’s use of country of origin information and to understand how such product evaluations can be useful to marketers of both domestic and foreign products. Despite extensive research into the country of origin attribute, the research focus on consumer ethnocentrism have remain limited, and often confined, as a single construct in explaining consumer preferences for domestic versus foreign products (Balabanis and Diamantopoulos, 2004; Hamin and Elliott, 2006; Kinra, 2006). Therefore, further investigation of the consumer ethnocentrism construct by incorporating other related constructs to further rationalize consumer’s behaviors and decisions will need to be undertaken (Klein et al. 1998; Acharya and Elliott, 2001; Poon, Evangelista and Albaum, 2010).

On the other hand, the concept of economic nationalism has been identified as a vital marketing issue that has been overlooked by the literature (see, e.g., Baughn and Yaprak, 1996; Balabanis et al., 2001; Akhter et al., 2003; Mort and Duncan, 2003; Akhter, 2007). The issue is that if countries can lead up to armed conflicts or atrocities because of the tensions and hostilities between them, it is reasonable to suggest that these economic nationalistic tendencies can also be reflected in the marketplace. This suggestion has indeed proved to have serious implications regarding the socio-psychological barriers that might constrain consumers around the world from purchasing the now more easily available foreign products (Balabanis et al. 2001; Akhter et al., 2003; Balabanis and Diamantopoulos, 2004).

Given this perspective, government bodies, international trade agents and local businesses have also substantiated the imperativeness of the economic nationalism concept and "owned by" cue implications. Many South Koreans, for example, continue to oppose foreign investors from setting up domestic factories and offices in South Korea (Lee, 1998) and view foreign ownership of domestic businesses as an expression of colonial control (Hoon and Lee, 1998). Similarly, in South Korea, during the recent financial crisis, store fronts carried signs proclaiming that only "100% Korean" goods were sold inside (Slater, 1998; Kim and Lim, 2007). More recently, when Dubai Port Worlds, a Dubai-based firm, took control to manage terminal operations at six US ports, however, congressional outcry and public concerns over security of the ports forced the company to divest itself of these holdings (Akhter, 2007).

Furthermore, in France, the government recently passed a law that puts several strategic industries off limits to foreign takeovers (Lander and Meller, 2006). Finally, in Australia, with regards to the ownership of mining industries BHP and Rio Tinto; the Australian government and lobbying groups such as Ausbuy (see Ausbuy n.d.) and the Financial Investment Review Board (FIRB) rules (which govern foreign takeovers of Australian assets) are considering a stringent revision of both the merger and foreign investment review laws (For sale? – NO!!! 2010).

Whilst products have long been stamped with the "manufacture in…" labels, evidence does exist in the marketplace for both consumer and practitioner awareness of the "owned by..." cue. For example, Australian companies such as Qantas, Herron and the Brisbane Broncos confirmed the use of ownership cues in creating campaigns and planning promotional strategies (i.e. communications/media, product labeling and packaging) (see Thomas, 2001; Mort and Duncan, 2003). Similarly, international marketing managers have developed successful marketing strategies around the "owned by..." cue. In the marketing of the Malaysian owned and made "Proton" car, for example, local country of origin is not raised at all (Simpson, Sykes and Abdullah, 1993; Simonian, 1999; Mort and Duncan, 2003). Furthermore, the manufactures of the brand "LG" do not raise awareness of any nationality by using the company's full name: "Lucky Goldstar", instead, the strapline "Life's Good" is used for promotional purposes (Fifield, 2004).

In these instances, country of origin cues or sub-components are being deliberately repressed as part of the business strategy (Wong, Polonsky and Garma, 2008). The ideology can be represented in the same way; whereby Japanese car manufacturers entering the US market manufactured products in the US, in part to minimize the importance of the issue of foreign ownership by being able to identify as "US or American made", and contributing to jobs and the economy through US-based production (Naughton et al., 1999; (*The*) *Economist*, 2005; van Pham, 2006).

The expectation is that the "owned by..." cue plays an economic nationalistic role in consumer product judgment and purchase decision making (Mort and Duncan, 2003; Cheah and Phau, 2009). As many countries in the world are faced with such political and economic differences and uncertainty, it can be certain that the economic nationalism effects would substantially influence consumer's buying behaviors and decisions, hence affecting the global economy.

1.3 RESEARCH OBJECTIVES

Based on the delineated scope and purpose of the study, and the background of the research, the following research objectives are proposed:

1. To develop and validate a single scale to measure economic nationalistic tendencies. This will enable the reactions to be explored independently from Shimp and Sharma (1987) CETSCALE.

2. To validate consumer ethnocentrism and economic nationalism as correlated but appearing as separate and distinct constructs in the research model. This will allow for the specific country of origin (for example, COM and COown) differences to be explored.
3. To develop and validate model using Structural Equation Modelling for use in studying the ethnocentric and economic nationalistic effects on consumer product judgment and willingness to buy domestic/bi-national product brands. Within this, to examine the relationships (if any) in validating the explored enmity to be unrelated to consumer's product judgments.
4. To determine whether the Australian consumer would be more receptive to Australian product brands in comparison to hybrid/bi-national product brands. Within this, to examine the relationships (if any) between the explored reactions (see objective 3) in a multi-cue setting.
5. To test the moderating role of consumer knowledge on the relationships between consumer ethnocentrism and economic nationalism on consumer's product judgments.
6. To develop a theoretical framework that holds relevant theoretical bases or individual theories to rationalise or explain the key constructs and relationships.

1.4 DELIMITATIONS AND SCOPE

This study will extend and further validate the concept of country of ownership, the "owned by…" cue and consumer's economic nationalistic tendencies in conjunction with its effect on product judgment and willingness to buy uni-national local products and bi-national products. No information will exist as to whether the respondents did actually make these purchases, and this is not within the scope of the objectives of this study. Sample respondents are limited to being Australian or permanent residents in Australia. Economic nationalism is said to drive people's sentimental feelings, beliefs and attitudes with regards to changes within the domestic economy (Akhter, 2007; Ishii, 2009), and this population is seen to be targeted in the market place with forms of country of origin appeal. In addition, gender and ethnicity did not limit the scope. Respondents will be subject to four variations of a single advert containing either “made in...” or “owned by...” COO subcomponents. Finally, the type and brand of product, in this case the wine labels *Jacob’s Creek, Houghton, Penfolds* and *Rosemount*, will be consistent between each stimulus. During the scale development stage (Chapter 5) there will be a variation in sample to assist in ensuring generalisability. This process may limit the findings to brands and product categories of similar levels of involvement and future research should further explore the findings of the study under different conditions.

1.5 KEY CONSTRUCTS AND DEFINTIONS

Definitions used in research are often not uniform (Perry 1998; 2002). Presented below are the key constructs and definitions used throughout the study.

Country-of-Origin (COO) – It is widely-studied area in marketing literature that examines consumer’s use of the “made in” cue as an informational cue in their evaluation of products and purchase decisions, as well as the significance of businesses capitalizing on a country’s image to signal the quality of their products (Bilkey and Nes, 1982; Samiee, 1994). As many concepts, including consumer ethnocentrism and consumer animosity as well as other multiple COO components, namely country of assembly, design, image, brand and of late, ownership are extended from the country-of-origin literature; it forms the parent literature of this study.

Consumer Ethnocentrism – The concept applied onto the marketing field from a sociological background (see LeVine and Campbell 1972; Sumner 1906) is defined as the beliefs held by consumer about the appropriateness and morality of purchasing foreign-imported products; where an individual, for the love of their country, would fear harming their country’s economic interests by purchasing foreign products (Shimp and Sharma 1987, p. 280; Sharma, Shimp and Shin, 1995; Netemeyer, Durvasula and Lichtenstein, 1991; Kaynak and Kara, 2002).

Economic Nationalism – The concept is described as the associated need with protectionism in the third world that involves discrimination in favour of one's own nation, which incorporates consumer readiness to support nationalist economic policy, primarily adopting an 'us first', in-group versus out-group distinction. The term has come to be associated with a wide range of practices, including protectionism in the form of tariffs, quotas, countervailing duties, and regulatory standards barring foreign products from the domestic market. The motivations for economic nationalism can be traced to political, economic and security factors (Akhter et al., 2003; Akhter, 2007). Economic nationalism is known to be related with authoritarianism, ethnocentrism, nationalism, patriotism and racism (Baughn and Yaprak 1996; Macesich, 1985; Reich, 1991; Burnell, 1986).

Consumer Economic Nationalism – The concept is described as the tendency to support the home or domestic country and its local economy by means of buying behavior. This exploits societal concerns regarding the role of foreign firms, issues of ownership and control of domestic economic activities (Mort and Duncan, 2003); as part of the consumer beliefs about the significance of purchasing a foreign owned product. As a more accurate indicator of the COO 'stereotyping' effects, the term has found to have associative tendencies with a consumer's product judgment and evaluation extended through or towards the concept of country of ownership, or the owned by cue. Consumer economic nationalism is propose to be distinctly different and separate from consumer ethnocentrism, however correlated (Mort and Duncan 2003; Akhter, 2007).

Consumer Knowledge – The concept is referred to the consumer's level of objective "product class" or "country" knowledge. The term is the cognitive representation of product-related experience in a consumer's memory, which takes the form of a product schema and is likely to contain knowledge in the form of coded representations of brands, product attributes, usage situations, general product class information, and evaluation and choice rules (Maheswaran, 1994; Schaefer, 1997; Phau and Suntornnond, 2006). The level of product knowledge will also affect information use since increased familiarity results in better developed knowledge structures or “schema” about the product (Rao and Monroe, 1988 p. 254).

Domestic (i.e. Australian) / Uni-National Products – Domestic products refer to products that are entirely locally owned and manufactured and have no elements of foreign involvement in the production, development or ownership process. In reference to this study, domestic products would denote products entirely from Australia.

Hybrid / Bi-National Products – This refers to the development of products that involve two or more countries (Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Wong, Polonsky and Garma, 2008). While hybrid products can be developed by being made in one country and being owned by another country, rising globalization pressure has led to further partitioning of products into multi-firm and multi-country scenarios (Chao, 1993).

1.6 KEY THEORIES

To formulate the hypotheses of the current research study with sound theoretical and conceptual underpinnings, several key and relevant theories have been introduced to the study. While the significance of these theories is detailed in a later chapter, they are briefly explained below:

Social Identity Theory – The theory examines the psychological and sociological aspects of intergroup differentiation and discrimination, that is, in-group vs. out-group comparisons and intergroup distinction (Tajfel and Turner, 1986; Hogg and Vaughan, 2002). Suggesting that the membership of social groups and categories forms an important part of defining one’s self concept, the theory is defined as “that part of an individual’s self concept which derives from his knowledge of his membership in a social group together with the value and emotional significance attached to the membership” (Tajfel 1981, p. 225).

Self Categorization Theory – The theory is known to be a more cognitively elaborated and refined version of the social identity theory, which describes in detail the cognitive, and perhaps underdeveloped (Haslam, 2004, p. 42), analysis of social categorization (Turner, 1982; 1985; 1991). The theory proposes that the importance of a social identity is context-dependent, this illustrates that the importance of that identity is being dependent upon the particular social comparisons which are available in any given context (Oakes, Haslam and Turner, 1994; Hogg and Terry, 2000).

Realistic Group Conflict Theory – The theory is fundamentally similar to social identity theory in that both theories examined intergroup relations. However, while social identity theory focuses on one's needs to be involved in intergroup comparison, realistic group conflict theory distinguishes itself by asserting that the presence of hostility can be produced by the existence of conflicting goals, threats or competitions (Campbell, 1965; Sherif, 1966). Especially when conflicts tend to be considered "real" or tangible issues involving economic interest, political advantage, military consideration, or social status, the hostilities involved can be more resilient and can be in a form of aggression (Sherif, 1966; Jackson, 1993).

Behavioural Decision Making Theory – The theory investigates 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. Thus, 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.

Confirmation Bias Theory – The theory assumes that individuals are motivated to search for or interpret information in a way that confirms one's preconceptions (Evans 1989, p. 41; Nickerson, 1998). As a type 'selective thinking', decision makers have been shown to actively seek out and assign more weight to evidence that confirms their hypothesis or beliefs, and to ignore, not look for, or undervalue the relevance or underweight the evidence that could disconfirm or contradict their hypothesis or beliefs (Baron, 1991; 1995; Perkins, Farady and Bushey, 1991). For instance, when a hybrid product is introduced to a consumer who has high economic nationalistic tendencies and/or ethnocentricity, the consumer would then be in the dilemma to choose whether to accept the product as it involves his/her home country. In other words, the consumers have to decide whether they can accept the “new idea” by ignoring the fact that the product is part foreign.

Cognitive Dissonance Theory – Cognitive dissonance occurs when an individual is faced with a contradiction to choose between two incompatible attitudes or behaviours (Festinger, 1954; 1957). The theory suggests that these individuals are motivated to seek consistency among their cognitions (i.e. beliefs and opinions) and reduce any inconsistent cognition (Wickland and Brehm, 1976; Krause, 1972). Cognitive dissonance can be eliminated by either removing or reducing the importance of the conflicting beliefs; or by acquiring the new beliefs to compromise or change the balance (Brehm and Cohen, 1962). To elaborate, individuals would change their attitudes to accommodate the behaviours when there are discrepancies between attitudes and behaviours.

1.7 METHODOLOGY

To ensure a good representation of the population sample as well as ecological validity, data is captured using online and self administered surveys consisting of established scales, a manipulation check and simple demographic questions. The research will be undertaken in two phases. Phase one (Chapter 5) develops and validates a single scale to measure economic nationalistic tendencies. This scale will be used as a manipulation check item in phase two (Chapter 6) of the study. Phase Two is an empirical study based on a 2x2 factorial design (Chapter 4, Figure 4-1), with respondents exposed to one of two adverts, one will prompt country of origin information/cues to be use in an implicit manner, and the other will use an explicit approach in representing the country of origin information/cues. In addition, respondents will perform the manipulation check (developed in Phase One) and provide demographic information.

With the exception of the scales developed in phase one of this research, survey items will be derived from past studies (see, e.g., Shimp and Sharma, 1987; Dodds, Monroe and Grewal, 1991; Wood and Darling, 1993; Klein et al., 1998; Flynn and Goldsmith 1999; Shin, 2001; Laroche et al. 2005). Structural Equation Modelling (SEM) will be used for model analysis with use of Pearson’s correlation tests, Sobel-tests, multiple regression analyses and exploratory and confirmatory factor analysis being the key statistical techniques utilized in the study. The method and support for the chosen instruments is discussed at length in Chapter 4.

1.8 SIGNIFICANCE OF STUDY

As an emerging literature, much research on economic nationalism and its impact are still relatively un-explored and its research directions are still considerably limited, although works in this area do exists (Baughn and Yaprak, 1996; Mort and Duncan, 2003; Akhter et al., 2003; Akhter 2007). In light of the current business trend of globalization, the strong emergence and increased presence of hybrid products seemed inevitable. Therefore, the literature presents a gap, which enables this study to investigate the implications of bi-national products in an ethnocentric and economic nationalistic setting. Particularly, as previous researchers have largely focused on the effects of economic nationalism on solely measuring the discrepancy between foreign and domestic product, although minimum research in this area do exists (Akhter et al., 2003). Therefore, little is known about the evaluation and acceptance of bi-national products in a globalised environment (Greider, 1997).

1.8.1 Conceptual significance

The conceptual significance of this study resides in its successful re-operationalisation of consumer economic nationalistic tendencies. It clearly shows empirical evidence that consumer behavior responses toward product judgments and willingness to buy are significantly different as a result of the specific ethnocentric or economic nationalistic tendencies experienced by the Australian consumers exposed to (their interpretation) country of origin information/cues (i.e. COown or COM cues) when assessing product brands. This suggests the distinguishing of COown or COM cues as their affects are evoked differently from each other. In addition, the study contributes substantially by depicting the specific theoretical meaning and role that each studied construct plays. To be specific, the study provided much needed theoretical understanding of consumer's underlying reasons for their purchase behaviors and intentions as they become more complex. A theoretically-drive conceptual framework based on relevant sociological and psychological theories to rationalize consumer's behaviors is developed to satisfy the call of previous researchers for studies to be driven by sound theoretical justifications (Witkowski, 1998; El Enein and Phau, 2005; Kea and Phau, 2008).

1.8.2 Methodological significance

The research methodology is sound and may assist greatly in the future studies that are required to better understand consumer economic nationalistic tendencies. The most significant methodological contribution is the development and validation of a single scale. The scale fulfils an important gap in the current literature and in previous scales, in measuring levels of specific economic nationalistic tendencies and distinguishing from Shimp and Sharma's (1987) CETSCALE.

1.8.3 Managerial significance

The practical / managerial significance is clear as findings of the study may prove to be insightful for international and local businesses especially with a renewed interest in and a more pervasive focus on the consumer marketplace. Main issues attributed to a global marketer's dilemma (see Chow, Tang and Fu, 2007) with regards to the level of economic nationalism towards target offending (foreign) countries, and the need to adapt/adjust business activities to a globalized marketplace environment. The strategies proposed can be labelled as "counter-measures" such as planning a reactive/anticipatory approach in entering hostile markets or develop tactics to safeguard local interests from foreign threats.

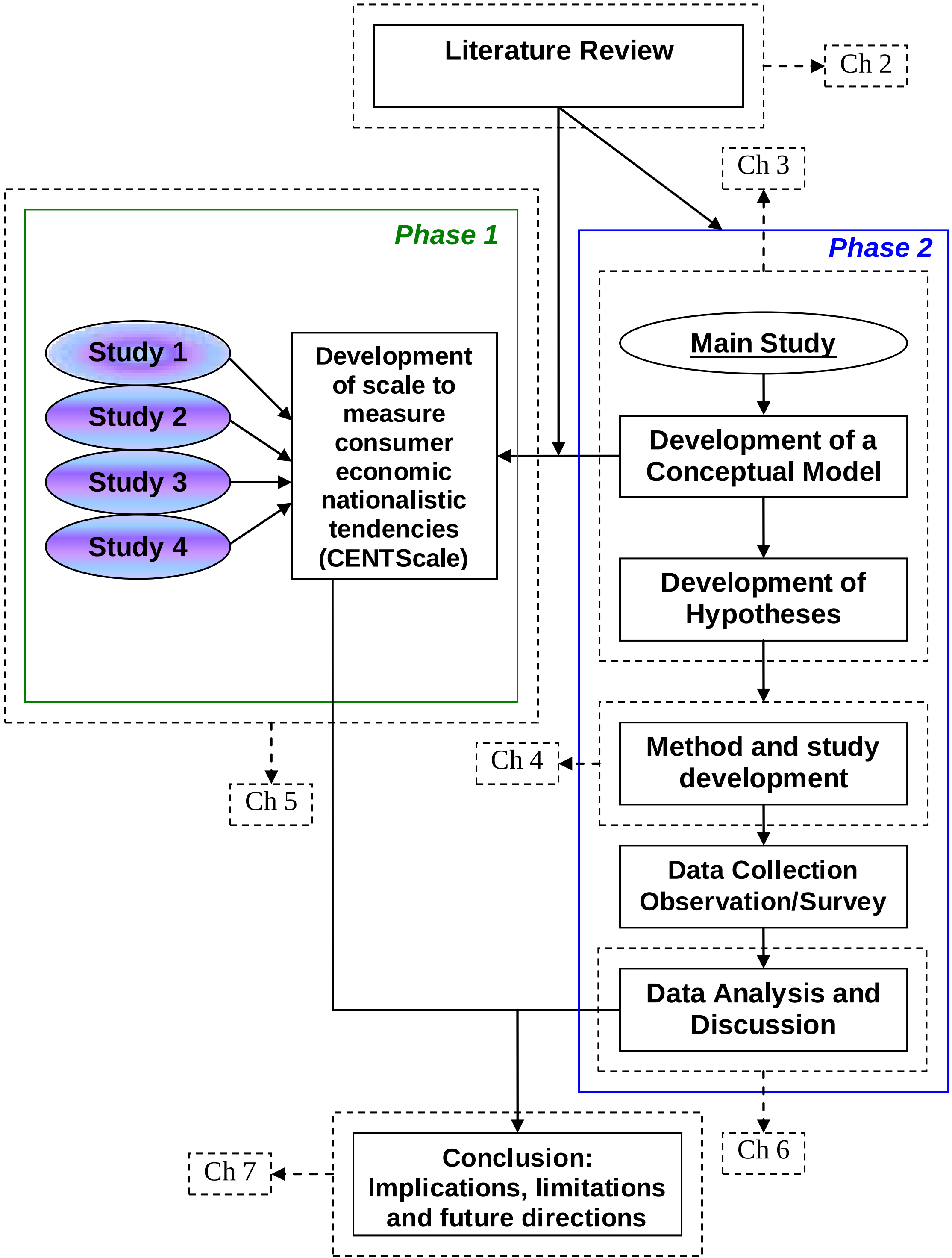
To be specific –

- Product/brand image will need to be separated from the COO and strategically determined whether to actively communicate or to disguise the COO sub-components pending sentiment/hostility levels in the local marketplace (Kim, 2006; Kim and Lim, 2007; Heslop, Lu and Cray, 2008).
- Entry into a foreign market: a company that plans to export products from a country with a positive COO image to a transition economy should actively communicate its COO. Collaborative forms of market entry (e.g. joint ventures) are often used, especially in transition economies (Wang and Yang, 2008; Wong, Polonsky and Garma, 2008).
- Strategically explore, select and communicate product attributes derive in terms of perceived competence (i.e. competitive pricing opportunities, long product warranties, or co-branding strategies), instead of simple country of origin distinctions (i.e. domestic or foreign) (Kotler and Gertner, 2004; Erdem, Swait and Valenzuela, 2006). Educational promotions will need to be in place as an ongoing counter measure to sustain this strategy in the long-term (Karunaratna and Quester, 2007).
- Cheap labor economies will bring a manufacturing opportunity to produce cheaper product alternatives (i.e. me-too/mimic product), offsetting high production costs and allow for new market expansion; while still maintaining its original production profile (Essoussi and Merunka, 2007; Wong, Polonsky and Garma, 2008).
- Local business can form networks with other domestic companies that exclude foreign involvement and confine activities to those within the network. Labelling and merger and foreign investment review laws will need to be revised to secure local strategic industries and keep controlling interest (Akhter, 2007; Insch and Florek, 2009).

1.9 CONCLUSION

The research's process is best realised by viewing Figure 1-1. This shows the process and related chapters for the research undertaken. The dissertation is structured as follows; Chapter 2 contains the literature review exploring country of origin and its use in marketing. Next, the theoretical framework and development of the hypotheses for this study is explained in Chapter 3. Chapter 4 deals with methodology of the main study (Phase Two). The scale development process undertaken (Phase One of the research) follows in Chapter 5. Chapter 6 contains phase two's in-depth results of the data analysis and discussion. Finally, Chapter 7 concludes the study with implications, discussion on the findings, limitation and suggestions for future research.

Figure 1-1: A Schematic Overview of the Research Process



CHAPTER 2
LITERATURE REVIEW

2.1 INTRODUCTION

This chapter fundamentally reviews the research areas that are of relevance to this study. As country-of-origin is the parent literature for this study, the chapter opens with an overview discussion of the research on this area. In addition, it reviews past studies as related to the variables that will be tested in the study. In brief, the literature reviewed distinctively examines how a country's image has a substantial impact on the consumers' product judgments and willingness to buy. Country-of-origin is first examined as a broad concept, including definitions, before the scope of the review is narrowed to specifically country-of-origin effects on consumer behaviour and/or response. This includes examining country stereotypes (biasness) as well as multi-dimensional cues involving bi-national (or hybrid) products. This creates a structure and understanding for the study. To the same extent, the chapter explores the various social and psychographic variables, namely ethnocentrism and economic nationalism that can affect consumer's preferences for domestic versus foreign products. Gaps in the literature will be identified throughout the review process. The literature on country-of-origin and the various issues, effects and implications have highlighted some contemporary changes. The era of bi-national (or hybrid) products is emerging as businesses continue to source for cheaper locations to develop or manufacture their products to increase their profits. Such business evolution brings a renewed interest in country-of-origin issues, which are much more pervasive and centred in the consumer marketplace and across cultures. Thus, the focus of the literature review accentuates on this period in country-of-origin research. Finally, in the conclusion of the chapter, the gaps relating directly to the purpose of this study are reviewed and summarised.

2.2 COUNTRY-OF-ORIGIN AND ITS IMAGE

2.2.1 Definition and Effect of Country-of-Origin

Country-of-origin (COO) means the country that a manufacture's product or brand is associated with; traditionally this country is called the home country (Bhaskaran and Sukumaran, 2007; Josiassen, Lukas and Whitwell, 2008; Thanasuta et al. 2009). For some brands, country-of-origin belongs to a given and definite country, such as IBM belongs to the USA and SONY is a Japanese brand (Lin and Chen, 2006). Past studies have indicated that country of manufacture (COM) represents the last location and/or country of manufacturing as assembling one product, hence associating country of origin (effects) with the country where the product is originally produced or where its corporate headquarters are located (Johansson et al., 1985; Ozsomer and Cavusgil, 1991; Saeed, 1994; Gurhan-Canli and Maheswaran, 2000; Ahmed et al., 2004). Research on country-of-origin effects generally examined include: how a country's image (e.g. workmanship, innovation, and technological advancement) is projected onto the products of the producing country (Bilkey and Nes, 1982; Johansson et al., 1985; Johansson, 1989; Maheswaran, 1994; Papadopoulos and Heslop, 2003; Kinra,2006; Pharr, 2005), and how it has a substantial impact on the consumers' product judgments and purchase intentions (Hong and Wyer, 1989; Han, 1989; Netemeyer et al., 1991; Piron, 2000; Kim and Pysarchik, 2000; Ahmed et al., 2002; Essoussi and Merunka, 2007; Ahmed and D'Astous 2008; Josiassen, 2010).

Some research has criticized the country-of-origin literature on the grounds that a "made in" country-of-origin cue is only one of the many cues that consumers use to assess products, especially when other cues are not available (Maheswaran, 1994; Nijssen and Douglas, 2004; Phau and Prendergast, 2000; O'Cass and Lim, 2002; Scott and Keith, 2005; Usunier, 2006). Despite this, the country-of-origin cue has been identified to be a key information cue that affects product judgments, especially when consumers are not familiar with a product category (Han, 1989; Kim and Pysarchik, 2000; Teas and Agarwal, 2000; Josiassen, Lukas and Whitwell, 2008) or are less motivated to process product information (Hong and Wyer, 1989; Damanpour, 1993; Maheswaran, 1994; Elliott and Cameron, 1994).

Country-of-origin cues are often used to form stereotyping on product judgments and purchase intentions (see, e.g., Chattels, Kramer and Takada, 2008; Schneider, 2005; Verlegh and Steenkamp, 1999; Acharya and Elliot, 2003; Heslop, Lu and Cray, 2008; Wang and Yang, 2008; Wong, Polonsky and Garma, 2008; Josiassen, 2010) and have often been explained by patriotism, xenophobia, and nationalism (Balabanis et al, 2001; Balabanis and Diamantopoulos, 2004). However, consumer ethnocentrism has been the most widely studied and explained area in the country-of-origin literature (see, e.g., Sharma, Shimp and Shin, 1995; Wang and Chen, 2004; Chryssochoidis, Krystallis and Perreas, 2007; Ishii, 2009; Poon, Evangelista and Albaum, 2010).

Recent research (Laroche et al., 2005; Pereira et al., 2005; Karunaratna and Quester, 2007), using structural equation modelling contents that country-of-origin evaluations are part of a larger “COO image” construct consisting of cognitive, affective and conative components. Therefore, the focus has shifted towards more complex and ambiguous aspects of the country-of-origin cue (Levin and Jasper, 1996; Karunaratna and Quester, 2007). These areas include: hybrid and/or bi-national products (Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Chao, 2001; Hui and Zhou, 2003; Insch and McBride, 2004; Sirinivasan et al., 2004) and economic nationalism (Akhter et al., 2003; Mort and Duncan, 2003; Akhter, 2007).

2.2.2 Defining Country Image

Nagashima first defined country image in 1970. Nagashima (1970) defines the terms as “consumer holds particular picture, reputation, and stereotype towards products of a specific country. This image is formed by the country’s representative product, political and economic background, and historic tradition variables, which means overall country image”. In addition, Roth and Romeo (1992, p. 479) asserts that defining country image should clearly reflect its relation with product recognition. Therefore, country image was redefine as “consumer forms his/her understanding to specific country based on his/her recognition of advantages and disadvantages of manufactured and marketed products from a specific country in the past" (Lin and Chen, 2006).

According to Martin and Eroglu (1993, p. 193), country image can be defined as "the total of all descriptive, inferential, and informational belief about a particular country". Even though country image derived from experience using a product in a given country, country image is different from product image or attitude toward the product. Only when the product is evaluated as derivation of country image, it is counted as country image. In short, country image means the consumer's general conscience for product quality manufactured from a specific country (Bilkey and Nes, 1982; Han, 1989).

The following sections will address the various studies that have attempted to delineate the antecedents and moderators of country-of-origin image (Wall et al., 1991; Roth, 1995; Samiee et al. 2005).

2.2.3 The Role of Country Image in Product Judgment

A large number of studies have assessed the role of country of origin associations in the consumer decision making process (see, e.g., Balabanis et al., 2002; Thakor and Lavak, 2003; Balabanis and Diamantopoulos, 2004; Hsieh et al., 2004; Kucukemiroglu et al., 2005; Usunier, 2006; Heslop, Lu and Cray, 2008). Over the past four decades, extensive research has been conducted on the effect of country-of-origin on consumer decisions.

A large body of research has provided strong empirical evidence of country-of-origin effects on product judgments (see, e.g., Bilkey and Nes 1982; Papadopoulos and Heslop 1993; Hong and Wyer 1989; Netemeyer et al., 1991; Han 1989; Liu and Johnson, 2005; Heslop, Lu and Cray, 2008; Wang and Yang, 2008), in particular how country-of-origin becomes an integral part of the repertory of extrinsic cue (such as price, brand name, packaging/seller etc) to product judgments (Lim et al., 1994; Ozsomer and Cavusgil, 1991; Pappu et al., 2006; Pharr, 2005).

Schooler (1965) pioneered research on the linkage between country-of-origin and the perceived quality of the product. The results show that consumers clearly use country-of-origin to judge the product's quality and performance. For example, products originating from highly industrialized countries are viewed as more superior in terms of quality (Heslop and Papadopoulos, 1993; Ahmed et al. 1994; Wang and Yang, 2008).

The perception is that products manufactured in developed countries are considered or rated superior than those from developing or less developed countries (Bilkey and Nes, 1982; Wang and Lamb, 1983; Manrai, Lascu and Manrai, 1998); whereby consumers in highly developed countries consider domestically produced merchandise to be superior to those from developing countries (Knight and Calantone, 2000; Chinen et al., 2000) and consumers in less developed countries consider imports from developed countries superior to products made in the home country (Kaynak and Kara, 1996; Kaynak, Kucukemiroglu and Hyder, 2000). This was confirmed in further research by Kleppe et al. (2002), Orbaiz and Papadopoulos (2003) and Verlegh, Steenkamp and Meulenberg (2005).

However, country-of-origin relates not only to the perceived quality, but also to the perceived risk from product usage. Perceived risk is the negative or unexpected consequences that might occur after consumers have purchased the product. Hugstand and Durr (1986) examined the importance of country-of-origin on US consumer's product perceptions of usage risk and quality. The results verified that consumers were sensitive to where the product originated from. Similarly, Cordell (1992) found that consumers were biased against the quality of products made from developing countries; this claim was supported by Hampton (1977), Wang and Lamb (1980), Okechuku and Onyemah (1999), Supphellen and Rittenburg (2001), Kinra (2006) and Wong, Polonsky and Garma (2008), where the studies confirmed that a higher perceived risk on products originating from developing countries.

2.2.4 The role of Country-of-Origin on Willingness to Buy

As country-of-origin can impact on consumer decisions, it is also apparent that country-of-origin influences consumer's "willingness to buy/pay" (Verlegh and Steenkamp, 1999; Skuras and Vakrou, 2002; Thanasuta et al. 2009). Yaprak (1978) examined USA and Turkish business executive's willingness to buy specific brands of cars, cameras and calculators made in Germany, Japan and Italy. The study found that country-of-origin affected consumer's willingness to buy through the effect of perceived quality. Roth and Romeo (1992) suggested a framework that rates the importance of product category (from ten countries on six product categories) based on several dimensions such as innovativeness, design, prestige and workmanship. The results showed that each country possessed its own unique image towards a certain product category, so consumers would be more willing to buy (or pay higher) the product that "fits" that country's image. For example, consumers were willing to pay more for a car from Japan, Germany and the USA; but less willing to pay for Mexican and Hungarian automobiles. Other related tests include Tse et al. (1996), Verlegh and Steenkamp, (1999) and Skuras and Vakrou (2002).

However, it should be noted that there are several factors that complicate the study of how country-of-origin affect consumer's evaluation of products, such as the complexities of the product itself (Liefeld and Wall, 1993; Zhang, 1997; Ahmed and D'Astous, 2001), the availability of other information for the product (Han, 1989; Hong and Wyer, 1989; Nebenzahl et al., 1997), the effect of stereotyping by consumers (Nagashima, 1970; Gaedeke, 1973; White and Cundiff, 1978), the level of consumer's ethnocentrism (Levin et al., 1993; Johansson et al., 1994; Shimp and Sharma, 1987), and other characteristics of consumers such as nationality, age, gender and educational level (Schooler, 1971; Wang and Lamb, 1983).

Next, Table I provides a brief summary of past research and the findings are outlined in this section. Given the large amount of country-of-origin related literature, this is not meant to be a comprehensive review but rather an overview that provides the background for the subsequent development of our conceptual framework and research propositions.

Table 2-1: Country-of-Origin Effects Conceptualizations

Reference	Major Concerns
Schooler (1965) and Nagashima (1970)	COO effects consumer product evaluations. (Single-cue effects).
Narayana (1981)	Consumer profiling based on different semantic responses to products made in the US and Japan, utilizing 20 attitudinal variables.
Narayana (1981); Heslop and Papadopoulos (1993) and Gurhan-Canli and Maheswaran (2000)	The COO effect on evaluations varies across consuming countries and cultural orientations.
Bilkey and Nes (1982)	COO is noted as an extrinsic cue that consumers use in evaluating foreign products. Further, theoretical and practical implications of the term are largely significant that required additional research on the subject.
Johansson et al. (1985); Wall et al. (1991) and Agrawal and Kamakura (1999)	In the simultaneous presence of multiple information cues (i.e. brand, price, etc), the COO effect is lowered. (Multi-cue COO effects).
Parameswaran and Yaprak (1987)	Developed an approach to ensure reliability and validity of COO measurements in cross cultural studies. Study found that the same scales may have different reliabilities in different countries and when used by the same individual in evaluating foreign products.
Shimp and Sharma (1987) and Balabanis et al. (2001)	Consumer ethnocentrism increases the COO effect on product evaluations as well as purchase intentions in favor of domestic merchandise as oppose to foreign products.
Hooley, Shipley and Krieger (1988)	Qualitative and quantitative approach together to examine COO perception. Study found that COO label can be used in diverse perspectives to position products in foreign markets and that consumer stereotypes affected consumer behaviour and buying choices.
Han (1989)	COO operates as a “halo” or “summary” construct, depending on familiarity. (Consumer expertise effects).
Obermiller and Spangenberg (1989); and Heslop and Papadopoulos (1993)	The cognitive, affective and normative factors of national stereotypes affect the COO effect on product evaluations. (National and country stereotype effects).
Han and Terpstra (1988) and Tse and Gorn (1993)	When simultaneously presented, the country of manufacturing cue has a larger effect on evaluations than the country of brand origin cue.
Kaynak and Cavusgil (1983) and Roth and Romeo (1992)	COO effects on evaluation vary by product type. (Product type effects).
Johansson (1989)	Study examined both Predictive and Confidence values of COO.
Pisharodi and Parameswaran (1992)	Nature and dimensionality of COO: General Product Attributes (GPA), General Country Attributes (GCA) and Specific Product Attribute (SPA). Study contributed to the theoretical development of COO perceptions and multidimensional effects.
Roth and Romeo (1992)	Multiple dimensions of COO. Purchase intention of a foreign product will increase when country image has relevance to the product category.

Chao (1993)	Country of Assembly (COA) and Country of Design (COD) dimensions of COO.
Martin and Eroglu (1993) and Verlegh and Steenkamp (1999)	The political, economic and technological factors of country stereotypes affect the COO effect on product evaluations.
LeClerc et al. (1994)	Products with a French association are perceived to be more hedonic than products that lack this association.
Samiee (1994)	Study investigated the marketing program standardization and corporate performance within the context of COO stereotyping effects.
Li and Wyer (1994)	To study the effect of COO in product evaluations - COO as Informational Influence and Standard Comparison.
Ahmed and D'Astous (1995)	Examines/ proposes two possible aspects of COO perception - Country of Assembly (COA) and Country of Design (COD) of foreign products.
Peterson and Jolibert (1995)	Conducted a meta-analysis of COO effects. Study indicated COO as a strong predictor for quality/reliability perceptions but not for purchase intentions.
Janda and Rao (1997)	Cultural Stereotypes and Personal Beliefs in COO evaluation.
Zhang (1997)	Need For Cognition (NFC) effect in COO evaluation.
Schaefer (1997)	Study examines the various dimensions of consumer knowledge and how they impact on consumer's use of the COO cue in evaluations of alcoholic beverages.
Lee and Ganesh (1999)	Country of Image (COI) as two separate constructs on evaluation and proliferation of bi-national brands: Effects of Country of Manufacture Product-specific Image (CMPI) and Country of Manufacture Overall Image (CMOI).
Gurhan-Canli and Maheswaran (2000)	Higher consumer involvement decreases the COO effect.
Phau and Prendergast (2000)	Country of Origin of Brand (COB) as a product evaluation tool for hybrid products. Study indicated that COO effects have shifted from the "product level" to the "brand level" in most consumers' product evaluation.
Knight and Calantone (2000)	Study examined how the origin cue affects attitude formation and the subsequent purchase of products.
Quester, Dzever and Chetty (2000)	Study investigated the Country of Assembly (COA) and Country of Design (COD) aspects of COO.
Canili and Maheswaran (2000b)	Study examines the psychological processes (i.e. different motivations and goals) on COO evaluation.
Piron (2000)	The COO effect as it is investigated with respect to consumer's purchasing intentions of public vs. private and luxury vs. necessity products.
Acharya and Elliott (2001)	Study measured Country of Assembly (COA) and Country of Design (COD) aspects of COO.
Knight, Spreng and Yaprak (2003)	Study devised a country of origin image scale measure. The COISCALE can be used to examine the nature of COO perceptions of foreign products in a particular culture and to compare perceptions between or amongst different cultures.
Hui and Zhou (2003)	When simultaneously presented, the country of brand origin cue has a larger effect on evaluations than the country of manufacturing cue.
Srinivasan, Jain and Sikand (2004)	Two dimensions of COO (Manufacturing country and branding country) using intrinsic and extrinsic cues.

Kim (2006)	Study examines dissimilar effects of the country image on consumer's brand image and purchase intention by differently perceived nationality groups.
Kinra (2006)	Study investigates consumer attitudes in India towards local and foreign brand names. The quality of foreign brands was perceived to be generally higher and superior to local brands.
Lin and Chen (2006)	Study explores the influence of the country-of-origin image, product knowledge and product involvement on consumer purchase decision.
Phau and Suntornnond (2006)	Study extends Schaefer's paper by investigating how different dimensions of consumer knowledge may affect COO cues with an Australian sample.
Bhaskaran and Sukumaran, (2007)	Study investigates, analyze and identify the reasons for contradictory conclusions in past studies of COO influences on buyer's beliefs and purchase intentions.
Essoussi and Merunka (2007)	Study investigates the effects of country of design (COD), country of manufacture (COM), and brand image on consumer's perceptions of bi-national products.
Karunaratna and Quester (2007)	Study investigate how need for cognition (NFC), a personality trait, influenced the way consumers used information about product components in forming overall evaluations of motor vehicles.
Ahmed and D'Astous (2008)	Study provides an in-depth examination of COO perceptions of consumers in a multinational setting. Exploratory factors like demographics, familiarity with a country's products, purchase behaviour and psychological variables jointly work to explain consumer's COO perceptions.
Chattels, Kramer and Takada (2008)	Study advances a conceptual framework in which the impact of national stereotype dimensions on COO effects is explicitly modeled and decomposed.
Insch and Florek (2009)	Study investigates the prevalence and types of country associations on product labels and packages across a range of grocery product categories.
Josiassen, Lukas and Whitwell (2008)	Study was undertaken to clarify how product familiarity and product involvement can moderate the importance that consumers place on COO image when they evaluate products for purchase or consumption.
Koubaa (2008)	Study explores the impact of COO information on brand perception and brand image structure.
Wong, Polonsky and Garma (2008)	Study examine the effect of COO sub-components as well as the extent to which consumer ethnocentrism tendencies interact with these COO sub-components for young Chinese consumers with regards to product quality assessments and purchase intentions.
Heslop, Lu and Cray, (2008)	Study tests a longitudinal country-people image effect model involving a significant negative international incident between countries.
Thanasuta, Patoomsuwan, Chaimahawong and Chiaravutthi (2009)	Study seeks to quantify the value of brands and countries of origin in monetary units.
Josiassen (2010)	Study examines young Australian consumers and the COO effect in relation to product involvement and perceived product origin congruency.

2.3 CONSUMER KNOWLEDGE

2.3.1 Dimensions of Consumer Knowledge – Types of Consumer Knowledge and association with Country-of-Origin

The term consumer knowledge or "knowledge" can be viewed as personal factors acting upon the assessment of product attributes, primarily product quality (Gergaud and Livat, 2007). While it seems to be widely acknowledged today that country of origin has an impact on product evaluations (or product judgments) (Papadopoulos, 1993; Phau and Suntornnond, 2006), the extent concerning the magnitude of the effect is still unclear. In particular, country of origin effects in the presence of other extrinsic and intrinsic product information cues (Khachaturian and Morganoski, 1990; Ettenson, 1993; Okechuku, 1994), and about the environmental (Papadopoulos, Heslop and Beracs, 1990; Cordell, 1992), and individual factors (Lawrence, Marr and Prendergast, 1992; Usunier, 1994; Johansson, Ronkainnen and Czinkota, 1994), that may facilitate or inhibit reliance on country of origin.

Prior literature reflects that country of origin effects is a complex phenomenon and various moderators can influence its magnitude (Bilkey and Nes 1982; Pharr, 2005; Usunier, 2006). One of these is consumer knowledge (Maheswaran, 1994; Schaefer, 1997; Chiou, 2003; Phau and Suntornnond, 2006). Alba and Hutchison (1987) suggest that consumer knowledge is to be regarded as a multi-dimensional construct. However, Scribner and Weun (2001) and Phau and Suntornnond (2006) asserts that previous studies have failed to distinguish between different dimensions of consumer knowledge and how these may relate to country of origin effects. Therefore, several important distinctions must be made between different dimensions of consumer knowledge (Schaefer, 1997) and the need to examine the relationship between the various dimensions of consumer knowledge and consumer's use of country of origin (Phau and Suntornnond, 2006).

The following sections will review literature on the various dimensions of consumer knowledge namely brand familiarity, product knowledge, objective product knowledge and subjective product knowledge.

2.3.2 Brand Familiarity

One dimension of consumer knowledge that is hypothesized to have an influence on country of origin effects is brand familiarity (Cobb-Walgren, Ruble and Donthu, 1995; Laroche, Kim and Zhou, 1996). Phau and Suntornnond (2006) confirm a distinction between general product class knowledge and specific brand familiarity. General product class knowledge is information in relation to the features or attributes of a product, regardless of whether the consumer uses these features to make a decision (Brucks, 1985). However, specific brand familiarity refers to the consumer knowledge regarding the brand that exists in a product category. This knowledge includes how brands compare on different attributes and which brands own unique attributes (Baker et al., 2002).

Punj and Staelin (1983) noted that consumer's brand knowledge pertains to the quantity of directly relevant brand information held in memory. According to Phau and Suntornnond (2006), this type of consumer knowledge is concerned with specific information about brands, which exhibits a negative relationship with external search for information. This relationship associates with a "de-motivating" effect (Fiske et al. 1994); implying that the more an individual already knows about the brands in a product category, the less the need for external information search because there is less new information that is not yet known.

Arguably consumer's direct experience with a particular brand is likely to enhance the use of brand name specifically as a choice criterion (Phau and Suntornnond, 2006; Maheswaran, 1994). Where high levels of brand familiarity will diminish the use or the effects of country of origin cues, whereas, general product class knowledge will probably facilitate the use of other extrinsic product cues including country of origin (Maheswaran, 1994; Cordell, 1992). In addition, Lampert and Jaffe (1998) posited that differences in country of origin effects occur over product categories and within categories, varying by individual product and brand. Therefore, familiarity and experience with country's products moderate country of origin effects.

According to Cordell (1997) among other extrinsic cues, brand name is the most common indicator of consumers to assess products. When consumers are familiar with a particular brand in the product category, there is a less tendency that they will search for more information and consumer will tend to reach product judgment quickly (Schaefer, 1997; Brucks, 1985). Therefore, it may be assumed that consumers who are accustomed to a particular brand will not use country of origin, or attribute information, to any large extent in evaluating that brand (Zhu, 2004).

The fact that consumer will perceive the product based largely on perceived benefits of that brand substantiates country of origin information or cues to play a minor role (if any) in the decision making process, which will lead to product image being determined greatly through the salience of a specific brand (Eroglu and Machleit, 1989; Schaefer, 1997; Lee and Ganesh, 1999). However, Johansson (1989) contended that individuals who consider themselves familiar with brands in a product class are more willing to let country of origin cues enter their evaluation process.

Further testing by Phau and Suntornnond (2006) yielded similar results, in that while country of origin effects have an influence on Australia consumers, there are only weak associations between product dimensions and country of origin cues particularly for evaluations of unfamiliar brands. Moreover, Phau and Suntornnond (2006) suggest that consumers did not rely on country of origin when they evaluate an unknown brand name as attributing this to the notion that consumers are unlikely to purchase a product when they lack sufficient information (Blackwell et al. 2001).

2.3.3 Product Knowledge

Product knowledge plays an important role in the research of consumer behaviour; therefore, it is an essential research subject in related fields (Lin and Chen, 2006). According to Brucks (1985), product knowledge is based on existing memories or knowledge; these however, are dependable on consumer’s awareness or understanding about the product, or consumer’s confidence (Lin and Zhen, 2005). Based on a definition of Brucks (1985), product knowledge is perceived to be divided into three major categories, that is, objective knowledge, subjective knowledge and experience-based knowledge. This is confirmed by Schaefer (1997) Scribner and Weun (2001) and Phau and Suntornnond (2006).

On the contrary, Alba and Hutchison (1987) asserts that product knowledge constitutes two components, that is, “familiarity”, as defined by the number of product-related “experiences” accumulated by consumers and “expertise”, which is the “ability to perform” product-related tasks successfully. This means that different types of product-related experience can lead to different dimensions of knowledge, and these different dimensions of knowledge have different effects on product judgments and choice behaviour, depending on the specific situation and task at hand.

In essence, product knowledge (or familiarity) is the cognitive representation of product-related experience in a consumer’s memory, which takes the form of a product schema and is likely to contain knowledge in the form of coded representations of brands, product attributes, usage situations, general product class information, and evaluation and choice rules (Marks and Olson, 1981). Furthermore, the level of product knowledge will also affect information use since increased familiarity results in better developed knowledge structures or “schema” about the product (Mark and Olsen cited in Rao and Monroe, 1988 p. 254).

As the product schema is likely to harbor country of origin information or cues, consumer knowledge will play a role in the acquisition and evaluation of extrinsic cues (Schaefer, 1997; Lin and Chen, 2006). From these considerations, it would follow that product experience will only exert an indirect influence on consumer behaviour, including the use or otherwise of the country of origin cue, and that direct measures of product knowledge, rather than experience, are preferable.

2.3.4 Objective product class knowledge

From the above considerations it would seem to follow that if a consumer is familiar with a particular brand in a product category, the consumer's level of objective product class knowledge may not have any great impact on the use of the country of origin cue. However, where the particular brand is not familiar, objective product class knowledge is likely to influence a consumer's evaluation and choice process (Schaefer, 1997; Lin and Zhen, 2005; Lin and Chen, 2006).

Under a situation when both intrinsic and extrinsic cues of product attribute information are available and the search for such information is warranted, consumer with higher levels of objective product knowledge may base evaluations on intrinsic attributes rather than extrinsic cues (such as country of origin) (Maheswaran, 1994; Parameswaran and Pisharodi, 1994). This is because highly objective consumers value the cues that provide diagnostic utility (Phau and Suntornnond, 2006 p. 35). However, in a case that product attribute information is not available in choice situations and the search for it is not always warranted, it is likely that consumers may rely more on extrinsic cues (such as price, warranty or country of origin) for evaluation of unfamiliar brands (Piron, 2000; Laroche et al. 2005).

On the contrary, country of origin is noted to be a fairly complex cue compared to price and warranty and its meaning differs for different product class. In other words, country of origin perception is not completely independent of products (Jaffe and Nebenzahl, 2001). The economic, social and cultural systems of countries as well as their relative stage of economic development are pieces of information which serve to position countries hierarchically in consumer's mind (Lin and Sternquist, 1994). For example, although Iran, a third world underdeveloped country, is generally perceived negatively as a country-of-origin, however, the woollen rugs made in this country are perceived quite favorably. Therefore, such complexities forces consumers to use both product class knowledge and country knowledge (as part of objective product knowledge) in judging such products, which may to some extent overlap, but they may not be entirely identical (Phau and Suntornnond, 2006).

2.3.5 Subjective product class knowledge

While objective product class knowledge is likely to influence information processing strategies, Lin and Zhen (2005) proposes subjective product class knowledge to be more likely to affect consumer's confidence in using information stored in the memory. As information is relative (in part) to countries or origin, the understanding is that consumers with high levels of subjective product knowledge can be expected to be more confident in using the country of origin cue (Schaefer, 1997). Therefore, consumers with higher levels of subjective product knowledge are likely to rely more on country of origin than consumers with low subjective product knowledge.

2.4 Country-of-Origin Stereotypes

One of the most contentious issues within country-of-origin, is its perception as a form of stereotyping (Maheswaran, 1994; Tse and Gorn, 1993; Chattels, Kramer and Takada, 2008), a surrogate indictor or a mental shortcut that simplifies information processing (Johansson and Nebenzahl 1986; Hong and Wyer, 1989) and subsequently affects consumer decision making (Johansson et al., 1994; Chao and Gupta 1995), in particular, attitude toward purchase (Javalgi, Cutler and Winans, 2001), product judgment (Han 1988) and buying patterns and intentions (Bilkey and Nes, 1982).

This form of stereotyping was reported to occur more frequently in the absence of explicit information such as a lack of product familiarity or knowledge with a particular product or service category (Huber and McCann 1982; Han 1989; Maheswaran 1994), or to the extent where consumers are less motivated to process product information (Hong and Wyer 1989). This largely suggests country-of-origin as a cue used by buyers and sellers to communicate or associate a country's national stereotype to products (Gaedeke 1973; Kaynak and Cavusgil 1983; Quester, Marr and Yeoh 1996), its effect enables a consumer to simplify information processing relating to products, either as an indicator of country stereotypes or as a vehicle for promoting nationalities (Maronick 1995).

Country of origin effects and awareness can be used by consumers to reinforce, create and bias initial perceptions of products (Johansson, 1993). More specifically, consumers can stereotype the quality, suitability and attractiveness of products coming from certain countries and regions (Agrawal and Kamakura, 1999; Lotz and Hu, 2001), they associate product quality with images of the economic and social conditions of the country-of-origin (Hong and Wyer, 1989; Klein et al., 1998) and consequently show stronger purchase intentions for goods from countries about which they have favorable images (Knight and Calantone, 2000; Chao, 1989).

2.4.1 Country Stereotyping and Biasness of Country-of-Origin

In addition to its role as a cognitive shortcut, country-of-origin also links a product to an associative network of culturally shared national stereotypes with cognitive, affective and normative connotations (Obsermiller and Spangenberg, 1989; Verlegh and Steenkamp, 1999). For example, collectivistic cultures evaluate home country products more favorably regardless of product attributes whereas individualistic cultures do so only when products are clearly superior (Gurhan-Canli and Maheswaran, 2000).

Country of origin beliefs and stereotypes can vary across products, as certain product categories and classes are instinctively identified with particular countries (Bhaskaran and Sukumaran, 2007; D'Astous et al., 2008). To illustrate: French perfumes, English china, German machinery, Iranian Rugs or Italian fashion. In these instances, customers consciously or unconsciously use country-of-origin cues when making judgments about product quality (Cordell, 1992; Tse and Gorn, 1993; Papadopoulos, 1993; Chattels, Kramer and Takada, 2008).

Beliefs regarding the quality of workmanship, innovativeness, and design, economy, safety and service standards for offerings from different countries can also influence purchase intentions (Davidson et al., 2003; Verlegh, Steenkamp and Meulenberg, 2005). For example, Scottish consumers believe that beef produced in Scotland and products labeled as "Scotch Beef" are safer, of higher quality and more expensive than the equivalent labeled "British Meat" (Davidson et al., 2003).

However, these countries of origin beliefs can vary for different products one source country (Tse and Gorn, 1993; Kaynak et al. 2000).

For instance, electronic products from Japan are perceived to be high quality whereas Japanese food products do not engender the same level of positive beliefs (Kaynak and Cavusgil, 1983). Evidently, consumers will tend to accept new brands or products more readily from countries with favorable images (Lee and Ganesh 1999; Lampert and Jaffe, 1998; Chen and Pereira, 1999), which from a managerial perspective, will imply identification with favorably perceived countries thus allowing marketers to accentuate or downplay certain country stereotypes and to adopt premium pricing and product positioning strategies (Phau and Prendergast, 2000; Lotz and Hu, 2001; Heslop, Lu and Cray, 2008; Wang and Yang, 2008).

Therefore, as a cognitive process, country of origin is a “heuristic” (see, e.g., Eagly and Chaiken, 1993; Maheswaran, 1994; Hadjimarcou and Hu, 1999; Maheswaran, 2006; Solomon, 2006) for making inferences about product quality. As an affective process, country of origin is a stereotype-driven attribute that links the product to positive and/or negative emotional associations with particular nations (Verlegh and Steenkamp, 1999; Karunaratna and Quester, 2007). Finally, as a normative process, consumers may hold socially desirable behavioral norms linked to COO cues (Chattels, Kramer and Takada, 2008). When such norms exist regarding the correctness of purchases of products from specific nations or of all-domestic products for that matter, country of origin may affect purchase intentions directly, regardless of any product-related beliefs.

While a product’s country of origin has shown robust effects on its evaluation, the conceptualizations of country of origin are more diverse (Chattels, Kramer and Takada, 2008). These range from the extent to which the place of manufacture influences product evaluations (Gurhan-Canli and Masheswaran, 2000), to intangible barriers to entering new markets in the form of consumer biases toward imported products (Wang and Lamb, 1983). Consumers consider both the brand attributes and the place of manufacture or place of assembly in their purchase decision (Tse and Gorn, 1993; Ahmed and D'Astous, 1996).

As such, some research has criticized the country of origin literature on the grounds that a "made in" COO cue is only one of the many cues that consumers use to assess products, especially when other cues are not available (see, e.g., Bilkey and Nes, 1982; Johansson et al., 1985; Maheswaran, 1994; O'Cass and Lim, 2002; Nijssen and Douglas, 2004; Kea and Phau, 2008; Wong, Polonsky and Garma, 2008; Cheah and Phau, 2009). In recent research, focus has been placed on the more complex and ambiguous aspect of the COO cue (Levin and Jasper, 1996). These areas include: hybrid/bi-national products (Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Chao, 1993; 2001; Wong, Polonsky and Garma, 2008) and economic nationalism (Baugh and Yaprak, 1996; Mort and Duncan, 2003; Akhter, 2007; Cheah and Phau, 2009; Oliver and Lee, 2010).

2.5 MULTI-DIMENSIONAL CONSTRUCT OF COUNTRY-OF-ORIGIN

2.5.1 Viability and Development of Bi-National (or Hybrid) Products

The most significant recent trend in research on country-of-origin effects has been toward the decomposition of the COO cue, as expressed by the simple "manufacture in" cue, to better reflect trends in the international marketplace. Specifically, the focus of the literature shifted to what are termed bi-national or hybrid products (see, e.g., Chao, 1993; Chao, 2001; Ettenson and Gaeth, 1991; Kinra, 2006; Oliver and Lee, 2010). These bi-national products have been defined as those that are "manufactured in one country and branded by a firm in another country" (Chao, 2001; Ettenson and Gaeth, 1991; Sauer, Young and Unnaya, 1991).

This shift in the focus of the literature stems from the recognition that many firms use global alliances or operations to manufacture their products and parts of products in foreign countries, thus achieving lower costs due to cheaper parts or labor (Chao, 1998). As such, the consumer perception of the country-of-origin may change substantially as the product, whilst still branded and marketed as being one nationality, is being manufactured in another. Put simply, the proliferations of bi-national products in international markets are encouraging the partitioning of the global country-of-origin concept (Chao, 1993; Han and Qualls 1985; Johansson and Nebenzahl 1986).

According to Chao (1993), bi-national products will become increasingly prevalent in the global marketplace because of the changing strategies that global corporations may choose to employ based on such a concept. Given these considerations, it is argued that this research trend is most significant because it reflects a growing internationalization of the marketplace, and attempts to assess whether country-of-origin remains important in the new era of increased international sourcing and global free trade.

2.5.2 Multi-dimensions of Bi-National (or Hybrid) Products

Following the shift of attention toward the country-of-origin effect on bi-national (hybrid) products, the validity of being a uni-dimensional cue was challenged, and subsequently researchers began deconstructing the COO cue into a multi-dimensional construct in order to better reflect the current market environment (Martin and Eroglu, 1993; Ahmed and D'Astous 1996; Agbonifoh and Elimimian, 1999; Phau and Prendergast, 2000; Chao, 2001).

The attribution of bi-national products has also created a paradigm shift in the country-of-origin literature. This shift in the focus of the literature is derived from researcher's recognition that many companies have used global alliances, outsourcings or operations to manufacture their products or parts of products in foreign countries, hence exerting that COO as a single cue itself is no longer a uni-dimensional but a multi-dimensional concept (Phau and Prendergast, 2000; O'Cass and Lim, 2002; Scott and Keith, 2005). This extension in the literature have been illustrated through a number of studies (see, e.g., Chao, 1993; 2001; Samiee, 1994; Ahmed and D'Astous, 1996; Iyer and Kalita, 1997; Insch and McBride, 1998; 2004; O'Shaughnessy and O'Shaughnessy, 2000; Li, Murray and Scott, 2000 Mort and Duncan, 2003; Balabanis and Diamantopoulos, 2004; Essoussi and Merunka, 2007; Wong, Polonsky and Garma, 2008; Oliver and Lee, 2010).

Given these findings, it appears that this operation of global outsourcing is part of business evolution that has blurred the product’s identity as to its place of manufacture, its origin and the brand name it bears, thus making it hard to define or to make a clear distinction between domestic and foreign products (Ettenson and Gaeth, 1991). The managerial implications are that the advantages sought through overseas production at a lower cost may be cancelled out by the impact on consumer perception, now that the product’s origin is blurred (Phau and Prendergast, 2000; Kleppe et al., 2002; Karunaratna and Quester, 2007).

2.5.3 Empirical Research and Findings on Bi-National (or Hybrid) Products

Many researchers (Johansson et al., 1985; Maheswaran, 1994; Zhang, 1997) have in fact argued that it would be over-simplistic to examine the effects of country-of-origin in the sole context of a single-cue setting and not consider the presence of other cues that are often found to be included by consumers in their evaluations. As a result, earlier researchers have not been able to fully explain or evaluate the relationship between the source country and other relevant cues (such as price, quality and brand image), as well as their level of importance in affecting consumer’s evaluations of products (Cordell, 1992; Tse and Gorn, 1993; Van Pham, 2006).

Evidently, despite the COO cue being revealed to be an important extrinsic cue, particularly when consumers are not familiar with the foreign products (Han and Terpstra, 1998; Han, 1989; Chao and Rajedran, 1993), more empirical studies have highlighted that the extrinsic cue-based evaluations are frequently used together with other multiple (intrinsic or extrinsic) cues if they are available (Johansson et al., 1985; Maheswaran, 1994). As such, the single-cue approach eventually became one of the most prominent criticisms in the country-of-origin literature. The approach has been criticized to be biased with inflated results that are intended to favor finding significant and positive country-of-origin effects (Chao and Rajendran, 1993; Johansson et al., 1985; Phau and Prendergast, 2000).

The validity of research findings derived from mostly single-cue models have been consequently questioned and challenged. With researchers recognizing the limitation of single-cue models in earlier studies, more robust multiple-cue models were subsequently introduced into the literature (Papadopoulos and Heslop, 1993; Chao, 1993; Samiee, 1994). Consequently, multiple-cue models that began incorporating various intrinsic and or extrinsic cues have demonstrated greater effectiveness of informational cues than the examination of the single COO cue in moderating country-of-origin effects. The deconstruction of the country-of-origin concept in a multidimensional way, rather than just the broad or single "manufacture in" approach, has also produced results that are no longer ambiguous or inconclusive (Johansson et al., 1985; Peterson and Jolibert, 1995).

2.5.4 Consumer Decision Process on Bi-National (or Hybrid) Products

The increased occurrence of bi-national products alluded to in the introduction may result in potential dissonance for consumers as they try to reconcile conflicting views about the country-of-origin of different parts of the product (Phau and Prendergast, 2000; O'Cass and Lim, 2002; Karunaratna and Quester, 2007). As today's complex global environment has given rise to bi-national products where no clear distinction between domestic and foreign products can be made but which, in fact, have created a blur to a product's place of manufacture (Ettenson and Gaeth, 1991; Lee and Brinberg, 1995; Iyer and Kalita, 1997; Papadopoulos and Heslop, 1993).

Although manufactures commonly share components, consumers are generally unaware of such processes as manufacturers seldom make information regarding the country-of-manufacture (or design) of their products or their components available (Kleppe et al., 2002; Essoussi and Merunka, 2007; Karunaratna and Quester, 2007). This means that consumers may not possess enough knowledge to form a country image from a bi-national (or hybrid) product (Chao, 2001; Beverland and Lindgreen, 2002; Kinra, 2006; Essoussi and Merunka, 2007). As such, consumers can no longer judge products to be either entirely domestic or foreign and will find it difficult to even pinpoint a specific country which a product can be associated with (Kinra, 2006).

Early research into bi-national products establish that there are indeed differences in consumer perceptions for those products that are branded and manufactured in the same country, and those that are branded and made in separate countries (e.g. Chao, 1993; 1998; Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Ahmed and D'Astous, 1996; Insch and McBride, 1998; Lee and Bae, 1999). This was confirmed in further research by Kim and Psysarchik, (2000), Phau and Prendergast, (2000), Mort and Duncan, (2003), Hui and Zhou (2003), Srinivasan, Jain and Sikand (2004), Essoussi and Merunka (2007) Wong, Polonsky and Garma (2008) and Oliver and Lee (2010).

Subsequently, owing to changes in the global strategic environment, product country association is, however, no longer just a single country phenomenon and several product and brands are now emerging as a result of multi-firm and multi-country efforts (Kinra, 2006; Essoussi and Merunka, 2007). Therefore, it is imperative that tradition country-of-origin research has to incorporate new research designs to further understand how these multi-firm and multi-country efforts would be evaluated by consumers (Chao, 2001; Mort and Duncan, 2003). In light of this, the country-of-origin paradigm has undergone several shifts so that the brand name, as well as country-of-origin brand (COB) is taking relevance on its own (Phau and Prendergast, 2000; Pappu, 2003; Kotler and Gertner, 2004 Zhuang et al., 2007).

The recognition of the importance of brand origin or a country of brand cue establishes that the location of manufacture is not the sole measure of country-of-origin effects (O'Shaughnessy and O'Shaughnessy 2000; Thakor and Lavak, 2003; Hui and Zhou, 2003; Srinivasan et al., 2004). The existence of a country of brand cue, which generates a non-manufacturing based nationality of the product in the minds of consumers, suggests that the ownership of the company manufacturing the product, the "owned by" cue is also potentially significant to the development of country-of-origin effects as well as for consumer decisions regarding product judgments. Thereby, proposing that the brand origin and ownership cues to be more suggestive as a demographic variable toward buying behavior (Mort and Duncan 2003).

2.6 COUNTRY-OF-OWNERSHIP

2.6.1 Definition and Effect of Country-of-Ownership

Country of ownership (COown) also known as the “owned by” cue is an extension on the country of origin effect to encompass the ownership of the company and with it the associated nationality of the company and its implications as a distinct and important cue (Mort and Duncan, 2003 p. 53). Further to this, Mort and Duncan (2003, p. 53) suggested that the ownership of a company can be established through a number of ways. At its most fundamental level, considering company ownership in terms of the basic accounting equation, whereby “Assets = Liabilities + Equity” meant that those supplying the equity are the owners such as an individual sole trader, partners, shareholders of private companies or of listed companies.

For a private company, the sole trader is the owner providing the equity. On the other hand, for publicly listed companies, shares are most likely to be initially held primarily by the founder and other individuals or organizations from the same country as the company’s principal place of business and the stock exchange on which the company first lists. Afterwards, the holdings may either remain concentrated in the hands of the founder, become fairly dispersed or may perhaps become concentrated in the hands of another firm interested in pursuing advantages of an acquisition, a partnership or takeover. Given these more complex situations, it may be more correct to consider perceptions of ownership.

2.6.2 Identifying Country-of-Ownership

One of the issues raised was the development of a number of tests for the nationality of the firm, especially when ascertaining whether global corporations are national firms with international operations that relied on an expanded concept of ownership. According to Hu (1992) some of the tests developed led to query the legal nationality of the parent company (e.g. to whom would the company turn to in times of need for diplomatic protection and political support), its assets and earnings as well as its operations and management functions. These provided a more comprehensive test of ownership and the nationality of the firm.

Hu's (1992) theory in testing ownership and its triggered perceptions amongst consumer groups were confirmed through researching the clothing firm Giordano. Research showed that because of its Italian name, Giordano triggered country origin associations for Italy with positive associations. However, when applying a set of tests for ownership and nationality of the firm, it can be established that a perception of Hong Kong Chinese ownership of Giordano would result. As such, this proves that even when the brand and the company shared the same name, different COO cues will cause to trigger different perceptions and attitudes toward the reputation of the home country for a company (or a brand) (country of origin effect), its production or merchandise (country of manufacture effect) and the overall nationality (country of ownership effect). In this case, Giordano have contrived by means of using brand origin (Italy) to trigger positive and favorable relations.

2.6.3 Empirical Research and Findings on Country-of-Ownership

Evidence in research have suggested that the awareness and continuing practice of ownership cues does exist in the marketplace for both consumer and practitioner (see, e.g., Thomas, 2001; Zarkada Fraser and Fraser, 2002; Mort and Duncan 2003; Usunier, 2006). To be specific, the use of ownership information in the form of product labeling and other marketing communication initiatives have been the foundation for developing business plans and marketing strategies for many local companies and small businesses (Zarkada Fraser and Fraser, 2002; Lusk et al., 2006; Insch and Florek, 2009).

The importance of such a cue can and has been already emphasized by marketplace activity. Examples cited in studies by Bloom and Reve (1990), Duncan (1999), Thomas (2001) and Mort and Duncan (2003) have mentioned interviews with current and past marketing managers of Australian companies such as Qantas, Herron and the Brisbane Broncos confirmed successful use of ownership cues in its practices. These companies have attributed the successfulness of the ownership cue in its role as a distinguishing factor amongst other extrinsic indicators as well as its ability to evoke a greater nationalistic response amongst the target market.

In light of these associations, it is argued that explicit recognition of company ownership initiates an important new avenue in country of origin research (Duncan 1999; Mort and Duncan 2003). Labeled as the ‘owned by’ cue, country of ownership information encompasses the traits associated with traditional country of origin such as being a part of the repertory of extrinsic cue to product evaluations (Bilkey and Nes 1982; Netemeyer et al., 1991). More appropriately, country of ownership is conceptualized as the “nationality of the firm and its corresponding merchandise in addition to the subjected identity of the firm as local or foreign” (Mort and Duncan, 2003 p. 54).

Research has indicated that attitudes toward foreign multinational companies have been found to be relative to the nationality of the respondents (Yavas, Yaprak and Riecken, 1980). For example, Mort and Duncan’s (2003) study found that whilst being exposed to three respective extrinsic cues namely, country of manufacture, country of ownership and price, a specific segment of consumers were only affected by the ownerships cues through using ownership information to aid in determining a firm’s nationality and subsequent product judgments. As a result, ownership cues were found to be important and distinct from the “manufacture in” cues (Mort and Duncan, 2003 p. 64).

2.7 ECONOMIC NATIONALISM

2.7.1 Definition and effect of Economic Nationalism

Several related concepts, although conceptually different from economic nationalism, have been presented in international business and political science literature. These concepts include nationalism (Druckman, 1994; Kosterman and Feshbach, 1989), patriotism (Adorno et al. 1950; Kosterman and Feshbach, 1989), ethnocentrism (Sumner, 1906; Levin and Campbell, 1972) and consumer ethnocentrism (Shimp and Sharma, 1987; Sharma et al. 1995). In contrast to the four concepts, economic nationalism is distinct (Mort and Duncan, 2003; Akhter et al. 2003; Akhter, 2007). The following paragraphs will define economic nationalism and effects as well as providing rationale in distinguishing the term from the other related concepts.

Economic nationalism is said to involve discrimination in favor of one's own nation carried on as a matter of policy (Macesich, 1985). Economic nationalism seeks to safeguard domestic resources, industries, and people from the control of foreign firms, who are considered members of the out-group. For example, consumers boycott foreign products, purchasing agents deny access to foreign suppliers, executives refuse to sell their business to foreign firms, and governments continue to erect international trade and investment barriers (Akhter et al. 2003).

Baughn and Yaprak (1996) asserts that economic nationalism is the adoption of an "us first" in the in-group versus out-group distinction relating to companies, products, jobs and workers. This incorporates strong emotions and enmity based on perceived or actual threat of a distinct out-group to the physical, social, or economic health of the in-group. Therefore, economic nationalism largely operates on a specific notion, that is, when a national in-group may feel resentful against a particular national out-group, this provides a basis for associating such group distinctions to nationalistic orientation (Miller, 1990; Reich, 1991; Risen, 1995). Such discriminatory actions (against national out-groups) include prejudice and discrimination in terms of jobs, work place opportunities and economic welfare (Johnson, 1967; Macesich, 1985; Insko et al., 1992).

In many instances, economic nationalism is a feeling rather than behavior based, thus linking the construct to the non-physical (i.e. cognitive and affective) aspects of hostility and aggression, and not to behavioural intentions (Feshbach, 1994; Murray and Meyers, 1999). However, from another perspective, many people in public or private places will have a personal vested interest (financial, economic, and political) in ensuring that nationalistic economic policy orientations are enacted and maintained (Burnell, 1986; Reich, 1991; Baughn and Yaprak 1996). This implies that individual orientations provide the psychological basis upon which the emotional appeals of nationalism depend (Roskin et al., 1988). For example, "hostility", "prejudice" and "feeling threatened" may facilitate political attempts to arouse public support for such a campaign (Johnson, 1992). As such, the concept of economic nationalism relates to psychological underpinnings such as those explicate by social identity theory and realistic group conflict theory; which will be further discussed in the subsequent chapter to rationalize the linkage and relevance.

Akhter (2007) indicates that economic nationalism represents a desire to keep economic activities under domestic control. Furthermore, economic nationalism promotes a public expectation of those individuals or organizations who can play a role in curtailing the influence of foreign businesses in the domestic economy. In other words, in order to safeguard domestic resources, industries, and jobs, the involvement of the domestic government and businesses and the general public are essential. Therefore, Akhter (2007) developed the expectations model of economic nationalism, where the model defines economic nationalism as reflected in people's expectations of their government, domestic firms, and the public, in terms of restricting the activities of foreign firms.

The concept of economic nationalism thus has a specific focus namely the preservation of the national economy autonomy (Weber, 1994; Baughn and Yaprak, 1996; Akhter et al. 2003; Akhter 2007). The emphasis is on protecting the domestic economy from the influence of foreign firms. This focus conceptually separates the concept of economic nationalism from other related concepts such as nationalism, patriotism, ethnocentrism and consumer ethnocentrism.

2.7.2 Bases for Economic Nationalism

Economic nationalism can be driven by many different underlying motivations (Baughn and Yaprak, 1996; Akhter, 2007). Hostility and probable animosity toward the out-group may be augmented during conditions of instability in the relative economic fortunes of nations (Sharma, Shimp and Shin, 1992 p.1), suggesting that economic nationalism can be evoked through unfavourable economic conditions or perceived foreign competition or threats (Baughn and Yaprak 1996; Sharma, Shimp and Shin, 1995).

Whether precipitated by recession or in retaliation for the perceived unfair practices of foreign economic rivals, the effects of globalization and free trade policies to the increasing presence of international competition within a domestic context will be perceived as a form of foreign threat by domestic companies and local citizens (Baughn and Yaprak, 1996; Akhter et al. 2003; Chow, Tang and Fu, 2007).

This transition elevates intergroup conflict as access to scare resources such as jobs and economic benefits which constitute such competed-for resources diminish (Burnell, 1986; Reich, 1991; Sharma, Shimp and Shin, 1995). In other words, people will be willing to forgo absolute gains to prevent their perceived rival from enjoying even greater gains, symbolizing a form of “zero-sum conflict or outcome” (Reich, 1991; Rosenblatt, 1964; Sherif et al., 1961).

2.7.3 Variables Affecting Economic Nationalism

According to Akhter (2007, p. 142 – 150), motivations for economic nationalism can be traced to political, economic and security factors. Firstly, the political basis for economic nationalism finds its justification in the conduct of many foreign firms in different host counties (Reich 1991; Burnell, 1986; Macesich, 1985). More recently, several firms including OMG, Bayer and Cabot Corp. have been cited in a UN report on the illegal exploitation of natural resources in the Democratic Republic of Congo (Westervelt, 2002). The legacies of these firms still reverberate in people’s psyche. Many South Koreans, for example, continue to oppose foreign investors from setting up domestic factories and offices in South Korea (Lee, 1998) and view foreign ownership of domestic businesses as an expression of colonial control.

Secondly, the economic basis for economic nationalism rests on the desire to protect domestic business interests (Baughn and Yaprak 1996; Mort and Duncan, 2003; Ishii, 2009). When foreign firms come to a country with better financial resources and marketing “know how”, they are perceived as a threat to domestic business (Sharma, Shimp and Shin, 1992). Economic nationalism thus becomes a response to the fear of losing control of domestic businesses to foreign firms and the concomitant development of an uncertain future (Miller, 1990; Reich, 1991). The operant belief is that increasing international trade may jeopardize the survival and growth of some domestic firms and vitiate the pursuit of domestic economic well being (Han, 1988). Therefore, economic nationalism not only encourages behaviours in support of domestic industries, firms and products, but also magnifies the distinction between domestic and foreign firms. In South Korea, for example, during the recent financial crisis, store fronts carried signs proclaiming that only “100% Korean” goods were sold inside (Slater, 1998).

Lastly, national security has historically been a persuasive argument for economic nationalism (Pennar, 1989; Reich, 1991; Risen, 1995). Security concerns arise from the beliefs and fears that people have about foreign firms (Weber, 1994; Sharma, Shimp and Shin, 1995). The belief is that home-based firms are more committed to achieving domestic goals and aspirations than foreign-based firms. This belief coupled with the fear of not knowing what foreign firms will end up doing strengthens people’s commitment to protect domestic economy from influences of foreign firms (Murray and Meyers, 1999; Balabanis et al. 2001). Recently, when Dubai Port Worlds, a Dubai-based firm, took control to manage terminal operations at six US ports, however, congressional outcry and public concerns over security of the ports forced the company to divest itself of these holdings (Akhter, 2007). Additionally, in France, the government recently passed a law that puts several strategic industries off limits to foreign takeovers (Lander and Meller, 2006).

As the discussions above illustrate, economic nationalism remains a force in today’s global economy in restricting the activities of business corporations, large and small, in different parts of the world. The agenda of economic nationalism will continue to move forward because of societal concerns about the role of foreign firms. These concerns remain appealing and persuasive, as they touch upon the sensitive issues of ownership and control of domestic economic activities.

2.7.4 Country-of-Ownership and its relationship to Economic Nationalism

Protectionism forms one of the bases for economic nationalism as the desire to protect domestic business interests (Zarkada Fraser and Fraser, 2002; Mort and Duncan 2003; Usunier, 2006). Traditionally, economic nationalism is said to manifest itself in the "role that the national government, domestic firms, and general public is expected to play in curtailing the involvement of foreign firms in the domestic economy" (Akhter et al., 2003, p. 77). These behaviours and activities are associated with patent infringement, restriction of foreign investment, restriction on immigration of workers and restriction of foreign firms (Baughn and Yaprak, 1996; Reich, 1991).

Mort and Duncan (2003) identified economic nationalism as operating through the concern for economic prestige, power and status as related to firm or company level issues. According to Mort and Duncan (2003 p. 58), the construct "should reflect issues that link ownership of firms and economic strength, the need to retain ownership of firms in local hands, and to support these firms by buying their products". This was confirmed in previous research by Miller, (1990), Reich (1991), Baughn and Yaprak, (1996), Sharma, Shimp and Shin, (1995) and in further research by Akhter et al., (2003), Usunier, (2006) and Akhter, (2007).

To support this notion, Reich (1991) and Baugh and Yaprak (1996) asserts that a critical component of economic nationalism involves one's orientation toward "domestic" in opposition to "foreign" companies. Economic nationalism incorporates beliefs that were well correlated toward the success of the nation's core firms and the assured well being of the nation's citizens, signifying that in this context foreign corporations are viewed as economic competition in terms of "our companies" against "their companies (Johnson, 1967; Macesich, 1985; Insko et al., 1992). This meant that domestic firms may also be perceived as betraying their countries if employment opportunities in the form of investing, manufacturing or overall production were outsourced to a foreign market (Macesich, 1985; Baughn and Yaprak, 1996). Therefore, economic nationalism not only encourages behaviours in support of domestic industries, firms and products, but also magnifies the distinction between domestic and foreign firms.

Economic nationalism has been and will continue to be a contentious issue (Akhter, 2007). While it is surely not a recent phenomenon, its manifestations in today's global economy have been frequent and portentous. The successful role of ownership cues within the marketplace, companies are beginning a more in-depth exploration into the intentions behind its usage in an effort to broaden its appeal (Mort and Duncan, 2003; Zarkada Fraser and Fraser, 2002; Lusk et al., 2006; Insch and Florek, 2009). From a managerial perspective, other studies have cited that because of the increased presence of discriminating feelings and emotions toward foreign companies (Shimp and Sharma, 1987; Klein et al., 1998; Klein and Ettenson, 1999; Shin, 2001) while domestic companies seek to elevate the nationalistic responses of consumers, foreign firms are looking to minimize such concerns. For example, in the US market, Japanese car manufacturers such as Honda emphasized "American Made" through their US manufacturing locations, as opposed to the ownership of the company (Mort and Duncan, 2003).

2.8 CONSUMER ETHNOCENTRISM

2.8.1 Definition and Effect of Consumer Ethnocentrism

Ethnocentrism, originated from the concept of sociology, is used to distinguish the in-group vs. out-group phenomenon (Sumner, 1906; Tajfel, 1981). LeVine and Campbell (1972) asserted that ethnocentrism is specified to distinguish various groups where events are perceived in terms of group's own interests. In-group would view themselves as the centre of the universe and superior in life, while being suspicious of other groups. In addition, in-group viewed themselves as superior, strong and honest, while others are considered as inferior, weak and dishonest. It serves to secure survival of groups and their cultures by increasing the group's solidarity, conformity, cooperation, loyalty and effectiveness (Sumner, 1906; Murdock, 1931; Lynn, 1976; Mihalyi, 1984; Sharma, Shimp and Shin, 1995).

Ethnocentrism has also been shown to be a universal phenomenon that is deeply rooted in most inter-group relations (Lewis, 1976). From a sociological point of view, ethnocentrism is shown not only to be confined to distinction of tribes and nations, but is also present in array of social groups, sectionalism, religious prejudice, racial discrimination and patriotism (Murdock, 1931). Consumer ethnocentrism was initially introduced in the marketing literature by Jacoby (1978). One of the major issues revolving around consumer ethnocentrism was the absence in relevant scales and the lack of conceptualization to examined ethnocentrism in the context of marketing phenomena. Subsequently, Shimp and Sharma (1987) addressed this issue by applying the sociological concept of ethnocentrism to suit the marketing discipline and consumer behavior studies as “consumer ethnocentricity” or “consumer ethnocentrism” and developed a domain-specific scale (i.e. CETSCALE).

Shimp and Sharma (1987) defined consumer ethnocentrism as the beliefs held by consumers about the appropriateness and morality of purchasing foreign-imported products (Shimp and Sharma, 1987). It was further explained that consumer ethnocentrism derives from one’s love for their own country and fear of harming the economic interests of one’s own country by purchasing foreign products (Netemeyer et al., 1991; Sharma et al., 1995; Poon, Evangelista and Albaum, 2010). Past studies have profiled individuals with high levels of ethnocentrism tend to be female, older, come from low socio-economic groups, and have low levels of cultural exposure (Shimp and Sharma, 1987; Han, 1988; Nijssen, Douglas and Bressers, 2002).

Adding to the conceptual development and definition of the construct, Sharma, Shimp and Shin (1995) in a later paper highlighted that consumer ethnocentrism is not an attitude in itself, but should be conceptualized as an individual’s personality trait influencing attitudes and behaviors towards domestic and foreign products. “Consumer ethnocentrism provides the individual a sense of identity, feelings of belongingness, attachment and pride, and an understanding of what purchase behaviour is acceptable or unacceptable to in-groups” (Shimp and Sharma, 1987 p. 280).

While ethnocentrism is a broad concept used to describe the tendency of individuals to view their own group or culture as superior and to reject culturally dissimilar out-groups or individuals, consumer ethnocentrism fundamentally stipulates the belief by consumers about the superiority of local products (Ishii, 2009; Poon, Evangelista and Albaum, 2010). This concept is not only economic or functional in nature, but more importantly it entails a prominent moral component (Lantz and Loeb, 1996; Yu and Albaum, 1999; 2002). Therefore, consumer ethnocentrism carries the notion of consumers' patriotic emotions (Herche, 1994) and is usually more potent when a consumer is emotionally involved or engaged when buying imported products (Crawford and Lamb, 1981).

2.8.2 Consumer Ethnocentrism and Country-of-Origin Effects

The country of origin effect can be analyzed by viewing consumer ethnocentrism as the tendency of some consumers to feel that it is inappropriate or even immoral to buy foreign made products 'due to patriotic and nationalistic sentiments as well as a personal level of prejudice against imports' (Onkvisit and Shaw, 1997, p. 256; Ishii, 2009; Poon, Evangelista and Albaum, 2010). This definition suggest that consumers with low levels of consumer ethnocentrism would evaluate foreign products based on their own merits without consideration of origin (Piron, 2000; Javalgi et al. 2005), whereas higher levels of consumer ethnocentrism are prone to biased judgments as they tend to accentuate positive aspects of domestic products and to denigrate foreign made items (Kaynak and Kara, 2002; Chryssochoidis, Krystallis and Perreas, 2007).

According to Brodowsky (1998), the understanding consumer ethnocentrism is critical in comprehending country of origin effects. On the basis of past studies, it is evident that ethnocentrism does impact on consumer attitudes and behaviour in regards to local versus foreign made products (see, e.g., Balabanis and Diamantopoulos, 2004; Pecotich and Rosenthal, 2001; Shankarmahesh, 2006; Wang and Chen, 2004; Yagci, 2001). Highly ethnocentric consumers hold strong moral values and believe that it is unpatriotic, immoral and inappropriate to purchase foreign products as it would damage their domestic economy and cause loss of jobs (Sharma, Shimp and Shin, 1995), thus viewing foreign products in general as both an economic and cultural threat (Wang and Chen, 2004; Balabanis and Diamantopoulos, 2004; Balabanis et al, 2001).

These ethnocentric individuals are more inclined to accentuate the positive aspects of domestic products and be unwilling to purchase foreign products (Kaynak and Kara, 1996; Huddleston, Good and Stoel, 2001), as they would often feel morally compelled to purchase local products as part of their duty or service to country (Luque-Martinez et al., 2000; Acharya and Elliot, 2003), while foreign products are viewed as objects of contempt (Lantz and Loeb, 1996; Nijssen and Douglas, 2004).

On the contrary, low or non-ethnocentric consumers (e.g. “Othercentric” or “Polycentric”) would be more pragmatic and evaluate foreign products in relative terms based on their own merit and the utility or functionality in terms of product offerings (Kaynak and Kara, 1996; Jaffe and Nebenzahl, 2001; Vida and Dmitrovic, 2001; Reardon et al. 2005). In addition, the explanatory power of consumer ethnocentrism has been observed to vary depending on the research design used and the cultural or environmental contexts (Balabanis and Diamantopoulos, 2004; Shankarmahesh, 2006; Vida, Dmitrovic and Obadia, 2008).

Wang and Chen (2004) assert that consumers from developed countries will tend to favour domestic products over imported ones as a result of their consumer ethnocentrism. This largely suggests that consumers from these advanced economies tend to take pride in their domestic products and judge them more favorably than foreign merchandise. Past studies have shown that countries that are economically sustainable (large markets) and self-sufficient (lower levels of imports) have also reported higher levels of consumer ethnocentrism (Netemeyer et al., 1991; Balabanis et al., 2001; Saffu and Walker, 2005). Therefore, consumers from these developed countries who uphold strong ethnocentric tendencies have negatively viewed foreign products, as compared to consumers with no or little ethnocentric beliefs (Balabanis and Diamantopoulos, 2004).

The reverse or opposite, however, have been observed in developing countries or countries with transition economies and smaller markets, where consumers will perceive foreign products (especially those originating from prestigious countries) as superior compared to their domestic counterparts (Ettenson, 1993; Festervand and Sokoya, 1994; Balabanis et al, 2001). Past studies have confirm that the tendency to favor foreign-made goods is seen in various countries (Kaynak and Kara, 2002; Saffu and Walker, 2005; Hamin and Elliott, 2006). For example, after 1991, when the Indian government inaugurated a series of reforms that resulted in many foreign brands entering the market, Indians who could afford it, preferred the foreign brands to the local Indian brands because of the prestige associated with the former (Mazzarella 2003).

2.8.3 Multi-dimensions of Country-of-Origin Affecting Consumer Ethnocentrism

The multi-dimensional formulation of country-of-origin studies (e.g., Brodowsky, 1998; Kim and Psyarchik, 2000; Pecotich and Rosenthal, 2001; Acharaya and Elliot, 2003; Brodowsky, Tan and Meilich, 2004; Wong, Polonsky and Garma, 2005; 2008) have discussed or examined the construct against consumer's ethnocentric attitudes and tendencies to determine their preferences for newly introduced concept of bi-national (or hybrid) products. The following will discuss some of the research in the area, to provide a better perspective of consumer ethnocentric effects on bi-national products.

Brodowsky (1998) examined the perspectives of country-of-assembly and country-of-design and how these differences would affect the evaluative beliefs and attitudes towards buying automotive products between consumers with high and low ethnocentric tendencies. The results of the study revealed that individuals with high levels of consumer ethnocentrism expressed positive beliefs and attitudes toward buying products that are locally designed and assembled. Findings also showed that highly ethnocentric consumers tend to exhibit negative biases towards foreign assembled and designed automobiles.

Conversely, consumers with low ethnocentric tendencies showed greater preference or positiveness in their evaluative beliefs and attitudes towards buying foreign designed than domestically designed automobiles, and similarly for foreign assembled than domestically assembled automobiles. Based on the findings, Brodowsky (1998) concluded that low ethnocentric consumers may hold positive biases towards foreign assembled and designed automobiles because of their belief that foreign product may be superior to domestic product. Pecotich and Rosenthal (2001) also found that ethnocentrism had a direct effect on consumer's views in regards to price and purchase intentions, but not product quality, as well as a varying interaction effect with country-of-origin dimensions.

Similar findings were found in Acharya and Elliot's (2003) study, which compared the differences between high and low ethnocentric consumer's evaluations and intentions of purchasing products that are domestically and foreign assembled, as well as products that are domestically and foreign designed. The study tested across three different product categories and proved that highly ethnocentric consumers will tend to express more positive evaluations and attitudes toward buying domestically assembled/designed than foreign assembled/designed products. On the other hand, low ethnocentric consumers did not express positive evaluations and attitudes towards buying domestically assembled or designed products. Instead, they expressed more positive evaluative beliefs and attitudes towards buying foreign designed than domestically designed products, and foreign assembled than domestically assembled products.

While Brodowsky (1998) and Acharaya and Elliot (2003) attempt to relate ethnocentrism with the newly deconstructed multi-dimensional of the country-of-origin construct, their attempts fail to fully explore the implications of consumer ethnocentrism on specific multi-country affiliations or combinations. For instance, the combination of products being domestically designed but foreign assembled, or foreign designed but domestically assembled was not examined. However, subsequent studies by Mort and Duncan (2003), Brodowsky et al. (2004), Chryssochoidis, Krystallis and Perreas, (2007), Wong, Polonsky and Garma (2008) and Ishii (2009) have taken a new approach and provided more useful findings.

According to Brodowsky et al. (2004), highly ethnocentric consumers were found to have better evaluative beliefs and attitudes towards buying uni-national local products (i.e. both locally assembled and designed) than uni-national foreign products (i.e. both foreign assembled and designed) or bi-national products (formed from different country design/assembly combinations).These findings can be attributed to the bi-national combinations, where highly ethnocentric consumers are found to be more concerned about the product being assembled domestically. This is largely because of consumer's beliefs that the country where it is being assembled bears more direct economic and employment impact, as opposed to the country where the design is undertaken.

On the contrary, results on low ethnocentric consumers showed that they prefer uni-national foreign products to uni-national local products. But more importantly, it was also found that such consumers would prefer any combination of bi-national products to uni-national local products. These findings presented an important implication for the literature as it shows that having some element of the product being "foreign" would have an effect on low ethnocentric consumer's perceptions.

Given that advanced nations were the leaders of global economic growth over the last 50 years and that these nations are becoming a shrinking part of the world's economy (Wilson and Purushothaman, 2003), developing and transition economies have been suggested as the next possible opportunity for global business expansion (Klein et al., 2006). Therefore, international businesses have begun seeking opportunities beyond developed markets and this would require global managers to understand the consumer's attitudes toward foreign goods in developing and transitional economies, to facilitate product-positioning strategies to overcome the bias against foreign products (Kaynak and Kara, 2002; Klein et al., 2006).

2.9 RESEARCH GAPS

Based on the preceding discussion of the relevant literature in this chapter, several research gaps have been identified. These research gaps will consequently become the foundation in the development of the theoretical framework and hypotheses for this study. The following discusses the research gaps that have been established:

2.9.1 The need to fully conceptualize the economic nationalism construct through the development and validation of a single scale.

Economic nationalism is an important social concept within the marketing literature (Mort and Duncan, 2003; Akhter et al., 2003; Akhter, 2007), however, literature have suggested several limitations. Firstly, with the exception of only a small number of studies examining economic nationalism from a marketing (social) standpoint; the problem lies with the concept's infancy in literature, which prompts a lack of theoretical validity and inadequate conceptualization.

Early studies have pointed out that "the concept of economic nationalism is relatively unexplored, and seems to fall in the interstices between separate disciplinary interests and concerns" (Burnell, 1986, p. 82). In addition, Baughn and Yaprak, (1996, p. 760) asserted that the conceptualization of economic nationalism does not go beyond explicating the "economic practices and policy measures that historically have come to be characterized as nationalist". While, this conceptual relevance was later extended through Akhter's (2007) expectations model of economic nationalism, the applicability of the concept in current marketing issues have been limited. Given this theoretical situation and the continuing strategic significance of economic nationalism, past research have called for a rigorous treatment of the concept in order to add to the body of literature.

Secondly, although economic nationalism has been the subject of inquiry for a long time, the predominant focus of research in this area has been either descriptive or policy oriented. The exception, however, is the work of Baughn and Yaprak's (1996) economic nationalism measure, which was subjected to some concerns regarding the scale development process; and its validity and generalizablity within the literature. Therefore, Mort and Duncan (2003) has conceded the need for a complete conceptualization by developing an appropriate psychometrically valid and reliable measure of economic nationalistic tendencies. To address this, a full scale development and validation process will be conducted and further discussed in a later chapter.

2.9.2 The need to expand the conceptual and theoretical boundaries of economic nationalism through the examination of bi-national (hybrid) products.

As an emerging construct in the country-of-origin literature, economic nationalism is still considerably at its exploratory stage of study. Whilst economic nationalism remains a force in today's global economy, Mort and Duncan's (2003) appeal to continue examining its influence on the marketplace, as an important but neglected marketing implication (Mort and Duncan, 2003, p. 64 - 65), has presented many opportunities to expand the operationalisation of the construct and its underlying motivations.

Aside from Mort and Duncan's (2003) study, the available research on economic nationalism is largely confined only to foreign products (e.g. Macesich, 1985; Burnell, 1986; Baughn and Yaprak, 1996; Akhter et al., 2003). Given the recognition of today's globalizing phenomenon and its market trends, the introduction of the bi-national (or hybrid) concept into the study will allow for the opportunity to expand on its operationalisation; through a timely examination of the interaction effects as well as main effects amongst the various country-of-origin cues. The ramifications of such findings would provide valuable insights for global managers or companies operating their businesses in different parts of the world.

2.9.3 The need to re-validate the relationships between economic nationalism, consumer ethnocentrism and product quality judgment.

While economic nationalism expands, several gaps procured within the literature have suggested opportunities in validating the conceptual relationships between economic nationalism, consumer ethnocentrism and product quality judgment.

Firstly, a review of the literature indicates that the term economic nationalism is often confused with other related but conceptually different terms such as ethnocentrism (consumer), thus compounding the ontological and epistemological problems (Akhter, 2007, p. 143). This distinction was initially highlighted by Mort and Duncan, (2003, p. 64 - 65), confirming that the discriminatory effects and processes derived from both constructs occurred distinctively from each other. However, there have been no further attempts to extent, generalize or re-validate the findings. Furthermore, there has been an absence of theory used to rationalize or explain these allegations. Thus, this theoretical detachment has presented an opening in research to re-validate the conceptual and theoretical implications as a result of the partitioned economic nationalism and consumer ethnocentrism constructs; through the suggested "owned by" and "made in" country cues respectively.

Secondly, there have been many debates among academics regarding the relationship between xenophobic variables (i.e. economic nationalism, ethnocentrism, animosity etc) and product quality judgment that have been conflicting and un-conclusive (e.g., Klein et al., 1998; Balabanis et al. 2001; Mort and Duncan, 2003; Akhter et al. 2003). Literature has revealed a conceptual distinction in that the affect of these xenophobic variables may cause consumer decisions to diverge from most behavioral frameworks in marketing studies having a direct effect on purchase decisions independent of product quality judgments (Klein et al., 1998; Verlegh and Steenkamp, 1999; Papadopoulos and Heslop, 2003). Whereas, other studies have cited a normal prediction of product quality judgment before any purchase decisions were explored (Sharma, et al., 1995; Mort and Duncan, 2003; Shoham et al. 2006).

Put simply, literature has addressed the two most common conceptual pathways that underpin the relationships between the above theoretical constructs. Given this perspective, the common view was to assume is that findings recorded amongst theoretically similar constructs, in this case economic nationalism, consumer ethnocentrism and animosity (Tajfel and Turner, 1979; Sherif and Sherif, 1979; Insko et al., 1992) will be directly transferable. However, as true as this may or may not be there is little if any evidence or research to prove or disprove this theory. Therefore, gaps procured within the literature have called for the need to re-assess the validity of the above theoretical constructs (Mort and Duncan, 2003; Balabanis et al. 2001; Balabanis and Diamantopoulos, 2004), which would warrant conceptually crucial ramifications and revalidations.

2.9.4 Lack of theoretical support in the current literature

Given the substantial amount of literature documenting on country of origin effects, most of these studies lack theories and conceptualized frameworks to justify their arguments or findings (Samiee, 1994; Li and Dant, 1997; El Enein and Phau, 2005; Kea and Phau, 2008). From another perspective, while both consumer ethnocentrism and economic nationalism have been widely acknowledged as concepts adopted from the field of sociology and psychology (Shimp and Sharma, 1987; Baughn and Yaprak, 1996), there has been an absence of theory used to rationalise or explain the phenomenon. Therefore, in fully understanding the conceptual underpinnings, the above constructs could draw from a number of relevant theoretical bases or individual theories in order to provide the much needed justifications and support. To address this, vital theories underpinning the two key concepts of this study will be further discussed in a later chapter.

2.10 CONCLUSION

Relevant literature, findings and trends have been discussed in the current chapter, and the place of the current study within this existing literature has been established. By providing the established literature behind the current study, its aims and research propositions are further understood. From the gaps identified in the literature, the conceptual framework and hypotheses formulated to address these gaps are further discussed in the following chapter.

CHAPTER 3

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

3.1 INTRODUCTION

This chapter will examine the hypotheses for the study and their underpinning theories. As discussed in chapter two (see 2.9.4), there has been very little theoretical support in research to date in rationalising consumer's ethnocentric and economic nationalistic attitudes and behaviors. The purpose of this research is to develop knowledge and findings in relation to these gaps.

The chapter will discuss the relevant sociological and psychological theories that underpin the development of a theoretically driven conceptual framework. The theoretical justifications are reinforced with the relevant literature to formulate the hypotheses of the study and presented within the chapter. To conclude, the proposed conceptual model of the study is presented with a summary of the hypotheses and the relationships between the underlying constructs. The research model is depicted in its entirety in figure 3-1. The focus of this study, which compares the effects of economic nationalism and consumer ethnocentrism in examining respondent's buying behaviour via country of origin advertisements, revolves around the validation of six main objectives/issues as follows:

1. To develop and validate a single scale to measure economic nationalistic tendencies. This will enable the reactions to be explored independently from Shimp and Sharma (1987) CETSCALE.
2. To validate consumer ethnocentrism and economic nationalism as correlated but appearing as separate and distinct constructs in the research model. This will allow for the specific country of origin (for example, COM and COown) differences to be explored.

3. To develop and validate model using Structural Equation Modelling for use in studying the ethnocentric and economic nationalistic effects on consumer product judgment and willingness to buy domestic/bi-national product brands. Within this, to examine the relationships (if any) in validating the explored enmity to be unrelated to consumer's product judgments.
4. To determine whether the Australian consumer would be more receptive to Australian product brands in comparison to hybrid/bi-national product brands. Within this, examine the relationships (if any) between the explored reactions (see objective 3) in a multi-cue setting.
5. To test the moderating role of consumer knowledge on the relationships between consumer ethnocentrism and economic nationalism on consumer's product judgments.
6. To develop a theoretical framework that holds relevant theoretical bases or individual theories to rationalise or explain the key constructs and relationships.

3.2 OVERVIEW

There exist a number of underlying theoretical frameworks from various marketing literatures that must be examined in order to gain an understanding of the knowledge base thus far. The absence of theoretical knowledge and support to understand the underlying determinants of consumer's ethnocentric and economic nationalistic behaviors or attitudes has limited the practical identifications of vital conceptual and managerial implications. In order to overcome such undesirable implications, the rationale behind such ethnocentric and economic nationalistic behaviors or attitudes and association with the hypotheses of the study needed to be theoretically justified. In doing so, a number of key theories have been put forward to provide justifications and underpin the development of the hypotheses and the building of the conceptual model. These theories include social identity theory, realistic group conflict theory and confirmation bias theory. In addition, other secondary theories are used to support the above theories in explaining the country of origin phenomenon. These theories include self-categorization theory, behavioral decision making theory and cognitive dissonance theory.

It is important to note that these underlying constructs facilitated and applied interchangeably to the theories. To be specific, relative similarities and differences were noted between the theories used, particularly in mitigating the cognitive approach that hold the most relevance in determining a specific behavioral outcome. Alternatively, certain theoretical aspects advocated an interdependent nature hence ensuring a rational sense of validity and generalisability within the discussion. For instance, feelings of “hostility”, “prejudice” and “discrimination” were commonly cited to have been generated by the consumer’s ethnocentric and economic nationalistic behaviors and attitudes toward foreign countries and products; however the extent to which these tendencies varied were fundamentally dependent on the relevant sociological and psychological theories implied.

Given this perspective, the social and psychological tendencies under investigation will address the plausible effects toward attitudes and behavioural outcome; however, such representation is limited and does not tantamount to attitudes and behaviours entirely. As discussed, the interdependent processes in rationalizing consumer’s ethnocentric and economic nationalistic behaviors or attitudes do not develop in isolation but rather are part of a constellation of social and psychological and demographic influences.

As each hypothesis is revealed in the following sections, the underpinnings for each are examined.

3.3 SOCIAL IDENTITY THEORY

The social identity theory derives from the cognitive and motivational basis of inter-group differentiation and discrimination (Tajfel and Turner, 1986; Hogg and Vaughan, 2002), and can be useful in illustrating the causes of nationalistic indifference and international animosity (Shimp et al., 2004; Shoham et al., 2006). The theory developed by Tajfel and Turner (1979) proposes that the membership of social groups and categories forms an important part of defining one’s self concept. The social identity theory is largely concerned with both the psychological and sociological aspects of individual and group behavior. Therefore, the theory often examines the differences in the encounters between individuals and the encounters between groups.

In essence, social identity theory is defined as “that part of an individual’s self concept which derives from the individual’s knowledge of his or her membership in a social group together with the value and emotional significance attached to the membership” (Tajfel 1981, p. 225). With this definition, individuals are motivated to be engaged in in-group versus out-group comparison and create social boundaries to distinct intergroup differences (Hogg and Abraham, 1988). This would mean a form of self-categorization (see, e.g., Hogg and Terry, 2000; Hornsey and Hogg, 2000; Haslam, 2004; Hornsey, 2008) and enhancement in ways that would favour or support the in-group at the expense of the out-group, commonly known in literature as “in-group favoritism and out-group discrimination” (Tajfel, 1981; Tajfel and Turner, 1986).

3.4 SELF-CATEGORIZATION THEORY

The self-categorization theory proposes that the importance of a social identity is context-dependent, hence with the importance of that identity being dependent upon the particular social comparisons which are available in any given context (Oakes, Haslam and Turner, 1994). An important self-categorization theory underpinning is the role of social influence, the processes by which groups agree on appropriate behaviour (Turner, 1991). The process of “stereotyping” and “depersonalization” of self-perception regulates cognition, perception, and behaviour to conform towards group standards (i.e. group norms, stereotypes or prototypes) rather than idiosyncratic personal standards (Hogg and Hardie, 1997, p. 94; Turner, 1987 pp. 50-51). This depersonalization process causes a cognitive redefinition of self (and others) which is psychologically real and identical with a particular social category of people (Hornsey and Hogg, 2000). In other words, “the social collectively becomes self” (Turner, 1991; Hogg and Terry, 2000).

To further rationalise, the self-categorization theory depersonalizes attitude towards (i.e. feelings about, and perceptions of) fellow in-groupers in terms of the in-group prototype or group prototypicality (Hogg and Hardie, 1997). From this perspective, in-group members are liked not as unique individuals, but as embodiments of the group, hence the more prototypical they are the more they are liked (Hogg, Hardie and Reynolds, 1995). This means that people are influential within groups to the extent that they embody the prototypical attitudes, behaviours, and values of the group (Turner, 1991). This analysis implies a distinction between social and interpersonal attraction based on idiosyncratic preferences grounded in personal relationships and personal attraction (see, e.g., Hogg, Cooper-Shaw and Holzworth, 1993; Hogg and Hardie, 1997), and thus theoretically separates depersonalized group-based liking and evaluation (i.e. group cohesiveness, intra-group attraction) from interpersonal liking (Hogg, Hardie and Reynolds, 1995).

3.5 REALISTIC GROUP CONFLICT THEORY

The realistic group conflict theory, as a social psychology theory pioneered by Campbell (1965) and Sherif (1966), asserts that inter-group hostility is produced by the existence of conflicting goals, threats or competitions. More specifically, according to the theory, the discrimination and preconception toward out-groups are often stemmed from perceived threats to the in-group's survival or belief (Bobo, 1983; Levine and Campbell, 1972). These perceived threats could stem from negative conflicts and contact with the out-group members and result in the belief that the one's gain is another's loss (Sidanius and Pratto, 1999). While these conflicting goals, threats or competitions may more often be a perception than being real, as long as the group perceived them to be a "real" threat to their interests, it would result in conflict, prejudice, resentment and discrimination (Sherif, 1966; Jackson, 1993).

3.5.1 The Discontinuity Effect

The "discontinuity effect" – a phenomenon of inter-group relations termed by Insko, Schopler, Kennedy, Dahl, Graetz and Drigotas (1992) based on Brown's (1954) study of "Mass Phenomena" is commonly employed by the realistic group conflict theory and social identity theory in addressing individual-group differences, whilst enduring conflicting propositions with clear distinction in their applicability and arguments. While social identity theory provides a cognitive explanation of how intergroup conflict can arise, it does not adequately address the consequences of this conflict (Brief et al., 2005). According to social identity theory, in-group vs. out-group distinction flows from the process of categorizing group memberships (see section 3.3). Individuals would identify their relevance to a particular in-group and make relativistic social comparisons with out-groups to bolster or maintain self-esteem, self-worth, or social identity (Kelley and Thibaut, 1978; Tajfel and Turner, 1979; Insko et al., 1992). In contrast, realistic group conflict theory emphasizes that the out-group rejection is derived from inter-group conflicts over “real” or tangible issues such as territories, jobs, power and economic benefits (Campbell, 1965; Kelley and Thibaut, 1978; Jackson, 1993).

Despite the difference in the fundamentals of the two theories, the fact that both theories examine the inter-group relations makes it difficult to deny any corresponding or similar conceptual associations between them. Therefore, researchers had urged that it would be over-simplistic to interpret realistic group conflict theory as denying the existence of relativistic social comparison in inter-group relations or, similarly, social identity theory denying that the “real” or tangible value of outcomes ever play a role in those relations (Insko et al., 1992). Thus, with the possibility that both theories could co-explain the discontinuity effect of these relations, one theory should be justified over the other as both orientations of the theories may followed based on varying situations, at different times, and by an individual or as a group (Insko et al., 1992).

The following sections will highlight important discussions and relative implications in addressing the social identity theory and realistic group conflict theory as theoretical underpinnings behind each hypothesis.

3.5.2 Distinguishing Consumer Ethnocentrism / Economic Nationalism (Hypothesis One)

The relationship between the social identity theory and realistic group conflict theory have been confirmed through Sherif (1979) study expressing in-group identification (i.e. social identity theory) to be of vast importance to the realistic group conflict theory. The implications determined that it was more important for the individuals to internalize and express their normative attitudes as the in-group identifications increase; thus consequently amplifying the likelihood of intergroup conflict. The inter-group conflict would lead to negative stereotyping and prejudices which subsequently would give rise to greater intragroup solidarity. “With the rise of prejudicial attitudes toward other group, self-glorifying or self-justifying attitudes toward one’s own group are strengthened. The performance of the out-group is deprecated and viewed with suspicion” (Sherif and Sherif, 1979, p. 11). This is theoretically consistent as the strengthening of intragroup relations would, in turn, bolster in-group identification.

Based on this assertion that both theories can or should explain inter-group phenomenon, it becomes a platform for the underpinning relationship between consumer’s economic nationalistic and ethnocentric attitudes and behaviours to be justified and presented as Hypothesis One:

H_1: economic nationalism and consumer ethnocentrism are distinct but positively correlated constructs.

3.5.3 Validating Economic Nationalism (Hypothesis Two)

According to the realistic group conflict theory, hostilities (emotions, feelings, attitudes) between groups are exceptionally magnified when there is direct competition for common or scare resources (such as land, agriculture, commodities and jobs) (Sherif, 1966; Levine and Campbell, 1972; Embers, 1981). In addition, groups which are in competition with other groups for limited resources learn to regard the out-group as the potential rivals in a “zero-sum” conflict and they can arouse out-group hatred (Correll and Park, 2005; Esses et al., 1998; Sherif et al., 1961). Therefore, in a situation where any country considers itself under attack or threatened by competition from outsiders, “foreignness” adopts negative meanings and hostility increases (Polhemus, 1988; Rosenblatt, 1964). As the theory incorporates a strong sense of nationalistic sentiment, it is conceptually associated with issues concerning the concept of economic nationalism

(Baughn and Yaprak, 1996). Based on these discussions, the following hypotheses are developed:

H_{2a}: economic nationalism will be positively related to product judgment of Australian brands.

H_{2b}: product judgment of Australian brands will be positively related to willingness to buy Australian brands.

H_{2c}: economic nationalism will be positively related to willingness to buy Australian brands.

3.5.4 Validating Consumer Ethnocentrism (Hypothesis Three)

As the basis of the social identity theory identifies with the individual's motivation to create social boundaries to distinguish inter-group, in-group and out-group can classify based on their nationality and ethnicity (Tajfel, 1982). The need for upholding and maintaining a positive evaluation of the self and the associated social groups give rise to national identification. Therefore, this will prompt individuals to engage in-group versus out-group comparisons and to promote intergroup distinctiveness by, for example, comparing the in-group positively and out-group negatively (Verlegh, 1999; 2007). The same rationale can be applied in explaining the distinction of favoring own domestic products and discriminating against other foreign products as part of consumer ethnocentrism.

This consequently leads to the following hypotheses being developed:

H_{3a}: consumer ethnocentrism will be positively related to product judgment of Australian brands.

H_{3b}: product judgment of Australian brands will be negatively related to willingness to buy bi-national brands.

H_{3c}: consumer ethnocentrism will be negatively related to willingness to buy bi-national brands.

3.5.5 Exploring Consumer Product Judgment (Hypothesis Four to Seven)

The realistic group conflict theory empirically emphasize that despite the abundance in resources, conflicts would similarly arise if the economic resources or power are unequally disbursed or distributed among groups (Cummings, 1985; Shamir and Sullivan, 1985). This ideology incorporates a form of "Scapegoating" or the "Scape-goat" theory (Allport, 1954; Gemmill, 1998), whereby individuals tend not to blame themselves; instead they will actively seek "scapegoats" on to whom aggression can be displaced (Esses et al., 1998). This activity increases when individuals are frustrated and seeking an outlet for their resentment (Weatherly 1961; Berkowitz and Green 1962).

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).

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.

Thus, 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). Based on these discussions, the following hypotheses are developed:

H_4: if product judgment and consumer ethnocentrism are held constant, economic nationalism will have a direct and negative impact on the willingness to buy bi-national brands.

H_5: if product judgment and economic nationalism are held constant, consumer ethnocentrism will have a direct and positive impact on the willingness to buy Australian brands.

H_6: product judgment mediates the relationship between economic nationalism and willingness to buy Australian brands.

H_7: product judgment mediates the relationship between consumer ethnocentrism and willingness to buy bi-national brands.

3.6 CONFIRMATION BIAS THEORY

Confirmation bias is referred to and widely accepted as a notion of inferential error derived of the literature on human reasoning (Evans, 1989, p. 41). The theory suggests the tendency to search for or interpret information in a way, manner or approach that confirms one’s preconceptions (Nickerson, 1998). According to Nickerson (1998), confirmation bias can be attributed to ambiguous information which consists of evidence that is doubtful or uncertain and that has more than one possible meaning and is capable of being understood in two or more possible senses or way (Ross and Anderson, 1982; Henrion and Fischhoff, 1986). Furthermore, the confirmation bias theory can occur when people selectively collect or scrutinize evidence (Doherty and Mynatt, 1986; Koriat, Lichtenstein and Fischhoff, 1980; Tweney, 1984; Tweney and Doherty, 1983).

The motivation for the excessive influence of confirmatory information is the fact that such information are easier to deal with cognitively, which suggested the effortless and uncomplicated perspective in how data would support a position rather than count against it (Gilovich, 1983; 1991). Therefore, several studies have depicted the process of confirmation bias as a type of selective thinking' whereby decision makers have been shown to actively seek out and assign more weight to evidence that confirms their hypothesis or beliefs, and to ignore, not look for, or undervalue the relevance or underweight the evidence that could disconfirm or contradict their hypothesis or beliefs (see, e.g., Baron, 1991; 1995; Doherty et al., 1979; Fischhoff and Beyth-Marom, 1983; Kern and Doherty, 1982 Kuhn, 1989; Perkins, Ellen and Hafner, 1983; Perkins, Farady and Bushey, 1991).

According to Griggs and Cox (1982), confirmation bias theory can be viewed as a "defensive mechanism/bias" in that it shields people from the conclusion that their beliefs are or were misguided (see, e.g., Velicer and Jackson, 1990, p.21). Similarly, in a situation where product information is incomplete, consumer decisions are often derived from beliefs about 'co variation', or perceived associations that may or may not actually influence one another (Griggs and Cox, 1982). This process observes consumers avoiding the effort necessary to reconstruct or adjust their cognitive structures or prior knowledge; instead consumers prefer to adjust what they see, to fit what they know, despite the likelihood of misrepresenting information and making based decisions that are ultimately more wrong then correct (see, e.g., Koriat, Lichtenstein and Fischhoff, 1980; Mynatt, Doherty and Tweney, 1977; Solomon, 1992).

3.7 COGNITIVE DISSONANCE THEORY

The confirmation bias process draws a similar parallel to a form of cognitive dissonance (Festinger, 1954; 1975). Cognitive dissonance is a psychology theory developed by

Festinger (1954) to serve as a general theoretical framework to explain how people change their opinions or hypotheses about themselves and their environment. The focus of cognitive dissonance theory is based on attitudinal change of individuals where the theory proposes that actions can influence subsequent beliefs and attitudes (Krause, 1972). Cognitive dissonance occurs when an individual is faced with a contradiction to choose between two incompatible attitudes or behaviours (Festinger, 1957). Cognitive dissonance also occurs when there are “new ideas” that the individual have to become "open" to (Festinger, 1957).

The basic assumption of cognitive dissonance theory is that individuals are motivated to seek consistency among their cognitions (i.e. beliefs and opinions) and reduce any inconsistent cognition (Wickland and Brehm, 1976; Krause, 1972). Cognitive dissonance can be eliminated by either removing or reducing the importance of the conflicting beliefs; or by acquiring the new beliefs to compromise or change the balance (Brehm and Cohen, 1962).

3.7.1 Exploring Consumer Knowledge (Hypothesis Eight and Nine)

In exploring consumer knowledge, literature posits that consumer with higher levels of objective product knowledge (through brand familiarity) may base evaluations on intrinsic attributes rather than extrinsic cues (such as country of origin) (Maheswaran, 1994; Parameswaran and Pisharodi, 1994; Phau and Suntornnond, 2006), because highly objective consumers value the cues that provide diagnostic utility (Phau and Suntornnond, 2006). On the other hand, in a case that product attribute information is not available in choice situations and the search for it is not always warranted, it is likely that consumers may rely more on extrinsic cues (such as price, warranty or country of origin) for evaluation of unfamiliar brands (Schaefer, 1997; Laroche et al. 2005).

Given these perspectives, past research have identified that the effects of ethnocentrism and economic nationalism toward product quality judgments and willingness to buy are, in some cases subjected to or be moderated by the amount of familiarity or knowledge that the consumer possesses regarding the respective product brand and country of origin effects (e.g., Han 1989; Maheswaran 1994; Sharma, Shimp and Shin, 1995; Akhter et al. 2003). Based on theoretical discussion, the theory provides relevance to the study in that if a consumer with high ethnocentricity, towards a particular country as well as possessing high consumer knowledge, regarding a specific product category from that country, his/her product judgment will be positively reinforce or moderated through his/her ethnocentricity and will ultimately be favorable and vice versa.

In applying the confirmation bias theory to the conceptual framework, psychologists have asserted that individuals tend to bias their judgments by confining to information that confirms their expectations and disregard information that challenges their knowledge structures or current “way of thinking” when making decisions (Chernev, 1997; Kruglanski and Ajzen, 1983; Mynatt, Doherty and Tweney 1977). This can be substantiated through the Australian consumer’s cognitive beliefs in support for the domestic economy that ultimately enhances their reliance toward the underlying economic nationalistic tendencies whilst evaluating products with minimal or without any prior knowledge. Therefore, the level of consumer knowledge largely moderates 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).

Applying the fundamentals of the confirmation bias theory, consumers are likely to unknowingly seek and interpret evidence to support or confirm rather than to deny their hypotheses or existing beliefs. In this instance, given limited or no knowledge about a specific product category or its country of origin effects, the Australian consumer would still continue to resist changing or adjusting their cognitive structures or prior knowledge regarding their product judgments of Australian brands and simply base these assessments purely on their economic nationalistic tendencies as a means to resolve any dissonance. In other words, these underlying economic nationalistic tendencies as facilitated by country cues will become significantly more potent in re-enforcing product judgments under a low knowledge level as oppose to a high knowledge level setting. Based on these discussions, the following hypotheses are developed:

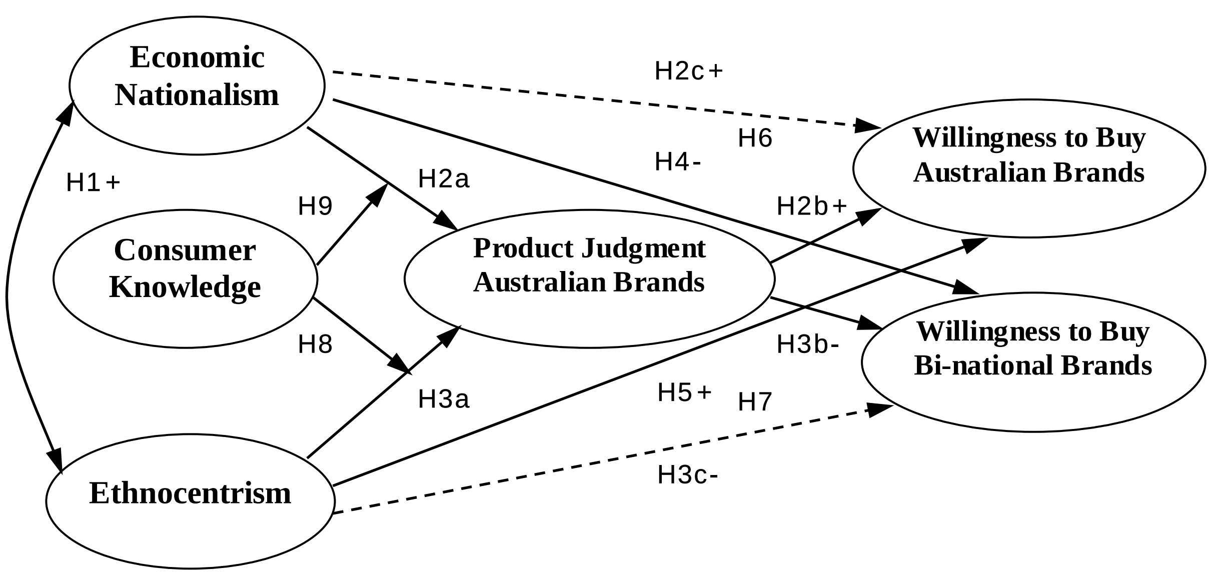
H_8: consumer knowledge moderates the ethnocentric effects on product judgment of Australian brands, such that the effect is greater (weaker) following high (low) knowledge levels.

H_9: consumer knowledge moderates the economic nationalistic effects on product judgment of Australian brands, such that the effect is greater (weaker) following low (high) knowledge levels.

3.8 PROPOSED CONCEPTUAL MODEL AND SUMMARY

Based on the research gaps identified earlier and the development of the nine hypotheses supported by theoretical background, the measurement model for this study is presented in Figure 3-1. The following is a summary of the model and hypotheses, and relationships for each hypothesis are outlined.

Figure 3-1: Conceptual Model of Study



As depicted in the research model, consumer ethnocentrism and economic nationalism are hypothesised as distinct but positively correlated constructs **(H_1)**. In terms of consumer's willingness to buy Australian and bi-national brands, it is hypothesised that consumer ethnocentrism will have direct and positive/negative relationships with both constructs. Similarly, the study also perceived economic nationalism to be directly and positively or negatively related to consumer's willingness to buy either Australian or bi-national brands. Given the partial country associations that these bi-national brands possess, it is plausible that Australian consumers may be more willing to buy bi-national brands over solely Australian brands. These assumptions are stipulated as **H_{2c}, H_{3c}**. However, unlike the traditional relationships of consumer ethnocentrism and economic nationalism, the significance of both constructs is expected not to have any effect on consumer's product judgment **(H_4, H_5)**. In other words, in the presence of either consumer ethnocentrism or economic nationalism, the Australian consumer's willingness or reluctance to buy either brand type is not affected by how brand is judged. With regards to product judgments of Australian brands, it is hypothesised that consumer ethnocentrism and economic nationalism will have direct and positive relationships with the construct **(H_{2a}, H_{3a})**. With this, the product judgment construct is also said to have a direct positive relationship with willingness to buy Australian brands, however a direct negative relationship with willingness to buy bi-national brands is hypothesized **(H_{2b}, H_{3b})**. In addition, based on earlier literature, consumer's product judgments have been hypothesised to play a dual mediating role between the constructs economic nationalism and willingness to buy Australian brands (**H_6**) as well as consumer ethnocentrism and willingness to buy bi-national brands (**H_7**).

Lastly, a single moderating variable is postulated. It is expected that the constructs consumer ethnocentrism and economic nationalism will have an especially greater or weaker effect on consumer's product judgment of Australian brands following low or high consumer knowledge levels (**H_8, H_9**).

3.9 CONCLUSION

The conceptual framework and relevant hypotheses have been addressed in the current chapter. Furthermore, relevant theories have been discussed in the current chapter, and the place of these theories within the existing literature has been established. By providing the theoretical reasoning behind the current study, its aims and research propositions are better understood. In addition, by listing the individual hypotheses and specific research objectives a sound understanding of the research purpose has been attained. The theoretical basis is further built upon in the following chapter, which discusses the methodological design of the current study.

CHAPTER 4
RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter outlines the methodology used in the main study (Phase Two). Please refer to chapter 5 for in depth proceedings of phase one of the study (scale development). This chapter begins with a brief outline of the research objectives and design. The chapter continues with a section on pre-testing which includes pre-determining the product and wine brand as well as the preparation of the adverts and their pre-testing. Information on the intended research participants follows. Next, instruments used in the study are discussed with support. Specific methodology of the study's data collection technique follows and, finally, analyses methods and statistical techniques for phase two of the research are explored.

4.2 PURPOSE OF THE RESEARCH AND OBJECTIVES

The main purpose of the study is to investigate a series of conceptual relationships relative to the hypotheses and objectives outlined in Chapter 3. Based on the conceptual framework in Figure 3-1 (Chapter 3), the purpose of the research is to validate the significant differences in consumer responses in the process of their product judgment and willingness to buy uni-national local "Australian" product brands (i.e. both locally owned and manufactured) and bi-national product brands (i.e. foreign owned but locally manufactured), as a result of the specific economic nationalistic and ethnocentric effects evoke through country of origin cues.

In explaining the purpose of the study, a dominant objective is to verify whether perceptions based on either an economic nationalistic or ethnocentric appeal or both will lead to the perceive product judgment of Australian brands which in turn initiates willingness to buy domestic and hybrid/bi-national brands. Other objectives involve examining consumer knowledge as a full moderator between economic nationalism and consumer ethnocentrism on product judgment of Australian brands. Overall, this research seeks to establish a ‘cause and effect’ relationship in terms of the proposed hypotheses and therefore would be characterized as causal in nature.

The following sections will outline the research design as ‘a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation’. In addition, other issues ranging from the type of investigation, the nature of the sample, the methods by which data will be collected and over and above, the identification of appropriate methods of analysis for treating the data collected will be explored.

4.3 RESEARCH DESIGN

4.3.1 Setting up the experimental design

An experimental design is generally used to measure the effects of two or more independent variables at various levels and allows for interactions between variables (Bordens and Abbott, 2008; Malhotra et al., 2004). As such, this approach is prevalent in many country of origin (COO) studies, especially research involving hybrid or bi-national products (see e.g., Acharya and Elliot, 2003; Insch and McBride, 1998; 2004; Brodowsy, 1998; Chao, 1998).

Figure 4-1: Suggested 2x2 research design

As illustrated in figure 4-1, a 2 x 2 factorial research design consisting of (1) two distinct country of origin information/cues namely "Country of Manufacture" (COM) and "Country of Ownership" (COown) as well as (2) a uni-national local "Australian" product brand (i.e. both locally owned and manufactured – "Penfolds") and a bi-national product brand (i.e. foreign owned but locally manufactured – "Houghton"). As the nature of the study involves product judgment of bi-national brands through advertising stimuli based on multiple country of origin cues, the respective wine brands and country of origin cues were chosen to reflect either a local or foreign context. To be specific, Australia will represent the country of manufacture for both wine brands; similarly Australia will only represent the country of ownership for the Penfolds brand, whereas the United States will represent the country of ownership for the Houghton brand.

The main research will be divided into two separate studies. These studies will allow for comparison to be drawn from the respondent's reactions stimulated through the advert based on the following wine brands, the effects of multiple countries of origin information/cues and test for moderation of consumer knowledge; all to be explored under different experimental settings. The two studies will be discussed in further detail in Chapter 6 and 7.

4.4 PRETESTS

The following sections will examine a number of pretest issues and components that are instrumental to the current research and methods. The procedures in determining the product choice and wine brand selection will be explored first, and are followed by preparation and pretesting of advertisements and final survey instrument.

4.5 PRODUCT CHOICE

4.5.1 Setting up the criteria

The decision to present this type of 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 (Simonin and Ruth 1998), contributing to a degree of replication to provide additional research support for current findings.

4.5.2 Rationale toward setting up the criteria

Wine consumption in Australia has increased significantly in recent decades (Charters and Pettigrew 2006; Perrouty, d'Hauteville and Lockshin, 2006), although wine production has grown at an even faster rate (Hervé, Mueller, Chvyl and Lockshin, 2008). As more wine is produced by ever more businesses there has also been a change in consumption behavior. According to Fiske, Hodge and Turner (1987, p.16), this growth in wine consumption can be attributed to the increasing 'civilization' of alcohol consumption in Australia such as the perceived social standing of wine relative to other forms of alcohol.

Although many of the common motivational factors have been examined in terms of wine selection (see e.g., Nelson, Barbara and Donovan, 2006; Charters and Pettigrew 2006; Rasmussen and Lockshin 1999; Spawton 1991) very little has been done in the way of consumer research to explore the specific country of origin effect, in this case country of ownership (Mort and Duncan, 2003), as a potential cue that may influence Australian's product judgment of wine brands and the way these attitudes translate into willingness to buy.

4.6 AUSTRALIAN WINE BRAND SELECTION

4.6.1 Overview

The purpose of this procedure was to select two Australian wine brands, one Australian owned label and one foreign owned label as part of the product category for the study. Real brands (instead of fictitious names) were used so that consumer's existing quality perceptions, awareness, level of familiarity, brand image, COO fit and associations of the parent brand can be evaluated. At the same time, the brands selected had to have or display significant awareness or purchase desirability. The following sections will discuss in detail the selection procedures used.

4.6.2 Generate a list of Australian wine brands

Firstly a large set of pool items (wine brands, names, estates etc) was developed. Forty Australians of various demographics (age > 18) were asked to list as many (Australian) wine brand names at the 'top of the mind' as possible. Next, the list of wine brands were compared with those used in recent Australian wine research in order to provide a more refined and contemporary selection list. Publication sources such as the 'Journal of Wine Research', 'International Journal of Wine Marketing' and 'Australia and New Zealand Wine Industry' were reviewed, of particular interest were studies by Professor Larry Lockshin and his work within the Australian wine industry (see e.g., Hervé, Mueller, Chvyl and Lockshin, 2008; Jordan, Zidda and Lockshin, 2007; Perrouty, d'Hauteville and Lockshin, 2006). Lastly, if the brands were identical, they were used for further pre-testing. Otherwise, the brand must be listed by three or more respondents for the inclusion of further pre-testing. This resulted in a total of 24 Australian wine brands.

4.6.3 Administer wine brand list to a development sample

The remaining 24 Australian wine brands were presented to a total of 300 Australian respondents through a form of self-administered questionnaire, from which we received 181 completed and usable questionnaires thus confirming a net response rate of 60.3%. Data was collected via a mall intercept method at a major Wine Trade and Masterclass Day/Exhibition held in the city of Perth, Western Australia. The following will outline the specific procedures used.

Firstly, wine enthusiasts were approached to participate in a self-administered questionnaire. Every fifth individual that crossed a designated spot via the main entrance of the exhibit was approached to participate (see e.g., Cowan, 1989; Hornik and Ellis, 1988; Phau and Woo, 2008). Prior to the data collection, interviewers were trained and instructed on how to administrate the survey instrument before commencing surveying (Sekaran, 1992). If accepting, participants were seated at an allocated booth and given the questionnaire to self complete. Next, respondents were asked to indicate their awareness and purchase for each brand (see Appendix E). The method of brand selection was a replication of Phau and Prendergast's (2000) and Phau and Cheong's (2009) studies. The data collection was conducted over a three day period. On average, the survey took 10 minutes to complete. While the researchers did not have any involvement in completing the questionnaire, they were on hand at all times to answer any of the participant queries. A small incentive was given as a token of appreciation upon the submission of questionnaires (Mort and Duncan 2003).

Final results indicate Penfolds and Houghton labels received either the highest awareness or purchase value or both respectively. The Houghton brand was particularly chosen for its foreign country of ownership which suited the purpose of the study. Therefore, both the Penfolds and Houghton wine labels were confirmed as desirable brands for the current study (see Appendix F for the summary of results).

4.7 PREPARATION OF ADVERTISMENTS

The hypotheses in this study were tested through an empirical research design. Still shots of the final advertisements used in the study can be seen at Appendix G and H. These adverts were shown in the form of a conceptual print style advert (advert). Four adverts were created with two adverts having country of origin association and the other two without COO cues. The adverts designed were of an identical size, with the same product or brand mirrored in both types of country of origin adverts.

As discussed in section 4.6.3, “Penfolds” and “Houghton” wines were the brand labels chosen for the study. These labels have been carefully selected through a pre-test process (see 4.5) which considers the recognition of the brands in past studies of Australian wine research (Hervé, Mueller, Chvyl and Lockshin, 2008). The photographs and background design used in the advertisements were found on public Internet sites and in personal and friends photo albums. Pictures and copy were the manipulated elements in each of the adverts, in particular, the COO information or cues were either conceal or substituted evenly amongst the adverts given the study’s experimental rationale. Copy varied according to each advert, although length, size and font were kept consistent. The advert copy devoid of COO cues included general terms such as ‘Australia’s leading wine’ (see

Appendix G). The COO cue advert included references to the relevant companies and country of ownership with terms such as ‘proudly owned by’ (see Appendix H).

4.8 PRE-TESTS OF ADVERTISMENTS AND FINAL SURVEY INSTRUMENT

A mixture of undergraduate and postgraduate Australian students at a large university in Western Australia was used in the pre-tests of the advertisements and final study instruments. This was conducted in a classroom setting (as per the main study) and was completed in the same fashion as was intended for the main study. Prior to the data collection, the final questionnaire was administered to a panel of eight people with both academic and industry experience interviewers in order to make certain the soundness of the survey instrument. After this time, an open discussion on the aspects of the test was allowed in order to identify any problems with survey instructions, layout, or procedure.

4.8.1 Pre-tests results

A total of 50 questionnaires were collected. Although the data collected from the pre-test sample size were insufficient for meaningful analysis, a general examination to get the feel for the data was conducted. The overview of the descriptive results from the pre-test did not reveal any abnormality; the response range was generally satisfactory over the scales with presence of variability, central tendency and dispersion (Sekaran, 2003). Similarly, respondents were also asked to provide any feedback for improvement. Based on the discussion and examination of the pre-test data, no further changes were required for the main study. From this point onwards, the research participants (sample) for the study will be explored, and is followed by an in-depth outline of the final survey instrument and discussions on main data collection and procedures.

4.9 RESEARCH PARTICIPANTS (SAMPLE)

As the focus of the study is aimed at understanding the reactions and changes to the buying behaviour of the domestic market, the homogeneous sample population is evidently "Australians" that is, Australian-born nationals or Australian citizens. To be specific, the sample is made up of Australians residing in Western Australia. To diversify the sample, potential respondents were approached at two areas. Half of the respondents were approached at a number of Western Australia retail liquor outlets as part of a research venture, as well as from several wine trade fairs and exhibitions. This sample of wine drinkers or consumers (see definition - Howley and Young, 1992, p. 49 or Spawton, 1991, p. 17 cited in McKinna, 1987) contained wine enthusiasts, wine estate owners, government officials, business practitioners / entrepreneurs, university academics and blue / white - collar workers. The other half of respondents was approached at a major Australian university campus. The campus sample contained undergraduate and postgraduate business students, staff, and faculty members who were randomly approached in busy university public spaces or in classrooms.

This cross sectional approach was done in order not to procure a bias selection, but to obtain equal and appropriate data that can be analyzed. This reflected similar sampling and data collection methods as Sharma, Shimp and Shin (1995), Howes and Mailloux (2001), Pappu, Quester and Cooksey (2006) and Heslop, Cray and Armenakyan (2010). In addition, DelVecchio (2000) and Yavas (1994) propose that a student sample can be representative of general consumers, and that studies have proven to generate reliable research findings and good quality results via student sampling (Barone, Miniard and Romeo, 2000; Witkowski et al. 2003). The following sections will consider issues in clarifying sample respondents and justifying sample size.

4.9.1 Consideration of cultural issues

The issue regarding the diverse background of respondents has been considered, given the fact that Australia or Western Australia in particular has a growing multi cultural society; therefore, the focus will be on obtaining information from respondents that have an Australian origin or is an Australian citizen. Although the results of convenience sampling in general may limit the generalisability or representativeness of the findings, it is still the most useful sampling method for this particular study because the information gathered could be done in a quick and efficient manner and still provides some fairly significant insights.

4.9.2 Justification of sample size

A sample size of 800 Australian respondents is proposed for the study. The justification for the sample size is pre-determined by the application of Structural Equation Modeling (SEM) as the method of data analysis in the study. Though SEM techniques (including Confirmatory Factor Analysis – CFA) have been considered the more appropriate techniques for measurement and theory testing than traditional statistical techniques as competing theoretical models can be evaluated, large sample sizes are required to obtain reasonable stability in the parameter estimates (Kline, 2005).

As a general rule, sample sizes in excess of 200 have been recommended for SEM analyses (Kline, 2005). While there are no definitive guidelines for sample size, Kline (2005) proposed 20:1 as the optimal ratio for the number of respondents to number of parameters, while also suggesting the 10:1 ratio to be a more realistic target. In particular, when the ratio is less than 5:1, the resulting parameter estimates tend to be very unstable.

As the research model consists of seven variables (two observed exogenous variables, two unobserved exogenous variables and three unobserved endogenous variables) and eight pathways, the sample has been tailored to provide consideration for the sensitive nature of SEM's application; particularly on model misspecification, model size, departure from normality and estimation procedure (Hair et al., 1998; Holmes-Smith et al., 2004; Kline, 2005).

4.10 SURVEY INSTRUMENT

The measures included in the survey are discussed in this section. As mentioned, the study utilises a 2 x 2-research design that translates into two questionnaire sets in order to independently evaluate the relative constructs of the study. The ten-page questionnaire begins with an introductory section on a number of explanatory statements to participants, highlighting the research focus, guidelines and confidentiality issues.

This is followed by eight sections that address the five main constructs (i.e. consumer economic nationalistic tendencies, consumer ethnocentrism, product evaluation, willingness to buy and consumer knowledge) of the research undertaken in this study as well as the corresponding wine advertisements pertaining to each survey set (two wine advertisements per survey set). The questionnaire concludes with a manipulation check, briefly assessing consumer knowledge of wines through a mix of open ended and multiple choice questions, with respondent's demographic and background variables following shortly after. A sample of each of the survey instrument set can be found in Appendix I.

4.10.1 Demographics

Section A – Respondent Profile

In the concluding section of the survey, respondents were asked general demographic and background questions on their gender, age group, level of education, occupation, and annual income level. These questions are necessary to ensure the representativeness of the sample and the questions relevance to the domestic Australian market, as well as to identify the relationships between variables and to compare directly with other studies conducted within other countries. Variables such as marital status and occupation were deemed not necessary based on the literature review.

4.10.2 Measures: Consumer Economic Nationalistic Tendencies

Section B – CENT

An entirely new scale is developed to measure respondent's economic nationalistic tendencies. The measure for this construct is a 10-item scale with particular literature reference to Baughn and Yaprak (1996) study on economic nationalism, Sharma, Shimp, and Shin (1995) and Shimp and Sharma (1987) study on consumer ethnocentrism, Mort and Duncan (2003) study on the ownership cue and Klein et al.'s (1998) study on consumer animosity. Of the ten questions, five measured the specific economic related tendencies (i.e. the security of the domestic economy in his or her country) and the remaining five measuring the specific work related tendencies (i.e. the security of his or her livelihood or that of a friend). The respondents would answer a 7-point likert scale where 1 rates as "strongly disagree" and 7 rates as "strongly agree".

4.10.3 Preview of the Scale Development Process

One of the research objectives was to develop an appropriate psychometrically valid and reliable economic nationalism measure to be used as a manipulation check in future parts of the research. Therefore, one scale to measure the consumer economic nationalistic tendencies was required. For the purpose of this study, the process of scale development encompasses a number of studies, books and articles, however, in regards to the process undertaken, those of particular importance are Churchill (1979), DeVellis (1991, 2003), Li, Edwards and Lee (2002), Nunnally (1978), Oh (2005), Spector (1992), and, Wells, Leavitt and McConville (1971). The process undertaken involved a total of six respective studies spread over four different stages as per the suggested procedure for 'developing better measures', as set out by Churchill (1979). Confirmatory Factor Analysis (CFA) would be undertaken using the AMOS 6.0 programme as test for unidimensionality. Other statistical techniques were also consulted at various stages within the scale development process. A full coverage of the scale development process including an in-depth explanation and discussions of the respective studies and various stages can be view in the following Chapter 5.

4.10.4 Measures: Consumer Ethnocentric Tendencies

Section C – CET

An important contribution to measuring the beliefs that are related to purchase decisions was made by the development of the CETSCALE (Shimp and Sharma, 1987). The scale has been extensively validated (e.g. Netemyer, Durvasula and Lichtenstein, 1991; Nielsen and Spence, 1997) and tested in different countries (Balabanis and Diamantopoulos, 2004; Wang and Chen, 2004; Yagci, 2001). To measure the ethnocentric level of the respondent, an abridged (as reported in Pullman and Granzinb, 1997) 9-item version of the CETSCALE was used in this section. According to Fraser and Fraser (2002, p. 287), "it is length, however, and the inappropriateness of certain items for use with non-USA subjects that have been noted before as the main reasons why the scale is used in a shorter form so often" (e.g. Marcoux et al., 1997; Pullman and Granzinb, 1997; Lindquist et al. 2001). The measure is based on a 7-point likert scale which requires respondents to rate 1 as "strongly agree" and 7 as "strongly disagree".

4.10.5 Measures: Product Judgment

Section D – Product judgment of Australian Branded Wines

The measure for this construct is a 6-item scale modified and adopted from Darling and Arnold (1988), Darling and Wood (1990), and Wood and Darling (1993), and was also utilized in Klein et al.'s (1998) study on consumer animosity. Of the six questions, one is reversely scored. The respondents would answer a 7-point likert scale where 1 rates as "strongly disagree" and 7 rates as "strongly agree". The questions are related to the evaluation of Australian branded wines that measures a person's quality-related attitude about products produced in a specified country, in this case Australia.

4.10.6 Measures: Consumer Knowledge

Section E – Consumer Knowledge of Australian Wine Brands

In this section, respondents would answer an 8-item scale where three questions (Question 5, 6, 7) were reversely scored. This construct is used to determine the subjective measure of product knowledge of a specific country brand, that is, an Australian consumer's self-reported familiarity and expertise with Australian branded wines. This is measure by a 7-point likert scale where respondents would rate 1 as being "strongly disagree" and 7 as "strongly agree". The construct was modified and adopted from Flynn, Goldsmith and Eastman (1996), Schaefer (1997), Flynn and Goldsmith (1999).

4.10.7 Measures: Willingness to Buy

Section F – Willingness to Buy Australian Brands

In this section, respondents will first be exposed to one of the wine adverts (two wine adverts in total) developed after which subjects will answer a 4-item scale in determining their willingness to buy the advertised wine brand. The "willingness to buy" measurement is set out as a 7-point likert scale where respondents would rate 1 as being "strongly disagree" and 7 as "strongly agree". As discussed, this experimental part of the study employs a "disguised" approach to control for the country of origin cues as well as to test for consumer knowledge towards the advertised wine brand. The construct was modified and adopted from Darling and Arnold (1988), Darling and Wood (1990), Wood and Darling (1993) and Klein et al. (1998).

Section G – Willingness to Buy Bi-national Brands

The definition of bi-national (hybrid) products and brands can be of different variations (Chao, 1993; 1998; 2001) or have multiple COO cues (Papadopoulos, 1993; O'Cass and Lim 2002; Phau and Prendergast 2000; Wong, Polonsky and Garma, 2008; Oliver and Lee, 2010). For example, a product can be made in Australia but foreign owned, or in this case under an American brand or label. This construct to determine the Australian consumer's willingness to buy a hybrid branded wine is measured by a 7-point likert scale where respondents would rate 1 as being "strongly disagree" and 7 as "strongly agree". Similar procedures from the previous section (*section E*) will be undertaken. Firstly, respondents will be exposed to the remaining wine advert following a 4-item scale will be used by respondents to indicate their willingness to buy the advertised wine brand. The measurement was modified and adopted from Bone and Ellen (1992) and Dodds, Monroe and Grewal (1991).

4.10.8 Measures: Manipulation Check

Section H – Assessing Consumer Knowledge of Australian Wine Brands

This final section involved determining respondent's level of wine knowledge as part of a manipulation check for section E's measurement on consumer knowledge of Australian wine brands. There were six items on Australian wine brand ownership with a mixture of open ended and multiple choice responses, each equalling to one mark (see Appendix I). In developing these items we discussed the issues with wine enthusiasts, although it is noted that further development and testing of the proposed measure of “wine ownership” knowledge needs to be undertaken. The answers provided by the respondents indicated how much they knew about Australian wine brands with regards to ownership issues. Respondents with more than half of the items correct (i.e. 4 out of 6) were identified as being knowledgeable (i.e., they knew more than they did not know) and those who got 50% or less correct (i.e. 3 out of 6) were identified as not knowledgeable.

4.11 SURVEY INSTRUMENT – A SUMMARY OF SCALES AND MEASURMENTS

The table below (Table 4-1) provides the number of items in each scale as well as the reliability from earlier adaptations that are used in the survey instrument.

Table 4-1 – Summary of Scales and Measurements

Section	General and Unobserved Latent Variable	Items	α	References
A	Demographic Background	9	n/a	see section 4.5 for a detailed overview on research sample.
B	Consumer Economic Nationalistic Tendencies (CENTSCALE)	10	.79	Development of the CENTSCALE. see section 4.6.2.1.
C	Consumer Ethnocentrism (CETSCALE)	9	.94	Shimp and Sharma (1987)
D	Product Judgment of Australian Wine Brands	6	.72	Wood and Darling (1993); Klein et al. (1998); Shin (2001)
E	Consumer Knowledge	8	.93	Flynn, Goldsmith and Eastman (1996); Schaefer (1997); Flynn and Goldsmith (1999)
F	Willingness to Buy Australian Brands	4	.94	Wood and Darling (1993); Shin (2001); Bone and Ellen (1992) and Dodds, Monroe and Grewal (1991)
G	Willingness to Buy Bi-national Brands	4	.94	Wood and Darling (1993); Shin (2001); Bone and Ellen (1992) and Dodds, Monroe and Grewal (1991)
H	Manipulation Check – “Assessment of Consumer Knowledge of Australian Wine Brands”	7	n/a	Laroche et al. (2005)

4.12 DATA COLLECTION AND PROCEDURE

4.12.1 Overview

As previously stated, the main research will be divided into two separate studies. The data collected will explicitly be use for both studies as no differentiation in the sample was required (i.e. homogeneous sample). The data was collected using convenience sampling. Respondents were pre-qualified as being of drinking age and agreed to fill out the questionnaire on wine.

As discussed in section 4.9, in order to ensure a good representation of the population sample as well as ecological validity, this study adapted a cross sectional approach based on a “mixed mode” technique in the collecting of data (see, e.g., Sharma, Shimp and Shin, 1995; Howes and Mailloux, 2001; Pappu, Quester and Cooksey, 2006; Heslop, Cray and Armenakyan, 2010). Thus, with the survey instrument sound, the data collection could be conducted. It was determined that the use of self administer questionnaire would deemed the most appropriate method for data collection, given the in-depth nature of the data required for analysis. To attain the proposed 800 questionnaires as well as to maintain reliability and validity of the data collected, the data was collected based on two respective methods, namely an online and a self administer approach.

4.13 ONLINE DATA COLLECTION

4.13.1 Overview

The customer database provided by one of WA’s prominent retail liquor outlets was utilised as part of the online data collection. The process involves an online questionnaire, which operated as the main data collecting mechanism as well as the use of electronic mail (e-mail) as a supportive tool. The use of monetary incentives in general, and small prepaid financial incentives in particular have been declared as being effective in increasing the response rate in offline and online surveys (Yu and Cooper, 1983; Yammarino et al., 1991; Church, 1993; Dillman, 2000), hence one wine gift hamper pack along with various vouchers and gift cards were on offer as part of a lucky draw (Mort and Duncan, 2003). Prior to commencing the online questionnaire, participants had to acknowledge a number of explanatory statements outlining the research focus and objectives as well as the right to anonymousness and other ethic related matters, such as voluntary participation and the right to discontinue the survey. The demographic details requested were purely for statistical analysis.

4.13.2 Online survey procedures

To access the online survey, participants were required to click on the web-based link that was embedded within the e-mail or to copy the web address into their Internet browser. This web address took participants to a web-based survey form on our Internet website. The web-based survey form allowed the advantage of a point-and-click format, where participants could click on their responses. As a primary feature, the web-based programming permits skip patterns or branching in the questionnaire, which allowed for a more sophisticated survey instrument with a number of benefits.

First, at the end of the fielding phase, the data is immediately available as the responses are automatically tabulated by a Microsoft Access database which minimizes cost and maximizes the speed and accuracy of data entry. Second, in minimizing the risk of multiple entries via a single participant as well as possible participants not part of the intended sample frame, each website link was embedded with a unique identification number (UIN) as part of a preventive measure. This UIN operates as a security function which automatically restricts the access of respondents whom have already filled out the survey. In addition, keeping track of the unique identifier also allowed the sending of follow-up emails in caution only to participants who have not yet completed a survey. Follow ups have been reported to increase the overall response rate (Heberlein and Baumgartner, 1978; Dillman, 2000; Illieva et al. 2002), however, sending follow ups should be done with great care in order to limit any perception of “spam” and subsequent discomfort for respondents (Solomon, 2001). Lastly, added security features online allow for greater control over the intended survey procedures, that were made suitable for facilitating the advert stimuli and overall experimental research design.

4.13.3 Data collected from online surveys

The online data collection took place from mid April until the end of May 2009 (approximately 6 weeks). Reminder emails was sent to respondents one week before the survey was closed. After a week, more than half of the final responses were received (51.6%). On average, it took respondents approximately 6.5 days to complete and return the questionnaire, which is slightly higher than the 5.59 days reported by Illieva et al.

(2002). In total, 2413 e-mails were sent out and subsequently “passed along” via the customer base provided. One third of those emails (836) were undelivered, which left with 1577 usable e-mails, from which 317 completed questionnaires was received. This yielded a net response rate of 20.1%.

4.14 SELF-ADMINISTERED SURVEY COLLECTION

4.14.1 Self-administered survey procedures

Data was also collected at a large university in Western Australia. Participants were asked to complete the survey in their regularly scheduled lectures or tutorials, at which stage they were informed about the nature and purpose of the research, should they choose to be of assistance (see, e.g., Yavas (1994); Barone, Miniard and Romeo, 2000; Phau and Prendergast, 2000; El Enein and Phau, 2005; Kea and Phau, 2008; Phau and Cheong, 2009). The potential respondents were then briefed on their right to anonymity and other ethic related matters, such as the right to discontinue the survey. Instructions on the conductions of the experiment also took place at this time, such as the need for no interaction with other respondents and relative silence. Participants were then given the survey forms face down and instructed to leave them in this condition until instructed. The subjects were allocated 20 minutes each to complete the questionnaire. A pre-screening of the subjects was undertaken to ensure that no respondent completed the survey more than once. For participating in the study, the respondents received extra credit towards a required undergraduate course they were currently enrolled in.

4.14.2 Data collected from self-administered surveys

The whole process of collecting the data took approximately three weeks. Approximately 863 participants took part in the survey. The screening of data led to 341 usable surveys, from which 83 surveys were completed. This yielded a net response rate of 9.6%. All usable data were entered into Statistical Package for the Social Sciences (SPSS) version 14.0.

4.15 DISCUSSION ON RESPONSE RATE AND QUALITY

A set period of time was allocated to preparing and cleaning the data for the analysis. The total number of completed and usable questionnaires from both data collection methods equated to 400. The low number of valid responses may well be attributed to a number of reasons. In justifying these reasons, a number of relative issues regarding the survey length, response rate and response quality are explored:

First, whilst several studies show that survey length does not influence response (Linsky, 1975; Yu and Cooper, 1983), a number of studies reveal that there is a negative relation between survey length and response rate as well as response quality (Heberlein and Baumgartner, 1978; Yammarino et al., 1991). Given that the current length of the questionnaire far exceeds that of the recommended questionnaire length, this issue could have attributed to the low numbers of valid responses. However, literature argues that the format for recommended questionnaire length would generally be considered too short for substantial market and academic research (Rosenblum, 2001). Therefore, some rationale has been provided for the current questionnaire length.

Another contributing factor to the low response rate or quality could be attributed to the "presentation of the questionnaire". Previous research on paper-and-pencil surveys suggests that the design of the questionnaire may be extremely important in obtaining unbiased answers from respondents, as respondents evaluate both the verbal and the visual elements of the questionnaire (Dillman, 2000). Given that the internet has added a new dimension to the design of questionnaires as it offers a wide area of new design opportunities, this will result in web questionnaire design challenges for the researcher. Therefore, in using an online questionnaire, the implications are twofold. The visual and graphical aspects may enhance the attractiveness of the survey and may make it a more visually enjoyable experience for the respondent, which can potentially increase response rate and quality (Fox et al., 1988; Kanuk and Berenson, 1975). However, these advanced features may make the questionnaire more complex and difficult to access and complete and in some cases, will lead to longer download times or the requirement of more advance software in order to run certain aspects, hence these could consequently reduce the response rate (Dillman, 2000).

Despite not being able to achieve the target of 1000 respondents as initially proposed, it is alleged that because of the more rigorous screening process in place, that the data has been further refined and will provide a more conducive and statistically sound platform for subsequent analysis to take place.

4.16 ANALYSIS METHODS / STATISTICAL TECHNIQUES

All statistical data were analysed using Statistical Package for Social Science (SPSS) version 14.0 and Analysis of Moment Structures (AMOS) version 6. Relevant items of the constructs that require reverse coding has been carried out prior to statistical analysis to ensure meaningful interpretation.

4.17 STRUCTUAL EQUATION MODELLING PROCEDURES

To ensure that the analyses of the current study were appropriately undertaken and adequately interpreted, a logical procedure using Structural Equation Modelling (SEM) techniques was applied (Schumacker and Lomax, 2004; Holmes-Smith et al., 2004). Systematically, this study carried out its analyses in order of: model specification, model identification, model/parameter estimation, model testing and model modification/re-specification (Hair et al., 1998; Schumacker and Lomax, 2004). The data were initially screened using the SPSS program (Version 14.0). A listwise deletion of missing cases was used and outliers were examined to ensure extreme values did not influence the results. The assumptions of normality, linearity and homoskedasticity were assessed by examining skewness and kurtosis values and scatter plot diagrams (Tabachnick and Fidell 1989).

The validation of measures used in the study was performed by the use of one-factor congeneric models. A one-factor congeneric model is “the simplest form of a measurement model and represents the regression of a set of observed indicator variables on a single latent variable" (Holmes-Smith and Rowe, 1994, p. 6). That model provides a realistic interpretation of the data by considering the varying degrees to which each item contributes to the overall measure and is a quasi-test of validity. For a model to fit, individual items must all measure a 'composite variable' of the same kind, and, therefore, must be valid measures of the single latent trait (which will be further discussed in the later section) (Holmes-Smith and Rowe, 1994). In order to evaluate simultaneously the hypothetical relationships and to evaluate the measurement properties of the important factors in the model, so that the findings of the study could more widely applied, it was decided to use confirmatory factor analysis (CFA) using AMOS 6.0 programme (Arbuckle, 1999). The analysis will consist of two major steps starting with first validating the measurements of each construct, and then, examining the hypothesized relationships. The techniques of estimating the parameters and the criteria for the assessment of model fit would be elaborated in greater detail in the subsequent sections. A systematic and conforming approach of model testing and model modification or re-specification was undertaken to report the results of the analyses encompassed by this study.

4.17.1 Estimation Procedures and Methods

The study employed Maximum Likelihood (ML) estimation as the estimation procedure, which assumes continuous and multivariate data that follows a chi-square (χ^2) distribution (Hair et al., 1998). According to Bollen (1989), when models are well-specified with adequate sample size and have their data derived from a multivariate normal distribution, ML estimation would provide an asymptotically unbiased, consistent and efficient analysis of parameter estimates and standard errors. If non-normality was assumed present, multivariate normality would be tested by examining the Mardia's coefficient for multivariate kurtosis (Mardia, 1970).

4.17.2 Assessing Goodness-of-Fit for Measurement and Structural Models

Although the fit of such a model to observed data can be examined in a number of ways (Byrne, 1998), the assessment of model's fit would be determined by the χ^2 test and an array of measure indices that were recommended by the current literature (Marsh, Balla, and McDonald, 1988; Bentler, 1990; Byrne, 2001; Kline, 2005). The non-significance in the *p*-value of the χ^2 statistic will indicate that there is no significant difference between the model-implied variance/covariance matrix and the sample variance/covariance matrix, therefore suggesting a good model fit of the data (Byrne, 2001; Cunningham, 2007). However, some have speculated the adequacy of this statistic terming its sufficiency as a fit statistic in structural equation modelling "unknown" (Hu, Bentler and Kano, 1992). For example, the failure to obtain a non-significant chi-square may reflect a number of limitations such as a poorly specified model, the power of the test or a failure to satisfy assumptions underlying the statistical test (Marsh, 1994). Furthermore, while the χ^2 test is used to assess the statistical fit, it is sensitive to sample size and deviations from normality (MacCallum and Austin, 2000; Kline, 2005). In an effort to overcome those limitations, additional measures such as the practical indices (based on absolute fit indices and incremental fit indices) will also be used to assess the models (Hair et al., 1998; Hu and Bentler, 1998).

To assess the degree to which the specified models would reproduce the sample data, absolute fit indices based on Root-Mean-Square Error of Approximation (RMSEA), Standardised Root-Mean-Square Residual (SRMR), Goodness-of-Fit Index (GFI) and Adjusted Goodness-of-Fit Index (AGFI) would be reported (Schumacker and Lomax, 2004; Cunningham, 2007). The incremental indices that compare the null model as the nested baseline model with the specified model for better model fit improvement would be reported with Tucker Lewis Index (TLI) and Comparative Fit Index (CFI) (Hair et al., 1998; Hu and Bentler, 1998). Standardised residual covariance matrix and modifications indices (MI) would also be assessed in the process of determining model fit (Schumacker and Lomax, 2004; Cortina, Chen and Dunlap, 2001).

To consider the models as acceptable fit to the sample data, the following indices criteria were set out: RMSEA < .05 as a close or good fit (Byrne, 1998), while values up to .08 indicate reasonable fit and values between .08 and .10 indicate mediocre or acceptable fit (see Browne and Cudeck, 1993; Kline, 2005; Vandenberg and Lance, 2000, p. 44), SRMR < .05, and GFI, AGFI, TLI and CFI > .95 as good fit and > .90 as satisfactory fit (Schumacker and Lomax, 2004; Hair et al., 1998; Cunningham, 2007).

4.18 MEDIATION REGRESSION ANALYSIS PROCEDURES

All statistical data were analysed using Statistical Package for Social Science (SPSS) version 14.0 and Analysis of Moment Structures (AMOS) version 6. Relevant items of the constructs that require reverse-coding has been carried out prior to statistical analysis to ensure meaningful interpretation.In performing a mediation analysis, a series of linear regression analyses were executed in order to test for partial or full mediation using the 4 step analysis proposed by Baron and Kenny (1986). This will conclude which will be the best predictor of a dependent variable from several independent variables.

4.18.1 Baron and Kenny's Four step approach

Baron and Kenny's (1986) four step method uses regression analyses that are tested separately in the following order:

1. Regression analysis 1 with the Economic Nationalism/Consumer Ethnocentrism components (X) as the predictors and the Willingness to buy components (Y) as the dependent variables.
2. Regression analysis 2 with the Economic Nationalism/Consumer Ethnocentrism components (X) as the predictors and the mediating variable Product Judgment (M) as the dependent variable.
3. Regression analysis 3 with the mediating variable Product Judgment (M) as the predictor and the Willingness to buy components (Y) as the dependent variables.
4. Regression analysis 4 with both the Economic Nationalism/Consumer Ethnocentrism components (X) as well as the mediating variable Product Judgment (M) as the predictors and the Willingness to Buy components (Y) as the dependent variables.

In order to successfully ensure and interpret a mediating relationship, a number of conditions are to be met. First, the relationships in regression analyses 1 to 3 should be significant for mediation to be possible. Second, some form of mediation is supported if the effect of Product Judgment (M) remains significant after controlling for Economic Nationalism/Consumer Ethnocentrism components (X). If the Economic

Nationalism/Consumer Ethnocentrism components (X) are still significant (i.e. both Economic Nationalism/Consumer Ethnocentrism components (X) and Product Judgment (M) significantly predict Willingness to Buy (Y)) the finding supports partial mediation. If the Economic Nationalism/Consumer Ethnocentrism components (X) are no longer significant when Product Judgment (M) is controlled, the finding supports full mediation.

4.19 MODERATED REGRESSION ANALYSIS PROCEDURES

In testing for moderation, a series of multiple linear regressions were performed in order to test for the statistical 'interaction' effect of a moderating variable. In general terms, a moderator affects the direction and/or strength of the relation between an independent or predictor variable and a dependent or criterion variable (Baron and Kenny, 1986). Put simply, moderation occurs when the relationship between two variables depends on a third variable. A common framework for capturing both the correlational and experimental views of a moderator variable is possible by using a path diagram as both a descriptive and an analytic procedure (Baron and Kenny, 1986 p. 1174). Using such an approach, the essential properties of a moderator variable are summarized in Figure 4-2.

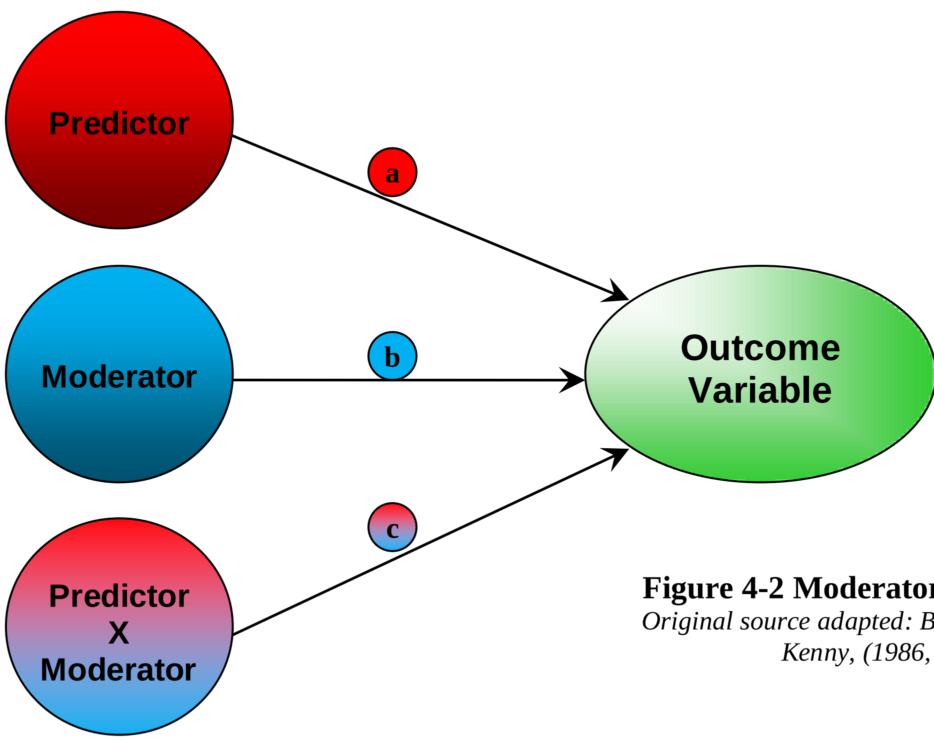


Figure 4-2 Moderator model
Original source adapted: Baron and Kenny, (1986, p. 1179).

The model diagrammed in Figure 4-2 has three causal paths that feed into the outcome variable of Product Judgment component namely, the impact of Economic Nationalism/Consumer Ethnocentrism components as a predictor (Path *a*), the impact of Consumer Knowledge (Path *b*), and the 'interaction' or 'product' of these two (Path *c*). The moderator hypothesis is supported if the 'interaction' (Path *c*) is significant. Furthermore, there may also be significant main effects for the predictor and the moderator (Path *a* and *b*), however these are not directly relevant conceptually to testing the moderator hypothesis.

4.20 ETHICS

To ensure the survey instrument is bounded within ethical standards, the University's Human Research Ethics Committee has approved the study as minimal risk. Contact details for the wine pack gift draw and other prizes were kept separate from the completed questionnaire and the information was immediately destroyed once the winners had been contacted and informed of their prize. As an additional precaution, advice regarding ethical and legal implications was also made with the assisting university prior to administration of the surveys.

4.21 4.12 CONCLUSION

The research methodology engaged in this study has been presented in this chapter. While each of the measures in the survey instrument is detailed, the discussion on the process and rationale of the study's sampling and collection method prior to pre-testing provides the fundamental and mythological basis for the analysis of the study. As discussed in research objectives, there is a need for a scale to be developed before any further analysis into the relationships amongst the key constructs can be performed. As such, this research develops a single scale where the procedure and results of this scale development is provided next in chapter 5 (Phase One). In addition, the two separate studies as part of the main study (Phase Two), were propose to provide a comparison in terms of the results and validity issues gathered. As a brief overview, the research procedures for both studies will differ on the experimental settings used to either disclose country of origin information/cues via the advertising stimuli in an explicit/aided or implicit/un-aided manner (see Figure 4-1). This was done in order to stimulate a test for consumer knowledge as well as to measure for the significant differences in consumer buying behaviour based on the elicit economic nationalistic or ethnocentric appeals. From this point onwards, the following chapters (5 and 6) deals with the scale development process undertaken as well as provide an in-depth coverage on the main studies of the research, including analyses results and discussion concerned with the remaining hypotheses.

CHAPTER 5
PHASE ONE: SCALE DEVELOPMENT

5.1 INTRODUCTION

The purpose of this chapter is to show the process undertaken to develop a single scale used as a manipulation check in future parts of the research. One scale to measure consumer economic nationalistic tendencies was required. This was undertaken in a total of four studies. This chapter is divided into four stages, with a number of studies occurring under each phase, relating to either the ‘economic’ or ‘work’ related tendencies within the developing scale. A quick guide to the structure of this chapter and process appears in Table 5-1. A more complete overview of the studies, their purpose and results appears at the end of this chapter.

Table 5-1: Structure of Scale Development Chapter

STAGE	CENTScale Studies
1	Study 1
2	Study 2
3	Study 3
4	Study 4

5.2 DEFINITIONS OF TERMS

Firstly, the following definitions have been adopted for economic nationalism and its various forms.

Economic nationalism is (way, style, approach or behaviour) “discrimination (prejudice, unfairness, or bias) toward foreign objects (people, places, or things) in preference (general liking, positive attitude, or favourable affect) of one’s own nation carried on as a matter of policy (rule, procedure, guiding principle, or course of action" (Macesich, 1985, p. 760). In a line, it is described as an individual's ‘readiness to support nationalist economic policy’ (Baughn and Yaprak 1996), and is reflected in people’s expectations of their government, domestic firms, and the general public, in terms of restricting the activities of foreign firms (Akhter et al., 2003; Akhter, 2007).

Numerous propositions by academics were put forward in clarifying economic nationalism to be “nationalistic thoughts or collective economic behaviour may be generated from either a national or domestic standpoint or from a personal point of view” (Sharma, Shimp, and Shin 1995; Balabanis et al., 2001; Ishii, 2009); more specifically as a behavioural reaction because of societal concerns regarding the role of foreign firms, issues of ownership and control of domestic economic activities (Baughn and Yaprak, 1996; Mort and Duncan, 2003; Akhter et al., 2003; Akhter, 2007). Although these definitions of economic nationalism describe the reaction as that of ‘moral obligation’ (Yavas, Yaprak and Ricken, 1980; Reich, 1991), economic nationalistic tendencies are often termed as a cognitive event (Lantz and Loeb, 1996; Olsen, Granzin and Biswas, 1993) or as having xenophobic implications (Adorno et al, 1950; Caruana and Magri 1996, p.39).

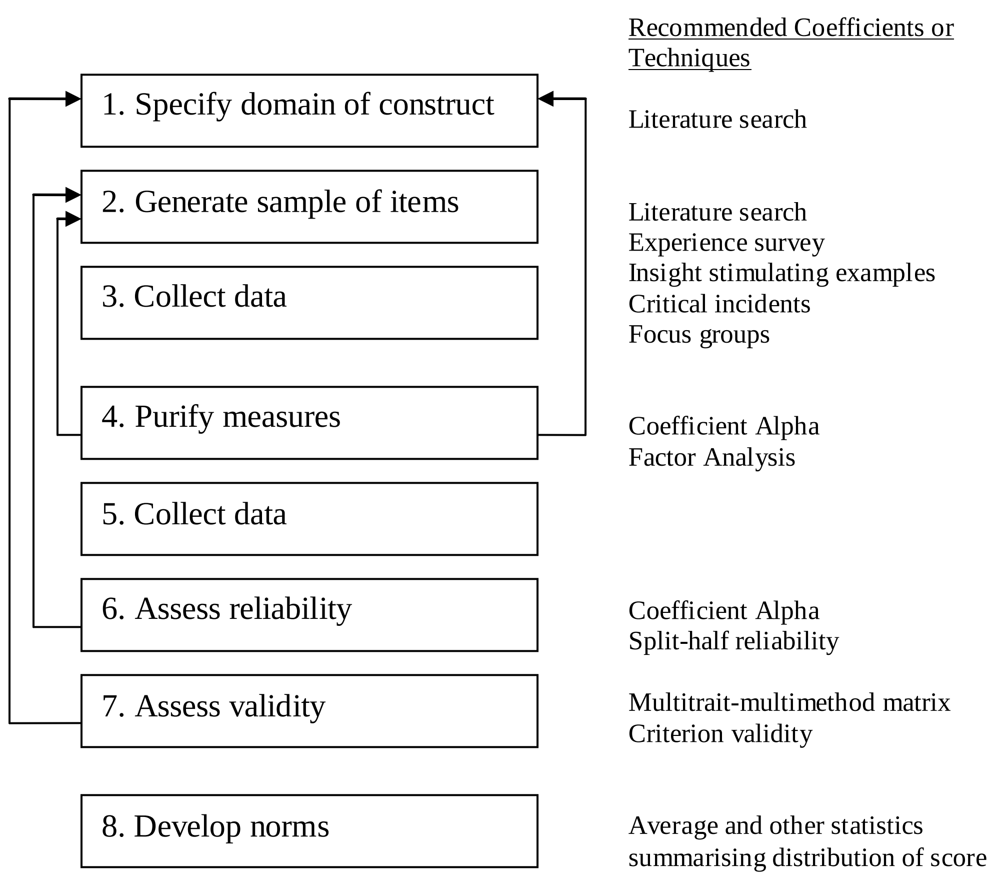
The beginnings of economic nationalism are drawn from disciplines of social policies, politics and behavioural sciences (Macesich, 1985; Baughn and Yaprak, 1996; Akhter, 2007). However, for the purpose of the study, these economic nationalistic tendencies are seen to derive from the perspective of ‘perceive economic threat’ (Sharma, Shimp and Shin, 1995) that conjoint two underlying factors –

- **Domestic economic threat –** a nationalistic reaction that is generated from the societal concerns that foreign competitors pose to the domestic economy (security of the local or national economy, issues of ownership and control of domestic economic activities) (Baughn and Yaprak, 1996; Mort and Duncan, 2003; Usunier, 2006; Akhter, 2007).

- **Personal economic threat –** a nationalistic reaction that is generated from the threat that foreign competitors pose to individual personally (security of livelihood: ‘foreign competitors are hurting my job/business’) (Sharma, Shimp, and Shin, 1995; Baughn and Yaprak, 1996; Balabanis et al., 2001; Ishii, 2009).

The following process of scale development encompasses a number of studies, books and articles, however, in regards to the process undertaken, those of particular importance are Churchill (1979), DeVellis (1991, 2003), Li, Edwards and Lee (2002), Nunnally (1978), Oh (2005), Spector (1992), and, Wells, Leavitt and McConville (1971). The suggested procedure for ‘developing better measures’, as set out by Churchill (1979) is included at Figure 5-1 to assist in clarifying the procedures and techniques undertaken.

Figure 5-1: Suggested procedure for developing better measures



Source: Adapted from Churchill (1979)

5.3 STAGE ONE: DEVELOPING SCALE ITEMS

5.5.1 Study One

5.5.2 What are we trying to achieve?

Using the preceding explanations of economic nationalism, the study (as per Li, Edwards and Lee 2002) uses three methods to generate a set of potential scale items: literature reviews (Churchill 1979), thesaurus searches (Wells, Leavitt and McConville 1971), and experience surveys (Chen and Wells 1999; Churchill 1979). Additionally, it follows the steps for scale development set out by DeVellis (2003).

5.5.3 What is it we want to measure?

It is suggested that the theory surrounding the concepts we are exploring should first be consulted to aid clarity (DeVellis 2003). Much of the required theory for this part of the process appears in the literature review chapter on economic nationalism, specifically nationalistic thoughts, attitudes and behaviours hence, specific attention was given to the literature of Sharma, Shimp, and Shin, (1995), Baughn and Yaprak (1996), Balabanis, Diamantopoulos, Mueller and Melewar (2001), Akhter, Kim and Hosseini (2003); Mort and Duncan (2003), Akhter (2007) and Ishii (2009).

DeVellis (2003) states that scale developers need to ask themselves if the construct they are measuring is distinctly different from others. In regards to this case, while each form of nationalism (i.e. general, economic, neo-nationalism etc) however correlated, each has different characteristics measuring a particular nationalistic tendency (Yavas, Yaprak and Ricken, 1980). Thus, at this stage it was made clear that the scale needed to include items that were distinctly related to one form of nationalistic tendency or the other. This would require using terms or words that help to narrow the scope of the item. An appropriate way to do this would be ensuring the contexts or dimensions in which terms were added such as the appropriateness, belief or morality in purchasing foreign products, as suggested previously - a moral obligation component (Shimp and Sharma, 1987; Crawford and Lamb, 1981; Netemeyer et al., 1991, p. 321; Herche, 1994) the perspective of economic rationality – a cognitive component (Han, 1988) and economic animosity – a xenophobic component (Mulye et al. 1997; Ouellet, 2007) for the expected economic nationalism measure.

5.5.4 Generate an item pool

Firstly a large set of pool items was developed. This included drawing on the first two scale development techniques (i.e. Li, Edwards and Lee 2002) mentioned earlier.

5.5.5 Literature reviews

The purpose of the literature review should alert to the previous attempts to conceptualize the construct of interest and theories in which the construct may prove useful as an independent or dependent variable. In doing so, a more precise conceptualization of the construct, its boundaries and content domain, and potential antecedents and consequences can be uncovered. A rigorous literature review also will indicate past attempts at measuring the construct and the strengths and weaknesses of such attempts (Netemeyer, Bearden and Sharma, 2003).

Previous studies on the application of economic nationalism were explored. It is important to note that previous economic nationalism or nationalistic measures and associated literature were the key items for the review (e.g., Sampson and Smith, 1957; Yavas, Yaprak and Ricken, 1980; Baughn and Yaprak, 1996; Mort and Duncan, 2003; Akhter, 2007). Scales on related areas such as the CETSCALE (Shimp and Sharma 1987), nationalism, patriotism and internationalism scales (Sampson and Smith, 1957; Yavas, Yaprak and Ricken, 1980; Kosterman and Feshbach, 1989; Balabanis et al. 2001), ownership measures (Mort and Duncan, 2003; Akhter et al. 2003) and Akhter's (2007) expectations model of economic nationalism were consulted to provide a more rigorous understanding, for the potential scale items. There were, however, a number of controversial issues pertaining to the development of existing economic nationalism scales.

Firstly, it was found that there are few scales specifically designed for use in sociological, the social science and psychological, and those that do exist measure the construct devoid of any marketing notion and solely as a 'universal' concept. There are, however some exceptions such as Mort and Duncan's (2003) measure of economic nationalism that reflected the concern for economic prestige, power and status as related to firm or company level issues. In addition, a narrow measure of the construct by Shimp, Sharma and Shin (1995) involved a partitioning of the effects in determining economic and personal threat constructs was conceptualized in association with consumer ethnocentrism in outlining attitudes toward purchasing foreign products.

Secondly, there have been some criticisms within the literature regarding premature allegations that the operationalisation and empirical testing of these instruments (e.g., Sampson and Smith, 1957; Yavas, Yaprak and Ricken, 1980; Baughn and Yaprak, 1996), were largely confined to a westernized culture, specifically that of the United States. The lack of examination of cross-culture exposure and effects in these scales tested was considered a limitation to the interpretation of research findings. Thirdly, the literature showed that existing economic nationalism scales to only measure a broad-spectrum of economical and political aspects of nationalism (e.g., discrimination, protectionism militarism and authoritarianism) and neglect to assess the cognitive, social and behavioural aspects of nationalism (e.g., Jackson, 1993; Insko et al., 1992; Bernstein and Crosby, 1980). This meant that existing measures failed to capture an important feature of the economic nationalism concept.

According to Mort and Duncan (2003, p. 66), the primary objective in developing a contemporary economic nationalism measure was to ensure a "fully conceptualized, appropriate psychometrically valid and reliable scale". There was also discussion for the propose scale to be independent and be distinguishable from other relative measures such as Shimp and Sharma's (1987) CETSCALE. Therefore, it is justifiable that the exploration of the cognitive underpinnings and social reactions to economic nationalism could build on work in referent cognitions theory (Okami, 1992) and better facilitate our understanding as to why, when, and for whom appeals for or against nationalistic economic policies would be effective (Baughn and Yaprak, 1996; Mort and Duncan, 2003).

More importantly, it is clear that the items to be included in the initial set for the scale could reference attitudes or thoughts of the respondent. For example, the items in previous scales refer to both the respondent's own thoughts and feelings toward national and economical policies (Baugh and Yaprak, 1996), issues of ownership and control of domestic economic activities (Akhter et al., 2003; Mort and Duncan, 2003; Akhter, 2007) nationalism, patriotism and internationalism beliefs (Balabanis et al. 2001; Kosterman and Feshbach, 1989) and the prejudice regarding imported foreign products (Shimp and Sharma, 1987; Sharma Shimp and Shin, 1995; Klein et al., 1998; Ishii, 2009). These items will be included with slight variation to better reflect the intended response.

5.5.6 Theoretical underpinnings

Apart from the literature reviews, the propose measure will include a principal theoretical framework, namely the realistic group conflict theory (Campbell, 1965; Sherif, 1966) to better conceptualize the construct. In conjunction with social identity theory (Tajfel and Turner, 1986; Hogg and Vaughan, 2002) this will add clarity in defining and delineating the content domain of economic nationalism.

In their classic works on measurement and validity, Cronbach and Meehl (1955) and Loevinger (1957) eloquently stated the importance of theory in measurement. Cronbach and Meehl's (1955) 'nomological net' concept proposes that a latent construct's relevance to the social sciences depends greatly on the theories in which it is couched. Previous measures of economic nationalism have required that future research of the construct be theoretically integrated and conceptually defined (Baughn and Yaprak, 1996; Mort and Duncan, 2003). Even now, literature addresses the deficient theoretical contributions made in developing an economic nationalism measure (Burnell, 1986).

The realistic group conflict theory is fundamentally similar to social identity theory (e.g., Tajfel and Turner, 1986; Hogg and Vaughan, 2002) in that both theories examined inter-group relations (Insko et al., 1992). Both theories converge on aspects of self categorization (van Dick, 2001), identification – social and personal identity (Tajfel and Turner, 1979; Tajfel, 1981) and social comparison (Festinger, 1954). On this premise, individuals would seek to enhance, in a way that would favour or support, the in-group at the expense of the out-group (i.e. in-group favoritism and out-group discrimination). However, while social identity theory cognitively focuses on one's needs to be involved intergroup comparison, it does not adequately address the consequences of this conflict (Hogg and Terry, 2000).

According to Baughn and Yaprak, (1996), economic nationalistic tendencies can be stimulated by the relative increase in economic power of other foreign nations, disregarding whether or not, the host or home country's standard of living is increasing on an absolute scale. Realistic group conflict theory asserts that the presence of hostility can be produced by the existence of conflicting goals, threats or competitions (Campbell, 1965; Sherif, 1966). This is particularly relevant when conflicts tend to be considered "real" or tangible issues involving territories, jobs, power and economic interest or benefits, political advantage, military consideration, or social status (e.g. Campbell, 1965; Kelley and Thibaut, 1978).

In a situation where any country considers itself under attack or threatened by competition from outsiders, "foreignness" adopts negative meanings (Polhemus, 1988) and nationalism and ethnocentrism increases (Rosenblatt, 1964). This sense of discrimination and preconception toward out-groups are often stemmed from perceived threats to the in-group's survival or belief (e.g. Bobo, 1983; Levine and Campbell, 1972) and result in the belief that "one's gain is another's loss" (Sidanius and Pratto, 1999). As the hostilities involved can be more resilient and can be in a form of aggression (Sherif, 1966; Jackson, 1993), such activity recognizes a 'zero-sum' conflict situation or outcome that arouses out-group hatred, which leads to additional prejudice (Correll and Park, 2005; Brown et al., 1986), and in some instances 'Scapegoating' (e.g., Allport, 1954; Berkowitz and Green 1962; Gemmill, 1998) .

5.5.7 Thesaurus searches

Regarding the feelings/thoughts generated by economic nationalism, the nature of response (also in theory) has been shown to be 'conflict, loss, rivalry, hostility and aggression' (Brown et al., 2001; Shoham et al., 2006). In support of this, the items in past scales make reference to mainly negative experiences. As such, this would be taken into account in developing the items. In relation to the terms used to describe economic nationalism, (negative thoughts such as loss and enmity) they are reminiscent of Baughn and Yapraks's (1996) economic nationalism scale, which consisted of 'ethnocentrism, authoritarianism and militarism' principles (e.g., Eckhardt 1991; Sampson and Smith 1957; Duckitt 1989). Cognitive thoughts and attitudes from each of these dimensions would also be explored for possible use in the consumer economic nationalism scale items.

The items expected to reflect economic nationalism can also be constructed with thesaurus terms such as 'patriotism, chauvinism, jingoism, protectionism and authoritarianism'. A broader search using these terms revealed items such as 'independence, autonomy, self-government/rule, sovereignty, unselfconscious, memories of war and battle, hostility, identity, rivalry, security, detrimental, downbeat, depressing, racial, loss [and] conflict'. The thesaurus use in addition to the literature review provides a solid starting point for the scale.

5.5.8 Experience surveys

Finally, a panel of eight people with both academic and industry experience was consulted regarding the words derived from the thesaurus search and a list of adjectives was developed. Relevance of items, clarity and conciseness, and ways of tapping into the phenomenon that were not yet included were discussed. Furthermore, this process was used to provide insights into item wording and response formats. This practice has been used to develop several scales in the marketing literature, both to help define the construct and to generate items (Bearden et al., 2001; Lastovicka et al., 1999).

As a case in point, the initial survey form included items with wording such as 'Australian owned companies have gotten less business than they deserve by customers', 'Curbs should be put on all imports', and 'Immigrants should not be permitted to come into Australia if they compete with our own workers'. The panel felt the 'phrasing' of these items, in conjunction to the indication that some words brought about (such was 'immigrants' and 'curbs' was perceived to cause confusion and prejudice despite the following terms), needed attention. Changes to these words were made to depict a more conventional meaning. Thus the final survey for this phase asked respondents to "Rate how strongly you agree with the following statements" which was followed by simpler items such as 'Australians should only deal with Australian owned companies'.

From this point writing of the initial pool of items for study was conducted. Using DeVellis' (2003) process again, items were developed from an initial paraphrase of the constructs that the study was trying to measure, and extended to additional statements of the same ideas and replacement of phrases. Items were then looked at critically for any appearance of ambiguity, exceptional length, double-barrelled items, and multiple negatives.

5.5.9 Determine format of measurement

Past economic nationalism scales (e.g. Baughn and Yaprak, 1996; Mort and Duncan, 2003) have successfully used 7-point likert style scales, and this instrument would hope to continue this process and style. The scale would be only anchored the extreme ends of the 1 – 7 point indicators with 'strongly disagree' and 'strongly agree' respectively.

5.5.10 Have the initial item pool reviewed by experts

The pool of items were then reviewed by the group of experts utilised previously to help generate the most appropriate pool and to assist in maximising the content validity of the scale. The panel was first supplied with working definitions of the constructs and asked to rate how relevant they felt each item was to what the study intended to measure. They were also asked to indicate which items correspond to each construct. Comments on individual items were invited. They were again asked to indicate any clarity and conciseness issues, as well as to point out any other ways they felt might be useful to tap into the constructs. This process is as suggested by DeVellis (2003).

5.5.11 Consideration of inclusion of validation items

DeVellis (2003) suggests that scale developers may wish to include items in questionaries that detect flaws or problems. This is discussed in relation to other motivations influencing responses. For example, in the case of social desirability, there was not any fear of social desirability or similar issue for the development of this scale, given the anonymousness and nature of the questions. The second suggestion was to include items to assist in measuring the construct validity of the scale. It was felt that additional items in the initial pool would deteriorate the accuracy of findings and thus this was not undertaken in a true extent as there was concern over the already large number of items (51) (see Appendix A).

5.5.12 Administer items to a development sample

In order to begin to conceptualize economic nationalism and develop the scale, the pool of items needed to be clarified. That meant the working definitions of the construct(s) had to be explained before commencement. The scale was next administered to a sample size of 336 respondents. The demographics and characteristics of the respondents were representative to that of the expected future samples. This meant that respondents not of Australian background or origin (i.e. neither an Australian citizen nor a permanent resident) were removed, which took the sample size down to 235 valid responses received. The exercise was undertaken in a classroom setting at a large Australian university. Further evaluation of the sample characteristics found respondents had a mean age of 21.12.

5.5.13 Evaluate the items

Our previous research suggested that we would see two factors derived from the pool of items. We began purification of our scale with Exploratory Factor Analysis (EFA) (DeVellis 1991, Spector 1992, Sweeney, Hausknecht and Soutar 2000) to examine dimensionality of the items and to allow a reduction of the items. Although the coefficient alpha is often calculated first, it is conceded that performing exploratory factor analysis initially is satisfactory during the early stages of research on a construct (Churchill 1979). However, the EFA (Principle Component Analysis, Varimax with Kaiser Normalization) actually showed three clear factors emerging. Two factors were clearly related to Economic related (ERT) and Work related (WRT) 'nationalistic' tendencies upon examining the items, although the third emerged to be related to a 'nationalistic tendency for electronic commerce citing items such as 'intellectual property' or 'technology copyright'. The items in this unexpected factor were observed to be related to other scales examined in the early stages of developing the initial pool. After subsequent factor analysis, including removing those items that loaded on different factors or cross loaded, and those in the third factor, 13 items remained in both the suspected nation and business factors respectively. From this factor analysis the co-efficient alpha's (Nunnally 1978; Peterson 1994) were calculated so that inconsistent items could be removed. The initial Cronbach's alpha for both factors were considerably high (>.70), suggesting that the initial scales could be unnecessarily long. With this initial analysis completed the next stage of optimising the scale length and purifying the data could begin.

5.5.14 Optimise scale length

The initial move of this step was to first examine the coefficient alphas. According to Nunnally (1978) and Peterson (1994), the alpha scores were all considerably high (>.70). With this reliability to spare, items that overlapped in their aim were removed (e.g. the items 'Foreigners are doing business unfairly with Australians in Australia' and 'Foreigners are unfair with Australians business-wise' were determined much too similar). Removal of selected redundant items did not lower the alpha to any great extent (alpha was lowered by just .002). This brought the factor items to 10. The items other scores (as discussed following) were also positive. After calculating co-efficient alpha again, it was intended to remove items with squared multiple correlations (which provides an estimate for the items 'communality') of less than 0.30 and corrected item-to-total correlations of less than 0.50, as this would indicate that they shared little common variance with the other items (as per DeVellis 1991, pp. 82-83). In fact, no remaining items for either factor fell below these cut-offs. A ‘double-check’ of the items through their mean scores (as suggested by DeVellis 2003) showed no extreme means either way (between 4.03 and 5.03). The length of the scale was also deemed appropriate at this early stage of development. This left a two-factor solution, an ERT factor of 5 items (α = .750), and a WRT factor of 5 items (α = .720). An additional EFA was then conducted with the 20 items, where a two factor solution emerged explaining 62 percent of the total variance. This final factor analysis including additional results for test one can be seen at Table 5-2.

From this point, step 2 of the scale development can begin. This includes the collection of new data sets for validation of the unidimensionality of the item sets.

Table 5-2: Rotated Component Matrix for Scale Development Test 1

	Component	
	1	2
31.Perceived threats by other countries	.804	
30.Unfavourable economic conditions	.793	
32.Situations of economic imbalance	.769	
28.Low levels of economic growth	.594	
29.High levels of unemployment	.528	
16.Putting fellow Australians out of work		.751
15.Only deal with Australian owned companies		.693
17.Compete with our workers		.678
19.Wrong to buy from foreign owned companies		.653
12.Ship job overseas and deserting country		.639
Cronbach's α	.750	.720
Eigenvalues (% of Variance)	34.5	27.3
KMO	.918	
Bartlett's Test of Sphericity	Approx. Chi-squared = 717.843 Df.= 45, Sig.= .000	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 3 iterations.

5.5.15 Stage One/Study One Conclusion

It is clear even from these early results that there are respective forms of nationalistic tendencies. From this point, Stage Two of the scale development can begin. This includes the collection of new data sets for validation of the unidimensionality of the item sets.

5.6 STAGE TWO: PURIFYING THE MEASURE / CFA

5.6.1 What are we trying to achieve?

This stage was performed to examine the unidimensionality of the scales developed in Study One and, if necessary, to further purify items. The content validity of the scale would also be examined by comparing the remaining items with the working definition of the economic nationalism construct. As the study intends to develop two independent factors of a single scale, the sections will discuss results and implications separately where appropriate.

5.6.2 Setting up the measures

A new survey was produced consisting of the 10 consumer economic nationalistic tendencies (CENT) items, as well as the demographics collected in Study One. A pre-test was conducted to ensure no errors or difficulties existed in understanding and application of the survey, although in reality the surveys were basically a smaller version of the surveys utilised in the Study One.

5.6.3 Intended Analysis

Confirmatory factor analysis (CFA) would be used to test for unidimensionality (Pedhazur and Schmelkin 1991) which is considered by some as a superior technique over EFA for this task (O'Leary-Kelly and Vokurka 1998). Additionally, CFA has been shown as a means of scale reduction by showing what items may be trimmed from the scale, in addition to confirming the scale's final form (Netemeyer, Bearden and Sharma 2003; Floyd and Widaman 1995). CFA would be undertaken using the AMOS 6.0 programme. The content validity of the scale could also be examined by comparing the remaining items with the working definition of the economic nationalism construct. From this point we deal with each scale factor separately during this stage.

5.6.4 Study Two – Consumer Economic Nationalistic Tendencies

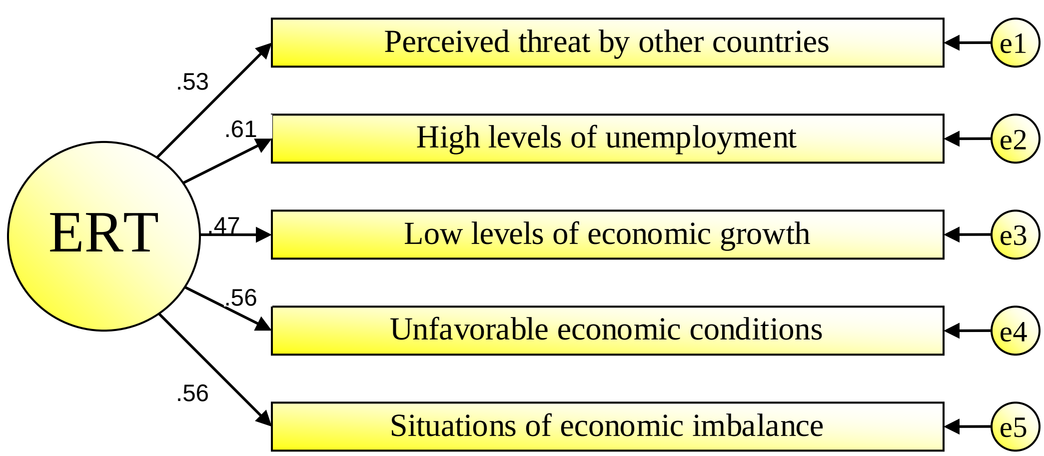
5.6.4.1 Data Collection

New data was collected for this study. Respondents were informed with the working definitions of the construct(s) before commencement. As per the conditions set out in Study One, only respondents of Australian origin were used and they were briefed on anonymousness of their responses and rights to not answer questions. Again, this was conducted in a classroom style setting with respondents similar to those used previously. Useable respondents for this study were n = 209.

5.6.4.2 Analysis and Results for Economic Related Tendencies

CFA further refined the scales resulting in five items for ERT with acceptable measures (Hu and Bentler 1999) (Chi-square = 4.9, df. = 5, Probability level = .427, GFI = .990, AGFI = .971, RMSEA = .000, α = .70). The CFA is presented in Figure 5-2 which also reveals the five items that emerged through the procedure. The remaining items continue to suit the definition of the construct the scale is intended to measure (content / face validity).

Figure 5-2: Confirmatory Factor Analysis for ERT Module



5.6.5 Analysis and Results for Work Related Tendencies

CFA further refined the scale resulting in five items for WRT reaching acceptable results (Hu and Bentler 1999) (Chi-square = 4.9, df. = 5, Probability level = .429, GFI = .990, AGFI = .971, RMSEA = .000, α = .78). On face value the scale also still encompassed the character of the definition (content validity). The CFA is presented in Figure 5-3 which also reveals the five items that emerged through the procedure. The remaining items, again, continue to suit the definition of the construct the scale is intended to measure (content / face validity).

Figure 5-3: Confirmatory Factor Analysis for WRT Module

5.6.6 Study Two Conclusion

Using CFA, the initial ten items in the CENT scale have been refined down to remaining items; without subjecting to any need for elimination. These items are also shown to have acceptable unidimensionality. From this point, further tests on reliability and validity can be conducted.

5.6.7 Discussion of Stage Two

In summary of this stage of the scale development process, we were left with ten CENT items; five ERT items and five WRT items that showed unidimensionality under the conditions. From this point we can move forward to further validating the scales in Stage Three.

5.7 STAGE THREE: VALIDATION

5.7.1 What are we trying to achieve?

This step aimed to establish the scale's criterion validity (predictive) and construct / trait validity (nomological, discriminant and convergent). Studies by Churchill (1979), Campbell and Fiske (1959) and Oh (2005) were followed as guides for this stage. For this to be achieved, new survey forms and collection of new data was required. This is explored in the following section.

5.7.2 Setting up the measures

5.7.2.1 Criterion (predictive) and Construct (nomological) validity

This validity "…concerns the ability of the scale to predict something that should theoretically be related or ability to predict" (Oh 2005, pp. 301). Dröge (1997) explains this as '…the degree to which the construct as measured by a set of indicators predicts other constructs that past theoretical and empirical work says it should predict'. Eastman, Goldsmith and Flynn (1999, pp. 44) discuss this as '…the extent to which a measure is related to actual behaviours or other real life outcomes (Anastasi 1986; Nunnally 1978).

In assessing the nomological validity of the CENTScale, four consequences of consumer economic nationalistic tendencies identified from the literature will be investigated (Lings and Greenley, 2005). Following Eastman, Goldsmith and Flynn's (1999) example, the inclusion of (a) Attitude towards locally (Australian) owned products (Zaichkowsky 1985; 1994), the Zaichkowsky RPII seeks to determine the attitude of the respondent using a semantic differential type scale (Osgood et al. 1957 cited in Zaichkowsky, 1985) through a series of bipolar items (5-items) measured on a seven point rating scale with descriptors or phrases that easily relate across product categories. The Zaichkowsky RPII has been used in a number of studies where satisfaction was expressed with the reliability and predictive validity of the scale and its capacity to discriminate across products and situations (G. Foxall and Bhate, 1993; Goldsmith and Emmert, 1991).

The item statements for the 'RPII' scale follow respectively; Bad / Good, Unfavourable / Favourable, Negative / Positive, Unappealing / Appealing, Unimportant / Important.

Lastly, (b) purchase intention or willingness to buy locally (Australian) owned products (WTB) (Klein, Ettenson and Morris 1998), a likert-type scale (7-point) and is made up of 6-items to measure a person's willingness to buy products 'owned by' (as opposed to 'made in') another particular country. Each of the scales possesses suitable Cronbach's alphas, some equal to or greater than .90 in previous studies (Kwak, Jaju and Larsen 2006; Miquel, Caplliure, and Aldas-Manzano 2002). The original items in both the RPII and WTB measures were changed for this study in order to highlight the importance of the 'ownership cue' in product attitude and purchase intention (Mort and Duncan 2003) (see Appendix C).

Results obtained using these attitude scales in conjunction with the developing the CENTScale could also go towards establishing 'Nomological validity'. Initially proposed by Cronbach and Meehl's (1955) discussion of the 'nomological network', nomological validity (a form of construct validity) taking this validity into account has been suggested. An instrument is said to have nomological validity if it "behaves as expected with respect to some other construct to which it is theoretically related" (Churchill 1995, pp. 538). This means that the correlation between the measure and other related constructs should behave as expected in theory (Cadogan, Diamantopoulos, de Mortanges 1999). The link between this form of construct validity and the criterion (predictive) validity being measured can be seen in Dröge's (1997) explanation of nomological validity as "…the degree to which the construct as measured by a set of indicators predicts other constructs that past theoretical and empirical work says it should predict". It differs from trait validity (i.e., convergent and discriminant validity) as it involves the empirical relationship between measures of different constructs (Peter 1981). In testing nomological validity, our aim is not to develop a comprehensive model of the outcomes of consumer economic nationalistic tendencies but simply to test a few theory-driven hypotheses as part of measure validation. Thus, what is required is that "one should be able to state several theoretically derived hypotheses involving the particular construct" (Carmines and Zeller 1979, pp. 24).

As discussed extensively in the literature review leading to this chapter, economic nationalism's place in the marketing and or sociology context is related to theories such as the realistic group conflict theory (Sherif et al. 1961) and in some aspects, socio-cultural predispositions (Levine and Campbell 1972) and social identity theory 'in-groups and out-groups' (Turner 1982; Tajfel 1981), which induces the operationalisation of CENT as a construct empirically relative of the societal concerns regarding the role of foreign firms, issues of ownership and control of domestic economic activities (Akhter, 2007). In addition, the behavioural reactions and attitudes towards foreign competition and competitors such as foreign companies, merchandise and nationalities will also be considered. Studies by Sharma, Shimp, and Shin (1995), Baughn and Yaprak (1996), Akhter, Kim and Hosseini (2003), Mort and Duncan (2003), Ishii (2009), including prior research by Burnell (1986) and Reich (1991) perhaps highlight this best.

Therefore, and as hypothesized in later parts of this study, we expect the positive relationship between CENT and attitude towards locally (Australian) owned products and willingness to buy locally (Australian) owned products to correlate stronger under those most affected by nationalistic appeals. As such, this will support the nomological validity of the scale by identifying its correlation with theoretically accepted behaviours. The use of the correlation of behavioural or attitudinal reactions with scale items have been used in past studies (Netemeyer, Durvasula, and Lichtenstein 1991, Sharma, Shimp, and Shin 1995, Balabanis et al., 2001; Mort and Duncan, 2003).

5.7.2.2 Trait Validity (Discriminant and Convergent)

Trait validity is conducted with the intent to "examine the amount of systematic variance in a measure's scores and determine whether this systematic variance results in high correlations with other measures of the construct and low correlations with measures of other phenomena with which the construct should not be associated" (Peter 1981, pp. 135). This can be undertaken with discriminant and convergent validity tests (Campbell and Fiske 1959). Oh (2005, pp. 295) states that "convergent validity concerns the degree of agreement in measures of the same construct, whereas discriminant validity concerns the degree to which measures of conceptually distinct constructs differ (Campbell and Fiske 1959; Churchill 1979)". DeVellis (2003, pp. 88) discusses how that "…if theory asserts that the phenomenon you are setting out to measure relates to other constructs, then the performance of the scale vis-à-vis measures of those other constructs can serve as evidence of its validity". Intercorrelations among established related measures may be used to determine these measures of validity. Inclusion of such measures in a survey synchronically with the developed scales can provide results presented in a Pearson-Correlation Matrix (PCM) as suggested by Eastman, Goldsmith and Flynn (1999).

5.7.2.3 Discriminant Validity

In line with Churchill's (1979) belief that a fundamental principle in science is that a particular construct or trait should be measured against different methods and traits, the inclusion of three existing instruments to measure 'Attitude Towards Economic Nationalism' were included in the survey. The 'Patriotism scale' was developed by Kosterman and Feshbach (1989) and consists of 5-items. These items reflect positive affect and commitment to "my country". The 'Internationalism scale' was developed by Kosterman and Feshbach (1989) and consists of 5-items. These items measure world sharing and concern for global welfare. The 4-item, likert-type 'Openness' scale developed by Sharma, Shimp and Shin (1995) measured an interest in learning about and interacting with those from other countries. These scales were originally developed as a sub-measure of similar nationalistic traits, and later used in various studies to reference economic nationalism. It is expected that these scale will, however, not measure the same traits as the intended scale, although will weakly correlate due to their theoretical and conceptual connection, suggesting discriminant validity of the developing scale. Both these scales are shown in their entirety at Appendix B.

5.7.2.4 Convergent Validity

Shimp and Sharma (1987) devised the CETSCALE; a 10-item likert scale (7-point) designed to measure consumer ethnocentric tendencies, specifically attitude towards purchasing foreign products. Ouellet (2007) developed a 6-item likert-type scale (7-point) of ‘consumer racism’ to establish the distinction between consumer ethnocentrism and ethnic ethnocentrism, that is designed to affect consumer judgments of and willingness to buy domestic products that are perceived as being made by ethnic minorities. Kosterman and Feshbach, (1989) developed a 6-item likert-type scale (7-point) of ‘nationalism’ measuring a ‘home country first’ view relative to other countries. These items are expected to relate closely to the CENT items in the developing scale. This being the case, as discussed, a strong correlation between the scales being developed and the existing scales in measuring the traits of CENT are expected (see Appendix B).

5.7.3 Intended Analysis

5.7.3.1 Criterion (predictive) and Construct (nomological) validity

Previous studies have demonstrated that nationalistic reactions have substantial effects on attitude towards locally (Australian) owned products and willingness to buy locally (Australian) owned products as opposed to foreign owned products (Mort and Duncan, 2003; Klein, Ettenson and Morris 1998; Sharma, Shimp, and Shin 1995). As performed in Oh (2005), the current stage will measure only attitude towards locally (Australian) owned products, in addition to a measure of willingness to buy locally (Australian) owned products, to test criterion validity. As discussed, these instruments will be administered as either a likert or semantic differential scales (7-point). Justification of these instruments has been discussed previously in this chapter. The data will be tested via Pearson correlation analysis (2-tailed) to determine the ‘predictive’ levels of the corresponding nationalistic tendencies toward ‘attitude’ and ‘willingness to buy’ variables. At this stage, it is noted that this may considerably evoke a form of ‘concurrent validity’ as part of the initial testing procedures, this validity test describes the operationalisation's ability to distinguish between groups that it should theoretically be able to distinguish between’ (see e.g.Trochim 2006).

As discussed, theory and previous studies reveal that, as the level of CENT increases, so should the positive attitudes of the corresponding respondent. Thus, if the scale being developed is measuring what it is intended to measure, there should be a significant increase in attitude for those indicated by our scale as experiencing higher levels of

CENT. In terms of nomological validity, this indicates that the constructs measured by the developing scales are shown as being related empirically to other different constructs.

5.7.3.2 Discriminant and convergent validity

As discussed in detail previously, use of a PCM will be used to analyse discriminant and convergent validity. The 'rules' of a PCM analysis showing successful validity is discussed under the study as follows.

5.7.4 Study Three – CENTScale

5.7.4.1 Data Collection

A new survey was pre-tested using respondents like that of the intended sample. After completion of the survey, a focus group like scenario was conducted to attain feedback regarding any possible issues regarding the survey (e.g. readability, comprehension of instructions, and so on). This test showed the survey to be appropriate for further use. This survey can be seen at Appendix C. The main data collection using the new survey now commenced. This was conducted on a new set of respondents not previously exposed to any of the nationalism scale development procedures mentioned prior. After removing those that fell outside our delimitation of country of origin, 202 valid respondents remained.

5.7.4.2 Analysis and Results

5.7.4.2.1 Criterion (predictive) and Construct (nomological) validity – analysis

Under the conditions outlined, the attitude towards locally (Australian) owned products and the willingness to buy locally (Australian) owned products measures received positive Cronbach's alpha scores (respectively α = .84, and α = .79). The criterion (predicative) validity of the scale was supported, those experiencing high CENT (measured by the scale in development) had a significantly higher correlation score of attitude towards locally (Australian) products (*RPII* =.413**, $p < .01$) than those with lower CENT reaction. Likewise, they also had a significantly greater willingness to buy locally (Australian) owned products (*WTB* =.252**, *p* < .01) than their lower CENT counterparts. The PCM results incorporating the CENTScale are shown at Table 5-3.

As discussed previously, using the correlation of behavioural or attitudinal reactions with scale items have been used in past studies (Netemeyer, Durvasula, and Lichtenstein 1991, Shimp and Sharma 1987). As discussed in Netemeyer, Durvasula, and Lichtenstein (1991, pp. 325), "In examining the nomological validity of a measure, it is important to concentrate on a pattern of results between criterion and predictors and not just significance of results (Cronbach and Meehl 1955)." This being the case, although nomological validity is indicated, further research would be needed before robustly justifying the scales as having strong nomological validity as patterns need to be shown. However, at this stage and with the support of the previous results, the scales are continuing their line of positive results towards validation.

As discussed, a PCM was intended to show nomological validity. The PCM results incorporating the CENTScale are shown at Table 5-3. Discussion of the table follows.

Table 5-3: CENTScale Pearson Correlation Matrix Results

	I.	II.	III.	IV.	V.
CENT (I)	1	**.342(**)**	**.323(**)**	**.413(**)**	**.252(**)**
ECON_P (II)	**.342(**)**	1	.546(**)	.390(**)	.205(**)
ECON_D (III)	**.323(**)**	.546(**)	1	.438(**)	.247(**)
RPII (IV)	**.413(**)**	.390(**)	.438(**)	1	.136
WTB (V)	**.252(**)**	.205(**)	.247(**)	.136	1

** Pearson Correlation is significant at the 0.01 level (2-tailed).

At this stage, the evidence of nomological validity is demonstrated by significant correlations of the scale with measures of other constructs to which it is expected to be related (Churchill 1979). Results found the CENTScale to be positively related to each of these constructs, namely the domestic (*ECON_D* =.323**, *p* < .01) and personal (*ECON_P* =.342**, *p* < .01) economic threat measures, and as previously noted are the measures of attitude towards locally (Australian) products (*RPII* =.413**, $p < .01$) and willingness to buy locally (Australian) owned products (*WTB* =.252**, $p < .01$). These results indicate that the CENTScale is performing as it might 'be expected' with related constructs.

5.7.4.2.2 Discriminant and convergent validity – analysis

As discussed, a PCM was intended to show discriminant and convergent validity. The following section explores the PCM relating to the various scales separately. The results for the PCM are best explained in viewing Table 5-4. The table shows the basic principles and rules are met.

Table 5-4: CENTScale Pearson Correlation Matrix Results

	I.	II.	III.	IV.	V.	VI.	VII.
CENT (I)	1	**.672(**)**	**.575(**)**	**.473(**)**	**.295(**)**	**-.154(*)**	-.012
CET (II)	**.672(**)**	1	.546(**)	.390(**)	.205(**)	-.150(*)	-.146(*)
CR (III)	**.575(**)**	.546(**)	1	.438(**)	.247(**)	-.064	.006
NAT (IV)	**.473(**)**	.390(**)	.438(**)	1	.136	-.115	-.043
PAT (V)	**.295(**)**	.205(**)	.247(**)	.136	1	.056	.225(**)
INT (VI)	**-.154(*)**	-.150(*)	-.064	-.115	.056	1	.482(**)
OPEN (VII)	-.012	-.146(*)	.006	-.043	.225(**)	.482(**)	1

** Pearson Correlation is significant at the 0.01 level (1-tailed).

* Pearson Correlation is significant at the 0.05 level (1-tailed).

The following points show the analysis of the basic principles of a valid PCM in relation to discriminant and convergent validity:

1. '*Correlation Coefficients indicating discriminant validly should consistently reveal a low to moderate correlation among measures that are designed to measure conceptually different but related constructs*': This is explored as the constructs should be either 'low or moderately' correlated with the developing CENTScale than any other scale. This is uniformly true in this correlation matrix, as predicted, the developing CENTScale correlated with the patriotism (*PAT* =.295**, $p < .01$), internationalism (*INT* =-.154**, $p < .05$) and openness (*OPEN* =-.012) measures demonstrating either a low or an insignificant correlation coefficient (Lings and Greenley 2005, pp. 298).
2. '*Correlation Coefficients indicating convergent validly should consistently reveal significant correlations of the CENTScale with measures of other constructs to which it is expected to be related':* True in this matrix, high correlation between the CENTScale and consumer ethnocentrism or the CETScale (*CET* =.672**, $p < .01$), consumer racism (*CR* =.575**, $p < .01$), and nationalism (*NAT* =.473**, $p < .01$) measures were expected. The significant results indicate that the CENTScale is performing as it might be expected with related constructs, thus substantiating convergent validity. In addition, this explains that correlations between similar constructs measured by should be stronger than correlations between different constructs. We can see that the constructs coefficients (respectively *CET* =.672, *CR* =.575, *NAT* =.473) are higher than the correlations that appear between constructs that share a different trait (respectively *PAT* =.295, *INT* =-.154, *OPEN* =-.012) (Churchill, 1979; Churchill 1999, p.458).

By examining the evidence in the Pearson Correlation, the CENTScale being developed fulfils these tests of convergent and discriminant validity. At this stage, Cronbach's alpha shows the continued acceptable reliability of the ERT (α =.692) and WRT (α =.783) dimensions which contributes to the overall CENTScale (α = .692 - .783).

5.7.5 Study Three Conclusion

From this study we can see that the proposed CENTScale performed successfully in the predictive, nomological, convergent and discriminant validity tests.

5.7.6 Discussion of Stage Three

This stage of the scale development process has successfully shown that both scales have discriminant, convergent, predictive and nomological validity as compared and contrasted to existing established measures in the literature. From this stage, further validation can occur, and tests of generalisability undertaken to further confirm the appropriateness of the scale use.

5.8 STAGE FOUR: VALIDATION AND GENERALISABILITY

5.8.1 What are we trying to achieve?

Although the proposed factorial structure has a good fit with data (Figure 5-2 and 5-3), we recognize that the results could be specific to this particular sample, hence the genearlisability of the CENTScale to other sample respondents is still questionable. To provide evidence on scale generalisability of CENT, a replication study on a wider scale with an alternate sample is essential. The purpose of this study was to increase the generalisability of the scales by performing a CFA on the previously validated items in each of the scales using a variation in sample respondents (business professionals as opposed to students). It also facilitated a test re-test reliability assessment.

5.8.2 Setting up the measures

5.8.2.1 Generalisability

A scales ability to remain functional under varying conditions is of importance to its successful adoption in both academic and managerial scenarios. To assist in showing the generalisability of the scale, a variation in sample respondent was applied; business professionals (blue / white collar job professions) were the main respondent group as opposed to the original sample consisting of university students. In an effort to achieve this, confirmatory factor models were examined using responses obtained from a sample of business professionals from varying industries.

5.8.2.2 Test-Retest Reliability

A test-retest reliability of a survey instrument is estimated through administering the same test to the same respondents or sample on two different occasions. This method is useful because it offers information on the degree of confidence one has that the measure reflects the construct and is generalisable to other assessment occasions (Haynes et al., 1999). In other words, a test-retest reliability assessment is concerned with the stability of item responses over a period of time and assumed that there is no substantial change in the construct being measured between the two separate ‘test’ occasions (Eastman, Goldsmith and Flynn 1999).

A test-retest or “stability” coefficient usually is estimated by the magnitude of the correlation between the same measures (and sample) on different assessment occasions. For instance, if the stability coefficient is low in magnitude, with no change in the construct over time; the reliability of the measure is in doubt. However, if the stability is high in magnitude, with no change in the construct over time, the reliability of the measure is enhanced (Netemeyer, Bearden and Sharma 2003). Therefore, the rationale for test-retest is that if a measure truly reflects its intended construct, it should be able to assess the construct on different occasions.

Overall, the test-retest correlation theoretically represents the degree to which the latent construct determines observed scores over time (DeVellis 1991; Nunnally and Bernstein 1994). A number of key shortcomings are associated with test-retest reliability that limits its usefulness as a theoretical reliability coefficient (Crocker and Algina 1986; Kelly and McGrath 1988; Nunnally and Bernstein 1994). The primary debate in using such a test is the concern pertaining to the amount of time allowed between measures. Literature has suggested no ‘clear-cut’ answers, however for opinion-based (attitudinal) constructs; a period of a minimum of two weeks has been advocated (Robinson et al., 1991); whereas other studies have attempted a longer period of six weeks or more between each administration (Eastman, Goldsmith and Flynn 1999). It is important to note that test-retest designs are still widely used and published (McKelvie 1992).

For the purpose of this study, a test-retest reliability assessment will see respondents completing two halves of the survey three weeks apart (one half in the first week and the other half in the last week), with the proposed CENTScale appearing in each half.

5.8.3 Study Four – CENTScale

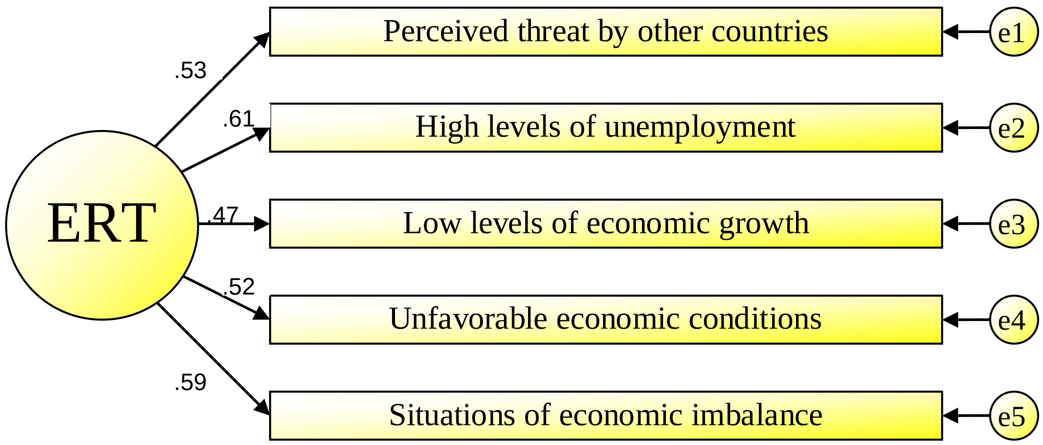
5.8.3.1 Pre-test and data collection

To validate our findings, data in this study were collected in a small seminar, a two part series on the 'Buy Australian-made campaign', this created sufficient relevance to our study as implications pertaining to the marketing of country and nationalistic appeals were discussed; thus ensuring the elicitation of the correct form of response to which the scale was designed to measure (see Appendix D). All participants were noted to be working/business professionals, some being middle or top management executives. During the seminar, a questionnaire on COO was distributed to each of the respondent to solicit their responses. A total of 276 completed questionnaires were collected in this study, which resulted in 138 respondents completing each half per session. The response rate is about 98 percent. Essentially, the respondents were not only from a different category, they also came from a multitude of industries, such as manufacturing (15.9%), hospitality / tourism (15.2%), retail trade (7.6%), communications (5.8%) and others (50.1%). Overall, it represented a diverse sample that contributed well to a replicated study.

5.8.3.2 Analysis and Results

AMOS 6 was again utilised to complete the CFA. The CFA for this test can be seen at Figure 5-4 and 5-5, respectively.

Figure 5-4: CFA for the ERT module under new conditions



Selected important statistics of the CFA include; Chi-square = 4.096, df. = 5, Probability level = .536, GFI = .992, AGFI = .976, RMSEA = .000, α = .68.

Figure 5-5: CFA for the WRT module under new conditions

Selected important statistics of the CFA include; Chi-square = 2.238, df. = 5, Probability level =.815, GFI = .995, AGFI = .986, RMSEA = .000, α = .79.

5.8.4 Study Four Conclusion

The CFA showed the suitability of the historical scale under the differing conditions with acceptable results (Hu and Bentler 1999). This assists in indicated generalisability of the scale. Regarding test-retest reliability, reliability was assessed two ways in this study, a high coefficient alpha of .09 was established in addition to the three week test-retest reliability of the Pearson correlation between the summed scores of the scales at each administration was .81. This shows the continuing reliability of the CENTScale.

5.8.5 Discussion of Stage Four

This stage indicates the CENTScale success in terms of generalisability by utilising the scales under an alternative sample. At this stage, the results are encouraging in terms of scale generalisability; not only can the 10-item CENTScale be applied to an alternative sample, but it can also be generalised to a wide array of industries, ranging from manufacturing to services. However, the scales would benefit from additional test of generalisability, especially in terms of other alternative respondents (age group, culture and similar) and varying product categories to ensure their appropriateness under a variety of conditions.

5.9 CONCLUSION OF CHAPTER FIVE

This chapter has explained the process undertaken in developing a single scale, one designed to measure the existence of economic nationalistic tendencies and its various forms in respondents. As revealed in the body of the chapter, the research has followed the previously laid steps of academics and though the seven studies (indicated in parenthesis) have generated and purified the items through EFA and CFA (1, 2), shown content validity and unidimensionality using CFA (2, 3), confirmed the scale's convergent, discriminate, and predictive (criterion) validity (3), and examined the generalisability and concurrent (criterion) validity (4), and ensured the scale's ability to measure its intended purpose (3, 4). As mentioned in the introduction of the chapter, a summary of the steps undertaken for each scale developed appears at Table 5-5. The final items in their complete form appear at Figure 5-6.

Table 5-5: Summary of Scale Development for the CENTScale

Study 1	Purpose	Generate items that relate to CENT
	Items	86 items
	Respondents	336 (combined)
	Stimuli	Explained working definitions of concepts
	Methods	Exploratory Factor Analysis (EFA), reliability analysis (Cronbach's)
	Results	EFA revealed 3 factors, 2 of which were clearly related to consumer economic nationalistic tendencies. Further EFA and reliability test resulted in 5 items relating to ERT (α = .746) and WRT (α = .720)
Study 2	Purpose	Test the unidimensionality of the items developed in study 1
	Items	5 items for ERT and 5 items for WRT
	Respondents	209
	Stimuli	Explained working definitions of concepts
	Methods	Confirmationary Factor Analysis (CFA) with AMOS 6.0
	Results	CFA further refined the scale resulting in 5 items for ERT (α = .690). Chi-square = 4.9, Degrees of freedom = 5, Probability level = .427, GFI = .990, AGFI = .971, RMSEA = .000 CFA further refined the scale resulting in 5 items for WRT (α = .780). Chi-square = 4.9, Degrees of freedom = 5, Probability level = .429, GFI = .990, AGFI = .971, RMSEA = .000
Study 3	Purpose	Perform validity tests including; criterion, face, concurrent, convergent, discriminant, and nomological
	Items	10 items
	Respondents	202
	Stimuli	Explained working definitions of concepts
	Other scales utilised	CETScale, Economic Threat (Domestic and Personal), RPII scale, WTB scale, Nationalism, Patriotism and Internationalism scales
	Methods	Pearson Correlation Analysis/Matrix (PCM), median split, T-tests, reliability alpha
	Results	The PCM for the scale being developed was considered successful, showing convergent and discriminant validity. The PCM analysis (2-tailed) also showed that each scale was (as theoretically expected) in linked to attitude towards the RPII and WTB constructs. Reliability (Cronbach's alpha) shows the continued high reliability of the CENTScale (α = .783)
Study 4	Purpose	Perform validity tests (concurrent) and increase generalisability of the scales by performing a CFA on the study 3 results using a variation in sample respondents.
	Items	10 items
	Respondents	276
	Stimuli	Explained working definitions of concepts
	Methods	Confirmationary Factor Analysis (CFA) with AMOS 6
	Results	CFA of the CENTScale (α = .80). Test-retest reliability assessment at each administration was .81. CFA for ERT (α = .690). Chi-square = 4.096, Degrees of freedom = 5, Probability level = .536, GFI = .992, AGFI = .976, RMSEA = .000 CFA for WRT (α = .780). Chi-square = 2.238, Degrees of freedom = 5, Probability level = .815, GFI = .995, AGFI = .986, RMSEA = .000

Figure 5-6: CENTScale

Items appear as a 7-point likert scale anchored at one by 'strongly disagree and at 7 by 'strongly agree'.

1. Australians should only deal with Australian-owned companies.
2. It is wrong to buy from foreign-owned companies because it causes Australian-owned companies to go out of business.
3. Foreigners should not be permitted to come into Australia if they compete with our own workers.
4. Australian companies that ship jobs overseas are deserting their country.
5. Australian consumers who purchase products owned by other countries are responsible for putting their fellow Australians out of work.
6. In situations of economic imbalance, Australians should be more nationalistic.
7. Given the perceived threats by other countries, Australia should heavily support national policies.
8. High levels of unemployment would create a need to support local jobs.
9. Low levels of economic growth would highlight the importance of supporting national wellbeing.
10. Australians should support national interests in periods of unfavourable economic conditions.

5.9.1 Contributions of the CENTScale

The developed scale will fulfil an important gap in the research of economic nationalism as it surpasses its pre-measures by noting the distinction between the types of cognitively evoked (nationalistic) reactions and tendencies within an implied context; namely consumer behaviour, country of origin effects and ownership implications. In addition, theoretical consistency and support contributed to the overall conceptual soundness of the measurement, an element not previously considered by existing scales. The scale has managerial implications for use as a manipulation check to ensure continuing association with consumer attitudes and behavioral expectations toward product and brand choice.

These evaluations are made based on eliciting the correct and intended form of nationalism and thus, will assist in increased accuracy of expected results on consumer behaviour reactions relative to nationalistic tendencies, for instance, to serve as a better knowledge indicator (stereotypical country of origin cue) for product judgment and willingness to buy. In other words, it offers a significant advance to the current literature of economic nationalism by affording an integrative framework to thoroughly understand how the elusive economic nationalism concept can be translated into an array of actionable individual and organizational dimensions. Finally, despite the increasing research attention paid to the relative concept of country of origin and the effects of consumer patriotism, to date, there has been no valid and comprehensive operational measure of CENT. Therefore, it is suggested that this is amongst one of the pioneering studies to provide a comprehensive, psychometrically sound, and operationally valid measure of an individual's economic nationalistic tendencies.

5.9.2 Future directions for the CENTScale

On the whole, continued refinement of the CENTScale proposed and supported in this study is, undoubtedly, possible and even desired, based on further research and changes in business and cultural environments or even through longitudinal research. Such refinements and modifications could necessitate the inclusion of new items, or the deletion of original ones. In some cases, our hypothesized factor structure may need modifications. Although we sought to cover all relevant aspects of CENT by carefully examining the literature, it is recognized that there may be specific aspects of CENT that may have been overlooked or that may become relevant as new trends in economic development and nationalistic or political issues emerge and evolve. To keep abreast with the ever-changing economic or business environments (e.g., political-economic conservatism, trade and industry), as suggested, researchers are strongly urged to incorporate these relevant aspects of the scale into their future studies, hence that a universal theoretically-and methodological-driven approach for the measurement of economic nationalism and its dimensions can be ensured on an ongoing basis.

This scale is an important contribution not only to practitioners and the marketing literature, but will also be further utilised in the remaining PhD dissertation (Chapter 6) as an appropriate measure of economic nationalistic tendencies as well as a manipulation check to ensure the advertisements used are eliciting the correct response and that the expected form of CENT and country of ownership cues affecting other attributes is in fact present. In order to test for the hypotheses, multiple and moderated regression as well as a number of correlation tests will be used for analysis, as performed in previous similar studies (Sharma, Shimp and Shin, 1995; Klein et al., 1998; Balabanis et al., 2001; Mort and Duncan, 2003). These methods are deemed appropriate as regression analyses will successfully examine any significant pathways or relationships by measuring and subsequently comparing the variance between the two constructs. Finally, as discussed previously, Structural Equation Modelling (SEM) will be used to examine the entire model and relationships between measures.

With this, the analysis and results of the hypotheses as discussed in this section is shown in Chapter 6 (Phase Two of the research).

CHAPTER 6

PHASE TWO: MAIN STUDY – RESULTS AND ANALYSES

6.1 INTRODUCTION

This chapter can be viewed as divided into two 'studies'. As per the main focus of the research, determining the extent to which economic nationalism and ethnocentrism will impact on respondent's product judgment and willingness to buy. This first study investigates respondent's buying behaviour as set out in the hypotheses between domestic and bi-national product brands. For the purpose of this first study, the advert stimuli will prompt country of origin information/cues to be used in an implicit manner. The second study mirrors study one (see Section 6.17); except that the advert stimuli will use an explicit approach in representing the country of origin information/cues (see Chapter 4, Figure 4-1). The rationale was to identify any significant differences in consumer buying behaviour between an explicit or implicit approach in utilising country of origin information. That is, whether or not country of origin cues as country stereotypes stimulate or dampen the different economic nationalistic or ethnocentric effects compared to one another. Exploration of the effects will also consider the moderation of consumer knowledge.

This chapter will first explore the analyses methods and statistical techniques and are followed by the demographic profile of the sample. To test the hypotheses, the chapter will systematically discuss the results from the analyses of the single-construct measurement models, which is subsequently followed by the examination of the full measurement model and the hypothesised structural model. Finally, the chapter will conclude with discussions comparing the findings between the two studies relative to the hypotheses and objectives outlined in chapter three.

6.2 PROFILE OF RESPONDENTS

Table 6-1 summarises profiles of respondents for each of these characteristics – age groupings, gender, income, education level and occupation.

Table 6-1: Respondent profiles

Characteristics	*Categories*	Sample	
		Frequency	**Valid Percentage**
Age	18 – 24 years	118	28.9
	25 – 34 years	128	30.1
	35 – 49 years	91	23.5
	50 years and over	63	17.5
Gender	Male	194	51.5
	Female	206	48.5
Income	Under $19,999	70	17
	$20,000 – $39,999	300	77.7
	$40,000 – $49,999	19	7.6
	$50,000 or more	11	2.9
Education level	High School/College	14	4.5
	Certificate	64	15.6
	Diploma or advanced diploma	160	28.9
	Undergraduate	134	39.1
	Postgraduate	28	11.9
Occupation	Student	149	33.3
	Self employed/ Professional	94	23.0
	Retired/ Unemployed	31	13.8
	Skilled worker	58	14.2
	Home maker	48	11.7
	Others	20	4.0

The profile of the respondents shows that there is a balance in gender, with 51.5% male and 48.5% female respondents. In terms of the remaining demographics variables, younger and higher educated are somewhat over-represented. For example, 59% are between 18 – 34 years old, 23.5% are in the range of 35 – 49 years, but only 17.5% of the respondents are 50 years and over. With respect to education, 51% completed higher education, 44.5% got a medium level of education, and 20.1% lower education. Furthermore, approximately 50 percent have an annual income above AUD$30,000. This composition of the sample is consistent with the prescribed sampling method, where the proposal was to survey samples of wine consumers and university students respectively. As mentioned in the earlier chapter, the methodology was aimed to achieve a homogeneous sample to mirror a good representation of the Australian population.

6.3 PHASE TWO: STUDY ONE - ANALYSIS

The key focus of this research is to compare the effects of economic nationalism and consumer ethnocentrism on product judgment and willingness to buy measures via an advertising stimulus. As previously stated in section 6.1, the advertising stimulus for this study will not (or implicitly) include any country of origin information/cues as part of the experimental process. Significant differences in important consumer behaviour reactions would indicate a need for practitioners and academics alike to ensure they approach country of origin information based on the specific type of economic nationalistic or ethnocentric appeal, especially when dealing with hybrid/bi-national products, rather than assuming these effects to be similar. The statistical analyses are executed first, and are followed by the interpretation of the findings in relation to the hypotheses and objectives discussed in chapter three.

6.4 MEASURMENT MODELS – FIT STATISTICS

The research comprised of 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 and 5) Economic Nationalism. 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 (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 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 respecified, if theoretically sound, before a full measurement model was being tested (see Chapter 4, Section 4.17 for SEM procedures).

6.4.1 Product Judgments

The χ^2 test of the 6-item scale specified to capture product judgments suggested a good model fit with χ^2 (8, N = 200) = 14.149, p = .078. Examination of standardized residual covariance matrix showed low residual (Cortina et al., 2001) and other fit indices similarly affirmed the measurement model to fit the data adequately with RMSEA = .062, SRMR =.028, GFI = .977, AGFI = .941, TLI = .978 and CFI = .988. The 6-item scale reported a reliability of .848 (α) and the eigenvalues of 3.287 from the sample moments confirmed the measurement model to be a one-dimensional construct.

6.4.2 Consumer Ethnocentrism

The χ^2 test of the 6-item scale indicated a poor fit to the model with χ^2 (9, N = 200) = 33.576, and a significant p-value = .000. While most of the other indices were considerably acceptable (SRMR =.053, GFI = .951, AGFI = .885, TLI = .892 and CFI = .935), RMSEA = .117 suggested a poor fit.

Further examination of the construct implied one of the items "Out of Work", should be removed. The standardized residual covariance matrix revealed a residual of 2.54 for items "Out of Work" and "Un-Australian". Although Hair et al. (1998) recommended a residual cut-off to 2.58, some suggested values of more than an absolute value of two or even 1.96 to indicate that the particular relationships were not well accounted for by the model (Schumacker and Lomax, 2004; Cortina et al., 2001).

Therefore, suggesting that the consumer ethnocentrism construct was not able to account for the co-variation that existed between the two items. The subsequent assessment of the modification indices also revealed the item "Out of Work" to be problematic, as its correlation or covariance was not well accounted for by the model (MI = 18.082), and the removal of it would improve the model fit.

Therefore, in order to improve the model fit, the CETSCALE was refined to become a 5-item scale with the removal of the item "Out of Work". As such, the result of the χ^2 statistic for the refined scale improved significantly, χ^2 (5, N = 200) = 5.755, p = .331. Practical indices also reported a better model fit, RMSEA = .028, SRMR =.021, GFI = .988, AGFI = .964, TLI = .995 and CFI = .998. The reliability of the scale was acceptable with α = .780. Lastly; the examination of the eigenvalues (2.941) confirmed the refined 5-item construct to be a one-factor solution.

6.4.3 Willingness to Buy Australian Brands

To assess statistical fit of the 4-item construct, the χ^2 test results showed χ^2 (3, N = 200) = 45.682 and a significant p-value of .000. The results suggested the model did not fit the data. An evaluation of the other indices also indicated a poor model fit with RMSEA = .267, SRMR =.107, GFI = .906, AGFI = .687, TLI = .641 and CFI = .820.

Further examination of the construct implied one of the items "Consider Buying", should be removed. The standardized residual covariance matrix revealed a residual of -2.86 for the item (which was over the recommended cut-off of 2.58 or absolute two) (Schumacker and Lomax, 2004; Cortina et al., 2001), hence suggesting that the willingness to buy Australian brands construct was not able to account for the co-variation that existed. The subsequent assessment of the modification indices also revealed the item "Consider Buying" not well accounted for by the model (MI = 5.932), and the removal of it would improve the model fit.

To improve the model fit, the willingness to buy Australian brands measure was refined to become a 3-item scale with the removal of the item "Consider Buying". As such, the result of the χ^2 statistic for the refined scale improved significantly, χ^2 (1, N = 200) = 1.251, p = .263. Practical indices also reported an improved model fit, RMSEA = .036, SRMR =.027, GFI = .996, AGFI = .975, TLI = .988 and CFI = .996.

At this stage, the remaining three items were found significantly associated with its constructs at p < .000. However, while all items had varying factor loadings ranging from .429 to 1.075, one particular item "Willingness to Buy" had a low factor loading of .282. The probable argument for the exceptional lower loading as compared to the rest of the items could be due to the only item of the scale required to be reverse-scored, however by re-verifying the item and its wording, there was no conceptual justification for such action to be undertaken. Another explanation could be attributed to the varying factor loadings for each item, whereby the majority of the variance explained is through one specific item instead of all the items.

While there are ongoing debates in the literature on whether factor coefficients of less than .40 should be considered insignificant and hence be removed (Hair et al., 1998; Thompson, 2004), Hair et al. (1998) suggested factor loadings of .30 as the minimum level which may be acceptable when considering practical significance over statistical significance. In essence, 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. As cautioned by many researchers, item(s) omission should be based on substantial reasoning and not for the purpose of obtaining a well-fitting model that is entirely based on statistical chance (MacCallum, Roznowski, and Necowitz, 1992).

Therefore, given the theoretical and conceptual implications involved, including the construct of Willingness to Buy Australian Brands as well as the other items involved in the measure, that the item "Willingness to Buy" should be removed. From a theoretical and conceptual standpoint, the remaining two items "Purchasing" and "Considering Buying" appear to be more than sufficient in capturing the meaning of the measurement as well as the functionality of the scale. Further to this, both remaining items have adequate to high factor loadings that compromise for the variance in the construct. In light of the initial item's weak factor coefficient by removing it the reliability of the scale was improved considerably from $\alpha = .526$ to .780, with eigenvalues of 1.734. Lastly, a re-specification of the model without the item did not show any significant improvement or variation from the former fit results.

6.4.4 Willingness to Buy Bi-national Brands

The statistical test of the 4-item measurement model demonstrated poor model fit, χ^2 (2, N = 200) = 116.879, p = .000, RMSEA = .537, SRMR =.096, GFI = .845, AGFI = .226, TLI = -.011 and CFI = .663.

Following investigation of the construct suggested one of the items "Purchasing", should be removed. The standardized residual covariance matrix revealed a residual of -2.07 for items "Purchasing" and "Willingness to Buy" (Schumacker and Lomax, 2004; Cortina et al., 2001), hence suggesting that the Willingness to Buy Bi-national Brands construct was not able to account for the co-variation that existed between the two items. The subsequent assessment of the modification indices also revealed the item "Purchasing" and its correlation or covariance not well accounted for by the model (MI = 33.369), and the removal of it would improve the model fit.

To improve the model fit, the Willingness to Buy Bi-national Brands measure was refined to become a 3-item scale with the removal of the item "Purchasing". Because Willingness to Buy Bi-national Brands construct is a 3-item scale, the measurement model had zero degrees of freedom and was completely identified. Hence, model fit indices could not be computed. The model did, however indicate that all three items were significantly related ($p < .001$) to the construct with standardized factor coefficients of .567, 1.072 and .545. The scale also had a reliability of $\alpha = .665$. The eigenvalues of 2.024 also validated the construct to be a one-factor congeneric model.

6.4.5 Economic Nationalism

Originally a ten item scale, economic nationalism as measured by the CENTSCALE is comprised of two respective factors namely WRT and ERT, each consisting of five-items (see Chapter 5 for discussion). For the purpose of the study, the best model to represent the economic nationalism construct is a congeneric measurement model rather than a parallel or higher order measurement model. In doing so, the creation of composite variables was deemed appropriate as more emphasis is placed on the composite variables as opposed to the individual items.

It is important to note that a simple unit weight addition of the items scores that make up the construct will yield an incorrect estimate of the composite score representing that construct (see Huba and Harlow, 1987; Joreskog and Sorbom, 1989; 2002b). For a congeneric measurement model, confirmatory factor analysis (CFA) was employed to compute composite scores for each of the two economic nationalism sub-factors using AMOS 6.0 programme (Joreskog and Sorbom, 2002a) under weighted least squares method of parameter estimation and a listwise method for deleting missing data ($n = 200$).

Composite scores computed by this method are single indices of their component items, each of which is weighted for its relative contribution to the composite. Unlike the traditional unit-weighted methods for computing composites, the use of factor score regression weights obtained from CFA one-factor models minimizes measurement error in the items contributing to each factor, thus increasing the reliability (and validity) of the computed scale scores.

The refined one factor economic nationalism congeneric measurement model had zero degrees of freedom and was completely identified. Hence, model fit indices could not be computed. The model did, however indicate a reliability of $\alpha = .775$.

6.5 FULL MEASUREMENT MODEL

Once the goodness-of-fit and unidimensionality of the single constructs were determined through the series of CFA, a full measurement model was tested to ensure discriminant validity among them. A diagram of the tested full measurement model is presented in figure 6-1. While discriminant validity is the paramount objective of testing the full measurement model, a statistical and practical test on the model was again conducted to ensure that there was no significant misfit and that no further improvement to the model is required.

The initial test of the measurement model produced χ^2 (126) = 289.935, p = .000. The other indices suggested adequate fit, RMSEA = .081, SRMR =.090, GFI = .863, AGFI = .814, TLI = .848 and CFI = .875. An assessment of the standardized residual covariance matrix and modification indices did prominently reveal possible model improvement if the correspondent error terms between the constructs were co-varied (See Table 6-2). Notably covariences of error terms between e8 and e15 (MI = 24.562), and e12 and e14 (MI = 10.880) were extremely high.

Table 6-2: Modification Indices: Covariances of Error Terms for Measurement Model

Corresponding Items	Error Terms	M.I.	Par Change
"Consider Buying" and "Willingness to Buy"	e15 <--> e16	7.312	.393
"Purchasing" and "Considering Buying"	e12 <--> e14	10.880	.309
"Workmanship" and "Value for Money"	e1 <--> e6	8.187	.249
"Un-Australian" and "Consider Buying"	e8 <--> e15	24.562	.534

Notes: Figure 6-3 (Model B) presents a diagrammatic co-variation of all constructs' corresponding error terms.

6.5.1 Co-variation of error terms based on the modification indices

According to Cunningham (2007), unless the study is of longitudinal nature, the literature had argued against the co-variation of error terms based on the modification indices as the generated indices are statistically-driven and should not be co-varied for the purpose of achieving better model fit. In fact, many researchers had considered such co-variations to be a serious theoretical violation if there is no substantive reason to warrant so (Maruyama, 1998).

In view of these implications, substantial considerations have been given to the scales similarities as well as to the specified context under which the co-varied items are operating. First, both constructs of 'willingness to buy Australian brands' and 'willingness to buy bi-national brands' are similar scales that differed only in the item's wordings as they were contextually specified (i.e. of being either Australian brands or bi-national brands), it is reasonable to assume their corresponding error terms to be related (See Appendix I – Survey Instrument – for comparison of the scales). Scheier and Carver's (1985) Life Orientation Test supported similar assumptions and can be related to for further discussion. In addition, this was found to be similar with the Product Judgment items of "Workmanship" and "Value for Money"; whereby the items derived from similar scales are bound by conceptual relevance.

Lastly, the co-variation of error terms between the items "Un-Australian" and "Consider Buying" can be perceived through the constructs of consumer ethnocentrism and willingness to buy bi-national brands respectively. The conceptual development and definition of consumer ethnocentrism questions the appropriateness and morality of purchasing foreign-imported products or brands and to a certain extent reviews the meaning of "foreignness" in a domestic context (Shimp and Sharma, 1987).

Furthermore, ethnocentric tendencies have been found to associate with or predict an individual's product judgment and more importantly, their willingness to buy foreign merchandise or in this case, bi-national brands (Shimp and Sharma, 1987; Netemeyer et al., 1991; Sharma, Shimp and Shin, 1995; Kaynak and Kara, 2002). Hence, with adequate literature and findings to theoretically establish and empirically justify the conceptual connection between both construct and its items, it is plausible to assume their corresponding error terms to be related.

6.5.2 Comparison of Full Measurement Model Fit

In the presence of this substantive reasoning, the corresponding error terms of the above mentioned constructs were co-varied. The test of the re-specified model produced almost identical factor coefficients and inter-correlations as the former model except with better model fit: χ^2 (122) = 226.571, p = .000, RMSEA = .066, SRMR =.086, GFI = .894, AGFI = .852, TLI = .900 and CFI = .920. Table 6-3 provides a detailed comparison of the full measurement models.

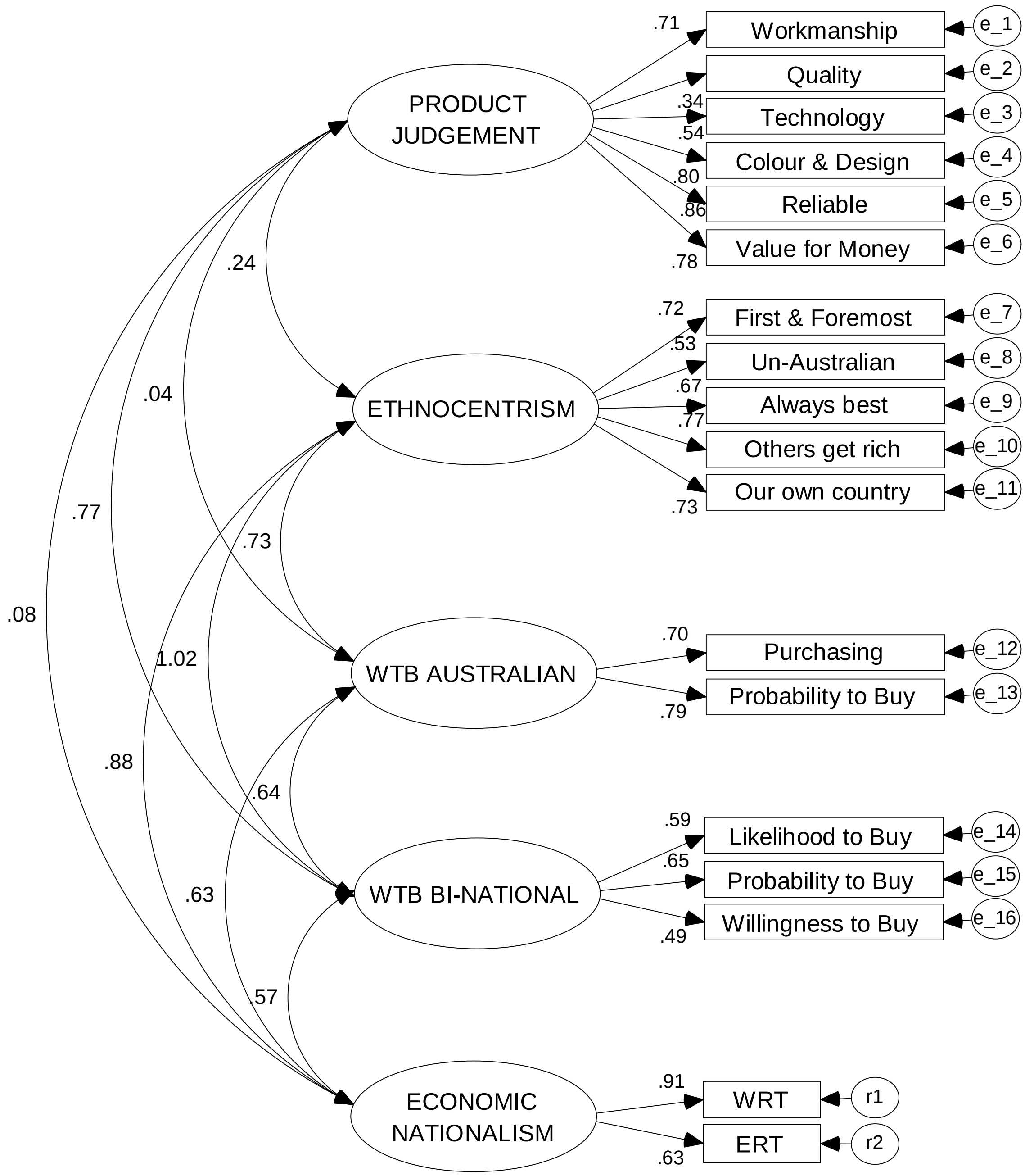
Table 6-3: Comparison of Full Measurement Model Fit

Indices	**Model A**	**Model B**
χ^2	289.935	226.571
Degree of Freedom	126	122
***p*-value**	.000	.000
RMSEA	.081	.066
SRMR	.090	.086
GFI	.863	.894
AGFI	.814	.852
TLI	.848	.900
CFI	.875	.920

Notes: Model A (Figure 6-2) is the initial full measurement. Model B (Figure 6-3) is
the respecified full measurement with the co-variation of errors with the constructs.

More importantly, discriminant validity was 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 model to test this study's hypotheses. A detailed summary from the analyses of the measurement models for model fit is also presented in Table 6-4 while Table 6-5 reports the factor coefficients and R^2 of the measured construct's items.

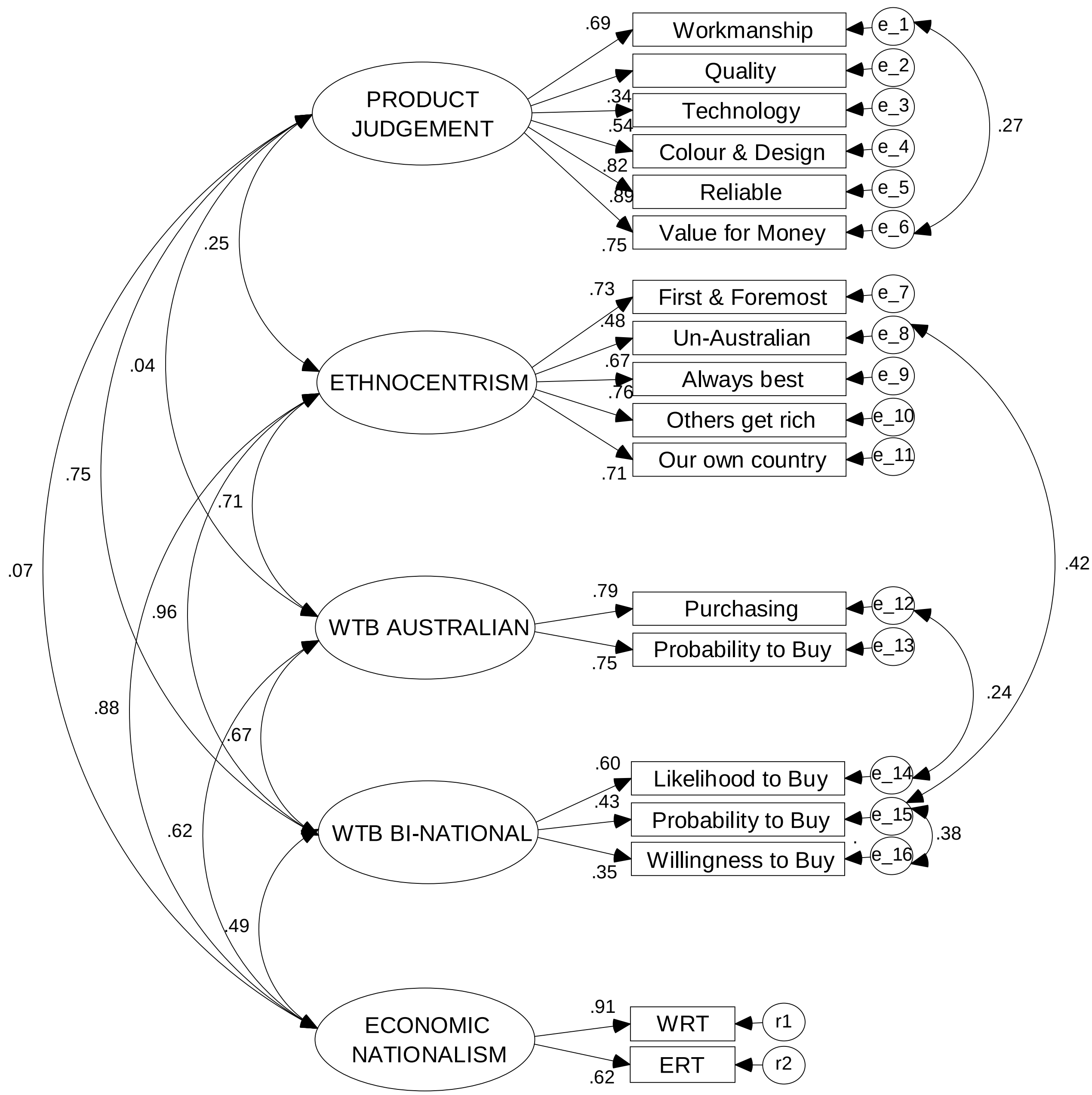
Figure 6-1: Initial Full Measurement Model



Notes: Standardized solution of parameter estimates for initial measurement model. Willingness to Buy is abbreviated as WTB.

χ^2 (126) = 289.935, p = .000, RMSEA = .081, SRMR =.090, GFI = .863, AGFI = .814, TLI = .848 and CFI = .875.

Figure 6-2: Re-specified Full Measurement Model



Notes: Standardized solution of parameter estimates for initial measurement model. Willingness to Buy is abbreviated as WTB.

χ^2 (122) = 226.571, *p* = .000, RMSEA = **.066**, SRMR =.086, GFI = .894, AGFI = .852, TLI = .900 and CFI = .920.

Table 6-4: Single-Construct Measurement Model Results

Constructs	No. of Items	α	Mean	χ^2	df	*p*-value	RMSEA	SRMR	GFI	AGFI	TLI	CFI
Product Judgments	6	.848	3.694	14.149	8	.078	.062	.028	.977	.941	.978	.988
Consumer Ethnocentrism	5	.780	2.624	5.755	5	.000	.028	.021	.988	.964	.995	.998
Willingness to Buy (Australia)	2	.780	1.862	-	-	-	-	-	-	-	-	-
Willingness to Buy (Bi-national)	3	.665	3.113	-	-	-	-	-	-	-	-	-
Economic Nationalism	10	.775	3.237	-	-	-	-	-	-	-	-	-

Table 6-5: Construct-Items Factor Coefficients and R^2 Table

Items	Factor Loadings	R^2
Product Judgments		
Workmanship	.694	.482
Quality	.340	.115
Technology	.537	.288
Colour and Design	.815	.665
Reliable	.890	.791
Value for Money	.749	.561
Consumer Ethnocentrism		
First and Foremost	.727	.529
Un-Australian	.476	.226
Always Best	.675	.456
Others Get Rich	.758	.574
Our Own Country	.713	.508
Willingness to Buy Australian Brands		
Purchasing	.792	.627
Likelihood to Buy	.749	.560
Willingness to Buy Bi-national Brands		
Likelihood to Buy	.599	.359
Probability to Buy	.428	.183
Willingness to Buy	.354	.125
Economic Nationalism		
WRT	.913	.834
ERT	.622	.373

Notes: Factor Coefficients reported are significant at $p < .001$.

6.6 FULL STRUCTURAL MODEL

Following the establishment of the measurement models, the hypothesized pathways between the constructs in the study were specified in the full structural model and evaluated through SEM analyses. In order to provide support for the study's theoretical model, path analysis was conducted to examine the relations between the observed variables, while SEM techniques were engaged to investigate the relations between latent variables (Joreskog, 1973; Kline, 2005). The a priori theoretical model comprising of the hypothesized causal relations among the latent variables had been specified and the goodness-of-fit of the hypothesized model to the sample variance-covariance data were evaluated.

The structural model with standardized parameter estimates is presented in figure 6-4, and Table 6-6 reports the inter-correlations of constructs. The model presented an adequate level of fit, χ^2 (125) = 270.405, p = .000, RMSEA = .076, SRMR =.093, GFI = .872, AGFI = .826, TLI = .864 and CFI = .889.

Figure 6-3: Full Structural Model

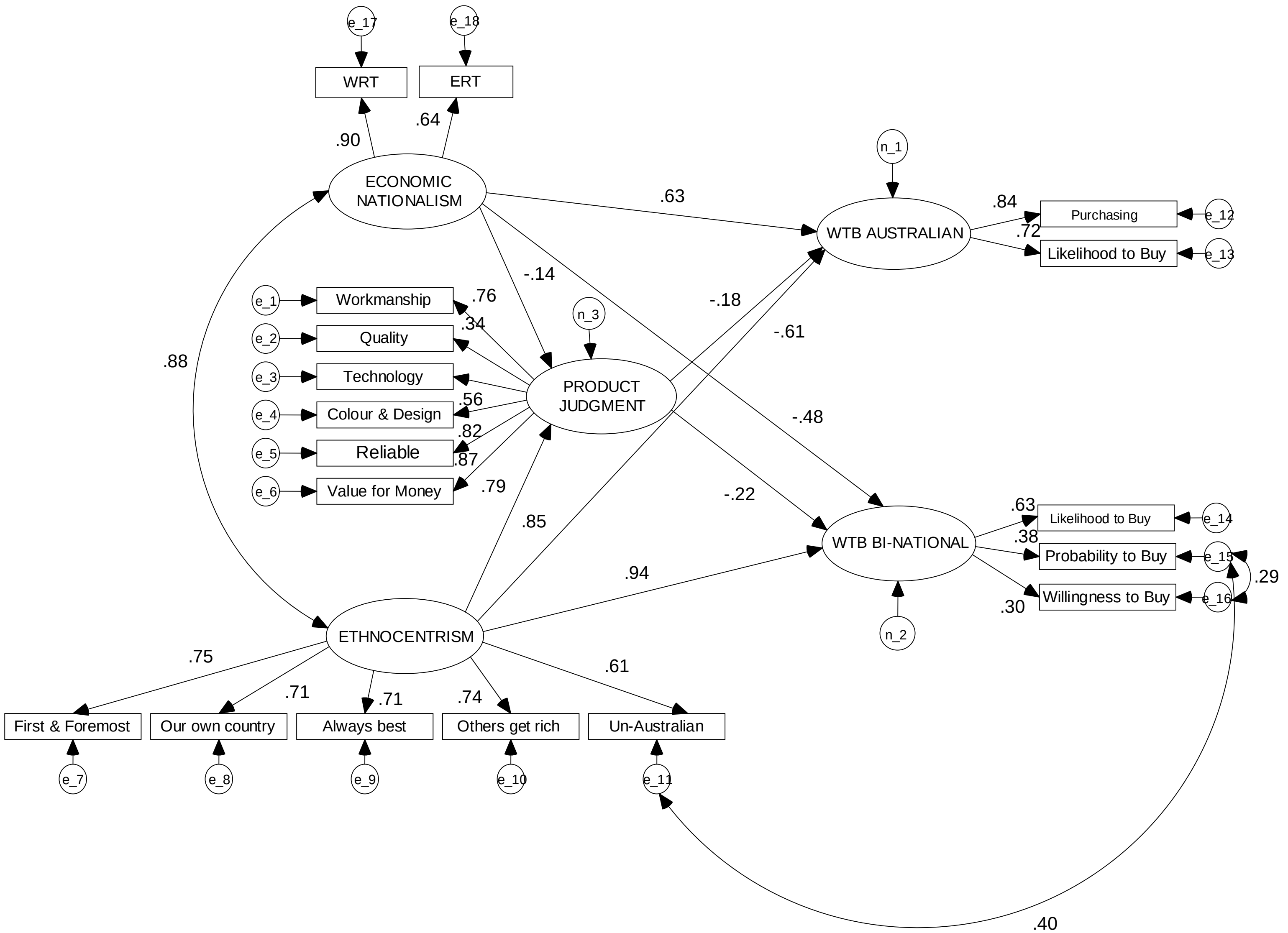


Table 6-6: Inter-correlations of Constructs

	Economic Nationalism	Ethnocentrism	Product Judgments	Willingness to Buy Bi-national Brands	Willingness to Buy Australian Brands
Economic Nationalism	1				
Ethnocentrism	.879	1			
Product Judgments	.111	.291	1		
Willingness to Buy Bi-national Brands	.324	.456	-.003	1	
Willingness to Buy Australian Brands	.367	.425	-.022	.230	1

6.7 PHASE TWO: STUDY ONE - DISCUSSION

Testing of the data yielded in the current study provided some statistically significant results. Based on the results, the following sections will discuss the findings and provide conclusions relating to each of the proposed hypotheses as well as their significance in relation to the proposed research objectives and literature within the field. At the end of the chapter, a summary table is presented to provide an overview on the results of the hypotheses.

6.8 Hypothesis One

Validation of consumer ethnocentrism and economic nationalism

Hypothesis one deals with the test for influence of individual difference between consumer ethnocentrism and economic nationalism constructs. A summary of these results can be seen at Table 6-6. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis one proposes: *economic nationalism and consumer ethnocentrism are distinct but positively correlated constructs* (H_1). The analyses from the structural model showed a significant correlation of .879 ($p < .001$) between the economic nationalism and consumer ethnocentrism constructs. Discriminant validity reported between the measurement models also suggested the two constructs to be distinct and independent (refer to Figure 6-3, or Table 5-3 and 5-4 in Chapter 5).

6.8.1 Research Objective One

To validate consumer ethnocentrism and economic nationalism as correlated but separate and distinct constructs

As previously discussed in the literature review (see Chapter 2), consumer ethnocentrism and economic nationalism are arguably theoretically similar constructs. However, as true as this may or may not be there is little if any empirical evidence or research to prove or disprove this theory. As only a few studies have explored and partitioned the respective effects of both constructs, past findings in the research have indicated that ethnocentric effects are in fact distinctly different from an economic nationalistic one, yet correlated on some level.

This result provides theoretical confirmation in relation to the realistic group conflict theory and further supports and reflects the empirical works of Baughn and Yaprak (1996), Mort and Duncan (2003) and Akhter (2007). Therefore, hypothesis one is accepted. Through further validation and testing, the study aims to explore these cognitive/affective differences between both constructs and its conceptual relationships toward product judgment and willingness to buy measures.

6.9 Hypothesis Two

To examine the effects of economic nationalism toward product judgments and willingness to buy Australian brands.

Hypothesis two will explore the conceptual relationships between the economic nationalism construct and respondent's product judgments and willingness to buy Australian brands. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis two proposes: *economic nationalism will be positively related to product judgment of Australian brands* (H_{2a})*; product judgment of Australian brands will be positively related to willingness to buy Australian brands* (H_{2b}), and *economic nationalism will be positively related to willingness to buy Australian brands* (H_{2c}).

The results gathered from the structural model indicated that no significant pathways between the economic nationalism, product judgments and willingness to buy construct (i.e. Economic Nationalism → Product Judgments, Product Judgments → Willingness to Buy Australian Brands and Economic Nationalism → Willingness to Buy Australian Brands). A summary of the factor coefficients from construct's pathways and the p – value is reported in Table 6-7.

Table 6-7: Structural Pathways from Economic Nationalism Construct

Pathways	Factor Loadings	p
Economic Nationalism → Product Judgments	-.14	.573^{ns}
Product Judgments → Willingness to Buy Australian Brands	-.18	.061^{ns}
Economic Nationalism → Willingness to Buy Australian Brands	.63	.035^{ns}

Notes: $*p < 0.05$, $**p < 0.01$, $***p < 0.001$; ns = not statistically significant.

6.9.1 Research Objective Two (Part One)

To validate economic nationalism as a significant predictor of consumer product judgments and their willingness to buy domestic product brands.

The literature on economic nationalism is newly expanding with claims of limited findings regarding the conceptual relationships between the economic nationalism construct, other xenophobic variables (i.e. ethnocentrism, animosity etc) and product quality judgment.

Through exploring hypothesis two and the results reported in Table 6-7 indicated insignificant pathways from the economic nationalism construct, a finding that clearly deviates from the majority of theoretical and empirical inclinations by previous research (e.g., Baughn and Yaprak, 1996; Mort and Duncan, 2003; Akhter et al., 2003). While there is no direct or empirical evidence implicating the non-significant findings, the deviation may be due to a number of conceptual and experimental reasons.

Firstly, the non-significant findings could be attributed towards the experimental methods in place. The set of wine advertisements used for this study did not explicitly contain any country of origin information or country of ownership cues; as a "disguised" method was employed for the purpose of testing the Australian respondent's knowledge or familiarity with the selected Australian wine brands in an "un-aided" setting. The only independent tagline available – "Australia's leading wine" prompted an ambiguous notion that the wines were somewhat associated with Australia or Australian. The overall design and layout of the stimulus was manipulated in ensuring an accurate examination process.

According to Phau and Suntornnond (2006, p. 35), in a case that product attribute information is not available in choice situations and the search for it is not always warranted, it is likely that consumers may rely more on extrinsic cues (such as price, warranty or country of origin) for evaluation of unfamiliar brands (Piron, 2000; Laroche et al. 2005). Given that the majority of the hypotheses involving economic nationalism resulted in insignificant effects, it is plausible to assume that the lack of specific country of ownership cues or similar information may have caused the dilution of the present economic nationalistic tendencies held by consumers. Nonetheless, methodological considerations must also be taken into account. In comparison to past research, it is reasonable to assume that the variation in population and the data collected at a different time period with significant developments and external factors will influence the attitude of the population (e.g., Wood et al., 1994; 1996; Wood, 1999).

Secondly, drawing from a theoretical reasoning to relate these findings, while the literature had established both constructs of economic nationalism and consumer ethnocentrism to be correlated, they were also found to be independent and distinct constructs of each other (e.g., Duncan, 1999; Hulland, 1999; Mort and Duncan, 2003; Akhter, 2007). This may suggest that it is not necessary for both constructs to be specified in the same model in order to explain consumer's willingness to buy Australian or bi-national brands. Therefore, this could indicate the redundancy of the construct and hence the possibility of excluding the construct from the overall research model.

Lastly, the insignificant results could be attributed towards the economic nationalism construct's adolescence and underdeveloped presence within a marketing context (Akhter et al. 2003). According to Burnell (1986, p. 16), "the concept is "relatively unexplored, and seems to fall in the interstices between separate disciplinary interests and concerns". While Akhter (2007, p. 142-150) asserts that motivations for economic nationalism can be traced to political, economic and security factors, the applicability of the concept in current marketing issues have been limited (Mort and Duncan, 2003; Akhter, et al. 2003), resulting in very little space in the literature (Baughn and Yaprak, 1996 p. 760). However, as the agenda of economic nationalism continues to advance due to societal concerns about the role of foreign firms, these concerns remain appealing and persuasive and thus will see to underpin the development of economic nationalism within country-of-origin literature and overall marketing in the future. Based on the results and findings discussed, the insignificant pathways suggests that the construct was not well accounted by the hypothesized model. At this stage, the study concludes that there are no direct or indirect influences (through product judgments) on willingness to buy Australian brands. Therefore, H_{2a}, $H_{2b,}$ and H_{2c} are rejected.

6.10 Hypothesis Three

To examine the effects of consumer ethnocentrism toward product judgments and willingness to buy bi-national brands.

Hypothesis three will explore the conceptual relationships between the consumer ethnocentrism construct and respondent's product judgments and willingness to buy bi-national brands. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis three proposes: *consumer ethnocentrism will be positively related to product judgment of Australian brands* (H_{3a}); *product judgment of Australian brands will be negatively related to willingness to buy bi-national brands* (H_{3b}), and *consumer ethnocentrism will be negatively related to willingness to buy bi-national brands* (H_{3c}).

The results from the structural model indicated that all three hypothesised pathways (i.e. Consumer Ethnocentrism → Product Judgments, Product Judgments → Willingness to Buy Bi-national Brand, Consumer Ethnocentrism → Willingness to Buy Bi-national Brands) were statically significant. A summary of the factor coefficients from construct's pathways and the p – value is reported in Table 6-8.

Table 6-8: Structural Pathways from Consumer Ethnocentrism Construct

Pathways	Factor Loadings	*p*
Consumer Ethnocentrism → Product Judgments	.85	.005**
Product Judgments → Willingness to Buy Bi-national Brands	-.22	.007**
Consumer Ethnocentrism → Willingness to Buy Bi-national Brands	.94	.000***

Notes: $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$; ns = not statistically significant.

6.10.1 Research Objective Two (Part Two)

To validate consumer ethnocentrism as a significant predictor of consumer product judgments and their willingness to buy bi-national product brands.

In testing hypothesis three, the study aims to investigate the effects of consumer's ethnocentrism toward product judgments and willingness to buy bi-national product brands. As all pathways from the consumer ethnocentrism construct are significant, the study concludes a direct relationship or influence (through product judgments) on the willingness to buy bi-national brands. The confirmation of these structural pathway results mirrors that of Brodowsky (1998); Kim and Pysarchik (2000); Pecotich and Rosenthal (2001); Acharya and Elliot (2003); Brodowsky et al. (2004); Wong, Polonsky and Garma (2008) and Ishii (2009), thereby providing support to the current research and its hypotheses.

In discussing these hypotheses (H_{3a} and H_{3b}), greater positive attitudes were expressed by ethnocentric consumers when judging domestic product quality (Nijssen and Douglas, 2004; Wang and Chen, 2004; Shankarmahesh, 2006). Similarly, ethnocentric consumers expressed more positive product judgments for uni-national local products (i.e. both locally owned and manufactured) rather than bi-national products (i.e. foreign owned but locally manufactured) (Brodowsky, 1998; Brodowsky et al. 2004). This is somewhat consistent with Acharya and Elliott (2003) who found a weak relationship between consumer ethnocentrism and the quality perception of domestically designed products, but a strong relationship for products domestically assembled and manufactured. This could suggest that even in the midst of judging bi-national products, the ethnocentric consumer would be more inclined to base buying decisions on manufacturing information or cues as opposed to other extrinsic data.

On the other hand, the structural pathway between consumer ethnocentrism and willingness to buy bi-national brands (i.e. Consumer Ethnocentrism → Willingness to Buy Bi-national Brands) have deviated from the hypothesized relationships to reveal a direct "positive" instead of a "negative" relationship as proposed by H_{3c}.

This can suggest low ethnocentricity amongst the consumers when revealing their willingness to buy bi-national brands (Wong, Polonsky and Garma, 2008). In other words, non-ethnocentric consumers or consumers with low levels of ethnocentricity are not prejudice against foreign brand names (Kinra, 2006) and would be more pragmatic and evaluate foreign products in relative terms based on their own merit and the utility or functionality in terms of product offerings (Jaffe and Nebenzahl, 2001; Vida and Dmitrovic, 2001; Reardon et al. 2005), without consideration of origin (Piron, 2000; Javalgi et al. 2005).

Another explanation can be sought from Balabanis and Diamantopoulos (2004) where it is revealed that consumer ethnocentrism is sometimes negatively related to preferences for foreign products, yet it is mostly unrelated; leading to the conclusion that, overall, consumer ethnocentrism is a more consistent predictor of preferences for domestic products rather than foreign products. Therefore, the perspective put forward asserts that consumer ethnocentrism leads to consumers preferring domestic products but not necessarily rejecting foreign ones (Chryssochoidis, Krystallis and Perreas, 2007).

Based on the results and findings discussed, the overall relationships between consumer ethnocentrism and willingness to buy bi-national brands can be interpreted to be dependent on product quality judgment. Given the issues discussed, the study concludes a direct and negative influence (through product judgments) on willingness to buy bi-national brands. Results indicate accepting H_{3a}, H_{3b} however, rejecting $H_{3c.}$

6.11 Hypothesis Four

To examine the direct effects of economic nationalism on willingness to buy bi-national brands.

6.12 Hypothesis Five

To examine the direct effects of consumer ethnocentrism on willingness to buy Australian brands

Hypotheses four and five will investigate the conceptual relationship between the economic nationalism and consumer ethnocentrism construct toward respondent's willingness to buy bi-national brands and Australian brands respectively, independent of product judgment measures. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis four proposes: *if product judgment and consumer ethnocentrism are held constant, economic nationalism will have a direct and negative impact on the willingness to buy bi-national brands* (H_4). Hypothesis five proposes: *if product judgment and economic nationalism are held constant, consumer ethnocentrism will have a direct and negative impact on the willingness to buy Australian brands* (H_5).

The results gathered from the structural model indicated that no significant pathways between economic nationalism and willingness to buy bi-national brands; and between consumer ethnocentrism and willingness to buy Australian brands (i.e. Economic Nationalism → Willingness to Buy Bi-national Brands; Consumer Ethnocentrism → Willingness to Buy Australian Brands). A summary of the factor coefficients from construct's pathways and the p – value is reported in Table 6-9.

Table 6-9: Structural Pathways from CENT and CET Constructs

Pathways	**Factor Loadings**	***p***
Economic Nationalism → Willingness to Buy Bi-national Brands	-.48	$.068^{ns}$

Consumer Ethnocentrism → Willingness to Buy Australian Brands	-.61	.025*

Notes: *p < 0.05, **p < 0.01, ***p < 0.001; ns = not statistically significant.

6.12.1 Research Objective Two (Part Three)

To validate economic nationalism and consumer ethnocentrism as significant predictors to willingness to buy domestic/bi-national product brands, even when this enmity is unrelated to consumer product judgments.

In exploring hypotheses four and five, the notion of whether or not economic nationalism and consumer ethnocentrism can affect consumer's willingness to buy indirectly of their product judgments was examined. As both pathways from the economic nationalism and consumer ethnocentrism constructs toward the respective willingness to buy measures are insignificant, the findings suggests no indirect influence on willingness to buy bi-national brands or Australian brands. The confirmation of these structural pathway results mirrors that of Sharma, Shimp and Shin, (1995); Akhter et al., (2003); Mort and Duncan, (2003); Nijssen and Douglas, (2004); Crnjak-Karanovic et al., (2005) and Chryssochoidis, Krystallis and Perreas, (2007), thereby providing support to the current research and its hypotheses.

The results from hypotheses four and five suggests that the premise of the propose research model and current findings converges with most behavioral frameworks in country of origin studies. The majority of country of origin research has been based on the assumption that consumers use country cues for making inferences about product quality judgments. For example, Han (1989) and Heslop and Papadopoulos (1993) examined the role of the COO as a "halo" construct that influences product attribute beliefs, or as a construct that summarizes beliefs about product brand quality judgments, and only then influences attitudes or intentions to purchase.

As highly ethnocentric consumers tend to judge their own country's products as being superior to foreign products because of their moral and economic beliefs, it is expected that their beliefs and attitudes toward a product or brand will be a determining factor in their willingness to buy, especially when no available country of origin cues are presented (Nijssen and Douglas, 2004; Saffu and Walker, 2005; Crnjak-Karanovic et al., 2005). This assumption can be verified by the significant 'direct' relationships (through product judgments) found by hypothesis three (see section 6.10).

Similarly, past research has found that the underlying concerns regarding the role of foreign firms. These sensitive issues of ownership and control of domestic economic activities have been a motivating factor in consumer's beliefs and attitudes towards bi-national merchandise, specifically from an ownership point of view (Mort and Duncan, 2003; Akhter, 2007, p. 143). This perception will then take into effect and translate into a form of buying behavior or willingness to buy, as consumers are overwhelmed by their economic nationalistic tendencies (Mort and Duncan, 2003; Akhter, et al. 2003). At this stage, due to the fact that the indirect structural pathway is insignificant, it can only be assumed that economic nationalistic consumers would pre-determine their willingness to buy through a form of product judgment or evaluation procedure. However, as very little research surrounds the economic nationalism construct and the conceptual relationships between product judgment and willingness to buy (hybrid/bi-national), it is still uncertain as to what extent economic nationalistic effects will have on respondent's reactions towards willingness to buy bi-national product brands. Although such findings could be attributed towards the research design and methods applied (i.e. stimulus with no COO cues) or the conceptual idleness of the construct within the current study.

6.13 Hypothesis Six

To examine the mediation between economic nationalism and willingness to buy Australian brands.

Hypothesis six expects to find that 'product judgment with Australian brands mediates the relationship between the economic nationalistic effects and willingness to buy Australian brands'. Stated otherwise, it is expected that if respondent's judged Australian brands more positively or negatively based on their economic nationalism, the willingness to buy behaviour will be mediated by the initial evaluation of Australian brands. Thus, hypothesis six proposes: *product judgment mediates the relationship* *between economic nationalism and willingness to buy Australian brands* (H_6). Baron and Kenny's (1986) four step mediation analysis regressions were used and subsequently confirmed with Sobel tests which can all be seen in chapter four, section 4.18.1. Results of analysis will be discussed in conjunction with the research objectives.

Baron and Kenny's (1986) four step process was performed for the economic nationalism component, and are outlined in the following section. A summary of the results can be viewed from Table 6-10.

6.13.1 Step 1

The analysis specified that 'willingness to buy' is the dependent variable and the 'economic nationalism' component as the independent variable within the equation. In order to test this, a regression was run. The economic nationalism component was regressed against the willingness to buy 'Australian brands' component.

The results show that the 'economic nationalism' component is significant with the Willingness to Buy 'Australian brands' component (Sig = 0.004, Beta = 0.204, t = 2.933). The significance level was at 0.05 and an adjusted R^2 of 0.037.

6.13.2 Step 2

The next regression was done in order to analyses the effect of Economic Nationalism as the independent variables, with Product Judgment as the dependent variable. The results reported were not significant (Sig = 0.267, Beta = 0.079, t = 1.114), with an extremely low adjusted R^2 of 0.001.

Table 6-10: Mediation Results from Economic Nationalism Construct

Variables	Standardized Coefficients	t-value	p-value
	Beta		
H_6: 1. Economic Nationalism (onto WTB Australian Brands)	.204	2.933	.004**
H_6: 2. Economic Nationalism (onto Product Judgment)	.079	1.114	$.267^{ns}$

Notes: *p < 0.05, **p < 0.01, ***p < 0.001; ns = not statistically significant.

6.13.3 Research Objective Three (Part One)

To test the mediating role of product judgments of Australian brands on the relationship between the expected economic nationalistic effects and willingness to buy Australian product brands.

As explained, in order to successfully ensure and interpret a mediating relationship, a number of conditions are to be met. First, the relationships in regression analyses 1 to 3 should be significant for mediation to be possible. Given that the results gathered from the regression analysis in step 2 (see 6.13.2) were insignificant, the mediation process could not continue, hence, the mediation between the economic nationalism construct and willingness to buy Australian brands was unsuccessful. As a result, H_6 is rejected. With no or very little positive results generated from the effects of economic nationalism (see section 6.9), this result confirms earlier findings by hypothesis two, where the economic nationalistic effects provided no direct or indirect influences (through product judgments) on willingness to buy Australian brands.

6.14 Hypothesis Seven

To examine the mediation between consumer ethnocentrism and willingness to buy bi-national brands

Hypothesis seven expects to find that 'product judgment with Australian brands mediates the relationship between the ethnocentric effects and willingness to buy bi-national brands'. Stated otherwise, it is expected that if respondent's judged Australian brands more positively or negatively based on their ethnocentrism, the willingness to buy behaviour will be mediated by the initial evaluation of Australian brands. Thus, hypothesis seven proposes: *Product Judgment mediates the relationship between Consumer Ethnocentrism and Willingness to Buy Bi-national Brands* (H_7). A summary of these results can be seen at Table 6-11. Results of analysis will be discussed in conjunction with the research objectives.

Table 6-11: Mediation Results from Consumer Ethnocentrism Construct

Variables	Standardized Coefficients	t-value	p-value
	Beta		
H_7: 1. Consumer Ethnocentrism (onto WTB bi-national brands)	.440	6.889	.000***
H_7: 2. Consumer Ethnocentrism (onto Product Judgment)	.191	2.743	.007**
H_7: 3. WTB bi-national brands (onto Product Judgment)	.400	6.144	.000***
H_7: 4. Interaction: Product Judgment x Consumer - Ethnocentrism (onto WTB bi-national brands)			
• Consumer Ethnocentrism	.377	6.194	.000***
• Product Judgment	.328	5.389	.112^{ns}

Notes: **p* < 0.05, ***p* < 0.01, ****p* < 0.001; ns = not statistically significant.

The four step analysis was repeated for the Consumer Ethnocentrism component (see Baron and Kenny, 1986).

6.14.1 Step 1

A single regression was carried out whereby consumer ethnocentrism was analysed as the independent variable, with the willingness to buy ‘bi-national brands’ as the dependent variable. The analysis displayed a significant relationship (Sig = 0.000, Beta = 0.440, t = 6.889) at the 0.01 level. Furthermore, this component also had the highest adjusted R^2 at 0.189, which equates to almost 19% of willingness to buy ‘bi-national brands’ being explained by consumer ethnocentrism.

6.14.2 Step 2

A single regression was conducted for consumer ethnocentrism to be regressed against product judgment. Regression of consumer ethnocentrism showed that it was highly significant with product judgment at the 0.01 level (Sig = 0.007, Beta = 0.191, t = 2.743). However, the adjusted R^2 shows that only 3% (0.032) of product judgment is explained by consumer ethnocentrism.

6.14.3 Step 3

Regression analysis of willingness to buy ‘bi-national brands’ against product judgment found that the willingness to buy ‘bi-national brands’ was significant with the independent variable product judgment at the 0.05 level (Sig = 0.000, Beta = 0.400, t = 6.144). The adjusted R^2 figure equates to 15% (0.156).

6.14.4 Step 4

Consumer ethnocentrism and product judgment were regressed against the dependent variable, willingness to buy ‘bi-national brands’. Regression with the dependent willingness to buy ‘bi-national brands’ showed consumer ethnocentrism is significant (Sig = 0.000, Beta = 0.377, t = 6.194), while product judgment did not achieve significant results (Sig = 0.112, Beta = 0.328, t = 5.389). This result shows that for this equation full mediation is taking place. The adjusted R^2 is 29% (0.290).

6.14.5 Sobel Tests

Sobel test was conducted over the single consumer ethnocentrism equation from the model. The test confirmed that the equation (Step 4) was correct, with ‘consumer ethnocentrism’, product judgment and willingness to buy ‘bi-national brands’ indicating a p-value of 0.114, and a Test Statistic of 2.453, showing a non-significant result, resulting in full mediation. As a result, H_7 is partially accepted.

6.14.6 Research Objective Three (Part Two)

To test the mediating role of product judgment with Australian brands on the relationship between the expected ethnocentric effects and willingness to buy bi-national product brands

The results displayed, suggested partial mediation through product judgment on the relationship between the ethnocentric effects and willingness to buy bi-national brands. This finding claims relevance amongst previous research such as Brodowsky (1998); Acharya and Elliot, (2003) and Brodowsky, Tan and Meilich, (2004) Wong, Polonsky and Garma (2008) and Ishii (2009). Similarly, this finding mirrors earlier results from hypothesis three, reinforcing the fact that consumer ethnocentrism can influence consumer's willingness to buy bi-national brands directly through consumer's product judgments (Brodowsky, Tan and Meilich, 2004) as well as independently of their product judgments (Wong, Polonsky and Garma, 2008).

6.15 Hypotheses Eight and Nine

To examine the moderation of ethnocentric and economic nationalistic effects on product judgment

The preceding hypotheses and results have shed some important light on the key relationships between the constructs of ethnocentrism and economic nationalism and consequences pertaining to product judgments and purchase intention variables. However, further refinement was desirable through the investigation of the possible moderating effects of consumer knowledge.

Hypothesis eight proposes: *consumer knowledge moderates the ethnocentric effects on product judgment of Australian brands, such that the effect is greater (weaker) following high (low) knowledge levels* **(H_8)**. It is expected that if the respondent possesses higher levels of knowledge regarding the product brand, their ethnocentric tendencies toward judging Australian brands will be positively enforced by their higher knowledge levels and vice versa.

Similarly, hypothesis nine proposes: *consumer knowledge moderates the economic nationalistic effects on product judgment of Australian brands, such that the effect is greater (weaker) following low (high) knowledge levels* **(H_9)**. Respondents with lower levels of knowledge about the product brand may procure greater economic nationalistic reactions and feelings toward judging Australian brands more favourably as opposed to respondents with higher levels of knowledge.

In order to test for moderation, hierarchical moderated regression analysis was undertaken to study the effects of the moderation (consumer knowledge) on the independent, ethnocentrism (H_8) or economic nationalism (H_9) and dependent, product judgment variables. Following Baron and Kenny's (1986) approach to moderation (see Chapter 4, Section 4.19), multiple linear regressions were run to include the three variables as required for a moderating equation - consumer ethnocentrism or economic nationalism (predictor), consumer knowledge (moderator) and the 'interaction' (predictor *x* moderator) between these variables (see Chapter 4, Figure 4-2) . Product judgment is the dependent variable for the analysis.

Firstly, tests for uni- dimensionality and scale validity for the consumer knowledge construct were performed by Exploratory Factor Analyses (EFA) using SPSS program (Version 14.0). The EFA test of the 6-item scale indicated significant results with Barlett's test of sphericity recorded at .000 and the KMO value resulted in a score of .839, which exceeds the requirement of .60 and meeting the assumption for factorability (Coakes and Steed 2003). The examination of the eigenvalues (3.29) and Cronbach's alpha reliability of $\alpha = .866$ confirmed the 6-item construct to be a one-factor solution.

As can be seen in Table 6-12 and Table 6-13, it was found that the 'interaction term' involving consumer ethnocentric effects was significant with the dependent variable at the 0.01 level (Sig = 0.002, Beta = 0.458, t = 3.153), thus proving in this equation that full moderation is taking place. The adjusted R^2 is 4% (0.044). However, the results found an insignificant interaction variable involving economic nationalistic effects (Sig = 0.432, Beta = -0.132, t = -0.802), suggesting no moderation. The adjusted R^2 shows 4% (0.042).

6.15.1 Research Objective Four

To test the moderating role of consumer knowledge on the relationship between the expected ethnocentric and economic nationalistic tendencies and consumer product judgments of Australian brands.

Results from Table 6-12 and Table 6-13 have clearly indicated that the standardized regression parameter for the 'interaction term' is statistically significant, thereby supporting hypothesis eight and rejecting hypothesis nine. The results generated can be subjected to some conceptual reasoning.

Firstly, in assessing the consumer ethnocentric effects, the results confirmed that these effects on product judgment of Australian brands were moderated by consumer knowledge. Literature revealed that under a situation when both intrinsic and extrinsic cues of product attribute information are available and the search for such information is warranted, consumer with higher levels of consumer knowledge may base product judgments on intrinsic attributes (such as beliefs and attitudes) rather than extrinsic cues (such as country of origin) (Maheswaran, 1994; Parameswaran and Pisharodi, 1994; Schaefer, 1997). To be specific, the findings assert that the effect of consumer ethnocentrism on product judgment is relatively stronger for consumers who posses higher knowledge level (and vice versa), thereby supporting hypothesis eight. It can be speculated that ethnocentric consumers may already know about the brands in a product category, and therefore, direct experience with a particular brand is likely to enhance the use of brand name specifically as a choice criterion, thus diminishing the effects of country of origin cues in the process (Hoyer and MacInnis, 2001; Swaminathan et al. 2001; Baker et al., 2002).

On the contrary, results involving economic nationalistic effects were insignificant, thereby undermining hypothesis nine. In a situation where only brand name and country of origin are available as information cues, consumers are more likely to rely on country of origin if the brand name is unfamiliar than if it is familiar (Cordell, 1997; Phau and Suntornnond, 2006; Josiassen, Lukas and Whitwell, 2008). According to Akhter, (2007, p. 143), economic nationalistic consumers will tend to base their product judgments on information regarding ownership and control. This study, however, was conducted in a way that did not explicitly include or use any country-of-origin cues as part of the advert stimuli, which may have caused this disruption or divergence in the findings. This largely suggests that consumers are unlikely to consider a product when they lack sufficient information (Blackwell et al. 2001). Hence, it can be implied that consumers hesitate to evaluate unknown brand names (hybrid/bi-national) simply because they may feel that inadequate (not enough or the lacking) information is made available to them. Therefore, this study concludes with no moderation of consumer knowledge for the economic nationalistic effects on product judgments of Australian brands.

Table 6-12: Results Summary of Moderation Analyses for the impact of Consumer Ethnocentrism

Variables	Mean[a]	Standard deviation	Product Judgment		Standardized Coefficients	t
			Main effects only	Interaction term included	Beta	
Product Judgment	3.694	1.140	-	-	-	-
Consumer Ethnocentrism (CET)	3.237	0.747	.214[ns]	.026	-.310	-2.240
Consumer Knowledge (CK)	3.009	1.187	.20 4[ns]	.260	-.104	-1.130
CET x CK	8.025	4.573	-	.002**	.458	3.153
R^2			.014[ns]	.059**		
Change in R^2				.045**		

Notes: *p < 0.05, **p < 0.01, ***p < 0.001; ns = not statistically significant.

Table 6-13: Results Summary of Moderation Analyses for the impact of Economic Nationalism

Variables	Mean[a]	Standard deviation	Product Judgment		Standardized Coefficients	t
			Main effects only	Interaction term included	Beta	
Product Judgment	3.694	1.140	-	-	-	-
Economic Nationalism (CENT)	2.624	0.978	.002**	.003**	.269	3.015
Consumer Knowledge (CK)	3.009	1.187	.422[ns]	.354[ns]	.139	0.928
CENT x CK	9.646	4.265	-	.423[ns]	-.132	-0.802
R^2			.055	.058[ns]		
Change in R^2				.003[ns]		

Notes: *p < 0.05, **p < 0.01, ***p < 0.001; ns = not statistically significant.

Table 6-14: Summary of Hypotheses Results for Study One

Hypotheses	Accept / reject
H1) Economic nationalism and consumer ethnocentrism are distinct but positively correlated constructs	Accepted
H2a) Economic nationalism will be positively related to product judgment of Australian brands	Rejected
H2b) Product judgment of Australian brands will be positively related to willingness to buy Australian brands	Rejected
H2c) Economic nationalism will be positively related to willingness to buy Australian brands	Rejected
H3a) Consumer ethnocentrism will be positively related to product judgment of Australian brands	Accepted
H3b) Product judgment of Australian brands will be negatively related to willingness to buy bi-national brands	Accepted
H3c) Consumer ethnocentrism will be negatively related to willingness to buy bi-national brands	Rejected
H4) If product judgment and consumer ethnocentrism are held constant, economic nationalism will have a direct and negative impact on the willingness to buy bi-national brands	Rejected
H5) If product judgment and economic nationalism are held constant, consumer ethnocentrism will have a direct and positive impact on the willingness to buy Australian brands.	Rejected
H6) Product judgment mediates the relationship between economic nationalism and willingness to buy Australian brands	Rejected
H7) Product judgment mediates the relationship between consumer ethnocentrism and willingness to buy bi-national brands	Accepted
H8) Consumer knowledge moderates the ethnocentric effects on product judgment of Australian brands, such that the effect is greater (weaker) following high (low) knowledge levels.	Accepted
H9) Consumer knowledge moderates the economic nationalistic effects on product judgment of Australian brands, such that the effect is greater (weaker) following low (high) knowledge levels.	Rejected

6.16 CONCLUSION OF STUDY ONE

The results of study one clearly show that there are significant differences in the consumer responses toward their product judgment and willingness to buy domestic and hybrid/bi-national product brands, as a result of the specific economic nationalistic and ethnocentric effects educe by country of origin cues. In addition, the significance of these results lies in the fact that very little previous research has empirically explored ethnocentric and economic nationalistic effects as two distinct reactions, especially while economic nationalism is currently developing within the country of origin literature.

Whilst consumer ethnocentrism and majority of its structural pathways are significant, the economic nationalism construct have shown limited significance thus justifying the differing effects between both constructs (as validated by hypothesis one). Such findings by this study can be reasonably interpreted. The fact that the effects of consumer ethnocentrism were significantly stronger than economic nationalism can be largely attributed to the experimental design, the advertising stimuli and the use of country of origin information/cues. To be specific, the implicit approach in utilizing an ambiguous tagline (Australia's leading/most famous wine) within the adverts have suggested that ethnocentric respondents justify favorable product judgment and buying behavior based on the informational cues provided, however, without much consideration for any foreign implications. Even though no country of origin information/cues were openly provided, it was suggested that respondents were more receptive to country of origin information through associating the tagline with the notion or stereotype of country of manufacture that appeal to their ethnocentrism rather than their economic nationalism.

Exploration of consumer knowledge as a moderator further confirms this relationship in suggesting that more knowledgeable individuals will base their product judgment entirely on ethnocentric appeals. Therefore, in conclusion, consumer ethnocentrism swamps the effects of economic nationalism, suggesting the former construct and effects to be the dominant indicator.

6.17 PHASE TWO: STUDY TWO - ANALYSIS

Whilst the advert stimuli in study one utilises ambiguous taglines with no explicit country of origin information/cues, this study explores various consumer behaviour reactions as a result of the level of ethnocentrism and economic nationalism experienced in those exposed to adverts containing explicit country of origin information/cues. Exploration and discussion is undertaken following the theory and hypotheses developed for the main study.

6.18 MEASURMENT MODELS – FIT STATISTICS

Similar analytical procedures and rationale were adapted from section 6.4 in ensuring suitable model fit statistics. As the five single-construct measurement models were specified a priori, a series of confirmatory factor analysis (CFA) were conducted and respecified, if theoretically sound, before a full measurement model was being tested.

6.18.1 Product Judgments

The χ^2 test of the 6-item scale specified to capture product judgments suggested a good model fit with χ^2 (7, N = 200) = 13.851, p = .054. Examination of standardized residual covariance matrix showed low residual (Cortina et al., 2001) and other fit indices similarly affirmed the measurement model to fit the data adequately with RMSEA = .070, SRMR =.033, GFI = .978, AGFI = .934, TLI = .964 and CFI = .983. The 6-item scale reported a reliability of .831 (α) and the eigenvalues of 3.287 from the sample moments confirmed the measurement model to be a one-dimensional construct.

6.18.2 Consumer Ethnocentrism

The χ^2 test of the 6-item scale indicated a poor fit to the model with χ^2 (9, N = 200) = 33.576, and a significant p-value = .000. While most of the other indices were considerably acceptable (SRMR =.053, GFI = .951, AGFI = .885, TLI = .892 and CFI = .935), RMSEA = .117 suggested a poor fit. Further examination of the construct implied one of the items “Out of Work”, should be removed.

The standardized residual covariance matrix revealed a residual of 2.54 for items “Out of Work” and “Un-Australian” which indicate that the particular relationships were not well accounted for by the model (Schumacker and Lomax, 2004; Cortina et al., 2001), hence suggesting that the Consumer Ethnocentrism construct was not able to account for the co-variation that existed between the two items.

By removing the item “Out of Work”, the CETSCALE was refined to become a 5-item scale. The result of the χ^2 statistic for the refined scale showed significant improvement, χ^2 (5, N = 200) = 5.755, p = .331. Practical indices also reported a better model fit, RMSEA = .028, SRMR =.021, GFI = .988, AGFI = .964, TLI = .995 and CFI = .998. The reliability of the scale was acceptable with $\alpha = .816$. Lastly; the examination of the eigenvalues (2.941) confirmed the refined 5-item construct to be a one-factor solution.

6.18.3 Willingness to Buy Australian Brands

To assess statistical fit of the 4-item construct, the χ^2 test results showed χ^2 (3, N = 200) = 45.682 and a significant p-value of .000. The results suggested the model did not fit the data. An evaluation of the other indices also indicated a poor model fit with RMSEA = .267, SRMR =.056, GFI = .906, AGFI = .687, TLI = .641 and CFI = .820.

Further examination of the construct implied one of the items “Purchasing”, should be removed. The standardized residual covariance matrix revealed a residual of -4.603 for the item (which was over the recommended cut-off of 2.58 or absolute two) (Schumacker and Lomax, 2004; Cortina et al., 2001), hence suggesting that the willingness to buy Australian brands construct was not able to account for the co-variation that existed. The subsequent assessment of the modification indices also revealed the item “Consider Buying” not well accounted for by the model (MI = 16.670), and the removal of it would improve the model fit.

In addition to this, the item “Willingness to Buy” was found to be insignificant (p = .003) with the construct at $p < .000$ and a low factor loading of .223. Literature has suggested that factor coefficients of less than .40 should be considered insignificant and hence be removed (Hair et al., 1998; Thompson, 2004), however subjected to substantial reasoning (MacCallum, Roznowski, and Necowitz, 1992). Given the practical and theoretical considerations, removing of the item would not change the meaning of the construct, or not capture the full domain of the construct, as conceived in the literature. This is conceptually and statistically evident through an assessment of the remaining items to the construct.

Lastly, because willingness to buy Australian brands construct has been refined to a 2-item scale, the measurement model had zero degrees of freedom and was completely identified. Hence, model fit indices could not be computed. The model did, however indicate that both items were significantly related ($p < .001$) to the construct with standardized factor coefficients of .995, .737. The scale also had a reliability of $\alpha = .846$. The eigenvalues of 1.734 also validated the construct to be a one-factor congeneric model.

6.18.4 Willingness to Buy Bi-national Brands

The statistical test of the 4-item measurement model demonstrated poor model fit, χ^2 (2, N = 200) = 116.879, p = .000, RMSEA = .537, SRMR =.096, GFI = .845, AGFI = .226, TLI = -.011 and CFI = .663.

One of the items "Considering Buying" reported a standardized covariance residual of -2.290 for items "Consider Buying" and "Considering Buying", implying the willingness to buy bi-national brands construct was not able to account for the co-variation that existed between the two items. Subsequent assessment of the modification indices also revealed the item "Considering Buying" and its correlation or covariance not well accounted for by the model (MI = 36.491), and the removal of it would improve the model fit.

To improve the model fit, the willingness to buy bi-national brands measure was refined to become a 3-item scale with the removal of the item "Considering Buying". Because willingness to buy bi-national brands construct is a 3-item scale, the measurement model had zero degrees of freedom and was completely identified. Hence, model fit indices could not be computed. The model did, however indicate that all three items were significantly related ($p < .001$) to the construct with standardized factor coefficients of .590, 1.019 and .574. The scale also had a reliability of α = .755. The eigenvalues of 2.024 also validated the construct to be a one-factor congeneric model.

6.18.5 Economic Nationalism

This discussion can be seen in 6.4.5 where the same analysis took place. The refined one factor economic nationalism congeneric measurement model had zero degrees of freedom and was completely identified. Hence, model fit indices could not be computed. The model did, however indicate a reliability of α = .808.

6.19 FULL MEASUREMENT MODEL

The initial test of the measurement model produced χ^2 (126) = 199.209, p = .000. The other indices suggested adequate fit, RMSEA = .055, SRMR =.060, GFI = .906, AGFI = .870, TLI = .929 and CFI = .942. An assessment of the standardized residual covariance matrix and modification indices did prominently reveal possible model improvement if the correspondent error terms for the construct of willingness to buy bi-national brands were co-varied. Notably covariances of error terms between e15 and e16 (MI = 7.246, Par Change = .324) was considerably high.

In justifying the co-variation implications set out by Cunningham (2007) and Maruyama (1998), substantial considerations have been given to the scales similarities as well as to the specified context under which the co-varied items are operating. The items “Consider Buying” and “Willingness to Buy” were part of the one scale suggesting that item’s wordings were the only different aspect as both were contextually specified, hence it is reasonable to assume their corresponding error terms to be related (See Appendix I – Survey Instrument – for comparison of the scales) (Scheier and Carver, 1985).

In the presence of this substantive reasoning, the corresponding error terms of the above mentioned constructs were co-varied. The test of the re-specified model produced almost identical factor coefficients and inter-correlations as the former model except with better model fit: χ^2 (125) = 178.253, p = .000, RMSEA = .046, SRMR =.052, GFI = .914, AGFI

= .883, TLI = .950 and CFI = .959. Table 6-15 provides a detail comparison of the full measurement models.

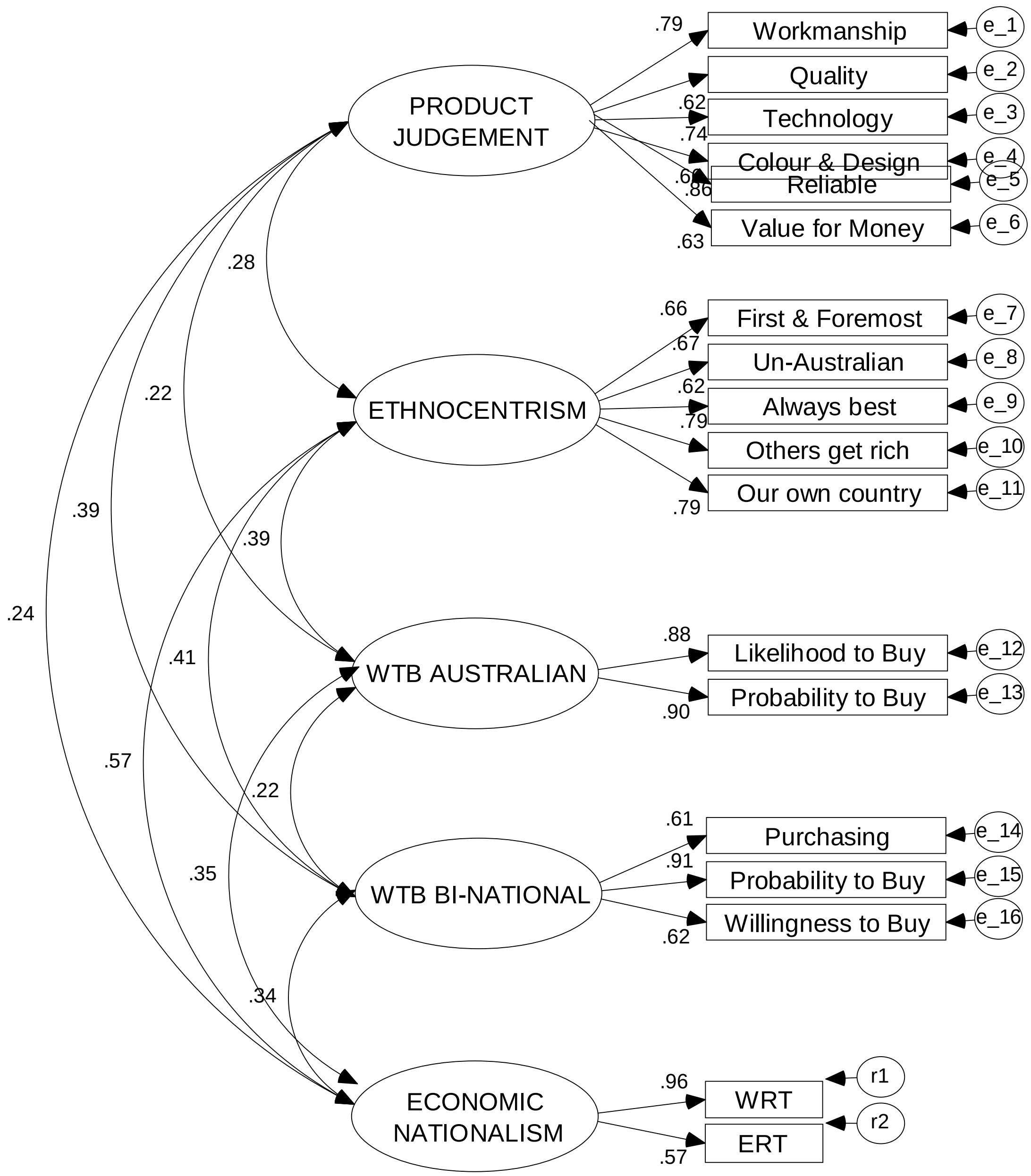
Table 6-15 – Comparison of Full Measurement Model Fit

Indices	**Model A**	**Model B**
χ^2	214.320	199.209
Degree of Freedom	126	124
***p*-value**	.000	.000
RMSEA	.059	.046
SRMR	.060	.052
GFI	.900	.914
AGFI	.865	.883
TLI	.918	.950
CFI	.932	.959

Notes: Model A (Figure 6-5) is the initial full measurement. Model B (Figure 6-6) is the respecified full measurement with the co-variation of errors with the constructs.

More importantly, discriminant validity was 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 model to test this study's hypotheses. A detailed summary from the analyses of the measurement models for model fit is also presented in Table 6-16 while Table 6-17 reports the factor coefficients and R^2 of the measured construct's items.

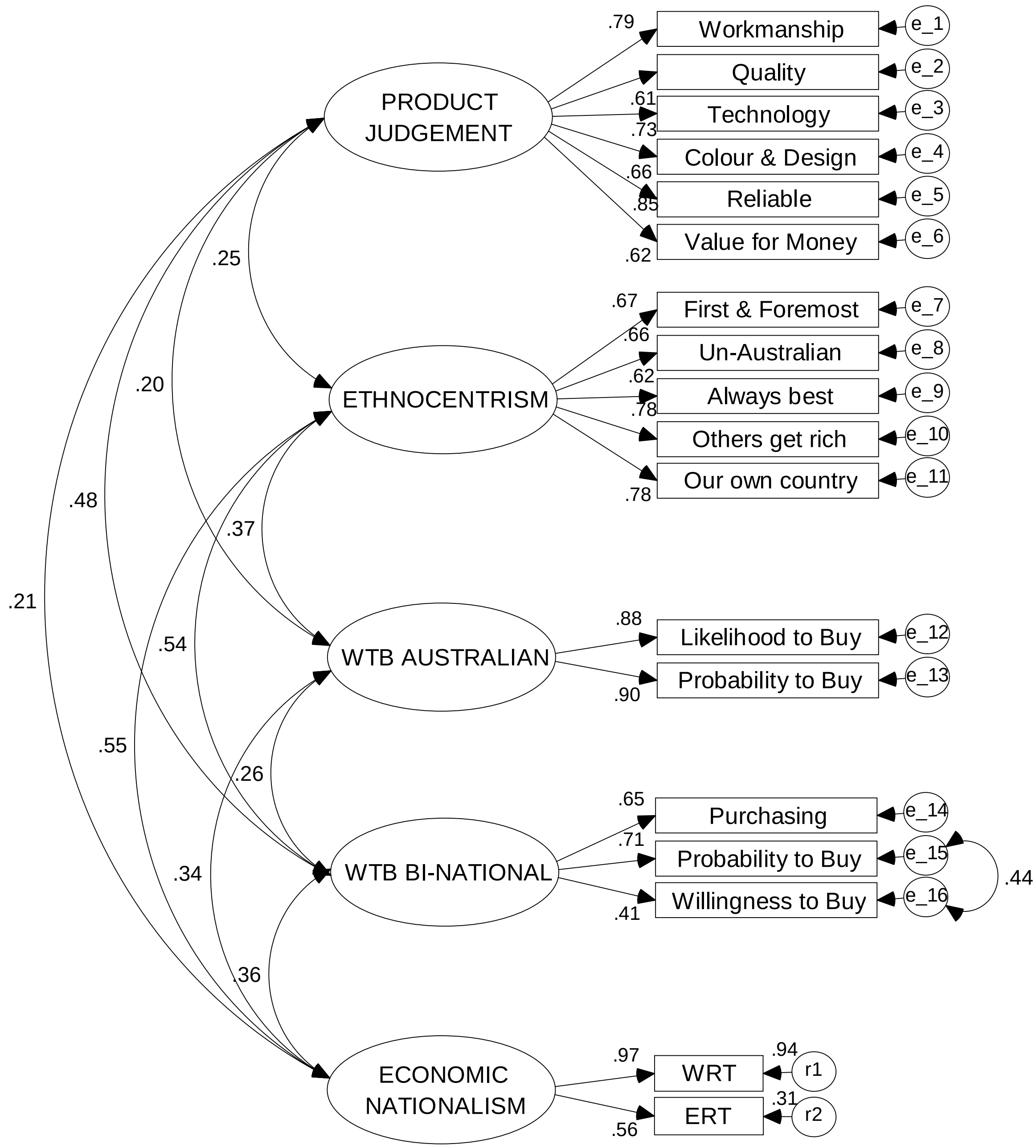
Figure 6-4 – Initial Full Measurement Model



Notes: Standardized solution of parameter estimates for initial measurement model. Willingness to Buy is abbreviated as WTB.

χ^2 (126) = 214.320, p = .000, RMSEA = .059, SRMR = .060, GFI = .900, AGFI = .865, TLI = .918 and CFI = .932.

Figure 6-5 – Re-specified Full Measurement Model



Notes: Standardized solution of parameter estimates for initial measurement model. Willingness to Buy is abbreviated as WTB.

χ^2 (124) = 199.209, p = .000, RMSEA = .046, SRMR = .052, GFI = .914, AGFI = .883, TLI = .950 and CFI = .959.

Table 6-16 – Single-Construct Measurement Model Results

Constructs	No. of Items	α	Mean	χ^2	df	*p*-value	RMSEA	SRMR	GFI	AGFI	TLI	CFI
Product Judgments	6	.831	4.880	13.851	7	.054	.070	.033	.978	.934	.964	.983
Consumer Ethnocentrism	5	.816	2.538	5.755	5	.000	.028	.021	.988	.964	.995	.998
Willingness to Buy (Australia)	2	.846	1.595	-	-	-	-	-	-	-	-	-
Willingness to Buy (Bi-national)	3	.755	3.515	-	-	-	-	-	-	-	-	-
Economic Nationalism	10	.808	3.248	-	-	-	-	-	-	-	-	-

Table 6-17 – Construct-Items Factor Coefficients and R^2 Table

Items	Factor Loadings	R^2
Product Judgments		
Workmanship	.789	.622
Quality	.610	.373
Technology	.734	.539
Colour and Design	.656	.430
Reliable	.852	.726
Value for Money	.623	.388
Consumer Ethnocentrism		
First and Foremost	.666	.443
Un-Australian	.659	.434
Always Best	.616	.379
Others Get Rich	.778	.606
Our Own Country	.781	.610
Willingness to Buy Australian Brands		
Likelihood to Buy	.878	.772
Probability to Buy	.897	.804
Willingness to Buy Bi-national Brands		
Purchasing	.651	.424
Probability to Buy	.971	.500
Willingness to Buy	.559	.168
Economic Nationalism		
WRT	.971	.942
ERT	.559	.313

Notes: Factor Coefficients reported are significant at $p < .001$.

6.20 FULL STRUCTURAL MODEL

Following the establishment of the measurement models, the hypothesized pathways between the constructs in the study were specified in the full structural model and evaluated through SEM analyses. In order to provide support for the study's theoretical model, path analysis was conducted to examine the relations between the observed variables, while SEM techniques were engaged to investigate the relations between latent variables (Joreskog, 1973; Kline, 2005). The a priori theoretical model comprising of the hypothesized causal relations among the latent variables had been specified and the goodness-of-fit of the hypothesized model to the sample variance-covariance data were evaluated.

The structural model with standardized parameter estimates is presented in figure 6-7, and Table 6-18 reports the inter-correlations of constructs. The model presented an adequate level of fit, χ^2 (126) = 178.684, *p* = .000, RMSEA = .046, SRMR =.053, GFI = .914, AGFI = .883, TLI = .951 and CFI = .960.

Figure 6-6 –Full Structural Model

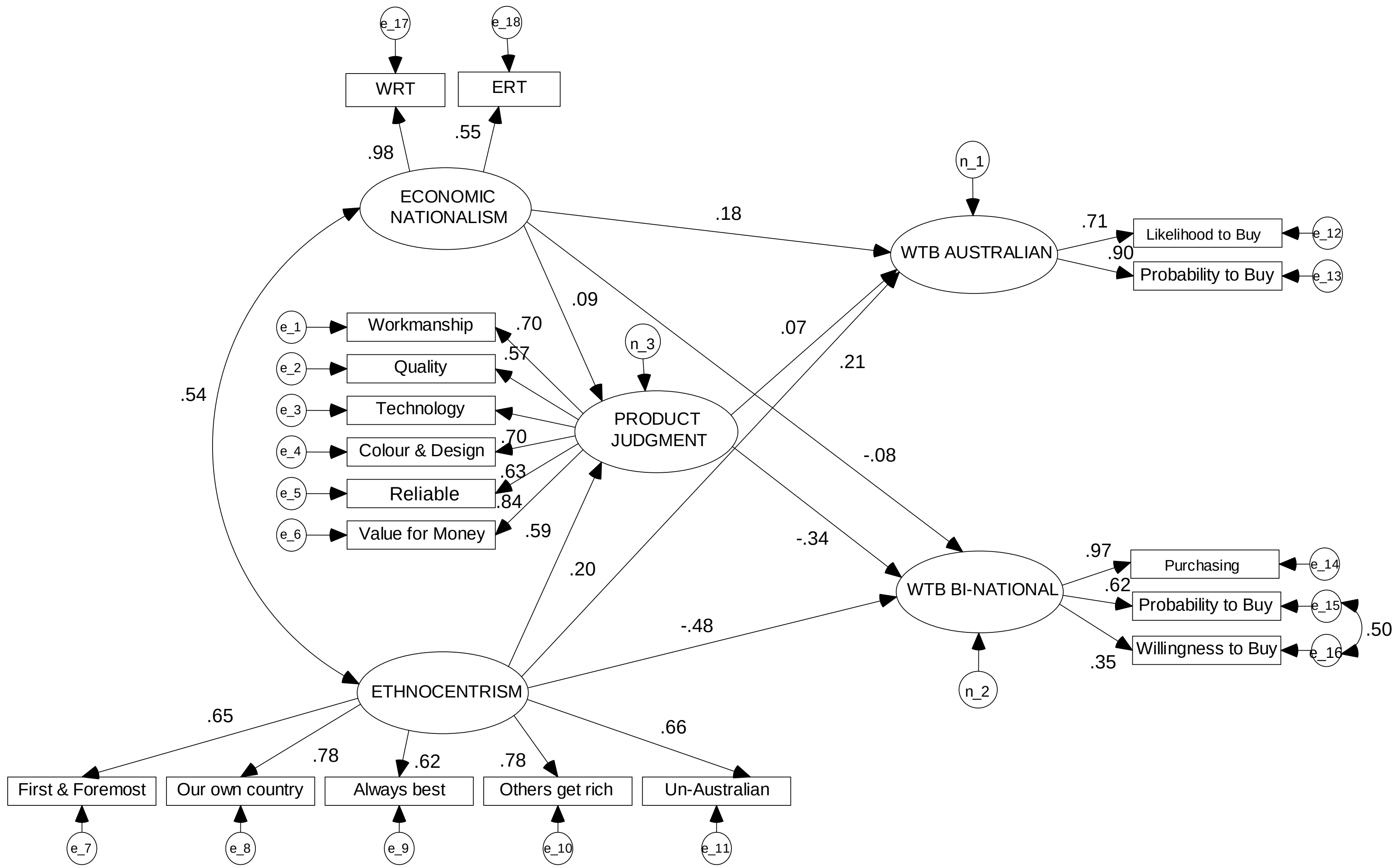


Table 6-18 – Inter-correlations of Constructs

	Economic Nationalism	Ethnocentrism	Product Judgments	Willingness to Buy Bi-national Brands	Willingness to Buy Australian Brands
Economic Nationalism	1				
Ethnocentrism	.541	1			
Product Judgments	.201	.254	1		
Willingness to Buy Bi-national Brands	.255	.530	.450	1	
Willingness to Buy Australian Brands	.313	.330	.165	.193	1

6.21 PHASE TWO: STUDY ONE - DISCUSSION

Based on the results, the following sections will discuss the findings and provide conclusions relating to each of the proposed hypotheses as well as their significance in relation to the proposed research objectives and literature within the field. At the end of the chapter, a summary table is presented to provide an overview on the results of the hypotheses.

6.22 Hypothesis One

Validation of consumer ethnocentrism and economic nationalism

Hypothesis one deals with the test for influence of individual difference between consumer ethnocentrism and economic nationalism constructs. A summary of these results can be seen at Table 6-16. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis one proposes: *economic nationalism and consumer ethnocentrism are distinct but positively correlated* c*onstructs* (H_1). The analyses from the structural model showed a significant correlation of .541 ($p < .001$) between the economic nationalism and consumer ethnocentrism constructs. Discriminant validity reported between the measurement models also suggested the two constructs to be distinct and independent (refer to Figure 6-6, or Table 5-3 and 5-4 in Chapter 5).

6.22.1 Research Objective One

To validate consumer ethnocentrism and economic nationalism as correlated but separate and distinct constructs

The results provide theoretical confirmation in relation to the realistic group conflict theory and further support and reflect the empirical works of Baughn and Yaprak (1996), Mort and Duncan (2003) and Akhter (2007). Therefore, hypothesis one is accepted.

6.23 Hypothesis Two

To examine the effects of economic nationalism toward product judgments and willingness to buy Australian brands.

Hypothesis Two will explore the conceptual relationships between the economic nationalism construct and respondent's product judgments and willingness to buy Australian brands. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis two proposes: *economic nationalism will be positively related to product judgment of Australian brands* (H_{2a}); *product judgment of Australian brands will be positively related to willingness to buy Australian brands* (H_{2b}), and *economic nationalism will be positively related to willingness to buy Australian brands* (H_{2c}).

The results from the structural model indicated that two pathways from economic nationalism to product judgments (Economic Nationalism → Product Judgments) and from product judgments to willingness to buy Australian brands (Product Judgments → Willingness to Buy Australian Brands) reported insignificant results. The remaining pathway from economic nationalism to willingness to buy Australian brands (Economic Nationalism → Willingness to Buy Australian Brands), however, was statically significant. This suggests marginal construct accountability by the hypothesized model. A summary of the factor coefficients from construct's pathways and the p – value is reported in Table 6-19.

Table 6-19: Structural Pathways from Economic Nationalism Construct

Pathways	**Factor Loadings**	***p***
Economic Nationalism → Product Judgments	.09	$.342^{ns}$
Product Judgments → Willingness to Buy Australian Brands	.07	$.315^{ns}$
Economic Nationalism → Willingness to Buy Australian Brands	.18	.044*

Notes: $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$; ns = not statistically significant.

6.23.1 Research Objective Two (Part One)

To validate economic nationalism as a significant predictor of consumer product judgments and their willingness to buy domestic product brands.

Conceptually, the results clearly indicate an indirect influence (avoiding product judgments) from economic nationalism towards willingness to buy Australian brands. This suggest that consumers may separate their attitudes and emotions towards a country (i.e. country's politics, personal/economic situation etc) from their assessment of that country's product's or brands (price, quality, product features etc), that is, these underlying feelings and tendencies may cause an individual reaction towards a country's product or brand, without having to be previously judged or evaluated (Bilkey and Nes, 1982; Netemeyer et al. 1991). In this case, it can be assumed that respondents with high economic nationalistic reactions have positively affected and enforced their buying behavior directly and independently of their product judgments (Verlegh and Steenkamp, 1999; Papadopoulos and Heslop, 2003).

As the economic nationalism construct and effects are still developing and currently with very little research in literature, the findings cannot be said to be entirely reflective of previous research. However, these findings can be conceptually comparable to other studies in the field (e.g., Akhter et al., 2003; Mort and Duncan, 2003; Balabanis et al., 2001; Akhter, 2007). Therefore, based on the results and discussions, H_{2c} is accepted, while H_{2a} and H_{2b} are rejected.

6.24 Hypothesis Three

To examine the effects of consumer ethnocentrism toward product judgments and willingness to buy bi-national brands.

Hypothesis three will explore the conceptual relationships between the consumer ethnocentrism construct and respondent's product judgments and willingness to buy bi-national brands. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis three proposes: *consumer ethnocentrism will be positively related to product judgment of Australian brands* (H_{3a}); *product judgment of Australian brands will be negatively related to willingness to buy bi-national brands* (H_{3b}), and *consumer ethnocentrism will be negatively related to willingness to buy bi-national brands* (H_{3c}).

The results from the structural model indicated that all three hypothesised pathways (i.e. Consumer Ethnocentrism → Product Judgments, Product Judgments → Willingness to Buy Bi-national Brand, Consumer Ethnocentrism → Willingness to Buy Bi-national Brands) were statically significant. This suggests that the construct was well accounted by the hypothesized model. A summary of the factor coefficients from construct's pathways and the p – value is reported in Table 6-20.

Table 6-20: Structural Pathways from Consumer Ethnocentrism Construct

Pathways	**Factor Loadings**	***p***
Consumer Ethnocentrism → Product Judgments	.20	.047*
Product Judgments → Willingness to Buy Bi-national Brands	-.34	.000***
Consumer Ethnocentrism → Willingness to Buy Bi-national Brands	-.48	$.221^{ns}$

Notes: *$p < 0.05$, **$p < 0.01$, ***$p < 0.001$; ns = not statistically significant.

6.24.1 Research Objective Two (Part Two)

To validate consumer ethnocentrism as a significant predictor of consumer product judgments and their willingness to buy bi-national product brands.

In testing hypothesis three, the study aims to investigate the effects of consumer's ethnocentrism toward product judgments and willingness to buy bi-national product brands. The findings have empirically shown the consumer ethnocentrism construct to have an effect on:

- The use of country of origin as an (extrinsic) informational cue to evaluate uni-national local products (i.e. both locally owned and manufactured) (Yagci, 2001; Wang and Chen, 2004; Shankarmahesh, 2006).
- Consumer's product judgments (or quality perceptions) resulting from their attitudes and beliefs towards bi-national products (Brodowsky, 1998; Kim and Psyarchik, 2000; Balabanis and Diamantopoulos, 2004; Brodowsky, Tan and Meilich, 2004).
- Consumer's preferences and willingness to buy bi-national products are directly dependent on their product judgments (Pecotich and Rosenthal, 2001; Acharya and Elliot, 2003; Hamin and Elliot, 2006).

Given that the study utilises a hybrid (bi-national) product brand, there are partial associations with Australia as the source country as well as distinct foreign elements (Chao, 1993, 2001). The existence and facilitation of country-of-origin cues in the current research design have been used as a form of country stereotyping (Maheswaran, 1994; Tse and Gorn, 1993; Chattalas, Kramer and Takada, 2008) in order to unmask the ethnocentric tendencies held by consumers in terms of their product judgments and willingness to buy.

As highly ethnocentric consumers are committed to strong moral values and beliefs which summarizes that it is unpatriotic, immoral and inappropriate to buy foreign products as it would damage their domestic economy and cause loss of jobs (Shimp and Sharma, 1987; Huddleston, Good and Stoel, 2001; Kaynak and Kara, 2002); the findings have showed that highly ethnocentric consumers will exhibit negative biases towards bi-national products (i.e. foreign owned but locally manufactured) in favour of uni-national ones (i.e. both locally owned and manufactured) (Brodowsky, 1998; Acharya and Elliot, 2003; Brodowsky, Tan and Meilich, 2004). More specifically, in the presence of country cues, ethnocentric individuals are more likely to rate domestic product's quality positively and be unwilling to purchase bi-national products.

As all pathways from the consumer ethnocentrism construct are significant, the study concludes that there is only a direct (through product judgments) and negative influence on the willingness to buy bi-national brands. The confirmation of these structural pathway results mirrors that of Brodowsky (1998); Pecotich and Rosenthal (2001); Acharya and Elliot, (2003); Brodowsky, Tan and Meilich, (2004); Shankarmahesh, (2006), however deviating from Wong, Polonsky and Garma (2008) and Ishii (2009); thereby providing support and rationale to the current research and hypotheses. Hence, H_{3a}, H_{3b} are accepted, while H_{3c} is rejected.

6.25 Hypothesis Four

To examine the direct effects of economic nationalism on willingness to buy bi-national brands.

6.26 Hypothesis Five

To examine the direct effects of consumer ethnocentrism on willingness to buy Australian brands

Hypotheses four and five will investigate the conceptual relationship between the economic nationalism and consumer ethnocentrism construct toward respondent's willingness to buy bi-national brands and Australian brands respectively, independent of product judgment measures. Results of analysis will be discussed in conjunction with the research objectives. Hypothesis four proposes: *if product judgment and consumer ethnocentrism are held constant, economic nationalism will have a direct and negative impact on the willingness to buy bi-national brands* (H_4). Hypothesis five proposes: *if product judgment and economic nationalism are held constant, consumer ethnocentrism will have a direct and negative impact on the willingness to buy Australian brands* (H_5).

The results gathered from the structural model indicates that the pathway from economic nationalism toward willingness to buy bi-national brands (Economic Nationalism → Willingness to Buy Bi-national Brands) is statically significant, however the remaining pathway from consumer ethnocentrism and willingness to buy Australian brands

(Consumer Ethnocentrism → Willingness to Buy Australian Brands) reported an insignificant pathway. A summary of the factor coefficients from construct's pathways and the p – value is reported in Table 6-21.

Table 6-21: Structural Pathways from CENT and CET Constructs

Pathways	Factor Loadings	*p*
Economic Nationalism → Willingness to Buy Bi-national Brands	-.08	.020*
Consumer Ethnocentrism → Willingness to Buy Australian Brands	.21	.132 ns

Notes: *p < 0.05, **p < 0.01, ***p < 0.001; ns = not statistically significant.

6.26.1 Research Objective Two (Part Three)

To validate economic nationalism and consumer ethnocentrism as significant predictors to willingness to buy domestic/bi-national product brands, even when this enmity is unrelated to consumer product judgments.

In testing hypotheses four and five, the purpose was to confirm whether or not economic nationalism and consumer ethnocentrism, respectively, can affect consumer's willingness to buy regardless of their product judgments. As only one of the pathways from economic nationalism toward the willingness to buy bi-national brands is significant, the findings confirm an indirect influence (avoiding product judgments) on willingness to buy bi-national, however the remaining insignificant pathway from consumer ethnocentrism toward the willingness to buy Australian brands implies no connection indirectly (through product judgments) on consumer's buying behavior. In explaining these findings, a number of conceptual issues and implications are being highlighted.

The confirmation of hypothesis four illustrates that the findings are comparable to the results from several studies reveal xenophobia variables (Caruana and Magri 1996, p.39) as having direct effect on purchase decisions independent of product judgments (Klein, 2002; Wong, Polonsky and Garma, 2008; Ishii, 2009). This process indicates that consumers separate their high hostility towards a country from their assessment of that country's products or brands, that is, hostile consumers "do not distort or denigrate images of a target's country's products or brands, they simply refuse to buy them" (Klein, 2002 p. 347; Sherif 1966; Jackson, 1993; Ettenson and Klein 2005). As foreign product judgment is widely argued to be extremely complex and may result from attitudes towards a given country and the politics, economics and the history of relations with that country (Russell and Russell, 2006; Duckitt and Parra, 2004;Akhter, 2007), past research dealing with economic nationalism have shown that the concept may serve as a personal or emotional factor (Campbell, 1965; Jackson, 1993; Sherif 1966) in influencing consumer attitudes and beliefs toward different country merchandise and hence willingness to buy (Akhter et al., 2003; Akhter, 2007; Kim and Lim, 2007).

This suggest that the premise of the propose research model diverges from most behavioral frameworks in marketing studies; that people with high economic nationalistic tendencies toward a foreign country are likely to denigrate their products and brands and refuse to purchase them despite not previously judging or evaluating product brand quality. Hence, regardless if the product brand is foreign (i.e. both foreign owned and manufactured) or bi-national (i.e. foreign owned but locally manufactured) it is revealed that economic nationalistic effects will examine consumer's buying behavior towards foreign products in general, is conceptually and theoretically "country-specific", therefore avoiding a particular country's products due to economic nationalistic reasons.

On the contrary, hypothesis five reports an insignificant pathway from consumer ethnocentrism toward the willingness to buy Australian brand. Consumer ethnocentrism is empirically found to affect consumer's buying behavior when the country-of-origin cue is used to evaluate domestic and foreign products (Luque-Martinez et al., 2000; Shankarmahesh, 2006; Saffu and Walker, 2005). This suggest that ethnocentric consumers will tend to judge their own country's product as being superior to foreign products because of their moral and economic beliefs before proceeding with any kind of purchase decision (Kaynak and Kara, 2002; Wang and Chen, 2004; Vida, Dmitrovic and Obadia, 2008). In other words, ethnocentric consumers are affected by their judgments of products when deciding on their purchases. Similarly, this perspective underpins the role of country of origin as a "halo" construct that influences product attribute beliefs, or as a construct that summarizes beliefs about product brand quality judgments, and only then influences attitudes or intentions to purchase (Han, 1989; Heslop and Papadopoulos, 1993). Therefore, the assumption exist, that ethnocentric effects can only affect buying behavior directly through their product judgments, however, not independently of their product judgments.

Based on the results and discussions, H_4 is accepted, while H_5 is rejected.

6.27 Hypothesis Six

To examine the mediation between economic nationalism and willingness to buy Australian brands.

Hypothesis six expects to find that 'product judgment with Australian brands mediates the relationship between the economic nationalistic effects and willingness to buy Australian brands'. Stated otherwise, it is expected that if respondent's judged Australian brands more positively or negatively based on their economic nationalism, the willingness to buy behaviour will be mediated by the initial evaluation of Australian brands. Thus, hypothesis six proposes: *product judgment mediates the relationship between economic nationalism and willingness to buy Australian brands* (H_6). Baron and Kenny's (1986) four step mediation analysis regressions were used and subsequently confirmed with Sobel tests which can all be seen in chapter 4, section 4.18.1. Results of analysis will be discussed in conjunction with the research objectives.

Baron and Kenny's (1986) four step process was performed for the economic nationalism component, and are outlined in the following section. A summary of the results can be view from Table 6-22.

6.27.1 Step 1

Economic nationalism was regressed against the willingness to buy ‘Australian brands’ as the dependent variable. The results show that ‘economic nationalism’ is significant with willingness to buy ‘Australian brands’ (Sig = 0.000, Beta = 0.337, t = 5.036), at the 0.01 level together with a high adjusted R^2 at 0.109, which equates to almost 11%.

6.27.2 Step 2

A regression was run for economic nationalism, regressed against product judgment. Regression showed economic nationalism to be highly significant with product judgment at the 0.01 level (Sig = 0.001, Beta = 0.157, t = 3.385). However, the adjusted R^2 shows that only 2% of product judgment is explained by economic nationalism.

6.27.3 Step 3

The next regression analysis was done in order to examine the effect of the willingness to buy ‘Australian brands’ against product judgment. It was found that willingness to buy ‘Australian brands’ was insignificant with the dependent variable product judgment (Sig = 0.096, Beta = -0.118, t = -1.671). Furthermore, the adjusted R^2 figure for willingness to buy ‘Australian brands’ was less than 1% (0.009). Therefore, the mediation of economic nationalism was not possible.

Table 6-22: Mediation Results from Economic Nationalism Construct

Variables	Standardized Coefficients	t-value	p-value
	Beta		
$\mathbf{H_{6:}}$ 1. Economic Nationalism (onto WTB Australian Brands)	.337	5.036	.000***
$\mathbf{H_{6:}}$ 2. Economic Nationalism (onto Product Judgment)	.157	3.385	.001***
$\mathbf{H_{6:}}$ 3. WTB Australian Brands (onto Product Judgment)	-.118	-1.671	$.500^{ns}$

Notes: **p* < 0.05, ***p* < 0.01, ****p* < 0.001; ns = not statistically significant.

6.27.4 Research Objective Three (Part One)

To test the mediating role of product judgments of Australian brands on the relationship between the expected economic nationalistic effects and willingness to buy Australian product brands.

As explained, in order to successfully ensure and interpret a mediating relationship, a number of conditions are to be met. First, the relationships in regression analyses 1 to 3 should be significant for mediation to be possible. Given that the results gathered from the regression analysis in step 3 (see 6.27.3) were insignificant, the mediation process could not continue, hence, the mediation between the economic nationalism construct and willingness to buy Australian brands was unsuccessful. As a result, H_6 is rejected.

6.28 Hypothesis Seven

To examine the mediation between consumer ethnocentrism and willingness to buy bi-national brands

Hypothesis seven expects to find that 'product judgment with Australian brands mediates the relationship between the ethnocentric effects and willingness to buy bi-national brands'. Stated otherwise, it is expected that if respondent's judged Australian brands more positively or negatively based on their ethnocentrism, the willingness to buy behaviour will be mediated by the initial evaluation of Australian brands. Thus, hypothesis seven proposes: *product judgment mediates the relationship between consumer ethnocentrism and willingness to buy bi-national brands* (H_7). A summary of these results can be seen at Table 6-23. Results of analysis will be discussed in conjunction with the research objectives.

Table 6-23: Mediation Results from Consumer Ethnocentrism Construct

Variables	Standardized Coefficients Beta	t-value	p-value
H_7: 1. Consumer Ethnocentrism (onto WTB bi-national brands)	.208	2.989	.003**
H_7: 2. Consumer Ethnocentrism (onto Product Judgment)	.227	3.273	.001***

H_7: 3. WTB bi-national brands (onto Product Judgment)	.147	2.087	.038*
H_7: 4. Interaction: Product Judgment x Consumer - Ethnocentrism (onto WTB bi-national brands)			
• Consumer Ethnocentrism	.184	2.585	.010**
• Product Judgment	.105	1.476	.142^{ns}

Notes: **p* < 0.05, ***p* < 0.01, ****p* < 0.001; ns = not statistically significant.

The four step analysis was repeated for the consumer ethnocentrism component (see Baron and Kenny, 1986).

6.28.1 Step 1

The analysis specified that willingness to buy ‘bi-national brands’ is the dependent variable and consumer ethnocentrism as the independent variable within the equation. In order to test this, a regression was run. Consumer ethnocentrism was regressed against willingness to buy ‘bi-national brands’. The results show a significant relationship between both variables (Sig = 0.003, Beta = 0.208, t = 2.989), significance levels were at 0.05, with a recorded adjusted R^2 of 4% (0.038).

6.28.2 Step 2

This step can be seen in 6.14.2, where the same analysis took place. Consumer ethnocentrism regressed against product judgment indicating a significant result (Sig = 0.001, Beta = 0.227, t = 3.273), at the 0.01 level. The adjusted R^2 of 0.047 indicates that close to 5% of product judgment is explained by consumer ethnocentrism.

6.28.3 Step 3

This step can be seen in 6.14.3, where the same analysis took place. Regression analysis of willingness to buy ‘bi-national brands’ against product judgment found that the willingness to buy ‘bi-national brands’ was significant with the dependent variable product judgment at the 0.05 level (Sig = 0.038, Beta = 0.147, t = 2.087). The adjusted R^2 figure for willingness to buy ‘bi-national brands’ was 4% (0.047).

6.28.4 Step 4

Further regressions were run with Product Judgment and the significant consumer ethnocentrism variable against willingness to buy ‘bi-national brands’ as dependents. For the first equation with consumer ethnocentrism and willingness to buy ‘bi-national brands’, it was found that product judgment did not get significant results (Sig = 0.142, Beta = 0.105, t = 1.476). The adjusted R^2 is 4% (0.044). This is in contrast to ‘consumer ethnocentrism’ which was significant with the dependent variable at the 0.01 level (Sig = 0.010, Beta = 0.184, t = 2.585), thus proving in this equation that full mediation is taking place.

6.28.5 Sobel Tests

Sobel test analysis was run over the single consumer ethnocentrism mediation equation, in order to re-test and confirm its standing as a partial mediator. Preacher and Hayes (2004) clearly outlined the method, whereby a number of regressions are run, and raw regression coefficients and standard errors are entered into an equation (z-value = $a*b$/SQRT($b^2*s_a^2$ + $a^2*s_b^2$) where a = raw (unstandardized) regression coefficient for the association between IV and mediator, s_a = standard error of a, b = raw coefficient for the association between the mediator and the DV (when the IV is also a predictor of the DV), and s_b = standard error of b.

The Sobel test was done on the regressions of the independent ‘consumer ethnocentrism’ against product judgment and the independents ‘consumer ethnocentrism’ and product judgment against willingness to buy ‘bi-national brands’. The Baron and Kenny (1986) method suggested full mediation, and this test confirms that, with a non-significant p-value of 0.177 and a Test Statistic of 1.349.

6.28.6 Research Objective Three (Part Two)

To test the mediating role of product judgment with Australian brands on the relationship between the expected ethnocentric effects and willingness to buy bi-national product brands

The results displayed suggested full mediation through product judgment on the relationship between the ethnocentric effects and willingness to buy bi-national brands. The finding mirrors Brodowsky (1998); Acharya and Elliot, (2003) and Brodowsky, Tan and Meilich, (2004), however deviates from Wong, Polonsky and Garma (2008) and Ishii (2009). Similarly, this finding justifies earlier results from hypothesis three (section 6.24), providing similar rationale in confirming that consumer ethnocentrism can affect consumer's willingness to buy bi-national brands only directly through consumer's product judgments (Brodowsky, Tan and Meilich, 2004).

6.29 Hypotheses Eight and Nine

To examine the moderation of ethnocentric and economic nationalistic effects on product judgment

The preceding hypotheses and results have shed some important light on the key relationships between the constructs of ethnocentrism and economic nationalism and consequences pertaining to product judgments and purchase intention variables. However, further refinement was desirable through the investigation of the possible moderating effects of consumer knowledge.

Hypothesis eight proposes: *consumer knowledge moderates the ethnocentric effects on product judgment of Australian brands, such that the effect is greater (weaker) following high (low) knowledge levels* **(H_8)**. It is expected that if the respondent possesses higher levels of knowledge regarding the product brand, their ethnocentric tendencies toward judging Australian brands will be positively enforced by their higher knowledge levels and vice versa. Similarly, hypothesis nine proposes: *consumer knowledge moderates the economic nationalistic effects on product judgment of Australian brands, such that the effect is greater (weaker) following low (high) knowledge levels* **(H_9)**.

Respondents with lower levels of knowledge about the product brand may procure greater economic nationalistic reactions and feelings toward judging Australian brands more favourably as opposed to respondents with higher levels of knowledge. Similar procedures as outlined in chapter four, section 4.19 were undertaken in order to test for moderation.

For this study, the tests for uni- dimensionality and scale validity for the consumer knowledge construct revealed an EFA test of the 6-item scale indicated significant results with Barlett's test of sphericity recorded at .000 and the KMO value resulted in a score of .820, which exceeds the requirement of .60 and meeting the assumption for factorability (Coakes and Steed 2003). The examination of the eigenvalues (3.77) and Cronbach's alpha reliability of $\alpha = .876$ confirmed the 6-item construct to be a one-factor solution.

As can be seen in Table 6-24, it was found that the 'interaction term' involving consumer ethnocentric effects was significant with the dependent variable at the .01 level (Sig = 0.004, Beta = 0.378, t = 2.898), thus proving in this equation that full moderation is taking place. The adjusted R^2 is 24% (0.244). However, with Table 6-25, the results found an insignificant interaction variable involving economic nationalistic effects (Sig = 0.631, Beta = 0.051, t = 0.481), suggesting no moderation. The adjusted R^2 shows 25% (0.251).

6.29.1 Research Objective Four

To test the moderating role of consumer knowledge on the relationship between the expected ethnocentric and economic nationalistic tendencies and consumer product judgments of Australian brands.

Results from Table 6-24 have clearly indicated that the standardized regression parameter for the 'interaction term' is statistically significant, thereby supporting hypothesis eight and rejecting hypothesis nine. The results generated can be subjected to some conceptual reasoning.

Firstly, in assessing the consumer ethnocentric effects, the results confirmed that these effects on product judgment of Australian brands were moderated by consumer knowledge. To be specific, the findings assert that the effect of consumer ethnocentrism on product judgment is relatively stronger for consumers who possess a higher knowledge level (and vice versa), thereby supporting hypothesis eight. It can be speculated that ethnocentric consumers may already know about the brands in a product category, and therefore, it can be assumed that consumers who are accustomed to a particular brand will not use country-of-origin, or attribute information, to any large extent in judging that brand. In other words, consumer with higher levels of consumer knowledge may base product judgments on intrinsic attributes (such as beliefs and attitudes) rather than extrinsic cues (such as country of origin) (Maheswaran, 1994; Parameswaran and Pisharodi, 1994; Schaefer, 1997).

On the contrary, this assumption only holds true when consumers are familiar with a particular brand in the product category as there is a less tendency that they will search for more information (Punj and Staelin, 1983; Baker et al., 2002; Josiassen, Lukas and Whitwell, 2008). Therefore, in a situation where only brand name and country of origin are available as information cues, consumers are more likely to rely on country of origin if the brand name is unfamiliar than if it is familiar (Cordell, 1997; Phau and Suntornnond, 2006; Josiassen, Lukas and Whitwell, 2008). As the results involving economic nationalistic effects were insignificant, the findings suggest that consumers did not rely on country of origin cues when they evaluate an unknown brand name (hybrid/bi-national), even though these country of origin cues were explicitly stated.

This can suggest that consumers are unlikely to purchase a product when they lack sufficient or adequate information (Blackwell et al. 2001). Similarly, many respondents may not be adequately confident to rely solely on country of origin cue when judging a product with an unfamiliar brand name (Schaefer, 1997; Phau and Suntornnond, 2006). In addition, country-of-origin is noted a more complicated cue than price and warranty and its meaning differs for different product class (Phau and Suntornnond, 2006); furthermore as many international brands have a “basic credibility” or reputation based on their country of origin image (Rugimbana and Nwankwo, 2003), this indicate that consumers may find it difficult to link the unknown brand name to a country image, which resulted in less dependency of country of origin cues. Based on the results and issues discussed, an extreme perspective could assumed that the respondent’s level of product knowledge (whether based on country of origin or not) is considered irrelevant in affecting their economic nationalistic attitudes and beliefs toward their product judgment.

Table 6-24 –Results Summary of Moderation Analyses for the impact of Consumer Ethnocentrism

Variables	Mean[a]	Standard deviation	Product Judgment		Standardized Coefficients	t
			Main effects only	Interaction term included	Beta	
Product Judgment	4.880	0.855	-	-	-	-
Consumer Ethnocentrism (CET)	3.248	0.859	.009**	.690 ns	-.029	-0.400
Consumer Knowledge (CK)	2.862	1.253	.000***	.211 ns	.151	1.255
CET x CK	7.644	5.534	-	.004**	.378	2.898
R^2			.243***	.244**		
Change in R^2				.001**		

Notes: *p < 0.05, **p < 0.01, ***p < 0.001; ns = not statistically significant.

Table 6-25 –Results Summary of Moderation Analyses for the impact of Economic Nationalism

Variables	Mean[a]	Standard deviation	Product Judgment		Standardized Coefficients	t
			Main effects only	Interaction term included	Beta	
Product Judgment	4.880	0.855	-	-	-	-
Economic Nationalism (CENT)	2.538	1.043	.353ns	.029*	.152	2.202
Consumer Knowledge (CK)	2.862	1.253	.000***	.000***	.404	4.063
CENT x CK	9.446	5.437	-	.631ns	.051	0.481
R^2			.219	.251 ns		
Change in R^2				.032 ns		

Notes: *p < 0.05, **p < 0.01, ***p < 0.001; ns = not statistically significant.

Table 6-26: Summary of Hypotheses Results for Study Two

Hypotheses	Accept / reject
H1) Economic nationalism and consumer ethnocentrism are distinct but positively correlated constructs	Accepted
H2a) Economic nationalism will be positively related to product judgment of Australian brands	Rejected
H2b) Product judgment of Australian brands will be positively related to willingness to buy Australian brands	Rejected
H2c) Economic nationalism will be positively related to willingness to buy Australian brands	Accepted
H3a) Consumer ethnocentrism will be positively related to product judgment of Australian brands	Accepted
H3b) Product judgment of Australian brands will be negatively related to willingness to buy bi-national brands	Accepted
H3c) Consumer ethnocentrism will be negatively related to willingness to buy bi-national brands	Rejected
H4) If product judgment and consumer ethnocentrism are held constant, economic nationalism will have a direct and negative impact on the willingness to buy bi-national brands	Accepted
H5) If product judgment and economic nationalism are held constant, consumer ethnocentrism will have a direct and positive impact on the willingness to buy Australian brands.	Rejected
H6) Product judgment mediates the relationship between economic nationalism and willingness to buy Australian brands	Accepted
H7) Product judgment mediates the relationship between consumer ethnocentrism and willingness to buy bi-national brands	Accepted
H8) Consumer knowledge moderates the ethnocentric effects on product judgment of Australian brands, such that the effect is greater (weaker) following high (low) knowledge levels.	Accepted
H9) Consumer knowledge moderates the economic nationalistic effects on product judgment of Australian brands, such that the effect is greater (weaker) following low (high) knowledge levels.	Rejected

6.30 CONCLUSION OF STUDY TWO

Similarly with study one, the results found in study two validated significant differences in the consumer responses in the process of their product judgment and willingness to buy domestic and hybrid/bi-national product brands, as a result of the specific economic nationalistic and ethnocentric effects and country of origin cues. Although similar results were cited by Mort and Duncan (2003), the initial findings by the previous study were noted to be weakly appraised and discussed, however, the current findings of this study have evidently shown comparable results in terms of the conceptualization and validation of the economic nationalism construct to some degree.

As the comparison of ethnocentric and economic nationalistic effects showed a number of significant differences in consumer product judgment and willingness to buy domestic and hybrid/bi-national product brands, this suggest two distinct constructs and appeals that were empirically shown to be unique from one another. This distinction can be explained through a number of conceptual facts. First, economic nationalism, in contrast to consumer ethnocentrism which examines consumer's buying behavior towards foreign products in general, is conceptually and theoretically country-specific. This would mean that while consumers with low ethnocentric tendency may be willing to buy bi-national (foreign) products in general, they may however avoid a particular country's products due to economic nationalistic reasons. Similarly, highly ethnocentric consumers who have little alternative but to buy bi-national products when certain products are not available domestically, may choose to purchase from any country, while making a particular attempt to avoid products from a specific country.

The other distinction of economic nationalism from consumer ethnocentrism, as outlined briefly earlier, is that the former construct can affect consumer's buying behavior directly and independently of their product judgments (Bilkey and Nes, 1982; Netemeyer et al., 1991; Verlegh and Steenkamp, 1999; Papadopoulos and Heslop, 2003). Such findings by this study have asserted the economic nationalism construct to be independent of willingness to buy from consumer ethnocentrism, expressing that both constructs are distinct and have differentiating effects on foreign product preferences.

This suggest that while highly ethnocentric consumers tend to judge their own country's products as being superior to bi-national products because of their moral and economic beliefs, economic nationalistic consumers (regardless of the presence of ethnocentrism) are not affected by their judgments of products when deciding on their purchases. Despite recognizing that a foreign product may be far more superior in quality or price, economic nationalistic consumers may choose to avoid purchasing any product from an offending country which they have enmity against.

Aside from the differences outlined, this study has also shown commonalities in two areas. First, both the economic nationalism and ethnocentrism constructs are empirically found to affect consumer's buying behavior when the country of origin cue is used to evaluate foreign products (Bilkey and Nes, 1982; Hong and Wyer, 1989; Han, 1989; Shimp and Sharma, 1987; Papadopoulos and Heslop, 1993; Mort and Duncan, 2003). This can be largely attributed to the fact that country of origin information/cues was explicitly embedded into the advertising stimuli for this study as opposed to study one. In addition, the significant correlation between the two constructs within the model (as validated by hypothesis one) confirms certain theoretical similarities (Mort and Duncan, 2003). Therefore, in comparison to study one, the effects from both constructs were equally represented within the study and research model.

6.31 SUMMARY

The results of the studies have shown some hypotheses being supported and, in most instances, theses hypotheses had been either well-supported by the literature or were substantiated with sound arguments. Table 6-14 and 6-26 provide a summary of the hypotheses and results for study one and two respectively. While there are hypotheses that had to be rejected, they are still considered important findings. Some of these may, in fact, warrant further insights to the current literature. Understanding these country of origin associations will assist managers in evaluating their own fit assessments and developing potentially successful leveraging strategies in a globalised environment. The following concluding chapter will highlight the conceptual, methodological and managerial contributions of the study.

CHAPTER 7
CONCLUSION

7.1 INTRODUCTION

In this concluding chapter, the relevance of the present research findings to the original research problem, propositions, and existing literature within the field is discussed, as are the implications of these findings to the body of literature to policy and practice. The limitations of the current study are presented, in addition to the justifications for the existence of these limitations within the research. This chapter provides a general discussion for the conceptual, methodological and managerial contributions. It concludes with the avenues for future research uncovered both during the commission of the current study, and as a result of its findings, has been identified.

7.2 SUMMARY OF FINDINGS

Based on the study discussions outlined in chapter 6, a number of comparisons with the findings and results were evident. Table 7-1 provides a relative summary of the hypotheses and their results respectively. While the acceptance of some of the hypotheses provided confirmation for the current research objectives, there are hypotheses that had to be rejected; however, the overall research considers these important findings that may possibly warrant further insights to the current literature. As previously discussed, a dominant research objective was to determine the extent to which economic nationalism and ethnocentrism will impact on respondent's product judgment and willingness to buy. To be specific, this meant validating the significant differences in consumer responses towards their product judgment and willingness to buy uni-national and bi-national product brands. These consumer responses were also interpreted as a result of the respective economic nationalistic and ethnocentric effects elicited through country of origin cues. Given that the two main studies were conducted via a multi-cue framework, this has allowed for some comparisons and implications to be drawn.

Table 7-1: Summary of Hypotheses Results for Study One and Study Two

Hypotheses	Study One Accept/ Reject	Study Two Accept/ Reject
$H_{1:}$ Economic nationalism and consumer ethnocentrism are distinct but positively correlated constructs.	Accepted	Accepted
$H_{2a:}$ Economic nationalism will be positively related to product judgment of Australian brands.	Rejected	Rejected
$H_{2b:}$ Product judgment of Australian brands will be positively related to willingness to buy Australian brands.	Rejected	Rejected
$H_{2c:}$ Economic nationalism will be positively related to willingness to buy Australian brands.	Rejected	Accepted
$H_{3a:}$ Consumer ethnocentrism will be positively related to product judgment of Australian brands.	Accepted	Accepted
$H_{3b:}$ Product judgment of Australian brands will be negatively related to willingness to buy bi-national brands.	Accepted	Accepted
$H_{3c:}$ Consumer ethnocentrism will be negatively related to willingness to buy bi-national brands.	Rejected	Rejected
$H_{4:}$ If product judgment and consumer ethnocentrism are held constant, economic nationalism will have a direct and negative impact on willingness to buy bi-national brands.	Rejected	Accepted
$H_{5:}$ If product judgment and economic nationalism are held constant, consumer ethnocentrism will have a direct and positive impact on willingness to buy Australian brands.	Rejected	Rejected
$H_{6:}$ Product judgment mediates the relationship between economic nationalism and willingness to buy Australian brands.	Rejected	Accepted
$H_{7:}$ Product judgment mediates the relationship between consumer ethnocentrism and willingness to buy bi-national brands.	Accepted	Accepted
$H_{8:}$ Consumer knowledge moderates the ethnocentric effects on product judgment of Australian brands, such that the effect is greater (weaker) following high (low) knowledge levels.	Accepted	Accepted
$H_{9:}$ Consumer knowledge moderates the nationalistic effects on product judgment of Australian brands, such that the effect is greater (weaker) following low (high) knowledge levels.	Rejected	Rejected

Firstly, both studies reported positive correlations between the economic nationalism and consumer ethnocentrism constructs. Despite this correlation, tests of discriminant validity suggested the two constructs to be distinct and independent from each other. At this stage, it was expected that the relationships between economic nationalistic and ethnocentric effects would have possible commonalities and distinctions in determining consumer product judgment and buying behaviour. The results from study one showed that the hypothesised pathways from the economic nationalism construct were insignificant, which virtually suggested that the consumer ethnocentrism construct is the only construct in the model that is strongly influencing the lack of willingness to buy foreign and bi-national products. In other words, the higher the presence of consumer ethnocentrism, the less likely one would buy foreign or bi-national products. Such findings by the study (i.e. paths from consumer ethnocentrism being significant, and paths from economic nationalism being not significant in the structural model) can be reasonably interpreted.

Study one concluded that the limited significance for the economic nationalism construct was largely a cause of the construct's theoretical and conceptual infancy in literature. On the other hand, the 'implicit' approach in facilitating the country of origin information/cues as part of advert stimuli may have further attributed towards the redundancy of the construct and complexity of the results found in this study. Therefore, this study concluded that consumer ethnocentrism played a more decisive role in determining respondent's reactions to product quality judgment and their willingness to buy bi-national product brands.

With regards to the findings and discussions of the second study, the comparison of ethnocentric and economic nationalistic effects suggested two distinct constructs and appeals that were empirically shown to be unique from one another. While the hypothesised pathways from the consumer ethnocentrism construct were significant, the effects of ethnocentrism were found to be directly dependent on the consumer product judgments; this is to suggest that the influence of ethnocentric effects on consumer willingness to buy was only significant through their product judgments. However, unlike consumer ethnocentrism, economic nationalism was found to affect consumer's buying behaviour directly and independently of their product judgments. Despite the differences, this study has also identified some similarities between the constructs, that is, both the economic nationalism and ethnocentrism constructs are empirically found to affect consumer's buying behaviour when the country of origin cue is used to evaluate foreign products. This suggests that the explicitly approach in exploiting the country of origin information/cues through the advert stimuli in this study has provided respondents with a possible country stereotype in justifying their underlying economic nationalistic and ethnocentric tendencies more openly and accurately as opposed to the limitations found in study one. Therefore, in comparison to study one, the overall results in this study suggested that the effects from both constructs were equally represented within the study and research model.

7.3 CONTRIBUTIONS / IMPLICATIONS

As a result of the research undertaken in this study a number of conceptual, methodological and managerial contributions are made. This includes support of, and in cases contradiction to, previous works, as well as providing new information previously unknown or empirically explored. These specific contributions follow.

7.4 CONCEPTUAL CONTRIBUTIONS

7.4.1 Overview

This research and the theoretical base on which it is conducted hold valuable implications for the growing literature on attitude formation and purchase behavioral tendencies, which itself is an important individual-level construct for the better understanding of country of origin cues in marketing dynamics. The research contributes substantively by depicting the specific theoretical meaning and role that each studied construct plays.

7.4.2 Distinguishing the effects of COO cues

One of the research objectives was to investigate the proposed country of ownership (COown) "owned by" cue in the context of a multi-cue study that also included the traditional country of origin (COM) "made in" cue in an attempt to establish any differing effects that may impact on consumers decision making. In distinguishing the effects of the present country cues, the study re-explores the underlying relationships between economic nationalism and consumer ethnocentrism through a more extensive and thorough conceptualization of the economic nationalism concept as an extension of Balabanis et al. (2001).

Fundamentally, the study has reflected that the respective ethnocentric or economic nationalistic tendencies experienced by the Australian consumers were commonly attributed to their interpretation of country of origin information/cues (i.e. COown or COM cues) when assessing product brands. This validated the existence and importance of the COown cues in consumer preference formation and supported it as distinct from COM cues. Such implications verify that markets can be potentially segmented on the basis of the two types of country of origin cue, whereby separate groups favoring and placing importance on either "owned by" cues, "made in" cues or "both" (as explained by social identity theory and self-categorization theory). Given that segmentation using country of origin has not been extensively developed, this study contributes by drawing to the fact that segmentation can be undertaken based on the two different types of country of origin cues.

7.4.3 Theoretical validation of the effects of Economic Nationalism and Consumer Ethnocentrism

Consumer ethnocentrism and economic nationalism are concepts derived from a sociology and psychology background, however the two are subjected to severe absence of theoretical support to rationalise their marketing implications. Aside from evidence demonstrated through marketplace activity (Shankarmahesh, 2006; Chryssochoidis, Krystallis and Perreas, 2007; Poon, Evangelista and Albaum, 2010), subsequent literature had focused very little on exploring the underlying reasons for such consumer behaviors and attitudes. Despite the continuous effort to build on the literature, researchers have little theoretical knowledge as to the operationalisation of ethnocentrism and economic nationalism in terms of the influences on marketplace activities. In fact, there are several studies that have advocated such criticism in the literature (Samiee, 1994; Li Dant, 1997; El Enein and Phau, 2005; Kea and Phau, 2008). Therefore, relevant theories relating and justifying the effects of ethnocentrism and economic nationalism to the business environment were drawn to provide the foundation in the investigation of consumer's product judgments and willingness to buy Australian and bi-national product brands.

7.4.4 Conceptual Facts and Findings

In justifying and providing some rationale to the above conceptual claims, the following conceptual issues and implications of the study are outlined:

1. The theoretical rationale of in-group versus out-group comparisons (Levine and Campbell, 1972; Tajfel and Turner, 1986) and judgments (Sherif, 1966; Jackson, 1993) were established in the study through the indications of respondent's product judgments and willingness to buy uni-national local products (i.e. both locally owned and manufactured) or bi-national products (i.e. foreign owned but locally manufactured).
    - Ethnocentric consumers expressed more positive product judgments for uni-national local products rather than bi-national products (Acharya and Elliott, 2003; Brodowsky et al. 2004), signaled their resistance to compromise on their beliefs and opinions (as supported by social identity theory and self-categorization theory), even when there are local affiliations.
    - On the contrary, when no COO cues are available, consumers with low levels of ethnocentricity would be more pragmatic and evaluate bi-national products in relative terms based on their own merit and the utility or functionality in terms of product offerings (Jaffe and Nebenzahl, 2001; Vida and Dmitrovic, 2001; Reardon et al. 2005), without consideration of origin (Piron, 2000; Javalgi et al. 2005; Wong, Polonsky and Garma, 2008).

2. As a cognitive shortcut, country-of-origin links a product to an associative network of culturally shared national stereotypes with cognitive, affective and normative connotations (Obsermiller and Spangenberg, 1989; Verlegh and Steenkamp, 1999). More specifically, as a cognitive process, country of origin is view as a “heuristic” (see, e.g., Eagly and Chaiken, 1993; Maheswaran, 1994; Hadjimarcou and Hu, 1999; Maheswaran, 2006; Solomon, 2006) for making inferences about product quality. Heuristic processing was observed with the affect of economic nationalism toward bi-nationality in relation to the Australian consumer’s willingness to buy is likely to be directly and independently of their product judgments (Verlegh and Steenkamp, 1999; Papadopoulos and Heslop, 2003; Akhter, 2007).
    - Australian consumers will have the tendency to denigrate bi-national product brands through their predisposed economic nationalistic beliefs and refuse to purchase them despite not previously judging or evaluating product brand quality.
3. The “discontinuity effect” (see, e.g., Brown, 1954; Insko, Schopler, Kennedy, Dahl, Graetz and Drigotas, 1992) employed by the realistic group conflict theory and social identity theory in addressing individual-group differences (see Chapter 3, Section 3.4.1). The conceptual similarities and differences between consumer ethnocentrism and economic nationalism can be largely attributed to an assessment of willingness to buy uni-national versus bi-national products (Verlegh and Steenkamp, 1999; Papadopoulos and Heslop, 2003).
    - Economic nationalism, in contrast to consumer ethnocentrism which examines consumer’s buying behaviour towards bi-national products in general, is conceptually and theoretically country-specific (Mort and Duncan, 2003; Akhter et al., 2003; Akhter, 2007).
    - The other distinction of economic nationalism from consumer ethnocentrism, as outlined briefly earlier, is that the former construct can affect consumer’s buying behaviour directly and independently of their product judgments (Verlegh and Steenkamp, 1999; Papadopoulos and Heslop, 2003).

- The two constructs, however, have commonalities in two areas. First, both constructs are empirically found to affect consumer's buying behaviour when the country-of-origin cue is used to evaluate bi-national products (Kim and Pysarchik, 2000; Akhter et al., 2003; Mort and Duncan, 2003; Brodowsky et al. 2004). Similarly, the study has also shown correlations between the two constructs in consumer's purchase decisions (Shin, 2001; Mort and Duncan, 2003; Nijssen and Douglas, 2004).

4. The theory of confirmation bias (Evans, 1989; Nickerson, 1998) underpinned the noticeable variations that were found in the Australian consumer's product judgments of Australia brands given their level of product and/or country knowledge or brand familiarity regarding the specific product category (see, e.g., Maheswaran, 1994; Parameswaran and Pisharodi, 1994; Schaefer, 1997; Baker et al., 2002; Phau and Suntornnond, 2006).
    - The findings assert that the effect of consumer ethnocentrism on product judgment is relatively stronger for consumers who posses higher knowledge level (and vice versa), suggesting prior familiarity with brand, and therefore, direct experience with a particular brand is likely to enhance the use of brand name specifically as a choice criterion, thus diminishing the effects of country of origin cues in the process (Hoyer and MacInnis, 2001; Swaminathan et al. 2001; Baker et al., 2002).
    - Economic nationalistic effects, however, were subjected to no moderation. This suggests that consumers are unlikely to purchase a product when they lack sufficient or adequate information (Blackwell et al. 2001). Similarly, many respondents may not be adequately confident to rely solely on country of origin cue when judging a product with an unfamiliar brand name (Schaefer, 1997; Phau and Suntornnond, 2006).

7.5 METHODOLOGICAL CONTRIBUTIONS

7.5.1 Overview

The most significant methodological contribution is the development and validation of a single scale to measure the consumer economic nationalistic tendencies explored. The process and instruments used in conducting the research included a sound methodology developed predominantly from previous works, but applied to the comparison of ethnocentric and economic nationalistic tendencies.

The present research is also based on a modeling concept that identifies a multi country of origin cue(s) research design that entails the key constructs and moderator with regards to willingness to buy uni-national and bi-national product brands. Furthermore, the study has employed a more in-depth measure of analyses such as structural equation modeling techniques and hierarchical moderated regression analyses. One of the benefits in using structural equation modeling has allowed for the creation of composite variables in order to better facilitate and measure constructs (i.e. economic nationalism) as a congeneric measurement model rather than a parallel or higher order measurement model in adhering to overall structural model fit. As it is becoming apparent that emerging research in country of origin has drawn on such rigorous analytical techniques, methodological processes in this research could be used or adapted in future studies to establish the other varying effects of economic nationalistic appeals on other responses.

7.5.2 Scale Development: CENTSCALE

Phase one of the research entailed four steps and four studies resulting in a 10-item CENTScale including an assessment of economic and work related tendencies. This scale fulfils an important gap in the current literature and in previous instruments, as an initiative in testing for the existence and level of the specific economic nationalistic effects and country of ownership predispositions via an appropriate psychometrically valid and reliable measure (Baughn and Yaprak, 1996; Mort and Duncan, 2003) that distinguishes from Shimp and Sharma's (1987) CETSCALE. The CENTScale will undoubtedly assist in many future studies that should be conducted in this area.

7.6 MANAGERIAL CONTRIBUTIONS

7.6.1 Overview

This study holds several implications for marketing and management practice. Once empirically verified, the research propositions advanced in this paper provide important insights into consumer response to product brand associated with various nations and their associated COO cue effects and stereotype contents. It is important to note that the managerial implications and recommendations addressed in this section are not solely confined to a specific sector or trade in the commercial industry, rather its applicability will have important ramifications for a range of marketplace activities and business strategies implemented by multi-national corporations as well as the domestic retail stores and supermarkets.

7.6.2 Marketing to the "Hostile Consumer"

As the global economy becomes more integrated, disruptions caused by economic nationalism can have deleterious consequences. Although the business environment has improved with the opening of economies and increasing transparency, economic nationalism continues to shape the business environment in every country market (Akhter, 2007). For multinational companies, these disruptions can impeded the achievement of financial and marketing goals. This is especially prevalent when companies have to deal with hostile countries and consumer groups. A hostile country or consumer will tend to identify strongly with the dominant culture and feel low levels of allegiance to foreign cultural origins (Zarkada-Fraser and Fraser, 2002). These consumer groups exhibit high levels of ethnocentrism and or economic nationalism and are therefore more likely to be aggressive towards foreign firms.

In light of this predicament, marketing managers must now understand why and how they use the "owned by..." and "made in..." cues, and not simply assume that the cues carry the same effects. In this manner, marketing professionals cannot assume that standardisation of these cues is correct as it is likely that consumers in different countries will respond differently given differing levels of ethnocentrism and economic nationalism. The following discussions will aim to provide some strategic solutions and directions to the ongoing country of origin related issues facing international businesses when dealing with hostile countries and consumers.

7.6.3 Primary Problem Overview

The primary issue facing international marketing managers is the level of economic nationalism towards target offending (foreign) countries. To be specific –

- Economic nationalistic effects and reactions may translate into bias and prejudice and this will be of a grave concern when importing products from offending countries as consumers would probably boycott them (Shin, 2001; Akhter et al. 2003).
- Government policies restricting foreign activities (see Lander and Meller, 2006; Kim and Lim, 2007), will be of concern for local businesses entry into a foreign market with domestic products on international terms.

7.6.4 Suggestions to global marketing practitioners

As a way to combat and reduce the effects of economic nationalism in these countries, first, international marketing managers should be cautious of the relative increase in economic power of foreign nations. This is particularly evident in economically developed countries, as economic nationalism could conceivably be stimulated by the threat to a group's (nation) relative status and self-esteem resulting from such unfavourable comparison even if the home country's standard of living is increasing on an absolute scale.

Nation-level

A proactive approach for multinational companies would involve emphasizing the benefits it will deliver to the domestic economy by entering the country market. To elaborate, international marketers should convey to local consumers that they recognize their country's superiority and that foreign products do not impose any significant threat to their country's superiority or dominance. For example, in entering overseas "hostile" markets such as South Korea during poor economic times, it is highly recommended that local businesses obscure the country image of “Australia” or “Australian product” (i.e. ‘made in’ or ‘imported from’ cues).

Global marketing practitioners will require careful considerations on advertising and branding strategies such as whether to employ a standardised or a localised campaign would also be necessary (Chow, Tang and Fu, 2007). For example, Australian firms can de-emphasise on foreign national superiority or dominance such as to avoid using any national icons or symbols (i.e. the Australian flag, green and gold colours, or native animal or structural symbols like the Kangaroo or the Sydney opera house). Further, it is critical for marketing managers to ensure the ‘appropriateness’ in using local or foreign celebrities as endorsers, or different packaging/brand names to attract and not offend the local markets.

Corporate-level

International firms will need to downplay or accentuate on certain business activities that is to focus more or less on COO subcomponents (i.e. manufacture or ownership cues), depending on national superiority or dominance (van Pham, 2006). To implement this, business alliances and joint ventures are fresh opportunities for companies to gain new market entry that may otherwise be difficult to reach effectively. For example, Shanghai-Volkswagen also known as Volkswagen Group China (VGC) is the subsidiary of the Volkswagen Group (Germany's largest automotive manufacturing group) in the People's Republic of China.

The Chinese market is one of the main markets of the Group Operations of Volkswagen in China that drives the production, sales and services of whole cars, parts and components, engines and transmission systems (Naughton et al., 1999; (*The*) *Economist*, 2005). This approach allows for German car manufacturers such as Volkswagen to emphasized “Chinese made” through their China manufacturing locations, not the ownership of the company (Wong, Polonsky and Garma, 2008). This strategy can be meaningful for a company’s market entry mode decision.

On the other hand, *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 (Erdem, Swait and Valenzuela, 2006; Kotler and Gertner, 2004). 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 (Heslop, Lu and Cray, 2008). For instance, *"French-ness"* (i.e. French, France and French wine) could be highlighted to a greater extent in communication strategy. 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*. However, in retrospect, if a company possess a negative COO image, it may be better not to emphasize brand origin.

Overall, in entering international markets or marketing to hostile consumer segments, it is recommended that foreign firms deliberately repressed any origin disclosure to the brand or product. For example, businesses should avoid raising awareness of any nationality or seek country replacement for the ownership of the company (short-term strategy). In addition, businesses should contemplate alternative markets if any sort of prolonged xenophobic effect continues to be a driving mechanism within the domestic market in elevating animosity amongst the locals (long-term strategy).

7.6.5 Marketing to the "Independent Consumer"

Similarly, businesses must also be aware of "independent" countries and its consumers. These nations and consumers are known to hold no driving allegiance to a particular country and base their support or otherwise purely on rational factors related to the firm or its products more than their emotions (Zarkada-Fraser and Fraser, 2002, p. 295). While the effects of various country-of-origin sub-components on consumer evaluation of products or purchase intention were identified as being significant in the past (e.g., van

Pham, 2006; Bhaskaran and Sukumaran, 2007; Ahmed and D'Astous, 2008), this study casts possible doubt on country-of-origin importance for Australian consumers. This finding is especially important for the local market, as the increased existence of bi-national products have appeared to be the norm for consumers in this country who may in fact accept or even expect these multinational (hybrid) products.

7.6.6 Secondary Problem Overview

The secondary issue facing international marketing managers is a global marketer's dilemma, that is, the need to adapt/adjust business activities to a globalized marketplace environment. To be specific -

- Globalization leads consumers to believe that the world is converging and becoming one "country (Chow, Tang and Fu, 2007), thus requiring the joint input of various countries leads consumers to possibly adopt a more global perspective (Suh and Kwon, 2002).
- Bi-national product brands are becoming more localised through joint ventures will further dilute the importance of ethnocentrism, economic nationalism and COO sub-components.

7.6.7 Suggestions to manufacturer

Based on the present investigation, independent consumer segments may be inclined to be more rational in judging products and making purchases. These consumers have insights with regards to the individual countries and the roles they excel in; as it is equally apparent that positive country images generated by country-of-origin sub-components can be utilised to recognize specific competencies relating to product quality (i.e. Iran and woollen rugs) (Phau and Suntornnond, 2006 ; Heslop, Lu and Cray, 2008). Therefore, firms offering bi-national product brands should strategically explore, select and communicate production sites of design, assembly and ownership in any country that is compensatory in terms of perceived competence (i.e. provide competitive pricing opportunities) and warmth dimensions, similar to principles of co-branding strategies.

This strategy, however, highlights a cautionary note and may not be applicable for brands from all countries. For example, instead of manipulating country of origin cues, South

Korean and Malaysian brands such as “LG”, “Samsung” and “Proton” that have not established strong brand and manufacturing reputations in the various international markets (e.g., Simpson, Sykes and Abdullah, 1993; McNulty, 1999; Fifield, 2004; Kim, 2006), will have to rely on penetration pricing strategies and long product warranties.

These marketing tactics and strategies are designed to help consumers to trade-off less than positive country of origin 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 consumers become increasingly aware of component origins, such situations can then be countered with educational promotions (Karunaratna and Quester, 2007).

Overall, this managerial focus supports the view that the benefits of globalization eventuates over time, as consumers begin to evaluate product attributes, rather than the composition of COO dimensions. For example, as Pacific Brands shift some local manufacturing to China, the main cause attributed to the fact that local Australian consumers were not prepared to pay more for Australian-made goods (Pacific Brands boss blames Australian consumers for China move 2009), hence implying that the local market is more inclined to substitute ethnocentric or patriotic tendencies and country of origin for extra product benefits. In hindsight, with the opinions of consumers being less favorable to ethnocentric desires, the manufacturing of local products in cheaper labor economies will allow businesses to save on the production and material costs. This leverage would mean that companies can pass these savings onto consumers, resulting in lower and more competitive prices.

While the cost of production is relatively cheaper in a country such as China, marketing managers will still need to be mindful of the perception that China-made products may not translate or meet desirable product attribute expectations (i.e. high quality, durability etc). Therefore, a suggestion would be to divide the products into two categories. In this case, the manufacturer can still produce high-end products, however, it would be advantageous to introduce a cheaper product alternative (i.e. me-too/mimic product); perhaps produced in China. Profit margins would decline at first, although the recognition and status of the brand name would mean that consumers would feel as though they are receiving excellent value for money in purchasing low-end products.

7.6.8 Implications for Australian marketing managers

Based on the present research, there are several aspects of managerial implications that can or should be considered by local businesses. Firstly, 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).

Secondly, with the emergence of hybrid/bi-national merchandise, statistics show that out of a possible 50,000 items in the Australian supermarkets, only 10 percent are now made locally and owned by Australia companies thus the remaining 90 percent of products are either manufactured overseas or owned by foreign companies (Keeping jobs here 2009). The fact that everyday Australian products are being replaced by foreign ones is rapidly becoming an urgent issue for local retailer groups and businesses (The decisions, profits and jobs must stay here 2009), as it makes it increasingly difficult and confusing for Australians trying to track down the true-blue "Aussie" brands. 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; Insch and Florek, 2009).

Current labelling laws will also need to be reviewed as product labels especially in supermarkets are now perceived to be confusing and deceptive (Deceptive labeling is costing Australian jobs 2009; Lusk et al., 2006). In addition, governments and policy advisers can introduce policies that restrict the activities of foreign organizations, thus to secure local strategic industries and keep controlling interest (For sale? – NO!!! 2010).

Such action can manifest itself in the rejection of foreign goods, subsidies to make domestic firms more competitive, different tariff quotas and noncompliance with international trade agreements (Akhter, 2007; Kim and Lim, 2007). Lastly, 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 tendencies and cause boycotting of foreign products (Klein, 2002).

7.7 SUMMARY OF MANAGERIAL SUGGESTIONS

This study is unique in several ways in contributing to understanding country image and country equity through a number of managerial implications:

- Product/brand image will need to be separated from the COO and strategically determined whether to actively communicate or to disguise the COO sub-components pending sentiment/hostility levels in the local marketplace (Kim, 2006; Kim and Lim, 2007; Heslop, Lu and Cray, 2008).
- Entry into a foreign market: a company that plans to export products from a country with a positive COO image to a transition economy should actively communicate its COO. Collaborative forms of market entry (e.g. joint ventures) are often used, especially in transition economies (Wang and Yang, 2008; Wong, Polonsky and Garma, 2008).
- Strategically explore, select and communicate product attributes derive in terms of perceived competence (i.e. competitive pricing opportunities, long product warranties, or co-branding strategies), instead of simple country of origin distinctions (i.e. domestic or foreign) (Erdem, Swait and Valenzuela, 2006; Kotler and Gertner, 2004). Educational promotions will need to be in place as an ongoing counter measure to sustain this strategy in the long-term (Karunaratna and Quester, 2007).
- Cheap labor economies will bring a manufacturing opportunity to produce cheaper product alternatives (i.e. me-too/mimic product), offsetting high production costs and allow for new market expansion; while still maintaining its

original production profile (Essoussi and Merunka, 2007; Wong, Polonsky and Garma, 2008).

- Local business can form networks with other domestic companies that exclude foreign involvement and confine activities to those within the network. Labelling and merger and foreign investment review laws will need to be revised to secure local strategic industries and keep controlling interest (Akhter, 2007; Insch and Florek, 2009).

7.8 LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

In light of the number of limitations that exists for this research, subsequent research opportunities for further research have also been delineated.

Firstly, the study is based on a cross-sectional perspective, rather than on a longitudinal one thus it limits the information of the long term impact of the variables and factors reviewed. Researchers have maintained the fact that economic nationalism is out of place in today's interdependent global economy (Macesich, 1985; Reich, 1991; Shankarmahesh, 2006), thus undermining the basis for nationalist economic policies. However, the continued support for such policies is quite evident in political activities of this and other nations, and such sentiment appears to ebb and flow with changes in domestic economic conditions and international competition (Baughn and Yaprak, 1996; Akhter, 2007; Ishii, 2009). Through the measurement of economic nationalism at the individual level, this "ebb and flow" may be tracked over time on socioeconomic, regional and national levels.

Certainly further work is needed in the development and further validation of the construct scales and their application in other multi-year research in instances of international conflict or other major events (Heslop, Lu and Cray, 2008). As nations evolve in their level of economic development and subsequently, level of perceived status and competitive threat, the specific contents of their national stereotypes may also shift. Therefore, it would be interesting to further examine the nature of the relationship between national stereotypes and the country-of-origin effect over time. Several studies such as Balabanis et al. (2001), Akhter et al., (2003), Mort and Duncan, (2003) and Akhter, (2007) have advised that there exist the probability of significant difference observed between studies that were of a longitudinal nature and those of a cross-sectional nature. Therefore, by employing a much longer range of time, the findings attained should be more reliable.

Secondly, this research was conducted in a single developed nation of Australia; hence caution should be used in extrapolating the current results to other national context. Consumer's propensity to differentiate between of country of origin effects and product types varies across nations (Wang and Yang, 2008). It is suggested that this can be attributed to differences in cultural and societal values (Hofstede, 2001; Oliver and Lee, 2010) and greater experience with product purchase due to product availability and variety in the market place (D'Astous et al., 2008). Future studies may find that this tendency is explained by national differences in cognitive style (Riding and Rayner, 2001; Karunaratna and Quester, 2007), thus advances in consumer research require that the validity of existing theories and models and their degree of generalisation be examined in non-Western, emerging consumer market contexts (Chow, Tang and Fu, 2007). Arguably, emerging markets in the Middle East and South Asia are said to be more exposed to foreign influences, rendering its consumers to the increased availability of hybrid/bi-national merchandise (Wong, Polonsky and Garma, 2008; Oliver and Lee, 2010). These consumers from emerging countries are known to be more susceptible to political, economic, and military conflicts over a long period of time (Klein et al. 1998; Klein, 2002; Shoham et al. 2006; Akhter, 2007). Finally, conspicuous consumption in emerging countries is increasing and expanding to more consumer segments and product categories. Therefore, in light of these issues, this area of research remains one of considerable interest for research on brand image and country-of-origin effects.

Thirdly, the data collected in this study came from only two data collection sites and concerned a single product category and country. The current experimental design of the study includes no other informational cues other than country of manufacture, country of ownership and the brand/product category with fewer complexities and low involvement. However, it is subjected to argument as to whether or not wine as a product category is high or low involving (see Judica and Perkins, 1992; Dodd et al., 2005). Therefore, one should be cautious in attempting to generalise the results of this study across consumers and other products. A natural extension of the study would be to replicate the analysis with a dataset that includes product categories that are typically high-involvement. Additionally no effects of multiculturalism were ascertained from the responses, even though Australia is fast becoming a multi-cultural society. The testing of multicultural tendencies through a segmentation of consumers on the basis of their cultural background would provide a more in-depth insight as to how consumers with multiple citizenships or migrants would act in response to different national stereotypes and in particular, hybrid and/or bi-national merchandise and brands (Balabanis and Diamantopoulos, 2004; Vida, Dmitrovic and Obadia, 2008; Poon, Evangelista and Albaum, 2010).

Fourthly, the constructs investigated in this study may not be perceived as exhaustive and in some instances, narrowly measured. By using only selected variables and studying their impact based on respondent’s responses, the employment of a much wider range of behavioral indicators will confirm and produce additional or more reliable findings. Given this perspective, two issues are important here and could be usefully explored in future research.

The first issue involves other xenophobic variables that may be related to the Australian consumer’s attitude formation, product judgment and willingness to buy bi-national (hybrid) products can be internal (psychological attributes) or external to an individual (circumstances, happenings etc). For example, variables such as animosity (Klein et al. 1998), patriotism (Kosterman and Feshbach, 1989) and even racism (Becker 1957; Ouellet, 2007) should be considered, and model to the exact mechanism for the operation of the owned by cue in a similar way to Nebenzahl et al. (1997) in examining the overall COO effects. Therefore, the relationship between nationalism, patriotism, internationalism, economic nationalism and consumer ethnocentrism should be researched, in an extension of Balabanis et al. (2001).

The second issue involves the consumer's level of moral maturity (Kohlberg, 1984) could be important in determining the effects and relationships amongst the factors and variables under study. For instance, one of the main tenets of consumer ethnocentrism refers to whether or not it is morally acceptable to consume foreign products (Shimp and Sharma, 1987; Luque-Martinez et al., 2000; Chryssochoidis, Krystallis and Perreas, 2007). Understanding how different consumers define their moral obligations to their country and whether these obligations include preferential consumption of domestic products should throw light on how ethnocentric judgments are formed. In addition, ethnocentrism and its effect on product evaluations based on country of origin have been found to be influenced by consumer demographics such as age, gender, education and income (Good and Huddleston, 1995; Poon, Evangelista and Albaum, 2010).

The lack of examination of socio-demographic effects in the model tested is a limitation to the interpretation of current findings. Future research should attempt to account for socio economic or demographic factors such as important controls for education, social status and income that are bound to impact on the relationships at the heart of the proposed research hypotheses. This also emphasizes the need to carefully control for other social and economic characteristic of the respondents.

Finally, a more complete and improved product-country knowledge or familiarity measure in terms of an appropriate psychometrically valid and reliable scale than the one that was used in this study must be developed (Schaefer, 1997; Phau and Suntornnond, 2006; Ahmed and D'Astous, 2008). Evidently, results have confirmed the significant role played by product-country knowledge as a moderating variable in explaining the variance contained in COO evaluations. These findings have highlighted the further need to effectively and efficiently conceptualize and increase consumer's familiarity with a COO (Scribner and Weun, 2001; Lin and Zhen, 2005; Lin and Chen, 2006). This type of "familiarity" or "knowledge" examined may be based on tangible, product-related information or intangible effects such as the halo effect (Han, 1989; Heslop and Papadopoulos, 1993) or a combination of both.

Previous studies have shown that country marketing can create dimensions, which in turn will affect consumer attitudes and responses (Maheswaran, 1994; Parameswaran and Pisharodi, 1994; Laroche et al. 2005); hence, it is important that the antecedents and consequences of product-country knowledge or familiarity be fully comprehended. Therefore, the construction of a multi-item scale to measure product-country knowledge or familiarity is a pre-requisite to being able to take more appropriate country of origin actions in multi-cue settings. By creating studies that deal with these potential limitations and future research questions, a more accurate assessment of the relationships between factors that predict consumer attitude towards the bi-national product brands can be examined. As globalization increases, this line of research will become more critical for both academics and marketers alike. Notwithstanding the limitations of this research, its findings will carry useful implications for managerial practice.

7.9 CONCLUDING COMMENTS

This chapter provided a summary of the results of the current study, in the form of meaningful conclusions. Through the presentation of these conclusions, in terms of both their contributions to the current literature and their practical implications, the justification of the undertaking of this research is further established. The outlining of the limitations of the study highlights the scope of the generalisability of these results, and the presentation of avenues for future research into the area provides a sound platform upon which to develop and extend the work embarked in this research.

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Appendix A: Survey Instrument: Phase One, Stage One

Note: survey has been reformatted to fit margins of the thesis. This has resulted in smaller font size than the original. Readability of original survey was superior.

Rate how strongly you agree or disagree with the following statements.
Circle 1 for strongly disagree and 7 for strongly agree.

	Strongly Disagree						Strongly Agree
1. Australia's technology should not be shared with foreign companies	1	2	3	4	5	6	7
2. Australians should buy from Australian owned companies	1	2	3	4	5	6	7
3. Limits should be put on all imports	1	2	3	4	5	6	7
4. It is always best to shop in Australian owned stores	1	2	3	4	5	6	7
5. Australian products have a higher quality than the rest of the world	1	2	3	4	5	6	7
6. Australia needs Australian owned companies to be economically strong	1	2	3	4	5	6	7
7. We should do more to limit immigration	1	2	3	4	5	6	7
8. Australians should only deal with Australian owned companies	1	2	3	4	5	6	7
9. Combating foreign threats should be top national priority	1	2	3	4	5	6	7
10. Foreigners are unfair with Australians business-wise	1	2	3	4	5	6	7
11. Economic gains are very important to the growth of Australia's economy	1	2	3	4	5	6	7
12. Whenever possible, Australians should avoid foreign owned products	1	2	3	4	5	6	7
13. Foreigners are keeping Australians out of work on purpose in Australia	1	2	3	4	5	6	7
14. Foreigners are doing business unfairly with Australians in Australia	1	2	3	4	5	6	7
15. High levels of unemployment would create a need to support local jobs	1	2	3	4	5	6	7
16. A good Australian does not buy products owned by people other than Australians	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
17. In situations of international disputes, Australians should be more nationalistic	1	2	3	4	5	6	7
18. In situations of economic imbalance, Australians should be more nationalistic	1	2	3	4	5	6	7
19. It is not right to purchase foreign owned products because it puts Australians out of jobs	1	2	3	4	5	6	7
20. If foreign investment in Australia conflicts with national interests it should be restricted	1	2	3	4	5	6	7
21. International patent and copyright laws should emphasize Australia interests	1	2	3	4	5	6	7
22. Too many Australian owned companies are being taken over by foreign companies	1	2	3	4	5	6	7
23. Australian companies that ship jobs overseas are deserting their country	1	2	3	4	5	6	7
24. The first duty of every Australian is to honor the national Australian history and heritage	1	2	3	4	5	6	7
25. The more influence Australia has on other nations, the better off they are	1	2	3	4	5	6	7
26. The world would be better off if Australia had greater control over world affairs	1	2	3	4	5	6	7
27. It is important that Australian owned companies win in competition with foreign companies	1	2	3	4	5	6	7
28. Foreign products should be taxed heavily to reduce their entry into Australia	1	2	3	4	5	6	7
29. Low levels of economic growth would highlight the importance of supporting national wellbeing	1	2	3	4	5	6	7
30. Australians should emphasize Australia's interests in periods of low economic growth	1	2	3	4	5	6	7
31. Given the perceive threats by other countries, Australia should heavily support national policies	1	2	3	4	5	6	7
32. Foreigners should not be permitted to come into Australia if they compete with our own workers	1	2	3	4	5	6	7
33. Maximizing national interests is the only way for Australia to compete against foreign pressures	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
34. It is wrong to buy from foreign owned companies because it causes Australian owned companies to go out of business	1	2	3	4	5	6	7
35. Australian owned companies should be penalized for moving their production to other countries if it conflicts with national interests	1	2	3	4	5	6	7
36. We should do more to support national welfare given the relative increase in economic power of other countries	1	2	3	4	5	6	7
37. An increase in economic power in other countries is a growing concern for Australia's national economy	1	2	3	4	5	6	7
38. Australian people should always support Australian owned instead of foreign owned companies	1	2	3	4	5	6	7
39. We should buy from foreign countries only those products that we cannot obtain within our own country	1	2	3	4	5	6	7
40. Australian consumers who purchase products made in other countries are responsible for putting their fellow Australians out of work	1	2	3	4	5	6	7
41. Given the perceive threats by other countries, Australians should invest heavily in nationalistic practices	1	2	3	4	5	6	7
42. We should do more to achieve national benefits in order that our Australian dollar remains strong against other foreign currencies	1	2	3	4	5	6	7
43. Favourable economic conditions are essential to the development of Australia's economy	1	2	3	4	5	6	7
44. Supporting national gains is an essential component for every Australian company	1	2	3	4	5	6	7
45. In our trade relations with other countries, it is important that Australia get a fair deal	1	2	3	4	5	6	7
46. Australians should support national interests in periods of unfavorable economic conditions	1	2	3	4	5	6	7
47. Unfavorable economic conditions are more likely to reveal an individual's nationalistic tendencies	1	2	3	4	5	6	7
48. The operations of foreign companies in Australia should be tightly controlled if unfair competitions toward local companies occur	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
49. Foreign investment in Australia is a threat to Australia economic security if it conflicts with national interests	1	2	3	4	5	6	7
50. Foreign companies in Australia should be taxed heavier than domestic companies if it conflicts with national interests	1	2	3	4	5	6	7
51. The government should make foreign companies that set up their businesses in Australia reinvest all their profits in Australia	1	2	3	4	5	6	7

Part 2: Demographics

1.	What is your gender? (Please tick one) a) Male [ ] b) Female [ ]
2.	What is your primary occupation? (Please tick one) a) Student [ ] b) Self employed [ ] c) Professional [ ] d) Unemployed [ ] e) Retired [ ] f) Skilled Worker [ ] g) Home maker [ ] h) Other (specify)________
3.	Are you an Australian citizen or permanent resident? (Please tick one) a) Yes [ ] b) No [ ]
4.	How long have you lived in Australia? _____ years OR ☐ all my life (please tick if so)
5.	What is your country of origin ______________________________________

Thank you for your participation.

Appendix B: Scales used in Convergent and Discriminant Analysis

CETScale (Shimp and Sharma 1987)

1. Australian products, first, last, and foremost
2. Purchasing foreign-made products is Un-Australian
3. It is always best to purchase Australian made products
4. Foreigners should not be allowed to put their products on our market
5. Foreign products should be taxed heavily to reduce entry into Australia
6. Australians should always buy Australian made products instead of imports
7. Australians should buy from foreign countries only those products not obtainable within our own country
8. Australians should only purchase products manufactured in Australia instead of letting other countries get rich off us

Consumer Racism (Ouellet 2007)

1. Australian companies have gotten less business than they deserve by customers
2. There is discrimination against Australian companies limiting their chances to grow and succeed
3. We should support Australians in their struggles to build successful businesses in this country by consuming their goods and services
4. It is easy to understand the frustration of Australian business owners, who see us patronizing foreign stores instead of theirs
5. Foreign companies have created competitive conditions that make it difficult for Australians to start up businesses

Nationalism Scale (Kosterman and Feshbach 1989)

1. The first duty of every young Australian is to honour the national history and heritage
2. The more influence Australia has on other nations, the better off they are
3. It is important that through the Australian foreign aid program, Australia gains a political advantage
4. Other countries should try to make their government as much like ours as possible
5. Australia's moral and material superiority should ensure that the country has a very big say in deciding United Nations policy

Patriotism Scale (Kosterman and Feshbach 1989)

1. I am proud to be an Australian
2. Australia is the best country in the world
3. I love this country of Australia
4. I have a great deal of respect for the Australian people
5. Being an Australian is an important part of my identity
6. I am emotionally attached to Australia and emotionally affected by its actions
7. Although at times i may not agree with the government, my commitment to Australia always remains strong

Openness Scale (Sharma, Shimp and Shin 1995)

1. I would like to have opportunities to meet people from other countries
2. I am very interested in trying food from different countries
3. I am very open to the different cultures we have in Australia
4. I am very interested to learn about the different cultures we have in Australia

Internationalism Scale (Sakano 1992)

1. Australia has many things to learn from other countries
2. Australia should open its doors to more foreigners in many areas
3. It is my feeling that we should try to help all nations, whether we get anything special out of it or not
4. Australia should be more willing to share its wealth with suffering nations, even if it does not coincide with our political interests
5. We should teach our children to uphold welfare of all people in the world even though it may be against the best interests of our country

Appendix C: Survey Instrument: Phase One, Stage Three

Note: survey has been reformatted to fit margins of the thesis. This has resulted in smaller font size than the original. Readability of original survey was superior.

Rate how strongly you agree or disagree with the following statements. Circle 1 for strongly disagree and 7 for strongly agree.

	Strongly Disagree						Strongly Agree
1. I am proud to be an Australian	1	2	3	4	5	6	7
2. I love this country of Australia	1	2	3	4	5	6	7
3. Australia is the best country in the world	1	2	3	4	5	6	7
4. I am very interested in trying food from different countries	1	2	3	4	5	6	7
5. I am very open to the different cultures we have in Australia	1	2	3	4	5	6	7
6. Australian products, first, last and foremost	1	2	3	4	5	6	7
7. Purchasing foreign made products is un-Australian	1	2	3	4	5	6	7
8. It is always best to purchase Australian made products	1	2	3	4	5	6	7
9. Australia has many things to learn from other countries	1	2	3	4	5	6	7
10. I am very interested to learn about the different cultures we have in Australia	1	2	3	4	5	6	7
11. I have a great deal of respect for the Australian people	1	2	3	4	5	6	7
12. Being an Australian is an important part of my identity	1	2	3	4	5	6	7
13. Australia should open its doors to more foreigners in many areas	1	2	3	4	5	6	7
14. I am emotionally attached to Australia and emotionally affected by its actions	1	2	3	4	5	6	7
15. Foreigners should not be allowed to put their products on our market	1	2	3	4	5	6	7
16. Foreign products should be taxed heavily to reduce entry into Australia	1	2	3	4	5	6	7
17. Australians should always buy Australian made products instead of imports	1	2	3	4	5	6	7
18. Australian companies have gotten less business than they deserve by customers	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
19. The more influence Australia has on other nations, the better off they are	1	2	3	4	5	6	7
20. Other countries should try make their government as much like ours as possible	1	2	3	4	5	6	7
21. The world would be better off if Australia has greater control over world affairs	1	2	3	4	5	6	7
22. It is important that through the Australian foreign aid program, Australia gains a political advantage	1	2	3	4	5	6	7
23. We should teach our children to uphold the welfare of all people in the world even though it may be against the best interests of our country	1	2	3	4	5	6	7
24. Australians should buy from foreign countries only those products not obtainable within Australia	1	2	3	4	5	6	7
25. There is discrimination against Australian companies limiting their chances to grow and succeed	1	2	3	4	5	6	7
26. We should support Australians in their struggles to build successful business in this country by consuming their goods and services	1	2	3	4	5	6	7
27. It is easy to understand the frustration of Australian business owners, who see us patronizing foreign stores instead of theirs	1	2	3	4	5	6	7
28. Foreign companies have created competitive conditions that make it difficult for Australians to start up businesses	1	2	3	4	5	6	7
29. It is my feeling that we should try to help all nations, whether we get anything special out of it or not	1	2	3	4	5	6	7
30. Australia should be more willing to share its wealth with suffering nations, even if it does not coincide with our political interests	1	2	3	4	5	6	7
31. Australia’s moral and material superiority should ensure that the country has a very big say in deciding United Nations policy	1	2	3	4	5	6	7
32. Although at times i may not agree with the government, my commitment to Australia always remains strong	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
33. In situations of economic imbalance, Australians should be more nationalistic	1	2	3	4	5	6	7
34. Foreigners should not be permitted to come into Australia if they compete with our own workers	1	2	3	4	5	6	7
35. High levels of unemployment would create a need to support local jobs	1	2	3	4	5	6	7
36. Low levels of economic growth would highlight the importance of supporting national wellbeing	1	2	3	4	5	6	7
37. Australian companies that ship jobs overseas are deserting their country	1	2	3	4	5	6	7
38. Australians should support national interests in periods of unfavourable economic conditions	1	2	3	4	5	6	7
39. Security of my job/business is heavily influenced by foreign competitors	1	2	3	4	5	6	7
40. I have a family member/close friend whose job/business is threatened by foreign competitors	1	2	3	4	5	6	7
41. Foreign competitors are hurting my job/business	1	2	3	4	5	6	7
42. The present recession is due to an excessive amount of competitors	1	2	3	4	5	6	7
43. Economic problems are mainly due to excessive foreign competitors	1	2	3	4	5	6	7
44. The local economy has suffered the impact of foreign competitors	1	2	3	4	5	6	7
45. I would feel guilty if I bought a foreign owned product	1	2	3	4	5	6	7
46. I would never buy a foreign owned product	1	2	3	4	5	6	7
47. Whenever possible, I avoid buying foreign owned product	1	2	3	4	5	6	7
48. Whenever available, I would prefer to buy products branded or owned by Australia	1	2	3	4	5	6	7
49. If two products were equal in quality, but one was Australia owned and one was foreign owned, I would pay 10% more for the Australian owned product	1	2	3	4	5	6	7
50. The first duty of every young Australian is to honour the national history and heritage	1	2	3	4	5	6	7
51. Australians should only purchase products manufactured in Australia instead of letting other countries get rich off us	1	2	3	4	5	6	7

	Strongly Disagree						Strongly Agree
52. Australians should only deal with Australian-owned companies	1	2	3	4	5	6	7
53. It is wrong to buy from foreign-owned companies because it causes Australian-owned companies to go out of business	1	2	3	4	5	6	7
54. Given the perceived threats by other countries, Australia should heavily support national policies	1	2	3	4	5	6	7
55. Australian consumers who purchase products owned by other countries are responsible for putting their fellow Australians out of work	1	2	3	4	5	6	7

Part 2:
Please mark an ‘x’ between each of the two items on the scales according to your reaction to the question. For example, you may place an ‘x’ further towards the right of the scale if your reaction to the item is more favourable:
(e.g. unfavourable ___ : ___ : ___ : ___ : ___ : ___ : ___ : _x_ : ___ favourable)

Rate your attitude about Australian owned products:

1. Bad ___ ___ ___ ___ ___ ___ ___ ___ ___ Good
2. Unfavourable ___ ___ ___ ___ ___ ___ ___ ___ ___ Favourable
3. Negative ___ ___ ___ ___ ___ ___ ___ ___ ___ Positive
4. Unappealing ___ ___ ___ ___ ___ ___ ___ ___ ___ Appealing
5. Unimportant ___ ___ ___ ___ ___ ___ ___ ___ ___ Important

Part 3: Demographics

1.	What is your gender? (Please tick one) a) Male [ ] b) Female [ ]
2.	What is your primary occupation? (Please tick one) a) Student [ ] b) Self employed [ ] c) Professional [ ] d) Unemployed [ ] e) Retired [ ] f) Skilled Worker [ ] g) Home maker [ ] h) Other (specify)________
3.	Are you an Australian citizen or permanent resident? (Please tick one) a) Yes [ ] b) No [ ]
4.	How long have you lived in Australia? _____ years OR □ all my life (please tick if so)
5.	What is your country of origin ____

Thank you for your participation.

Appendix D: Survey Instrument: Phase Four, Stage One

Note: survey has been reformatted to fit margins of the thesis. This has resulted in smaller font size than the original. Readability of original survey was superior.

Rate how strongly you agree or disagree with the following statements.
Circle 1 for strongly disagree and 7 for strongly agree.

	Strongly Disagree						Strongly Agree
1. Australians should only deal with Australian owned companies	1	2	3	4	5	6	7
2. In situations of economic imbalance, Australians should be more nationalistic	1	2	3	4	5	6	7
3. High levels of unemployment would create a need to support local jobs	1	2	3	4	5	6	7
4. Australian companies that ship jobs overseas are deserting their country	1	2	3	4	5	6	7
5. Australians should support national interests in periods of unfavorable economic conditions	1	2	3	4	5	6	7
6. Low levels of economic growth would highlight the importance of supporting national wellbeing	1	2	3	4	5	6	7
7. Foreigners should not be permitted to come into Australia if they compete with our own workers	1	2	3	4	5	6	7
8. Given the perceived threats by other countries, Australia should heavily support national policies	1	2	3	4	5	6	7
9. It is wrong to buy from foreign owned companies because it causes Australian owned companies to go out of business	1	2	3	4	5	6	7
10. Australian consumers who purchase products owned by other countries are responsible for putting their fellow Australians out of work	1	2	3	4	5	6	7

<u>Part 2</u>: Demographics

1.	What is your gender? (Please tick one) a) Male [ ] b) Female [ ]
2.	What is your primary occupation? (Please tick one) a) Student [ ] b) Self employed [ ] c) Professional [ ] d) Unemployed [ ] e) Retired [ ] f) Skilled Worker [ ] g) Home maker [ ] h) Other (specify)________
3.	Are you an Australian citizen or permanent resident? (Please tick one) a) Yes [ ] b) No [ ]
4.	How long have you lived in Australia? _____ years OR □ all my life (please tick if so)
5.	What is your country of origin ____

Thank you for your participation.

Appendix E: Brand Awareness and Purchase: Phase Two

This survey instrument was to assess individual's awareness and liking towards various Australian wine brands/labels.

Note: survey has been reformatted to fit margins of the thesis. This has resulted in smaller font size than the original. Readability of original survey was superior.

Please indicate by placing:
A tick □ in *column 1* if you know the brand at least *by name,* and
A tick □ in *column 2* if you have *purchased an item* from the brand during the past 6 months.

Wine Brand/Label	***Column 1:*** **Brand Awareness (at least know by name)**	***Column 2:*** **Brand Purchase (in last 6 Months)**
1. Fifth Leg (Devil's Lair)		
2. MadFish		
3. Orlando Wyndham		
4. Moss Wood		
5. Wynns		
6. Yalumba		
7. Goundrey		
8. Wolf Blass		
9. Elderton		
10. Evans & Tate		
11. Catching Thieves		
12. Rosemount		
13. West Cape Howe		
14. Capel Vale		
15. Jacob's Creek		
16. Yellow Tail (Casella)		
17. Brown Brothers		
18. Lindemans		
19. Blackwood		
20. McWilliams		
21. Penfolds		

Wine Brand/Label	*Column 1:* **Brand Awareness (at least know by name)**	*Column 2:* **Brand Purchase (in last 6 Months)**
22. Willow Bridge		
23. Sandalford		
24. Houghton		

Part 2: Demographics

1.	What is your gender? (Please tick one) a) Male [ ] b) Female [ ]
2.	What is your primary occupation? (Please tick one) a) Student [ ] b) Self employed [ ] c) Professional [ ] d) Unemployed [ ] e) Retired [ ] f) Skilled Worker [ ] g) Home maker [ ] h) Other (specify)________
3.	Are you an Australian citizen or permanent resident? (Please tick one) a) Yes [ ] b) No [ ]
4.	How long have you lived in Australia? _____ years OR ☐ all my life (please tick if so)
5.	What is your country of origin ____

Thank you for your participation.

Appendix F: Summary of Result for Brand Selection: Phase Two

Wine Brand/Label	*Column 1:* Brand Awareness (at least know by name)		*Column 2:* Brand Purchase (in last 6 Months)	
	Cases	**%**	**Cases**	**%**
Fifth Leg (Devil's Lair)	172	95.0	69	43.4
MadFish	152	84.0	44	27.7
Orlando Wyndham	129	71.3	17	10.7
Moss Wood	152	84.0	17	10.7
Wynns	138	76.2	32	20.1
Yalumba	173	95.6	39	24.5
Goundrey	145	80.1	30	18.9
Wolf Blass	174	96.1	32	20.1
Elderton	115	63.5	10	6.3
Evans & Tate	172	95.0	56	35.2
Catching Thieves	133	73.5	29	18.2
Rosemount	175	96.7	100	62.9
West Cape Howe	139	76.8	42	26.4
Capel Vale	109	60.2	14	8.8
Jacob's Creek	176	97.2	68	42.8
Yellow Tail (Casella)	144	79.6	52	32.7
Brown Brothers	174	96.1	62	39.0
Lindemans	172	95.0	56	35.2
Blackwood	140	77.3	22	13.8
McWilliams	106	58.6	19	11.9
Penfolds	177	97.8	112	70.4
Willow Bridge	103	56.9	21.4	14
Sandalford	168	92.8	68	42.8
Houghton	176	97.2	85	53.5

Total number of Respondents: 181

Appendix G: Advert: Phase Two, Step Four (Original Print)

This is a scaled down version of the print advert shown to respondents containing "implicit" COO cues.

Appendix H: Advert: Phase Two, Step Four (Original Print)

This is a scaled down version of the print advert shown to respondents containing "explicit" COO cues.

Appendix I: Final Survey Instrument: Phase Two

Note: survey has been reformatted to fit margins of the thesis. This has resulted in smaller font size than the original. Readability of original survey was superior.

Section A: Demographics

The following section contains some demographic questions to help us classify your responses. Please write your answer in the space provided or tick the box as applicable.

1.	Are you an Australian citizen or permanent resident? (Please tick one) a) Yes [ ] b) No [ ]
2.	How long have you lived in Australia? _____ years OR □ all my life (please tick if so)
3.	What is your gender? (Please tick one) a) Male [ ] b) Female [ ]
4.	What is your age group? (Please tick one) a) Under 18 [ ] b) 18 – 24 [ ] c) 25 – 34 [ ] d) 35 – 49 [ ] e) 50 or over [ ]
5.	What is your primary occupation? (Please tick one) a) Student [ ] b) Self employed [ ] c) Professional [ ] d) Unemployed [ ] e) Retired [ ] f) Skilled Worker [ ] g) Home maker [ ] h) Other (specify)_________
6.	What is your highest level of education? (Please tick one) a) Not completed [ ] b) High School/College [ ] c) Certificate [ ] d) Diploma/advance diploma [ ] e) Undergraduate [ ] f) Postgraduate [ ] g) Masters or doctorate [ ] f) Other (please specify) ________________
7.	What is your annual income level? a) Negative or no [ ] b) $ Under $10000 [ ] c) $10,000-$19,999 [ ] d) $20,000-$29,999 [ ] e) $30,000-$39,999 [ ] f) $40,000-$49,999 [ ] a) $50,000- over [ ]

Section B: Economic Nationalism

Please indicate to what extent to which you agree or disagree with the following statements. There are no right or wrong answers. **Please DO NOT MISS ANY ITEMS**. **Circle 1 for strongly disagree and 7 for strongly agree.**

	Strongly Disagree						Strongly Agree
1. Australians should only deal with Australian-owned companies	1	2	3	4	5	6	7
2. It is wrong to buy from foreign-owned companies because it causes Australian-owned companies to go out of business	1	2	3	4	5	6	7
3. Given the perceived threats by other countries, Australia should heavily support national policies	1	2	3	4	5	6	7
4. Australian consumers who purchase products owned by other countries are responsible for putting their fellow Australians out of work	1	2	3	4	5	6	7
5. In situations of economic imbalance, Australians should be more nationalistic	1	2	3	4	5	6	7
6. Foreigners should not be permitted to come into Australia if they compete with our workers	1	2	3	4	5	6	7
7. High levels of unemployment would create a need to support local jobs	1	2	3	4	5	6	7
8. Low levels of economic growth would highlight the importance of supporting national wellbeing	1	2	3	4	5	6	7
9. Australian companies that ship jobs overseas are deserting their country	1	2	3	4	5	6	7
10. Australians should support national interests in periods of unfavorable economic conditions	1	2	3	4	5	6	7

Section C: Consumer Ethnocentrism

Please indicate to what extent to which you agree or disagree with the following statements. There are no right or wrong answers. **Please DO NOT MISS ANY ITEMS. Circle 1 for strongly disagree and 7 for strongly agree.**

	Strongly Disagree						Strongly Agree
1. Australian products, first, last, and foremost	1	2	3	4	5	6	7
2. Purchasing foreign-made products is un-Australian	1	2	3	4	5	6	7
3. It is not right to purchase foreign products, because it puts Australians out of jobs	1	2	3	4	5	6	7
4. We should only purchase products manufactured in Australia instead of letting other countries get rich off us	1	2	3	4	5	6	7
5. We should buy from foreign countries only those products that we cannot obtain within our own country	1	2	3	4	5	6	7
6. Australian consumers who purchase products made in other countries are responsible for putting their fellow Australians out of work	1	2	3	4	5	6	7

Section D: Product Judgment

Please indicate to what extent to which you agree or disagree with the following statements. There are no right or wrong answers. **Please DO NOT MISS ANY ITEMS. Circle 1 for strongly disagree and 7 for strongly agree.**

	Strongly Disagree						Strongly Agree
1. Australian branded wines are carefully produced and have fine workmanship	1	2	3	4	5	6	7
2. Australian branded wines are generally of a lower quality than similar products available from other countries	1	2	3	4	5	6	7
3. Australian branded wines show a very high degree of technological advancement	1	2	3	4	5	6	7
4. Australian branded wines usually show a very clever use of colour and design	1	2	3	4	5	6	7
5. Australian branded wines are usually quite reliable and seem to last the desired length of time	1	2	3	4	5	6	7
6. Australian branded wines are usually a good value for money	1	2	3	4	5	6	7

Section E: Consumer Knowledge

Please indicate to what extent to which you agree or disagree with the following statements. There are no right or wrong answers. **Please DO NOT MISS ANY ITEMS**. **Circle 1 for strongly disagree and 7 for strongly agree.**

	Strongly Disagree						Strongly Agree
1. I feel quite knowledgeable about Australian wine brands/labels	1	2	3	4	5	6	7
2. Among my circle of friends, I'm one of the "experts" on Australian wine brands/labels	1	2	3	4	5	6	7
3. I rarely come across an Australian wine brand/label that I haven't heard of	1	2	3	4	5	6	7
4. I know pretty much about Australian wine brands/labels	1	2	3	4	5	6	7
5. I do not feel very knowledgeable about Australian wine brands/labels	1	2	3	4	5	6	7
6. Compared to most other people, I know less about Australian wine brands/labels	1	2	3	4	5	6	7

Section F: Advert One (General Print)

Please indicate your **level of agreement** with each of the statements **in response to the advertisement you have just seen**. Please **take your time to carefully consider each advert**. It is important to note that each advert is **different to the other**. There are no right or wrong answers. **Please DO NOT MISS ANY ITEMS**. **Circle 1 for very low and 7 for very high.**

	Very Low						Very High
1. The likelihood of purchasing the advertised wine brand/label is	1	2	3	4	5	6	7
2. The likelihood in considering buying the above advertised wine brand/label is	1	2	3	4	5	6	7
3. The probability that I would consider buying the above advertised wine brand/label is	1	2	3	4	5	6	7
4. My willingness to buy the above advertised wine brand/label is	1	2	3	4	5	6	7

Section G: Advert Two (COO Print)

Please indicate your **level of agreement** with each of the statements **in response to the advertisement you have just seen**. Please **take your time to carefully consider each advert**. It is important to note that each advert is **different to the other**. There are no right or wrong answers. **Please DO NOT MISS ANY ITEMS**. **Circle 1 for very low and 7 for very high.**

	Very Low						Very High
1. The likelihood of purchasing the advertised wine brand/label is	1	2	3	4	5	6	7
2. The likelihood in considering buying the above advertised wine brand/label is	1	2	3	4	5	6	7
3. The probability that I would consider buying the above advertised wine brand/label is	1	2	3	4	5	6	7
4. My willingness to buy the above advertised wine brand/label is	1	2	3	4	5	6	7

Section H:

The following section contains a mix of open ended and multiple choice questions. Please **take your time to carefully consider each question** and **provide the response which most accurately reflect your views.** There are no right or wrong answers. Please **write your answer in the spaces provided** or by **circling a response**. **Please DO NOT MISS ANY ITEMS**.

1.	The wine brand "Jacob's Creek" is owned by which country? (Please tick one) a) Germany [ ] b) Chile [ ] c) United States [ ] d) Canada [ ] e) Singapore [ ] f) Spain [ ] g) Australia [ ] h) Other (specify)________
2.	The wine brand "Rosemount" is owned by which country? (Please tick one) a) Germany [ ] b) Argentina [ ] c) United States [ ] d) Canada [ ] e) Singapore [ ] f) Spain [ ] g) Australia [ ] h) Other (specify)________
3.	The wine brand "Houghton" is owned by which country? (Please tick one) a) Germany [ ] b) Romania [ ] c) United States [ ] d) Canada [ ] e) France [ ] f) Spain [ ] g) Australia [ ] h) Other (specify)________
4.	The company that owns the wine brand "Jacob's Creek" is? (Please tick one) a) Pernod-Ricard [ ] b) Constellation [ ] c) BRL Hardy [ ] d) Southcorp [ ] e) Fosters Group [ ] f) Orlando Wyndham [ ] g) Beringer Blass [ ] h) Other (specify)________
5.	Which country produces / makes the most wine annually? (Please tick one) a) South Africa [ ] b) Uruguay [ ] c) United States [ ] d) Turkey [ ] e) Italy [ ] f) Morocco [ ] g) Australia [ ] h) Other (specify)________
6.	Please name any two bi-national Australian wines (i.e. manufactured in Australia but owned under a foreign label)? ____

Thank you for your participation ☺