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The purchase of foreign products: The role of firm's country-of-origin reputation, consumer ethnocentrism, animosity and trust.

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Abstract.- Consumer purchasing decisions relating to foreign products are influenced by economic, psychological and sociological factors. This multidisciplinary research attempts to relate such scarcely studied variables as ethnocentrism and animosity to concepts taken from the Relationship Marketing approach and Signalling Theory (trust and reputation, respectively). Structural equation modelling was used to analyse the data collected from 202 personal interviews carried out in a Spanish city. The results show that a firm's reputation and consumer trust are needed to establish business relationships involving consumers and firms from different countries, whereas animosity can reinforce consumer ethnocentrism, decrease intentions to buy foreign products and reduce trust in foreign companies.

Keywords: Ethnocentrism, animosity, reputation, purchase intentions, trust, foreign products.

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1. Introduction

The growth of international trade and the formation of supranational economic and political trading blocks have noticeably widened the presence on the market of products of different national origins. This has stimulated interest in explaining the country-of-origin role in domestic and international markets and its consequences on consumer behaviour. Consumer purchasing decisions can be decisive to the success of a company's strategy in domestic and foreign markets. At times, product origin may suppose a barrier to the trade of goods and services within or between countries. Consumer preferences for foreign and domestic products could be influenced by trust in foreign firms, consumer ethnocentrism and negative feelings towards a specific country.

This study provides evidence on how socio-psychological factors, which have been included in a limited number of marketing studies (ethnocentrism and animosity) are related to a firm's country-of-origin reputation, consumer trust and consumer purchase intentions. The main contribution of this research lies in studying purchase behaviour from the standpoint of the consumer, using multidisciplinary concepts taken from business economics, psychology and sociology, which enrich the understanding of consumer behaviour. The principal purpose is to analyse causal relationships between ethnocentrism, animosity, country-of-origin reputation, trust and purchase intention for foreign products. The empirical application of the proposed model is related to the purchase of Asian automobiles.

Following this introduction, the paper is structured into six sections. The second section covers a brief review of the literature on the purchase of foreign products. Key variables are then defined and various hypotheses established in the third section. The fourth section explains the research methodology, while the fifth discusses the results of the structural equation model. Finally, the sixth section presents the main conclusions and implications of the study.

2. Purchase behaviour towards foreign products

Globalisation has increased the opportunities for companies to distribute their goods to consumers all over the world. At the same time, consumers are able to choose from a broad range of products and services in almost any category. International product adaptation makes it difficult to differentiate between goods and consumers find it more complicated and costly to obtain additional information on the quality of foreign products and on the behaviour of foreign firms. This might lead consumers to reject foreign products because they are not sufficiently familiar with the foreign products and firms or they need more

information to reduce uncertainty. Country-of-origin can act as a mechanism that smoothes progress when deciding between products and firms from different countries. When consumers have to take a decision under conditions of asymmetrical information and limited rationality, they may be motivated to seek additional information related to the product before buying it.

Table 1. A summary of previous research papers on country-of-origin.

Author	Sample/ Product/ Country of origin	Principal findings
Han and Terpestra (1988)	-Consumers (USA) -TV and Automobile -USA, Japan, Germany, Korea.	Familiarity with country-of-origin moderates the relationship between country-of-origin and purchase intentions. Consumers tend to generalise their attitudes within products; they infer product quality from other categories of product quality.
Hong and Wyer (1990)	-Consumers -Video and computers -Germany, Japan, Mexico, Philippines.	Country-of-origin affects how other product attributes are interpreted, but this effect over other attributes is pronounced when country-of-origin information is conveyed before other information. However, whenever country-of-origin is favorable, so too is product evaluation.
Peterson and Jolibert (1995)	—	The country-of-origin effect is not conditioned by the kind of investigation and the effect is greater whenever the dependent variable is perceived quality rather than purchase intention.
Häubl (1996)	-Consumers (Germany and France) -Automobile -Czech Republic	Consumers make cognitive and affective evaluations of foreign products, which influence their purchase intentions. Country-of-origin information affects beliefs, attitude and behavioural intention.
Darling and Arnold (1998)	-Consumers (Finland) -Products -USA, Japan, Germany, France, England.	Knowledge of a product's country-of-origin has significant consequences for the effectiveness of foreign business marketing strategies and for exploiting existing levels of consumer satisfaction with foreign products.
Kaynak and Kara (2002)	-Consumers (Turkey) -Products - USA, Japan, China, Russia.	Country-of-origin effects vary depending on the country, the sample and the type of product under study. Without additional information, consumers rely more on country-of-origin information. Moreover, past experience with a product category and a country-of-origin can cause positive feelings.
Ahmed <i>et al.</i> (2004)	-Consumers (Singapore) -Bread and Coffee -France, Singapore, Indonesia, Malaysia, Switzerland, Colombia, Indonesia.	Consumer perceptions of a country's product quality vary within product categories. Country-of-origin impact on consumer purchase decisions regarding low-involvement products is weak when other attributes exist, but if a specific product category has a positive country-of-origin image, consumers might buy these kinds of products from that country.
Hamzaoui and Merunka (2006)	-Consumers (Tunisian) -Automobile y TV -Germany, France, Korea, Taiwan, Italy, Japan.	Consumers distinguish between the design and production abilities of countries. They pay more attention to the country of design and manufacture when evaluating products with social status and high personal involvement.

Researchers examining country-of-origin effect have arrived at inconsistent findings due to the diverse backgrounds, conceptions and contexts involved in the analysis of this term (Table 1). Some studies deal with the effects of country-of-origin, others have focused on the relative influence of country-of-origin information versus other product attributes or have considered it as yet another cue (such as brand name, price and warranty) with which to evaluate product quality (Agarwal and Kamakura, 1999; Tan *et al.*, 2001; Thorelli *et al.*, 1989; Bilkey and Ness, 1982). There are, moreover, studies that define country-of-origin as one element of a brand that leads consumers to identify the firm with the country-of-original domicile even if the product under evaluation was not manufactured there (Ahmed *et al.*, 2004; Thakor and Kohli, 1996; Jin *et al.*, 2006). Country-of-origin has been considered as “country of manufacture”, “country of assembly” and “country of design” (Han and Terpstra, 1988; Hamzaoui and Meruka, 2006; Ahmed and Astous, 1996; Bilkey and Nes, 1982; Klein *et al.*, 1998). But in all cases, it has been perceived as a cue that is capable of summarising information on products, brands and firms from different countries.

Consumer preferences for products of a specific origin can be a consequence of diverse reasons: product dependency, country-of-origin image, similarities between countries, a country’s level of development and/or consumers' beliefs, stereotypes and experiences (Cordell, 1992). Consumers hold to beliefs and perceptions about countries, which in turn influence their evaluations at the time of purchasing (Hamzaoui and Merunka, 2006; Tan *et al.*, 2001). Agarwal and Kamakura (1999) establish that a product’s objective quality varies within countries, and those differences are consistent with each consumer's perceptions of the product’s origin. However, Agarwal and Kamakura (1999) suggest that the country-of-origin effect is inversely proportional to the increase of information on other attributes. The decision to buy a product is affected in a different manner by the country-of-origin attribute. The effect produced by the country-of-origin brings with it different consequences for each consumer depending on the circumstances, time of the purchase and type of product (Dodds *et al.*, 1991).

Signalling theory can provide insight into the role of country-of-origin *reputation* as an instrument that firms can use to convey information on their quality and behaviour (Singh and Sirdeshmukh 2000). This approach can help us in our attempt to associate the underlying difficulties of purchasing foreign products and the relevance of country-of-origin to efficient decision making. Signalling theory provides a framework to study the problem of consumer uncertainty resulting from a firm’s information advantage over consumers. This theory proposes that firms whose products are of superior to average quality will send credible signals which consumers will then use to distinguish firms with

high-quality products (Boulding and Kirmani, 1993). Signals disseminate information through both tacit and explicit messages that disclose information on a firm's quality, future behaviour, intentions, values and capabilities (Bergen *et al.*, 1992; Kirmani and Rao, 2000). Signalling would be an efficient method of solving classification problems on international markets, were it profitable to high-quality firms but not to low-quality firms (Boulding and Kirmani, 1993). It is undoubtedly a useful theory to understand a firm's reputation as a signal that is used to convey information on foreign firms to consumers (Bilkey and Nes, 1982; Ahmed *et al.*, 2004; Teas and Agarwal, 2000).

In international literature, product origin and its effects are associated with different emotive and normative variables taken from others disciplines such as psychology and sociology (Balabanis *et al.*, 2002), where the concepts of ethnocentrism and animosity have their roots. *Ethnocentrism* was originally used to explain certain group behaviour patterns and intergroup relations. According to Sharma *et al.* (1995), ethnocentrism is a social phenomenon implying a tendency to discern groups, a preference for things belonging to one's own group and the perception of that group as being superior. This behaviour secures group survival and it is not limited to nation states, but rather to any group that seeks to maintain and protect its cultural norms and values, and its own identity. *Animosity* is a variable that has recently been incorporated to marketing research and refers to the economic consequences of human emotional responses. The concept of consumer animosity was introduced by Klein *et al.* (1998) to describe negative consumer emotions related to international hostile events between nations. If consumers think a foreign nation damaged their own country, they will be likely to show animosity towards that specific country. The emotional nature of animosity shows how international tensions can have repercussions on relationships between persons of different nationalities. The study by Ettenson and Klein (2005) suggests that negative consumer emotions towards a country (animosity) and their consequences are associated with political behaviour; consumers indirectly protest about international events. Both ethnocentrism and animosity would probably have some influence on consumer behaviour which is preceded by cognitive and affective aspects (Russell and Russell, 2006; Balabanis *et al.*, 2002; Ang *et al.*, 2004).

This study proposes a model which considers different consumer perspectives. As argued by Jin *et al.* (2006), Balabanis *et al.* (2002), and Parameswaran and Pisharodi (1994), consumer perceptions may be influenced by country-of-origin associations in the form of quality signals (cognitive perspective), emotional links (affective perspective) and a signal relating to social and individual norms (normative perspective). From the *cognitive perspective*, a firm's country-of-origin reputation may be conceived of as an informative cue and is considered as an additional attribute of quality (Ahmed and d'Astous, 1996). As regards the

affective perspective, the emphasis is on the consumer's emotional attachment to the geographic origin of a product. This perspective proposes psychological and behavioural reactions to specific countries of origin (such as animosity) (Nijssen and Douglas, 2004). Finally, the *normative perspective* focuses on links between social and moral norms and consumer attitudes (Balabanis *et al.*, 2002), one example of which would be ethnocentrism.

3. Variables, hypotheses and model

3.1. The firm's country-of-origin reputation

Reputation is a particularly relevant variable in several contexts (Anderson and Weitz, 1992; Doney and Cannon, 1997; Herbig and Milewicz, 1995). It discloses information related to a firm's behaviour, history, values, prestige and characteristics. Some studies have considered reputation as a component of a firm's intangible value (Habersam and Piber, 2003; Anderson and Weitz, 1992). Building a solid reputation requires significant investment and it represents a valuable asset. In fact, if a firm doesn't perform an activity satisfactorily, the firm could, as a consequence, lose its reputation, see its value reduced and suffer financial losses. Reputation is a signal that conveys information on a country's firms and their actions over time. Herbig and Milewicz (1995) define reputation as an estimation of the consistency over time of an attribute of an entity (p. 5).

Consumers use reputation as a means of evaluating products and the characteristics and abilities of a country's firms (Jones *et al.*, 1997). In situations of high uncertainty when quality is unobservable, the positive impact of reputation increases the probability of purchase and decreases consumer uncertainty (Anderson and Weitz, 1992). Signalling allows consumers to penalise firms which fail to fulfil their promises, therefore firms from one specific country have an incentive to create and maintain their reputation for manufacturing quality products. A study by Wang (2005) shows that companies with high reputations are less likely to be affected by consumers' nationalistic feelings. Those countries with reputable firms have a greater possibility of successfully increasing the competitiveness of their products and exporting them on international markets (Fernández *et al.* 2005). Thus, low-reputation firms may try to hide their country-of-origin and signal other attributes (Thakor and Kohli, 1996), whereas others may forge foreign quality labels. Nevertheless, there are only a limited number of empirical studies that study the effectiveness of a firm's country-of-origin reputation as a signal of quality (Chisik, 2003; Hong and Wyer, 1990). A product's country-of-origin allows consumers to infer information on a product and its value, benefits, implicit risks and future results, specifically when the product is unknown or is difficult to evaluate before purchase (Jiménez, 2002). The concept of the country-of-origin reputation of a firm's product lies in consumer perceptions of foreign products. The literature

puts forward arguments that affirm the existence of preconceived ideas on the country-of-origin reputation of a firm and its manufacture of specific high or low quality goods (Haucap, 1997; Teas and Agarwal, 2000). An example is the excellent reputation of information technology products manufactured in Japan (Srikatanyoo and Gnoth, 2002).

The country-of-origin reputation of a firm determines the average perceived quality of a country's exports and also the type of goods in which a nation specialises (Chisik, 2003). Consumers may distinguish products by their country-of-origin reputation; however they may also generalise their attitudes and opinions on a country's products and firms on the basis of the familiarity, general characteristics (e.g. superior technology, product quality, value of money, design, status and credibility) and past experience with the country of origin (Kinra, 2006; Balabanis *et al.*, 2002). In summary, when consumers are scarcely familiar with a product's origin, reputation represents an alternative way of evaluating the product (Bilkey and Nes, 1982).

3.2. Consumer ethnocentrism

Consumer ethnocentrism is a variable that partially explains the preference for a product based on its origin. The concept of ethnocentrism emerges from the study of social events in terms of group interactions and interrelations. It has frequently been applied to social collectives, as an expression of human nature that looks at its identity, protection and group preservation. The group is the key reference to evaluating other aspects, such that ethnocentrism may therefore be conceived of as a way of preserving a group's culture, solidarity, cooperation, loyalty and survival (Caruana, 1996).

The definition of ethnocentrism was originally introduced by Sumner (1906): *a view in which one's group is the center of everything, and all others are scaled and rated with reference to it. . . . Each group nourishes its own superiority. . . . and looks with contempt on outsiders* (p. 13). This perspective could be helpful to partially explain consumer purchasing behaviour. Consumers use their behaviour to differentiate themselves as members of a social collective (Jin *et al.* 2006). Consequently, consumers may feel a moral obligation to preserve the group's welfare. Shimp and Sharma (1987) define consumer ethnocentrism as a *belief held by consumers on the appropriateness and indeed morality of purchasing foreign-made products* (p. 280). Consumer ethnocentrism implies the normative belief that purchasing domestic products is more beneficial than purchasing imports (Luque-Martínez *et al.*, 2000). In the literature on consumer behaviour, ethnocentrism is considered a component of attitude that is strongly linked to social and interracial factors (Ouellet, 2007).

Klein and Ettenson (1999) propose that an ethnocentric person believes that buying foreign products is unpatriotic and amoral, hurts the economy and can reduce employment levels (Shimp and Sharma, 1987; Javalgi *et al.*, 2005; Ruyter *et al.*, 1998). Ethnocentrism has a negative influence on the evaluation and purchasing intentions of consumers, although that may vary within cultures and between different country-of-origin products (Balabanis and Diamantopoulos, 2004; Grier *et al.*, 2006). Granzin and Painter (2001) affirm that ethnocentrism causes consumer tendencies to protect their domestic economy and to help domestic workers with whom they identify. Consumers that display greater ethnocentrism stress the positive aspects of domestic products (Ruyter *et al.*, 1998), and assume domestic products are superior to products imported from other countries, regions and cross-national associations (Kinra, 2006; Marín, 2005).

3.3. Consumer animosity and its relationship with ethnocentrism and reputation

Ethnocentrism and animosity are different concepts (Klein and Ettenson, 1999; Klein *et al.*, 1998; Russell and Russell, 2006). Although both variables influence consumer behaviour, the effects of animosity are directed at one specific nation, whereas ethnocentrism measures the rejection of everything considered foreign (Klein *et al.*, 1998; Ouellet, 2007; Fernández *et al.*, 2003). Yet researchers assessing consumer ethnocentrism have focused little attention on identifying levels of aversion towards specific importing nations. While the consequences of ethnocentrism are of relevance, their usefulness for strategic business decisions might be reduced if ethnocentrism is not analyzed together with consumer animosity. Consumers who generally display high levels of acceptance towards foreign products are by no means exempt from feelings of animosity and hostility towards a specific country, which can pose obstacles to the trade in goods produced by that country (Nijssen and Douglas, 2004).

3.3.1. Animosity

It is only recently that researchers have begun to look at the range of economic consequences that may be triggered by emotional links and tensions between consumers and countries. Interactions between countries and consumers can cause hostility, displeasure and enmity towards a country (Shimp *et al.*, 2004). Animosity was defined by Klein *et al.* (1998) as *the remnants of antipathy related to previous or ongoing military, political, or economic events that affect consumers' purchase behavior in the international market-place* (p. 90). A subsequent investigation by Russell and Russell (2006) emphasizes that this definition restricts itself to specific economic or political events and even wars in the past. However, any ongoing or past event can trigger negative emotional responses. At present, innumerable conflicts take place around the world and

tensions may exist between nations for different reasons such as military conflicts, divergence over foreign policy, tensions in international business, economic disagreements and religious conflicts (Wang, 2005). The object of animosity and its triggers vary widely between consumers in different countries and regions that might harbour animosities towards several countries for a multitude of different reasons. Thus, Riefler and Diamantopoulos (2007), attentive to the operational consequences of the original definition, describe animosity as the *hostility stemming from specific historic or ongoing events* (p. 104).

It should be established that the applicability of animosity may be valid to describe hostility not only in countries, but also in other geographic contexts such as regions, communities, autonomies or specific sub-zones. Animosity between regions could be present within national borders and has been referred to as “regional animosity” by Shimp *et al.*, (2004). Ouellet (2007) confirms the existence of animosity between population groups within a country through research on ethnic minorities in the USA, Canada, and France. Although, no studies have been found to prove the existence of animosity across groups of countries, consumers might well feel hostility towards various countries. In this sense, a study by Ang *et al.* (2004) shows how consumers may experience animosity towards two different countries (Japan and USA) and hostility (animosity) may vary across nations (Thailand, Indonesia, Korea, Singapore and Malaysia).

The concept of animosity supposes a recent contribution to the growing body of knowledge on consumer behaviour. A study by Klein *et al.* (1998) was the first to relate tensions between nations to consumer purchase behaviour in which animosity comprises war animosity, economic animosity and global animosity. These indicators have been tailored in subsequent studies to the specific context under consideration (Russell and Russell, 2006; Nijssen and Douglas, 2004; Fernández *et al.*, 2001; Klein *et al.*, 1998; Ettenson and Klein, 2005). Even though indicators of war animosity and economic animosity have been used to measure the concept of animosity in different countries, it should be noted that their use poses certain problems that are likely to impact negatively on a study’s validity and threaten the generalisation and reliability of its findings. Research would be conditioned if the possible causes of animosity were included, because researchers have to choose a priori the country at which animosity is directed (Riefler and Diamantopoulos, 2007). In line with the conceptual review by Riefler and Diamantopoulos (2007), the decision not to include economic and war indicators in the measurement and definition of animosity allows the concept to be generalised across countries and the sample under study needs no advanced knowledge on historical and economic international events. In addition, biased answers can be avoided if the roots of animosity are not

incorporated in the measurement of the construct. Thus, we consider animosity as remnants of antipathy, hostility and/or anger towards a country (Riefler and Diamantopoulos, 2007; Klein *et al.*, 1998).

3.3.2. The relationships between animosity, ethnocentrism and reputation

Consumers who reject the idea of buying specific products may express willingness to buy other foreign products. However, animosity can potentially increase their uncertainty and distrust regarding foreign firms and products. Were consumers to transfer their negative attitudes towards objects, people, ideas or products from one specific country onto another, then animosity might in fact enhance consumer ethnocentrism. Klein *et al.* (1998) and Shankarmahesh (2006) have laid great stress on the need to study animosity as an antecedent of ethnocentrism, because they may be related. Animosity is an important variable to consider when studying consumer evaluation of foreign products, especially if it can reinforce consumer ethnocentrism. The findings of Nijssen and Douglas (2004) empirically confirm that animosity is able to increase consumer ethnocentrism in internationalised countries. Thus, our first hypothesis proposes that animosity can influence ethnocentrism.

H1. Consumer animosity positively influences consumer ethnocentrism.

Information cues related to product attributes could activate feelings of animosity since they can stimulate subjective states of hostility or anger towards a country (Russell and Russell, 2006). Their research paper illustrates how country-of-origin perceptions influence consumer animosity. According to Bagozzi (1992), cognitive evaluations precede emotional responses. Hostile reactions towards a country can be partially influenced by relevant information regarding a firm's country-of-origin reputation that is held by a consumer.

Although we have found no previous empirical evidence to suggest that reputation can influence animosity, some studies have analysed the mediator effect of emotions on consumer's responses towards such signals of quality as brand (Nowak *et al.*, 2006) and advertisements (Holbrook and Rajeev, 1987). Firms that seek to mitigate the effects of animosity could send signals to the market about their past behaviour, history, values and prestige (reputation). Accordingly, hypothesis H2 implies that a firm's country-of-origin reputation is able to reduce consumer animosity.

H2. A firm's country-of-origin reputation negatively influences consumer animosity.

3.4. Consumer trust and its relationship with reputation, animosity and purchase intention

3.4.1. Consumer trust

Several studies have proven that trust is a variable that plays a very important role in any relationship (Morgan and Hunt, 1994; Sirdeshmukh *et al.*, 2002; Harris and Goode, 2004; Moorman *et al.*, 1993; Anderson and Weitz, 1989). Hunt *et al.* (2006) categorise the long-term exchanges between firms and ultimate customers as a form of relationship marketing which seeks to develop, establish and maintain successful relational exchanges. Both Sirdeshmukh *et al.* (2002) and Kalwani and Narayandas (1995) point out that firms that establish relational exchanges and develop trustworthiness achieve competitive advantages, superior financial performances, greater levels of consumer satisfaction and loyalty. Furthermore, the motivations for engaging in relational exchanges with firms imply benefits derived from establishing relationships with trustworthy and non-opportunistic partners (Morgan and Hunt, 1994; Kalwani and Narayandas, 1995).

Trust is a factor associated with building successful relational exchanges; it generates expectations of continued benefits and decreases consumer uncertainty (Morgan and Hunt, 1994; Crosby *et al.*, 1990; Teo and Liu, 2007; Gruen, 1995). In line with Ganesan (1994); Rousseau *et al.* (1998); Anderson and Weitz (1989), we understand consumer trust as *willingness to be vulnerable, and to believe that the exchange partner chosen (firm) will act in the interests of the trustor (consumer) and will behave responsibly and with integrity*. According to Moorman *et al.* (1993), consumer trust implies consumer reliance on a firm's integrity, honesty, willingness to cooperate, reliability and competence.

3.4.2. The relationships between trust, reputation and animosity

Trust in firms is related to their country-of-origin reputation to manufacture goods with specific attributes, and to behave in accordance with consumer interests. If foreign products are associated with foreign firms that have a bad reputation or with developing countries that have low production costs, consumers will distrust these products and firms (Hamzaoui and Merunka, 2006). In contrast, firms that enjoy a positive reputation enhance their trustworthiness. Consumers infer the reliability of firm performance through a firm's past behaviour with other consumers, firms and organisations. In this context, firm reputation can be an effective signal of quality if consumers believe firms will fulfil their responsibilities, promises and whatever else is expected of them (Singh and Sirdeshmukh, 2000). A good established reputation positively affects consumer preferences for certain products and increases the perceived reliability of a firm (O'Cass and Grace, 2003; San Martín, 2003).

A firm's reputation helps consumers to discriminate between firms and products and does so by increasing consumer trust, enhancing the firm's credibility to

produce and sell high-quality products, and by creating links based on signalling costs (Anderson and Weitz, 1992; Doney and Cannon, 1997; Herbig and Milewicz, 1995). Consumers prefer those firms that voluntarily decide to behave with integrity, avoid opportunistic behaviour and supply valued products. In summary, empirical evidence suggests that a firm's reputation to behave in a specific and desirable manner can influence trust judgments (Ganesan, 1994; Doney and Cannon, 1997; Chen and Barnes, 2007; Bennett and Gabriel, 2001; San Martín, 2003). Consequently:

H3. A firm's country-of-origin reputation positively influences consumer trust in foreign firms.

Furthermore, trust is of notable importance when studying consumers' emotional states and their trigger mechanisms. If relevant information is limited, as happens when a relationship is starting, evaluations of a firm's reliability could be made on the basis of individual emotional states. The idea that emotions play an important role in generating and maintaining consumer trust is corroborated in an empirical study by Dunn and Schweitzer (2005). Their investigation determines that positive valence emotions (happiness and thankfulness) increase trust and negative valence emotions (anger and sadness) reduce trust. The authors suggest that emotions should be differentiated by the level of control that individuals have over them. Within negative valence emotions, anger can be differentiated because it is prompted by other persons and the level of individual control over its sources is null, whereas sadness or fault are negative valence emotions with a high level of perceived individual control. The perceived level of emotional control means that the impact of emotional responses on trust varies. Emotional states with low levels of individual control (anger, animosity) might have a greater influence on perceived trustworthiness.

Negative valence emotions perform an important role in eroding trust, but generally consumers will not be able to notice the significant influence that their emotional states have on their judgments, attitudes and behaviour. Kiefer (2005) investigates how negative valence emotions influence trust under circumstances of organisational change. Based on a longitudinal study, the author finds evidence to confirm the view that negative emotions triggered by specific events reduce trust and may give rise to opportunistic behaviour that could damage the relationship. As previously explained, animosity explains negative consumer feelings such as anger, hostility, antipathy and rejection of people, ideas or/and products coming from a particular country. Antipathy towards a country can affect the judgments made by consumers on country-of-origin reliability. Ettenson and Klein (2005) carry out a longitudinal study that shows a negative animosity effect on consumer evaluations. Emotions are important elements in building and maintaining trust. Although we have found no empirical evidence

to link animosity and trust, the studies by Dunn and Schweitzer (2005) and Kiefer (2005) all confirm that negative emotions can reduce trust. If we consider animosity as anger, hostility or antipathy towards a country, then it does seem that animosity can influence consumer trust.

H4. Consumer animosity negatively influences consumer trust in foreign firms.

3.5. Purchase intention of foreign products and its antecedents

3.5.1. Purchase intention

Research on predictors of purchasing behaviour has confirmed that consumers usually hold prior purchase intentions before they behave (Morrison, 1979; Lin y Chen, 2006; Grier *et al.*, 2006; Agarwal and Teas, 2002). Purchase intention is the willingness of a consumer to buy a particular product (Doods *et al.*, 1991; Grewal *et al.*, 1998). Social psychology suggests that intentions should be the best predictor of individual behaviour, because purchase intentions reflect the consumer's own expression of purchase probability, independently of other relevant factors that could affect consumer behaviour and decisions (Young *et al.*, 1998). Researchers have largely employed this variable as an antecedent of behaviour because it simplifies the measurement of behaviour, especially if we bear in mind the difficulties of observing the real purchasing process of each person (Chandon *et al.*, 2005; Young *et al.*, 1998; Newberry *et al.*, 2003); nevertheless, any prediction of consumer behaviour based on purchase intentions is far from perfect. Several investigations have noted discrepancies between intentions and behaviours (Newberry *et al.*, 2003; Bemmaor, 1995 Young *et al.*, 1998). Consumers in different countries give dissimilar priorities to the factors that affected their purchase intentions (Lee and Green, 1991). A more recent study by Chandon *et al.* (2005) measures consumer purchase intentions towards groceries, automobiles and laptops. Their conclusions provide evidence to suggest that the stronger the consumer purchase intention, the greater the probability of the consumer buying the products being evaluated.

3.5.2. Antecedents of foreign products purchase intention

Literature on ethnocentrism and animosity proposes both concepts as antecedents of the purchase intentions of foreign-made products and domestic products (Marín, 2005). As Klein *et al.* (1998) point out, the concept of ethnocentrism ought to be included when the unit of analysis involves understanding the consumer buying behaviour process, since studies of consumer ethnocentrism have generally found that ethnocentric consumers tend to avoid buying products from any foreign country (Suh, 2002; Shimp and Sharma, 1987; Granzin and Painter, 2001; Ang *et al.*, 2004; Sharma *et al.*, 1995). The preferences, evaluations and purchase intentions of such consumers are influenced by consumer ethnocentrism. For example, Shimp and Sharma

(1987) find that the ethnocentrism of American consumers is inversely related to their intentions to buy foreign-made automobiles. Subsequent studies with Portuguese and Korean consumers corroborate the fact that ethnocentrism increases the rejection of foreign products and enhances the purchase intentions towards domestic products (Granzin and Painter, 2001; Suh, 2002). Recent research on consumer ethnocentrism in Spain shows that consumers prefer to purchase domestic products rather than foreign imports as a consequence of their ethnocentrism (Marín, 2005); a point which may be expressed by the following hypothesis:

H5. Consumer ethnocentrism negatively influences consumer purchase intentions towards foreign products.

Regarding the effects of consumer animosity, the literature shows that hostility and anger towards one specific foreign country (animosity) can adversely impact on the consumption of products from that country (Klein *et al.*, 1998; Klein, 2002), regardless of either consumer judgments on product quality or whether the products possess valuable attributes such as price and quality. If consumers have feelings of animosity related to warfare, political disputes and economic issues, etc., their intentions to purchase products originating in that country may be null. In turn, animosity could be an antecedent to consumers rejecting foreign products made in countries against which their animosity, antipathy, anger or hostility is directed (Nijssen and Douglas, 2004). Klein *et al.* (1998) note that Chinese consumers who report animosity towards Japan exhibit low willingness to buy Japanese products as a consequence of past economic and armed conflicts between the two nations which they refuse to forget. Similarly, Ettenson and Klein (2005) explain the rejection of French products by Australian consumers in terms of negative emotions towards that country. Their findings show a significant direct relation between animosity and purchase intention. Thus, we can propose the following hypothesis to suggest that consumer animosity will reduce consumer purchase intention.

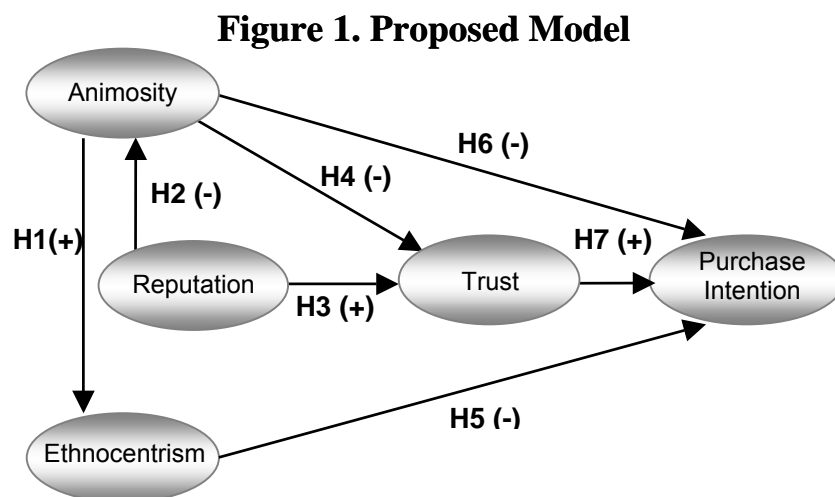
H6. Consumer animosity negatively influences the consumer purchase intentions towards foreign products.

On the whole, trust has been viewed as an important condition for establishing successful relationships between firms and customers (Singh and Sirdeshmukh, 2000, Morgan and Hunt, 1994; Doney and Cannon, 1997; Ganesan, 1994) as it reinforces positive beliefs on the future behaviour of a firm. Consumers may prefer to interrelate with firms whose behaviour is governed by trust, social norms and cultural rules on fair play (Singh and Sirdeshmukh, 2000). Trust influences consumer behaviour and it might represent a necessary element to begin relational exchanges with foreign firms. It is associated with successful

relational exchanges as a variable that positively influences purchase behaviour (Garbarino and Johnson, 1999). It also plays an important role when the relationship is established between consumers and firms with different social and cultural origins (Pavlou and Gefen, 2004). When consumers lack the experience to deal with purchase decisions relating to foreign products, trust could be an effective mechanism to motivate purchase intentions. This idea is corroborated by Pavlou and Gefen (2004) in a sample of consumers involving 22 different nationalities, whose study demonstrates a positive relationship between consumer trust and intentions to make on-line purchases. In a different context, Chaudhuri and Holbrook (2001) find similar results that showed a significant relation between trust and consumer intentions to buy 107 different brands. In summary, on the basis of previous research that has stressed the positive influence of trust on purchase intentions (Garbarino and Johnson, 1999; Bart *et al.* 2005; Gefen and Straub 2003; Yoon, 2002), the following hypothesis encapsulates the relationship between consumer trust and consumer intentions to purchase foreign products.

H7. Consumer trust positively influences consumer purchase intentions towards foreign products.

Figure 1 depicts the seven proposed hypotheses described above that will be empirically contrasted. The methodology and results are discussed in the following sections.



4. Research Methodology

4.1. Country-of-origin and product category selection

This paper focuses on analysing factors that influence Spanish consumers' purchase intentions towards Asian automobiles. With this purpose in mind, the sample, product and country-of-origin selected should allow us to test

relationships between country-of-origin reputation, ethnocentrism, animosity, trust and purchase intention. Preferences for products from any one country-of-origin do not only depend on the specific characteristics and category of each product, but also on the specific country or context. Previous studies have investigated the country-of-origin effect on American products (Han and Terpstra, 1988; Ahmed and d'Astous, 1996; Lin and Chen, 2006), European products (Hamzaoui and Merunka 2006; Nijssen and Douglas, 2004), Japanese products (Kaynak and Kara 2002; Darling and Arnold, 1998; Han and Terpstra, 1988), and Mexican products (Ahmed and d'Astous, 1996). Even though only a few studies have paid attention to Asian products, Asian countries are currently experiencing high rates of economic growth (10.7% China, 5% Korea, 9.2% India, data from Asian Development Bank, 2006) and their automotive industry is improving their competitiveness. Nijssen and Douglas (2004) suggest that when country-of-origin effect and related variables are studied, it is important to examine the context of the country where foreign products will be evaluated as well as its commercial relations with the foreign country in question. Based on a review of the literature on country-of-origin effect, the main points to consider in connection with country-of-origin and product category are: 1) the importance of the product to trade and the economy in the consumer's home country, 2) the reputation and prestige of the producer and 3) the level of development and industrialisation of the country of origin (Han and Terpstra, 1988; Ahmed and d'Astous 1996; Darling and Arnold 1998; Kaynak and Kara 2002; Nijssen and Douglas, 2004; Lin and Chen 2006; Hamzaoui and Merunka, 2006). To test the hypotheses advanced in the third section, the previous considerations were borne in mind when choosing the product and the country-of-origin:

1) Purchasing an automobile implies a high level of expenditure and consumers spend more time and money looking for additional information to evaluate this product than they spend on purchasing other products (Murphy, 1986). Consumers are more sensitive to country-of-origin when purchasing products with a symbolic status (automobiles), than for goods that are more frequently purchased (Hamzaoui and Merunka, 2006). According to the first point (importance of product on country's trade and economy) the automobile is an important durable product in the economic and social life of developed countries. Vehicle registrations have increased over recent years in Spain, reaching rates that are comparable to those in more developed European countries (570 automobiles per one thousand persons and 44 new vehicle registrations per one thousand persons per year) (Spanish Automobile and Trucks Manufacturers' Association, 2006). The economic transcendence of the automobile industry, trade and use involves a diversity of industries in the productive sector. In Spain the production of automobiles represents 4.2% of Gross Domestic Product (GDP), 21% of total exports and 15% of total imports, according to data from the European Automobile Manufacturers' Association

(ACEA) and Spanish Foreign Trade Institute (ICEX). Accompanying this rise in vehicle registrations, between 2000-2005, the average percentile growth of non-European vehicles registered in Spain has also increased considerably (62%), of which 57% correspond to Asian vehicles (excluding Japanese). The statistical data (2000-2005) offered by the Spanish Government Department responsible for Traffic (*DGT*) and the International Organisation of Motor Vehicle Manufacturers (OICA) show that the average numbers of Korean, Chinese and Indian vehicle registrations are 28% above their European competitors (29%). With regard to international trade, exports from China, Korea and India represented 11.7% of Spain's total imports in 2006 (ICEX). On the basis of the literature review and statistical data, we have therefore selected Asian automobiles as our product category, in which we specifically include Chinese, Korean and Indian automobiles, in view of the increasing numbers of vehicle registrations from those countries.

Bearing in mind points 2) and 3) (producer prestige, and development level and industrialisation of country of origin), Japanese automobiles were excluded because Japanese products are perceived somewhat differently to all other Asian products. Since 1980, brands such as Sony, Nikon, Toyota and Honda have invested to change the image of products that are 'Made in Japan' (Darling and Arnold, 1988). In contrast to the other three Asian countries, Japan is seen as an industrialised country with a good reputation that produces high quality products (Javalgi et.al. 2005; Ching, 1999; Cordell, 1992). A study by Han and Terpstra (1988) compared Japanese and Korean products and concluded that several aspects of Japanese products were superior (technical advancement, prestige, workmanship and serviceability). In the same way, European vehicles were also excluded because consumers feelings of belonging are not restricted to a specific geographic context. Consumer could feel part of a region, community, or union of nations because of such factors as religion, language, political systems, or even positive experiences in the past. One example would be a European resident who identifies with various nations forming a political, economic and multicultural union. Spanish consumers might prefer to buy European products rather than foreign products, if they believe it helps the European economy to which Spain belongs. Thus, whenever consumers are ethnocentric they will try to fulfil their moral obligation to buy domestic products. Research by Javalgi *et al.* (2005) shows how French consumers identify European products and not only French products as superior.

Finally, the reasons for not including real brands in this study are in line with recommendations put forward by Thakor and Kohli (1996), who suggest that real brands should not be used to study the country-of-origin effect since they could threaten internal consistency. Other authors stress that the country-of-origin cue is an intrinsic element of reputable brands. For instance, Tse and

Gorn (1993) conclude that consumers are not able to disassociate brands from their country-of-origin. As a consequence, the decision not to use brand names is intended to ensure that consumer associations with specific vehicle brands do not influence the results.

4.2. Data Collection

A survey was used to test the model and hypotheses. Data were collected from Spanish automobile users in May and June 2007 (Burgos). 202 valid questionnaires were received out of a total of 350 attempts (response rate= 57.7%). The demographic and socio-economic profile of the respondents of the sample is as follows: 63.9% male and 36.1% female. Their age groups are as follows: 37.6% between 26 and 35 years old, 20.3% between 36 and 45, 16.8% between 18 and 25, 16.3% between 46 and 55, and 9% over 56 years old. Their educational background is secondary (High school) (35.6%), followed by university studies (38.6%) (20.3%: 3-year career and 18.3%: 5-year career), 17.8% have finished a post-graduate qualification (Masters Degree or PhD), although 6.9% only completed primary education and, finally, 1% has no schooling. Their household structures comprised couples with children (40.7%), single people living alone (33.7%), couples without children (20.6%) and a small percentage of single parents with children (5%). Their professions consisted of employed people (65.6%, of which 14.9% correspond to civil servants), students (13.9%), businessmen and women (12%), retired people (3%), unemployed people (3%) and housewives or househusbands (2.5%). Finally, monthly income ranged from below €600 to over 5000€, 28.7% of which lay between €1201-€1500, 21% between €1501-€1800; 12.8% between €18001-€2400; 7.2% between €1501-1800; 6.7% under €600; 6.2% between €601-€900, 6.2% between €2401-3000€; 5.1% between €3001 -€4000€; 3.1% between €4001-€5000, and 3.1% over 5000€.

Table 2. Study design: technical data.

Characteristics	Questionnaire
Population statistics	Automobile users
Geographical field	Burgos (Spain)
Sample size	202 valid questionnaires from 350 attempts
Sampling error	6.90%
Period	May and June 2007

Subjects were asked about the main factors they would seek when purchasing an automobile. The four main attributes mentioned by 73.1% of the sample were: quality (27.4%), safety (19.9%), price (14.2%) and country-of-origin (10.9%). In order to discern any real knowledge that consumers might possess in relation to the country-of-origin of the automobiles, the questionnaire included a question on the country-of-origin associated with their present vehicle. Almost a third of

respondents stated that their present vehicle had been manufactured in Spain (28.9%), followed by Germany (23%), France (12.3%), the USA (9.6%), Japan (7%), Italy (5.3%), Brazil (3.2%), and South Korea (2.1%). Finally, Argentina, Belgium, England and the Czech Republic were each cited by 1.6% of all respondents, followed by Sweden (1.1%) and China and Canada by 0.5%.

4.3. Measurements

In order to establish the content validity of the scales, previous studies were reviewed that had previously applied the variables under study - 'reputation', 'ethnocentrism', 'trust', 'animosity' and 'purchase intentions' – on the basis of which the items used to measure each variable were drawn up. In order to measure ethnocentrism, reference was made to research by Shimp and Sharma (1987), Nijssen and Douglas (2004), Ettenson and Klein (2005), all of which coincide in their use of the “Consumer Ethnocentrism Tendencies Scale” (CETSCALE), designed by Shimp and Sharma in 1987. This scale consists of 17 items which were validated in several contexts such as the USA, France, Japan, Germany (Netemeyer *et al.*, 1991), Turkey (Kaynak and Kara, 2002) and Spain (Luque-Martinez *et al.*, 2000). The interchangeability of the CETSCALE indicators (Nijssen and Douglas, 2004; Luque-Martinez *et al.*, 2000) allows researchers to employ fewer indicators to measure this variable (Ettenson and Klein, 2005; Russell and Russell, 2006; Reardon *et al.*, 2005).

The country-of-origin reputation of a firm was measured mainly by items drawn from the work of Doney and Cannon, (1997), Kaynak and Kara (2002), Yasin *et al.* (2007) and Bennett and Gabriel (2001). Trust is conceived of in terms of unidimensional latent variables that reflect a whole concept; a widely accepted idea in previous investigations (Morgan and Hunt, 1994; Anderson and Weitz, 1989; Bart *et al.*, 2005, Moorman *et al.*, 1993). It was measured through six items taking as a reference Ganesan (1994), Crosby *et al.* (1990), Doney and Cannon (1997) and Harris and Goode (2004).

On account of the theoretical reasons to which reference was made in the third section, we excluded indicators relating to war and economic animosity. As Riefler and Diamantopoulos (2007) advise: 1) War and economic animosity should not be considered observed variables because they represent possible causes to experience animosity and they would vary within each study. 2) The concept of animosity refers to emotional anger, hostility or antipathy and its intensity of feeling, but excludes the underlying reasons to these. 3) The inclusion of war and economic animosity should only be considered when a previous study has shown key triggers of animosity in the specific sample and context under analysis. To sum up: animosity is a latent variable and *only the intensity of animosity feelings based on generic affective scales* (“I dislike” “I

feel anger toward”) is comparable on a cross-national basis (Riefler and Diamantopoulos, 2007, p. 112). Bearing the above in mind, it is important to note that observed variables could be used to measure and compare in any context that ensures cross-national validity and avoids bias caused by measurement of the variable itself. Previous authors who have validated the scale are principally Klein et.al., (1998); Shimp *et al.* (2004) and Fernández *et al.* (2003).

The items used to measure purchase intentions were formulated especially on the basis of works by Ettenson and Klein (2005), Dodds *et al.* (1991) and Agarwal and Teas (2002). In addition, the final section of the questionnaire collected personal demographic and socio-economic information, using scales for age, household structure, income, profession, education and gender. The variables were measured by scales, which consisted of 5-point Likert questions anchored by *strongly disagree with* to *strongly agree with*. Appendix 1 records the variables used in this study together with the abbreviation of each variable and the referenced authors.

5. Results

5.1. Data Analysis

The information from the questionnaire was analyzed using SPSS 15.0 statistical software package to enable preliminary univariant and bivariant analysis to be performed, which showed no significant anomalies. Exploratory factor analysis was then conducted to ensure the unidimensionality of the latent variable measurements, specifically principal factor analysis (varimax rotation) which resulted in the identification of five factors (Table 3). The first factor refers to purchase intention, the second factor to reputation, the third to trust, the fourth to animosity, and the fifth to ethnocentrism.

5.2. Measurement model

A confirmatory factor analysis was performed using LISREL 8.7 to obtain the definitive scales and to test the convergent and discriminant validity of the measurement model¹. The extent to which an observed variable measures the underlying construct is tested by the lambda coefficient, t-Student statistic and R² coefficient. Direct relationships between each latent construct and their observed variables present factor loadings greater than 0.5 with a confidence level of 95%. The item V1 has been eliminated because it presents a low R². Model respecification was based on the following indexes: chi-square statistic

¹ The method of maximum likelihood was employed assuming a normal distribution of the variables. In line with Bisquerra (1989), this method is sufficiently robust to avoid slight fluctuations in the multivariate normal distribution if the sample size is greater than 100 (Gerbing and Anderson, 1985).

(χ^2), Root-Mean-Square-Error of Approximation (RMSEA), Normed Fit Index (NFI), Comparative Fit Index (CFI), Incremental Fit Index (IFI), Relative Fit Index (RFI) and Goodness-of-Fit Index (GFI). It was necessary to eliminate variables V13, V23, V25, V30 to obtain an adjusted model because their measurement errors were correlated with other variables. The results of the adjusted and respecified model are shown in Table 4. After validating the scales, the corresponding Cronbach alpha coefficients and composite reliability coefficients were calculated to determine the reliability of the final scales and in all cases their respective values were greater than 0.70 and 0.60, which confirms that the scales are reliable and possess internal consistency (Bagozzi and Yi, 1988). The average variance extracted (AVE), which was greater than 0.5 in each case, shows the global quantity of variance for each item that is explained by the latent constructs (Bagozzi and Yi, 1988). The discriminant validity was assessed and fulfilled by comparing the AVE associated with each construct to the correlations between the constructs (Table 5). After validating the measurement model, the structural model was tested.

5.3. Structural Equation Model

Structural equation analysis was conducted with the previously refined scales of latent variables (ethnocentrism, reputation, trust, animosity and purchase intention) to test the conceptual model. The indexes used to assess model fit are acceptable ($\chi^2=476.650$ $p=0.00$; RMSEA=0.06; NFI=0.91; CFI=0.97; IFI=0.97; RFI=0.91; GFI=0.85)². Figure 2 presents the assessment of the overall model fit and the hypothesis testing. According to the results, consumer animosity towards a country was positively related to consumer ethnocentrism, providing support for hypothesis H1 ($\lambda= 0.197$, $p<0.05$). In contrast hypothesis H2 is rejected, as the firm's country-of-origin reputation does not appear to exercise a significant influence on consumer animosity towards a country, which is discussed below. Hypothesis H3 was accepted: the firm's country-of-origin reputation was shown to significantly influence consumer trust ($\lambda=0.543$, $p<0.05$). As hypothesised (H4), animosity towards a country can reduce consumer trust ($\lambda=-0.236$, $p<0.05$). Hypothesis H5 was not upheld insofar as consumer ethnocentrism does not significantly influence consumer purchase intention, which is also discussed later on. On the contrary, there was a reduction in consumer purchase intention when a consumer showed animosity towards a country, which supports hypothesis H6 ($\lambda=-0.225$, $p<0.05$). Finally, Hypothesis H7, which states that consumer trust has a positive influence on consumer purchase intentions ($\lambda= 0.380$ $p<0.05$), is accepted.

² Following recommendations made by Baumgartner and Homburg (1996), the indexes NFI, CFI, IFI, RFI, GFI should be close to 0.9 and the value of RMSEA below 0.05 to indicate a good fit. Although the chi-square statistic indicates that the model does not fit, it may be due to its dependence on and sensitivity to the sample size.

Table 3. Results of the Exploratory Factor Analysis.

Factor	Observed Variables	Factor loadings	Percentage of explained variance	Percentage of accumulated variance	
F1 Purchase Intention	V20	To reject the possibility of buying*.	.830	26.437	26.437
	V21	A probability exists of buying.	.770		
	V22	To accept the idea of buying.	.835		
	V23	Willingness to buy.	.788		
	V24	Will avoid buying*.	.820		
	V25	Will consider buying.	.661		
F2 Reputation	V7	Belief that country-of-origin firms are innovative.	.622	13.916	40.354
	V8	Opinion that country-of-origin firms possess a distinguished brand image.	.792		
	V9	Belief that country-of-origin firms are prestigious.	.809		
	V10	Conviction that country-of-origin firms are well recognised.	.804		
	V11	Opinion that country's firms have a bad reputation in the market.*	.396		
	V12	Belief that country-of-origin firms are frequently mentioned in the media.	.545		
	V13	Conviction that country-of-origin firms have better reputation than others	.597		
F3 Trust	V14	Fulfilment of promises by firms.	.780	10.149	50.502
	V15	Belief that firms make honest transactions.	.762		
	V16	Confidence that firms will act in the best interests of the consumer.	.435		
	V17	Opinion that firms are concerned about consumer satisfaction.	.662		
	V18	Conviction that country's firms give detailed and truthful information	.736		
	V19	Trust in the technical capacity of country's firms.	.540		
F4 Animosity	V26	To feel antipathy towards.	.656	7.812	58.314
	V27	To avoid people from a certain country whenever possible.	.757		
	V28	To dislike people from a certain country	.853		
	V29	To feel obligation not to like people from a certain country.	.738		
	V30	Aversion to anything linked to a certain country.	.783		
F5 Ethnocentrism	V1	To purchase domestic products instead of imports	.475	5.684	63.999
	V2	To feel obliged to avoid purchasing foreign-made products	.637		
	V3	Belief that purchasing foreign products means other countries will get rich off us	.747		
	V4	To purchase foreign products hurts domestic economy and causes unemployment.	.808		
	V5	Preference for domestic products despite the long-term cost implications	.625		
	V6	To purchase foreign products only if domestic alternatives are unavailable.	.712		

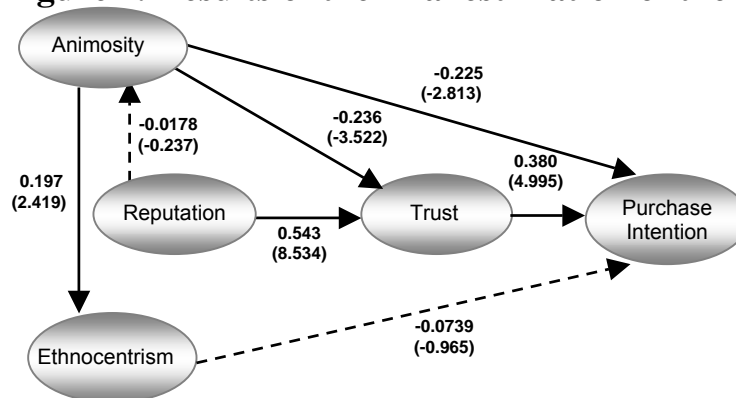
* Reverse-coded items.

Table 4. Results of the adjusted confirmatory factor analysis.

Latent Variable	Observed variable	Lambda coefficients			R ²	Goodness of fit	Cronbach alpha	Composite reliability	Extracted variance
		λ	Measurement error	t					
Ethnocentrism	V1	Eliminated				$\chi^2=442.45$ (p=0.00) RMSEA=0.05 NFI=0.91 CFI=0.96 IFI=0.97 RFI=0.90 GFI=0.86	0.843	0.883	0.607
	V2	0.767	0.468	12.599	0.532				
	V3	0.820	0.401	13.908	0.599				
	V4	1.000	0.212	-	0.788				
	V5	0.666	0.589	10.334	0.411				
	V6	0.768	0.466	12.627	0.534				
Reputation	V7	0.744	0.490	12.858	0.510		0.849	0.889	0.584
	V8	0.923	0.248	19.139	0.752				
	V9	1.000	0.166	-	0.834				
	V10	0.851	0.349	16.234	0.651				
	V11	0.509	0.751	7.656	0.249				
	V12	0.598	0.661	9.380	0.339				
Trust	V13	Eliminated					0.855	0.896	0.598
	V14	1.000	0.194	-	0.806				
	V15	0.786	0.444	13.642	0.556				
	V16	0.519	0.743	7.733	0.257				
	V17	0.791	0.437	13.789	0.563				
	V18	0.866	0.339	16.123	0.661				
Purchase intention	V19	0.783	0.448	13.561	0.552		0.920	0.931	0.777
	V20	0.961	0.126	30.025	0.874				
	V21	0.640	0.600	11.148	0.400				
	V22	1.000	0.057	-	0.943				
	V23	Eliminated							
Animosity	V24	0.949	0.147	28.293	0.853		0.854	0.901	0.696
	V25	Eliminated							
	V26	0.809	0.421	13.664	0.579				
	V27	0.917	0.279	16.670	0.721				
	V28	1.000	0.235	-	0.765				
	V29	0.799	0.434	13.399	0.566				
	V30	Eliminated							

Table 5. Correlation matrix between the latent variables.

	Ethnocentrism	Reputation	Trust	Intention	Animosity
Ethnocentrism	1.000				
Reputation	-0.052	1.000			
Trust	-0.026	0.607	1.000		
Intention	-0.140	0.465	0.439	1.000	
Animosity	0.260	-0.054	-0.269	-0.358	1.000

Figure 2. Results of the final estimation of the model.

$\chi^2=476.65$ ($p=0.00$); RMSEA=0.06; NFI=0.91; CFI=0.97; IFI=0.97; RFI=0.91; GFI=0.85

Note: Non-supported hypotheses are shown by a dotted line and significant relationships by continuous lines.

6. Discussion.

This study highlights the importance of adopting a multidisciplinary perspective when examining the purchasing behaviour of consumers towards foreign products, which can help to overcome the shortcomings of economic and socio-psychological approaches. It leads us to conclude that not only are consumer purchase intentions influenced by objective criteria, but that psychological factors such as animosity, ethnocentrism, trust and reputation have an important effect on them as well. The results of this research empirically support the powerful influence of reputation in building consumer trust in international markets, which demonstrates the essential role played by country-of-origin reputation for firms seeking to do business in foreign markets. However, the country-of-origin reputation of a firm is unable to reduce consumer animosity; perhaps because animosity has the potential to become such a strong feeling that it would be hard for only one quality signal, such as reputation, to reduce it. Despite the attention paid to the concept of trust in the literature across many disciplines, the relationship between consumer trust and emotional consumer reactions triggered by national conflicts has been virtually ignored. An important contribution is the finding that consumer hostility, anger or antipathy towards a country (animosity) can reduce consumer trust in foreign country firms. Therefore, if consumers believe that a foreign country had an inappropriate international behaviour or caused some damage to the consumer's own country, they might deny being vulnerable for the simple reason that they

merely distrusted and doubted that such firms could behave correctly. Besides, animosity could become so strong that it would reduce consumer purchase intentions. This finding is consistent with previous studies on the negative effects of consumer animosity on consumer purchasing behaviour (Ettenson and Klein, 2005; Klein *et al.*, 1998; Fernández *et al.*, 2003).

Also noteworthy is the finding that animosity reinforces consumer ethnocentrism. Even though the relationship between these two variables has hardly been studied, our findings support the idea that negative emotions, and particularly animosity, can enhance consumer ethnocentrism, strengthening the belief that purchasing foreign products is inappropriate or even morally wrong because it damages the domestic economy and is unpatriotic. Nijssen and Douglas (2004) have obtained similar findings from a study carried out in Holland, in which they report the significant influence of Dutch consumers' animosity towards Germany on Dutch consumer's ethnocentrism regarding automobiles and televisions. Interestingly, the relationship between ethnocentrism and purchase intentions could not be supported. A plausible justification for this fact is found in studies by Klein *et al.* (1998) and Nijssen and Douglas (2004), in which it is affirmed that the unavailability of domestic alternatives, which is the case of Spanish automobiles, makes ethnocentric consumers willing to accept the purchase of foreign-made products. Consistent with our findings, prior research suggests that ethnocentrism may be more closely related to consumer judgments and evaluation of a product than to consumer intentions (Ettenson and Klein, 2005; Good and Huddleston, 1995). One of the findings in a recent study by Balabanis and Diamantopoulos (2004) is that the ethnocentrism is a better predictor of consumers' positive intention towards domestic products than their negative intentions towards products imported from specific countries. Thus, Klein *et al.* (1998) suggest that high ethnocentric consumers would be willing to buy imported products if they considered that those products offered high quality, low price, greater value and were more prestigious, which would make their purchase worthwhile. A final point is that trust plays an outstanding role when relationships between consumers and firms from different countries are established. As expected, trust is shown to be a necessary condition for developing consumer purchase intentions, which confirms that trust is an antecedent of consumer behaviour (Pavlou and Gefen, 2004; Gefen and Straub, 2003; Yoon, 2002; Bart *et al.*, 2005; Garbarino and Johnson, 1999).

Managerial implications

The results of this research may be used by marketing managers of international business in several ways. Literature on industrial economics and internationalisation has recognised the dilemma faced by organisations when

they have to decide between internationalisation or adaptation and expansion in the domestic market. Therefore, firms and international trade organisations should pay attention to factors that negatively affect their competitiveness in international and domestic markets. Foreign firms with good reputations have a competitive advantage to position their products in foreign markets. Nevertheless, domestic firms will take the consumer preferences for domestic products for granted (Marín, 2005). Reputation is a powerful instrument that firms can use to build trust, increase future profits and establish solid relationships. Overall, reputation can mitigate asymmetric information problems between consumers and the firm.

Whereas consumer rejection of foreign products as a consequence of ethnocentrism or animosity might give greater opportunities to domestic brands and firms, foreign firms need to look at mitigation strategies that avoid a negative effect on consumer intentions to buy their products. Consequently, the concepts of ethnocentrism, a firm's country-of-origin reputation and animosity could be approached from two perspectives. The national producer will stress consumer ethnocentrism and convey information on a superior reputation which represents a mechanism for retaining existing customers and capturing new ones. Domestic firms have to supervise their strategies to prevent losing market share to their foreign competitors seeking to sell their products on the Spanish market. The promotion of innovative strategies helps to influence the preferences of national consumers for domestic products over foreign products. Domestic firms can generate a competitive advantage and contribute to the economic growth of the nation, increase employment and reduce the costs associated with importation.

From the perspective of international firms, ethnocentrism, animosity and a poor reputation can represent a barrier to them positioning their products in new markets. Consumer decisions to buy imported products would be affected by the negative effects of animosity and ethnocentrism. Firms that want to build trust in international markets should avoid activating negative emotions associated with conflicts and disagreements between nations. Foreign firms that seek to avoid the adverse effects of consumer intentions need to increase consumer trust through an enhanced reputation. If consumers think that a firm will behave benevolently and will perform in a competent manner, then the probability of the firm's products being purchased will increase (Gao *et al.*, 2005).

Limitations and future research

There are several limitations to this study, as well as opportunities for future research. Generalisation of the conclusions drawn from this work is restricted by the small sample size that is limited to a single geographic region. Moreover, the

study only examines purchase intentions towards a specific product. Besides, it is a cross-sectional study; it would be interesting to design a longitudinal study that tracks survey participants over time to determine how relationships between variables change. A further limitation derives from product selected for the study: The automobile industry is a competitive sector where mergers and acquisitions are frequent; additionally, its products (automobiles) have progressively become more standardised and similar which make it difficult for consumers to differentiate automobiles by their origin and increase the propensity to mix up brands with country-of-origins. It is also possible to find a “halo” effect associated with a product image from a given country which extends to other product categories (Balabanis *et al.* (2002). An additional limitation comes from using the variable 'purchase intention' to measure the real purchase behaviour, because consumer intentions do not include certain perceptions that the consumer only has when purchasing. Interestingly, it is important to note that consumers were not willing to state and openly admit their level of ethnocentrism and animosity because it represents a socially undesirable concept. That same refusal to admit their beliefs and emotions might have led to respondents giving lower scores than they would otherwise have given.

There are a number of *future lines of research* to emerge from this study that might enrich the limited research that exists on this topic. It would be interesting to test the proposed model in other cultural contexts (for more than one type of product and in more than one country), in order to compare results. Moreover, it could be useful to include other antecedents for ethnocentrism and animosity in the model, such as patriotism and purchase experience with the product being evaluated and to consider other quality signals and factors that influence consumer evaluations such as advertising and perceived value. Furthermore, future studies could be conducted to show how trust and reputation can be transferred within country firms and country image. It would also be of interest to study the association between a firm's country-of-origin reputation, its intangible assets and a firm's intangible value. Finally, a future study might test the moderating effect of some consumer personal characteristics and socio-economic variables on the proposed model.

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Appendix 1. Variable description.

Variable	Cod	Item description	References
Ethnocentrism	V1	To purchase domestic products instead of imports	Shimp and Sharma (1987); Nijssen and Douglas (2004); Reardon <i>et al.</i> (2005)
	V2	To feel obliged to avoid purchasing foreign-made products	Shimp and Sharma (1987); Nijssen and Douglas (2004); Ettenson y Klein (2005)
	V3	Belief that purchasing foreign products means other countries will get rich off us	Shimp and Sharma (1987); Nijssen and Douglas (2004); Rusell y Rusell (2006)
	V4	To purchase foreign products hurts domestic economy and causes unemployment.	Shimp and Sharma (1987); Ettenson and Klein (2005); Reardon <i>et al.</i> (2005)
	V5	Preference for domestic products despite the long-term cost implications	Shimp and Sharma (1987); Ettenson and Klein (2005)
	V6	To purchase foreign products only if domestic alternatives are unavailable.	Shimp and Sharma (1987); Rusell and Rusell (2006)
Reputation	V7	Belief that country-of-origin firms are innovative.	Yasin <i>et al.</i> (2007)
	V8	Opinion that country-of-origin firms possess a distinguished brand image.	Yasin <i>et al.</i> (2007)
	V9	Belief that country-of-origin firms are prestigious.	Tan <i>et al.</i> (2001); Kaynak and Kara (2002)
	V10	Conviction that country-of-origin firms are well recognised.	Kaynak and Kara (2002)
	V11	Opinion that country's firms have a bad reputation in the market.*	Doney and Cannon (1997); San Martín (2003)
	V12	Belief that country-of-origin firms are frequently mentioned in the media.	Bennett and Gabriel (2001)
	V13	Conviction that country-of-origin firms have better reputation than others	Setó (2003)
Trust	V14	Fulfilment of promises by firms.	Ganesan (1994); Doney and Cannon (1997); Harris and Goode (2004); San Martín (2003)
	V15	Belief that firms make honest transactions.	Crosby <i>et al.</i> (1990); Doney and Cannon (1997)
	V16	Confidence that firms will act in the best interests of the consumer.	Crosby <i>et al.</i> (1990); Doney and Cannon (1997)
	V17	Opinion that firms are concerned about consumer satisfaction.	Doney and Cannon (1997); Harris and Goode (2004); San Martín (2003)
	V18	Conviction that country's firms give detailed and truthful information	Doney and Cannon (1997); Harris and Goode (2004)
	V19	Trust in the technical capacity of country's firms.	San Martín (2003)
Purchase Intention	V20	To reject the possibility of buying*.	Klein <i>et al.</i> (1998); Ettenson and Klein (2005)

	V21	A probability exists of buying.	Dodds <i>et al.</i> (1991); Javalgi <i>et al.</i> (2005); Grewal <i>et al.</i> (1998)
	V22	To accept the idea of buying.	Ettenson and Klein (2005)
	V23	Willingness to buy.	Agarwal and Teas (2002); Dodds <i>et al.</i> (1991)
	V24	Will avoid buying *.	Agarwal and Teas (2002)
	V25	Will consider buying.	Sweeney <i>et al.</i> (1999)
Animosity	V26	To feel antipathy towards.	Klein <i>et al.</i> (1998)
	V27	To avoid people from a certain country whenever possible.	Shimp <i>et al.</i> (2004)
	V28	To dislike people from a certain country	Klein <i>et al.</i> (1998); Fernández <i>et al.</i> (2003)
	V29	To feel obligation not to like people from a certain country.	Shimp <i>et al.</i> (2004)
	V30	Aversion to anything linked to a certain country.	Klein <i>et al.</i> (1998); Fernández <i>et al.</i> (2003); Ettenson and Klein (2005)
Demographic data	V31	Gender	
	V32	Age	
	V33	Education	
	V34	Household structure	
	V35	Profession	
	V36	Income	

* Reverse-coded items.