

## **2.1 INTRODUCTION**

The first chapter presented the background information on the area of research has been presented in the preceding chapter which further proceeds to deal with the problem discussion, the formulation of a purpose and research questions. This chapter will focus on a review of previously published studies pertaining to the consumer animosity, and ethnocentrism followed by country-product image's effects. It will then dwell on the theoretical foundations of general theories and how they have been applied in different settings before concluding with a brief summary of the key factors of the literature review.

## **2.2 CONSUMER ANIMOSITY**

Prevalence of tensions among countries is almost a universal phenomenon. These tensions may emanate from territory disputes (e.g. India and Pakistan both staking claim on the Kashmir region; Israel and the Palestine Authority fighting for the Gaza region), economic arguments (e.g. the European Union's recent introduction of import limits for

cloth made in China), diplomatic disagreements (e.g. France's and Germany's disagreement with the United States on the issue of the US intervention in Iraq), or religious conflicts (e.g. as recently experienced in the case of Muslim countries' indignation against Denmark as a sequel to the publication of Prophet Mohammed's caricatures in a Danish newspaper) leading to estrangement of relations between countries; or even armed conflicts (as, for example, repeatedly in the Gaza strip or the Kashmir region). Recent years have witnessed scholars focusing attention on examining the impact of such bilateral disputes on consumers' behavior towards products of companies from the offending nation (Klein et al., 1998; Klein, 2002; Nijssen and Douglas, 2004; Ang et al., 2004).

Klein et al. (1998) are credited to be the first to relate tensions between nations to consumers' buying behavior, i.e. to the readiness of consumers to purchase products originating from companies based in or associated with a country engaging in objectionable actions or behavior. In this regard, Klein et al. (1998, p. 90) envisaged the concept of consumer animosity which was conceptually defined by them as "remnants of antipathy related to previous or ongoing military, political or economic events". Making use of the Nanjing carnage by the Japanese in 1937 (which claimed lives of 300,000 Chinese civilians) as a historical backdrop for the Chinese' still persisting rage against Japan, Klein et al. (1998) empirically showed that animosity had a negative impact on Chinese consumers' readiness to purchase Japanese products. Simultaneously, however, they demonstrated that the negative feelings did not twist the same consumers' quality evaluations of the concerned products. In other words, consumers having feelings of

animosity conceded the quality of products originating from the detested nation, but was disinclined to buy them.

The study undertaken by Klein et al. (1998) was the first to demonstrate a direct effect of products' country of-origin on buying decisions, independent of product judgments. The findings of Klein et al.'s study (1998) challenged the conventional wisdom in the country-of-origin literature, according to which "made in" influences on consumers' willingness to buy foreign products were supposed to impact on buying decisions indirectly through product judgments (Bilkey and Nes, 1982; Liefeld, 1993; Papadopoulos and Heslop, 2003; Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999). Significantly, consumer animosity was shown to wield independent effects on the readiness to buy from consumer ethnocentrism which describes "the beliefs held by . . . consumers about the appropriateness, indeed morality, of purchasing foreign-made products" (Shimp and Sharma, 1987); in fact, animosity and ethnocentrism were shown to be separate constructs (Klein and Ettenson, 1999; Witkowski, 2000; Hinck, 2004), having discernible effects on foreign product preferences. Consequently, while ethnocentric consumers have a tendency to avoid buying products from any foreign country, consumers possessing feelings of animosity may find it well acceptable to buy products from a assortment of foreign countries but decline to purchase products originating from one particular foreign country which is the target of animosity feeling.

In the aftermath Klein et al.'s (1998) pioneering study, numerous subsequent studies on consumer animosity have been published in recent years. While some of them endeavour to repeat results in different, mostly less extreme, contexts (Shin, 2001; Klein, 2002; Nijssen and Douglas, 2004), others try to widen the applicability of the construct

(Shimp et al., 2004; Hinck, 2004) or improve its conceptualization (Jung et al., 2002; Ang et al., 2004, Riefler and Diamontipolous, 2007).

Having examined the attitudes of Dutch consumers toward German products, Nijssen and Gouglas (2004) confirmed that, in fact, animosity toward a target country is a prominent factor that casts influence on the buying decisions of products from the target country. Here, again, the Dutch consumers conceded the quality of German products, but owing to their animosity toward Germany, the Dutch showed unwillingness to purchase them. While examining American consumers' animosity toward Chinese products, Witkowski (2000) showed the negative impact of animosity on consumers' purchasing decision. Analogous findings were reported by Shin (2001) on Korean consumers' attitudes toward Chinese products, Klein (2002) on U.S. consumers' attitudes toward Japanese products, Russel (2004) and Amine (2008) on French and U.S. consumers' attitudes toward each other's products/services, Kasic, Piri Rajh, & Vlastic (2005) on Croatian consumers' attitudes toward products from the U.S. and Western Europe, and Ettenson and Klein (2005) on Australian attitudes toward French products. The cross-cultural validity of the animosity construct in different bi-national contexts has been supported by the findings of these studies.

The animosity construct to domestic animosity between different regions within a country has been extended by some scholars in their studies; more specifically, in the study of consumers' animosity in the United States between North and South (Shimp, Dunn, & Klein, 2004), and between West and East Germany (Hinck, 2004; Hinck, Cortes, & James, 2004). These studies provide further support to the notion that consumers'

animosity toward a country (or a region) would have a negative influence on their buying decisions of products from the target country (or the region).

The significance of ethnographic and longitudinal research into the consumer animosity phenomenon has been highlighted by Amine (2008) in his recent work. Unraveling the new dimension of animosity and balance as well as repositioning animosity and time ; animosity and stability, Amine (2008) points out that bilateral consumer animosity relationships may be unbalanced (e.g., unequal in strength and duration), time and event sensitive (see also Leong et al., 2008), and cyclical or stable over time. Essentially, Amine (2008) suggests that context and the historical background must be given due consideration when studying consumer animosity dyads. A brief review of consumer animosity recently undertaken by Amine et al. (2005), however, focuses on the managerial implications of animosity rather than the operationalization and measurement of the construct. It seems to be a snapshot view of different animosity researches.

According to Amine et al. (2005), classification of animosity studies can be facilitated into three distinct groups. The first group comprises the original studies by Klein et al. (1998) and Klein and Ettenson (1999), which apart from contributing to the theoretical foundation of the animosity construct, also establishes its discriminate validity to consumer ethnocentrism (Shimp and Sharma, 1987), and examines the effect that animosity yields on foreign product purchase.

The second group encompasses six studies (Witkowski, 2000; Shin, 2001; Klein, 2002; Nijssen and Douglas, 2004; Russell, 2004; Kesic et al., 2005), which are basically replications of the Klein et al. (1998) study and look for validating the behavioral impact

of the construct (i.e. its effect on foreign product purchase) in different contexts (i.e. using different source and target countries and different product categories).

The third group consists of remaining seven papers and can be classified as extensions attempting either to extend the applicability of the animosity construct or to improve the latter. Specifically, five studies in this group (Shimp et al., 2004; Hinck, 2004; Hinck et al., 2004; Cicic et al., 2005; Shoham et al., 2006) apply the construct to domestic settings where hostilities between regions are present within national borders.

Introduction of two different terms – use of “domestic animosity” by Hinck (2004) and use of “regional animosity” by Shimp et al. (2004) – emphasize on the identical underlying idea of examining consequences of inter-border tensions on buying behavior through the animosity construct. In an identical manner, Cicic et al. (2005) have examined inter-ethnic animosities among national groups in Bosnia-Herzegovina, while Shoham et al. (2006) investigated inter-ethnic animosity between Jewish and Arab Israelis.

Besides, Jung et al. (2002) and Ang et al. (2004) have developed taxonomy of four types of animosities distinguishing between stable vs. situational and between national vs. personal animosities (Table II). Stable animosities are regarded as being based on general historical perspectives, whereas situational animosities are perceived to be situation-specific and of a temporary nature. National animosities are sentiments from a macro-perspective (i.e. arising from acts that were causing harm to the nation, e.g. occupying the country) whereas personal animosities originate from individuals' personal

experiences (such as losing one's job due to economic troubles initiated or boosted by the rival country).

Ettenson and Klein's article (2005) offers a longitudinal study measuring animosity feelings of Australian consumers towards France at two points in time: first during France's nuclear testing in the South Pacific (resulting in harsh diplomatic tensions between the two countries), and then one year later (when the testing had already been stopped and relations had partially recovered). The level of animosity was found to have declined within the one year period, which appears to demonstrate the existence of temporary (i.e. situational) animosities between countries and thereby to support Jung et al. (2002) and Ang et al.'s (2004) conceptual refinement of the construct.

Having undertaken an extensive literature review, Riefler and Diamantopoulos (2007) in their work underscored the potential problems linked to the measurement of consumer animosity. They also proposed an alternative perspective for operationalizing the construct. Their study on Austrian consumers shows that animosity targets of consumers cannot be regarded as being given, i.e. consumers differ in their animosity targets, and there may be a number of (different) reasons causing animosity feelings such as economic, political, religious or personal.

In their seminal paper, Kinder et.al (1996) investigated the nature, antecedents, and consequences of consumer animosity during the 1997 Asian economic crisis. Basing their findings on a large-scale survey of 2000 adult consumers, representative of five affected nations (Indonesia, Malaysia, Singapore, South Korea, and Thailand), the researchers developed an animosity model and tested the same with the US and Japan as target countries. As expected, stable and situational animosity reduced readiness to buy

products from a perceived hostile national entity. Situational animosity and not stable animosity wielded negative influence on affective evaluations and cognitive judgments. As predicted, situational animosity was increased by external attribution, perceived external control, and stable animosity.

While examining the animosity of more than 900 Iranian consumers toward the U.S. and their inclination to purchase U.S.-made products/brands in the context of a prolonged hostility between the two countries, Bahae and Pisani (2009) in their results suggest that the antecedent demographic variables of education, age and foreign travel experience are inversely related to consumer animosity whereas women and students tend to hold greater consumer animosity feelings than men and non-students. Additionally they found a strong and significant inverse relationship between Iranian consumer animosity and intention to buy U.S.-made products, but no moderating effects based upon product importance or product necessity were found in the consumer animosity model.

Table 2.1: Components of Animosity

<b>Stable</b>	<b>Situational</b>
National arises from general historical background	Arises temporarily caused by specific circumstance
Personal general negative feeling due to personal experience	Temporary negative sentiments caused by specific circumstance

**Source:** Ang et al.'s (2004)

The field of investigations for empirical studies is distributed across the United States, Europe (i.e. Germany, The Netherlands, Croatia and France) and Asia (i.e. China, Korea,



Thailand, Indonesia, Malaysia and Singapore) surveying consumers in these countries about their feelings towards a foreign country or a domestic region. Most studies select Japan as the “target” foreign country, followed by the USA and Germany. Thus, it is the biggest export nations that are considered to be the targets of animosity by consumers from several countries. For the examination of inner-border animosities, the USA (North vs. South), Germany (East vs. West), Bosnia-Herzegovina (Bosnians vs. Serbs and Croats) and Israel (Jewish vs. Arab Israelis), respectively, served as settings.

The foreign country being animosity target of consumers in the surveyed country is supposed to be given in most of the studies. In other words, assumption about which country is loathed in consumers’ minds becomes known to the researchers. In this regard, it may be worthwhile to study historic relations between countries and to rummage through media reports to ascertain potential targets of negative feelings; as Amine et al. (2005, p. 124) have stated, “if the causes of animosity are to be understood completely, knowledge of historical background is a necessity”. However, a potential problem emanating from this approach is the following: if people are specifically asked about the existence of negative feelings towards a certain country referring to history, respondents may well agree that they harbour such feelings. Such agreement, however, might arise more from the historical reminder rather than people’s current relevant considerations. In other words, there may be other countries people harbour much stronger (situational) animosity owing to other and/or more recent events.

Accordingly, the possibility of the relevance of historically-based animosities for present purchase decisions having somewhat been overestimated in previous research

cannot be ruled out. This argument finds support from Klein's (2002) findings in her study conducted to reveal positive and negative feelings of Americans towards Japan. She reports that only 4 per cent of all statements made addressed events in the Second World War. However, when asked specifically about the war, 33 per cent of respondents expressed anger towards Japan because of the Second World War.

The consumers being asked directly about the countries towards which they presently feel animosity is seemingly one way of dealing with this sort of problem. Hence, consumers would themselves reveal about the possible animosity targets, instead of making assumptions on their behalf in this regard. This would help in ascertaining, on the one hand, insights into currently relevant "enemies" in people's minds (which might well be long-term enemies subject to stable animosity) and, on the other hand, make available information about patterns of animosity within the population. For example, is there one overwhelming animosity target or are there several countries different groups of people dislike? Is the amount of negative feelings same for different countries mentioned? How identical or different are the underlying reasons for the animosity demonstrated? In the empirical study subsequently presented in this paper, we adopt an "unaided recall" approach to divulge animosity targets perceived by Malaysian consumers and ascertain the reasons on which such animosity is based. Klein et al. (1998) differentiate between war-based and economic-based animosity, a distinction maintained by all succeeding authors, with the exception of Jung et al. (2002) and Ang et al. (2004) who, as already mentioned, make further distinctions in their typology.

War-based reasons are included in seven studies out of the 15 animosity studies, whereas economy-based reasons are considered in all but two studies (Shimp et al., 2004;

Ettenson and Klein, 2005). Interpretation of this observation can be facilitated in several ways.

In the first place, economic issues may be very frequent reasons for fomenting tensions between countries and confronted more often than war-based tensions. Secondly, the prominence attached to economic-based animosity might be owing to researchers' own interests in investigating effects of economic disputes on buying behavior rather than measuring the impact of war-related events. Thirdly, the presence of economic rivalries which have very identical reasons (e.g. trading practices perceived as unfair) across country combinations might be more noticeable and identifiable than war-related and mostly historic reasons. This last explanation seems particularly plausible as most studies – with the exception of Klein (2002) and Shimp et al. (2004) – overlook to undertake exploratory research to discern consumers' self-expressed reasons for their negative feelings towards the foreign country. It can thus be conjectured that consumers when being asked to freely state their drivers for animosity feelings would reveal additional aspects.

While scrutinizing the specific reasons for animosity, economic-related animosity is believed to originate usually from trading practices observed as unfair to the home country, the fallibility of the trading partner and/or the economic power of the foreign country. On the contrary, reasons for war-related animosities are perceived to be more country-specific in nature.

The majority alludes to crimes and cruelty perpetrated during historic occupations (e.g. Germany's occupation of The Netherlands; or Japan's occupation of China or Korea) or during a war (e.g. Japan's bombing of Pearl Harbour; or the civil war between

Southern and Northern states in the United States). Nonetheless, Shoham et al. (2006) in their paper enlarge research by incorporating the (at the time of study) ongoing Second Intifada of Palestinians in reaction against Israel's occupation of the West Bank and Gaza. Witkowski (2000) has examined political and diplomatic issues as a source of animosity for American consumers, Russell (2004) for French and American consumers and Australian consumers by Ettenson and Klein (2005). Witkowski (2000) in his study investigated Americans' animosity towards China due to such reasons as corruption (i.e. payments of Chinese to American politicians) and China's foreign policy (i.e. towards Taiwan and Tibet). Russell (2004) in his study examined the implications of the differing official positions in reference to the Iraq war as source of bilateral hostility. Ettenson and Klein (2005) in their study investigated Australians' outrage due to French' nuclear testing in the South Pacific.

In view of the fact that various types of animosity were considered in different studies, Jung et al.'s (2002) and Ang et al.'s (2004) typology was employed to classify existing animosity studies into more homogenous groups (Table 2.1).

The first thing that becomes discernible by having a look at Table 2.1 is the dominance of national-level animosities. In fact, the studies of Jung et al. (2002) and Ang et al. (2004) are the only studies which take into account animosity on a personal (micro-) level, i.e. negative feelings stemming from individual experiences. All other studies are based on a macro-level, i.e. referring to acts done to the nation. Nevertheless, personal negative experiences in another country or with people of another country are prone to wield influence on individuals' attitudes and feelings towards that country as a whole. Thus, differentiating between and comparing macro- and micro-factors leading to

animosity seems to be justified. Studies examining personal-level animosity should, therefore, be subject matter of future animosity research.

The second point observed from Table 3.3 relates to the distribution of animosity types with regard to the stable-situational dimension. Majority of the war-related events examined fall in the category of stable animosities because of their being based on historic incidents reaching from the Second World War (Klein et al., 1998; Nijssen and Douglas, 2004) back to the US civil war in the nineteenth century (Shimp et al., 2004). Thus, most researchers while dealing with war-based animosities dwell on stable animosity feelings. On the other hand, situational animosities, where present or recent warlike incidents' wielding influence on purchase decisions is involved, have been taken into consideration only recently. Efforts in this direction were particularly made recently by Cicic et al. (2005) and Kesic et al. (2005) in the context of the recent civil war in Yugoslavia focusing on consumers' present buying behavior in newly established nations such as Croatia and Bosnia-Herzegovina. In an identical manner, Shoham et al. (2006) investigated the impact of the Second Intifada on Jewish Israelis' buying behavior.

Most examined instances of economic-based animosities are classifiable as situational in comparison to war-based animosity. For instance, Hinck (2004) and Hinck et al. (2004) take economic disputes after the German reunification as reason for animosities, while Nijssen and Douglas (2004) provide concrete contemporary examples in relation to iniquitousness or fallibility of Germany towards The Netherlands. These researchers intend to examine the impact of current economic events on current buying behavior.

It is worth noting that an apparent and explicit assignment is impossible for all economic animosity studies. In accordance with the face validity of their measures, some studies (Klein et al., 1998; Witkowski, 2000; Shin, 2001; Klein, 2002) can be interpreted as assessing both stable and situational economic animosity. When referring to trading practices, these are prone to encompass current issues but might also be based on a long history of trade between the two countries. Thus, in Table III, these studies are assigned between the two cells: national/situational and national/stable animosity.

While Jung et al. (2002) and Ang et al.'s (2004) typology seems to be a useful categorization schema of different types of animosity, it should be noted that eventually the differentiation between situational and stable animosities may get distorted. For instance, events such as the reunification of Germany may in the beginning lead to temporary animosities; however, the latter might be of a magnitude that they subsequently last for decades (and passed from generation to generation). Therefore, situational animosity might become stable – a potential evolution also taken into consideration by Jung et al. (2002).

Likewise, stable history-based animosity might decline and in the long run be overcome. Longitudinal study designs as employed by Ettenson and Klein (2005) are specifically promising and pertinent for answering questions like: do objectionable bilateral events hold back sales of the opponent country's products only temporarily, or is the market lost forever? For instance, is there any future for Americans products in Malaysia and, if so, how long will it last before the animosity feelings subside?

## **2.3 CONSUMER ETHNOCENTRISM**

Ethnocentrism is more or less universal expression of attitudes and behaviors. Broadly speaking, ethnocentrism is of two kinds- in-group ethnocentrism and out-group ethnocentrism. The attitudes of one's own group are professed as virtuous and excellent under the in-group ethnocentrism, while an out-group is regarded as reprehensible and of lesser value. In the opinion of LeVine and Campbell (1972), the attitudes, inter alia, include regarding one's own standards of value as universal. Moreover, the behaviors associated with ethnocentrism are cooperative relations with the in-group and absence of cooperative relations is noticeable in the out-group.

In the opinion of experts like Sumner (1906), Hirshfeld (1996), and Kurzban, Tooby, and Cosmides (2001), estimation of the membership in an ethnic group is by and large decided in terms of one or more observable qualities like language, accent, physical features, or religion which is regarded indicative of common descent. Universal pattern of the term 'ethnocentrism' can be measured from the fact that this term has been dovetailed not only to ethnic conflict (Chirot and Seligman 2001, Brewer 1979) and war (van der Dennen 1995), but also to consumer choice (Klein and Ettenson 1999) and voting (Kinder, 1998). In other words, ethnocentrism can be in-group favoritism or out-group hostility.

Construed in the broad spectrum, nine mechanisms have been identified by the experts on the basis of extant literature on ethnocentrism, which can, under different circumstances, support cooperation among the members of in-group. It seems appropriate to mention some leading works to suggest the nature of these mechanisms:

- Central authority, typically a state or empire (Hobbes, 1651; Tilly, 1992).
- Inclusive fitness based on kinship (Hamilton, 1964; Dawkins, 1989).
- Barter and markets (Smith, 1776).
- Principal-agent mechanisms, including employment (Spence and Zeckhause, 1971).
- Reciprocity based on continuing interaction (Trivers, 1971; Axelrod, 1984).
- Decentralized enforcement, including norms (Axelrod, 1986; Hechter and Opp, 2001), informal institutions (Ostrom, 1998), and the more inclusive mechanism of social capital (Coleman, 1990; Putnam, 2000).
- Group selection (Sober and Wilson, 1998).
- Docility (Simon, 1990).
- Reputation (Nowak and Sigmund, 1998).

There exists a plethora of empirical literature on in-group favoritism, out-group hostility and related phenomena and it contains significant contributions by experts from practically all of the social sciences. Scholars like Simmel (1955), Sumner (1906); Sherif and Sherif (1953) have presented classic works on in-group/out-group relations. Good reviews of this aspect are available in the works of Brewer and Brown (1998) and Kinder (1998).

Ethnocentrism is regarded as a specific, but almost universal example of in-group favoritism and out-group hostility by LeVine and Campbell (1972). Samuel Huntington (1996) and others have put forward a debatable thesis by stating that the 'clash of civilizations' is the greatest threat to world peace (Russett, Oneal and Cox, 2000).



Allusions to general references on ethnocentrism and ethnic conflict are included in the works of Barth (1969), LeVine and Campbell (1972), Banton (1983), Horowitz (1985), Roosens (1989), Posen (1993), Hutchinson and Smith (1996), Guibernau and Rex (1997), Chirot and Seligman (2001), Reynal-Querol (2002), and Brubaker and Laitin (1998).

Ethnocentrism, as a sociological concept, is extensively related to and studied in various social sciences. However, its study in the context of consumer behavior is more widespread and it is with this aspect of ethnocentrism that the present research is concerned with. Ethnocentrism identifies the behavior in which consumer look upon their own group values as superior to the values of all other consumers, which are culturally dissimilar to them (Sumner, 1906). People feel great amount of affinity and pride towards themselves. According to Levine and Campbell (1972), objects of one's own cultural and ethnic similarities inspire more pride and affinity among the consumers belonging to the same group. It has been observed by Shimp and Sharma (1987) and Sharma et al. (1995) that in terms of consumer behavior, ethnocentrism affords a concept of acceptable as well as non-acceptable behavior that allows the consumer to decline or treat other products as substandard to those products produced in his own country or region.

Majority of the studies undertaken in various countries has shown that consumer ethnocentrism is a phenomenon entailing many dimensions. The findings based on studies undertaken in different countries have recognized various demographical, sociological, and psychological factors like age, gender, income group, patriotism, nationalism, education level, occupation, conservatism, collectivist tendencies, cultural openness, and perceived social, economic, and political threat as antecedents of consumer

ethnocentricity (Han, 1988; Netemeyer et al, 1991; Niles, 1998, Mascarenhas and Kujawa, 1998; Sharma et al, 1995; Rawwas et al, 1996; Klein and Ettenson, 1999; Maheswaran and Gurhan-Canli, 2000; Steenkamp and Hofstede, 1999 etc.).

While asserting that behaviors linked with ethnocentrism include cooperation with members of the in-group, but not out-groups, Axelrod and Hammond (2003) have tried to show that ethnocentric behavior can come out of a simple evolutionary model of local competition between individuals, without any clear difference between the evolutionary process for dealing with members of one's own group and the evolutionary process for dealing with members of other groups. Ethnocentric behavior can develop even in the wake of impossibility of direct reciprocity, and with agents of least cognitive ability. Ethnocentric behavior can be essential to sustain cooperation, especially when offering cooperation seems relatively costly.

According to Nijssen and Herk (2005), research on consumer ethnocentrism has usually concentrated on consumers' 'one-time' evaluations of foreign products and it has seemingly not taken into consideration the increased existence and development of consumers' cross border relationships with foreign service providers. While investigating the impact of consumer ethnocentric temperament of German consumers on ongoing relationships with a Dutch bank located across their national border, i.e. in the Netherlands, the authors study the effect by using a baseline model that differentiates between the economic and social aspects of the relationship. The authors had incorporated effects of consumer attitude toward foreign industry and tax motivations in the model. Differential effects of consumer ethnocentrism on the economic and social

facets of the consumer—provider relationship were anticipated, based on categorization—re-categorization of the foreign provider and confirmed by the findings. On the basis of present researcher's scrutiny of the extant literature on consumer ethnocentrism, it can be safely assumed that no study has thus far been undertaken to measure the effect of ethnocentrism on product country image of Malaysian consumers' behavior towards the foreign products, particularly those imported from the United States. In that respect, the present study will be a new contribution to the existing literature.

It has been opined by Robert and Hammond (2003) that ethnocentrism is almost a universal pattern of attitudes and behaviors, whereby ethnocentric behavior can develop even when there is no possibility of direct reciprocity, opportunities for “cheating” exist, and agents possess least cognitive ability, suggest a conceptual framework to investigate the effects of consumer egocentrism and community involvement on consumers' readiness to purchase products from their own region.

An investigation has been undertaken by Robert and Hammond (2003) into the relationships between ethnocentrism, animosity and product judgments within a European nation (Croatia) that has recently been involved in a war. The findings showed that the theoretical structures in relation to product judgments for Serbia and Germany were alike in nature but different in scale. The emotional reactions were much stronger for the Serbian product judgments and ethnocentrism had no direct effect on these.

The study undertaken by Shimp et al (1987) facilitates examination of consumer ethnocentrism (CE) on Chinese consumers' evaluations of three store sign designs for a hypothetical foreign bread shop. It is revealed from the findings that the Chinese consumers had notably better attitudes towards signs in both English and Chinese

languages compared to signs only in Chinese language. Besides, attitude towards the sign related prominently to their level of CE. In comparison to consumers with low CE, consumers with high CE had considerably less positive attitudes towards signs in both English and Chinese languages. The attitudinal difference between the consumers with high and low CE was even greater when the store sign included the brand's country of origin (COO).

#### **2.4 PRODUCT COUNTRY IMAGE (PCI)**

Consumers' evaluation of a product is influenced by a product's country of origin, or product-country image (PCI). German, Swedish and Japanese cars, Japanese home electronics and French wines, for example, are generally perceived and evaluated differently from, say, Russian cars, Brazilian electronics, or Israeli fashion. The marketing literature is replete with examples and research evidence in support of such an argument (Liefeld, 1993; Baughn and Yaprak, 1993; Verlegh and Steenkamp, 1999; Berkowitz, 2000).

Consumers' concern for a product's origin assumes significant strategic implications for firms engaged in both domestic and international businesses. Valuable strategic information can be obtained from the findings resulting from PCI studies by the firms exporting their products, manufacturing abroad, and/or competing in their home

markets against foreign companies. The relevance of country of origin research becomes even more significant when one considers the increasing trend toward free trade and the high pace at which national economies are turning global. It has become one of the most fruitful research areas in marketing, owing to many practical and theoretical implications of country-of-origin research facilitated by hundreds of studies published since the 1960s.

#### **2.4.1 Product image**

Product image is formed by acquiring product knowledge, which plays a significant role in the research of consumer behavior. Hong, et al. (1989)

has opined that product knowledge is based on memories or known knowledge from consumers. According to Hong, et al. (1989), product knowledge depends on consumer's awareness or understanding about the product, or consumer's confidence about in it. About product knowledge, it can be divided into three major categories: 1. subject knowledge or perceived knowledge; 2. objective knowledge; and 3. experience-based knowledge.

However, it has been argued by Alba and Hutchinson (1987) that product knowledge should contain two parts, which are: 1. expertise; and 2. familiarity with products. The index used to measure product knowledge by scholars includes:

Consumer knowledge is a vital construct to comprehend consumer behavior, because, prior to the performance of actual purchasing behavior by the consumer, he/she is prone to experience two procedures:

1. Information search: this means when the consumer is confronted with many consuming relevant questions, he/she requires requisite information to help with his/her consuming decision. This type of search of appropriate information procedure is called information search (Solomon, 1999).

2. Information processing: includes consumer self selects to expose, notice, recognize, agree, accept, or retain. No matter how much knowledge the consumer has, it all affects his/her procedures concerning information search and information processing Hong, et al. (1989).

It can be discerned from the available evidence that product knowledge does have an impact on information processing to the consumer, Alba and Hutchinson (1987). For instance Hong, et al. (1989) states that, in a RV leisure van research, when the consumer selects a product, he/she usually relies on his/her product knowledge to evaluate it, and his/her product knowledge would also affect his/her information search procedure, attitude, and information search quantity. In addition, his/her level in product knowledge would determine consumer purchase decision, and indirectly affect his/her buying intention.

Until now no definite conclusion has emerged with regard to the relationship between product knowledge and information search. Some scholars are of the opinion that consumers' understanding in product knowledge has a positive correlation to information search quantity, such as Farley and Lehmann (1995), Alba and Hutchinson (1987). Other scholars assert that these two variables have a negative correlation, such as

Hong, et al. (1989) Newman (1999). Thus, when faced these two different conclusions, the scholars submit another theory, i.e. that product knowledge and information search quantity has a U-shape correlation rather than simply a linear correlation, as assert.

#### **2.4.2 Country Image**

It can be discerned from the past research that country-of-origin serves as a mechanism for product quality and performance., Johansson (2004) reported a 'halo effect' of country of origin, meaning that country image influences upon consumers' beliefs about tangible product attributes, and in turn affects their overall evaluation. Concomitantly, it has been discerned from some studies that country-of -origin is not merely a cognitive cue; rather it can be an affective image trait that can wield a direct impact on consumers' decision-making. It was demonstrated by Hong and Wyer (1989) that the effect of country of origin could not be explained entirely in terms of the quality signaling process. Their findings showed that country of origin also had symbolic and emotional meaning for consumers, and it played a prominent role along with other attributes such as quality and reliability in shaping consumers' attitudes toward products.

Consumers' attitudes toward a country as a producer could have a strong effect on their preference for that country's products in certain cases. It was discerned from some past studies on country-of-origin that there existed a positive relationship between product evaluation and the degree of economic development of the country (Liefeld, 1993; Wall & Liefeld, 1991). It was suggested by Papadopoulos and Heslop (2000) that buyers evaluated the country of origin using multiple criteria that include the country's

level of advancement, the buyers' feelings about the people of the country and the buyers' desire to be more closely aligned with the country.

While examining the psychological processes that underlie country-of-origin evaluations, Gurhan-Canli and Maheswaran (2000) found that consumers were more likely to focus on the country of origin when their motivation to buy the product was low or if their processing goal directed their attention away from the country-of-origin information.

Some researchers have focused on different aspects of consumers' reactions to country-of-origin information, *inter alia*, including its influence on other product attribute information, product evaluation and buying intention. Hong and Wyer (1989) carried on an experiment to test hypotheses pertaining to the cognitive process underlying the effect of country of origin and other specific attribute information on product evaluation. Both the direct impact of country of origin on product evaluation and simulating the influence of country of origin on other product attribute information were significant.

As distinct from consumers' attitudes, which were commonly used in previous studies, consumers' buying intentions have rarely been measured by researchers investigating the country-of-origin effect. Nebenzahl and Jaffe (1995) concentrated on consumers' buying behaviors in their experiment using electronic products. They found that consumers considered country-of-origin information to be equally as important as other specific product attributes evaluating the products. However, when consumers made purchase decisions, country of origin was insignificant.

In most of past studies on country-of-origin studies, neither real goods nor the role of price in consumers' decision-making have been widely studied. Among the few



researchers who investigated price, Schooler (1971) and Nebenzahl and Jaffe (1995) arrived at the conclusion that consumers' biases about products from certain countries could be offset by price concessions of varying amounts. However, some researchers have argued that pricing policies cannot improve a negative country-of-origin effect (Liefeld, J.P. (2004), It was also shown by Liefeld, J.P. (2004) that country of origin was significantly more important than price and other product attributes, such as reliability and safety, in Nigerian consumers' preference.

It has been reported by Klein, Smith, and John (2002) that prior research has found considerable disparity in COO processing among consumers (e.g., Hong and Wyer 1989); they call for research to investigate differences between high-animosity consumers and other consumers, according to their processing of COO information.

Thus far, research on effects of product COO has been typically devoid of a strong theoretical foundation. It seemingly has frequently been vulnerable to methodological flaws, thereby, making available little generalizable evidence (Wall, Liefeld and Heslop, 1991). Until recently, most empirical studies have been descriptive, primarily detailing countries, product classes or consumer groups that exhibit or possess stereotypical effects. Reirson (1966) found that consumers have preconceived stereotypes about foreign products that are a result of national stereotyping, not individual product class stereotypes, similarly found that COO stereotypes vary across product types, and that consumers are more willing to buy products from developed rather than underdeveloped world.

A synthesis of related research was presented by Baughn and Yaprak (1993) after having reviewed methodological issues in COO research. Along with Amine and Chao

(2004), Baughn and Yaprak point out to a prolific area for research through the blending of findings from the country image literature and research on information processing and attitude formation. Nevertheless, such amalgamation presents extensive conceptual challenges in the wake of the multiplicity of variables, interactions between variables, changes over time, and even different perceptions of the same respondents at different times. An overview of shifts in consumers' perceptions of five countries over two decades has been provided by Damanpour (1993).

An inclination was discernible in early research to focus on the effects of country image on consumers' judgments of product quality (Bilkey and Nes 1982). Nagashima (1970: 68) has defined country image as the picture, the reputation, and the stereotype that businesspersons and consumers attach to products of a specific country. Variables such as representative products, national characteristics, economic and political background, history, and traditions help in the creation of this type of image. Nagashima (1970) also drew attention to the eagerness with which country image can change. The role of country image as a factor in encouraging corporate decision-makers to invest in a country was examined by Wee, Lim, and Tan (1993).

In their study, Heslop, L. (2003) found that there is significant linkage between beliefs held for the most well-known product category from a country and expectations for new products. It was further revealed that the transference of beliefs to the new products was greater when the perceived similarity between the well-known product and the new product was higher. This was found across all three dimensions of country image (technology, prestige and price) in the case of both the well-known product/country combinations investigated (small cars from Japan and luxury cars from Germany). These

findings entail many important implications for marketers. In the first place, positive country images of established and well-known product categories can benefit the marketers through the choice of new products that are “similar”. Second, in order to capitalize on the “equity” of the well-known product, the marketer of the new product must seek to provide evidence of and reinforce perceptions of similarity between the new product and the well-known product.

In their research findings, Papadopoulos, N. and Heslop, L. (2003), have found that country image is a three-dimensional concept consisting of cognitive, affective, and conative components. We modeled the relationships among country image, product beliefs, and product evaluations, and found that country image and product beliefs affect product evaluations simultaneously regardless of consumers’ level of familiarity with a country’s products. Findings also indicated that the structure of country image influences product evaluations both directly and indirectly through product beliefs. Consistent with affect transfer theory, the results showed that when a country’s image has a strong affective component, its direct influence on product evaluations is stronger than its influence on product beliefs. Alternatively, when a country’s image has a strong cognitive component, its direct influence on product evaluations was smaller than its influence on product beliefs.

It was observed from the study conducted by Heslop, L. (2003) the following main findings: the country-of-origin image, product knowledge and product involvement all have a significantly positive effect on consumer purchase decision; the country-of-origin image has a significantly positive effect on consumer purchase decisions under

different product involvement; and product knowledge has significantly positive effect on consumer purchase decisions under different product involvement.

A study conducted by Kim (2000) showed that Country image did not manifest any significant impact on brand image and purchase intention. Participants who thought Samsung a Japanese brand did not possess better brand image or purchase intention for the Samsung product compared to participants who knew the right nationality of South Korea. Also the Korea group did perform much better in purchase intention than the Taiwan group, while trying to investigate the incremental value of a construct termed “undesired self-image congruence”, and capture consumers’ perceived closeness to negatively valence brand-related attributes in addition to established self-image congruence factors known to affect consumption-related attitudes and intentions, have found that undesired congruity proved its substantial and incremental value in predicting consumption-related attitudes, but did not directly influence purchasing intentions.

## **2.5 Consumer Purchase Intentions**

It becomes discernible from the existing literature on consumer behavior that the experts have made use of several models to test the effects of the behavior on consumer decision making choices, and such works, inter alia, on the associative network model of memory, Hong and Wyer (1989) on the memory bin model and Fishbein’s theory of reasoned action studied by streams of scholars to further explain consumer behavior (Fishbein 1975).

It is noteworthy that the theory of planned behavior, as intended and developed by Ajzen (1975), has been further developed by the concerned scholars, thereby, offering

new dimensions and many extensions. The expectancy-value model designed by Mackenzie (1986) investigated the effects of attribute and multi-attribute on behaviors toward consumer purchase. While rummaging through the existing literature on consumer behavior, it transpires that much has been explored in depth in the areas of attributes, benefits, attitudes, and intentions in relation to effect on purchase behavior. Despite all this, it still remains a curiosity to ascertain as to why consumers purchase certain products.

An assortment of areas has been identified in the available literature on consumer behavior that offers substantial theory application. Hong and Wyer (1989) examined many streams of research to ascertain brand equity's influence or linkage to brand knowledge, brand image, brand awareness, including recognition and recall. Brand image is closely linked to brand associations that are subsequently linked to product attributes, benefits, and consumer attitudes towards those products. Three additional factors that influence attributes, benefits, and attitudes are favorable or unfavorable feelings towards the product, strength, and uniqueness of feelings toward those products.

Many aspects and theories used for better understanding of the concept of consumer behavior have been examined by Hong and Wyer (1989) While asserting that Fishbein's model of reasoned action, the theory of planned behavior, and streams of scholars thereof, has explored many extensions, Hong and Wyer (1989) examines the expectancy-value model with regards to attribute and multi-attribute effects on behaviors toward consumer purchase. While undertaking a brief examination of attributes, benefits, attitudes, and intentions in relation to effect on purchase behavior, the author has also noted many models tested by the scholars that compare relations of memory structure

concepts and recall abilities that influence purchase decisions. The other aspects included in the study are theories about the effects of exclusivity on market share, the power of consumer ego or a societal group's acceptance of an individual into their group and influence it causes as to why consumers buy what they do, issues of self-esteem, and the use of symbolism, etc.

Brown (1997) have examined the predictors of Korean consumers' behavioral intention to buy imported and domestic products, based on Lee's revised Fishbein model. The revised model incorporated two salient Confucian concepts: face saving and group conformity. It is observed from their findings that there exists a positive relationship between Korean consumers' attitudes toward a product and their product evaluation. Further, there is a positive relationship between their attitudes and their intention to buy either domestic or imported products. The components of cultural pressure, face saving and group conformity have a weaker influence on attitudes than product evaluation, and they are significant predictors for domestic products but not for imported products.

In their study Brown (1997) has examined consumer attitudes toward a product, salesperson, and retailer as possible antecedents of purchase intentions, and the effect of these constructs on purchase intentions. Increasing our current level of knowledge concerning determinants of customer purchase decision making regarding big-ticket retail items can assist manufacturers in their efforts to gain market acceptance. Research also provides insight into the importance of a consumers' attitude toward retail sales-people and the retailer, in addition to the product itself, in determining purchase intentions for a major retail purchase.

It has been observed by Brown (1997) that genetically modified (GM) food products are the source of much controversy and in the context of consumer behavior; the way in which consumers perceive such food products is of paramount importance both theoretically and practically. Despite this, relatively little research has focused on GM food products from a consumer perspective. And as such, this study seeks to offer better understanding as to what affects consumer willingness to buy GM food products across Australia.

An attempt was made by Bhuian (1997) in his paper to show that consumer attitudes towards foreign products, and the corresponding marketing practices in a global marketplace, had been one of the more extensively studied topics in the “country-of-origin” literature (Bannister and Saunders, 1978; Erickson et al., 1984; Gaedeke, 1973; Han and Terpstra, 1988; Johansson et al., 1994; Lumpkin and Crawford, 1985; Nagashima, 1970; Papadopoulos et al., 1993; Schooler, 1965; Tse 2005). It is not surprising to find growing interest in such a subject, since consumer attitudes towards foreign products, and associated marketing efforts, have been believed to be very important influences on purchasing behavior (Darling, 1983; Samiee, 1994).

This aspect is significant for managers in working out successful marketing strategies for international markets that are proving to be aggressively dynamic as regards competition. Available “country-of-origin” research has contributed considerable knowledge of consumer attitudes in various countries towards foreign products and corresponding marketing strategies. Besides, it has offered important insights into the importance of such knowledge for the determination of successful international marketing strategies. However, empirical research on the attitudes of consumers in

developing countries towards foreign products, and associated marketing practices, is somewhat limited. This limitation exists even though multinational enterprises around the world have expanded their operations in various developing countries and have been faced with the challenge of managing the competitive interaction of a firm's products with foreign products (Roth and Romeo, 1992). The marketplaces in these developing countries have been flooded with a large number of foreign brands covering every conceivable product category, from foods, toys and apparel to cars, computers and cellular phones. Consequently, it is imperative to examine how consumers in these developing countries look upon several foreign products and corresponding marketing practices.

In the backdrop of the above considerations, this study was undertaken to examine Malaysian consumers' attitudes towards Western brands across Malaysia and the related marketing tactics practiced by major industrialized countries in the Malaysian market – a promising developing country for multinational firms. The first section of this paper reviews why Malaysian consumers are particularly suitable for this research. The second section briefly reviews the requisite literature and establishes the research issues to be examined. The research methodology is reported in the third section and the fourth section presents the results.

It has been argued (Roth and Romeo, 1992) that stated intentions are imperfect measures of actual purchasing. Intentions data can contain systematic biases, intentions can change over time and the correlation between intentions and actual purchase can be imperfect. Ignoring any of the discrepancies between intentions and purchasing can result in biased estimates of variable coefficients and biased forecasts of future demand.



Previous models are either aggregate level models or only take into account a subset of these discrepancies. Thus, these models are limited in their ability to aid managers in targeting the right consumers with the right marketing offer. In this research a unified model of relationship between intentions and purchasing has been developed and it envisages that (1) It takes into account possible sources of discrepancies between intentions and purchasing; (2) It forecasts purchasing probability at the individual level by linking explanatory variables (e.g., socio-demographics, product attributes and promotion variables) and intentions with actual purchasing; (3) It considers multiple levels of purchase decisions rather than the simple purchase / no-purchase decision. We empirically demonstrate that our model provides more accurate individual level purchase predictions and is therefore more useful for guiding targeting efforts.

## **CHAPTER 3**

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

The main thrust of focus is on Attitudes of Malaysian Consumers towards American Brands with the development of an integrated theoretical model as the goal. By integrating animosity, ethnocentrism and product country constructs within the same model, the relationships between these and purchase intention is empirically gauged for the first time. The contribution to theory of this new model is the principal goal.

Hence, of prime significance to the design of the empirical test of the model is the reliability and validity of the measurements. Moreover, for the model to have theoretical value, it must also have relevance in terms of its practical application. As such, the