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# Country-of-Origin Perceptions, Consumer Ethnocentrism, and Product Evaluations in the Indian Market

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#### Abstract

This paper investigates the effects of consumer ethnocentrism and country-of-origin perceptions on product evaluations by consumers in the emerging Indian market. A structural equation model is developed and tested for this purpose. A field study is conducted to measure consumer ethnocentrism and perceived images of India, the United States, Japan, and South Korea as countries, and evaluations of products from these countries. The study indicates that Indian consumers who are ethnocentric tend to have positive perceptions of their own country and domestically-made products. The ethnocentrism, however, does not translate into any negative perceptions of the United States, Japan, and South Korea, or of products originating from these three countries. Managerial implications of the findings are discussed.

**Keywords:** emerging market, consumer ethnocentrism, country-of-origin, product evaluation, India, United States, Japan, South Korea

# 1. Introduction

In today's globalized marketplace, consumers in most countries have access to a large number of domestic as well as foreign-made products. Consumers' judgments regarding products are often influenced by the countries the products are from (Klein, Ettenson, and Morris, 1998). This is called the country-of-origin, or COO effect (Papadopoulos, 1993). People tend to have stereotypical notions concerning products and people of other countries, and real product evaluations are often influenced by country stereotyping (Bilkey and Nes, 1982; Tse and Gorn, 1993). Another factor that is likely to shape consumer opinion on domestic and foreign products is consumer ethnocentrism. Consumer ethnocentrism is defined (Shimp and Sharma, 1987, p. 280) as "the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products." Consumers who are ethnocentric believe that purchasing imported products is unpatriotic, causes loss of jobs, and hurts the domestic economy. Consumers who are non-ethnocentric judge foreign products on their merits without consideration of where these products are made (Shankarmahesh, 2006).

In this paper, the relationship among consumer ethnocentrism, country-of-origin perceptions, and product evaluation is investigated by developing a theoretical model and then testing it by means of a field study in the emerging market of India. India is recognized as one of the ten "Big Emerging Markets" (Garten, 1997). There is fierce competition between domestic and foreign-made products in the Indian market. After independence from British colonial rule in 1947, the Indian economy followed socialistic economic policies and emphasized self-reliance in the manufacturing sector, particularly for consumer goods (Banks & Natarajan, 1995). This resulted in severe tariffs and other restrictions on the import of consumer products, and the subsequent growth of many domestic Indian consumer goods manufacturers. Beginning in the early 1990s, the Indian government has taken a series of steps to liberalize the economy and ease restrictions on imported goods (Ramachandran, 2000). As a result, the Indian market today is flooded with imported products from many countries, which compete with numerous traditional Indian makes. The Indian market, therefore, is an appropriate setting for studying the effects of consumer ethnocentrism and product country-of-origin perceptions on consumers' relative evaluation of products that are domestically-made and those that are imported from other countries.

The results of such a study should be of interest to multinational marketers who are expanding into the Indian market and who are eager to know what impressions Indian consumers may already have on their products.

### 2. Literature Review

A product's country-of-origin (COO) is an informational cue which, like other informational cues such as price, brand name, etc., helps consumers evaluate products and develop attitudes toward them (Maheswaran, 1994). The most direct way in which this cue can be given to the consumer is through the product's "made in" label (Amine, Chao, and Arnold, 2005). Other possible manifestations of the origin cue include direct embedding of country name into the brand name (e.g., Canavac home cleaning systems from Canada), indirect indication through well-known brand names (e.g., Honda is Japanese and Lamborghini is Italian), indication through the producer's company name (e.g., Nippon Steel), or promotion as a significant part of the brand's selling proposition (e.g., French wine) (Papadopoulos, 1993). Determining a product's COO is often difficult, because many products have dual or multinational origins due to global sourcing and manufacturing (Chattalas, Kramer, and Takada, 2008). Apple, Inc. is an American company which designs the iPads and iPhones in the U.S., but these products are assembled in China. Apple products are still generally considered to be American (COO), because the Apple brand name is associated with American origin. Recent studies (Hui and Zhou, 2003; Srinivasan, Jain, and Sikand, 2004) indicate that the country of brand origin (e.g. The U.S. for Apple) has the highest impact on a product's COO determination.

In spite of the current proliferation of global brands, COO remains an important factor in consumer product evaluation (Tse and Gorn, 1993; Chattalas, Kramer, and Takada, 2008). Consumers tend to exhibit "national stereotyping," which is a biased way of thinking about people and products "made in" a country or having a brand associated with a country (Johansson and Thorelli, 1985; Chattalas, Kramer, and Takada, 2008). Consumers' perceptions of a foreign country (economic prosperity, technological advances, etc.) are often translated into consistent perceptions regarding the quality of products/brands from that country (Bilkey and Nes, 1982). Schooler and Sunoo (1969) found evidence that indicated a correlation among cognitive, affective, and behavioral elements that consumers held of countries. For example, a consumer might be cognitive of positive characteristics of those countries which he has positive affect towards, and such positive cognition and affect might well result in the consumer purchasing products made in those countries (behavioral element). Liefeld (1993) reviewed the results of experimental research on COO effects through a meta-analysis, and observed that, in the vast majority of experiments, there was a significant statistical relationship between COO and consumer product evaluations and choices.

In general, COO effects have been more profound for technically complex products, fashion-oriented products, and expensive products (Wall, Liefeld, and Heslop, 1989). This is likely due to the greater purchase risk associated with these products (Liefeld, 1993). Also, products from more developed countries are generally found to receive more positive evaluations from consumers than products from less developed countries (Gaedeke, 1973; Bilkey and Nes, 1982; Klein, Ettenson, and Krishnan, 2006).

Consumers have often been found to perceive domestically-made products to be of better quality, from American consumers' rating of U.S.-made clothing (Dickerson, 1982), Canadian consumers giving higher quality evaluations to products made in Canada over those imported from Italy, Japan, Taiwan, or Hong Kong (Wall, Liefeld, and Heslop, 1989), Swedish purchasing agents rating Swedish products higher in quality than German, French, or Italian products (Hakansson and Wootz, 1975), to German consumers favoring German-made products to those made in the U.S., France, Italy, Japan, and Great Britain (Evanschitzky et al., 2008). Positive bias toward products made in one's own country is often a result of "consumer ethnocentrism" (Shimp and Sharma, 1987), which represents beliefs held by consumers about the appropriateness and morality of purchasing foreign-made products. Consumer ethnocentrism results first from the love and concern for one's own country and the fear of losing control of one's own economic interests from the harmful effects of imports (Sharma, Shimp, and Shin, 1995). Recently, a consumer disidentification construct (CDI) has been proposed (Verkuyten and Yildiz, 2007). This construct is the reciprocal of the ethnocentrism construct, and predicts that consumers' repulsion toward their domestic country negatively influences their purchase of domestic products. The construct has been validated in a study of second-generation immigrants in the Netherlands (Josiassen, 2011).

Many COO studies conducted in various countries, such as the United States (Shimp and Sharma, 1987), Canada (Hung, 1989), France (Baumgartner and Jolibert, 1977), the United Kingdom (Bannister and Saunders, 1978), and Korea (Sharma, Shimp, and Shin, 1995) have illustrated that consumers with ethnocentric tendencies have a proclivity to evaluate domestic products unreasonably favorably compared to imported products. This indicates a definite positive association between ethnocentrism and evaluation of products made domestically, and a negative association between ethnocentrism and evaluation of imported products. In our study these associations were tested in the Indian environment for the first time.

# 3. The Model

Based on the preceding literature review, a structural equation model was developed to hypothesize the interrelationship among consumer ethnocentrism, COO perception, and product evaluation. The model is presented in Figure 1. The essence of the model is that product evaluations by consumers are influenced by both perceptions about the product's COO and the level of consumer ethnocentrism. The COO perception is also influenced by the degree of consumer ethnocentrism.



Figure 1: The Structural Equation Model

The path diagram for the model in Figure 1 is labeled according to the convention followed in structural equation modeling (Jöreskog and Sörbom, 1996). Ethnocentrism ( $\xi$ ), COO perception ( $\eta$ 1), and Product Evaluation ( $\eta$ 2) are the three latent variables. The independent latent variable Ethnocentrism ( $\xi$ ) is indicated by the observed variable "CETSCALE," which is the standardized 17-item consumer ethnocentrism measure developed by Shimp and Sharma (1987). The dependent latent variable COO Perception ( $\eta$ 1) is indicated by four observed variables (Country1 through Country4), which describe consumer attitude toward a product's country of origin in terms of economic, educational, and technological characteristics. The dependent latent variable Product Evaluation ( $\eta$ 2) is indicated by three observed variables, indicating the perceived quality, value, and image of products. The causal effects among the latent variables are as indicated by the coefficients  $\gamma$ 11,  $\gamma$ 21, and  $\beta$ 21.

The various error terms are indicated by the  $\delta$ ,  $\varepsilon$ , and  $\zeta$ - variables.

The following hypotheses are developed, based on the model:

- H1: Product evaluations are positively influenced by COO perceptions.
- H2: Domestic product evaluations are positively influenced by consumer ethnocentrism, whereas foreign product evaluations are negatively influenced by consumer ethnocentrism.
- H3: Domestic country perceptions are positively influenced by consumer ethnocentrism, whereas foreign country perceptions are negatively influenced by consumer ethnocentrism.

### 4. Research Design

#### 4.1. Sample

The sampling frame for the field study comprised graduate business and engineering students at four premier colleges in India. Surveying these students was deemed appropriate as business and engineering graduates are considered to be the elite among professionals in this part of the world. They are the cream of the emerging middle class, are more likely to afford expensive foreign products, and hence are the long-term target market for most foreign manufacturers expanding into the region.

#### 4.2. Measures of Construct

The subjects in the sample were given a self-administered questionnaire that included Shimp and Sharma's (1987) 17-item CETSCALE (with references to the United States in the original scale replaced by references to India). The respondents were asked to indicate their extent of agreement with various statements describing ethnocentric proclivities on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree). Another section of the questionnaire included a scale to measure respondents' general attitudes toward India, the United States, Japan, and South Korea as countries (a 4-item measure, Country1 through Country4), and single items to measure their perception of quality (measure: Quality), value (measure: Value, i.e., price relative to quality), and image (measure: Image, i.e., prestige appeal) of household electronic and electrical goods originating from India, the United States, Japan, and South Korea. The scales for COO perceptions, and product quality, product value, and product image were adapted from the established COO measure by Pisharodi and Parameswaran (1991). The respondents were again asked to indicate on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree) their extent of agreement with statements on general characteristics of the four countries (India, the United States, Japan, and South Korea) as well as on quality, value, and image of products from these three countries. The scale items are listed in the Appendix.

The household electronic and electrical product category was selected for the study because products in this category are generally regarded as coveted durable possessions by the Indian middle class and are often seen as status symbols. Also, there is fierce competition among American (e.g., Apple, Motorola, GE), Japanese (e.g., Sony, Panasonic, Toshiba), South Korean (e.g., Samsung, LG), and domestic Indian (e.g., Videocon, Karbonn, Micromax) brands for such products. The United States, Japan, and South Korea were selected for the study as these countries are among the top sources of imported products in India.

#### 5. Results

#### 5.1. Respondent Characteristics

The survey was distributed among 280 graduate students at four institutions in India. A total of 155 usable responses were received, representing a response rate of 55.4 percent. The average age of the respondents was 24.9 years, and they were predominantly male (112, or 72.3%). This was not surprising, as males typically outnumber females in higher education leading to professional degrees almost everywhere, more so in developing countries.

#### 5.2. Ethnocentrism

The 17-item consumer ethnocentrism measure (CETSCALE) exhibited a high degree of internal consistency, as evident from a Cronbach's alpha reliability score of .939. All individual scale items had reasonably high item-to-total correlations (.574 or greater). A principal components analysis of the 17 items resulted in the emergence of a single factor with an eigenvalue of 8.718 and explaining 51.28% of the variation in the measure. The reliability and unidimensionality of the CETSCALE were thus established.

The overall "CETSCALE" score was obtained as the average of the scores on the 17 component items. The mean ethnocentrism score was found to be 2.93, with a standard deviation of 1.24.

# 5.3. COO Perception and Product Evaluation

The mean scores and standard deviations obtained for the observed variables indicating COO Perception (Country1 through Country4), and Product Evaluation (Quality, Value, and Image) for the four countries are presented in Table 1.

| Variable | India |      | United States |      | Japan |      | South Korea |      |
|----------|-------|------|---------------|------|-------|------|-------------|------|
|          | Mean  | S.D. | Mean          | S.D. | Mean  | S.D. | Mean        | S.D. |
| Country1 | 3.71  | 1.69 | 5.01          | 1.66 | 6.17  | 1.06 | 4.83        | 1.40 |
| Country2 | 2.50  | 1.39 | 6.28          | 0.92 | 5.83  | 1.32 | 4.70        | 1.19 |
| Country3 | 4.16  | 1.90 | 4.67          | 1.50 | 6.75  | 0.72 | 5.75        | 1.46 |
| Country4 | 4.97  | 1.48 | 5.23          | 1.40 | 6.67  | 0.75 | 5.52        | 1.36 |
| Quality  | 3.34  | 1.06 | 4.92          | 0.87 | 5.92  | 1.01 | 4.57        | 1.09 |
| Value    | 4.80  | 1.37 | 3.48          | 1.24 | 5.10  | 1.30 | 5.06        | 1.19 |
| Image    | 3.40  | 1.10 | 5.47          | 1.04 | 6.02  | 0.99 | 4.81        | 0.91 |

Table 1: Scores for Variables Indicating COO Perception and Product Evaluation

## 5.4. Model Estimation

To estimate the parameters of the model presented in Figure 1 for the four countries (India, the United States, Japan, and South Korea) whose products were considered in the study, four separate runs were made, using the maximum likelihood method of structural equation analysis in the LISREL 8 software program (Jöreskog and Sörbom, 1996). For each run, the correlation matrix of the eight observed variables (CETSCALE, Country1, Country2, Country3, Country4, Quality, Value, Image) was used as input.

Two sets of parameter estimates, one for the measurement model and the other for the structural model, were obtained as output for each country in question. These standardized parameter estimates are presented in Table 2 and Table 3.

| Parameter | India    |                | United States |                | Japan    |                | South Korea |                |
|-----------|----------|----------------|---------------|----------------|----------|----------------|-------------|----------------|
|           | Estimate | <b>T-Value</b> | Estimate      | <b>T-Value</b> | Estimate | <b>T-Value</b> | Estimate    | <b>T-Value</b> |
| λx11      | а        | а              | а             | а              | а        | a              | а           | а              |
| λy11      | 0.99     | b              | 0.79          | b              | 0.56     | b              | 0.87        | b              |
| λy21      | 0.81     | 4.89           | 0.34          | 3.18           | 0.78     | 4.88           | 0.67        | 5.88           |
| λy31      | 1.00     | 4.59           | 0.71          | 3.76           | 0.49     | 5.21           | 1.08        | 7.25           |
| λy41      | 0.86     | 4.87           | 0.83          | 4.16           | 0.57     | 5.35           | 1.18        | 7.86           |
| λy52      | 0.72     | b              | 0.57          | b              | 0.68     | b              | 0.89        | b              |
| λy62      | 0.45     | 3.41           | 0.39          | 3.09           | 0.33     | 2.08           | 0.27        | 2.52           |
| λy72      | 0.81     | 6.37           | 0.67          | 5.33           | 0.51     | 2.76           | 0.50        | 5.66           |
| θδ1       | .09      | а              | .09           | а              | .09      | а              | .09         | а              |
| θε1       | 1.88     | 6.92           | 2.14          | 7.60           | 0.81     | 7.68           | 1.20        | 7.86           |
| θε2       | 1.28     | 6.94           | 0.73          | 8.16           | 1.14     | 7.24           | 0.97        | 8.12           |
| θε3       | 2.61     | 7.43           | 1.74          | 7.58           | 0.28     | 6.27           | 0.96        | 6.95           |
| θε4       | 1.46     | 6.98           | 1.28          | 6.51           | 0.24     | 4.86           | 0.46        | 4.46           |
| θε5       | 0.61     | 6.21           | 0.43          | 5.90           | 0.55     | 3.13           | 0.40        | 3.39           |
| θε6       | 1.68     | 8.44           | 1.39          | 8.39           | 1.58     | 8.33           | 1.34        | 8.65           |
| θε7       | 0.56     | 5.23           | 0.63          | 6.06           | 0.72     | 5.84           | 0.58        | 7.74           |

Table 2: Standardized LISREL Parameter Estimates for the Measurement Model

<sup>a</sup> Not estimated, since the error term is fixed at (1-Cronbach's alpha) x variance = .09, for a single indicator variable, following Hayduk (1987).

<sup>b</sup> Parameter fixed to define latent variable metric, not estimated

From the parameters of the measurement model (Table 2), it is seen that all the estimated parameters are statistically significant. A parameter estimate is statistically significant beyond the conventional p < .05 level if the corresponding t-value is greater or less than 1.96. Thus, the measurement constructs in the model were validated.

| Parameter            | India    |                | United States |                | Japan    |                | South Korea |                |
|----------------------|----------|----------------|---------------|----------------|----------|----------------|-------------|----------------|
|                      | Estimate | <b>T-Value</b> | Estimate      | <b>T-Value</b> | Estimate | <b>T-Value</b> | Estimate    | <b>T-Value</b> |
| γ11                  | 0.38     | 3.49           | -0.21         | -1.80          | -0.03    | -0.32          | -0.24       | -0.17          |
| γ21                  | 0.33     | 3.28           | -0.28         | -0.79          | -0.12    | -1.15          | 0.10        | 1.29           |
| β21                  | 0.61     | 4.04           | 0.88          | 3.88           | 0.41     | 2.90           | 0.85        | 6.75           |
| ζ1                   | 0.86     | 3.22           | 0.96          | 2.53           | 1.00     | 3.04           | 0.94        | 4.00           |
| ζ2                   | 0.36     | 2.55           | 0.18          | 1.97           | 0.81     | 2.22           | 0.30        | 2.10           |
|                      | India    |                | United States |                | Japan    |                | South Korea |                |
| $R^2\eta 1$          | 0.38     |                | 0.04          |                | 0.02     |                | 0.06        |                |
| $R^2\eta^2$          | 0.64     |                | 0.82          |                | 0.39     |                | 0.70        |                |
| Comparative          | -        |                |               |                | 0.84     |                | 0.90        |                |
| Fit Index            | 0.92     |                | 0.86          |                |          |                |             |                |
| (CFI)                |          |                |               |                |          |                |             |                |
| Goodness of          | 0.95     |                |               |                | 0.93     |                | 0.93        |                |
| Fit Index            |          |                | 0.94          |                |          |                |             |                |
| (GFI)                |          |                |               |                |          |                |             |                |
| Adjusted             |          |                |               |                |          |                |             |                |
| Goodness             | 0.90     |                | 0.88          |                | 0.85     |                | 0.85        |                |
| of Fit Index         | ndex     |                |               |                |          |                |             |                |
| (AGFI)               |          |                |               |                |          |                |             |                |
| Root Mean            | 0.10     |                | 0.11          |                | 0.10     |                | 0.00        |                |
| Square               | are 0.10 |                | 0.11          |                | 0.10     |                | 0.09        |                |
| Residual             | 2.5.1.5  |                | 20.40         |                |          |                |             |                |
| Chi-Square           | 36.16    |                | 39.40         |                | 55.85    |                | 51.10       |                |
| Degrees of           | 18       |                | 18            |                | 18       |                | 18          |                |
| Freedom              |          |                |               |                |          |                |             |                |
| Significance p < .01 |          | p < .01        |               | p < .01        |          | p < .01        |             |                |
| (p)                  |          |                |               |                |          |                |             |                |

Table 3: Standardized LISREL Parameter Estimates for the Structural Model

The parameter estimates for the structural model (Table 3) were used to test the hypothesized cause-effect relationships in the model. From the fit parameters in Table 3, it is seen that the data fit the model well for all four countries. The comparative fit index (CFI) is reasonably high (.84 to .92). The CFI has been advocated as a better measure of fit for small samples (Bentler, 1990) than conventional fit indices from LISREL such as the goodness- of-fit index (GFI) and adjusted goodness-of-fit index (AGFI). The GFI (.93 to .95) and AGFI (.85 to .90) also returned high values. The Chi-square / degrees of freedom ratio ranged from 2 to 3.10, which suggested an accepted level of fit (Carmines and McIver, 1981). The root mean square residual was small (.09 to .11) for all four countries, adding to the fit of the model. The parameters from the structural model that were used to test the three study hypotheses are explained in the next section.

#### 5.5. Tests of Hypotheses

For each country whose products were considered in the study, the  $\beta 21$ ,  $\gamma 21$ , and  $\gamma 11$  parameter estimates from the structural model (Table 3) indicated the tests of hypotheses H1, H2, and H3, respectively. The R<sup>2</sup> $\eta 2$  and R<sup>2</sup> $\eta 1$  parameters, which were analogous to R<sup>2</sup> values in linear regression models, provided additional evidence in testing hypotheses H2 and H3, respectively.

For domestic Indian products,  $\beta 21$  is statistically significant ( $\beta 21$ = .61, t = 4.04, p < .01). This means that domestically-made products are rated highly by Indian consumers who have a positive perception of their own country, and lends support to hypothesis H1.

The  $\gamma 21$  parameter is also statistically significant ( $\gamma 21$ = .33, t = 3.28, p < .01), with R<sup>2</sup> $\eta 2$  high at .64, providing support to hypothesis H2 that Indian consumers exhibiting high ethnocentrism will rate domestic products highly. The statistical significance of  $\gamma 11(\gamma 11$ = .38, t = 3.49, p < .01) and a healthy R<sup>2</sup> $\eta 1$  indicate that ethnocentric Indian consumers have a more positive perception of their own country, thus offering support to hypothesis H3.

For products imported from the United States,  $\beta 21$  is statistically significant ( $\beta 21$ = .88, t = 3.88, p < .01), indicating that Indian consumers who have a positive perception of the United States also rate American-made products positively. This supports hypothesis H1 for products from the United States. However, hypotheses H2 and H3 are not supported for American products as both  $\gamma 21(\gamma 21$ = -.28, t = -1.80, p > .05) and  $\gamma 11(\gamma 11$ = -.21, t = 3.49, p > .05) are statistically non-significant. This suggests that ethnocentrism in Indian consumers is not necessarily translated into any negative attitude toward the United States or products imported from the United States.

Indian consumers' attitudes toward Japanese and South Korean products are found to be similar to those toward American products. Hypothesis H1 is supported in both cases ( $\beta 21$ = .41, t = 2.90, p < .01 for Japan, and  $\beta 21$ = .85, t = 6.75, p < .01 for South Korea). These results show that Indian consumers' attitudes toward Japan and South Korea as countries are positively related to their evaluation of Japanese and South Korean products as well.

Hypotheses H2 and H3 are rejected for both Japan and South Korea (with  $\gamma 21$ = -.12, t = -1.15, p > .05 for Japan,  $\gamma 21$ = .10, t = 1.29, p > .05 for South Korea,  $\gamma 11$ = -.03, t = -.032, p > .05 for Japan, and  $\gamma 11$ = -.24, t = -.17, p > .05 for South Korea). These results indicate that attitudes of Indian consumers toward Japan and South Korea as well as Japanese and South Korean products are independent of any ethnocentric feelings that they may have.

In summary, hypothesis H1 receives universal support from the data for all four countries. Product evaluations are always positively related to country-of-origin perceptions. H2 and H3 only receive partial support. Ethnocentric consumers have positive perceptions of India and Indian-made products. However, ethnocentrism is not translated into negative perceptions of the United States, Korea, and Japan, or of products imported from these countries.

#### 6. Discussion and Managerial Implications

The study shows that upwardly mobile Indian consumers are only moderately ethnocentric (evidenced by an average ethnocentrism score of 2.93 on a 7-point scale). The likely reason is that, after having little access to foreign-made consumer goods for several decades of state policy promoting self-reliance, increasingly affluent Indian consumers today are rushing to buy imported products available in the liberalized local market (Jain, Raval, and Mehra, 1997).

The study also shows that product evaluations by Indian consumers are influenced positively by their perceptions of the product's country-of-origin (COO). This is significant for multinational marketers who are likely to face intense competition from other foreign marketers and domestic Indian producers upon entering the liberalized Indian market. A direct managerial implication is that multinational marketers should include plans to create a positive image of their home countries in terms of technological, educational, and standard of living attributes in their advertising strategies for the Indian market. The country-of-origin needs to be promoted along with the product.

It is found that those Indian consumers who exhibit a high degree of ethnocentrism tend to have a more positive perception of India as a country and products that are domestically made. These consumers are likely to remain the core customer base for Indian producers. Some politicians in India today are promoting a "Buy Indian" campaign, which should add strength to the ethnocentric tendencies of a section of consumers. A major finding of the study is that, however, ethnocentric proclivities in Indian consumers, while leading to a more favorable attitude toward India and domestic products, do not necessarily lead to a negative perception of foreign countries and imported products. This finding can probably be explained partly by the fact that Indian consumers are enamored with well-known foreign brands available after a long time (Jain, Raval, and Mehra, 1997), and partly by previous evidence from the literature that consumers tend to rate products from developed countries higher than those from developing countries (Gaedeke, 1973). This should be good news for foreign marketers from countries such as the United States, Japan, and South Korea entering the highly promising Indian market.

# 7. Conclusion

This study offers some insights into consumer ethnocentrism and its effects in terms of country-of-origin perceptions and product evaluations in the emerging market of India. A structural equation model of the interrelationship among these three constructs is theoretically developed, empirically tested, and validated.

Household electronic and electrical goods were used as the product category in this study as this product category appeared to be very important to middle-class consumers in India. Caution should be exercised in generalizing the results across all product categories, as the product category is a salient factor in product country-of-origin assessments (Sharma, Shimp, & Shin, 1995). Future research on the subject should include other product categories. Future research should also include products from countries other than only the United States, Japan, and South Korea, as the emerging Indian market and its booming middle-class population have begun to attract product marketers from many countries.

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# Appendix

Description of Measurement Scale Items (1 = strongly disagree, 7 = strongly agree)

A. CETSCALE to measure consumer ethnocentrism (Shimp and Sharma, 1987):

- 1. Indian people should always buy Indian-made products instead of imports.
- 2. Only those products that are unavailable in India should be imported.
- 3. Buy Indian-made products. Keep India working.
- 4. Indian products first, last, and foremost.
- 5. Purchasing foreign-made products is un-Indian.
- 6. It is not right to purchase foreign products.
- 7. A real Indian should always buy Indian-made products.
- 8. We should purchase products made in India instead of letting other countries getting rich of us.
- 9. It is always best to purchase Indian products.
- 10. There should be very little trading or purchasing from other countries unless out of necessity.
- 11. Indians should not buy foreign products because this hurts Indian businesses and causes unemployment.
- 12. Curbs should be put on all imports.
- 13. It may cost me in the long run, but I prefer to support Indian products.
- 14. Foreigners should not be allowed to put their products in Indian markets.
- 15. Foreign products should be taxed heavily to reduce their entry into India.
- 16. We should buy from foreign countries only those products that we cannot obtain in our own country.
- 17. Indian consumers who purchase products made in other countries put their fellow Indians out of work.
- B. Country1: People of this country are highly educated.
- C. Country2: People of this country have a high standard of living.
- D. Country3: People of this country are hard working.
- E. Country4: People of this country have high technical skills.
- F. Quality: Products from this country are of high quality.
- G. Value: Products from this country are priced reasonably relative to quality.
- H. Image: Products from this country are prestigious.

Items B through H were adapted from Pisharodi and Parameswaran (1991).