Reducing the Negative Effect of Consumer Ethnocentrism on Patronage Behaviour at Foreign Retailers

By Marta Keane and Dirk Morschett

This study investigates whether consumer ethnocentrism affects patronage behaviour at foreign retailers. Moreover, the activities of retailers that can potentially reduce the negative influence of ethnocentric tendencies, that is, domestic assortment, perceived brand localness and local corporate social responsibility, are analysed. Using social identity theory, the related hypotheses are tested based on a sample of 505 consumers from the United States through partial least squares analysis. The findings indicate that the proposed moderating factors do not reduce the negative effect of consumer ethnocentrism on patronage behaviour at foreign retailers; however, direct effects are found. Perceived brand localness and local corporate social responsibility are found to directly affect consumers' patronage behaviour at foreign retailers. This study fills two research gaps: it conducts an analysis of the retail sector from the perspective of consumer ethnocentrism, and it investigates the role of retail-specific moderating variables.

1. Introduction

Foreign retailers often realise innovation or functional advantages in foreign countries (e.g., Gielens and Dekimpe 2001; Swoboda et al. 2012), but at the same time, they face competitive disadvantages in comparison to well-embedded local firms (e.g., Denk et al. 2012). Researchers have found evidence that consumers' acceptance of foreign stores can be partly attributed to the status of the retailer as foreign, as it might be perceived as part of an out-group (e.g., Zarkada-Fraser and Fraser 2002; Swoboda and Pennemann 2014). Therefore, in this study, we analyse the effects of consumer ethnocentrism on patronage behaviour at foreign retailers. Shimp (1984) explains that consumer ethnocentrism captures beliefs held by customers regarding the immorality of purchasing foreign-made products. Such beliefs are the result of a perception that buying foreign-made products has negative repercussions on the domestic economy and results in domestic job losses. Consistent with de Wulf and Odkerken-Schröder (2003), patronage behaviour is conceptualised as the purchasing frequency of consumers and the amount spent at a particular retailer compared with other retailers where the consumers shop.

Scholars have paid considerable attention to the antecedents of consumers’ patronage behaviour by addressing such important antecedents as quality, selection, and store atmosphere (see the overview by Pan and Zinkhan 2006). However, to the best of our knowledge, scholars have not yet addressed consumer ethnocentrism as an antecedent of consumers’ patronage behaviour at foreign retailers. This relationship may be of importance for foreign retailers because consumer ethnocentrism has previously been shown to pose a barrier to internationalisation for service companies (de Ruyter et al. 1998).

Consumer ethnocentrism has been investigated as an antecedent in indirect effect models (e.g., Zeugner-Roth et al. 2015; Dmitrovic et al. 2009; Nijssen and Douglas 2011) as well as in models examining the direct effects of consumer ethnocentrism on various behavioural outcome variables, for example, willingness to buy foreign and domestic products (Zeugner-Roth et al. 2015), brand purchases (Strizhakova and Coulter 2015), or reluctance to buy foreign products (Siamagka and Balabanis 2015).
The findings in the literature are consistent and show that consumers with higher levels of consumer ethnocentrism are more reluctant to purchase foreign products (Siamagka and Balabanis 2015). Surprisingly, only two studies address the influence of consumer ethnocentrism in the retail context. In a study examining Poland and Russia in the period of economic transition, Good and Huddleston (1995) find that consumers who shopped at state-owned stores were more ethnocentric than consumers who shopped at privately owned stores that were mostly foreign-owned. Zarkada-Fraser and Fraser (2002) find that for Australian and Greek-Australian consumers, consumer ethnocentrism is correlated with a negative attitude towards a hypothetical foreign-owned supermarket, while for migrants, this relationship is weaker. However, these studies do not provide insights into the direct effects of consumer ethnocentrism on patronage behaviour.

Therefore, the first aim of this research is to examine whether and how consumer ethnocentrism affects patronage behaviour at foreign retailers based on the social identity theory (Tajfel and Turner 1979). In doing so, we contribute to the literature by taking a novel perspective on the direct effects of consumer ethnocentrism on self-reported patronage behaviour at foreign retailers. Patronage behaviour is known to be affected by consumers’ perceptions of offers (e.g., brands, assortment of products or price; Pan and Zinkhan 2006), but foreign retailers might be additionally affected by consumer ethnocentrism. Siamagka and Balabanis (2015) argue that although products can be evaluated based on different criteria, ethnocentric consumers primarily categorise products as domestic or foreign. We argue that this type of categorisation is also relevant for retail stores.

As opposed to manufacturer brands, foreign retailers provide complex assortments of products that may include both foreign and domestic products, and they can integrate themselves in the local market, for example by having local employees provide their service in the host country and by sourcing from domestic suppliers. Such integration may be appreciated by local consumers. In this respect, the second aim of the study is to analyse whether and how certain activities of foreign retailers affect patronage behaviour at foreign stores and whether such activities influence the consumer ethnocentrism-patronage behaviour link. By doing so, we contribute to the literature by analysing the role of the domestic assortment, perceived brand localness and the local corporate social responsibility (CSR) of foreign retailers. We focus on these variables – and do not comprehensively analyse a broad set of further variables – for three reasons. First, those three characteristics are frequently applied by foreign retailers, as shown through anecdotal evidence and the authors’ observations in different countries. Second, retailers can use a wide assortment of domestic products and brand localness to reduce the perception of foreignness (which cannot be achieved by adapting prices or quality), which allows foreign retailers to appeal to the national identity of the local consumers. Third, we choose product assortment because it is known to be frequently adapted to the host country (Swoboda and Elsner 2013), and we choose local CSR because consumers who are CSR-conscious may aspire to minimise any harmful effects and maximise the beneficial impact on society with their purchase decisions (Mohr et al. 2001). CSR can refer partly to global activities and partly to those in the host country and is furthermore closely related to consumer ethnocentrism. We also investigate whether local CSR activities and perceived brand localness directly influence consumers’ patronage behaviour at foreign retailers.

In summary, we provide new insights into research on retailing in international marketing by analysing whether consumers with higher (vs. lower) levels of consumer ethnocentrism are less likely to patronise foreign retailers and how certain activities that retailers’ can undertake to better integrate themselves in the local market affect patronage behaviour directly or indirectly.

The remainder of this study proceeds as follows: first, the theoretical foundation is introduced, which provides the basis for the hypotheses. Then, the empirical study is described and an overview of the results is provided. The results are then discussed and managerial implications are described. Finally, limitations and avenues for future research are proposed.

2. Theory and hypotheses

2.1. Theory and conceptual framework

Consumer ethnocentrism captures the economic motives for a domestic bias in buying behaviour, an idea that is widely supported in the literature (Shimp 1984; Sharma et al. 1995; Zeugner-Roth et al. 2015). Typically, the concept of consumer ethnocentrism has been used to justify consumers’ preference for a domestic product compared to foreign alternatives (Zeugner-Roth et al. 2015). Scholars have shown that consumer ethnocentrism represents the normative belief that purchasing foreign products is incorrect because it hurts the domestic economy, and consumers should support domestic companies by purchasing domestic products (Shimp and Sharma 1987; Siamagka and Balabanis 2015; Zeugner-Roth et al. 2015).

Social identity theory is considered to explain the roots of consumer ethnocentrism (Zeugner-Roth et al. 2015). The theory posits that an individual has a need for a positive social identity, which is conveyed by a need to enhance the positive distinctiveness of the in-group compared to out-groups (Turner 1999). Tajfel and Turner (1979) propose that individuals can belong to different groups, depending, for example, on social class, family or religion. The groups to which they belong (or identify with) are an important source of pride and self-esteem. Group membership can provide individuals with a sense of social identity and belonging to the social world. The
self-image of individuals is divided into a personal identity and a social identity, with social identity being defined as ‘that part of an individual’s self-concept which derives from his knowledge of his membership in a social group (or groups) together with the value and emotional significance attached to that membership’ (Tajfel 1981, p. 255). The level of this need depends on the individual’s emotional attachment to the group (Oberecker and Diamantopoulos 2011). A common criterion for making in-group versus out-group distinctions is nationality (Orth and Firbasová 2003), whereby the home country is normally perceived as the in-group and foreign countries as an out-group (Verlegh 2007; Zeugner-Roth et al. 2015). In our context, a foreign retailer is likely to be perceived as belonging to the out-group and therefore as not contributing to a consumer’s social identity, which should negatively affect patronage behaviour.

However, retailers have major opportunities to affect consumer perceptions of whether they are part of the in-group as they carry out their operations in the host country. Considering their assortment of products, foreign retailers can increase the local content and offer a more domestic assortment in the host country. They can also use more emotional appeals and localise their retail brand to the host country, e.g., by using local national symbols. With regard to local CSR, foreign retailers can support the local communities around their stores, create local employment or buy from domestic suppliers. These activities should reduce the incidences of rejection of the retailer by ethnocentric customers but should also be appreciated by customers in general, thus creating a direct link to patronage behaviour. The direct effects of consumer ethnocentrism and local CSR as well as potential moderators are integrated in our conceptual framework (see Fig. 1).

2.2. Hypotheses development

According to social identity theory, consumers with higher levels of consumer ethnocentrism are more likely to have a negative perception of foreign retailers because they are seen to harm the domestic economy. These perceptions may negatively affect the preferences consumers have for foreign retailers (shown for products, brands and institutions, Granzin and Painter 2001) and may influence patronage behaviour. Consumers higher in ethnocentrism have a stronger sense of belonging to the group (i.e., the in-group), which guides their behaviour regarding what an appropriate and inappropriate purchasing behaviour is (Siamagka and Balabanis 2015). More importantly, there is a negative relationship between the level of consumer ethnocentrism and the attitude towards foreign-owned stores (Zarkada-Fraser and Fraser 2002). Because a foreign retailer is likely not to belong to the perceived in-group, we expect that consumers with higher consumer ethnocentrism will be less likely to purchase from foreign retailers. We therefore propose as follows:

**H1:** Consumer ethnocentrism has a negative influence on patronage behaviour at foreign retailers.

A retailer’s activities have been shown to have a strong influence on patronage behaviour. Scholars have identified the assortment of products as an important factor in acquiring and retaining customers (e.g., Pan and Zinkhan 2006; Schramm-Klein et al. 2016). Swoboda et al. (2012), for example, show that a consumer’s response to foreign retailers is influenced by the assortment of products, which can additionally help foreign retailers reduce the perception of foreignness. For the purposes of this study, the domestic assortment is defined as the perceived share of products particular to the market in which the retailer operates. Ethnocentric consumers tend to favour products that represent their home country’s tastes, styles and fashion, even if they are not made domestically. For example, Kipnis et al. (2012) find that Polish consumers associated positive ethnocentric tendencies with the foreign brand Carlsberg because they perceived the brand to be adapted to the country’s tastes, which made it more Polish. The scholars further note that consumers’ positive reactions were based on their belief that the brand attempted to match the local expectations and conveyed its respect for local traditions. Therefore, foreign retailers who offer products that appeal to local tastes may partially overcome the aversion ethnocentric consumers may feel toward them. We therefore propose as follows:

**H2:** The higher the perception of the domestic assortment is, the weaker the negative relationship will be between consumer ethnocentrism and patronage behaviour at foreign retailers.
Another strategic instrument that can help foreign retailers be perceived as part of the in-group, and thereby appeal to the social identity of ethnocentric consumers, is the retail brand. The retail brand has been frequently identified as a source of differentiation from consumers’ point of view (Ailawadi and Keller 2004; Swoboda et al. 2013). The retail brand image is comprised of the perceptions and beliefs that consumers hold about the brand (Keller 1993).

The focus of this study is on a specific aspect of the retail brand, namely the perceived brand localness. Perceived brand localness captures consumers’ perceptions of a foreign retailer acting like a local actor and being accepted as a symbol or icon of the local culture (Steenkamp et al. 2003; Swoboda et al. 2012). Foreign retailers can use emotional appeals to integrate themselves into the domestic market, which can exert an important influence on consumers’ behaviour (Steenkamp et al. 2003). This integration can occur by building strong associations with the local culture, national identity, and heritage (Xie et al. 2015). For example, the German retailer Aldi integrated a picture of the Matterhorn, a well-known Swiss symbol, on the delivery trucks of its Swiss subsidiary and a British flag with the slogan ‘Championing Great British Quality’ on delivery trucks in the United Kingdom.

These local appeals should be particularly appreciated by consumers with higher consumer ethnocentrism, as they are attracted to national ideals and view domestic symbols and culture with pride (Siamagka and Balabanis 2015; Steenkamp et al. 2003). Thus, consistent with social identity theory, managers can sway consumers’ perceptions of whether the brand is considered local (in-group) by using local symbols (Kipnis et al. 2012). Retailers whose brand is adapted to the host country can thereby influence ethnocentric consumers’ emotional affiliation with the nation (the in-group). Consequently, consumers should have more positive perceptions of the foreign retailer. We therefore propose as follows:

**H3:** The higher the perceived brand localness is, the weaker the negative relationship will be between consumer ethnocentrism and patronage behaviour at foreign retailers.

Previous research has established that companies’ CSR activities have an influence on consumers’ purchase intentions (Mohr et al. 2001; Oberseder et al. 2011; Russell and Russell 2010) and, to a lesser extent, on their patronage behaviour (e.g., Schramm-Klein et al. 2016). It has also been shown that patronage behaviour is influenced by the perceived level of support retailers’ show towards their employees and the community and that it is a relevant consideration in consumers’ purchase decisions (Schramm-Klein et al. 2016).

Consistent with social identity theory, individuals who perceive that the activities of a company positively contribute to the country (i.e., benefits the in-group) are more likely to engage in positive behaviour towards that company because it is consistent with their identity (Forehand et al. 2002; Russell and Russell 2010). Ailawadi et al. (2014) observe that the perception of a retailer’s CSR activities may influence consumer behaviour because of what the CSR activities say about the consumer. Furthermore, Russell and Russell (2010) argue that consumers’ patronage intentions increase when they perceive that a retailer’s CSR activities are localised because such activities have increased direct personal relevance for a consumer and directly benefit the in-group. In our study, local CSR refers to how well a company contributes to the local economy and creates benefits for local stakeholders (i.e., the in-group).

Jones et al. (2007) find that the top retailers in the UK primarily include information about their efforts in the local marketplace, the workplace or the community in their CSR reports. For example, in 2007, the British retailer Sainsbury’s reported on their commitment to local farmers, particularly their mission to provide consumers with local produce. Consumer ethnocentrism captures economic motives for in-group bias and is based on the normative belief that purchasing foreign products is incorrect because it hurts the domestic economy (Shimp and Sharma 1987; Siamagka and Balabanis 2015; Zeugner-Roth et al. 2015). By ensuring that they act responsibly in the local environment, retailers specifically respond to the concerns of ethnocentric consumers. In fact, the link between local purchasing (as part of CSR) and ethnocentrism becomes evident when examining some items on the CETSCALE, which is the instrument that is most frequently used to measure consumer ethnocentrism. For example, ‘Americans should not buy foreign products, because this hurts American business and causes unemployment’ (Shimp and Sharma 1987, p. 282). Thus, a company that ensures that its merchandise comes from the in-group (local suppliers) can be rewarded with more positive behaviour from ethnocentric consumers (Granzin and Painter 2001).

Based on this reasoning and consistent with the principles of social identity theory, we expect that the more consumers perceive that a foreign retailer exerts a positive influence on the local economy (i.e., the in-group), the more they are likely to buy from that foreign retailer. These activities should be particularly relevant for consumers with higher ethnocentrism and should result in a lower likelihood of rejecting that foreign retailer. We therefore propose as follows:

**H4a:** Perceived local CSR activities have a direct positive influence on patronage behaviour at foreign retailers.

**H4b:** The higher the perceived local CSR activities of a foreign retailer are, the weaker the negative relationship will be between consumer ethnocentrism and patronage behaviour at foreign retailers.

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3. Empirical study

3.1. Sample

An empirical study was conducted in the US market based on two retail companies: Aldi and IKEA. These retailers were chosen because they are the only two foreign retailers on the top 100 retailers list in the US that use their original foreign retail brand for their US stores (NRF 2015). Moreover, both retailers are among the most global retail brands in the world and must compete with mostly domestic retail chains.[1]

The data for the study were collected online with the help of a digital service provider. Only American respondents familiar with at least one of the two retailers and who have the opportunity to patronise this retailer (geographic proximity) were asked to fill out the questionnaire. Geographic proximity was assessed based on consumers’ perception of store accessibility. Each respondent evaluated one retailer. A total of 662 questionnaires were collected. After data collection, the sample was revised to eliminate respondents who mistakenly perceived the retailer as domestic. This was based on the logic that otherwise the results would be biased, given that customers would then behave as they would towards domestic retailers. This resulted in the exclusion of 91 Aldi questionnaires and 30 IKEA questionnaires.[2] Furthermore, respondents with an immigrant background were eliminated because it has been shown in previous research that immigrants display different behaviour towards foreign retailers than consumers without an immigration background due to different perceptions of in-group and out-groups.[3] We used a very strict criterion for immigration background and excluded all respondents who had at least one parent born abroad, which resulted in 43 exclusions. The final sample consists of 505 usable responses (for an overview of the sample, see Tab. 1).

3.2. Measurements

Regarding the measurement, we consider a hierarchy of effects by applying an appropriate questionnaire design (e.g., randomising the question order). We relied on previous studies using mostly seven-point Likert-type scales (ranging from 1 to 7, strongly disagree to strongly agree) as well as reflective and formative scales. Following de Wulf et al. (2001), the dependent variable patronage behaviour was measured with three items (see Tab. 2). One item was measured on a seven-point Likert scale, one item on a ten-point scale, and one on a one-hundred-percent scale. Following Nijsen and van Herk (2009), a five-item CETSCALE was used to measure consumer ethnocentrism. Perceived brand localness was measured on a three-item scale developed by Swoboda et al. (2012). The scale used to measure the domestic assortment was developed for this study because no scale existed; it was measured with four items on seven-point Likert-type scales.

Finally, to develop an appropriate local CSR scale, we conducted a pre-test in December 2013 with fifty-six respondents to determine the most relevant dimensions of CSR in the retail context based on a proposed scale developed by Öberseder et al. (2014). The initial scale consisted of seven domains (each containing between 3 and 6 items). Because the focus of our study is on local aspects of CSR, two dimensions were excluded from the pre-test: shareholder domain, because the shareholders of foreign retailers are presumably from abroad and their well-being should not influence the behaviours of ethnocentric consumers, and the customer domain, because perceived value, as an important facet of consumer perceptions, was included in this study as a control variable. Fifty-six respondents were asked to use a seven-point Likert scale to indicate the aspects they considered most relevant when shopping based on questions derived from the scale developed by Öberseder et al. (2014). Then, they were asked to rank the domains in order of importance (i.e., community, societal, employee, supplier and environment). The three most relevant dimensions emerged: employee, supplier and community. Each domain was measured with four items. The dimensions that emerged are largely consistent with those of Ailawadi et al. (2014).

The study design considers three control variables. First, animosity was controlled because consumers may reject companies from a specific country-of-origin but not from abroad in general. Animosity was measured with the single item ‘I dislike (country name)’ (according to Klein et al. 1998). Second, perceived value was controlled, as it has been determined to be one of the key factors in the decision to patronise a particular store (e.g., Pan and Zinkhan 2006). Perceived value was measured with one item, ‘Merchandise at (retailer’s name) stores has very good value’. We use it only as a control variable because it is not particular to foreign retailers. Third, age was controlled because it may affect the level of consumer ethnocentrism as well as patronage behaviour.

<table>
<thead>
<tr>
<th>Retailers</th>
<th>Frequency</th>
<th>Percent</th>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aldi</td>
<td>260</td>
<td>51.5</td>
<td>Up to 25</td>
<td>31</td>
<td>6.1</td>
</tr>
<tr>
<td>IKEA</td>
<td>245</td>
<td>48.5</td>
<td>26-34</td>
<td>191</td>
<td>37.8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>255</td>
<td>50.5</td>
<td>35-44</td>
<td>156</td>
<td>30.9</td>
</tr>
<tr>
<td>Female</td>
<td>250</td>
<td>49.5</td>
<td>45-54</td>
<td>65</td>
<td>12.9</td>
</tr>
<tr>
<td>N</td>
<td>505</td>
<td>100.0</td>
<td>55 and older</td>
<td>62</td>
<td>12.3</td>
</tr>
</tbody>
</table>

Tab. 1: Overview of the sample
3.3. Method

Methodologically, we proceed in two ways: the measurements were tested for reliability, validity and possible biases. The validation of the multi-item measurement models was assessed following the recommendations of Hair et al. (2014a). First, the internal consistency of the reflective scales was measured by calculating their composite reliability, which prioritises the indicators according to their individual reliability. Values above .70 are regarded as satisfactory (Nunnally and Bernstein 1994). One value in the domestic assortment was below this threshold. As a result, this item was removed from further analysis. Multicollinearity did not pose a problem, as the variance inflation factors (VIFs) were lower than the commonly accepted threshold of ten (Hair et al. 2014b). To establish convergent validity, the outer loadings were calculated. The loadings were significant and above .708. Further, the average variance extracted (AVE) was calculated. AVE values of .50 or higher are accepted (Fornell and Larcker 1981), which was the case for all scales in the study.

In a formative measure, the indicators are not interchangeable, as each indicator captures a specific aspect of the construct’s domain (Diamantopoulos and Winklhofer 2001). The convergent validity, significance, and relevance of the indicators of the second-order formative construct of local CSR were assessed. The presence of multicollinearity among the indicators was also investigated. Multicollinearity did not pose a problem, as all VIFs were lower than 3 (Hair et al. 2014b). Further, the outer weights and their relative importance to the formative construct were assessed using the bootstrap technique of 5,000 samples. Two outer weights were not significant, one from the employee dimension and one from the supplier dimension. However, Hair et al. (2014a) suggest retaining such items in cases where the indicator’s outer weight is non-significant but the outer loading is high (i.e., above .50), which was the case here. As a result, all the items were retained. In addition, the collinearity issue for all the predictor constructs was assessed separately (Hair et al. 2014a), with no indication of any problem (see Tab. 2 for descriptive statistics and details on the measurements and Tab. 3 for correlation coefficients and VIFs).

Common method variance (CMV) may be an issue in studies that use questionnaires as the only data collection method, particularly when perceptions are being measured. CMV was addressed a priori by using an appropriate questionnaire design, including randomising the question order and using different response formats, which are known to reduce the likelihood of CMV. Posteriori it was investigated whether CMV was an issue by applying the marker variable technique. The marker variable ‘(Retailer’s name) sells medicaments in the United States’ is theoretically unrelated to the constructs of interest. All the correlations between the marker variable and the constructs were below the threshold of r = .20 (Malhotra et al. 2006). Then, we applied Harman’s single-factor test. If CMV was present, one general factor would account for most of the variance in the study, which was not the case. Because Harman’s single factor has often been criticised for its weak methodological rigour (e.g., Podsakoff et al. 2003) we also employed the ‘unmeasured latent factor method’ suggested by Podsakoff et al. (2003) to extract the common variance. This procedure suggests the addition of an unmeasured latent factor to the measurement model during confirmatory factor analysis. This factor includes all indicators from the other latent factors so that the variance common to all observed indicators is detected. The indicator loadings on this common latent factor are constrained to be equal to each other to ensure that the unstandardised loadings will be equal. Squaring this unstandardised loading then gives the percentage of common variance across all indicators in the model, i.e., the CMV. The results of this test showed that 35 percent of the variance could be due to CMV. Based on this analysis, we conclude that CMV is not a serious concern in this study (Lowry et al. 2013).

To investigate whether the analysis using pooled data from both retailers could be conducted, the measurement invariance was tested, following the recommendations of Cheung and Rensvold (2002). Cheung and Rensvold (2002) suggest basing the invariance decision on a difference in CFI (ΔCFI), where the difference in CFI values should be lower than .01 (Byrne 2010). The measurement invariance analysis in this study suggested that the Aldi and IKEA models are invariant, thus allowing the analysis with the pooled data (see Tab. 4).

SmartPLS 3.0, a partial least squares (PLS) software application, was used to analyse the data. Despite its shortcomings, PLS effectively addresses both reflective and formative scales in the same estimated model. Furthermore, PLS has fewer assumptions regarding the distribution of data than does a covariance matrix based structural equation models. As a result, the findings are less sensitive to data skewness and kurtosis (e.g., Nijssean and van Herk 2009).

3.4. Results

To compare contributions and the significance of the effects, we sequentially calculated three models. The analyses were conducted on the pooled data using SmartPLS’ bootstrapping option with 5,000 samples.

In the first model, we only included the control variables perceived value, age and animosity. Following Nijssean and van Herk (2009), we retained only the significant control variable—perceived value—in the further models to keep the models parsimonious. Both age and animosity were deleted from further analysis. In the second model, we added the independent variables consumer ethnocentrism, domestic assortment, perceived brand localness and perception of local CSR activities. In the third and final model, we added the three interaction terms between consumer ethnocentrism and the domestic assort-
### Reflective measures Items Mean value Standard deviation Loadings Composite reliability AV E VIF

#### Patronage behaviour (de Wulf et al. 2001)

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Loadings</th>
<th>Composite reliability</th>
<th>AV E</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>What percentage of your total expenditures for your (retail category) do you spend at (retailer’s name)?</td>
<td>22.28</td>
<td>25.69</td>
<td>.952</td>
<td>.968</td>
<td>.909</td>
<td>6.00</td>
</tr>
<tr>
<td>Of every 10 times you select a store to buy (retail category) at, how many times do you select (retailer’s name)?</td>
<td>2.73</td>
<td>2.69</td>
<td>.969</td>
<td>7.77</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How often in comparison to other (retail category) shops do you do the shopping in (retailer’s name)?</td>
<td>3.34</td>
<td>1.67</td>
<td>.939</td>
<td>4.01</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Consumer ethnocentrism (original scale: Shimp and Sharma (1987); adapted by Nijsen and van Herk (2009))

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Loadings</th>
<th>Composite reliability</th>
<th>AV E</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only those products that are not available in America should be imported.</td>
<td>3.35</td>
<td>1.38</td>
<td>.938</td>
<td>.753</td>
<td>2.38</td>
<td></td>
</tr>
<tr>
<td>A real American should always buy American-made products.</td>
<td>3.22</td>
<td>1.69</td>
<td>.858</td>
<td>2.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We should purchase products manufactured in America instead of letting other countries get rich off us.</td>
<td>3.62</td>
<td>1.65</td>
<td>.906</td>
<td>3.48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>American should not buy foreign products, because this hurts American business and causes unemployment.</td>
<td>3.05</td>
<td>1.55</td>
<td>.890</td>
<td>3.33</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Domestic assortment (new scale)

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Loadings</th>
<th>Composite reliability</th>
<th>AV E</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>The range of foods offered by (retailer’s name) includes American produce.</td>
<td>5.04</td>
<td>1.11</td>
<td>.888</td>
<td>.726</td>
<td>.201</td>
<td></td>
</tr>
<tr>
<td>The selection of products in (retailer’s name) is mostly of foreign heritage. (r) (deleted)</td>
<td>5.23</td>
<td>1.21</td>
<td>.793</td>
<td>2.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is a wide selection of traditional American products in (retailer’s name).</td>
<td>4.87</td>
<td>1.33</td>
<td>.877</td>
<td>2.26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The selection of American products at (retailer’s name) is poor. (r)</td>
<td>5.03</td>
<td>1.34</td>
<td>.882</td>
<td>2.36</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Perceived brand localness (Steenkamp et al. 2003; adapted by Swoboda et al. 2012)

<table>
<thead>
<tr>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Loadings</th>
<th>Composite reliability</th>
<th>AV E</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>I associate the retail brand (retailer’s name) with things that are American.</td>
<td>3.72</td>
<td>1.28</td>
<td>.943</td>
<td>.847</td>
<td>.289</td>
<td></td>
</tr>
<tr>
<td>To me, the retail brand (retailer’s name) represents what American is about.</td>
<td>3.55</td>
<td>1.42</td>
<td>.904</td>
<td>2.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To me, the retail brand (retailer’s name) is a very good symbol of America.</td>
<td>3.89</td>
<td>1.37</td>
<td>.917</td>
<td>2.88</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Formative scale

#### Local CSR (adapted from: Oberseder et al. 2014)

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Loadings</th>
<th>Composite reliability</th>
<th>AV E</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community</td>
<td>(Retailer’s name) creates jobs for people in America.</td>
<td>6.03</td>
<td>.96</td>
<td>1.82</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) doesn’t respect values, customs, and culture of America. (r)</td>
<td>5.81</td>
<td>1.24</td>
<td>1.21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) contributes to the economic development of America.</td>
<td>5.60</td>
<td>1.07</td>
<td>1.85</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) sources products and raw materials in America.</td>
<td>4.61</td>
<td>1.49</td>
<td>1.09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>(Retailer’s name) sets decent working conditions in America.</td>
<td>5.60</td>
<td>1.05</td>
<td>2.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) treats employees equally in America.</td>
<td>5.63</td>
<td>1.06</td>
<td>2.32</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) doesn’t offer adequate compensation for its employees in America. (r)</td>
<td>5.26</td>
<td>1.29</td>
<td>1.61</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) develops, supports and trains employees in America.</td>
<td>5.86</td>
<td>.94</td>
<td>1.65</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Suppliers</td>
<td>(Retailer’s name) provides fair terms and conditions for local suppliers.</td>
<td>5.18</td>
<td>1.09</td>
<td>1.86</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) negotiates unfairly with the local suppliers. (r)</td>
<td>5.00</td>
<td>1.36</td>
<td>1.35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) selects local suppliers thoroughly with regards to respecting decent employment conditions.</td>
<td>4.73</td>
<td>1.09</td>
<td>1.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Retailer’s name) communicates openly and honestly with the local suppliers.</td>
<td>4.93</td>
<td>1.02</td>
<td>2.14</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** (r) Reverse item; * Z-scores; † Values after item deleted.
ment, between consumer ethnocentrism and perceived brand localness and between consumer ethnocentrism and local CSR activities. The results are displayed in Tab. 5.

The blindfolding test with the omission distance D = 7 to assess the Stone-Geisser criterion ($Q^2$) was performed (Chin 1998; Hair et al. 2014a). In the structural model, $Q^2$ values larger than zero indicate the path model’s predictive relevance for the particular construct. In this study, the $Q^2$ are positive ($Q^2 > .00$) in all three models, which suggests that PLS-SEM accurately predicts the data points of the indicators of endogenous constructs. The overall model 3 explained 23.7 percent of the variance in patronage behaviour at foreign retailers. Although this percentage is rather low, it was not the intent of the study to explain patronage behaviour in general but rather to explain the effects of consumer ethnocentrism and local CSR and the moderating factors that impact the influence of consumer ethnocentrism on patronage behaviour at foreign retailers.

The effect sizes ($f^2$) allow the assessment of an exogeneous construct’s contribution to an endogenous latent variable’s $R^2$ value. The $f^2$ values of .02, .15, and .35 indicate an exogeneous construct’s small, medium, or large effect, respectively, on an endogenous construct (Cohen 1988; Hair et al. 2014). The results of model 3 indicate that consumer ethnocentrism has a direct negative influence on patronage behaviour at foreign retailers ($β = -.102, p < .01; f^2 = .024$). Thus, the data support $H1$.

The three moderating hypotheses $H2$, $H3$ and $H4b$ predict that the influence of consumer ethnocentrism on patronage behaviour at foreign retailers differs according to consumers’ perceptions of the domestic assortment ($H2$), perceived brand localness ($H3$) and the level of local CSR ($H4b$). However, the data do not indicate support for any of these moderators. Local CSR was found to have a direct positive impact on patronage behaviour ($β = .147, p < .05; f^2 = .019$) with low predictive relevance, but still supporting $H4a$. Furthermore, although not hypothesised, perceived value and perceived brand localness have a direct significant effect on patronage behaviour ($β = .282, p < .001; f^2 = .072; β = .208, p < .01; f^2 = .045$; respectively).

Because the effects in our model were rather low, we also tested an alternative model with mediation. Mediation focuses on theoretically established direct path relationships between dependent and independent variables and on additional theoretically relevant components – the mediators – which indirectly provide information about the direct effect through its indirect effects. As a result, the indirect relationship affects the direct relationship between the independent and dependent variables (Hair et al. 2014a). For mediation to exist, three conditions must be met: (1) variations in the levels of the independent variable account significantly for the variations in the mediator; (2) variations in the mediator account significantly for the variations in the dependent variable; and (3) when the paths between the independent variable and the mediator and the mediator and the dependent variable are controlled, formerly significant influence between the dependent and independent variables changes the value significantly (Hair et al. 2014a). We used domestic assortment, perceived brand localness and local CSR activities as mediators between consumer ethnocentrism and patronage behaviour. With respect to condition (1), consumer ethnocentrism has a significant influence on domestic assortment ($β = -.124, p < .01$) but it did not have a significant influence on perceived brand localness ($β = -.067, p > .05$) or on local CSR activities ($β = -.003, p > .05$). With respect to condition (2) domestic assortment did not have a significant influence on patronage behaviour at foreign retailers ($β = .067, p > .05$) suggesting that mediation was not present, as for none of the

---

**Tab. 3: Correlations**

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Patronage behaviour</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Consumer ethnocentrism</td>
<td>-.186**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Domestic assortment</td>
<td>.213**</td>
<td>-.112*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Perceived brand localness</td>
<td>.323**</td>
<td>-.062</td>
<td>.424**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Local CSR</td>
<td>.347**</td>
<td>-.285**</td>
<td>.478**</td>
<td>.363**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Perceived value</td>
<td>.406**</td>
<td>-.148**</td>
<td>.448**</td>
<td>.314**</td>
<td>.524**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Animosity</td>
<td>-.106*</td>
<td>.159**</td>
<td>.027ns</td>
<td>-.009ns</td>
<td>-.258**</td>
<td>-.184**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>8. Age</td>
<td>-.039ns</td>
<td>.074ns</td>
<td>-.039ns</td>
<td>.019ns</td>
<td>-.050ns</td>
<td>-.026ns</td>
<td>-.052ns</td>
<td>1</td>
</tr>
</tbody>
</table>

* $p < .05$; ** $p < .01$; *** $p < .001$; ns = not significant (2-tailed correlations).

---

**Tab. 4: Measurement invariance assessment for Aldi and IKEA**

<table>
<thead>
<tr>
<th></th>
<th>$\chi^2/df$</th>
<th>p</th>
<th>TLI</th>
<th>CFI</th>
<th>$\Delta$CFI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Configural invariance</td>
<td>1.853</td>
<td>.000</td>
<td>.937</td>
<td>.947</td>
<td>.041</td>
<td></td>
</tr>
<tr>
<td>Metric invariance</td>
<td>1.860</td>
<td>.000</td>
<td>.936</td>
<td>.945</td>
<td>-.002</td>
<td>.041</td>
</tr>
<tr>
<td>Scalar invariance</td>
<td>1.891</td>
<td>.000</td>
<td>.934</td>
<td>.940</td>
<td>-.005</td>
<td>.042</td>
</tr>
</tbody>
</table>

Criteria of good fit: $1 < \chi^2/df < 3$; CFI > .90; RMSEA < .06.
presumed mediators the three conditions were met. As a result, the proposed alternative model does not yield better results than the original model.

4. Discussion and implications

This study contributes to the research on international retailing and deepens our understanding of consumer behaviour towards foreign retailers. In particular, the effect of consumer ethnocentrism on patronage behaviour in retailing in a Western country is investigated. By doing so, this study extends the work of Good and Huddleston (1995) and Zaraka-Fraser and Fraser (2002), who also investigated consumer ethnocentrism but did not consider buying behaviour as an outcome variable. Second, this study analyses particular characteristics of foreign retailers that can potentially assuage the relationship between consumer ethnocentrism and patronage behaviour at foreign retailers, which has not been examined before. Third, this study analyses the direct effects of certain activities of retailers that can help to better integrate the retailer into the local market. In particular, our results support the idea that local CSR and perceived brand localness of a foreign retailer positively influence patronage behaviour. As our study covers only two retailers (one in the grocery sector and one in the furniture sector) and one Western country (the United States), we cautiously provide major implications for research and conclusions for managers.

The first objective of this research was to provide new insights into the link between consumer ethnocentrism and patronage behaviour at foreign retailers, which has not been investigated previously. Consistent with the theory and previous findings on products and services, the results confirm that a negative relationship exists. Although this negative effect is significant, it is lower than that found in research on consumer reluctance to buy foreign products (e.g., Siamagka and Balabanis 2015). Furthermore, the $f^2$ value indicates only a weak effect. This result highlights a noteworthy difference between foreign retailers and foreign products. Ethnocentric consumers are primarily concerned that purchasing foreign products has negative repercussions on the domestic economy and on the domestic job market. However, this resistance may be lower towards foreign retailers because foreign retailers deliver their service in the local market with local employees. By doing so, the negative effect may be viewed as less harmful to the domestic market than that of a foreign product that is manufactured outside of the country. Although not strongly, consumer ethnocentrism may still hinder successful retail internationalisation by putting foreign companies at a competitive disadvantage compared to domestic companies.

While consumer ethnocentrism has a weak effect, the strongest influence was exerted by the control variable – perceived value. This result is consistent with previous research in retailing (Pan and Zinkhan 2006). Although the intention of this study was to investigate the factors that are particular to patronage behaviour at foreign retailers, the results demonstrate that this retail attribute exerts a strong influence on consumers, regardless of the retailer’s origin. In this respect, managers of foreign retail companies should ensure that they offer good value for money, which seems to be more relevant than specific attempts to overcome foreignness.

The second objective was to investigate potential measures of retailers that may reduce the negative influence of consumer ethnocentrism on patronage behaviour. De Ruyter et al. (1998) suggest that managers should recognise the negative role of consumer ethnocentrism in the early stages of strategic marketing planning and consider it in their branding strategies. However, the findings of this study imply that the typical measures that foreign retailers take to overcome a perception of foreignness, that is, using a domestic assortment, integrating the retail brand into the local market and carrying out local CSR activities, do not particularly affect ethnocentric consumers, as these activities do not reduce the negative effects of consumer ethnocentrism on patronage behaviour.

The reasons for this finding are not fully clear. The United States has a very particular retail environment. As
shown in the methodology section, only two retailers among the top one hundred in the country are recognised as foreign by a majority of consumers. As a result, ethnocentric consumers have a large number of domestic alternatives to choose from. Therefore, it seems that even when a foreign retailer is well integrated into the domestic market, it is rejected by ethnocentric consumers merely because of its foreign roots. This finding is in line with the findings of Zarkada-Fraser and Fraser (2002), who conclude that those foreign retailers that address domestic consumers’ needs with their product assortments and that look after the local community are still not equally accepted by consumers as domestic retailers. This may be a potential explanation for why no significant moderating effects were found in our study, which would reduce the negative relationship between consumer ethnocentrism and patronage behaviour at foreign stores. Furthermore, the correlations between the variables indicate that ethnocentric consumers do not perceive the efforts exerted by foreign retailers to integrate into the domestic market in the same way as less ethnocentric consumers. For example, there are significant inverse correlations between consumer ethnocentrism and the domestic assortment and between consumer ethnocentrism and local CSR activities. Thus, the ethnocentrism of consumers seems to already influence their perceptions, thus reducing the potential positive effects of a foreign retailer’s integration measures.

Third, with regard to direct influences of retailers’ activities, two of the investigated variables, namely perceived brand localness and local CSR activities (in addition to the control variable perceived value), were found to have a direct positive influence on patronage behaviour at foreign retailers. The finding that the perception of local CSR has a positive direct impact on patronage behaviour at foreign retailers is consistent with the view that companies that are perceived to contribute to the local economy are supported by consumers. The effect on patronage behaviour is, however, rather weak, which is consistent with previous research that has found that CSR activities have less influence on patronage behaviour than on purchase intentions (e.g., Russell and Russell 2010; Schramm-Klein et al. 2016). Nonetheless, if consumers have positive perceptions of local CSR activities, these perceptions can influence their overall evaluations of the company (Brown and Dacin 1997; Öberseder et al. 2013), and according to our findings, this leads to better patronage behaviour regardless of the level of ethnocentrism. Therefore, to better compete with local retailers, retail managers of foreign companies should appeal to consumers’ need for local CSR activities by transmitting an image of a socially responsible company that cares about the host-country employees, community and suppliers. In this way, retail managers will respond to these consumer needs with their marketing efforts by advertising and transmitting an image of itself as a locally responsible social actor. Such actions will not influence the negative relationship between consumer ethnocentrism and patronage behaviour at foreign retailers but will help attract consumers in general.

Although not hypothesised, our findings also suggest that by building a strong retail brand that is associated with the local market, retail companies are likely to attract consumers. This finding is relevant for two reasons. First, it provides managers with an important implication indicating that the positioning of a foreign retail store should be localised. Second, the perceived brand localness of a foreign retailer can influence the origin recognition of the retailer, which may affect consumers’ patronage of the foreign store. As previously mentioned, 18 percent of the responses were excluded from the analysis in this study due to consumers’ perceptions of Aldi or IKEA as domestic. Moreover, the other large foreign retail chains in the USA that localise their retail brands are perceived by consumers as domestic and are not even associated with their foreign origin. This result indicates that successful foreign retailers integrate into the domestic market so well that they are no longer perceived as foreign by local consumers. Good and Huddleston (1995) conclude that foreign retail companies should use patriotic messages in their advertising. They explain that it is important to use local actors and to ‘communicate in a culturally consistent manner, focusing on the countries’ rich history and cultural artefacts’ (Good and Huddleston 1995, p. 45). Our research confirms that such activities have a direct positive effect. In this respect, to organise a successful campaign, marketers should appeal to the host country’s national identity and reinforce it as part of their brand image by using symbols in advertising such as flags (Verlegh 2007). As the findings of this study suggest, these activities may not appeal specifically to the ethnocentric consumer segment, but they may attract consumers in general.

The core contributions of this research are that despite the numerous studies published in the area of consumer ethnocentrism, only a few have addressed patronage behaviour at foreign retailers, and no previous study has investigated potential measures to reduce its negative influence. The empirical findings demonstrate that ethnocentric consumers are more likely to avoid buying from foreign retailers, which has not been shown before, but the findings also show that this effect is not as strong as that for foreign products. Furthermore, this study is the first to demonstrate the relevance of localising CSR activities and localising the retail brand, as both have direct positive effects on patronage behaviour at foreign retailers in the investigated sectors, but no moderating effect. These findings therefore imply that foreign retail managers should not specifically try to target ethnocentric consumers but should direct their marketing efforts to consumers in general by creating an image of retail brand localness in the host market and by carrying out local CSR activities.
5. Limitations and future research

To better understand predictors and effects of consumer ethnocentrism on patronage behaviour at foreign retailers, additional research is needed, as the present study is not without limitations. We note three issues of this nature.

First, the number of retail formats, retail companies, retail sectors as well as the number of investigated countries limits the scope and generalisability of the results. Analysing further countries is important because ethnocentric tendencies can manifest differently in different markets (for emerging countries, see Swoboda et al. 2012; Swoboda and Pennemann 2014). Moreover, given the particularity of the American market, which is dominated by domestic players, it may be worthwhile to conduct the study across several countries. This approach would allow for a more balanced number of domestic and foreign stores, for example. However, the main challenge would be to find several foreign retail companies from different retail sectors that hold a similar market position in different country markets in order to allow for a meaningful comparison and generalisability.

Additionally, we have excluded 43 observations from the analysis due to respondents’ immigration background (i.e., when at least one parent was not from the USA). This exclusion was justified, consistent with social identity theory, because of different perceptions of in-groups and out-groups. However, it is a limitation because it may result in potentially misleading managerial implications, as a relevant percentage of consumers in many foreign markets are immigrants. For that reason, investigating immigrants’ behaviour would be interesting (e.g., Zarkada-Fraser and Fraser 2002).

Second, consumer ethnocentrism and CSR, for example, are complex constructs, and our attempts to adapt the scales to the retail context were intensive but still to some extent exploratory. We found no existing scales that measure consumer perceptions of the local CSR activities of retailers or perceptions of the domestic assortment. Moreover, a lack of significant results relating to the moderators in the link between consumer ethnocentrism and patronage behaviour at foreign retailers may be attributed to the way in which consumer ethnocentrism was measured. While the well-established CETSCALE of Shimp and Sharma (1987) was used, some scholars have criticised it for its one dimensionality. For example, in a recent paper, Sharma (2015) proposes a new consumer ethnocentrism scale consisting of three components: an affective component with emotional reactions to domestic and foreign products and services, a cognitive component representing the evaluation bias that favours domestic products and services, and a behavioural component representing more favourable buying intentions for domestic products and services. Furthermore, given the shortcomings of PLS, questioning a larger number of respondents and providing a variance-based study by comparing foreign and domestic retailers (e.g., Swoboda et al. 2012) would be valuable options for further research.

Finally, the extension of the framework and investigations of other potential effects are recommended. In this study, we investigated only three moderating factors, that is, the domestic assortment, perceived brand localness and local CSR activities. For example, the research design does not account for other factors that influence a consumer’s choice of retailer, such as a retailer’s image regarding special offers (Pan and Zinkhan 2006), in order to reduce the complexity of the model. Investigating a further set of moderators, such as price, taxes paid, quality or assortment selection, would add to our understanding of the influence of consumer ethnocentrism on patronage behaviour at foreign retailers. Furthermore, the relationship between consumer ethnocentrism, patronage behaviour and other variables may be more complex than modelled in this study. Based on the novel insight that perceptions of retail activities may be influenced by consumer ethnocentrism, we also tested an alternative model where local CSR and perceived brand localness were included as mediators between consumer ethnocentrism and patronage behaviour. However, neither of the variables was found to be a significant mediator, and the model had lower explanatory power than the model that we originally tested. Still, the relationship between ethnocentrism and perceptions of a foreign retailer’s activities should be investigated in more detail in future research, and testing alternative models may contribute to a more in-depth understanding of consumer behaviour towards foreign retail companies.

Finally, considering the study design, previous research has shown that brand familiarity has a direct impact on purchase intentions and influences the effects of consumer ethnocentrism (Diamantopoulos et al. 2011). In this study, existing retail brands were used as stimuli, so the effects of brand familiarity, including knowledge about many different aspects of the retail brand, could not be separated from the investigated variables. Thus, an experimental study based on fictitious foreign retailers would be beneficial to gain more insight into the effects of consumer ethnocentrism and specific retail attributes.

Notes

[1] We have also tested whether other foreign retail chains in the top 100 in the USA that use a local retail brand instead of their foreign name are perceived as foreign or as domestic. The results show that each of these retailers is perceived as domestic by at least 80 percent of the respondents.

[2] We have tested this assumption empirically and it is supported by the data. While consumer ethnocentrism has a negative effect on patronage behaviour for those consumers that correctly perceive Aldi or IKEA as foreign retailers, as is shown in the results section, the influence of consumer ethnocentrism on patronage behaviour is positive in the group of consumers that mistakenly perceive the retailers as domestic (β = .191, p < .01).

[3] Zarkada-Fraser and Fraser (2002) found that consumers with immigrant backgrounds were significantly less ethnocentric.
than consumers with non-immigrant backgrounds (mean values 3.24 vs. 1.99 respectively). Their study also revealed that immigrant consumers were significantly more likely to support the opening of foreign-owned retail shops.

[4] This paper is by Piyush Sharma, not by Subhash Sharma who developed the original CETSCALE.

References


Keane/Morschett, Effect of Consumer Ethnocentrism on Patronage Behaviour at Foreign Retailers


Keywords

Consumer Ethnocentrism, Corporate Social Responsibility, Domestic Assortment, Patronage Behaviour, Perceived Brand Localness.

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ist bewusst pragmatisch ausgerichtet, zeigt den aktuellen Stand und gibt anhand zahlreicher Beispiele aus den unterschiedlichsten Branchen Anregungen für die praktische Umsetzung.

»*Der „Holland“ ist der Klassiker für das Direktmarketing. Das Buch ist für alle Zielgruppen zu empfehlen.«*

Prof. Dr. Dr. h. c. mult. Manfred Bruhn, Universität Basel, zur Vorauflage

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