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Favoritism Toward Foreign and Domestic Brands

A Comparison of Different Theoretical Explanations

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Abstract

Five theoretical approaches can predict favoritism toward domestic and foreign brands. This article applies a contrastive perspective to examine social identity, personal identity, cultural identity, system justification, and categorical cognition theories and their attendant constructs. The authors propose a set of main-effects hypotheses as well as hypotheses related to both product and country moderation effects on attitudes toward and loyalty to domestic and foreign brands. They test the hypotheses on a sample of Chinese consumers with respect to salient brands from 12 product categories. The results indicate that three of the theoretical approaches examined can explain only one side of favoritism—most commonly favoritism toward domestic brands—but not favoritism toward both domestic and foreign brands. Consumer xenocentrism, a concept rooted in system justification theory, seems to provide more consistent predictions for both domestic- and foreign-brand bias.

Keywords

cosmopolitanism, country-of-origin effects, ethnocentrism, global/local identity, xenocentrism

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Recent years have witnessed a wave of research, fueled by the upsurge of trade globalization, geared toward understanding consumers' predisposition to foreign and domestic brands in different parts of the world. Although researchers tend to prefer using social identity theory to explain how and why biases for domestic brands occur, they have also used other theories to explain and predict consumer bias toward domestic and foreign brands. Considering these different perspectives, two key questions remain unanswered: Which of these theories best predicts bias toward domestic and foreign brands? Are some theories better than others in predicting purchases in certain product categories or purchases of products from different

countries? Studies in the field have relied mainly on singular theoretical explanations, have attempted to blend different theories (Özsomer and Altaras 2008), or have taken a taxonomic perspective of the commonly used concepts (Bartsch, Riefler, and Diamantopoulos 2016; Gürhan-Canli, Sarial-Abi, and Hayran 2018). A review of prior research reveals a proliferation of concepts that either lack theoretical anchoring or are anchored to only a small number of theories.

Bartsch, Riefler, and Diamantopoulos (2016) identify 19 concepts to explain consumers' dispositions toward domestic and foreign brands, 7 of which are not explicitly anchored to any theory. A closer examination of Bartsch, Riefler, and Diamantopoulos's definitions of these concepts, as well as their overlapping use of items in their measurement scales, indicates conceptual problems and measurement confounds (see Martinko, Harvey, and Mackey [2014]). Confounds threaten logical argumentation and, according to Martinko, Harvey, and Mackey (2014, p. 1052), can lead to misinterpretation of the findings of individual studies and "confuse rather than illuminate important relationships." Broadly speaking, the atheoretical nature of concepts hinders the understanding of research findings and therefore limits the accumulation of knowledge.

Researchers using a priori theorizing to explain bias toward domestic and foreign brands commonly encounter five theories in the literature: social identity theory (Tajfel and Turner 1986), personal identity theory (Stryker 1968), cultural identity theory (Jensen 2003), system justification theory (Jost and Banaji 1994), and categorical cognition theory (Macrae and Bodenhausen 2000). Each theory as employed in international marketing makes unique assumptions and applies different mechanisms to explain consumer favoritism toward domestic and foreign brands. For example, the concept of consumer ethnocentrism (Shimp and Sharma 1987) is theoretically anchored to social identity theory, consumer cosmopolitanism to personal identity theory, local/global identity to cultural identity theory, consumer xenocentrism to system justification theory, and country-of-origin (COO) effects to categorical cognition theory. Although these theories cannot be compared on the content of their assumptions, they can be assessed on their predictive adequacy (Bacharach 1989). Thus, we perform a comparative assessment of the predictive adequacy of the five theories as they have been operationalized in international marketing using the constructs of consumer ethnocentrism, cosmopolitanism, local/global identity, consumer xenocentrism, and COO effects.

A theory can be properly tested when its implicit assumptions that define its boundaries are recognized. The underlying assumptions of a theory should then be used to determine the

appropriate evaluative indicators (Bacharach 1989) for assessing them. In the current study, we employ two indicators: attitudes toward and loyalty to local/global brands. We avoid purchase intention and willingness to buy because they reflect only transient transactional responses that are not necessarily representative of the permanence implied by in-group loyalty and social identity theory. Loyalty is an appropriate outcome variable to assess these theories and can complement attitudes in several ways. People who are loyal to a brand also tend to have a favorable attitude toward it. However, attitudes tend to be highly dependent on the situation and context (Tourangeau 2012). Loyalty is an important manifestation of a person's commitment to an identity (Stryker and Serpe 1982). Identity theorists have tried to explain how and when identities become activated in a situation using the concept of commitment to an identity (Stryker and Serpe 1982), which can lead to the likelihood that an identity will be activated across situations (for more details, see Web Appendix 1). The use of loyalty as a criterion variable may provide more consistent effects and help establish an identity's salience.

Furthermore, we use a contrastive explanation approach (Tsang and Ellsaesser 2011) to gain a deeper understanding of the theory. Accordingly, two explicit contrastive questions guided our theoretical inquiry: Why are consumers more loyal to domestic than foreign brands? and Why do consumers hold more positive attitudes toward domestic than foreign brands? According to Tsang and Ellsaesser (2011), posed contrasts are possible only when two options are available to a consumer—in our case, when it is possible for a consumer to substitute a local brand with a global brand. For example, in many countries, such a contrast does not make sense because consumers do not have the option to purchase a local brand (i.e., a car brand) as a substitute for a foreign brand. Therefore, our comparison of the theories is limited to product categories for which both domestic and foreign brands are available.

Another novelty of this study is that it focuses on salient brands rather than on a prespecified sample of brands chosen by the researcher with the expectation that individual consumers might favor them. This is a more realistic approach because, by definition, salient brands are more likely to be relevant to the consideration of consumer loyalty and/or to elicit consumer loyalty (Alba and Chattopadhyay 1986;Romaniuk and Sharp 2003). Such brands are also prototypical exemplars of the domestic and foreign categories of brands we examine herein. Prior research (e.g., Loken, Joiner, and Peck 2002) indicates that the salience of exemplar brands strongly influences category representation and category activation. Thus, using such

brands as stimuli will better capture consumers' attitudes toward brands' foreign and domestic categories.

Our findings theoretically elucidate the issues surrounding consumer bias toward domestic and foreign brands and shed light on the ability of the available theories and, more specifically, attendant international marketing constructs to predict why and under what contingencies such biases exist. The comparative approach we adopt herein should aid future theoretical development and direct researchers to select the most relevant theories.

The identity theories we examine imply that consumers adopt multiple identities. Which identity will be activated in a given consumption purchase situation or across many situations will be determined by the identity's salience. The study will provide comparative evidence to the salience of each of these identities and to what extent they can complement each other. Furthermore, this study contributes by determining aggregately and discretely the sufficiency of the prominent theories to explain under different conditions the variation in consumer attitudes and loyalty for foreign and domestic products. This will help future researchers determine the relevance of the existing theories in this context and direct their research accordingly. It will also enable them to contemplate the mechanisms and assumptions of the five theories and to determine the need to revise them or develop new ones.

Theoretical Explanations and Hypotheses

While the literature has used several constructs and theories to explain favoritism toward foreign and domestic brands, this study focuses on comparing five of the most popular theoretical explanations as identified in Bartsch, Riefler, and Diamantopoulos's (2016) comprehensive synthesis of the literature: social identity, personal identity, cultural identity, system justification, and category cognition theories. Next, we explain each of the five theories along with their attendant constructs.

Social Identity Theory

Ethnocentrism is one of the oldest constructs explaining consumers' bias toward domestic brands at the expense of foreign brands. Shimp and Sharma (1987, p. 280) developed the concept of consumer ethnocentrism as specific to the marketing domain, defining it as a "unique economic form of ethnocentrism that captures the beliefs held by consumers about the appropriateness and indeed morality of purchasing foreign-made products." Consumer ethnocentrism, which is rooted in social identity theory, assumes that consumers' strong identification with their home country (in-group bias) leads them to protect their country's balance of trade and employment by preferring domestic to foreign products. Ethnocentric

consumers are biased in their evaluations of domestic versus foreign brands and products and in their purchase behavior in general.

Research has used social identity theory to explain in-group favoritism, favorable evaluations, and the preferential treatment of people perceived as belonging to the same in-group. Tajfel (1982) developed this theory when he observed that dividing participants into two groups produced favoritism toward the people assigned to the same group. According to social identity theory, in-group favoritism stems from the intrinsic need for a positive social identity and the need to positively differentiate the in-group from out-groups. This need for positive distinctiveness triggers a sequential process of social categorization, social identification, and social group comparison that leads to in-group favoritism (Turner 1999). Social comparison reinforces positive feelings of belonging to the perceived higher-status group. If social comparison leads members belonging to a lower-status group to acknowledge the superiority of a relevant out-group, they will try to achieve positive group distinctiveness through other strategies. One strategy is direct competition with the out-group, in which the lower-status group tries to improve its status relative to the out-group (Tajfel and Turner 1986).

Applying social identity theory to local versus nonlocal consumption, Shimp and Sharma (1987) developed the concept of consumer ethnocentrism. They show that consumer ethnocentrism is positively related to attitudes toward domestic products and negatively related to attitudes toward foreign products. Theoretically, such favoritism toward domestic products is a key postulation of social identity theory and the outcome of normative pressures. Prior research has overlooked attachment to the in-group, which is the social identity theory premise beyond favoritism (Stets and Burke 2000; see also Web Appendix 1), as most studies focus on attitudes and behavioral intentions. Drawing on Stets and Burke's (2000) reasoning regarding identity attachment (see Web Appendix 1), we postulate a positive effect of consumer ethnocentrism on both attitudes toward and loyalty to local (vs. foreign) brands. Thus,

H_{1a}: Consumer ethnocentrism has (1) a more positive effect on attitudes toward domestic than foreign brands and (2) a more positive effect on loyalty to domestic than foreign brands.

More recent studies provide mixed results on the effect of consumer ethnocentrism on attitudes toward domestic and foreign products (e.g., He and Wang 2015; Kwak, Jaju, and Larsen 2006; Siamagka and Balabanis 2015; Steenkamp and De Jong 2010; Zeugner-Roth, Zabkar, and Diamantopoulos 2015; Zhou, Yang, and Hui 2010). Although this variation may be due to methodological and even contextual differences of the studies' research designs,

research postulates that the product or COO moderate the effects of consumer ethnocentrism. Sharma, Shimp, and Shin (1994) and, more recently, Strizhakova and Coulter (2015) find that the effects of consumer ethnocentrism vary by product category; they are less pronounced for utilitarian products. Okada (2005) reports that compared with utilitarian products, hedonic products are more likely to generate a sense of guilt and that assessing their benefits is more difficult. Similarly, Khan, Dhar, and Wertenbroch's (2005) review shows that hedonic products are richer in affect than products consumed for utilitarian purposes and are more likely to generate negative self-attributions (e.g., "I lack self-control") that inhibit consumers' preferences. For ethnocentric consumers, guilt and negative self-attribution may be higher when consuming foreign hedonic products than foreign utilitarian products. In line with this argument, we hypothesize,

H_{1b}: The effects predicted in H_{1a} are stronger for utilitarian products than for hedonic products.

According to Stets and Burke (2014), the salience, meanings, and expectations attached to identities come from the social environment and others who share the same identity. The conformity pressure to fulfill cultural expectations is greater when behaviors are visible. Bearden and Etzel (1982) show that a product's conspicuousness makes it more vulnerable to normative influences (e.g., consumer ethnocentrism) and amplifies its signaling properties to the chosen identity group of the individual. The same argument applies to the other identity-based constructs. That is, conspicuous and hedonic foreign products will have a greater negative effect due to ethnocentrism (Davvetas and Diamantopoulos 2016). Social identity theory explains that people may employ "social creativity" strategies to secure positive distinctiveness. Such strategies involve changing the dimensions on which comparisons with out-groups are made and shifting attention to dimensions that yield more favorable outcomes for the in-group. For example, people may shift the comparison to specific product categories or specific out-groups' foreign countries. This may occur as a result of normative pressure from the in-group's conspicuously consumed (i.e., publicly visible) products, which have stronger social signaling power and may force consumers to comply with the ethnocentric societal norms (Batra et al. 2000). Thus,

H_{1c}: The effects predicted in H_{1a} are stronger for conspicuously consumed products than for inconspicuously consumed products.

Watson and Wright (2000) show that the effect of consumer ethnocentrism is less pronounced for foreign products from culturally similar countries. Other studies have also examined a moderating effect (Balabanis and Siamagka 2017; Micevski, Halkias, and Herz

2018). The theoretical reasoning behind this proposition is the expanded boundaries of social identity. Accordingly, in-groups (and, as a result, out-groups) may not be defined by modern national borders but by cultural ones, especially for countries that share common ancestry and language (e.g., ex-colonies). Social identity theory also recognizes that identities are organized in a hierarchy of inclusiveness at different levels: a superordinate level (e.g., Confucian culture group) and a subordinate level (e.g., China). The position of these classifications in the salience hierarchy will determine which one a person will activate (Stets and Burke 2000). Thus,

H_{1d}: The effects predicted in H_{1a} vary according to the cultural distance of the country of the foreign brand. Specifically, the contrastive effect is weakened by the cultural proximity of the foreign brand's country.

Personal Identity Theory

Consumer cosmopolitanism is a popular construct used to explain consumers' lack of favoritism toward domestic over foreign brands. According to Riefler, Diamantopoulos, and Siguaw (2012, p. 287), consumer cosmopolitanism is an orientation and represents "the extent to which a consumer (1) exhibits an open-mindedness towards foreign countries and cultures, (2) appreciates the diversity brought about by the availability of products from different national and cultural origins, and (3) is positively disposed towards consuming products from foreign countries." Riefler, Diamantopoulos, and Siguaw's review of the cosmopolitanism literature concludes that the construct can best be described as a personal identity concept. As Brickson (2000, p. 84) states, consumer cosmopolitanism can provide "a frame of reference by which individuals evaluate their self-worth."

Personal identity theory focuses on roles and how they shape identity and behavior, while social identity theory (examined previously) centers on categories or groups and intergroup aspects of behavior (e.g., conformity, group solidarity, positive distinctiveness, ethnocentrism). Individuals will often try to align their behaviors to their role identities to avoid incongruence both with the way others perceive them and with their internalized identities or orientations (Hogg, Terry, and White 1995). According to Stets and Burke (2000), the self-esteem motive (the need to feel valuable and worthy) is more closely linked to social identity, whereas the self-efficacy motive (the need to feel competent and effective) is more relevant to the behavioral enactment of personal identities. Oyserman (2009, p. 257) explores how identity and the need for congruence with identity influence consumers' choices of and attitudes toward brands and notes that "when brands or products are identity-congruent they are preferred."

H_{2a}: Consumer cosmopolitanism has (1) a more positive effect on attitudes toward foreign than domestic brands and (2) a more positive effect on loyalty to foreign than domestic brands.

Empirical studies (Alden et al. 2013; Cleveland, Papadopoulos, and Laroche 2011; Riefler, Diamantopoulos, and Siguaw 2012; Zeugner-Roth, Wuestefeld, and Diamantopoulos 2015) indicate that the effects of cosmopolitanism are not consistent across contexts. This may be attributed to the existence of moderators. Indeed, Cleveland, Papadopoulos, and Laroche (2011) show that the effect of cosmopolitanism is stronger for hedonic and conspicuously consumed products. Although they give no explanation for this, we assume that these products have stronger symbolic value and are more powerful in activating cosmopolitan identities (thus increasing their salience in the salience hierarchy) and the self-esteem motive associated with them. Shavitt and Nelson (1999) and Oyserman (2009) agree that there are product differences in the expression of identity and that consumers use utilitarian products less frequently to express their identities. Thus,

H_{2b}: The effects predicted in H_{2a} are stronger for hedonic products than for utilitarian products.

Shavitt and Nelson (1999) suggest that products that are displayed or visible to others are more likely to communicate and signal an identity than other products. The theoretical argument put forward for H_{1c} applies here as well. Conspicuousness makes a product more vulnerable to normative influences from the social environment and amplifies its signaling properties (Bearden and Etzel 1982). Thus,

H_{2c}: The effects predicted in H_{2a} are stronger for conspicuously consumed brands than for inconspicuously consumed brands.

Cultural Identity Theory

Cultural identity theory pertains to the internalization of values from cultural groups to which an individual belongs as well as his or her feelings about being a member of the group (Jensen 2003). The theory is the conceptual basis of local and global identities, or the degree to which a person identifies as a local versus a global citizen. Zhang and Khare (2009) propose this construct and find that local (global) identity can predict preferences for local (foreign) products and can produce more positive evaluations of local (global) products. Tu, Khare, and Zhang (2012, p. 36) formally define the concept of consumers' local/global identity as "consist[ing] of mental representations in which consumers have faith in and respect for local traditions and customs, recognize the uniqueness of local communities, and are interested in local events. A global identity consists of mental representations in which

consumers believe in the positive effects of globalization, recognize the commonalities rather than dissimilarities among people around the world, and are interested in global events." Cultural identity refers specifically to cultural groups, to one's heritage, and to one's "receiving" society rather than to the groups (s)he may belong to or identify with (e.g., club, ethnicity), as social identity assumes. According to Schwartz, Zamboanga, and Weisskirch (2008), cultural identity is a construct that combines both group- and individual-level elements and can be located at the midpoint between social identity and personal identity theories. Cultural concerns do not often differ across ethnic group lines and country frontiers. Mass immigration, the communication revolution, and globalization have decreased the importance of national borders, as more people categorize themselves on the basis of their cultural heritage and receiving-culture identity. Similar to the identity theories reviewed in the previous sections, the desire for consistency in the enactment of the adopted cultural identity explains people's perceptions and behaviors (Zhang and Khare 2009). According to Zhang and Khare (2009), the adoption of a global (cultural) identity is associated with favoritism toward foreign brands at the expense of domestic ones.

H_{3a}: Global identity has (1) a more positive effect on attitudes toward foreign than domestic brands and (2) a more positive effect on loyalty to foreign than domestic brands

The postulated relationships in this section are based on the theoretical arguments made previously. The cues provided by utilitarian/hedonic and conspicuous/private products can increase the salience (and, thus, activation) of global or local identities (Bartsch et al. 2016; Davvetas and Diamantopoulos 2018; Strizhakova and Coulter 2015). Given the discussion on consumers' desire for congruence with their chosen identities, we expect a moderating effect of product category—namely, utilitarian versus hedonic products and conspicuous versus inconspicuous products. Thus, with regard to global identify, we predict the following:

H_{3b}: The effects predicted in H_{3a} are stronger for hedonic products than for utilitarian products.

H_{3c}: The effects predicted in H_{3a} are stronger for conspicuously consumed brands than for inconspicuously consumed brands.

The corresponding hypotheses for local identity based on the same theoretical arguments are as follows:

H_{4a}: (1) Local identity has a more positive effect on attitudes toward domestic than foreign brands, and (2) local identity has a more positive effect on loyalty to domestic than foreign brands.

H_{4b}: The effects predicted in H_{4a} are stronger for hedonic products than for utilitarian products.

H_{4c}: The effects predicted in H_{4a} are stronger for conspicuously consumed brands than for inconspicuously consumed brands.

System Justification Theory

Balabanis and Diamantopoulos (2016) developed the new construct of consumer xenocentrism to explain preferences for foreign over domestic brands. Basing the main premises of the construct on system justification theory, they define consumer xenocentrism as an "internalized belief of the inferiority of domestic products and a corresponding propensity to prefer foreign products for social aggrandizement purposes" (p. 62). System justification theory can explain deviations from the prediction of social identity theory and, in particular, why low-status groups favor higher-status out-groups. According to system justification theory, "members of groups that are low in social or material standing should exhibit in-group derogation and outgroup favoritism to the extent that they perceive the overarching social system to fair, legitimate, and justifiable" (Jost and Burgess 2000, pp. 295–96). Accordingly, people feel that their inferior position and the out-group's superior position are legitimate, and they accept it even if it goes against their own and their country's interests. The mechanism through which people show favoritism toward out-groups is the status quo rationalization and internalization of the system of inequality. Thus,

H_{5a}: Consumer xenocentrism has (1) a more positive effect on attitudes toward foreign than domestic brands and (2) a more positive effect on loyalty to foreign than domestic brands.

System justification theory predicts that favoritism is stronger toward out-groups with a higher social status. According to Balabanis and Diamantopoulos (2016), the relative standing of a country "is systematically recorded, affirmed, and legitimized through official ranking tables. Countries are formally graded and ranked by international organizations (e.g., the United Nations, the International Monetary Fund, the World Bank) and rating agencies (e.g., Moody's, Standard & Poor's) according to socioeconomic criteria that are suggestive of the status of a country in the world community" (p. 60). Accordingly, consumer xenocentrism's effects will be more pronounced for brands that come from countries of a higher perceived standing than the home country (Balabanis and Diamantopoulos 2016). Thus,

H_{5b}: The effects predicted in H_{5a} are stronger for brands that come from countries of higher than lower economic standing.

Categorical Cognition Theory

A large body of research explores what is widely known as COO effects, or how consumers perceive products coming from a specific country. In their meta-analytical study, Samiee et al. (2015) find that the stream of research on COO effects has more than 50 years of history. Research on COO effects largely proposes that a brand's COO serves as a cognitive shortcut to evaluate a brand (Magnusson and Westjohn 2011), regardless the way COO cues are processed (e.g., as halos, summary constructs or combination of both, see Bloemer, Brijs, and Kasper 2009; Magnusson and Westjohn 2011). Thus, COO effects are based on categorical cognition theory. Macrae and Bodenhausen (2000) provide an insightful review of the theory and explain that people use categorical representations of the world to economize their cognitive resources and simplify and/or streamline their underlying cognitive processes. Rather than considering individual objects in terms of their unique characteristics, people prefer to think about them in terms of the categories to which they belong or have been assigned. Subsequently, they rely on their knowledge of the category accumulated in long-term memory to make judgments or evaluations. Activated stored information about the category guides the processing of any information related to a target stimulus and the formulation of evaluations of the target stimulus. This process commonly results in stereotypical evaluations. In terms of COO effects, consumers use the knowledge or stereotypes (regardless of their accuracy) they have formed and accumulated about a country and apply these to the evaluation of individual brands they believe come from that country. Intensified globalization of markets and production has led several academics to challenge the relevance of COO as a category that influences consumers' evaluations and purchase decisions (e.g., Samiee 2010). In addition, the emergence of hybrid brands (i.e., in which a product's country of design differs from the country manufacturing/assembly or COO of parts) has blurred the traditional COO category distinctions. Empirical evidence suggests that hybrid/nonhybrid product distinctions are practically unimportant. Verlegh and Steenkamp's (1999) meta-analysis of available empirical studies indicates no statistically significant differences in the size of COO effects between hybrid and nonhybrid products. Citing news stories about the health and safety risks posed by food, toys, and personal care products originating from specific countries, Josiassen and Harzing (2008, p. 266) counterargue that globalization has actually increased, not decreased, the usefulness and importance consumers put on products' COO, noting that "the aim of product origin management is not to ensure that consumers have objectively accurate knowledge of the actual origin of a product; it is to manage the stereotypical images of product origins that consumers form." A similar view is shared in Herz and Diamantopoulos (2017) study. In a similar vein, Magnusson and

Westjohn (2011) conclude that it is not a brand's true COO that matters but consumers' perception of where the brand comes from or their COO categorization of the brand, regardless of its accuracy. Overall, quantitative meta-analytical studies (Peterson and Jolibert 1995; Samiee et al. 2015; Verlegh and Steenkamp 1999) and qualitative syntheses of evidence (Magnusson and Westjohn 2011; Pharr 2005) support that view.

Country-of-origin effects are related to general characteristics of the COO and, more specifically, to its level of economic development and technological advancement (Verlegh and Steenkamp 1999). Diamantopoulos, Schlegelmilch, and Palihawadana (2011) suggest a brand-centric approach to COO, as countries are known not only for their industrial capabilities but also for their brands. Accordingly, COO effects should be stronger in countries with strong brands. Meta-analytical evidence (Verlegh and Steenkamp 1999) suggests a stronger COO effect when comparing products from economically developed countries with products from less economically developed countries, though this effect seems to be decreasing. Data on nation brand ratings from BrandFinance (2017) confirm this finding. Moreover, an Economist Group (2013) study explains that countries such as China are rapidly shedding their negative reputation as places for low-cost production. According to the report, Chinese manufacturers have quickly learned about brand building and innovation from their experiences manufacturing global brand products and their acquisition of high profile global brands (Cieslak 2018). High-profile brand acquisitions may influence the image of the home country, further blur the distinction between domestic and foreign brands in China, and mutate the points of reference consumers use to express their identities.

With this hint of caution in mind, we hypothesize,

H_{6a}: Consumers' (1) attitudes toward brands and (2) loyalty to brands depend on the brand's perceived COO.

Pharr's (2005) and Magnusson and Westjohn's (2011) reviews of the COO literature reveal that product categories moderate COO effect; specifically, the effect is stronger for hedonic and conspicuously consumed products. Piron (2000) argued that utilitarian and inconspicuous products are less relevant to a consumer's image and self-concept than hedonic and conspicuous products. As such, for hedonic and conspicuous products, COO is a more important determinant of a brand's congruence to the self-concept. According to Piron (2000), consumers tend to pay more attention to the COO cues of conspicuous and hedonic products, which in turn influences their attitudes and purchase behavior. Brijs, Bloemer, and Kasper (2011) contend that differences in the factors underlying the development of attitudes toward hedonic and utilitarian products lead to differences in the processing of COO cues.

Specifically, they argue (p. 1262) that "because people tend to rely on expressive cues when they consider hedonic-oriented products, an expressive stimulus as the country-image … will have a more powerful effect on attitudes toward hedonic-oriented products than utilitarian-oriented products." In accordance with this theory, and all else being equal, we hypothesize the following:

H_{6b}: The effects predicted in H_{6a} are stronger for hedonic products than for utilitarian products.

H_{6c}: The effects predicted in H_{6a} are stronger for conspicuously consumed brands than for inconspicuously consumed brands.

Methodology

To test our hypotheses, we conducted a survey of Chinese consumers using an online panel (Qualtrics) and ran a structural equational model using a two-level-type analysis for complex survey data in Mplus (Muthén and Muthén 2017). We selected China not only for its size as a market but also for its complexities in terms of Chinese identity formation in the context of globalization and local/global diversity (Cheng and Berman 2012). Zhou and Hui's (2003) study confirms that the symbolic value of brands in China is important. The symbolic value is more pertinent to new consumer groups that have emerged in China as a way to signal their newly acquired riches and status. However, Zhou and Hui (2003) found that the recent improvements in the quality and visibility of local brands provides the means of expression of Chinese consumers' ethnocentric leanings. We chose 12 product categories with the help of raters to test the moderating role of the utilitarian/hedonic and conspicuous/private product dimensions (see Table 1). We chose product categories on the basis of the availability of domestic products that could compete with foreign products. We classified the products in the categories displayed in Table 1 through a rater procedure (for details, see Web Appendix 2). Given the large number of questions and to reduce respondent fatigue and nonresponse rates, we randomly assigned the product categories to six groups of respondents. Each group assessed two product categories. After eliminating respondents who failed the attention filters and quality check question at the end of the questionnaire, we collected 344 usable responses. Responses were distributed to each group across product categories as follows: skin care: 54, mobile phones, 54; refrigerator: 55, fashion clothes: 55, car: 58, sports shoes, 57; furniture: 59, snacks: 61, watch: 57, vacation hotel: 57, toothpaste: 57, and television sets: 56. We classified responses as follows: private goods: 342, conspicuous goods: 338, utilitarian products: 228, hybrid products: 223, and hedonic products: 229 responses.

Sample Characteristics

The average age of respondents was 29.54 years (SD = 6.448 years), with ages ranging from 18 to 80 years. Of the participants, 60.7% were women; in addition, 18.3% had a bachelor's degree, and 63.8% had a graduation certificate from a technical college (i.e., Zhuanke diploma). Finally, 3.2% had a monthly income of less than ¥2,000, 24.6% had a monthly income of ¥2,000–¥4,999, 22.1% had a monthly income of ¥5,000–¥7,999, 10.9% had a monthly income of ¥8,000–¥10,999, 10.2% had a monthly income of ¥11,000–¥13,999, 4.7% had a monthly income of ¥15,000–¥16,999, 4.4% had a monthly income of ¥17,000–¥19,999, and 19.8% had a monthly income of more than ¥20,000. The median monthly income in our sample was in ¥8,000 range, which is close to the nationwide average salary of ¥7,665 (Bloomberg Law for HR Professionals 2017).

We used salient brands in each of the 12 product categories. In general, brand salience means that a brand is "top of mind" when the product category is used to cue retrieval from memory (Romaniuk and Sharp 2004). Accordingly, for each product category, respondents were instructed to indicate which Chinese brands came first to mind and then which foreign brands came first to mind. With the help of pipe-texting (available in survey software), we used the respective (domestic and foreign) written brand names in the subsequent survey questions. We asked respondents first to indicate the COO they believed the foreign brand they recalled was from and then to answer questions related to their attitudes toward and loyalty to the recalled brands. We removed questionnaires with blank responses or undecipherable brands from the study. In total, 117 salient domestic brands and 237 salient foreign brands were identified. Respondents perceived foreign brands as originating from 22 countries. They also mistakenly identified some foreign brands as Chinese (8.60% of responses) and some foreign brands with the wrong COO (16.06% of responses). In line with our discussion in the "Categorical Cognition Theory" subsection, we use perceived COO.

Measures

We used established measures to assess the key constructs. We measured attitude toward the brand with three items ("very bad/very good," "very unappealing/very appealing," and "I detest it a lot/I like it a lot") from Spears and Singh's (2004) scale, with a ten-point semantic differential scale. We measured loyalty to the brand with four items from McMullan and Gilmore's (2008) scale, with a seven-point Likert scale ("X is my favorite brand of this product," "I consider myself to be loyal to X," "If X is not available at the store, I would buy the same brand from some other store," and "I am willing to pay more to buy X"). We measured product involvement on a three-item scale ("I have a strong interest in product X"; "X is a product is very important for me"; and "For me, product X has high meaning") from

Mittal and Lee (1989). We measured consumer xenocentrism with nine items from Balabanis and Diamantopoulos's (2016) X-CEN scale. For local/global identity, we used Tu, Khare, and Zhang's (2012) eight-item scale. We measured consumer cosmopolitanism using the12 items from Riefler, Diamantopoulos, and Siguaw's (2012) C-COSMO scale. Finally, we measured consumer ethnocentrism with the five-item version of Shimp and Sharma's (1987) CETSCALE.

Measurement Model and Common Method Variance

We tested the measurement model—which included consumer ethnocentrism, consumer cosmopolitanism, global identity, local identity, consumer xenocentrism, attitudes toward domestic brands, attitudes toward foreign brands, loyalty to domestic brands, loyalty to foreign brand, and product involvement—using confirmatory factor analysis. To account for the nonindependence of the respondents who provided evaluations for two product categories, we used multilevel modeling because it is operationalized with the two-level-type analysis for complex survey data in Mplus (see Muthén and Muthén 2017, chapter 9). We used maximum likelihood with robust standard error estimation because it is more robust to violations of multivariate normality. A modification index suggested that four items from the consumer cosmopolitanism scale ("I like having the opportunity to meet people from many different countries," "I have got a real interest in other countries," "I enjoy being offered a wide range of products coming from various countries," and "I like listening to music of other countries") and two items from the consumer xenocentrism scale ("Using foreign products enhances my self-esteem" and "I purchase foreign brands to differentiate myself from others") increased the model's misfit, so we removed them. After the modifications, the model showed good fit ($\chi^2(924) = 2{,}394.564$, $p < .001$; comparative fit index [CFI] = .962; Tucker–Lewis Index [TLI] = .958; standardized root mean square residual [SRMR] = .049; and root mean square error of approximation [RMSEA] = .031; for reliability statistics, see Table 2). The analysis showed that the consumer xenocentrism dimensions were highly interrelated, and the one-factor model fit was acceptable. The same was true for consumer cosmopolitanism.

We tested common method variance with the unmeasured latent method factor technique. A comparison of the fit of the trait-only model with that of the trait-method model using a chi-square difference test ($\Delta\chi^2(45) = 477.240$, $p < .001$) indicated that the trait model had a better fit. This suggests that common method variance does not pose a threat of bias to the interrelationships among the constructs of interest.

Results

Again, we tested the hypotheses in a structural equational model using the two-level-type analysis for complex survey data in Mplus (Muthén and Muthén 2017). Consumer ethnocentrism, consumer cosmopolitanism, global identity, local identity, and consumer xenocentrism were the independent variables, and attitudes toward and loyalty to domestic and foreign brands were the dependent variables. We included product involvement and demographics (gender, age, and income) in the model as control variables. Product involvement, which refers to the perceived relevance of a product class based on a person's inherent needs, interests, and values (Mittal and Lee 1989), affects elaboration and cognitive processing of brand information and, as a consequence, attitudes and loyalty. However, only involvement and income had statistically significant effects. To increase statistical power, we removed the other control variables from subsequent analysis; their removal did not affect the strength and significance levels of the identified effects. We included attitudes toward the domestic brands as a covariate in the equation on loyalty to domestic brands to eliminate the attitude effects on loyalty. Similarly, we included attitudes toward foreign brands as a covariate in the equation on loyalty to foreign brands. As Table 3 shows, the fit of the structural equation model was acceptable.

The results in Table 3 only partly match the predictions of the examined constructs. Consumer ethnocentrism had a positive effect on attitudes toward domestic brands but no effect on attitudes toward foreign brands or on loyalty to domestic and foreign brands. Similarly, consumer cosmopolitanism had a negative effect only on attitudes toward domestic brands. We observed no other significant effects for cosmopolitanism. In contrast with our predictions, global identity had a positive effect on loyalty to domestic brands and a negative effect on attitudes toward foreign brands. Local identity had a negative effect on attitudes toward foreign brands and a marginally positive effect on attitudes toward and loyalty to domestic brands. Only consumer xenocentrism was consistent with our predicted effects on all four dependent variables. However, the effect of loyalty to foreign brands was only marginally significant. To test which of the constructs fares better in predicting each of the four dependent variables, we ran a Wald test to determine the strength of the statistically significant regression coefficients. The Wald test indicated that the absolute values of the effects of consumer ethnocentrism and consumer xenocentrism on attitudes toward domestic products were not statistically different (Wald test = 1.822, d.f. = 1, p = .177). Similarly, consumer cosmopolitanism's corresponding coefficients in the equations on attitudes toward domestic products were not significantly different from those of consumer ethnocentrism (Wald test = .006, d.f. = 1, p = .939) or consumer xenocentrism (Wald test = .944, d.f. = 1, p

= .332). Thus, none of the three constructs fares better than the others in predicting attitudes toward domestic products. We applied the same procedure to attitudes toward foreign products to compare the effect of consumer xenocentrism with that of local identity. The Wald test indicated no significant difference in the two regression coefficients (Wald test = .340, d.f.= 1, p = .559).

Testing of H_{1a}, H_{2a}, H_{3a}, H_{4a}, and H_{5a}

To test H_{1a}, H_{2a}, H_{3a}, H_{4a}, and H_{5a}, which compare attitudes toward and loyalty to domestic brands with those pertaining to foreign brands, we used a latent growth model. This model enables us to test how the constructs of interest influence changes in attitudes/loyalty from domestic to foreign brands (slope factor). The model also enables us to identify the effect on the initial condition (here, attitudes toward and loyalty to domestic brands), which we model as the intercept factor (see Table 4). To achieve model identification for a change in only two levels (domestic and foreign brands), we set the residual error of the slope to 0, as Muthén and Muthén (2017) advise. Again, we used a multilevel approach. Apart from the covariates used in Table 4, which are time invariant in latent growth modeling terminology, we used attitudes toward the domestic and foreign brands as time-variant covariates of loyalty to domestic and foreign brands, respectively. The results in Table 4 indicate an acceptable model fit.

The results in Table 4 (slope factor columns) provide support for H_{2a} (cosmopolitanism) and H_{5a} (xenocentrism) for differences in attitudes toward domestic and foreign products (contrast). A comparison of the regression coefficients for consumer ethnocentrism and consumer xenocentrism on the attitudes slope factor indicates that they are not statistically different (Wald test = .216, d.f. = 1, p = .6425). Global identity (H_{3a}) appears to influence the change in attitudes, which runs counter to our predictions. For people high in global identity, attitudes toward foreign brands are lower than attitudes toward domestic brands. These results may be due to the salience of the global identity or its position in the salience hierarchy relative to the other identities examined. It is possible that as (Chinese) domestic brands have become global, they have gained the approval of those with high global identity. Zhou and Hui (2003) found that increases in the globalization, visibility, and status of the local (Chinese) brands, combined with cultural collectivist predispositions and the thriftiness of Chinese consumers, led to the rebound in the appeal of local brands as sources of symbolism. The results also indicate that for the loyalty contrasts, only H_{5a} is accepted: only consumer xenocentrism (H_{5a}) predicts differences in the loyalty to domestic and foreign brands.

Testing of H_{1b}, H_{2b}, H_{3b}, and H_{4b}

To test the moderation effects of product types on the main effects, we used multigroup latent growth analysis. To be able to run multigroup analysis, we need to establish metric measurement invariance across the three product types. The results indicate that the configural ($\chi^2(2,202) = 3,323.319$, $p < .001$; CFI = .955; TLI = .950; SRMR = .049; RMSEA = .047), metric ($\chi^2(2,264) = 3,409.705$, $p < .001$; CFI = .954; TLI = .950; SRMR = .056; RMSEA = .047), and scalar ($\chi^2(2,326) = 3,524.314$, $p < .001$; CFI = .952; TLI = .949; SRMR = .057; RMSEA = .048) measurement invariance models all demonstrate acceptable fit. Because the measurement invariance condition is satisfied, we can perform multigroup latent growth analysis. To test H_{1b}, H_{2b}, H_{3b}, and H_{4b}, we compared two models: the model in which the regression coefficients on intercept and slope factors are left free and the model in which they are constrained to be equal to utilitarian, hybrid, and hedonic types of products. A comparison of the two models indicates that the unconstrained model yields a better fit ($\Delta\chi^2(60) = 110.195$, $p < .001$). Regression coefficients and model fit statistics for the unconstrained model appear in Table 5. The results indicate a similar pattern to the full model (reported in Table 4).

We performed a comparison of the significant regression coefficients across the three product groups to identify a moderation effect. A comparison of the coefficients for the intercept slope factor of attitudes across the three product groups revealed no differences for consumer ethnocentrism (Wald test = .088, d.f. = 2, $p = .957$), consumer cosmopolitanism (Wald test = .332, d.f. = 2, $p = .847$), global identity (Wald test = .226, d.f. = 2, $p = .893$), local identity (Wald test = .218, d.f. = 2, $p = .896$), and consumer xenocentrism (Wald test = .238, d.f. = 2, $p = .889$). A similar comparison for the coefficient of the attitudes slope factor indicated no differences. The results for the comparisons of coefficients for the intercept factor of loyalty across the three product types are as follows: consumer ethnocentrism (Wald test = 1.09, d.f. = 2, $p = .577$), consumer cosmopolitanism (Wald test = .443, d.f. = 2, $p = .801$), global identity (Wald test = .691, d.f. = 2, $p = .708$), local identity (Wald test = .355, d.f. = 2, $p = .837$), and consumer xenocentrism (Wald test = 5.670, d.f. = 2, $p = .058$). Comparison statistics for the loyalty slope factor are as follows: consumer ethnocentrism (Wald test = 2.221, d.f. = 2, $p = .329$), consumer cosmopolitanism (Wald test = 3.309, d.f. = 2, $p = .191$), global identity (Wald test = .290, d.f. = 2, $p = .867$), local identity (Wald test = 2.130, d.f. = 2, $p = .344$), and consumer xenocentrism (Wald test = 2.895, d.f. = 2, $p = .235$). These results indicate that the moderator effects predicted in H_{1b}, H_{2b}, H_{3b}, and H_{4b} are not supported

empirically. The effects of the five constructs are uniform across utilitarian, hybrid, and hedonic product categories.

Testing of H_{1c}, H_{2c}, H_{3c}, and H_{4c}

We tested H_{1c}, H_{2c}, H_{3c}, and H_{4c} using the same statistical procedure described in the previous section. To be able to run multigroup analysis, we need to establish metric measurement invariance. The results indicate that the configural ($\chi^2(1,548) = 2,666.118$, $p < .001$; CFI = .963; TLI = .959; SRMR = .037; RMSEA = .046), metric ($\chi^2(1,580) = 2,688.758$, $p < .001$; CFI = .963; TLI = .960; SRMR = .038; RMSEA = .045), and scalar ($\chi^2(1,612) = 2,754.680$, $p < .001$; CFI = .962; TLI = .959; SRMR = .038; RMSEA = .046) measurement invariance models demonstrate acceptable fit. Because the measurement invariance condition is satisfied, we can perform multigroup latent growth analysis. A comparison of the unconstrained and constrained (across private and conspicuously consumed products) model indicates that the unconstrained model has a better fit ($\Delta\chi^2(30) = 87.622$, $p < .001$). The results of the latent growth model for attitudes and loyalty differences appear in Table 6. The results indicate a pattern similar to that of the full model (reported in Table 4). We performed a comparison of the significant regression coefficients across the two product groups to identify a moderation effect.

A comparison of the coefficients for the intercept slope factor of attitudes across the two product groups identified some differences. The results for the attitude intercept factor comparisons are as follows: consumer ethnocentrism (Wald test = .005, d.f. = 1, $p = .943$), consumer cosmopolitanism (Wald test = .318, d.f. = 1, $p = .572$), global identity (Wald test = .238, d.f. = 1, $p = .625$), local identity (Wald test = 4.044, d.f. = 1, $p = .044$), and consumer xenocentrism (Wald test = 4.205, d.f. = 1, $p = .040$). It appears that consumer xenocentrism's effect is more negatively related to attitudes toward conspicuous domestic products than attitudes toward private domestic products. The opposite is true for local identity, which is negatively related to attitudes toward private domestic products but not to attitudes toward conspicuous domestic products. The results of differences in attitude slope factors are as follows: consumer ethnocentrism (Wald test = .816, d.f. = 1, $p = .366$), consumer cosmopolitanism (Wald test = 2.799, d.f. = 1, $p = .094$), global identity (Wald test = 3.390, d.f. = 1, $p = .065$), local identity (Wald test = .253, d.f. = 1, $p = .614$), and consumer xenocentrism (Wald test = 4.344, d.f. = 1, $p = .037$). Thus, consumer xenocentrism's effect on attitude changes (between domestic and foreign brands) is stronger for conspicuous brands than for private brands.

The results of comparisons in loyalty intercept factors are as follows: consumer ethnocentrism (Wald test = .441, d.f. = 1, p = .506), consumer cosmopolitanism (Wald test = 1.543, d.f. = 1, p = .363), global identity (Wald test = .963, d.f. = 1, p = .326), local identity (Wald test = 4.251, d.f. = 1, p = .039), and consumer xenocentrism (Wald test = 4.397, d.f. = 1, p = .036). The same pattern of differences observed in attitudes toward domestic brands is also evident here. Xenocentrism's negative effect on loyalty to the domestic brands is stronger for conspicuous brands. Similarly, local identity's positive effect on loyalty to domestic brands is stronger for conspicuous brands. Comparisons of the loyalty slope factor are as follows: consumer ethnocentrism (Wald test = .052, d.f. = 1, p = .819), consumer cosmopolitanism (Wald test = 2.534, d.f. = 1, p = .114), global identity (Wald test = 3.286, d.f. = 1, p = .069), local identity (Wald test = .091, d.f. = 1, p = .763), and consumer xenocentrism (Wald test = .825, d.f. = 1, p = .363). We did not identify any significant differences. These results provide no support for H_{1c}, H_{2c}, H_{3c}, and H_{4c}. We observed the significant effects for H_{4c} (local identity) only at the intercept factor level and not the slope level that contrasts domestic with foreign brands. However, the results suggest that xenocentrism's effects are more pronounced for conspicuous brands.

Testing of H_{1d}, H_{5b}, H_{6a}, H_{6b}, and H_{6c}

We were not able to use the multigroup procedure to test H_{5b}, H_{6a}, and H_{6b}, given the high dispersion of the revealed foreign countries and the resulting small number of cases in some groups. For these hypotheses, we used a linear mixed model approach because the research design involves repeated measures. We used SPSS's linear mixed model to perform the analysis, modeling for the four repeated measurements provided by each respondent (domestic and foreign brand evaluations for two product categories). A comparison of the different models indicates that the use of an unstructured covariance matrix and restricted maximum likelihood estimation provided the best model fit. Analysis showed that a random intercept model worsened the fit. In line with the contrastive explanation approach (Tsang and Ellsaesser 2011), we tested the hypotheses in terms of contrasts. We tested the contrastive hypotheses of attitudes toward and loyalty to domestic brands relative to brands of specific (perceived) COOs. In line with the arguments presented in the "Categorical Cognition Theory" subsection, we used perceived COO of the brand instead of real COO. We included product involvement and demographics (gender, age, and income) in the model as control variables. However, only income and product involvement had statistically significant effects. To increase statistical power, we removed the other control variables from subsequent analysis; their removal did not affect the strength and significance levels of the

identified effects. To be consistent with the previous section, we also included the interactions of COO with cosmopolitanism and local/global identity in the model as controls. Consumers perceived the salient foreign brands identified as coming from the following countries: the United States (37.5%), Japan (14.2%), Germany (13%), South Korea (7.4%), France (6.9%), Switzerland (5.8%), Italy (4.9%), the United Kingdom (3.8%), Sweden (2.4%), and other countries (4.3%).

The results for attitudinal effects appear in Table 7. The model fit was as follows: Akaike information criterion = 5,273.717, and Bayesian information criterion = 5,325.058. As Table 7 shows, none of the hypotheses regarding COO effects (categorical cognition theory) are supported for attitudinal bias. Moreover, we observe no significant differences in attitudes toward brands of different origins ($F(10, 381.993) = .892$, $p = .541$). With regard to attitudes, the results provide no support for H_{6a}. Similarly, H_{6b}, which postulates an interaction between COO and the hedonic nature of the products, is not supported for the attitudes effect ($F(21, 395.789) = 1.381$, $p = .123$). However, the results provide some support for H_{6c}, which predicts more pronounced COO effects on attitudes for conspicuously consumed brands ($F(11, 370.745) = 2.168$, $p = .016$). An examination of the estimates table of the effects indicates that compared with attitudes toward domestic products, conspicuous products from Italy ($b = 2.633$, $p < .001$) and the United Kingdom ($b = 2.060$, $p = 019$) attract more positive attitudes than privately consumed products from the two countries.

The results indicate a statistically significant interaction between consumer ethnocentrism and COO ($F(11, 398.820) = 5.473$, $p < .001$). H_{1d} postulates that the cultural proximity of a brand's COO will mitigate the negative effects of consumer ethnocentrism. An examination of the parameter estimates indicates that consumer ethnocentrism has a positive effect only for brands that come from China (home country) ($b = .472$, $p = .000$). No other ethnocentric effects (positive or negative) emerged for brands from other countries, not even Japan and South Korea, which are culturally closer to China. Thus, the results provide no support for H_{1d}. Regarding H_{5b}, the results in Table 7 indicate an interaction between consumer xenocentrism and COO ($F(11, 402.867) = 13.631$, $p < .001$). An examination of the parameter estimates indicates positive attitudinal effects for brands from eight of the ten countries identified and negative effects for Chinese brands ($b = -.351$, $p < .001$). The positive attitudinal effects of consumer xenocentrism involved brands from the United States ($b = .639$, $p < .000$), Japan ($b = .564$, $p < .000$), South Korea ($b = .614$, $p = .002$), France ($b = .505$, $p = .034$), Germany ($b = .604$, $p < .001$), Italy ($b = .785$, $p < .001$), and Switzerland ($b = .949$, $p < .001$). There were no significant effects for Swedish ($b = .742$, $p = .153$) or British

(b = .531, p = .095) brands. These results provide some support for H_{5b}, as most of the countries identified have a higher economic development ranking than China (International Monetary Fund 2018).

Some notable results emerge in relation to the other variables. The attitudinal effects of global identity (F(11, 399.353) = 3.903, p < .001) and local identity (F(11, 413.084) = 2.214, p = .013) seem to be constrained mostly to home-country brands. In particular, global identity has a positive effect on attitudes toward Chinese brands (b = .464, p < .001) and a negative effect on attitudes toward South Korean brands (b = −.772, p = .004). Local identity has a negative effect on attitudes toward Chinese (b = −.183, p = .014) and U.S. (b = −.4001, p < .001) brands. Global identity and local identify do not have any significant effects on brands from other countries. It appears that the dominance of U.S. brands among Chinese consumers is more of a concern to their local identity; U.S. brands were the most frequently mentioned salient brands in the sample.

We tested the hypotheses related to brand loyalty in a similar manner (see Table 7). We eliminated effects of attitudes toward the brand by including attitudes as a covariate in the model. Model fit was as follows: Akaike information criterion = 3,771.821, and Bayesian information criterion = 3,823.154. As Table 7 (last columns) shows, the results provide support for H_{6a} (COO effects) with regard to loyalty. Compared with domestic brands, parameter estimates show that loyalty is lower for U.S. (b = −1.366, p < .001), Japanese (b = −2.108, p < .001), and Swiss (b = −4.335, p = .034) brands. When U.S. brands are the reference category, only brands from China (home country) have higher loyalty (b = 1.366, p < .001). Similarly, when South Korean brands are the reference category, brands from Japan (b = −2.048, p = .027) receive lower levels of loyalty. The COO effects (categorical cognition theory) are also not valid for brand loyalty, as ethnocentric effects are more prevalent. Table 7 provides some support for H_{6b} (F(21, 465.660) = 3.038, p < .001), which predicts a moderating effect of products' hedonic nature on COO effects. We find that Chinese consumers are less loyal to domestic utilitarian (b = –.253, p < .001) and hybrid (b = –.203, p = .034) products than to domestic hedonic products. Hedonic brands from France (b = .898, p = .019) and Italy (b = 1.161, p = .005) attract more loyalty than hybrid brands from the same countries. The opposite is true for German hybrid brands, which attract more loyalty (b = 1.001, p = .035) than German hedonic brands. Therefore, we reject H_{6b}, as the COO effects are product specific and the utilitarian/hedonic categorization cannot capture product differences across countries. For example, France and Italy are renowned for the production

of hedonic products (e.g., fashion), and Germany is renowned for the production of cars (a hybrid product).

Product conspicuousness does not seem to interact with COO, as we postulate in H_{6c} ($F(11, 408.002) = 1.431$, $p = .156$). Therefore, we reject H_{6c} in terms of loyalty. The results for H_{1d} (see Table 8) indicate a statistically significant interaction between COO and consumer ethnocentrism ($F(11, 414.024) = 1.820$, $p = .049$). An examination of the parameter estimates indicates that consumer ethnocentrism has a positive effect on loyalty only to brands from China ($b = .133$, $p < .001$), not to any other country. We reject the cultural proximity hypothesis postulated in H_{1d}, as all foreign countries, regardless of their proximity to China, attract the same level of brand loyalty. Thus, the results provide no support for H_{1d}. The results shown in Table 8 provide partial support for H_{5b}, which postulates an interaction between consumer xenocentrism and the COO's economic standing ($F(11, 432.331) = 13.88$, $p < .001$). An examination of parameter estimates indicates that consumer xenocentrism has a positive effect on loyalty to brands from the United States ($b = .200$, $p < .001$), Japan ($b = .213$, $p = .004$), South Korea ($b = .312$, $p = .017$), France ($b = .354$, $p = .023$), Germany ($b = .217$, $p = .021$), and Italy ($b = .338$, $p = .024$) and a negative effect on loyalty to domestic brands ($b = –.228$, $p < .001$). Because all countries are considered more economically advanced than China, the results provide some support for H_{5b}. In addition, global identity interacts significantly with COO ($F(11, 387.337) = 1.983$, $p = .029$). An examination of the parameter estimates indicates that the effect is constrained to domestic brands ($b = .163$, $p < .001$). Chinese consumers with a strong global identity are more loyal to domestic brands than other consumers.

Discussion and Implications

Theoretical Implications

This study applies a contrastive approach to review five theoretical approaches used to examine favoritism toward domestic and foreign brands. We examine attitudes toward domestic brands versus attitudes toward foreign brands and loyalty to domestic brands versus loyalty to foreign brands. This research represents one of the few extant studies to use a contrastive theoretical approach (Tsang and Ellsaesser 2011) in the field. Most studies focus on either attitudes toward products or purchase intentions and willingness to buy. A novelty of this study is our focus on consumer loyalty to the brand, which goes beyond the transience implied in purchase intentions and willingness-to-buy measures. Brand loyalty as a dependent variable has received little attention in extant research in the field. In an effort to capture more realistic consumer attitudes and behaviors, we do not rely on the assessment of abstract

conceptions of a foreign product category, which can create problems of category representation, or the unreliable approach of using prespecified brands. Instead, we use brands that are salient in consumers' minds as the unit of analysis, as such brands are more likely to be considered for purchase and to influence representation of foreign and domestic product categories. The study provides evidence from brands of 12 product categories that capture many aspects of the Chinese consumer domain. In addition to assessing the predictive performance of each of the five theoretical perspectives, the study examines the product and foreign conditions under which each perspective is theoretically expected to perform better. In particular, we assess the moderating effects of two product attributes (conspicuousness and hedonic quality) and two foreign country attributes (economic standing and cultural proximity) in relation to the appropriate perspective.

We show that three of the five theoretical approaches examined (social identity theory, personal identity theory, and system justification theory) complement one another to some extent and can be used to predict one aspect of consumer bias (i.e., attitude toward domestic products). The evidence related to cultural identity theory (global identity and local identity), however, was weaker and inconsistent with theoretical predictions. The attendant constructs to the three theoretical perspectives (social identity theory, personal identity theory and system justification theory) predict attitudes toward domestic brands equally well; however, only system justification theory (consumer xenocentrism) predicts attitudes toward foreign brands in a theoretically consistent way. The performance of social identity, personal identity, and cultural identity theories in predicting loyalty to domestic and foreign brands was weak and, in the case of cultural identity, theoretically inconsistent. Evidence suggests that system justification theory is the most consistent in its predictions in both attitudinal and loyalty biases. Moreover, the system justification theory–based construct of consumer xenocentrism consistently explains both types of biases (toward domestic and foreign products).

Categorical cognition theory–based COO effects provide limited predictive power for loyalty to brands of different COOs, but not attitudes toward brands of different COOs. An examination of the observed COO effects indicates that predictions are not consistent with those of categorical cognition theory. For example, in almost all contrasts between loyalty to domestic products and loyalty to products from other countries, we found higher loyalty to domestic products even for products coming from countries with stronger country images than the home country. Similarly, the results showed that the Chinese are more loyal to South Korean brands than Japanese brands, despite the strength of the Japanese image over that of South Korea. The observed results may be due to factors other than those underlying

categorical cognition theory that assume activation of stored information or stereotypes about a category (e.g., a country, as in this study). The results should be interpreted with caution, as the compared brands and their countries in this sample are all prominent among consumers and enjoy stronger COO images than nonsalient brands. This may make it difficult for consumers to discern substantial differences among the compared countries, and they may put all of them into one superordinate category (e.g., economically developed country category) that they subsequently use for evaluation. The results show little support to the categorical cognition theory prediction when COO is used as a category. We found that the conspicuousness and hedonic nature of products played an important role in country categorization and ensuing attitudes. Conspicuous brands from countries such as Italy and the United Kingdom are rated higher than domestic ones. Some categorization of the signaling properties of the COOs may be evident here. Similarly, hedonic products from France and Italy seem to attract more loyalty than products of other countries. Categorical cognition theory performs better in attitude predictions when the country category is used in conjunction with the product categories. Country-of-origin effects are product specific, and categorical cognition applies more to country-product categories than to country categories. The study provides limited support for the moderating effects of product dimensions. The hedonic nature of the products does not affect the effects predicted by social identity theory, personal identity, cultural identity, and system justification theory. However, product conspicuousness amplified consumer xenocentrism's effect on attitudes toward domestic and foreign products. Social aggrandizement, one of the integral qualities of consumer xenocentrism (Balabanis and Diamantopoulos 2016), may explain why the construct's effects are stronger for conspicuous than private products. Social aggrandizement captures the "emphasis placed on the symbolic value of foreign products as way of enhancing perceived social status" (Balabanis and Diamantopoulos 2016, p. 62). It seems that consumption visibility is indispensable in social aggrandizement yearning of xenocentric consumers. The empirical evidence fails to provide support for a broadened conceptualization of social identity based on the cultural closeness of a country. The effects predicted by social identity theory do not spread to countries that are culturally or ethnically akin to the home country. The mitigating effect of cultural proximity on ethnocentric consumers' bias is not supported for either attitude or loyalty measures of bias.

Our results have both theoretical and methodological implications, as they suggest a new way to investigate consumer bias based on brand salience and different dependent variables (loyalty) that signal the enduring commitment of consumers to domestic or foreign brands.

Theoretically, the study provides an evaluation of the predictive power of each theoretical perspective within a contrastive explanation approach. In particular, the study finds that cultural identity theory's pertinence in the context of domestic/foreign product bias is weak; its predictive power is poor and theoretically inconsistent for both attitudes and loyalty measures. Thus, researchers need to rethink the conditionalities of the theory before applying it in the field of consumer bias. Social identity and personal identity theories are good at predicting attitudes toward domestic products, but both perspectives are poor in predicting attitudes toward foreign products and loyalty to both domestic and foreign products. In this respect, their performance does not seem to improve under different product or foreign country conditions. These theoretical perspectives should be taken with caution and used only in relation to attitudinal in-group bias.

The results regarding categorical cognition theory reveal that the basic category in which the posited effects are found should be verified before applying the theory. The underlying assumption that country is the prevailing category consumers use to categorize products is not tenable in the data. Researchers should a posteriori establish consumers' categorization of the products available to them before applying the categorical cognition theory logic. The results suggest that the country-product categorization is more appropriate than country categorization and thus reveal that system justification theory performs better and more consistently than the other theories in the current context. Predictions of this theory are stronger for conspicuous products than for private products, in line with system justification theory predictions. System justification theory is one of the newest perspectives used in the field of consumer bias and deserves more attention in scholarly research.

Managerial Implications

A practical implication of the study is that managers working with foreign products should not market their products to be consistent with a particular group or cultural identity, as identity theories have implied. This study shows that these theories are more relevant for examining domestic brands than foreign brands. Thus, global brands following a brand domestication strategy might benefit by using identity cues to increase the probability of salience and activation of particular ethnic or local culture identities. This strategy may be viable, as a small number of respondents were found to misperceive some foreign brands for local. A more effective approach is for managers of foreign brands to exploit social status differences, as implied in system justification theory and consumer xenocentrism, and accordingly adjust their marketing strategy in a way that spotlights and enhances these

differences. This strategy will involve an emphasis on the foreign origin of the brand and will target the beliefs of xenocentric consumers.

Local brands can benefit and compete with global ones by leveraging cues about their ethnic and local culture identity, which can activate the ethnocentrism and local identity of consumers. However, local brands need to find ways to overcome their limited appeal to cosmopolitan identities, through either careful targeting strategies or dual branding strategies, one aiming people with strong ethnic and local identities and a different one aiming cosmopolitans and xenocentrics. In addition, the COO of a product is more important for conspicuous than privately consumed products. Products that are consumed privately and come from countries with a weak image are not likely to suffer from the weak country image. Foreign brands of such products should not worry about COO cues, because they are less likely to bear any negative consequences. The opposite is true for conspicuous products. In that case, companies should design a strategy that carefully veils (if COO is weak) or stresses (if COO is strong), the COO associations of their brand.

Limitations and Future Research Directions

The study does not examine all possible theories and constructs related to biases toward foreign or domestic products but instead focuses on five popular theories. In their review of the literature, Bartsch, Riefler, and Diamantopoulos (2016) identify four additional theories that we did not include in our study: dynamic theory, attitude theory, consumer culture theory, and acculturation theory (Steenkamp 2019). We did not include dynamic theory because, according to Bartsch, Riefler, and Diamantopoulos (2016, p. 105), dynamic theory "should not be understood as a formal guiding theory, but rather as a broad research framework." Future endeavors that compare theories in this field should examine the predictive adequacy of these two theories.

This study provides evidence only from one country, which may limit the generalizability of the findings. Culturally, China is collectivistic, high in power distance, and high in long-term orientation, which means that there are higher expectations for conformity to group-based identities (e.g., social identity). Furthermore, brand symbolism and meaning that is relevant to status will be more important in China given the emphasis on respect for authority and higher status (power distance). Future replication studies from other cultures should be undertaken to validate the findings of this theory and examine the moderating role of culture. However, the boundary conditions of the five theories should also be clearly specified. Cultural or economical contexts should be delineated in a way that provides theoretically meaningful insights, is practically relevant, and ensures unambiguous boundaries. Such

delineation can guide theoretical context sampling and allow better testing of the theories. As the focus of the study was on predictions regarding foreign versus domestic product categories, we used prototypical members of each category (provided by respondents' salient brands). One possible criticism of such an approach is that it leaves out predictions of nonsalient brands. This research design removes the validity problems that exist in designs in which brand stimuli are prespecified by the researcher. Certain respondents may be unaware of many of the preselected brands. Fazio, Lenn, and Effrein's (1984) work on spontaneous attitude formation on novel objects highlights the risk of this approach. Specifically, they find that "after exposure to novel objects, individuals do not necessarily reflect upon and develop an attitude toward those objects. Instead, such processes occur only if individuals (1) are directly questioned about their feelings toward the attitude objects and/or (2) perceive some situational cue that implies that it may be functional in the future to know one's attitude toward the objects in question" (p. 230). Feldman and Lynch (1988) note similar validity risks of this approach. A fruitful research avenue would be to use individual consumers' awareness and consideration sets within a product class instead of salient brands. Researchers could also use the size and composition of both the awareness and consideration sets in foreign and domestic brands and attitudes toward these brands using appropriate controls to compare these theories. The proportion of domestic to foreign brands in each set and the awareness/consideration set ratio of foreign to domestic brands (Brown and Wildt 1992) could also serve as dependent variables. Average attitudes toward foreign and domestic brands included in the two sets could be assessed and used as alternative outcome variables.

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Table 1. Product Categorization.

Product Dimensions	**Utilitarian**	**Hybrid**	**Hedonic**
Private	Toothpaste Refrigerator	Skin care products	Television set Snacks

	Furniture		
Conspicuous	Watch	Cars Mobile phones Sports shoes	Fashion clothes Vacation hotels

Table 2. Correlation Matrix.

	M (SD)	**Reliability: Alpha, AVE, Rho**	**1**	**2**	**3**	**4**	**5**	**6**
1. Attitude toward domestic brands (three items)	8.161 (2.093)	.955, .880, .957	1	.777**	.026	−.042	.361**	−.049
2. Loyalty to domestic brands (four items)	5.216 (1.389)	.914, .728, .914	.777**	1	−.161**	−.026	.450**	.020
3. Attitude toward foreign brands (three items)	7.482 (2.489)	.960, .893, .961	.026	−.161**	1	.595**	−.209**	.013
4. Loyalty to foreign brands (four items)	4.427 (1.572)	.882, .647, .880	−.042	−.026	.595**	1	−.046	.103 *
5. Consumer ethnocentrism (five items)	3.666 (1.432)	.886, .614, .888	.361**	.450**	−.209**	−.046	1	−.182**
6. Cosmopolitanism (eight items)	5.717 (.815)	.907, .557, .909	−.049	.020	.013	.103 *	−.182**	1
7. Global identity (three items)	5.320 (1.160)	.840, .642, .843	. 335**	.399**	.154*	.003	.169*	.634**
8. Local identity (three items)	3.750 (1.427)	.823, .613, .826	−.055	.051	−.102*	.051	.598**	−.180**
9. Consumer xenocentrism (seven items)	3.861 (1.520)	.933, .703, .934	−.365**	−.482**	.407**	.487**	−.191**	.149*

10. Product involvement	5.698 (0.924)	.848, .654, .849	.187**	.297**	.196**	.473**	.089*	.287**

*$p < .05$.

**$p < .01$.

Notes: AVE = average variance extracted.

Table 3. Multilevel Structural Equation Model: Standardized Regression Coefficients (Lambdas).

	Attitudes Toward Domestic Brands	**Loyalty to Domestic Brands**	**Attitudes Toward Foreign Brands**	**Loyalty to Foreign Brands**
Consumer ethnocentrism	.751**	.071	.348	.014
Global identity	.474†	.391*	–.712*	.121
Local identity	–.407†	.248†	–.623*	.073
Cosmopolitanism	–.468*	–.250	.227	–.119
Consumer xenocentrism	–.313**	–.459*	.793**	.191†
Product involvement	.388**	.258**	.409**	.241*
Income	–.055	–.031	.006	.160**
Attitudes toward domestic brands		.510**		
Attitudes toward foreign brands				.754**

†$p < .10$.

*$p < .05$.

**$p < .01$.

Notes: Model fit: $\chi^2(926) = 1{,}423.874$, $p < .001$; CFI = .973; TLI = .970; SRMR (for values within) =.064; SRMR (for values between) = .054; RMSEA = .028.

Table 4. Latent Growth Model Regression Coefficients (Lambdas) for Intercept and Slope Factors.

	Attitudes		**Loyalty**	
	Intercept Factor	**Slope Factor**	**Intercept Factor**	**Slope Factor**
Consumer ethnocentrism	.729**	−.245	.066	.009
Global identity	.694**	−1.088**	.446†	−.199

Local identity	−.349	−.280	.451†	−.33
Consumer cosmopolitanism	−.635**	.603**	−.273	−.011
Consumer xenocentrism	−.393**	1.011**	−.729**	1.169**
Product involvement	.358**	.150†	.497**	.063
Income	−.059	.045	−.062	.405**

†$p < .10$.

* $p < .05$.

** $p < .01$.

Notes: Model fit: $\chi^2(938) = 1{,}438.768$, $p < .001$; CFI = .973; TLI = .970; SRMR (for values within) = .056; SRMR (for values between) = .052; RMSEA = .028.

Table 5. Multigroup Latent Growth Model: Regression Coefficients (Lambdas) for Intercept and Slope Factors for Utilitarian, Hybrid, and Hedonic Products.

	Utilitarian Products				**Hybrid Products**			
	Attitudes		**Loyalty**		**Attitudes**		**Loyalty**	
	Intercept Factor	**Slope Factor**	**Intercept Factor**	**Slope Factor**	**Intercept Factor**	**Slope Factor**	**Intercept Factor**	**Slop Fact**
Consumer ethnocentrism	.387†	−.088	.034	.383	.818**	−.884*	.186	−.21
Global identity	.490**	−.735**	.373	−.32	.962*	−.797†	.494	−.17
Local identity	−.237	−.287	.309	−.395	−.394	.057	.399	−.61
Consumer cosmopolitanism	−.346**	.235	−.039	.432†	−.770†	.186	.15	−.35
Consumer xenocentrism	−.318**	.661**	−.496**	.773**	−.529*	1.495**	−1.211**	1.82
Product involvement	.371**	.067	.400**	.247	−.126	.231*	.353**	.331
Income	.122†	.052	–.090	.424**	–.023	.036	–.06	.188

†$p < .10$.

* $p < .05$.

** $p < .01$.

Notes: Model fit: $\chi^2(2{,}326) = 3{,}662.854$, $p < .001$; CFI = .946; TLI = .942; SRMR = .070; RMSEA = .051.

Table 6. Multigroup Latent Growth Model: Regression Coefficients (Lambdas) for Intercept and Slope Factors for Private and Conspicuous Products.

	Private Products				Conspicuous Products		
	Attitudes		Loyalty		Attitudes		Lo
	Intercept Factor	Slope Factor	Intercept Factor	Slope Factor	Intercept Factor	Slope Factor	In Fa
Consumer ethnocentrism	.724**	−.110	.236	.167	.616**	−.371	−.
Global identity	.857**	−1.518**	.970**	−1.030**	.619**	−.731**	.4
Local identity	−.739**	−.181	−.056	−.328	−.081	−.311	.6
Consumer cosmopolitanism	−.733**	1.016*	−.687*	.562†	−.472**	.358†	−.
Consumer xenocentrism	−.177	.842**	−.550**	.939**	−.506**	1.031**	−.
Product involvement	.305**	.023**	.435**	.456**	.103	.149**	.3
Income	.059	.071	−.065	.322**	−.103	.015	.0

†$p < .10$.

* $p < .05$.

** $p < .01$.

Model fit: $\chi^2(1,700) = 3{,}028.534$, $p < .001$; CFI = .956; TLI = .953; SRMR = .051; RMSEA = .048

Table 7. Attitudes and Loyalty to Brands from the Home Country and Brands from Other COOs (Type III Tests of Fixed Effects).

		Attitudes			Loyalty		
Source	Numerator d.f.	Denominator d.f.	F	Sig.	Denominator d.f.	F	Sig.
Intercept	1	477.484	40.243	.000	440.632	1.311	.253
Country	10	381.993	.892	.541	409.684	3.006	.001
Private × country	11	370.745	2.168	.016	408.002	1.431	.156
Utilitarian × country	21	395.789	1.381	.123	465.660	3.038	.000
Country × xenocentrism	11	402.867	13.631	.000	432.331	13.881	.000
Country × ethnocentrism	11	398.820	5.473	.000	414.024	1.820	.049
Country × cosmopolitanism	11	402.237	1.670	.078	394.509	1.002	.443
Country × global identity	11	399.353	3.993	.000	387.337	1.983	.029
Country × local identity	11	413.084	2.214	.013	402.947	1.431	.156
Involvement	1	613.892	7.605	.006	646.088	70.738	.000
Income	1	326.815	.000	1.000	338.941	.962	.327
Attitude	1				1,060.123	510.484	.000