



THE EFFECTS OF CONSUMER ETHNOCENTRISM,  
COUNTRY OF ORIGIN AND ANIMOSITY ON  
BANGLADESHI CONSUMERS'  
WILLINGNESS TO BUY FOREIGN PRODUCTS

BY

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## ABSTRACT

Over the last few decades, globalization and the openness of markets worldwide have extended the potential consumer from absolutely domestic base to international consumers. It is critical for international marketers to precisely evaluate consumers' willingness to buy the foreign made products. Therefore, to evaluate the acceptance in foreign market and to build up the competitive advantage that will be sustainable in the long run these issues need to be studied. Regardless of the significance of analyzing consumer product perceptions, there is a research gap in modelling the relationship of essential determinants that affect the consumers' willingness to buy foreign products. The general objective of this study is to understand the interrelationship among consumer ethnocentrism, country of origin, and animosity on Bangladeshi consumers' willingness to buy foreign products. The theory of planned behaviour and other supporting theories were applied as the theoretical foundation for developing the conceptual model. The conceptual framework of this study proposed that consumer ethnocentrism, country of origin, and animosity have a huge impact on willingness to buy of foreign products. The research also aims at examining the mediating role by product judgement among consumers ethnocentrism, country of origin, and animosity with consumers' willingness to buy. Utilizing the drop-off/get back method, which utilized a self-administered questionnaire, an empirical data survey was conducted in seven divisional territories of Bangladesh, i.e., Dhaka, Chittagong, Khulna, Rajshahi, Sylhet, Barisal and Rangpur. Questionnaires were distributed to 525 respondents through random sampling method. Analysis of data was then conducted using descriptive, exploratory and confirmatory factor analysis. Subsequently, structural equation modelling (SEM) with 467 respondents was conducted to test the 7 hypotheses of this study, including the mediating effect of product judgement on the relationship between consumer ethnocentrism, country of origin, and animosity with willingness to buy foreign made products. The results indicate that except country of origin the other two variables, e.g. consumer ethnocentrism and animosity were found significant with willingness to buy foreign products in Bangladesh. Furthermore, the results also reveal that product judgement can significantly mediate the relationship between consumer ethnocentrism, country of origin and animosity with willingness to buy foreign products. Developing a structural model, the study clarified willingness to buy foreign products and tested for goodness-of-fit. Upon its validation, the direct and mediated effects proposed by the study were also examined within the model. This study made theoretical and practical contributions, particularly on the part of product judgement as a mediator role among variables: customer ethnocentrism, country of origin and animosity with willingness to buy. Besides, this thesis also recognizes some vital indications for international marketers and retailers of foreign made items as to the negative dispositions of Bangladeshi consumers emerging from ethnocentric propensities and animosity feelings. Possibly, the demographic profile of these customers will assist marketers in segmenting the global market. Targeting on the right segments to offer their products and in addition to formulating appropriate marketing strategies will go a long way to producing the desired outcome in international marketing.

## ملخص البحث

على مدى العقود القليلة المنصرمة، ونسبة لانتفاخ الأسواق بسبب العولمة في جميع أنحاء العالم تمّ اعتماد المستهلكين المستهدفين على المستوى المحلي على المستهلكين على نطاق العالم بصورة مطلقة. فمن الأهمية بمكان للتجار والمسوقين على مستوى العالم التأكد من معرفة وتقييم ما يلزمهم بالضبط بخصوص استعداد المستهلكين لشراء المنتجات المصنعة أو المستوردة من الخارج. لذلك، لمعرفة تقييم قبول هذه السلع أو المنتجات في الأسواق الخارجية وبناء ميزة تنافسية من شأنها أن تكون ميزة مستدامة على المدى الطويل والتي تحتاج إلى دراسة بهذه الشأن. بغض النظر عن أهمية تحليل التخييلات للمنتجات الاستهلاكية في ذهن المستهلك، هناك حاجة ماسة للبحث في إطار العلاقة بين المتطلبات الأساسية التي تؤثر على استعداد المستهلكين لشراء هذه المنتجات المستوردة. ولهذا السبب أجريت هذه الدراسة بهدف معرفة العلاقة المتبادلة بين النزعة العرقية للمستهلك، وبلد المنشأ، ومدى الكراهية على درجة استعداد المستهلكين بدولة بنجلاديش لقبول نظرية شراء المنتجات الأجنبية، والسلوك المخطط لها وغيرها من النظريات الداعمة كلها تم تطبيقها باعتبارها الأساس النظري لتطوير مفاهيم النموذجي لهذه الدراسة. تم اقتراح الإطار النظري لهذه الدراسة على أساس أن النزعة العرقية للمستهلك، وبلد المنشأ، والكراهية للسلع الأجنبية يمكن أن يكون لها تأثيراً كبيراً على استعداد المواطنين لشراء المنتجات الأجنبية. هدفت الدراسة أيضاً إلى دراسة دور الوسيط بحكم المنتجات بين المستهلكين ذوى النزعة العرقية، وبلد المنشأ، والكراهية مع استعداد المستهلكين لشراء السلع الأجنبية. بالاستفادة من تخفيض الأسعار، حيث تم استخدام الاستبيان الشخصي لجمع المعلومات، وأجري أيضاً مسح البيانات التجريبية في سبع مناطق بينجلاديش شملت: أي، دكا، شيتاغونغ، وخولنا، وراجشاهي، وسيلهت باريسا، ورانجبور. تم توزيع الاستبيانات على عدد 525 من الأفراد الذين شملهم الاستطلاع من خلال طريقة أخذ العينات العشوائية. وبعد ذلك أجرى تحليل البيانات باستخدام التحليل الوصفي، للتأكد من عامل التحليل. وفي وقت لاحق، تم إجراء نمذجة المعادلة الهيكلية (SEM) بتطبيقها على عدد 467 شخصاً من المشاركين لاختبار السبعة الفرضيات التي تضمنتها هذه الدراسة، بما في ذلك أثر التوسط من الحكم المنتج على العلاقة بين النزعة العرقية للمستهلك، وبلد المنشأ، والكراهية للسلع الأجنبية مع الاستعداد لشراء المنتجات الأجنبية الصنع. أوضحت النتائج إلى أنه باستثناء بلد المنشأ مع بقاء المتغيرات الأخرى على حالها، على سبيل المثال، تمّ العثور على النزعة العرقية للمستهلك، والكراهية بنسبة كبيرة مع الاستعداد لشراء المنتجات الأجنبية في بنجلاديش. إضافة إلى ذلك، فإن النتائج أشارت أيضاً إلى أن حكم المنتج يمكن أن يكون له دوراً كبيراً في العلاقة بين النزعة العرقية للمستهلك، وبلد المنشأ، والكراهية مع الاستعداد لشراء المنتجات الأجنبية. بالنسبة لتطوير النموذج النظري أو الهيكلية، أوضحت الدراسة استعداداً لشراء المنتجات الأجنبية واختباراً للأخير من بين العوامل كان مناسباً. للتحقق من صحتها، تم فحص الآثار المباشرة وبالوساطة التي اقترحتها الدراسة أيضاً ضمن النموذج. أسهمت هذه الدراسة نظرياً وعملياً، ولا سيما من جانب حكم المنتج باعتباره دور الوسيط بين المتغيرات: التي تضمنت النزعة العرقية للعملاء، وبلد المنشأ، والكراهية مع الرغبة في الشراء. إلى جانب ذلك أستخدمت هذه الأطروحة أيضاً بعض المؤشرات الحيوية للمسوقين وتجار التجزئة للسلع المصنوعة من خارج الوطن فيما يتعلق بالتصرفات السلبية للمستهلكين في بنجلاديش الخارجة من النزعات الإثنية ومشاعر الكراهية العالمية. ربما، تعزى هذه الأسباب لديمغرافية هؤلاء العملاء لمساعدة المسوقين بتجزئة السوق العالمية. وذلك باستهداف القطاعات الصحيحة لتقديم منتجاتها بالإضافة إلى صياغة إستراتيجيات التسويق المناسبة التي ربما تقطع شوطاً طويلاً لتحقيق النتائج المرجوة في مجال التسويق العالمي على المدى الطويل

## **APPROVAL PAGE**

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## DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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*This thesis is dedicated to my late parents for laying the foundation of what I turned  
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# CHAPTER ONE

## INTRODUCTION

### 1.1 OVERVIEW

Think globally and act locally is a phenomenon of today. Because of the globalization has expanded the open doors for organizations to sell and distribute their products and services throughout the world. Accordingly, consumers have the capacity to choose from the broad range of product and services in almost all product categories (Jiménez & Martín 2010). In the first decade (2000-2009) of the current century, this globalization has further developed; helping the consumers to buy an extensive amount of foreign products along with their domestic products. Ever since 1990, after the decline of communism, a new ideology emerged with globalization and free international trade concepts became the convention, which reduced the tariff and other trade barriers. This facilitates importing more and more foreign goods. As a result, business is facing increased competition and producers aggressively strive for attracting customers' attention towards compatible products in essentially every category of the product (Netemeyer et al., 1991). On the other hand, because of the decrease of the trade barrier among countries, consumers have more choices to purchase their goods from foreign as well as domestic manufacturers. For selling in the consumer-oriented marketplace, it is significant for the marketers to realize thoroughly the factors, which affect the consumers' choices of purchase (Abunasr, 2007). In this circumstance, sales and marketing managers tend to observe regularly the prospects to develop the market in the international arena.

Kaynak and Kara (2002) found that companies from developed countries with their manufactured products and services are entering into the developing countries.

The reason behind that is the domestic markets of the developed countries are already saturated. In order to sell their products and increase their customer base, companies are moving to the developing countries where they found the demand for their products (Batra et al., 2000; Essousi 2007). Chowdhury and Biswas (2011) also found that the transitional economy is very favourable for the country's overall growth potential, which is distinctive from developed nations. Furthermore, because of the advancement of the communication and information technology, the citizens of the developing countries are having domestic products as well as a wide range of foreign products than they have ever before (Kaynak & Kara, 2002; Essousi & Merunka, 2007). Moreover, transportation technologies (e.g., faster modes of transportation, more international travel routes) have also helped consumers access the foreign lands as well as the foreign products and advertisements. Consequently, these have developed the consumers' expectations of the foreign made products higher. However, the results of previous studies in developed countries may not be valid and applicable in developing countries. Therefore, there is a need of comprehensive study for developing countries consumer behaviour towards foreign made products.

Researchers had consistently been concerned with studying buyer's behaviour concerning product preference and purchase behaviour. To be more specific, they truly centred on practices that reflected either inclination for foreign products or domestic products. In their effort to gauge such consumer inclination, different constructs have been used. Traditionally, research on the purchase of foreign products has focused on the effects of a product's origin on inferences made about the product. Research in this vein has supported the contention that consumers' judgements of a product are affected by country of origin information (e.g. Fernández-Ferrín et al., 2015; Bilkey & Nes, 1982; Han, 1989; Papadopoulos & Heslop, 1993; Hong & Wyer,

1989; Maheswaran, 1994). More recently, however, research has focused on broader implications of a product's origin. Two of these factors are consumer ethnocentrism (Fernández-Ferrín et al., 2015; Shimp & Sharma, 1987; Sharma et al., 1995) and consumer animosity (Fernández-Ferrín et al., 2015; Klein et al., 1998; Klein, 2002, for a review see Riefler and Diamantopoulos, 2007).

Klein et al. (1998) named foreign product buying behaviour construct as “willingness to buy” to find what parts affect such a purchaser's intention. Diverse researchers like Han (1988) concentrated on the intention of the purchase while Sharma et al. (1995) took an attitudinal piece of such behaviour under thought. While various constructs were used, the basic target was to gauge either the intention of the purchase or willingness to buy domestic or foreign products. This study was concerned with determining the role of consumer ethnocentrism, country of origin and animosity factors in influencing the willingness to buy foreign products.

In the interest of anticipating variables, Shimp and Sharma (1987) discovered an anticipated relationship between disfavour of foreign made products and consumer ethnocentrism among U.S. shoppers, which eventually reflects their inclination for products manufactured at the domestic market. Shankarmahesh (2006) suggested that many marketers are concerned for the consumer ethnocentrism and consider as forms of non-tariff barrier. According to Kinra (2006), ethnocentrism is an emotional concept where buyer perceives that the domestic product is their object of pride compared to the foreign made product. Likewise, Sharma et al. (1995) explained that ethnocentric consumers do not purchase foreign products because this may cause damage to their domestic economy and they perceive that it is unpatriotic to buy foreign goods. Shankarmahesh (2006) indicated that the highest degree of customer ethnocentrism results in the more pessimistic evaluation of foreign made product.

Klein (2002) suggested that consumer ethnocentrism, willingness to buy foreign products, and foreign product judgement have a negative relationship; similarly, they have a negative attitude towards the foreign goods (Zarkada-Fraser & Fraser, 2002). In many studies, the perception of foreign goods and the influence of consumer ethnocentrism have been studied repeatedly. For instance, Pecotich et al. (1996 cited in Chrysochoidis et al., 2007) found in retail purchase pattern and recognized that ethnocentrism might affect the foreign made products' judgement by the consumers. However, according to Klein et al. (1998) product judgement of Chinese consumers was found negatively related to consumer ethnocentrism.

It has been found that non-ethnocentric consumers judge the products by its quality regardless of where their country of origin. Gürhan-Canli and Maheswaran (2000) consider that consumer ethnocentrism acts as a predecessor to the country of origin (COO) assessment. Balabanis and Diamantopoulos (2004) recognized that the perceived value of specific COO and product category affect the consumer ethnocentrism in favour of domestic or foreign products. Since 1965, the connection between the product judgement and the country of origin has extensively undertaken in many research works. As evidence, Chowdhury and Biswas (2011) revealed the effect of COO on the product evaluation as well as willingness to buy foreign made products. In reality, a substantial amount of research was conducted on the influence of country of origin (COO) in developing and industrialized countries. However, studies of the COO effect in developing country as Bangladesh has remained relatively low (Insch & McBride, 1998).

From the perspective of willingness to buy foreign products and country of origin (COO) by the customers, Pappu, Quester and Cooksey (2006) found that the negative or positive understanding in the consumer's mind affects their buying

tendency. Hui and Zhou (2002) claimed that COO influences positively the purchase intention as well as willingness to buy the foreign made products. Though Cervino, Cubillo and Sanchez (2005) recommended that the COO indirectly influences the willingness to buy through other variables (brand image, perceived value, brand equity, product evaluation and so on). According to Usunier (2006), among all dependent variables willingness to buy and product judgement appear to be more significant with the country of origin (COO) effects towards foreign products. As COO is one of the significant cues in the decision-making process theory (Cordell, 1992), Elliot and Cameron (1994 cited in Masayavanij 2007) observed COO have a positive or negative influence on the foreign made products' decision-making process by the consumers.

Ahmed et al. (2004) claimed that there have been a few studies on the influence of country of origin (COO) of the low-involvement item. It is remarkable to note whether the influence of COO for low and the high involvement products is the same or not has not yet been investigated. Ahmed et al. (2004) also suggested that for better understanding the impact of COO, future recommended research to study the result of COO on the basis of segmentation (Sohail, 2005; Kwok et al., 2006) as customers from different segment globally respond differently (Bhaskaran & Sukumaran, 2007). Moreover, it has been found that based on familiarity with the individual country, consumers develop the product images. In an empirical study, Ahmed and d'Atous (2008) concluded that brand familiarity plays a noteworthy role in the evaluation of COO of foreign made product. Therefore, consumer behaviour and marketing research community accepted that country of origin (COO) be considered as a mainstream research field of consumer behaviour towards foreign made products (Usunier, 2006).

Similarly, over the long-term customers animosity towards certain nations may play an essential part in deciding the customers' buying decision. Nijssen and Douglas (2004) validated the model of the animosity in the Netherlands, a nation with a high degree of foreign business involved, and found that an animosity will have a solid effect on purchasers' willingness to buy foreign items, especially when local options were not accessible. Ettenson and Klein (2005) suggested the issue of blurring animosity over the long run in a longitudinal exploration outline and found that the animosity level can diminish over the time-period; however, it still has the ability to affect unfavourably on the willingness to buy the product. In fact, buyer animosity has a negative effect on customers' eagerness to purchase foreign items, even though the animosity level is moderately low. Chinese customers have a lower hostility level to the US products than Japanese products. Regardless, shopper animosity assumes a hurtful part on their willingness-to-purchase US-made items (Cui et al., 2012). Willingness to buy and animosity relationship had measured negative influence among Chinese purchasers (Klein, Ettenson & Morris, 1998). With a view to that, Ettenson and Klein (2005) advanced our understanding by demonstrating the fact that animosity may disperse over the period and this may have measurable consequences for buyers' eagerness to purchase.

Lately, such actions have consolidated previous circumstances identified with marketing and consumer behaviour of a different culture (Shukla, 2008; Chaudhuri & Majumdar, 2010; Podoshen & Lu, 2011). The aim of this examination is to gauge the effect of buyer ethnocentrism, country of origin (COO) and animosity towards foreign brands in Bangladeshi market. This study will determine the role of COO, consumer ethnocentrism and animosity that may affect the judgement of foreign product as well as willingness to buy the foreign products by the consumers in Bangladesh. Moreover,

based on these claims, a new marketing opportunity has explored. Finally, this study also offered guidelines and recommendations for the practitioners and identified the limitations need to be avoided in a future study.

## **1.2 FOREIGN PRODUCTS CONSUMPTION IN BANGLADESH**

At the very outset of the study, it needs to clarify that why this study has chosen Bangladesh. The country adopted broad scale trade liberalization in the early 1990s, which is considered as “excessively fast” compared with other equivalent countries. A study by Rahman (2007) reports that due to the liberalization happened due to diminishing rate of usual customs duties had been all the more on consumer items than that of capital, secondary or primary goods. Case in point, the ordinary custom duties for the consumer goods decreased to 10.68 percent in 2003-04 from 47.3 percent in 1990-91 (pretty much 4.5 times), while the rates for capital goods and middle person merchandise diminished to 7.42 percent (only 2.5 times) and 15.12 percent (only 1.6 times) in 2003-04 and 18.7 percent and 24.1 percent in 1990-91 independently (Rahman, 2007). As a developing nation, such openness has had a basic effect in the procuring behaviour of the Bangladeshi people. In addition, Bangladesh is surrounded by India – the fifth greatest economy on the earth – from where a great volume of items is exported into Bangladesh– free of duty or tax – at a lower price (World Bank, 1999) and this has a real effect on the purchasing choices of the domestic consumers.

It is likewise critical to evaluate whether the consumer ethnocentric tendencies scale (CETSCALE) is applicable for a developing country like Bangladesh as it is always acknowledged that purchaser’s ethnocentrism is just a sensation of the developed world. There is remissness in the literature on testing the propriety of the

CETSCALE for developing nations. There are only a few studies available on developing countries (just in Africa) specifically, Ghana (Saff and Walker, 2006) and Nigeria (Okechuku & Onyemah, 2000). Regardless, in Bangladesh, the South Asian developing country with the fastest record of liberalization of trade, there are very few investigations on acceptance of the CETSCALE.

In January 2012, total imports of goods and services were recorded at Tk.280.32 -13824 (USD 354.8 million) where the import of the goods was Tk.243.39 (\$3.12 billion). It has been found that in Bangladesh, the imports in January 2012 were Tk. 29.48 billion (\$ 378 million) higher than that in December 2011. Moreover, the service imports in January 2012 have expanded by 2.10 percent when contrasted with December 2011.

Shankarmahesh (2006) has been uncovered from the trade with managers that purchase choice is influenced by the country of origin picture. The managers expressed that, being non-ethnocentric, Bangladeshi buyers have a tendency to be prone towards foreign services. From the existing literature on Bangladeshi consumer ethnocentrism, it has been uncovered that Bangladeshi buyers are non-ethnocentric. After applying the seven items' consumer ethnocentric tendencies scale (CETSCALE), Shimp and Sharma (1987) found that Bangladeshi consumers do not generally favour locally produced Bangladeshi products and services. Besides, if there is a probability that utilizing Bangladeshi services may cost them over the long haul, they do not lean toward it whatsoever. Khan (2012) found that Bangladeshi shoppers do not take pride in their locally made services. Being non-ethnocentric, Bangladeshi shoppers evaluated foreign products and services as better for its quality and standard. It might be legitimized by the study of Supphellen and Groundhaug (2003) claimed that in developing markets, the level of ethnocentrism is low and the customers have