The Effects of Cosmopolitanism on Estonian and Slovenian Consumer Choice Behavior of Foreign *versus* Domestic Products

OLIVER PARTS

TUT
PRESS

TALLINN UNIVERSITY OF TECHNOLOGY
Tallinn School of Economics and Business Administration
Department of Business Administration

Dissertation was accepted for the defence of the degree of Doctor of Philosophy in Business Administration on 12th October, 2011

Supervisors: Associate professor Ann Vihalem, PhD
Institute of Business Administration, Tallinn University of Technology, Estonia

Full professor Irena Vida, PhD
Department of Marketing, Faculty of Economics, University of Ljubljana, Slovenia

Opponents: Professor James Francis Reardon, PhD
Monfort College of Business, University of Northern Colorado, USA

Lecturer Andres Kuusik, PhD
Institute of Business Administration, University of Tartu, Estonia

Defence of the thesis: December 9, 2011 at 15.00 X-210

Declaration:

Hereby I declare that this doctoral thesis, my original investigation and achievement, submitted for the doctoral degree at Tallinn University of Technology has not been submitted for any academic degree.

Oliver Parts

Kosmopolitismi mõju Eesti ja Sloveenia tarbijate ostukäitumisele välismaiste *versus* kodumaiste toodete valikul

OLIVER PARTS

TTÜ
KIRJASTUS

CONTENTS

INTRODUCTION

The overview presents the connecting features of the three articles which constitute the doctoral thesis.

Cosmopolitanism is a *key concept* for the thesis. Cosmopolitanism is defined using a recent conceptualization suggested by Riefler and Diamantopoulos (2009): "A cosmopolitan consumer can be described as an open-minded individual whose consumption orientation transcends any particular culture, locality or community and who appreciates diversity that includes trying products and services from a variety of countries." (p. 415). In the marketing literature, the concept has been advanced by many prominent scholars (Caldwell et al., 2006; Cannon and Yaprak, 2002; Cleveland et al., 2011; Hannerz, 1990; Holt, 1998; Holt, 1997; Riefler and Diamantopoulos, 2009; Thomson and Tambyah, 1999; Yoon et al., 1996) who argue that cosmopolitanism is a consumer orientation with substantial implication for marketing practice. Sufficient evidence exists that cosmopolitanism can lead consumers to better perceptions of foreign products, including their quality (Dinnie, 2004; Rawwas et al., 1996), and induce a greater desire in individuals to travel as they attempt to seek new insights into other cultures (Cannon and Yaprak, 2002; Thompson and Tambyah, 1999).

The *purpose* of the current thesis is to examine the effects of cosmopolitanism on consumers' purchase behavior of foreign *versus* domestic products in Estonia and Slovenia on the example of alcohol products, clothes and furniture. Mentioned categories are selected so that the product groups could be comparable in both small open economy markets and consumers have there availability to select products from different origins – foreign and domestic ones. Estonia and Slovenia are included in the survey as both countries are post-communist, and one of the most interesting issues is the results of testing the models, because of the cultural dissimilarity between these countries.

The *tasks* of the doctoral thesis are the following:
- Analyze the role of cosmopolitanism in everyday consumption.
- Create conceptual models for testing the effects of cosmopolitanism on consumer behavior.
- Carry out consumer research in Estonia and Slovenia.
- Compare model testing results in the two countries.
- Add new findings to the literature and empirics.
- Make further research proposals and give theoretical implications.
- Give suggestions and implications to foreign companies for appropriate business decision making.

The doctoral thesis provides an *original contribution* to the literature as well as to the empirical side of the topic. First, cosmopolitanism is one of the consumer characteristics that has been widely used for describing consumer consumption orientation, but previous research has rarely explored the role of cosmopolitanism on behavioral outcomes like foreign *versus* domestic

consumption (Cleveland et al., 2009; Sharma et al., 1995; Suh and Kwon, 2002; Tillery et al., 2010, Vida and Reardon, 2008). Secondly, examination of consumer foreign vs. domestic purchase behavior (FPPB), consumer actual knowledge of brand origins (KBO) has seldom been accounted for in existing models, even despite the growing concern that consumer knowledge of the product/brand national origins tends to be inaccurate and superficial at best (Balabanis and Diamantopoulos, 2008; Samiee et al., 2005; Zhou et al., 2010). Thirdly, relatively new is to investigate how cosmopolitanism influences product quality evaluations. There have been only a couple of studies about that (Lee and Chen, 2008; indirectly Rawwas et al., 1996).

There is also a need to explain what the country of origin and brand origin terms mean in the current thesis context. Country of origin is defined here as the place where the product is actually produced. Brand origin is defined for the KBO construct as a country where the brand is created, which may differ from its actual producing place.

The doctoral thesis is written based on the gaps identified in the literature on consumer foreign *versus* domestic purchase behavior and the perplexity regarding the role of consumer cosmopolitanism. For achieving the purpose, to fill the tasks and for obtaining originality the author set up two conceptual models for both countries where the hypotheses are tested by structural equation modeling. Model settings are explained in Chapter 2.

The thesis is based on *three articles*. Below the author will name them and shortly introduce the specific role of every article. The author affirms that he is the main author in all articles mentioned below and has the main contribution in every part of different articles. The three published or forthcoming papers are:

- Parts, Oliver; Vida, Irena; Vihalem, Ann. (2011). The Role of Cosmopolitanism in Consumer Ethnocentrism, Knowledge of Brand Origins and Foreign Purchase Behavior. University-Business Cooperation. Edited by Gunnar Prause. Berlin: Berliner Wissenschafts-Verlag. (Forthcoming, accepted, ETIS 3.1).
- Parts, Oliver; Vida, Irena. (2011 or 2012). The Effects of Consumer Cosmopolitanism on Purchase Behavior of Foreign vs. Domestic Products. Managing Global Transitions. (Forthcoming, accepted, ETIS 1.2).
- Parts, Oliver; Vihalem, Ann. (2011). Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers. Baltic Business and Socio-Economic Development 2009. Edited by Gunnar Prause. Berlin: Berliner Wissenschafts-Verlag. (Published, ETIS 3.1).

Article 1 (see Appendix 1) is only about Estonian consumer survey results and it examines the direct effects of cosmopolitanism on consumer foreign (vs. domestic) product purchase behavior (FPPB), as well as its indirect effects through consumer ethnocentrism and consumer knowledge of brand origins (KBO) available in the marketplace. Behavioral variable FPPB is defined as an

individual's typical consumption of foreign vs. domestic product in three major categories of consumer goods, and consumer ethnocentrism as consumer prejudice towards imports (Shimp and Sharma, 1987). In addition, the relationships between ethnocentrism and KBO and between KBO and behavioral outcome FPPB are proposed. Marketing implications are given from the marketing communication, segmentation, and brand origin identification aspects. Moreover, there are suggestions made how to convince ethnocentric consumers (who are usually big fans of domestic products) to buy foreign-made products.

Article 2 (see Appendix 2) is about the same model as described above for Article 1. Article 2 analyzes and makes conclusions based on only Slovenian survey results. Marketing implications have been demonstrated from the segmentation and marketing mix point of view.

Article 3 (see Appendix 3) is based on both countries and analyzes Estonian and Slovenian consumer survey results and it has a different model compared to that introduced for Article 1 and Article 2. Article 3 is based on a conceptual model where the direct effects of consumer cosmopolitanism on foreign vs. domestic product purchase behavior are analyzed, as well as impact on consumer ethnocentrism and direct link to domestic product quality are measured. Indirect effects of cosmopolitanism on foreign product purchase behavior are also considered via consumer ethnocentrism, domestic product quality and domestic product purchase intentions. Article 3 proposes marketing implications for companies who already operate in Estonian or Slovenian markets or are interested in entering these markets and what they have to take into account concerning the role of cosmopolitanism on purchase behavior.

This doctoral thesis is divided into three main chapters. The first chapter of the thesis gives an overview of the literature for all three papers. The second chapter describes the research methods, interprets how the survey is carried out and gives an overview of model creating and testing. The third chapter of the thesis is about the results and implications, where it is possible to find main results of the studies and differences in Estonian and Slovenian consumers' behavior. Moreover, marketing implications for the key construct – cosmopolitanism – for the companies are provided. Finally the summary shows the role of cosmopolitanism and also discusses the main conclusions of the three articles presented. Moreover, further research venues are suggested and study limitations explained.

Abbreviations

Abbreviations used in the models are as follows:

CE – consumer ethnocentrism
CP – cosmopolitanism
FPPB – foreign product purchase behavior
INT – domestic product purchase intentions
KBO – knowledge of brand origins
PQ – domestic product quality

Statistical abbreviations are as follows:

CFI – Comparative Fit Index
GFI – Goodness of Fit Index
NFI – Normed Fit Index
NNFI – Non-Normed Fit Index
RFI – Relative Fit Index
RMSEA – Root Mean Square Error of Approximation
sRMR – Standardized Root Mean Square Residual

1. LITERATURE REVIEW

Chapter 1 gives an overview of the literature that serves as a basis for different models and articles. First, theoretical issues that are common for all three articles will be introduced and finally the author will present the theory of the constructs that are specific only for one or a couple of articles.

In an attempt to understand consumer behavior for either foreign or domestic product alternatives available in the marketplace, the researcher resorted to various socio-psychological constructs that help disentangle consumption motivations. The two most commonly applied socio-psychological constructs in existing empirical work examine how individuals relate to their social in-group (family, local community, nation and its artifacts) and how they relate to what they consider their out-group (e.g., other cultures, ethnic groups, nations). The concept of cosmopolitanism is a manifestation of positive orientation towards the out-groups, and consumer ethnocentrism captures individuals' in-group vs. out-group orientation. Both constructs have been introduced to marketing from the field of sociology.

Cosmopolitanism is the anglicized version of a term first popularized by the Greek philosopher Diogenes of Sinope (412/404 B.C.- 323 B.C.). As a later philosopher recorded, when he was asked where you came from, he replied, „I am a citizen of the world" (Donnelly, 2008; p. 2). The term cosmopolitanism is composed of *cosmos* and *polis*: *Cosmos* derives from the Greek *ko´smos*, which literally means order. *Cosmos* is distinct from chaos and carries the connotation of a universe regarded as a well-ordered whole. *Cosmos* is the ideal archetype of an orderly system, embracing all that is perfect, complete, harmonious or fruitful and it is the pattern created by the gods, their masterpiece. *Polis* literally means city or city-state, and carries the connotation of a body of citizens. „Cosmopolitanism is used figuratively, as a metaphor comparing and contrasting the contemporary ways of the world with an image provided by its name and contemporary ways of the world designated" (Strand, 2010; p. 235).

The concept of cosmopolitanism was formulated in sociology by Merton (1957) who related cosmopolitanism to a "world citizen" — an individual whose orientation transcends any particular culture or setting. He posited that there are people who view themselves as citizens of the nation rather than the locality; the world rather than the nation; the broader, more heterogeneous rather than the narrower, more homogeneous geographic or cultural group (Cannon and Yaprak, 2002; Merton, 1957). In the marketing literature, the concept has been advanced by many prominent scholars (Caldwell et al., 2006; Cannon and Yaprak, 2002; Cleveland et al., 2011; Hannerz, 1990; Holt, 1998; Holt, 1997; Rybina et al., 2010; Thomson and Tambyah, 1999) who argue that cosmopolitanism is consumer orientation with substantial implication for marketing or business practice. Diverse terminology has been used in the literature to describe the individuals' positive orientation towards the out-group, including openness to foreign cultures, internationalism, worldmindedness, worldliness or global

openness, etc. For instance, internationalism has been defined as a positive feeling for other nations and their people, concern about nation's welfare, empathy for the people of other nations (Balabanis et al., 2001; Kosterman and Feshbach, 1989). Cultural openness has been previously defined as individuals' experience with and openness toward the people, values, and artifacts of other cultures (Sharma et al., 1995). The concept of worldmindedness is distinct from that of "cultural openness" and worldmindedness points to a "world-view" of the problems of humanity (Shankarmahesh, 2006; Skinner, 1988).

The concept of cosmopolitanism has been applied to strategies of multinational corporations and their managers frequently faced with conflicting pressures for global integration and local responsiveness (e.g., Bartlett and Ghoshal, 1990; Levy et al., 2007), as well as in examinations of consumer use of international media and consumption practices, including preference for foreign products (e.g., Balabanis et al., 2001; Cleveland et al., 2011; Crawford and Lamb, 1982; Hannerz, 1990; Lee and Chen, 2008; Strizhakova et al., 2008; Suh and Kwon, 2002). However, as the recent comprehensive review on the subject reveals (Riefler and Diamantopoulos, 2009), many questions regarding cosmopolitanism' effects and measurements issues remain unanswered.

The in-group construct of *consumer ethnocentrism* as a term is derived from the Greek word *ethnos*, meaning nationality, and the Greek word *ethnikos* meaning belonging to the ethnic group (Chan and Rossiter, 1998). Ethnocentrism was originally conceptualized as a purely sociological concept that distinguished between in-groups (those groups with which an individual identifies) and out-groups (those regarded as antithetical to the in-groups) (Sumner, 1906). The first signs of ethnocentrism in consumer behavior literature can be identified at the beginning of 1970s, but the conception was still totally socio-psychological (Levine and Campbell, 1972; Markin, 1974). Economic importance of the concept raised in the mid-1980s when Shimp (1984) stated: "Ethnocentric consumers believe it is wrong to purchase foreign-made products because it will hurt the domestic economy, cause the loss of jobs, and it is plainly unpatriotic" (p. 285). Major advancement with respect to the application of the concept to marketing research was in 1987 when CETSCALE instrument was developed to measure consumer ethnocentric tendencies (Shimp and Sharma, 1987). The tendency of ethnocentric consumers to exhibit preferences for domestic products has been confirmed in several studies (Cleveland et al., 2009; Dmitrović et al., 2009; Rawwas et al., 1996; Sharma et al., 1995; Upadhyay and Singh, 2006; Vida et al., 2008), moreover, ethnocentrism gives less promise in predicting consumer preferences for foreign products (Balabanis and Diamantopoulos, 2004).

Foreign versus domestic product purchase behavior (FPPB) is the outcome variable in the current study and connected with the country of origin effect research field in marketing. More than five decades of research in this field provide evidence that consumers carry diverse perceptions about products based on the (stereotyped) national images of the country where the brand/product is

believed to be created/produced, and that these perceptions affect consumer attitudes, purchase intentions and behaviors (see for example Laroche et al., 2005; Peterson and Jolibert, 1995; Pharr, 2005; Schooler, 1965; Verlegh and Steenkamp, 1999). There is a stream of research that focuses on consumers choices regarding products from specific foreign countries (i.e., country-image studies; for recent reviews, see Dmitrović and Vida, 2010; Giraldi and Ikeda, 2009; Roth and Diamantopoulos, 2009); another stream of research broadly delves into factors that lead consumers to prefer either foreign or domestic (local) products/brands (e.g., Crawford and Lamb, 1982; Granzin and Painter, 2001; Sharma et al., 1995; Verlegh, 2007; Vida et al., 2008).

Cosmopolitanism, consumer ethnocentrism and foreign *versus* domestic product purchase behavior (FPPB) are key variables and included in all models in three articles. *Articles 1 and 2* have one additional variable that is *knowledge of brand origins (KBO)*. Consumers intentionally or unintentionally and explicitly or implicitly learn about the origin of products, brands and institutions (e.g., retailers). Contrary to the conventional wisdom, categorization literature supports the view that most of consumers' learning is unstructured and incidental, resulting in imperfect and biased knowledge (Aboulnasr, 2006; Hutchinson and Alba, 1991). Brand knowledge is composed of the information about a brand, and its various links and associations stored in the memory (Keller, 1993). It is represented as a memory structure consisting of beliefs and attitudes with different degrees of strength. Brand knowledge does not equal brand preference; rather, it serves as the basis for forming brand preference (Broniarczyk and Alba, 1994). Knowledge of brand origins can be defined as a „consumer's belief in his/her judgment or attribution of a brand's country of origin" (Zhou et al., 2010; p. 203). In this research, knowledge of brand origins is defined as a consumer's ability to correctly match selected foreign and domestic brands in the selected categories of consumables with their actual origin.

Samiee et al. (2005) examined saliency of product origin information cue in the U.S. and concluded consumers hold merely a superficial knowledge of product origins. They posited that this knowledge is by and largely derived from consumers' association of brand names with various languages rather than their actual knowledge of the brands' national origins. Similar conclusions have been reached by Balabanis and Diamantopoulos (2008); Liefeld (2004); Pharr (2005). In a recent study Zhou et al. (2010) report on similar problems with the confidence in brand origin identification (CBO) in relation to brand foreignness and brand value. On the other hand, Zhuang et al. (2008) examined the concept of brand origin confusion (BOC) in China and found asymmetric effects of BOC between local and foreign brands and the moderating role of brand knowledge for local brands. Based on these findings, the concept of brand origin knowledge is included in one of the conceptual models in the current thesis (see Model 1 in Figure 1, Chapter 2).

Balabanis and Diamantopoulos (2008) concluded that consumers' country of origin classification performance is negatively related to the degree of ethnocentrism, because it was the lowest for ethnocentric consumers and not dependent on even product national origin. Ethnocentric consumers are not oriented to out-groups like cosmopolitans, thus in-group people do not have much international experience, but they can be very good experts for local products. For example, they evaluate or even overestimate the product quality of domestic products and usually undervalue foreign goods (Sharma et al., 1995; Watson and Wright, 2000). Although ethnocentric consumers are motivated to learn intentionally which brands are domestic, they are not interested in learning product origin differences among foreign brands. Moreover, although they may get information incidentally about foreign brands, such information is less likely to be encoded and remembered (Batra et al., 2000; Hutchinson and Alba, 1991). On the other hand, the finding of Balabanis and Diamantopoulos (2008) is only partially consistent with Samiee et al. (2005). They found consumer ethnocentrism is positively related to brand origin recognition accuracy (BORA) for domestic brands but negatively to BORA for foreign brands.

Article 3 examines relationships between cosmopolitanism, consumer ethnocentrism and FPPB, but it has also additional theoretical latent constructs included in the conceptual model. These are domestic product quality and domestic product purchase intentions. Article 3 does not include KBO as a latent construct (see Model 2 in Figure 2, Chapter 2).

Product quality has been measured to a wide extent (Han et al., 1994; Han and Terpstra, 1988; Klein et al., 1998; Lee and Chen, 2008; Nagashima, 1970; Wang and Chen, 2004; Watson and Wright, 2000). All these mentioned researchers have measured product quality with the most common items used in the literature: overall quality of product, reliability, workmanship, value for money. Consumers' intention to purchase domestic/foreign products is influenced by perceived quality. As a product comprises many different physical and symbolic attributes, the country-of-origin is regarded as an extrinsic cue often used by consumers in the process of evaluation (Elliott and Camoron, 1994). A significant proportion of consumers is interested in country-of-origin information before making a purchase (Hugstad and Duur, 1986). The country-of-origin cue helps consumers to make inferences about quality, and affects their beliefs about product attributes (Wang and Chen, 2004).

The effect of cosmopolitanism on product quality has been studied very rarely. Lee and Chen (2008) were successful in confirming this direct relation, but consumer ethnocentrism relationship with product quality is much more researched in the literature (Acharya and Elliott, 2003; Hamin and Elliott, 2006; Huddleston et al., 2001; Klein, 2002; Klein et al., 1998; Orbaiz and Papadopoulos, 2003; Pecotich and Rosenthal, 2001; Verlegh, 2007; Wong et al., 2008; Yelkur et al., 2006; Yoo and Donthu, 2005). Klein et al. (1998) and Yoo and Donthu (2005) have focused only on ethnocentrism and foreign product quality evaluations. Some of the authors have examined both effects of

consumer ethnocentrism together on domestic and foreign product quality (Acharya and Elliott, 2003; Klein, 2002; Orbaiz and Papadopoulos, 2003; Yoo and Donthu, 2005).

Purchase behavior has been influenced by consumer *intentions to buy domestic versus foreign products* (Balabanis and Diamantopoulos, 2004; Javalgi et al., 2005; Kaynak et al., 2000; Kaynak and Kara, 2001; Klein et al., 2006; Rawwas et al., 1996).

The early behavioral scientists placed intent as an essential element of the tripartite attitude structure (belief, affect, intent) and regarded it as the most accurate predictor of purchase behavior (Morwitz and Schmittlein, 1992). This tradition has been followed in the country of origin literature. A number of studies have shown that respondent's attitude towards a country's products leads to purchase intent that in turn leads to actual purchase. However, it appears that purchase intention has previously been examined in isolation or as a function of a limited number and type of cues (Pecotich and Rosenthal, 2001; Peterson and Jolibert, 1995). Purchase intention is widely used as a tendency measure for performing behavior in consumer decision models (e.g., Ajzen and Fishbein, 1980; Hui and Zhou, 2002).

Shankarmahesh (2006) composed a literature review about ethnocentrism studies, where he also described the measurement of intentions in various studies and concluded that researchers have used different constructs such as "purchase intentions" (Han and Terpstra, 1988; Hui and Zhou, 2002), "attitudes towards buying domestic *versus* foreign products" (Sharma et al., 1995), "willingness to buy domestic *versus* foreign products" (Klein et al., 1998; Olsen et al., 1993). Country image (Acharya and Elliott, 2003; Kaynak and Kara, 2001; Orbaiz and Papadopoulos, 2003; Wong et al., 2008) and economic development (Huddleston et al., 2001; Wang and Chen, 2004; Wang and Lamb, 1983; Wong et al., 2008) play also an important role and affect consumer intentions and motives in selecting products of different origins.

Domestic product purchase intentions are negatively related to FPPB. People who intend to buy domestic products also buy actually domestic goods (Balabanis and Diamantopoulos, 2004; Kaynak et al., 2000; Kaynak and Kara, 2001). On the other hand, people who have intentions to buy foreign products actually buy more of them as it has been confirmed by different researchers (Javalgi et al., 2005; Klein et al., 2006; Rawwas et al., 1996). Consumer ethnocentrism is also a very good predictor of behavioral intentions (see for instance Han and Terpstra, 1988; Javalgi et al., 2005; Pecotich and Rosenthal, 2001; Saffu et al., 2010; Sharma et al., 1995; Suh and Kwon, 2002). Ethnocentric tendencies reduce consumers' intentions to purchase foreign products has been found in several studies (Klein et al., 2006; Vida et al., 2008).

2. RESEARCH METHODS

This chapter focuses on research methods related to the current study in Estonia and Slovenia. First, two different conceptual models will be introduced in the hypotheses development section. Second, measures and instrument developments will be presented and the chapter ends with sampling and data collection issues.

2.1. Hypotheses development for models

Figure 1 interprets *Model 1* that measures the role of consumer cosmopolitanism in consumption of foreign vs. domestic products (see Figure 1). The model is composed based on the theoretical backround and the gaps identified in the literature.
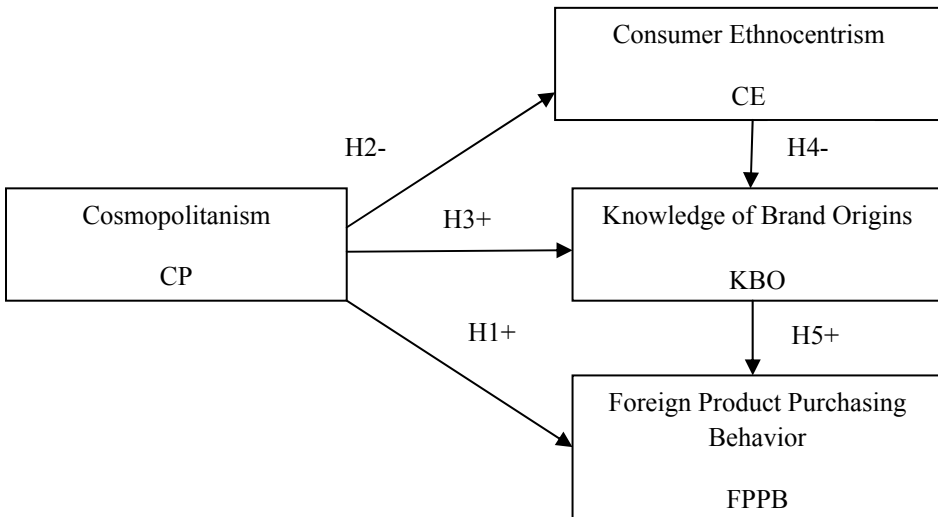
Figure 1. Conceptual Model 1 for Articles 1 and 2 (Composed by the author)

Five research hypotheses are proposed for Model 1. The first two hypotheses are related to the two socio-psychological constructs (e.g., consumer cosmopolitanism and ethnocentrism) directly and/or indirectly affecting behavioral outcomes. With a few exceptions, direct effect of cosmopolitanism or related constructs on behavioral outcomes has been rarely investigated in existing research (e.g., Cannon and Yaprak, 2002; Cleveland et al., 2011; Crawford and Lamb, 1982; Egger, 2006; Lee and Chen, 2008; Rawwas et al., 1996). For example, the direct impact of what was termed worldmindedness on Taiwanese consumers' willingness to buy products from neighboring countries was demonstrated by Lee and Chen (2008). Crawford and Lamb (1982) examined the effect of worldmindedness on willingness to buy foreign products

among professional buyers, and found that an individual's attitude towards foreign countries is in fact related to a person's willingness to buy products from these countries. On the other hand, Cannon and Yaprak (2002) concluded in their study that while consumers are becoming more cosmopolitan, this does not necessarily result in their behavior transcending their local culture. Hence, the following hypothesis is posited:

H1:   Cosmopolitanism (CP) has a direct and positive effect on foreign product purchase behavior (FPPB).

Contrary to the above, the role of cosmopolitanism or related constructs (e.g., cultural openness, internationalism, global mindedness, worldmindedness, etc) as drivers of consumer ethnocentrism has been widely examined in the literature (Shankarmahesh, 2006). However, empirical examinations of the antecedent nature of cosmopolitanism have produced only equivocal results. While theoretically posited negative relationship between cosmopolitanism and ethnocentrism has been demonstrated in several studies (Cannon and Yaprak, 2002; Dmitrović et al., 2009; Khare, 2006; Sharma et al., 1995; Vida and Reardon, 2008), there is evidence to the contrary as well. Non-significant relationship between these two constructs are identified when examining cultural openness (Altintas and Tokol, 2007; Javalgi et al., 2005; Vida et al., 2008), and internationalism (Balabanis et al., 2001). For instance, Suh and Kwon (2002) found that global openness had a significant negative effect on ethnocentrism in the U.S. sample, but this relationship was insignificant in the Korean sample. Similarly, Strizhakova et al. (2008) examined this relationship across developed and emerging markets, and found a moderate negative relationship in the U.S. sample, but non-significant relationship in the emerging market samples. Since the role of cosmopolitanism in shaping consumers' beliefs about the legitimacy of purchasing foreign made goods has yielded contradictory results in the literature, the testing of the following hypothesis provides an opportunity for resolving the existing controversy:

H2:   Cosmopolitanism (CP) has direct and negative effect on consumer ethnocentrism (CE).

The set of the remaining hypotheses in Model 1 is related to a relatively new concept – consumer knowledge of brand origins (KBO), which has been introduced into the conceptual model in response to the criticisms of country-of-origin research about the relative absence of consumer ability to recognize the actual national origin of products (Balabanis and Diamantopoulos, 2008; Liefeld, 2004; Samiee et al., 2005) and recent studies on the role of brand origin identification, brand knowledge and confusion in consumer attitudes and preference for domestic vs. foreign brands (Zhou et al., 2010; Zhuang et al., 2008). Brand origin is defined by the place, region or country which the brand is

perceived to belong to by its target consumers. This may differ from the location where products carrying the brand name are manufactured, or are perceived by consumers to be manufactured (Thakor and Chiranjeev, 1996). KBO is fuelled by cosmopolitanism (Samiee et al., 2005) and consumer ethnocentrism can be proposed based on previous empirical research (Alden et al., 2006; Batra et al., 2000; Chryssochoidis et al., 2007; Shimp and Sharma, 1987). Greater overall consumer cognizance of brand national origins results in greater tendency to purchase foreign rather than local products (Riefler and Diamantopoulos, 2009). Balabanis and Diamantopoulos (2008) have examined the relations between consumers' overall origin classification performance and the degree of ethnocentrism and found the right identification share for domestic as well as foreign brands was the lowest for ethnocentric consumers. Hence, the following hypotheses are set up:

H3:   Cosmopolitanism (CP) has a direct and positive effect on consumer knowledge of brand origins (KBO).

H4:   Consumer ethnocentrism (CE) is negatively related to consumer knowledge of brand origins (KBO).

H5:   Knowledge of brand origins (KBO) is significantly and positively related to foreign product purchase behavior (FPPB).

Model 2 is also composed according to the gaps identified in the literature for testing cosmopolitanism's effects on behavioral issues (see Figure 2). After Figure 2, the originality and importance of Model 2 is explained.
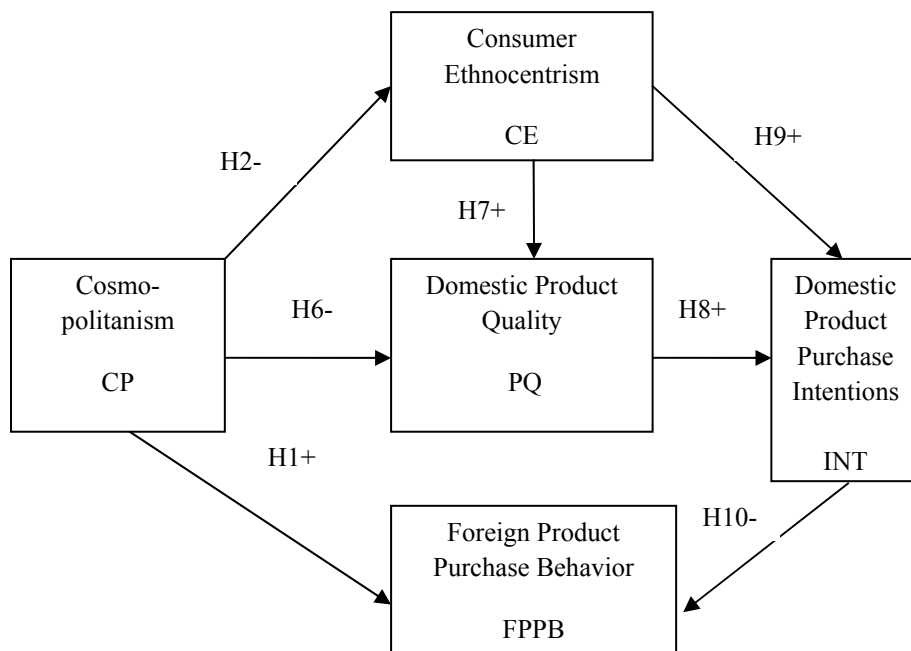
Figure 2. Conceptual Model 2 for Article 3 (Composed by the author)

The hypotheses 1 and 2 for Model 2 are the same as in Model 1. For explanations for H1 and H2 please look at the hypotheses setting for Model 1. Model 2 has different numbering for the hypotheses (after H1 and H2) because the thesis has two different models and any kind of confusion must be avoided, therefore the author does not put numbers 3, 4 and 5 for the hypotheses in Model 2. According to that, after hypothesis 2 is the next hypothesis number 6 in Model 2, because the last number for the hypotheses is number 5 for Model 1.

Model 2 has original variables like product quality and purchase intentions that are not included in Model 1. Cosmopolitan behavior has its own effect on consumption through evaluating product quality of different origins. The following hypothesis concentrates on how cosmopolitanism affects domestic product quality evaluations. The relationship of cosmopolitanism with product quality has been rarely examined in the empiric literature and mainly in relation to foreign products (Lee and Chen, 2008; indirectly Rawwas et al., 1996). Lee and Chen (2008) concluded that consumers with high levels of worldmindedness have preference for foreign products over domestic products. This fact is also confirmed by using indirect effects by Rawwas et al. (1996). Based on the above mentioned studies the following hypothesis was made:

H6: Cosmopolitanism (CP) has a direct and negative effect on domestic product quality (PQ).

The effects of consumer ethnocentrism on domestic and foreign product quality have been widely examined in empiric literature (Acharya and Elliott, 2003; Hamin and Elliott, 2006; Huddleston et al., 2001; Klein, 2002; Klein et al., 1998; Orbaiz and Papadopoulos, 2003; Pecotich and Rosenthal, 2001; Verlegh, 2007; Wong et al., 2008; Yelkur et al., 2006; Yoo and Donthu, 2005). Klein et al. (1998), Yoo and Donthu (2005) have focused only on ethnocentrism and foreign product quality evaluations. Some of the authors have examined both effects of ethnocentrism together on domestic and foreign product quality (Acharya and Elliott, 2003; Klein, 2002; Orbaiz and Papadopoulos, 2003; Yoo and Donthu, 2005).

Positive and direct effect of consumer ethnocentrism on domestic product quality has been found in several studies (Huddleston et al., 2001; Klein, 2002; Verlegh, 2007; Wong et al., 2008; Yelkur et al., 2006). The role of consumer ethnocentrism in domestic product quality evaluations depending on product group was confirmed by Acharya and Elliott (2003) and Hamin and Elliott (2006). Three researchers have found that consumer ethnocentrism does not influence product quality evaluations (Huddleston et al., 2000; Orbaiz and Papadopoulos, 2003; Pecotich and Rosenthal, 2001). This led to the hypothesis:

H7: Consumer ethnocentrism (CE) has a direct and positive effect on domestic product quality (PQ).

The effect of consumer ethnocentrism on domestic product purchase intentions (INT) has been examined in various studies (Funk et al., 2009; Good and Huddleston, 1995; Güneren and Özturen, 2008; Huang et al., 2008; Huddleston et al., 2000; Khare, 2006; Nguyen et al., 2008; Saffu et al., 2010; Sharma et al., 1995; Thelen, 2003; Yelkur et al., 2006). According to these studies, the positive and direct effect of ethnocentrism on domestic purchase INT has been researched and confirmed by Güneren and Özturen (2008); Huang et al. (2008), Khare (2006), Nguyen et al. (2008), Saffu et al. (2010), Sharma et al. (1995). Thelen (2003) and Yelkur et al. (2006) found that the impact of consumer ethnocentrism on domestic purchase INT varies and depends on a product group. Good and Huddleston (1995) and Huddleston et al. (2000) did not find any influences between consumer ethnocentrism and domestic purchase INT. Previous findings give an idea for hypothesis:

H8: Consumer ethnocentrism (CE) is directly and positively related to domestic product purchase intentions (INT).

Researchers have asked how domestic product quality and domestic purchase INT are related (Hui and Zhou, 2002; Kumar et al., 2009; Pecotich and Rosenthal, 2001; Wong et al., 2008). Domestic product quality has been found to be a vital factor influencing domestic product purchase INT in several studies (Hui and Zhou, 2002; Pecotich and Rosenthal, 2001). Hui and Zhou (2002) examined evaluative variables on purchase intentions where product quality's indirect relation to purchase intentions was measured via perceived value. Pecotich and Rosenthal (2001) investigated in the context of consumer ethnocentrism effects on the country of origin on a number of extrinsic cues that affect product quality evaluations.

Kumar et al. (2009) and Wong et al. (2008) did not find any support to that relationship. Kumar et al. (2009) studied Indian consumers' purchase behavior of U.S. *versus* local brands. Wong et al. (2008) reached the opposite result when they examined the impact of ethnocentrism and COO sub-components on high involvement products in China. According to findings above, the hypothesis is as follows:

H9: Domestic product quality (PQ) has a direct and positive effect on domestic product purchase intentions (INT).

Domestic purchase INT is negatively related to foreign product purchase behavior (FPPB). People who have greater purchase intentions for domestic products usually prefer domestic ones in actual consumer behavior (Balabanis and Diamantopoulos, 2004; Kaynak et al., 2000; Kaynak and Kara, 2001). On the other hand, people who have intentions to buy foreign products actually buy

more foreign goods like it has been confirmed by different researchers (Javalgi et al., 2005; Klein et al., 2006; Rawwas et al., 1996). This led to the hypothesis:

H10: Domestic product purchase intentions (INT) have direct and negative effect on FPPB.

These are the two models and hypotheses that are set up for the thesis. Next, instrument development and measures will be explained for the models.

2.2. Instrument development and measures

Cosmopolitanism is measured with three items from the worldmindedness scale used by Rawwas et al. (1996), who adapted the scale originally developed by Sampson and Smith (1957). The items for final models are consistent with the recent specification of the conceptual domain of cosmopolitanism related to a) general open-mindedness, b) diversity appreciation, and c) consumption transcending borders (Riefler and Diamantopoulos, 2009; p. 415). Rawwas et al. (1996) scale has been recently used in a study by Lee and Chen (2008).

To measure *consumer ethnocentrism*, the reduced five item version of CETSCALE (Shimp and Sharma, 1987) is used, consistent with recent studies investigating this concept (e.g., Balabanis and Diamantopoulos, 2004; Bandyopadhyay et al., 2011; Evanschitzky et al., 2008). A seven-point Likert-type scale ranging from 1 − absolutely disagree, to 7 − absolutely agree, is used for measuring both socio-psychological variables (ethnocentrism and cosmopolitanism).

Foreign (vs. domestic) product purchasing behavior (FPPB) construct in the model is measured for alcohol products, clothes, and furniture using five-point semantic differential scale, whereby one extreme indicates "I buy only domestic products in this product category," and the other extreme "I buy only foreign products in this product category" (EIER, 2009).

The measure of consumer *knowledge of brand origins* (KBO) is developed based on Samiee et al.'s (2005) research on Brand Origin Recognition Accuracy (BORA). Respondents were asked to identify national origin of domestic and foreign brands in three different product categories: alcohol products, clothes, and furniture. Participants were presented with two foreign and two domestic brands in each of the product categories; they had to correctly match each brand with the country of origin from the list of six countries identified in this research instrument. If the respondents were unsure about the brand origin, they were instructed to make an educated guess, and only leave the question blank if they had no idea of the brand or its origin.

Estonian KBO is evaluated in the alcohol product group with brands like Heineken, Törley, Viru Valge, and Fizz with the following alternative national origins: Estonia, Netherlands, Latvia, Finland, Hungary, and Russia. In the clothes product group, KBO is measured for four brands (e.g., Baltman, Kaleva,

Bastion, and Zara) with possible brand origins represented by Estonia, Spain, Lithuania, Latvia, Finland, and Sweden. In the furniture product group, KBO is measured for four brands (e.g., Ikea, Wermo, Standard, and Sotka) with possible national origins being Estonia, Poland, France, Sweden, Germany, and Finland.

Slovenian KBO is evaluated in the alcohol product group with brands like Heineken, Jägermeister, Quercus, and Zlatorog with the following alternative national origins: Italy, Germany, Netherlands, Russia, Slovenia, and Scotland. In the clothes product group, KBO is identified for the brands Elkroj, Kappa, Lisca, and Zara with possible brand origins from among Croatia, Italy, Germany, Slovenia, Spain, and USA. KBO is measured in the furniture product group by Ikea, Klun, Lip Bled, and Scavolini brands with possible origins being France, Italy, Germany, Poland, Slovenia, and Sweden. Comparing KBO variable to the similar measure in Samiee et al.'s study (2005), the latter was clearly much more comprehensive in terms of the types of products and their national origins. Given the limited availability of both domestic and foreign brands in many product categories, this was not attainable in small open market economies like Estonia and Slovenia.

Domestic product quality

Product quality is adapted from Klein et al. (1998) where they found that the most important key issues that affect product quality are product overall quality, reliability, and workmanship. Semantic differential scale was used from 1 to 7. For example, reliability was measured as 1 − unreliable, to 7 − reliable etc.

Domestic product purchase intentions

Measure of purchase intentions for domestic products is adapted from Balabanis and Diamantopoulos (2004). The respondents are presented with the choice of domestic country and five foreign countries in each of the three product groups (alcohol, clothes and furniture) as a matrix and they have to evaluate their intentions to buy products from different origins in their home market from the list of six countries for each product group provided in the questionnaire in alphabetic order of local language. Scale ranges from 1 − the least preferred country of origin, to 6 − the most preferred country of origin for the specific product group. In addition, they have to presume that domestic and foreign products have all similar attributes, features and are sold at the same price. The countries of origin are selected so that countries' producers have strong positions in Estonian or Slovenian market and consumers should be able to evaluate their own intentions to buy products of these origins according to their previous experiences or images that they have perceived. Different origins are used in research of two markets, because these countries are quite dissimilar in trading.

Estonian consumers purchase INT to buy alcohol products is examined across the following countries: Estonia, Netherlands, Latvia, Finland, Hungary, and Russia. Clothes INT is investigated according to origins from Estonia, Spain, Lithuania, Latvia, Finland, and Sweden. Furniture INT is asked by using origins Estonia, Poland, France, Germany, and Finland.

Slovenes purchase INT to buy alcohol products has to be evaluated with the following countries of origin: Italy, Germany, Netherlands, Russia, Slovenia, and Scotland. Clothes purchase INT is examined by Croatian, Italian, German, Slovenian, Spanish, and American origin. Finally, furniture purchase INT is identified by France, Italy, Germany, Poland, Slovenia, and Sweden.

The questionnaire included all the scales measuring variables identified in the conceptual models and a number of closed and open-ended demographic questions used to validate the sample. The results for Estonian and Slovenian studies can be found in Table 2 in Appendix 1, Table 1 in Appendix 2, Table 2 in Appendix 3, and see Appendixes 4 and 5 as well.

2.3. Sampling and data collection

The conceptual models for the study are tested via a store and outdoor intercept survey method based on a sample of adult consumers in Estonia and Slovenia. A quota sampling method based on gender, age, income, place of living is applied. People in various parts of the countries are intercepted in and in front of the shopping areas of cities and towns and asked to respond to the survey. Personal interviews take, on the average, about 15–20 minutes. The final sample consists of 261 and 271 respondents in Estonia and Slovenia with the response rate of approximately 50% and 30%, respectively. The survey was carried out from 22 June until 15 July 2009 in Estonia and from 25 October until 15 November 2008 in Slovenia.

All measures are derived from the existing literature and adapted to the cultural context of the focal countries (Estonia and Slovenia) following the guidelines established by Craig and Douglas (2000). In this iterative process, measurement items in the double-blind translated instrument (originally constructed in English) are carefully inspected by multilingual researchers to a) eliminate items with limited conceptual equivalence and b) ensure the translation is decentered from the literal language translation (Douglas and Craig, 2007; Douglas and Nijssen, 2003). The questionnaire was pretested on a convenience sample of consumers, after which only minor amendments were necessary. The test survey included 20 respondents from both countries.

Table 1 provides demographic characteristics of the study samples. The average age of the respondents is near to 45 years in both countries with the standard deviation of slightly over 17 years. There are a few more women than men in the sample. Respondents who claim to have above-average or below-average income are almost equally represented in the sample (the difference is slightly bigger in Estonia). Two large groups by the employment status are covered: employed and retired people. The majority of the respondents live in towns with the population of over 100.000. Respondents are all Slovenes in Slovenia, but 74.2% Estonians and 25.8% Russians were welcomed to participate in the survey in Estonia. The questionnaire was translated into Estonian as well as to Russian.

Table 1. Sample characteristics

Characteristic	Item	Estonia	Slovenia
Size	Number of respondents	271	261
Gender	Female	53.10%	52.90%
	Male	46.90%	47.10%
Age	Average in years	44.86	45.04
	Standard deviation	17.57	17.29
Nationality		Estonian 74.20% Russian 25.80%	Slovenian 100%
Social status	Employed	55.00%	53.10%
	Unemployed	8.60%	3.90%
	Retired	26.00%	27.10%
	Studying	10.40%	15.90%
Income	Proportion claiming above-average income	25.50%	18.00%
	Proportion claiming below-average income	31.00%	15.70%
Place of living	Town over 100.000 citizens	70.80%	65.10%
	Town between 10.000 to 99.999 citizens	18.80%	17.70%
	Village (less than 10.000 citizens)	10.30%	17.20%

In general, the actual sampling frame corresponds to the demographic characteristics of the adult population in the examined countries, as identified by the Statistical Offices of Estonia and Slovenia (Population, Slovenia, 2009; Numbers and facts, 2010).

3. RESULTS AND IMPLICATIONS

This chapter concentrates on testing the models and statistical analysis using structural equation modeling. The results as well as theoretical, methodological, and marketing implications of the conducted study are introduced here.

3.1. Statistical analysis and hypotheses testing

Data are analyzed by structural equation modeling (SEM) method using Lisrel 8.8 software. Following Gerbing and Anderson's (1988) recommendations, the analysis is conducted in two steps. A measurement model is analyzed first, followed by the evaluation of a structural model in order to assess the hypothesized relationships between latent constructs. Initially, an exploratory factor analysis is conducted to ensure unidimensionality of the latent variable measurements, specifically principal factor analysis (varimax rotation) is applied.

Model 1 testing

Final model items, scale reliability, average variance extracted and factor loadings are presented for Model 1 (see Table 2 in Appendix 1 for Estonia; and Table 1 in Appendix 2 for Slovenia). Model 1 can be found on Figure 1, Chapter 1. Reliability of the scales is established using composite reliability (rho), which ranged from 0.70 to 0.92 for Estonian and from 0.73 to 0.94 for Slovenian data, which is in line with DeVellis' (2003) suggestions. The validity of each of the scales is tested with confirmatory factor analysis (CFA) (Diamantopoulos and Siguaw, 2008). The final measurement model includes four latent constructs and 13 indicators used to measure them. Table 2 below shows that the fit statistics of the model indicate a good fit to the data, only sRMR value is a bit higher than suggested (below 0.050) in Estonian results. RMSEA value is lower than the cut off value 0.08 as suggested by several researchers (Browne and Cudeck, 1993; Diamantopoulos and Siguaw, 2008).

Table 2. Measurement model fit statistics for Model 1

Fit statistic	Estonia	Slovenia
GFI	0.940	0.950
NFI	0.920	0.950
NNFI	0.950	0.980
CFI	0.960	0.980
RFI	0.900	0.940
RMSEA	0.058	0.046
sRMR	0.053	0.043

The convergent validity of scales is tested through examination of the t-values of the Lambda-X matrix (Baggozi, 1981), ranges from 3.22 to 17.59 in Estonia and from 3.45 to 15.88 in Slovenia, all values are well above the 2.00 level specified by Kumar et al. (1992), indicating a convergent validity of the scales. The average variance extracted (AVE) ranges from 0.53 to 0.80 in Estonia and from 0.56 to 0.81 in Slovenia, exceeding 0.50 for all constructs (Fornell and Larcker, 1981). Discriminant validity is assessed by setting the individual paths of the Phi matrix to 1 and testing the resultant model against the original (Gerbing and Anderson, 1988) using the D statistics (Joreskog and Sorbom, 1993). The high D squared statistics indicates that the confirmatory factor model for the scales fit significantly better than the constrained models for each construct, thus showing discriminant validity in both countries investigated in the current study.

Once the construct reliability, convergent validity and discriminant validity is established, the structural model is run to test the hypothesized relationships between constructs. Final structural model includes four latent constructs with 13 indicators used to measure them. The Chi-Squared statistic is significant, but this can be used only as an omnibus test and it is incorrect to make conclusions only based on that indicator. Additional fit statistics have to be taken into account. The Chi-square statistic is sensitive to departures from multivariate normality (particularly excessive kurtosis), sample size and also assumes that the model fits perfectly in the population (Diamantopoulos and Siguaw, 2008).

Table 3 interprets that sRMR value is a bit higher than 0.05 in both countries, but the rest of the model fit measures indicate the data conforms well to the structural model.

Table 3. Structural model fit statistics for Model 1

Fit statistic	Estonia	Slovenia
GFI	0.938	0.936
NFI	0.920	0.939
NNFI	0.946	0.961
CFI	0.958	0.970
RFI	0.900	0.921
RMSEA	0.058	0.059
sRMR	0.056	0.052

Hypotheses are tested using t-statistics from the structural model. As depicted in Table 4, four hypotheses out of five are confirmed. Direct positive effect of cosmopolitanism on FPPB is confirmed (H1), a strong negative and significant relationship between cosmopolitanism and consumer ethnocentrism (H2), an inverse relationship between consumer ethnocentrism and knowledge of brand origins (H4), and a positive and significant relationship between knowledge of

brand origins and foreign product purchase behavior (H5) are confirmed as well. On the other hand, no support to the direct and positive relationship between cosmopolitanism and consumer knowledge of brand origins was found (H3).

Table 4. Hypotheses testing and results for Model 1

Hypothesis	Antecedent	Criterion variable	Estonian t-value	Slovenian t-value	Result
H1	Cosmopolitanism	FPPB	2.19	3.35	Supported
H2	Cosmopolitanism	Consumer ethnocentrism	-2.24	-3.19	Supported
H3	Cosmopolitanism	KBO	0.80	0.46	Not supported
H4	Consumer ethnocentrism	KBO	-3.59	-3.95	Supported
H5	KBO	FPPB	3.25	3.65	Supported

Model 2 testing

The same analytical procedures as described for Model 1 are implemented for Model 2 testing. Final model items, scale reliability, average variance extracted, factor loadings, etc for Model 2 are presented (see Table 2 in Appendix 3). Model 2 can be found on Figure 2 in Chapter 1.

Scale reliabilities (rho) range from 0.70 to 0.92 in Estonia compared to from 0.74 to 0.94 in Slovenia. The final measurement model includes five latent constructs and 17 indicators used to measure them. Table 5 shows that the fit statistics of Model 2 indicate acceptable fit for Estonian results and a very good fit for the Slovenian data.

Table 5. Measurement model fit statistics for Model 2

Fit statistic	Estonia	Slovenia
GFI	0.920	0.940
NFI	0.910	0.950
NNFI	0.910	0.990
CFI	0.940	0.990
RFI	0.900	0.940
RMSEA	0.070	0.028
sRMR	0.061	0.041

The convergent validity of scales for Model 2 is tested by examining the t-values of the Lambda-X matrix. Ranging from 2.61 to 17.75 in Estonia and from 3.41 to 17.20 in Slovenia it indicates a convergent validity of the scales. Moreover,

the average variance extracted (AVE) ranges from 0.53 to 0.75 in Estonian results compared to 0.57 to 0.78 in Slovenian data, exceeding 0.50 for all constructs. The high D squared statistics indicate that the confirmatory factor model for the scales fits significantly better than the constrained models for each construct, thus showing discriminant validity. This finding is confirmed in both countries.

The final structural model includes five latent constructs with 17 indicators used to measure them. The Chi-Squared statistic is significant for Estonian as well as Slovenian data, but the rest of the structural model fit for Slovenian data show that the data conform well to the model. Table 6 interprets that Slovenian data fit into the structural model better than the same model in Estonia.

Table 6. Structural model fit statistics for Model 2

Fit statistic	Estonia	Slovenia
GFI	0.915	0.924
NFI	0.920	0.935
NNFI	0.900	0.968
CFI	0.900	0.974
RFI	0.908	0.921
RMSEA	0.070	0.048
sRMR	0.063	0.053

Table 7 shows that six hypotheses are confirmed, but H6, the negative direct effect of cosmopolitanism on domestic product quality is not. Lee and Chen (2008) have confirmed a directly opposite result for H6. This relation is quite unresearched and needs additional research. It it not possible to make adequate conclusions based on a couple of studies which are even conflicting.

Table 7. Hypotheses testing and results for Model 2

Hypothesis	Antecedent	Criterion variable	Estonian t-value	Slovenian t-value	Result
H1	CP	FPPB	2.05	3.25	Supported
H2	CP	CE	-2.30	-3.39	Supported
H6	CP	PQ	1.80	0.78	Not supported
H7	CE	PQ	3.45	3.23	Supported
H8	CE	INT	2.47	2.52	Supported
H9	PQ	INT	3.81	4.59	Supported
H10	INT	FPPB	-2.50	-4.49	Supported

According to composite reliability, discriminant validity, model fit statistics, average variance extracted and t-values, it can be seen that Slovenian data fit better to both developed models compared to Estonian results. Estonian data do not have so high reliability, validity and model fit. The aforementioned differences can be partially caused by sampling. Estonian results are more heterogeneous, because two ethnic groups are involved in the sample – Estonians and Russians, compared to the single nation study in Slovenia.

3.2. Findings of cosmopolitanism on consumer behavior

Cosmopolitanism has been widely studied in recent years, but previous research has rarely explored the role of cosmopolitanism in behavioral outcomes (Cleveland et al., 2009; Sharma et al., 1995, Suh and Kwon, 2002; Tillery et al., 2010; Vida and Reardon, 2008). The current thesis examines the phenomenon via two different conceptual models. Based on findings, important conclusions can be drawn with respect to the role of cosmopolitanism in consumer purchase behavior for foreign vs. domestic products. The results confirm that cosmopolitanism exhibits a direct and positively significant effect on FPPB, suggesting that the segment of consumers characterized as the "world citizen" has a greater tendency to purchase foreign rather than domestic products in the three product categories investigated, i.e., alcohol, clothes, and furniture.

Indirect effects of cosmopolitanism on FPPB are examined through consumer ethnocentrism and consumer knowledge of brand origins in M*odel 1*. Consumers' actual knowledge of brands' national origins have seldom been accounted for in existing models, even despite the growing concern that consumer knowledge of the product/brand national origins tends to be inaccurate and superficial at best (Balabanis and Diamantopoulos, 2008; Samiee et al., 2005; Zhou et al., 2010). While largely exploratory, consumer knowledge of brand origins is proposed and confirmed as a mediating variable between consumer ethnocentrism and purchase behavior in favor of foreign products. This finding suggests the more ethnocentric individuals possess poorer overall knowledge of brand origins than their less ethnocentric counterparts, which ultimately leads to purchase preferences for domestic rather than foreign products in the product categories investigated in this study.

Analysis shows no support for the direct relationship between cosmopolitanism and consumer knowledge of brand origins in M*odel 1*, suggesting the worldly individuals do not necessarily assess the national origin of brands more accurately than less cosmopolitan consumers. This hypothesis is largely exploratory in nature since the relationship between the two constructs has been rarely investigated in previous work. While in Samiee et al.'s (2005) study BORA was measured separately for foreign and for domestic brands, the KBO measure in the present empirical study captures the overall consumer knowledge of brand origins. In order to draw more reliable conclusions, this relationship needs to be further explored in future research.

Model 2 confirms also a direct impact of cosmopolitanism on FPPB. In addition, indirect effects of cosmopolitanism on FPPB are measured via consumer ethnocentrism, product quality and purchase intentions. *Model 2* shows that consumer ethnocentrism has positive and direct effects on domestic product quality and domestic product purchase (INT) and both hypotheses are confirmed (H7 and H8). H7 results are in line with the previous findings (Huddleston et al., 2001; Klein, 2002; Verlegh, 2007; Wong et al., 2008; Yelkur et al., 2006). H8 is confirmed also by Güneren and Özturen (2008), Huang et al. (2008), Khare (2006), Nguyen et al. (2008).

Domestic product purchase (INT) is influenced by domestic PQ, which influences consumer behavior in both countries. H9 is confirmed and the result is similar to several studies (Hui and Zhou, 2002; Pecotich and Rosenthal, 2001).

Finally, the negative direct effect of domestic product purchase INT on FPPB (H10) is measured and confirmed. Perceived and actual behavior is similar in the hypothesized Model 2, according to the findings of the current study in Estonia and Slovenia. People who have intentions to buy domestic products have greater tendency to buy also more of them (Balabanis and Diamantopoulos, 2004; Kaynak et al., 2000; Kaynak and Kara, 2001). On the other hand, people who have greater intentions for foreign goods actually buy more foreign goods, like it has been confirmed by different researchers (Javalgi et al., 2005; Klein et al., 2006; Rawwas et al., 1996).

Negative and direct effect of cosmopolitanism on domestic product quality (H6) is rejected by the research in both countries and this relationship has a serious gap in the literature, for that reason it is an important venue for further studies. Lee and Chen (2008) concluded consumers with higher levels of worldmindedness have preference for foreign products over domestic products. This fact was also confirmed using indirect effects by Rawwas et al. (1996). Cosmopolitan respondent behavior requires additional research to find out whether or not these consumers attach lower quality value to domestic products and higher value to foreign products.

In general, the thesis confirms that the direct effects of cosmopolitanism on behavioral outcomes are strong in the two countries – Estonia and Slovenia. Two conceptual models show that cosmopolitanism plays an important role in Estonian and Slovenian consumers' purchase behavior. The study convinces that Slovenes are more cosmopolitans than Estonian people. Slovenes can be more opened to foreign products, because of the higher level of cosmopolitanism in their purchase behavior. See t-values for both structural models (CP and FPPB relation for Estonia and Slovenia) in Chapter 3 (see Tables 4 and 7).

The author emphasizes a very important fact in multicultural research: all hypotheses are totally confirmed or rejected in the same direction in both models and countries, even though Estonian and Slovenian markets are culturally dissimilar. Probably one of the reasons may be quite similar level of economic development. Many multicultural studies have found that some hypotheses are

supported only in some countries, which means it is not so in all the countries examined in one study (see Strizhakova et al., 2008; Suh and Kwon, 2002).

3.3. Implications

Implications are divided into three sections. First, theoretical implications are given; then methodological ones, and finally marketing implications are offered.

Theoretical implications

The main theoretical contribution of this dissertation is to find confirmation on the direct and strong role of cosmopolitanism in consumer choice behavior. This relationship has been examined at an unsatisfactory level by previous research. Researchers have very rarely analyzed effects of cosmopolitanism on outcome variable such as FPPB, in existing studies, therefore direct linkages of cosmopolitanism offer more new knowledge to the theory than widely measured ethnocentrism construct.

Eight of this study's ten hypotheses are confirmed by structural equation modeling in Estonia and Slovenia. The thesis confirms cosmopolitanism, knowledge of brand origins and purchase intentions are the most important variables that directly affect foreign *versus* domestic product purchase behavior based on developed models. Cosmopolitan consumers who are more orientated toward outside world have a greater tendency to buy foreign products is one of the key findings of the thesis, because these consumers are more familiar with different cultures and generally more opened to foreign and appreciate greater diversity. The direct and negative relationship of cosmopolitanism and domestic product quality is relatively new in the literature and it is not confirmed by the current research, but Lee and Chen (2008) were able to confirm the direct and positive relationship between cosmopolitanism and foreign product quality. This relationship requires to be researched further.

KBO is a relatively new latent construct in the consumer behavior literature and this thesis might be the first one that analyses the direct effect of KBO on outcome variable (FPPB), because even Samiee et al.'s (2005) research did not investigate a similar BORA relationship with behavioral outcomes. The current thesis shows that people who know well national origins for different brands usually buy more foreign products/brands. This knowledge is totally new in theory and also in empirics. KBO is also confirmed as a mediating variable between consumer ethnocentrism and purchase behavior in favor of foreign products. Direct and positive effect of cosmopolitanism on KBO needs to be researched additionally, because this relationship is not confirmed by the current study. The author set up this linkage based on Samiee et al's (2005) research where they investigated and also confirmed the direct effect of international experience on foreign BORA evaluations.

According to the theoretical implications here, it can be concluded that the most significant contribution to the literature by the current thesis is examining

the role of cosmopolitanism on consumer choice behavior and adding KBO as a mediating variable between consumer ethnocentrism and FPPB.

Methodological implications

The main methodological contributions of the thesis are connected with the theoretical framework development, solid measures, relevant analytical methods and valid consumer sample.

The thesis operationalizes cosmopolitanism based on Riefler' and Diamantopoulos' (2009) recent conceptualization of this key construct. The theoretical framework of cosmopolitanism is developed further, showing that this concept has a crucial impact on foreign product purchase behavior (see also Cannon and Yaprak, 2002; Lee and Chen, 2008; Rawwas et al., 1996; Riefler and Diamantopoulos, 2009). Moreover, it affects indirectly consumers' KBO, and PQ evaluations.

This thesis is the deepest research that examines the role of cosmopolitanism in consumer choice behavior. The thesis applies existing measures in new cultural contexts (Estonian and Slovenian market). Some of the studies have only generalized measurement of cosmopolitanism in consumer choices so that it has not been measured in respect to any product group (Lee and Chen, 2008). Rawwas et al. (1996) had ten product groups in their study, but they measured only indirect effects of cosmopolitanism. Moreover, no studies have been conducted before where the effects of cosmopolitanism on furniture purchases were measured.

Relevant quantitative analytical methods are used. For instance, both models are tested by structural equation modeling. This method with a measurement model is one of the best techniques for theory testing and theory development (Diamantopoulos et al., 2008). Theory testing is very important for CP, KBO, FPPB, and PQ constructs in this thesis, because it gives original results and develops theory further, especially in the fields of cosmopolitanism and FPPB.

All used scales have dimensionality, high internal consistency, convergent and discriminant validity like suggested by prominent researchers (Bearden and Netmeyer, 1999; Bruner et al., 2005; Churchill, 1979; Diamantopoulos, 2008), and all these in both cultural contexts. Model fit statistics are also very good or at least at acceptable level. Analysis shows that Slovenian data have slightly higher reliability, discriminant validity and model fit statistics compared to Estonian results. According to internal consistency and validities, it can be concluded that the models created here describe well and reliably the role of cosmopolitanism in consumer purchases in the two countries.

This study is carried out by using intercept survey method, but most of the cosmopolitanism studies are conducted with an alternative approach – telephone interviews (see, for example, Lee and Chen, 2008; Rawwas et al., 1996).

The consumer sample is here much more representative than in other studies (Cannon and Yaprak, 2002; Lee and Chen, 2008; Rawwas et al., 1996; Yoon et al., 1996), especially in sample characteristics like age, social status, income,

and place of living. The consumer study is connected in Estonia and Slovenia; moreover, two ethnic groups are involved in Estonian survey – Estonians and Russians. The sample is multinational and extends the level of external validity and adds also higher generalizibility value to the study results (Winer, 1999).

Marketing implications

Cognizance of direct and indirect effects of cosmopolitanism offers implications for actionable marketing practice in geographically and culturally diverse international markets. Companies who are operating in or planning to enter the Estonian or Slovenian alcohol products, clothes or furniture markets have the main interests. Both models suggest cosmopolitanism is a strong predictor of consumer behavioral preferences for foreign rather than domestic products, and an equally effective predictor of consumer ethnocentrism. Model 1 suggests cosmopolitanism and knowledge of brand origins are both important segmenting and positioning tools for creating a market for foreign products. Estonian people and Slovenes are open to foreign products, but Slovenian consumers can be even more tolerant to them, because the negative effect of consumer ethnocentrism on FPPB could be higher in Estonia, which can therefore reduce foreign product consumption in Estonia; on the other hand, it have smaller influence in Slovenia.

Using cosmopolitanism as a market segmentation variable, marketers can better understand the intensity of cosmopolitan tendencies in their target market segment and assess to what extent standardization vs. adaptation for the marketing mix variables is necessary in the target market. This is particularly relevant for firms' positioning and branding activities and their ability to develop prudent communication campaigns. International marketers should not only emphasize a foreign culture in brand positioning strategy as noted in the literature (Alden et al., 1999), but also consumer associations with brand origin identification. In doing so, they can use packaging and brand names in order to foster the consumer's sense of knowledge and his/her own beliefs in a brand's origin association (see, Schmitt and Pan, 1994; Zhou et al., 2010). When a sense of brand origin association is successfully instilled in the minds of local consumers, brand perceptions are likely to improve as a result of reduced uncertainty (Zhou et al., 2010).

Ethnocentric consumers are not the best target group for foreign products in market entering stage, because their knowledge about different foreign origins may be very modest and in general they have negative feelings towards foreign companies. It is possible to reach with foreign products and brands to them as well, but not in the first place. Ethnocentric consumers need appropriate messaging and positioning strategies in advertisements and commercials for reaching them. For instance, international marketers can emphasize locally important advantages of their offerings for consumers in the target market via foreign brand positioning (e.g., adapted flavors, colors, the use of domestic raw materials, quality, workmanship, value for money, etc.). Moreover, marketers can capitalize on positive attitudes related to international firms (e.g., reputation

of firms associated with the country of origin effect) in international product adaptation to neutralize negative effects of ethnocentrism on consumers' foreign product choice behavior (Jiménez and Martin, 2010).

The benefits of globalization eventuate over time, as consumers begin to consider product attributes, rather than the composition of country of origin effect dimensions. Consumer purchase intentions, perceived product quality and actual purchase behavior towards foreign *versus* domestic products are also measured for appropriate business decision making. Purchase intentions are remarkably affected by perceived product quality. If consumer has positive attitudes towards foreign product quality, then the reliability is very high for that this consumer is not going to buy domestic product in actual purchase situation. Highly cosmopolitan consumers may have usually higher evaluations toward foreign product quality and this relation requires further research. This PQ relationship was not confirmed in the current study, even though it was supported by Lee and Chen's (2008) study.

Foreign companies should adapt their marketing strategies according to local (Estonian or Slovenian) market conditions and consumers' expectations in the field of market entry, brand and country of origin associations, marketing mix, segmenting, positioning, marketing communication and the level of cosmopolitanism *versus* ethnocentrism in the country. The last aspect shows especially local consumers' openness to foreign companies and their products.

The effects of cosmopolitanism across markets are based on their economic development (Strizhakova et al., 2008; Wang and Chen, 2004; Wong et al., 2008). Foreign product purchase behavior is affected by cosmopolitanism in Estonia and Slovenia, but it cannot be so everywhere. For example, people in developing or less developed countries prefer foreign products (for example, in China), because these are the symbols of the social status, prestige, high fashion, reliability, value for a money, workmanship etc (Wang and Chen, 2004).

SUMMARY

The thesis is based on three articles. All articles analyze direct and indirect effects of cosmopolitanism on foreign *versus* domestic product purchase behavior in two countries – Estonia and Slovenia. The study is limited to three product groups – alcohol products, clothes, and furniture. The thesis has an original contribution, as it examines the role of cosmopolitanism on FPPB as an outcome variable, which has been usually left unresolved in theoretical as well as empirical side of the topic (Cleveland et al., 2009; Javalgi et al., 2005; Sharma et al., 1995; Suh and Kwon, 2002; Tillery et al., 2010; Vida and Reardon, 2008).

Direct and indirect effects of cosmopolitanism were measured on FPPB by composing two different conceptual models to examine that phenomenon. Both models examined direct effects on FPPB, but had a difference in variables that measured indirect effects of cosmopolitanism on the outcome variable. Latent constructs were chosen based on the gaps identified in the literature. The models were tested by structural equation modeling. All hypotheses were confirmed or rejected in the same way in both countries, which means the effects of cosmopolitanism on purchase behavior are similar in Estonia and Slovenia.

Model 1 examined indirect effects of cosmopolitanism on FPPB through consumer ethnocentrism and consumer knowledge of brand origins. Model 1 was used for two articles (see Appendix 1, Estonian study and Appendix 2, Slovenian study). These two articles analyze separately Estonian and Slovenian survey results and they also differ in terms of theoretical deepness and implications.

Model 2 analyzed also the direct impact of cosmopolitanism on FPPB. In addition, indirect effects of cosmopolitanism on FPPB were investigated via consumer ethnocentrism, product quality, and purchase intentions (see Appendix 3). The third article included both countries and presented comparative results of Model 2 testing in the two countries.

All three articles confirmed the direct and strong effect of cosmopolitanism on foreign *versus* domestic product purchase behavior (FPPB) on the example of Estonian and Slovenian results. More outside orientated consumers have a greater tendency to buy foreign rather than domestic products. The results are in line with Cleveland et al. (2011), Crawford and Lamb (1982), Egger (2006), Lee and Chen (2008), and Rawwas (1996) studies.

Model 1 had five hypotheses and four of them were confirmed. The following hypotheses were confirmed: positive and direct effect of cosmopolitanism on FPPB, direct and negative effect of cosmopolitanism on consumer ethnocentrism, negative and direct effect of consumer ethnocentrism on knowledge of brand origins (KBO), direct and positive effect of KBO on FPPB. The thesis did not find any support to the direct and positive link between cosmopolitanism and KBO. According to previous findings, the worldly individuals who are open to foreignness do not necessarily assess the national origin of brands more accurately than less cosmopolitan consumers. This

hypothesis about cosmopolitanism and KBO relation was largely exploratory in nature, as it was possible to identify only one study that examined the impact of international experience on brand origin recognition accuracy – BORA (Samiee et al., 2005). In Samiee et al.'s study, BORA was measured separately for foreign brands and domestic brands, but not for overall consumer brand origin knowledge (KBO) as in the present thesis.

Model 2 had seven hypotheses and six of them were confirmed. The following hypotheses were confirmed: direct and positive effect of cosmopolitanism on FPPB, direct and negative effect of cosmopolitanism on consumer ethnocentrism, direct and positive effect of consumer ethnocentrism on domestic product quality, direct and positive effect of consumer ethnocentrism on domestic product purchase intentions (INT) and finally, direct and positive effect of domestic product purchase intentions (INT) toward foreign product purchase behavior. The thesis did not confirm the direct and negative relation between cosmopolitanism and domestic product quality. According to the last result, this link has a serious gap in the literature, for that reason it is an important issue for further studies. Lee and Chen (2008) concluded consumers with higher levels of worldmindedness have preference for foreign products over domestic products. This fact was also confirmed using indirect effects by Rawwas et al. (1996).

The thesis confirmed that direct and indirect effects of cosmopolitanism on behavioral outcome are strong in the two countries – Estonia and Slovenia. Two conceptual models showed that cosmopolitanism plays an important role in Estonian and Slovenian consumers' choice behavior and especially in favor of foreign products. These findings offer also valuable information for international marketers from the implications point of view. Implications are mainly related to international marketing, segmenting, positioning, marketing mix and marketing communication issues.

More cosmopolitan consumers may imply greater success for foreign producers (especially in Slovenia compared to Estonian results), because higher cosmopolitanism can make people more apt to buy products from different foreign origins and moreover, they usually have positive attitudes toward foreign companies and their products. On the contrary, sometimes it can be very hard to persuade ethnocentric consumers to buy foreign products, because they can feel it would be harmful to domestic economy and could increase unemployment in their home country and bankruptcies for local companies.

Limitations and further research venues
In this research, deliberate efforts have been undertaken to utilize externally valid consumer sample, solid measures, and relevant analytical methods to test the composed models. However, several limitations still apply, which, in turn, open questions for future research venues.

Firstly, the direct and indirect effects of consumer cosmopolitanism were measured on consumer choice behavior in favor of foreign relative to domestic products rather than on two separate measures of foreign and domestic product

consumption. Previous studies focusing on the role of socio-psychological constructs have shown that the impact of cosmopolitanism and ethnocentrism vary according to whether the outcome measure is conceptualized as domestic or foreign product biased (Balabanis and Diamantopoulos, 2004; Suh and Kwon, 2002). Moreover, while some researchers demonstrated that product national origin affects consumer attitudes regardless of the product category (e.g., Ahmed et al., 2004), others asserted that the effects tend to vary by product category (e.g., Balabanis and Diamantopoulos, 2004; Han and Terpstra, 1988). Future studies should include other relevant product categories, examine the effects of cosmopolitanism independently for each product category, and use autonomous measures of purchase behavior for foreign and for domestic products.

Secondly, consumer foreign vs. domestic purchase behavior was explored in three categories of consumer products, i.e., alcohol, clothes, and furniture. While the selection of product categories was consistent with the availability of domestic and foreign choice alternatives in the small markets under investigation, future examinations should include other relevant product categories and examine the model of cosmopolitanism effects separately for each product category.

Thirdly, the measure of consumer knowledge of brand origin was delimited to three product categories with two domestic and two foreign brands and six national origins for each brand. Future studies will need to broaden the measure of KBO and retest the direct relationship between cosmopolitanism and consumer knowledge of brand origins.

Fourthly, additional research is required how cosmopolitanism influences product quality evaluations. This is an unresolved issue in theoretical and empirical side of the research field and the current study did not find any support to cosmopolitanism negative relation towards domestic product quality.

Fifthly, nowadays cosmopolitanism and ethnocentrism studies simplify the measurement of consumer behavior towards different product origins and do not take into account other important factors. For example, what is the role of price in choosing products of different origins and how different price levels change cosmopolitan or ethnocentric consumers' actual purchase behavior?

Sixthly, the recent comprehensive review on the subject reveals (Riefler and Diamantopoulos, 2009) that many questions regarding effects and measurement issues of cosmopolitanism remain unanswered. There is a need to develop further cosmopolitanism scale for improving its measurement issues and also to reduce diverse terminology that is used for researching similar issues for cosmopolitanism (for example, worldmindedness, worldliness, openness to foreign cultures, cultural openness, global openness, internationalism, international experience, etc).

Seventhly, comparison between the mature and emerging markets would enable a deeper understanding of differences in the cosmopolitanism effects across markets based on their economic development.

Finally, a comparative study in other cultures and countries is recommended for extending the external validity for the composed models.

The most important issues for further studies are to examine the impact of cosmopolitanism on product quality evaluations and KBO, because these relationships are relatively new and have serious research gaps in the literature. More cosmopolitan consumers should evaluate foreign product quality higher and might know foreign brands better. Further research has to confirm or reject these relations.

REFERENCES

Aboulnasr, K. 2006. Country of origin effects: The role of information diagnosticity, information typicality and involvement. *Marketing Management Journal*, vol 16 (no 1), p. 1-18.

Acharya, C., and Elliott, G. 2003. Consumer ethnocentrism, perceived product quality and choice. An empirical investigation. *Journal of International Consumer Marketing,* vol 15 (no 4), p. 87-114.

Ahmed, Z. U., Johnson, H. P., Yang, X., Fatt C. F., Teng, H. S., and Boon, L. C. 2004. Does country of origin matter for low involvements products? *International Marketing Review,* vol 21 (no 1), p. 102-120.

Ajzen, I., and Fishbein, M. 1980. *Understanding attitudes and predicting social behavior*. NJ: Prentice-Hall.

Alden, D. L., Steenkamp, J. B. E. M., and Batra, R. 2006. Consumer attitudes toward marketplace globalization: Structure, antecedents and consequences, *International Journal of Research in Marketing*, (no 23), p. 227-239.

Alden, D. L., Steenkamp, J. B. E. M., and Batra, R. 1999. Brand positioning through advertising in Asia, North America, and Europe: The role of global consumer culture. *Journal of Marketing,* (no 63), p. 75-87.

Altintas, M. A., and Tokol, T. 2007. Cultural openness and consumer ethnocentrism: An empirical analysis of Turkish consumers. *Marketing Intelligence & Planning,* vol 25 (no 4), p. 308-325.

Baggozi, R. P. 1981. Evaluating structural equation models with unobservable variables and measurement error: A comment. *Journal of Marketing Research,* (18 August), p. 375-381.

Balabanis, G., and Diamantopoulos, A. 2008. Brand origin identification by consumers: A classification perspective. *Journal of International Marketing,* vol 16 (no 1), p. 39-71.

Balabanis, G., and Diamantopoulos, A. 2004. Domestic country bias, country of origin effects, and consumer ethnocentrism: A multidimensional unfolding approach. *Journal of the Academy of Marketing Science,* vol 32 (no 1), p. 80-95.

Balabanis, G., Diamantopoulos, A., Mueller, R. D., and Melewar, T. C. 2001. The impact of nationalism, patriotism and internationalism on consumer

ethnocentric tendencies. *Journal of International Business Studies,* (no 32), p. 157-175.

Bandyopadhyay, S., Wongtada, N., and Rice, G. 2011. Measuring the impact of inter-attitudinal conflict on consumer evaluations of foreign products. *Journal of Consumer Marketing,* vol 28 (no 3), p. 211-224.

Bartlett , C. A. and Ghoshal, S. 1990. Matrix management: not a structure, a frame of mind. *Harvard Business Review,* vol 68 (no 4), p. 138-145.

Batra, R., Ramaswamy, V., Alden, D. L., Steenkamp, J. B. E. M., and Ramachander, S. 2000. Effects of brand local and nonlocal origin on consumer attitudes in developing countries. *Journal of Consumer Psychology,* vol 9 (no 2), p. 83-95.

Bearden, W. O., and Netmeyer, R. G. 1999. Handbook of marketing scales. Second Edition. Thousand Oaks: Sage Publications.

Broniarczyk, S. M., and Alba, J. W. 1994. The importance of the brand in brand extension. *Journal of Marketing Research,* vol 31 (no 2), p. 214-228.

Browne, M. W., and Cudeck, R. 1993. Alternative ways in assessing model fit, in Bollen, K. A. and Long, J. S. (Eds), Testing Structural Equations Models. Sage Publications: Newbury Park, CA.

Bruner, I. I. G. C., Hensel, P. J., and James, K. E. 2005. Marketing scales handbook, (vol IV). Chicago: American Marketing Association.

Caldwell, M., Blackwell, K., and Tulloch, K. 2006. Cosmopolitanism as a consumer orientation replicating and extending prior research. *Qualitative Market Research: An International Journal,* vol 9 (no 2), p. 126-139.

Cannon, H. M., and Yaprak, A. 2002. Will the real-world citizen please stand up! The many faces of cosmopolitan consumer behavior. *Journal of International Marketing,* vol 10 (no 4), p. 30-D2.

Chan, A. M., and Rossiter, J. R. 1998. Ethnicity in business and consumer behavior. *Journal of Business Research,* (no 42), p. 127-134.

Chryssochoidis, G., Krystallis, A., and Perreas, P. 2007. Ethnocentric beliefs and country-of-origin (COO) effect. Impact of country, product and product attributes on Greek consumers' evaluation of food products. *European Journal of Marketing,* vol 41 (no 11/12), p. 1518-1544.

Churchill, G. A. 1979. A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, (no 16), p. 64-73.

Cleveland, M., Papadopoulos, N., and Laroche, M. 2011. Identity, demographics, and consumer behaviors. International market segmentation across product categories. *International Marketing Review,* vol 28 (no 3), p. 244-266.

Cleveland, M., Laroche, M., and Papadopoulos, N. 2009. Cosmopolitanism, consumer ethnocentrism, and materialism: An eight-country study of antecedents and outcomes. *Journal of International Marketing,* vol 17 (no 1), p. 116-146.

Craig, C. S., and Douglas, S. P. 2000. *International Marketing Research.* New York, NY: John Wiley and Sons, LTD.

Crawford J. C., and Lamb, C. W. 1982. Effect of worldmindedness among professional buyers upon their willingness to buy foreign products. *International Marketing Review,* vol 13 (no 2), p. 20-38.

DeVellis, R. F. 2003. Scale development: Theory and applications. Thousand Oaks, Sage Publications, CA.

Diamantopoulos, A. 2008. Formative indicators: Introduction to the special issue. *Journal of Business Research*, vol 61 (no 12), p. 1201-1202.

Diamantopoulos**,** A., Riefler, P., and Roth, K. P. 2008. Advancing formative measurement models. *Journal of Business Research*, vol 61 (no 12), p. 1203-1218.

Diamantopoulos, A., and Siguaw, J. A. 2008. *Introducing Lisrel. A guide for the unitated*. London: Sage.

Dinnie, K. 2004. Country-of-origin 1965-2004: A literature review. *Journal of Customer Behavior,* (no 3), p. 165-213.

Dmitrović, T., and Vida, I. 2010. Consumer behaviour induced by product nationality: The evolution of the field and its theoretical antecedents. *Transformation in Business and Economics,* vol 9 (no 19), p. 145-165.

Dmitrović, T., Vida, I., and Reardon J. 2009. Purchase behavior in favor of domestic products in West Balkans. *International Business Review,* (no 18), p. 523-535.

Donnelly, M. 2008. Cosmopolitanism multicultural & diversity education. Cosmopolitanism. Essay. *EBSCO Research Starters.*

Douglas, S. P., and Craig, C. S. 2007. Collaborative and iterative translation: An alternative to back translation. *International Journal of International Marketing,* vol 15 (no 1), p. 20-43.

Douglas S. P., and Nijssen, E. J. 2003. On the use of borrowed scales in cross-national research. *International Marketing Review,* vol 20 (no 6), p. 621-642.

Egger, B. 2006. The impact of consumer ethnocentrism and consumer cosmopolitanism on consumption behavior. *Master thesis*, University of Vienna.

EIER, Estonian Institute of Economic Research. 2009. Estonian people's eating habits and food purchasing preferences.

Elliott, G. R., and Camoron, R. C. 1994. Consumer perception of product quality and the country-of-origin effect. *Journal of International Marketing*, vol 2 (no 2), p. 49-62.

Evanschitzky, H., Wangenheim, v. F., Woisetschläger, D., and Blut, M. 2008. Consumer ethnocentrism in the German market. *International Marketing Review,* vol 25 (no 1), p. 7-32.

Fornell, C., and Larcker, D. F. 1981. Evaluating structural equation models with unobserved variables and measurement error. *Journal of Marketing Research*, (no 28), p. 39-50.

Funk, C. A., Arthurs, J. D., Trevino, L. J., and Joireman, J. 2009. Consumer animosity in the global value chain: The effect of international production shifts on willingness to purchase hybrid products. *Journal of International Business Studies,* (no 41), p. 639-651

Gerbing, D., and Anderson, J. 1988. An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of Marketing Research,* vol 25 (no 2), p. 186-192.

Giraldi, J. D. E., and Ikeda, A. A. 2009. Personal values and the country-of-origin effect: The moderating role of consumers' demographics. *International Journal of Consumer Studies,* (no 33), p. 309-315.

Good, L. K., and Huddleston, P. T. 1995. Ethnocentrism and the Eastern European consumer: Are feelings and intentions related? *International Marketing Review*, vol 12 (no 15), p. 35-48.

Granzin, K. L., and Painter, J. J. 2001. Motivational influences on "Buy Domestic" purchasing: Marketing management implications from a study of two nations. *Journal of International Marketing,* vol 9 (no 2), p. 73-96.

Güneren, E., and Özturen, A. 2008. Influence of ethnocentric tendency of consumers on their purchase intentions in north cyprus. *Journal of Euromarketing,* vol 17 (no 3/4), p. 219-231.

Hamin, A., and Elliott, G. 2006. A less-developed country perspective of consumer ethnocentrism and country of origin effects: Indonesian evidence. *Asia Pacific Journal of Marketing and Logistics,* vol 18 (no 2), p. 79-92.

Han, C., Lee, B., and Ro, K. 1994. The choice of survey mode in country image studies. *Journal of Business Research*, (no 29), p. 151-162.

Han, C., and Terpstra, V. 1988. Country of origin effects for uni-national and bi-national products, *Journal of International Business Studies,* vol 19 (Summer), p. 235-255.

Hannerz, U. 1990. Cosmopolitans and locals in a world culture. *Theory, Culture and Society,* vol 7 (no 6), p. 237-251.

Holt, D. B. 1998. Does cultural capital structure American consumption? *Journal of Consumer Responses,* vol 25 (no 1), p. 1-25.

Holt, D. B. 1997. Poststructuralist lifestyle analysis: Conceptualizing the social patterning of consumption in postmodernity. *Journal of Consumer Responses,* vol 23 (no 4), p. 326-350.

Huang, Y. A., Phau, I., Lin, C., Chung, H. J., and Lin, K. H. C. 2008. Allocentrism and consumer ethnocentrism: The effects of social identity on purchase intention. *Social behavior and personality,* vol 36 (no 8), p. 1097-1110

Huddleston, P., Good, L. K., and Stoel, L. 2001. Consumer ethnocentrism, product necessity and Polish consumers' perceptions of quality. *International Journal of Retail & Distribution Management,* vol 29 (no 5), p. 236-246.

Huddleston, P., Good, L. K., and Stoel, L. 2000. Consumer ethnocentrism, product necessity and quality perceptions of Russian consumers. *The International Review of Retail, Distribution and Consumer Research,* vol 10 (no 2), p. 167-181.

Hugstad, P., and Duur, M. 1986. A study of country of manufacturer impact on consumer perceptions. *Developments in Marketing Science*, Academy of Marketing Science, Miami, FL.

Hui, M. K., and Zhou, L. 2002. Linking product evaluations and purchase intention for country-of-origin effects. *Journal of Global Marketing,* vol 15 (no 3/4), p. 95-116.

Hutchinson, W. J., and Alba, J. W. 1991. Ignoring irrelevant information: Situational determinants of consumer learning. *The Journal of Consumer Research,* vol 18 (no 3), p. 325-345.

Javalgi, G. R., Khare, P. V., Gross, C. A., and Scherer, R. F. 2005. An application of the consumer ethnocentrism model to French consumers. *International Business Review,* (no 14), p. 325-344.

Jiménez, N. H., and Martin, S. S. 2010. The role of country-of origin, ethnocentrism and animosity in promoting consumer trust. The moderating role of familiarity. *International Business Review,* (no 19), p. 34-45.

Joreskog, K., and Sorbom, D. 1993. *LISREL 8: Structural equation modeling with the SIMPLIS command language.* Scientific Software. Chicago, IL.

Kaynak, E., and Kara, A. 2001. An examination of the relationship among consumer lifestyles, ethnocentrism, knowledge structures, attitudes and behavioral tendencies: A comparative study in two CIS states. *International Journal of Advertising,* (no 20), p. 455-482.

Kaynak, E., Kucukemiroglu, O., and Hyder, A. S. 2000. Consumers' country-of-origin (COO) perceptions of imported products in a homogenous less-developed country. *European Journal of Marketing*, vol 34 (no 9/10), p. 1221-1241.

Keller, K. L. 1993. Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing,* vol 57 (no 1), p. 1-22.

Khare, V. P. 2006. An empirical analysis of Indian consumer's attitudes toward foreign service providers. *Doctoral thesis*, Cleveland State University.

Klein, J. B., Ettenson, R., and Krishnan, B. C. 2006. Extending the construct of consumer ethnocentrism: When foreign products are preferred. *International Marketing Review,* vol 23 (no 3), p. 304-321.

Klein, J. B. 2002. US *versus* them, or US *versus* everyone? Delineating consumer aversion to foreign goods. *Journal of International Business Studies,* vol 33 (no 2), p. 345-363.

Klein, J. B., Ettenson, R., and Morris, M. D. 1998. The animosity model of foreign product purchase: An empirical test in the people's Republic of China. *Journal of Marketing,* (no 62), p. 89-100.

Kosterman R., and Feshbach, S. 1989. Toward a Measure of Patriotic and Nationalistic Attitudes. *Political Psychology,* vol 10 (no 2), p. 257-274.

Kumar, A., Kim, Y. K., and Pelton, L. 2009. Indian consumers' purchase behavior toward US *versus* local brands. *International Journal of Retail & Distribution Management,* vol 37 (no 6), p. 510-526.

Kumar, N., Stern, L., and Achrol, R. 1992. Assessing reseller performance from the perspective of the supplier. *Journal of Marketing Research,* vol 29 (May), p. 238-253.

Laroche, M., Papadopoulos, N., Heslop, L. A., and Mourali, M. 2005. The influence of country image structure on consumer evaluations of foreign products. *International Marketing Review,* vol 22 (no 1), p. 96-115.

Lee, S. T., and Chen, F. F. 2008. Country image effect on Taiwanese consumers' willingness to buy from neighboring countries. *International Journal of Commerce and Retail Management,* vol 18 (no 2), p. 166-183.

Levine, R. A., and Campbell, T. D. 1972. Ethnocentrism: Theories of conflict, ethnic attitudes and group behavior. New York: John Wiley & Sons, Inc.

Levy, O., Beechler, S., Taylor, S., and Boyaciginer, N. A. 2007. What we talk about when we talk about "global mindset": Managerial cognition in multinational corporations. *Journal of International Business Studies,* (no 38), p. 231-258.

Liefeld, J. P. 2004. Consumer knowledge and use of country-of-origin information at the point of purchase. *Journal of Consumer Behaviour,* vol 4 (no 2), p. 85-96.

Markin, R. J. 1974. Consumer Behavior: A Cognitive Orientation. New York: Macmillan Publishing Co., Inc.

Merton, R. K. 1957. Patterns of influence: Local and cosmopolitan influential. Social Theory and Social Structure. New York: The Free Press: 387-420.

Morwitz, V. G., and Schmittlein, D. 1992. Using segmentation to improve sales forecasts based on purchase intent: Which "intenders" actually buy? *Journal of Marketing Research,* vol XXIX (Nov), p. 391-405.

Nagashima, A. 1970. A comparison of Japanese and American attitudes toward foreign products. *Journal of Marketing*, vol 34 (January), p. 68-74.

Nguyen, T. D., Nguyen, T. T. M., and Barrett, N. J. 2008. Consumer ethnocentrism, cultural sensitivity, and intention to purchase local products — evidence from Vietnam. *Journal of Consumer Behavior,* (no 7), p. 88-100.

Numbers and facts. Estonia. 2010. Statistical Office of the Republic of Estonia. 30.04.2010.

Olsen, J. E., Granzin, K. L., and Biswas, A. 1993. Influencing consumers' selection of domestic *versus* imported products: Implications for marketing based on a model of helping behavior. *Journal of the Academy of Marketing Science*, vol 21 (no 4), p. 307-321.

Orbaiz, V. L., and Papadopoulos, N. 2003. Toward a model of consumer receptivity of foreign and domestic products. *Journal of International Consumer Marketing,* vol 15 (no 3), p. 101-126.

Pecotich, A., and Rosenthal, M. J. 2001. Country of origin, quality, brand and consumer ethnocentrism. *Journal of Global Marketing, vol* 15 (no 2), p. 31-60.

Peterson, R. A., and Jolibert, A. J. P. 1995. A meta-analysis of country-of-origin effects. *Journal of International Business Studies,* vol 26 (no 4), p. 157-175.

Pharr, J. M. 2005. Synthesizing country-of-origin research from the last decade: Is the concept still salient in an era of global brands? *Journal of Marketing Theory and Practice,* vol 13 (no 4), p. 34-45.

Population, Slovenia. 30 June 2009. 2009. Statistical Office of the Republic of Slovenia.

Rawwas, M. Y. A., Rajendran, K. N., and Wuehrer, G. A. 1996. The influence of worldmindedness and nationalism on consumer evaluation of domestic and foreign products. *International Marketing Review,* vol 13 (no 2), p. 20-38.

Riefler, P., and Diamantopoulos, A. 2009. Consumer cosmopolitanism: Review and replication of the CYMYC scale. *Journal of Business Research,* (no 62), p. 407-419.

Roth, K., and Diamantopoulos, A. 2009. Advancing the country image construct. *Journal of Business Research,* vol 62 (no 7), p. 726-740.

Rybina, L., Reardon, J., and Humphrey, J. 2010. Patriotism, cosmopolitanism, consumer ethnocentrism and purchase behavior in Kazakhstan. *Organizations and Markets in Emerging Economies* 1, vol 2 (no 2), p. 92-107.

Saffu, K., Walker, J. H., and Mazurek, M. 2010. The role of consumer ethnocentrism in a buy national campaign in a transitioning country. Some evidence from Slovakia. *International Journal of Emerging Markets, vol* 5 (no 2), p. 203-226.

Samiee, S., Shimp, T. A., and Sharma, S. 2005. Brand origin recognition accuracy: its antecedents and consumers' cognitive limitations. *Journal of International Business Studies,* (no 36), p. 379-397.

Sampson, D. L., and Smith, H. P. 1957. A scale to measure worldminded attitudes. *The Journal of Social Psychology,* (no 45), p. 99-106.

Schmitt, B. H., and Pan, Y. 1994. Managing corporate and brand identities in the Asia-Pacific region. *California Management Review,* (no 36), p. 32-48.

Schooler, R. D. 1965. Product bias in the Central American Common Market. *Journal of Marketing Research*, vol 2 (November), p. 394-397.

Shankarmahesh, M. N. 2006. Consumer ethnocentrism: An integrative review of its antecedents and consequences. *International Marketing Review,* vol 23 (no 2), p. 146-172.

Sharma, S., Shimp, T. A., and Shin, J. 1995. Consumer ethnocentrism: A test of antecedents and moderators. *Journal of the Academy of Marketing Science, vol* 23 (no 1), p. 26-37.

Shimp, T. A., and Sharma, S. 1987. Consumer ethnocentrism: construction and validation of the CETSCALE. *Journal of Marketing Research,* vol XXIV (August), p. 280-289.

Shimp, T. A. 1984. Consumer ethnocentrism. The concept and a preliminary empirical test. *Advances in Consumer research,* vol 11 (no 1), p. 285-290.

Skinner, K. A. 1988. Internationalism and the early years of the Japanese peace corps. *International Journal of Intercultural Relations,* (no 12), p. 317-326.

Strand, T. 2010. The making of a new cosmopolitanism. *Studies Philosophy and Education,* (no 29), p. 229-242.

Strizhakova, Y., Coulter, R. A., and Price, L. L. 2008. Branded products as a passport to global citizenship: Perspectives from developed and developing countries. *Journal of International Marketing,* vol 16 (no 4), p. 57-85.

Suh, T., and Kwon, I. W. G. 2002. Globalization and reluctance buyers. *International Marketing Review,* vol 19 (no 6), p. 663-80.

Sumner, W. G. 1906. Folkways. New York: Ginn Custom Publishing.

Thakor, M. V., and Chiranjeev, K. S. 1996. Brand origin: Conceptualization and review. *Journal of Consumer Marketing,* vol 13 (no 3), p. 27-42.

Thelen, S. 2003. Antecedents and consequences of consumer ethnocentrism across Russia's sub-cultures. *Doctoral thesis*. Old Dominion University

Thompson, C. J., and Tambyah, S. K. 1999. Trying to be cosmopolitan. *Journal of Consumer Research,* (no 26), p. 214-241.

Tillery, K., Jourdan, L. F., and Deis, M. 2010. Worldmindedness, cosmopolitanism, and views of purchasing: Behavior in two cross-cultural student groups. *Culture and Religion Review Journal,* (no 4), p. 136-149.

Upadhyay, Y., and Singh, S. K. 2006. Preference for domestic goods. A study of consumer ethnocentrism. *The Journal of Business Perspective,* vol 10 (no 3), p. 59-68.

Verlegh, P. W. J. 2007. Home country bias in product evaluation: The complementary roles of economic and socio-psychological motives. *Journal of International Business Studies,* (no 38), p. 361-373.

Verlegh, P. W. J., and Steenkamp, J- B. E. M. 1999. A review and meta-analysis of country-of-origin research. *Journal of Economic Psychology*, vol 20, p. 521-546.

Vida, I., and Reardon, J. 2008. Domestic consumption: rational, affective, or normative choice? *Journal of Consumer Marketing,* vol 25 (no 1), p. 34-44.

Vida, I., Dmitrović, T., and Obadia, C. 2008. The role of ethnic affiliation in consumer ethnocentrism. *European Journal of Marketing,* vol 42 (no 3/4), p. 327-343.

Wang, C. L., and Chen, Z. X. 2004. Consumer ethnocentrism and willingness to buy domestic products in a developing country setting: Testing moderating effects. *Journal of Consumer Marketing,* vol 21 (no 6), p. 391-400.

Wang, C. K., and Lamb, C. W. 1983. The impact of selected environmental forces upon consumers' willingness to buy foreign products. *Journal of the Academy of Marketing Science,* vol 11 (no 2), p. 71-84.

Watson, J. J., and Wright, K. 2000. Consumer ethnocentrism and attitudes towards domestic and foreign products. *European Journal of Marketing,* vol 34 (no 9/10), p. 1149-1166.

Winer, R. S. 1999. Experimentation in the 21st century: The importance of external validity. *Journal of the Academy of Marketing Science,* vol 27 (no 3), p. 349-358.

Wong, C. Y., Polonsky, M. J., and Garma, R. 2008. The impact of consumer ethnocentrism and country of origin sub-components for high involvement products on young Chinese consumers' product assessments. *Asia Pacific Journal of Marketing and Logistics,* vol 20 (no 4), p. 455-478.

Yelkur, C., Chakrabarty, S., and Bandyopadhyay, S. 2006. Ethnocentrism and buying intentions: does economic development matter? *The Marketing Management Journal,* vol 16 (no 2), p. 26-37.

Yoo, B., and Donthu, N. 2005. The effect of personal cultural orientation on consumer ethnocentrism: Evaluations and behaviors of U.S. consumers toward Japanese products. *Journal of International Consumer Marketing,* vol 18 (no 1/2), p. 7-44.

Yoon, S. J., Cannon, M. H., and Yaprak, A. 1996. Evaluating the CYMIC Cosmopolitanism Scale on Korean Consumers. *Advance in International Marketing,* (no 7), p. 211-232.

Zhou, L., Yang, Z., and Hui, M. K. 2010. Non-local or local brands? A multi-level investigation into confidence in brand origin identification and its strategic implications. *Journal of the Academy Marketing Science,* (no 38), p. 202-218.

Zhuang, G., Wang, X., Zhou, L., and Zhou, N. 2008. Asymmetric effects of brand origin confusion. Evidence from the emerging market of China. *International Marketing Review,* vol 25 (no 4), p. 441-457.

Appendix 1

The Role of Cosmopolitanism in Consumer Ethnocentrism, Knowledge of Brand Origins and Foreign Purchase Behavior

The Role of Cosmopolitanism in Consumer Ethnocentrism, Knowledge of Brand Origins and Foreign Purchase Behavior[1]

Oliver Parts, Irena Vida, Ann Vihalem

Abstract

Current study examines consumer cosmopolitanism as a factor underlying consumer decisions to purchase foreign rather than domestic products in three categories of products. In the conceptual model we include two other theoretically driven constructs as antecedents to foreign product purchase behavior, i.e., consumer ethnocentrism and consumer knowledge of brand origins. The measurement model is examined using a data set of 271 adult consumers in Estonia and tested via structural equation modeling. The study results confirm the important role of consumer cosmopolitanism and knowledge of brand origins in foreign purchase behavior and indicate their strong direct effects on the behavioral outcome. This means that the more cosmopolitan consumers have a stronger tendency to buy foreign rather than local products in the product categories examined, i.e., alcohol products, clothes, and furniture. On the other hand, direct relationship between cosmopolitanism and consumer knowledge of brand origin is not confirmed in the study. We conclude the study with managerial and theoretical implications of our empirical findings.

Key Words: *cosmopolitanism, consumer ethnocentrism, knowledge of brand origins, foreign product purchase behavior, Estonia*

Introduction

With the ever growing globalization of markets, firms, technologies, and products/brands, it is not surprising that international managers and researchers maintain a strong interest in understanding consumer motivations behind their choices of products/brands based on their national origin. More than five decades of research in this field provide evidence that consumers carry diverse perceptions about products based on the (stereotyped) national images of the

---

[1]   University-Business Cooperation. 2011. Edited by Gunnar Prause. Berlin: Berliner Wissenschafts-Verlag. (Forthcoming, accepted).

country where the product/brand is believed to be created/produced, and that these perceptions affect consumer attitudes, purchase intentions and behaviors (see for example Laroche et al., 2005; Peterson and Jolibert, 1995; Pharr, 2005). While there is a stream of research that focuses on consumers choices regarding products from specific foreign countries (i.e., country-image studies; for recent reviews, see Dmitrović and Vida, 2010; Giraldi and Ikeda, 2009; Roth and Diamantopoulos, 2009), another stream of research broadly delves into factors that lead consumers to prefer either local (domestic) or foreign products/brands (e.g., Crawford and Lamb, 1982; Granzin and Painter, 2001; Sharma et al., 1995; Verlegh, 2007; Vida et al., 2008).

This research focuses on the latter stream of consumer behavior research by examining consumer cosmopolitanism as a major socio-psychological construct underlying consumer preference for foreign vs. domestic (local) products/brands. Cosmopolitanism, as originally introduced by Merton (1957), refers to individuals who are oriented towards the outside world (rather than their local community). While different terminology has been used in examining essentially the same phenomenon, the construct has been widely applied in the international business and marketing research (e.g., Levy et al., 2007; Riefler and Diamantopoulos, 2009; Rybina et al., 2010; Tillery et al., 2010). The concept has been applied to strategies of multinational corporations and their managers frequently faced with conflicting pressures for global integration and local responsiveness (e.g., Bartlett and Ghoshal, 1990; Levy et al., 2007), as well as in examinations of consumer use of international media and consumption practices, including preference for foreign products (e.g., Balabanis et al., 2001; Crawford and Lamb, 1982; Hannerz, 1990; Lee and Chen, 2008; Strizhakova et al., 2008; Suh and Kwon, 2002). While the concept similar to cosmopolitanism has been used by Schell et al. (1986) and Boatler (1992), they focused on management openness towards foreign students and foreign suppliers. However, as the recent comprehensive review on the subject reveals (Riefler and Diamantopoulos, 2009), many questions regarding its effects and measurements issues remain unanswered. First, with a few exceptions (e.g., Balabanis et al., 2001; Rawwas et al., 1996) the direct effects of cosmopolitanism on behavior in favor of foreign products/brands have been rarely examined. Second, its role as a driver of consumer ethnocentrism is largely left unresolved (e.g., Javalgi et al., 2005; Suh and Kwon, 2002, Vida et al., 2008). Third, despite the voluminous body of research on the effects of product national origin on consumer evaluative processes and behavioral outcomes, the salience of product origin and consumer actual knowledge of the brands national origins has been questioned in recent years (e.g., Liefeld, 2004; Pharr, 2005; Samiee et al., 2005; Zhou et al., 2010; Zhuang et al., 2008).

Both product national origin and brand name have been shown to have both broad and specific effects on consumer responses, particularly in regards to product evaluations (Han, 1989). The brand represents the most visible extrinsic cue that provides identification and continuity in the marketplace. For example,

greater consumer familiarity with a brand leads to stronger product evaluations. As the familiarity of the brand increases it is argued that consumers are less likely to use other extrinsic cues such as country of origin or a price. A familiar brand is a powerful cue that may even overcome or enhance the country of origin effect particularly where there is a strong association of a brand name with a country (Pecotich and Rosenthal, 2001). In the current paper, brand origin is defined as "the country in which the headquarters of the brand's parent firm are located, regardless of where the brand is manufactured. (e.g., Nike is a U.S. brand, though none of its products are actually produced in the United States)" (Zhou et al., 2010, p. 204). The same definition was also used in Balabanis and Diamantopoulos (2008, p. 41) research who examined the extent to which consumers (precisely or imprecisely) attach a national origin to a brand. Two additional recent studies attest to the relevance of accounting for possibly inaccurate consumer knowledge of brand origins in modeling consumer attitudes towards foreign brands (Zhou et al., 2010; Zhuang et al., 2008).

We designed this empirical study based on the aforementioned gaps identified in the literature on consumer foreign vs. local purchase behavior. Hence, the aims of this research are to examine direct effects of consumer cosmopolitanism on foreign vs. local product purchase behavior, and to explore its indirect effects (through consumer ethnocentrism and consumer knowledge of brand origins) in three major categories of consumer products.

In order to reach the stated objectives, the balance of this paper is structured as follows. First, we provide an overview of the major concepts examined in this research and their application in the marketing literature. Next, we develop a conceptual framework and construct research hypotheses. Then, we report on research methodology, data collection, measure development and analytical procedures utilized. Finally, we present and discuss the study findings and identify future research venues.

Theoretical Background and Conceptual Model for the Study
A review of the voluminous body of work on consumer preference formation for either foreign or domestic product alternatives shows researchers have resorted to various socio-psychological constructs that help disentangle consumption motivations. The two most commonly applied socio-psychological constructs in existing empirical work examine how individuals relate to their social in-groups (e.g., family, local community, nation and its artifacts) and how they relate to what they consider their out-groups (e.g., other cultures, ethnic groups, nations). The concept of consumer cosmopolitanism is a manifestation of positive orientation towards the out-groups (people, artifacts, etc.), and ethnocentrism captures individual's in-group vs. out-group orientation. Both constructs have been introduced to marketing from the field of sociology.

Merton (1957) notes cosmopolitanism refers to a "world citizen", i.e., to an individual whose orientation transcends any particular culture or setting. He posits that there are people who view themselves as citizens of the nation rather

than the locality; the world rather than the nation; the broader, more heterogeneous rather than the narrower, more homogeneous geographic or cultural group (Cannon and Yaprak, 2002; Merton, 1957). In the marketing literature, the concept has been advanced by many prominent scholars (Cannon and Yaprak, 2002; Riefler and Diamantopoulos, 2009; Thomson and Tambyah, 1999; Yoon et al., 1996) who argue that cosmopolitanism is consumer orientation with substantial implication for marketing practice. Diverse terminology has been used in the literature to describe the individuals' positive orientation towards the out-group, including openness to foreign cultures, internationalism, worldmindedness, worldliness or global openness. For instance, internationalism has been defined as a positive feeling for other nations and their people, concern about nation's welfare, empathy for the people of other nations (Balabanis et al., 2001; Kosterman and Feshbach, 1989). Cultural openness has been previously defined as individuals' experiences with and openness toward the people, values, and artifacts of other cultures (Sharma et al., 1995).

While cosmopolitanism has been defined differently across studies, sufficient evidence exists to believe opportunities to interact with other cultures, including people or artifacts of other cultures tend to: a) reduce consumer cultural prejudice and hence the level of ethnocentrism (e.g., Sharma et al., 1995), b) lead to better perceptions of foreign products, including their quality (Dinnie, 2004; Lee and Chen, 2008; Rawwas et al., 1996), and c) induce a greater desire in individuals to travel as they attempt to seek new insights and experiences in other cultures (Cannon and Yaprak, 2002; Thompson and Tambyah, 1999).

The other socio-psychological construct commonly used to explain consumer preference formation for domestic vs. foreign products available in the marketplace is ethnocentrism. This phenomenon was originally conceptualized as a purely sociological concept that distinguished between in-groups (those groups with which an individual identifies) and out-groups (those regarded as antithetical to the in-groups) (Sumner, 1906). Shimp and Sharma (1987) developed a CETSCALE for measuring consumer ethnocentrism from the marketing point of view. While the tendency of ethnocentric consumers to exhibit preferences for domestic rather than foreign products has been confirmed in several studies (Cleveland et al., 2009; Dmitrović et al., 2009; Upadhyay and Singh, 2006; Rawwas et al., 1996; Sharma et al., 1995; Vida et al., 2008), ethnocentrism has shown less promise in predicting consume preferences for foreign products (Balabanis and Diamantopoulos, 2004).

Consumers intentionally or unintentionally and explicitly or implicitly learn about the origin of products, brands and institutions (e.g., retailers). Contrary to the conventional wisdom, categorization literature supports the view that most of consumers' learning is unstructured and incidental, resulting in imperfect and biased knowledge (Aboulnasr, 2006; Hutchinson and Alba, 1991). Brand knowledge is composed of the information about a brand, and its various links and associations stored in the memory (Keller, 1993). It is represented as a

memory structure consisting of beliefs and attitudes with different degrees of strength. Brand knowledge does not equal brand preference; rather, it serves as the basis for forming brand preference (Broniarczyk and Alba, 1994). Knowledge of brand origins can be defined as a „consumer's belief in his/her judgement or attribution of a brand's country of origin" (Zhou et al., 2010, p. 203). In this research, will define knowledge of brand origins as a consumer's ability to correctly match selected foreign and domestic brands in the selected categories of consumables with their actual country of origin.

Samiee et al. (2005) examined saliency of product origin information cue in the U.S. and concluded consumers hold merely a superficial knowledge of product origins. They posited that this knowledge is by and large derived from consumers' association of brand names with various languages rather than their actual knowledge of the brands' national origins. Similar conclusions have been reached by Balabanis and Diamantopoulos (2008) who recommend that researchers adjust their research designs to account for the possibly inaccurate knowledge of a stimulus brand's national origin. In the recent study Zhou et al. (2010) report on similar problems with the confidence in brand origin identification (CBO) in relation to brand foreignness and brand value. On the other hand, Zhuang et al. (2008) examined the concept of brand origin confusion (BOC) in China and found asymmetric effects of BOC between local and foreign brands and the moderating role of brand knowledge for local brands. Based on these findings, we decided to include the concept of brand origin knowledge in our conceptual model of cosmopolitanism effects on purchase behavior.

Conceptual Model and hypotheses

Against this background, we develop a conceptual model for the study. In this research, cosmopolitanism as the central construct is defined using recent conceptualization offered by Riefler and Diamantopoulos (2009) "… a cosmopolitan consumer can be described as: an open-minded individual whose consumption orientation transcends any particular culture, locality or community and who appreciates diversity including trying products and services from a variety of countries." (p. 415). As shown in Figure 1, we examine both the direct effects of cosmopolitanism (CP) on consumer foreign (vs. domestic) product purchase behavior (FPPB) – H1, as well as its indirect effects through consumer ethnocentrism (CE) – H2 and through consumer knowledge of brand origins (KBO) available in the marketplace – H3. We define behavioral variable FPPB as an individual's typical consumption of foreign vs. local (domestic) product in three major categories of consumer goods, and consumer ethnocentrism as consumer prejudice towards imports (Shimp and Sharma, 1987). In addition, the relationships between CE and KBO – H4, and between KBO and behavioral outcome FPPB – H5, are proposed.
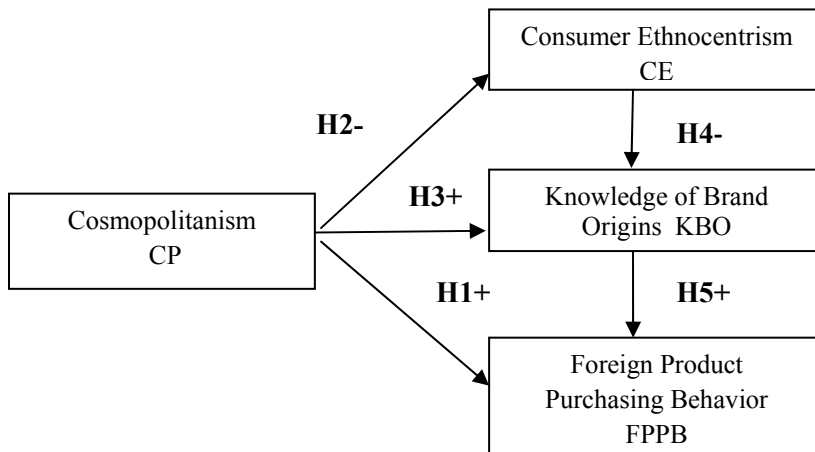
Fig. 1: *Conceptual model for the study*

In line with the conceptual framework for the study, we propose research hypotheses. The first two hypotheses are related to the two psycho-sociological constructs (e.g., consumer cosmopolitanism and ethnocentrism) directly and indirectly affecting behavioral outcomes. With a few exceptions, direct effect of cosmopolitanism or related constructs on behavioral outcomes has been rarely investigated in existing research (e.g., Cannon and Yaprak, 2002; Crawford and Lamb, 1982; Lee and Chen, 2008; Rawwas et al., 1996). For example, the direct impact of what was termed worldmindedness on Taiwanese willingness to buy products from neighboring countries was demonstrated by Lee and Chen (2008). Crawford and Lamb (1982) examined the effect of worldmindedness on willingness to buy foreign products among professional buyers, and found that an individual's attitude towards foreign countries is in fact related to a person's willingness to buy products from these countries. On the other hand, Cannon and Yaprak (2002) concluded in their study that while consumers are becoming more cosmopolitan, this does not necessarily result in their purchase behavior transcending their local culture. Hence, we posit:

H1: Cosmopolitanism has a direct and positive effect on FPPB.

Contrary to the above, the role of cosmopolitanism or related constructs (e.g., cultural openness, internationalism, global mindedness, worldmindedness) as drivers of consumer ethnocentrism has been widely examined in the literature (see Shankarmahesh, 2006). However, the examinations of cosmopolitanism antecedent nature have produced only equivocal results. While theoretically posited negative relationship between cosmopolitanism and ethnocentrism has been demonstrated in several studies (Cannon and Yaprak, 2002; Dmitrović et al., 2009; Khare, 2006; Sharma et al., 1995; Vida and Reardon, 2008), there is evidence to the contrary as well. Non-significant relationship between these two constructs were identified when examining cultural openness (Altintas and

Tokol, 2007; Javalgi et al., 2005; Vida et al., 2008), and internationalism (Balabanis et al., 2001). For instance, Suh and Kwon (2002) found that global openness had a significant negative effect on ethnocentrism in the U.S. sample, but this relationship was insignificant in the Korean sample. Similarly, Strizhakova et al. (2008) examined this relationship across developed and emerging markets, and found a moderate negative relationship in the U.S. sample, but no significant relationship in the emerging market samples. Since the role of cosmopolitanism in shaping consumers' beliefs about the legitimacy of purchasing foreign made goods has yield contradictory results in the literature, the testing of the following hypothesis provides an opportunity for resolving the existing controversy:

H2: Cosmopolitanism has direct and negative effect on consumer ethnocentrism (CE).

The set of the remaining hypotheses in this study is related to a relatively new concept - consumer knowledge of brand origins, which has been introduced into the conceptual model in response to the criticisms of country-of- origin research about the relative absence of consumer ability to recognize the actual national origin of products (Balabanis and Diamantopoulos, 2008; Liefeld, 2004; Samiee et al., 2005) and recent studies on the role of brand origin identification, brand knowledge and confusion on consumer attitudes and preference for local vs. foreign brands (Zhou et al., 2010; Zhuang et al., 2008). Brand origin is defined by the place, region or country which the brand is perceived to belong to by its target consumers. This may differ from the location where products carrying the brand name are manufactured, or are perceived by consumers to be manufactured (Thakor and Chiranjeev, 1996). Based on previous empirical work, we postulate consumer knowledge of brand origins will be fuelled by cosmopolitanism (Samiee et al., 2005) and consumer ethnocentrism (Alden et al., 2006; Batra et al., 2000; Chryssochoidis et al., 2007; Shimp and Sharma, 1987), and that a greater overall consumer cognizance of brand national origins will result in greater tendency to purchase foreign rather than local products (Riefler and Diamantopoulos, 2009). For instance, having examined the relations between consumers' overall origin classification performance and the degree of ethnocentrism, Balabanis and Diamantopoulos (2008) found the classification performance for domestic as well as foreign brands was the lowest for ethnocentric consumers. Hence, we propose the following hypotheses:

H3: Cosmopolitanism has a direct and positive effect on consumer knowledge of brand origins.
H4: Consumer ethnocentrism (CE) is negatively related to consumer knowledge of brand origins.
H5: Knowledge of brand origins is significantly and positively related to FPPB.

Research methods

The model in Figure 1 was tested via store and outdoor intercept survey method using a sample of 271 adult consumers in Estonia. A quota sampling method based on gender, age, nationality and income was applied. Personal interviews with the respondents took, on the average, about 15 minutes and the response rate was approximately 50%. As indicated in Table 1, the sample consisted of more women than men (53.1% and 46.9%, respectively). The average age of the sample was slightly less than 45 years (SD of 17.57). The Estonians represented 74.2% of all the respondents, with Russians constituting 25.8% of the sample. Respondents who claimed to have above-average or below-average income were almost equally represented (25.5% and 31.0%, respectively). With respect to the employment status of the respondents, two large groups evolved: employed and retired people (55.0% and 26.00%, respectively). The majority of the respondents (70.8%) were residents of towns with the population of over 100.000.

	Item	Metric
Size	Number of respondents	271
Gender	Female	53.10%
	Male	46.90%
Age	Average in years	44.86
	Standard deviation	17.57
Nationality	Estonian	74.2%
	Russian	25.8%
Social status	Employed	55.00%
	Unemployed	8.60%
	Retired	26.00%
	Studying	10.40%
Income	Proportion claiming above-average income	25.50%
	Proportion claiming below-average income	31.00%
Type of residence	Town over 100.000 citizens	70.80%
	Town between 10.000 to 99.999 citizens	18.80%
	Village	10.40%

Tab.1: *Sample Characteristics*

The measures were derived from the existing literature and adapted to the cultural context of the focal country following the guidelines established by Craig and Douglas (2000). In this iterative process, measurement items in the double-blind translated instrument (originally constructed in English) were carefully inspected by multilingual researchers to a) eliminate items with limited conceptual equivalence and b) ensure the translation is decentered from

the literal language translation (Douglas and Craig, 2007; Douglas and Nijssen, 2003). The questionnaire was pretested on a convenience sample of consumers, after which only minor amendments were necessary.

Cosmopolitanism (CP) was measured with the selected items adapted from the Rawwas et al. (1996) worldmindedness scale which are in line with Riefler and Diamantopoulos (2009) recent conceptualization of cosmopolitanism. The reduced five-item version of CETSCALE (Shimp and Sharma, 1987) was used to measure consumer ethnocentrism; seven-point Likert-type scale was applied, consistent with recent studies investigating this concept (e.g., Dube and Black, 2010; Evanschitzky et al., 2008; Balabanis and Diamantopoulos, 2004).

The measure of consumer knowledge of brand origins (KBO) was adapted from Samiee et al. (2005) research on Brand Origin Recognition Accuracy (BORA). Respondents were asked to identify the national origin of domestic and foreign brands in three different product categories: alcohol products, clothes and furniture. When presented with two foreign and two domestic brands in each product category, the respondents had to correctly identify the country of the brand from the list of six countries listed in the questionnaire. KBO was evaluated in the alcohol product group with brands like Heineken, Törley, Viru Valge, and Fizz with the following alternative national origins: Estonia, Netherlands, Latvia, Finland, Hungary, and Russia. In the clothes product group, KBO was measured for four brands (e.g., Baltman, Kaleva, Bastion and Zara) with possible brand origins represented by Estonia, Spain, Lithuania, Latvia, Finland, and Sweden. In the furniture product group, KBO was measured for four brands (e.g., Ikea, Wermo, Standard, and Sotka) with possible national origins being Estonia, Poland, France, Sweden, Germany, and Finland.

Foreign product purchasing behavior (FPPB) was measured for alcohol products, clothes, and furniture using a 5-point semantic differential scale, whereby one extreme indicated, "I buy only domestic products in this product category," and the other extreme indicated, "I buy only foreign products in this product category."(EIER, 2009).

Data analysis and results
Data were analyzed via a structural equation modeling (SEM) method using Lisrel 8.8 software. Following Gerbing and Anderson's (1988) recommendations, the analysis was conducted in two steps. A measurement model was analyzed first, followed by the evaluation of a structural model in order to assess the hypothesized relationships between constructs. Initially, an exploratory factor analysis was conducted to ensure unidimensionality of the latent variable measurements, specifically principal factor analysis (varimax rotation) was applied. Final model items, scale reliability, average variance extracted and factor loadings are presented in Table 2.

Reliability of the scales was established using composite reliability (rho) which ranged from 0.70 to 0.92 which is in line with DeVellis (2003) suggestions. The

validity of each of the scales was tested with confirmatory factor analysis (CFA) (Diamantopoulos and Siguaw, 2008). The final measurement model included four latent constructs and 13 indicators used to measure them. The fit statistics of the model indicate a good fit to the data. GFI, NFI, NNFI, CFI, RFI were all equal or over 0.90 (GFI=0.940; NFI=0.920; NNFI=0.950; CFI=0.960; RFI=0.900), in addition RMSEA was 0.058 and sRMR was 0.053 (the last index being slightly over the suggested value of 0.050). The convergent validity of scales was tested through examination of the t-values of the Lambda-X matrix (Baggozi, 1981), ranging from 3.22 to 17.59, all values were well above the 2.00 level specified by Kumar et al. (1992). The average variance extracted (AVE) ranged from 0.53 to 0.80, exceeding 0.50 for all constructs (Fornell and Larcker, 1981). Discriminant validity was assessed by setting the individual paths of the Phi matrix to 1 and testing the resultant model against the original (Gerbing and Anderson, 1988) using the D statistics (Joreskog and Sorbom, 1993). The high D squared statistics indicated that the confirmatory factor model for the scales fit significantly better than the constrained models for each construct, thus showing discriminant validity.

Once the construct reliability, convergent validity and discriminant validity were established, the structural model was run to test the hypothesized relationships between constructs. The Chi-Squared statistic was significant, but the rest of the structural model fit measures indicate the data conformed well to the model (GFI=0.938; NFI=0.920; NNFI=0.946; CFI=0.958; RFI=0.900).

Constructs & coefficients AVE (ρvc) in CR (ρr)	Items	Factor loading
Cosmopolitanism – CP		
(selected from Rawwas et al., 1996)	*Likert-scale ranging from 7- absolutely agree to 1 absolutely disagree*	
ρvc = 0.53; ρr = 0.70	I prefer to be a citizen of the world rather than of any particular country.	0.708
M* = 3.29; SD** = 2.10	My government should allow foreigners to immigrate here.	0.557
	Production location of a product does not affect my purchasing decisions.	0.701
Consumer Ethnocentrism – CE (Shimp and Sharma, 1987)	*Likert-scale ranging from 7- absolutely agree to 1 absolutely disagree*	
ρvc = 0.74; ρr = 0.92	Estonians should not buy foreign products because this hurts Estonian business and causes unemployment.	0.831
M* = 3.76; SD** = 2.20		

	Estonian consumers who purchase products made in other countries are responsible for putting their fellow Estonians out of work.	0.859
	A real Estonian should always buy Estonian-made products.	0.893
	It is not right to purchase foreign products because it puts Estonians out of jobs.	0.743
	We should buy from foreign countries only those products that we cannot obtain within our own country.	0.853
Foreign vs Domestic Purchase Behavior – **FPPB** (adapted from EIER, 2009)	*Semantic differential scale for typical purchase in specific product category (anchored 5- only foreign to 1- only domestic)*	
$\rho vc = 0.57$; $\rho r = 0.74$ M* = 3.06;	Clothes	0.620
SD** = 1.01	Furniture	0.690
	Alcohol products	0.767
Knowledge of Brand Origins – **KBO** (adapted from Samiee et al., 2005)	*Three product categories with two domestic and two foreign brands and six countries of origin for each brand*	
$\rho vc = 0.80$; $\rho r = 0.92$	Domestic brands origins	0.892
	Foreign brands origins	0.892

* Mean value
** Standard deviation

Tab. 2: *Final model items, scale reliability, average variance extracted and factor loadings*

Hypotheses were tested using t-statistics from the structural model. As depicted in Table 3, four hypotheses out of five are confirmed. We found a direct positive effect of cosmopolitanism on FPPB (H1), a strong negative and significant relationship between cosmopolitanism and consumer ethnocentrism (H2), an inverse relationship between consumer ethnocentrism and knowledge of brand origin (H4), and a positive and significant relationship between knowledge of brand origin and foreign product purchase behavior (H5). On the other hand, we found no support for the relationship between cosmopolitanism and consumer knowledge of foreign brands (H3).

Hypothesis	Antecedent	Criterion variable	Esti-mate	t-value	Result
H1	Cosmopolitanism	FPPB	0.24	2.19	Supported
H2	Cosmopolitanism	Consumer ethnocentrism	-0.53	-2.24	Supported
H3	Cosmopolitanism	KBO	0.08	0.80	Not Supported
H4	Consumer ethnocentrism	KBO	-0.03	-3.59	Supported
H5	KBO	FPPB	1.78	3.25	Supported

Tab. 3: *Hypotheses testing and results*

Discussion and implications
Cosmopolitanism has been widely studied in recent years, but previous research has rarely explored the role of cosmopolitanism on behavioral outcomes (Cleveland et al., 2009; Sharma et al., 1995). Moreover, in examining consumer foreign and domestic purchase behavior, consumer actual knowledge of brands' national origin has seldom been accounted for in existing models, even despite the growing concern that consumer knowledge of the product/brand national origins tends to be inaccurate and superficial at best (Balabanis and Diamantopoulos, 2008; Samiee et al., 2005; Zhou et al., 2010). To fill these research gaps in the literature, we developed and tested a model using adult consumers in a small EU member country. Based on our findings, two important conclusions can be drawn with respect to the role of cosmopolitanism on consumer purchase preferences for foreign vs. domestic products. The results confirm cosmopolitanism exhibits a direct and positively significant effect on FPPB, suggesting that the segment of consumers characterized as the "world citizen" has a greater tendency to purchase foreign rather than domestic products in the three product categories investigated, i.e., alcohol, clothes and furniture. What is more, cosmopolitanism indirect effects on FPPB have been established through consumer ethnocentrism and consumer knowledge of brand origins. While largely exploratory, we proposed and found consumer knowledge of brand origins is a mediating variable between consumer ethnocentrism and purchase behavior in favor of foreign products. This finding suggests the more ethnocentric individuals possess poorer overall knowledge of brand origins than their less ethnocentric counterparts, which ultimately leads to purchase preferences for domestic rather than foreign products in the product categories investigated in this study.

Our analyses showed no support for the direct relationship between cosmopolitanism and consumer knowledge of brand origins, suggesting the worldly individuals do not necessarily more accurately assess the national origin of brands than less cosmopolitan consumers. This hypothesis was largely exploratory in nature since the relationship between the two constructs has been (to our knowledge) rarely investigated in previous work. While in Samiee et al.'s (2005) study, BORA was measured separately for foreign and for domestic

brands, the KBO measure in the present empirical study captured the overall consumer knowledge of brand origins. In order to draw more reliable conclusions, this relationship needs to be further explored in future research.

Cognizance of direct and indirect effects of cosmopolitanism offers implications for actionable marketing practice in local as well as geographically and culturally diverse international markets. Using cosmopolitanism as a market segmentation variable, marketers can better understand the intensity of cosmopolitan tendencies in their target market segment and can assess to what extent standardization vs. adaptation for the marketing mix variables is necessary in the target market. This is particularly relevant to firms' positioning and branding activities and their ability to develop prudent communication campaigns. International marketers should not only emphasize a foreign culture brand positioning strategy as noted in the literature (Alden et al., 1999), but also consumer associations with brand origin identification. In doing so, they can use packaging and brand names in order to foster the consumer's sense of knowledge and his/her own beliefs in a brand's origin association (see Schmitt and Pan 1994; Zhou et al., 2010). When a sense of brand origin association is successfully instilled in the minds of local consumers, brand perceptions are likely to improve as a result of reduced uncertainty (Zhou et al., 2010).

While ethnocentric consumers usually exhibit low preferences for foreign-made products and brands, it is possible to reach them using appropriate messaging and positioning strategies in advertisements and commercials. For instance, international marketers can emphasize locally important advantages of their offerings for consumers in the target market via foreign brand positioning e.g., adapted flavors, colors, the use of domestic raw materials, quality, workmanship, value for money). Moreover, marketers can capitalize on positive attitudes related to international firms (e.g., reputation of firms associated with the country of origin effect) in international product adaptation to neutralize negative effects of ethnocentrism on consumer foreign product choice behavior (Jiménez and Martin, 2010).

Our findings suggest cosmopolitanism is a strong predictor of consumer behavioral preferences for foreign rather than local goods, and an equally effective predictor of consumer ethnocentrism. Furthermore, our study attests cosmopolitanism and knowledge of brand origins are both important segmenting and positioning tools for creating a market for foreign products.

Study limitations and future research
Results of this research should be viewed from the perspective of limitations inherent in this quantitative inquiry. First, we examined direct and indirect effects of consumer cosmopolitanism on consumer purchase behavior in favor of foreign relative to domestic products rather than on two separate measures of domestic and on foreign product consumption. Previous studies focusing on the role of socio-psychological constructs have shown that the impact of

cosmopolitanism and ethnocentrism vary according to whether the outcome measure is conceptualized as domestic or foreign product bias (Balabanis et al., 2004; Suh and Kwon, 2002). Moreover, while some researchers demonstrated that product national origin affects consumer attitudes regardless of the product category (e.g., Ahmed et al., 2004), others asserted that effects tend to vary by product category (e.g., Balabanis et al., 2004; Han and Terpstra, 1988). Future studies should include other relevant product categories, examine the cosmopolitanism effects independently for each product category, and use autonomous measures of purchase behavior for foreign and for domestic products.

Second, we explored consumer foreign vs. domestic purchase behavior merely in three categories of consumer goods, i.e., alcohol, clothes and furniture categories. While the selection of product categories was consistent with the availability of domestic and foreign choice alternatives in the small Estonian market under investigation, future examinations should include other relevant product categories and examine the model of cosmopolitanism effects separately for each product category.

Third, the measure of consumer knowledge of brand origin was delimited to three product categories with two domestic and two foreign brands and six national origins for each brand. Future studies will need to broaden the measure of KBO and retest the direct relationship between cosmopolitanism and consumer knowledge of brand origins. Finally, a comparative study in other cultures and countries is recommended so as to extend the model's external validity.

References

Aboulnasr, K. (2006). Country of origin effects: The role of information diagnosticity, information typicality and involvement. *Marketing Management Journal* 16 (1): 1-18.

Ahmed, Z. U., Johnson, H.P., Yang, X., Fatt C.F., Teng, H.S., and Boon, L.C. (2004). Does country of origin matter for low involvements products? *International Marketing Review* 21 (1): 102-120.

Alden, D.L., Steenkamp, J.B.E.M., and Batra, R. (2006). Consumer attitudes toward marketplace globalization: Structure, antecedents and consequences. *International Journal of Research in Marketing* 23: 227-239.

Alden, D.L., Steenkamp, J.-B. E. M., and Batra, R. (1999). Brand positioning through advertising in Asia, North America, and Europe: the role of global consumer culture. *Journal of Marketing* 63: 75-87.

Altintas, M.A., and Tokol, T. (2007). Cultural openness and consumer ethnocentrism: An empirical analysis of Turkish consumers. *Marketing Intelligence & Planning* 25 (4): 308-325.

Baggozi, R.P. (1981). Evaluating structural equation models with unobservable variables and measurement error: a comment. *Journal of Marketing Research* 18 (August): 375-81.

Balabanis, G., and Diamantopoulos, A. (2008). Brand origin identification by consumers: A classification perspective. *Journal of International Marketing* 16 (1): 39-71.

Balabanis, G., and Diamantopoulos, A. (2004). Domestic country bias, country of origin effects, and consumer ethnocentrism: A multidimensional unfolding approach. *Journal of the Academy of Marketing Science* 32 (1): 80-95.

Balabanis, G., Diamantopoulos, A., Mueller, R.D., and Melewar, T.C. (2001). The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. *Journal of International Business Studies* 32: 157-175.

Bartlett, C.A., and Ghoshal, S. (1990). Matrix management: not a structure, a frame of mind, *Harvard Business Review* 68 (4): 138-145.

Batra, R., Ramaswamy, V., Alden, D.L., Steenkamp, J.B.E.M., and Ramachander, S. (2000). Effects of brand local and nonlocal origin on consumer attitudes in developing countries. *Journal of Consumer Psychology* 9 (2): 83-95.

Boatler, R.W. (1992). Worldmindedness attitudes of international division managers. *Southwest Journal of Business and Economics* 9 (2): 22-26.

Broniarczyk, S.M., and Alba, J.W. (1994). The importance of the brand in brand extension. *Journal of Marketing Research* 31 (2): 214-228.

Cannon, H.M., and Yaprak, A. (2002). Will the real-world citizen please stand up! The many faces of cosmopolitan consumer behavior. *Journal of International Marketing* 10 (4): 30-D2.

Chryssochoidis, G., Krystallis, A., and Perreas, P. (2007). Ethnocentric beliefs and country-of-origin (COO) effect. Impact of country, product and product attributes on Greek consumers' evaluation of food products. *European Journal of Marketing* 41 (11/12): 1518-1544.

Cleveland, M., Laroche, M., and Papadopoulos, N. (2009). Cosmopolitanism, consumer ethnocentrism, and materialism: An eight-country study of antecedents and outcomes. *Journal of International Marketing* 17 (1): 116-146.

Craig, C. S., and Douglas, S. P. (2000). *International Marketing Research.* New York, NY: John Wiley and Sons, LTD.

Crawford J.C., and Lamb, C.W. (1982). Effect of worldmindedness among professional buyers upon their willingness to buy foreign products. *International Marketing Review* 13 (2): 20-38.

DeVellis, R.F. (2003). Scale development: Theory and applications. Thousand Oaks, Sage Publications, CA.

Diamantopoulos, A., and Siguaw, J.A. (2008). *Introducing Lisrel. A guide for the unitated*. London: Sage.

Dinnie, K. (2004). Country-of-origin 1965-2004: A literature review. *Journal of Customer Behavior* 3: 165-213.

Dmitrović, T., and Vida, I. (2010). Consumer behaviour induced by product nationality: The evolution of the field and its theoretical antecedents. *Transformation in Business and Economics* 9, 1(19): 145-165.

Dmitrović, T., Vida, I., and Reardon J. (2009). Purchase behavior in favor of domestic products in West Balkans. *International Business Review* 18: 523-535.

Douglas, S.P., and Craig, C.S. (2007). Collaborative and iterative translation: An alternative to back translation. *International Journal of International Marketing* 15 (1): 20-43.

Douglas S.P., and Nijssen, E.J. (2003). On the use of borrowed scales in cross-national research. *International Marketing Review* 20 (6): 621-642.

Dube, L.F., and Black, G.S. (2010). Impact of national traumatic events on consumer purchasing. *International Journal of Consumer Studies* 34, 333-338.

EIER, Estonian Institute of Economic Research. (2009). Elanike toitumisharjumused ja toidukaupade ostueelistused 1996-2009 [People's eating habits and food purchasing preferences 1996-2009] (in Estonian).

Evanschitzky, H., Wangenheim, v.F., Woisetschläger D., and Blut, M. (2008). Consumer ethnocentrism in the German market. *International Marketing Review* 25 (1): 7-32.

Fornell, C., and Larcker, D.F. (1981). Evaluating structural equation models with unobserved variables and measurement error. *Journal of Marketing Research* 28: 39-50.

Gerbing, D., and Anderson, J. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of Marketing Research* 25 (2): 186-192.

Giraldi, J.D.E, and. Ikeda, A.A. (2009). Personal values and the 'country-of-origin effect: The moderating role of consumers' demographics. *International Journal of Consumer Studies* 33: 309-315.

Granzin, K.L., and Painter, J.J. (2001). Motivational influences on "Buy Domestic" purchasing: Marketing management implications from a study of two nations. *Journal of International Marketing* 9 (2): 73-96.

Han, C.M. (1989). Country image: Halo and summary construct. *Journal of Marketing Research* 24: 222-229.

Han, C.M., and Terpstra, V. (1988). Country-of-origin effects for uni-national and bi-national products. *Journal of International Business Studies* 19 (2): 235-256.

Hannerz, U. (1990). Cosmopolitans and locals in a world culture. *Theory, Culture and Society* 7 (6): 237-251.

Hutchinson, W.J., and Alba, J.W. (1991). Ignoring irrelevant information: Situational determinants of consumer learning. *The Journal of Consumer Research* 18 (3): 325-345.

Javalgi, G.R., Khare, P.V., Gross, C.A., and Scherer, R.F. (2005). An application of the consumer ethnocentrism model to French consumers. *International Business Review* 14: 325-344.

Jiménez, N.H., Martin, S.S. (2010). The role of country-of origin, ethnocentrism and animosity in promoting consumer trust. The moderating role of familiarity. *International Business Review* 19: 34-45.

Joreskog, K., and Sorbom, D. (1993). *LISREL 8: Structural equation modeling with the SIMPLIS command language.* Scientific Software. Chicago, IL.

Keller, K.L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. *Journal of Marketing* 57 (1): 1-22.

Khare, V.P. (2006). An empirical analysis of Indian consumer's attitudes toward foreign service providers. *Doctoral thesis*, Cleveland State University.

Kosterman R., and Feshbach, S. (1989). Toward a Measure of Patriotic and Nationalistic Attitudes. *Political Psychology* 10 (2): 257-274.

Kumar, N., Stern, L., and Achrol, R. (1992). Assessing reseller performance from the perspective of the supplier. *Journal of Marketing Research* 29 May: 238-53.

Laroche, M., Papadopoulos, N., Heslop, L.A., and Mourali, M. (2005). The influence of country image structure on consumer evaluations of foreign products. *International Marketing Review* 22 (1): 96-115.

Lee, S.T., and Chen, F.F. (2008). Country image effect on Taiwanese consumers' willingness to buy from neighboring countries. *International Journal of Commerce and Retail Management* 18 (2): 166-183.

Levy, O., Beechler, S., Taylor, S., and Boyacigiller, N.A. (2007). What we talk about when we talk about "global mindset": Managerial cognition in multinational corporations. *Journal of International Business Studies* 38: 231-258.

Liefeld, J.P. (2004). Consumer knowledge and use of country-of-origin information at the point of purchase. *Journal of Consumer Behaviour* 4 (2): 85-96.

Merton, R.K. (1957). Patterns of influence: Local and cosmopolitan influential. *Social Theory and Social Structure.* New York: The Free Press: 387-420.

Pecotich, A., Rosenthal., M.J. (2001). Country of origin, quality, brand and consumer ethnocentrism. *Journal of Global Marketing* 15 (2): 31-60.

Peterson, R.A., and Jolibert, A.J.P. (1995). A meta-analysis of country-of-origin effects. *Journal of International Business Studies* 26 (4): 157-175.

Pharr, J.M. (2005). Synthesizing country-of-origin research from the last decade: Is the concept still salient in an era of global brands? *Journal of Marketing Theory and Practice* 13 (4): 34-45.

Rawwas, M.Y.A., Rajendran, K.N., and Wuehrer, G.A. (1996). The influence of worldmindedness and nationalism on consumer evaluation of domestic and foreign products. *International Marketing Review* 13 (2): 20-38.

Riefler, P., and Diamantopoulos, A. (2009). Consumer cosmopolitanism: Review and replication of the CYMYC scale. *Journal of Business Research* 62: 407-419.

Roth, K., and Diamantopoulos, A. (2009). Advancing the country image construct. *Journal of Business Research* 62 (7): 726-740.

Rybina, L., Reardon, J., and Humphrey, J. (2010). Patriotism, cosmopolitanism, consumer ethnocentrism and purchase behavior in Kazakhstan. *Organizations and Markets in Emerging Economies* 1, 2 (2): 92-107

Samiee, S., Shimp, T.A., and Sharma, S. (2005). Brand origin recognition accuracy: its antecedents and consumers' cognitive limitations. *Journal of International Business Studies* 36: 379-397.

Schell, B., Sherritt, H., Lewis, M., and Mansfield, P. (1986). An investigation of worldmindedness, satisfaction, and commitment for hirers of foreign student exchanges. *Psychological Reports* 59 (2): 911-920.

Schmitt, B. H., and Pan, Y. (1994). Managing corporate and brand identities in the Asia-Pacific region. *California Management Review* 36: 32-48.

Shankarmahesh, M.N. (2006). Consumer ethnocentrism: an integrative review of its antecedents and consequences. *International Marketing Review* 23 (2): 146-172.

Sharma, S., Shimp, T.A., and Shin, J. (1995). Consumer ethnocentrism: A test of antecedents and moderators. *Journal of the Academy of Marketing Science* 23 (1): 26-37.

Shimp, T.A., and Sharma, S. (1987). Consumer ethnocentrism: construction and validation of the CETSCALE. *Journal of Marketing Research,* XXIV, August: 280-289.

Strizhakova, Y., Coulter, R.A., and Price, L.L. (2008). Branded products as a passport to global citizenship: Perspectives from developed and developing countries. *Journal of International Marketing* 16 (4): 57-85.

Suh, T., and Kwon, I.-W.G. (2002). Globalization and reluctance buyers. *International Marketing Review* 19 (6): 663-80.

Sumner, W.G. (1906). *Folkways*. New York: Ginn Custom Publishing.

Thakor, M.V., and Chiranjeev, K.S. (1996). Brand origin: Conceptualization and review. *Journal of Consumer Marketing* 13 (3): 27-42.

Thompson, C.J., and Tambyah, S.K. (1999). Trying to be cosmopolitan. *Journal of Consumer Research* 26: 214-241.

Tillery, K., Jourdan, L.F., and Deis, M. (2010). Worldmindedness, cosmopolitanism, and views of purchasing: Behavior in two cross-cultural student groups. *Culture and Religion Review Journal* 4: 136-149.

Upadhyay, Y., and Singh, S. K. (2006). Preference for domestic goods. A study of consumer ethnocentrism. *The Journal of Business Perspective* 10 (3): 59-68.

Verlegh, P.W.J. (2007). Home country bias in product evaluation: The complementary roles of economic and socio-psychological motives. *Journal of International Business Studies* 38: 361-373.

Vida, I., Dmitrović, T., and Obadia, C. (2008). The role of ethnic affiliation in consumer ethnocentrism. *European Journal of Marketing* 42 (3/4): 327-343.

Vida, I., and Reardon, J. (2008). Domestic consumption: Rational, affective, or normative choice? *Journal of Consumer Marketing* 25 (1): 34-44.

Yoon, S.J., Cannon, M.H., and Yaprak, A. (1996). Evaluating the CYMIC Cosmopolitanism Scale on Korean Consumers. *Advance in International Marketing* **7**: 211-232.

Zhou, L., Yang, Z., and Hui, M.K. (2010). Non-local or local brands? A multi-level investigation into confidence in brand origin identification and its strategic implications. *Journal of the Academy Marketing Science* 38: 202-218.

Zhuang, G., Wang, X., Zhou, L., and Zhou, N. (2008). Asymmetric effects of brand origin confusion. Evidence from the emerging market of China. *International Marketing Review* 25 (4): 441-457.

Appendix 2

The Effects of Consumer Cosmopolitanism on Purchase Behavior of Foreign vs. Domestic Products

The Effects of Consumer Cosmopolitanism on Purchase Behavior of Foreign vs. Domestic Products[2]

Oliver Parts, Irena Vida

ABSTRACT

The purpose of this empirical study is to investigate the effects of consumer cosmopolitanism on foreign product purchase behavior in three major categories of consumer products (alcohol products, clothes, furniture). Based on the existing theoretical and empirical knowledge, we develop a conceptual model and identify two additional constructs as antecedents of foreign purchase behavior, i.e., consumer ethnocentrism and consumer knowledge of brand origins. The measurement model is examined using a data set of 261 adult consumers and tested via structural equation modeling. The study results confirm the strong total effect of consumer cosmopolitanism in purchase behavior and indicate a strong direct effect of this phenomenon on the behavioral outcome. The more cosmopolitan consumers have a stronger tendency to buy foreign rather than local products. On the other hand, the direct relationship between cosmopolitanism and consumer knowledge of brand origin was not supported in the study.

INTRODUCTION

In the marketing field, the five decades of contry-of-origin research provide evidence that consumers carry diverse perceptions about products based on the (stereotyped) national images of the country where the product/brand is believed to be created/produced, and that these perceptions affect consumer attitudes, purchase intentions and behaviors (Laroche et al., 2005; Pharr, 2005). While there is a stream of research that focuses on consumers choices regarding products from specific foreign countries (i.e., country-image studies; for recent

---

[2] Managing Global Transitions. (Forthcoming 2011 or 2012, accepted).

reviews, see Dmitrović and Vida, 2010; Roth and Diamantopoulos, 2009), another stream of research broadly delves into factors that lead consumers to prefer either local (domestic) or foreign products/brands (e.g., Crawford and Lamb, 1982; Sharma et al., 1995; Vida et al., 2008).

This research focuses on the latter stream of consumer behavior research by examining consumer cosmopolitanism as a major socio-psychological construct underlying consumer preference for foreign vs. domestic (local) products/brands. Cosmopolitanism, as originally introduced by Merton (1957), refers to individuals who are oriented towards the outside world (rather than their local community). While different terminology has been used in examining essentially the same phenomenon, the construct has been widely applied in the international business and marketing research (e.g., Levy et al., 2007; Riefler and Diamantopoulos, 2009), including preference for foreign products (e.g., Balabanis et al., 2001; Crawford and Lamb, 1982; Suh and Kwon, 2002). However, as the recent comprehensive review on the subject reveals (Riefler and Diamantopoulos, 2009), many questions regarding cosmopolitanism effects and measurements issues remain unanswered. In particular, with a few exceptions (e.g., Balabanis et al., 2001; Rawwas et al., 1996) direct effects of cosmopolitanism on behavior in favor of foreign products brands have been rarely examined, and its role as a driver of consumer ethnocentrism is largely left unresolved (e.g., Suh and Kwon, 2002, Vida et al., 2008).

Despite the voluminous body of research on the effects of product national origin on consumer evaluative processes and behavioral outcomes, the salience of product origin and consumer actual knowledge of the brands national origins has been questioned in recent years (e.g., Liefeld, 2004; Pharr, 2005; Samiee et al., 2005). For instance, Balabanis and Diamantopoulos (2008) recently examined the extent to which consumers attach a national origin to a brand and concluded that future researchers should adjust their research designs to account for the possibly inaccurate knowledge of a stimulus brand's national origin.

We designed this empirical study based on the gaps identified in the literature on consumer foreign vs. local purchase behavior and the confusion regarding existing conceptualizations of cosmopolitanism and its role in consumption behavior. Hence, the aims of this research are to examine direct effects of consumer cosmopolitanism on foreign vs. local product purchase behavior, and to explore its indirect effects (through consumer ethnocentrism and consumer knowledge of brand origins) in three major categories of consumer products.

LITERATURE REVIEW: CONSUMPTION OF FOREIGN VS. DOMESTIC PRODUCTS

In an attempt to understand consumer preference formation for either foreign or local product alternatives available in the marketplace, researchers have resorted to various socio-psychological constructs that help disentangle consumption motivations. The two most commonly applied socio-psychological constructs in

the existing empirical work examine how individuals relate to their social in-group (e.g., family, local community, nation and its artifacts) and how they relate to what they consider their out-group (e.g., other cultures, ethic groups, nations). The concept of consumer cosmopolitanism is a manifestation of positive orientation towards the out-groups (people, artifacts, etc.), and ethnocentrism captures individuals in-group vs. out-group orientation. Both constructs have been introduced to marketing from the field of sociology.

As originally coined by Merton (1957), the concept of cosmopolitanism relates to a "world citizen", i.e., to an individual whose orientation transcends any particular culture or setting. He posited that there are people who view themselves as citizens of the nation rather than the locality; the world rather than the nation; the broader, more heterogeneous rather than the narrower, more homogeneous geographic or cultural group (Cannon and Yaprak, 2002; Merton, 1957). In the marketing literature, the concept has been advanced by many prominent scholars (Cannon and Yaprak, 2002; Thomson and Tambyah, 1999; Yoon et al., 1996) who argue that cosmopolitanism is consumer orientation with substantial implication for marketing practice. Diverse terminology has been used in the literature to describe the individuals' positive orientation towards the out-group, including openness to foreign cultures, internationalism, worldmindedness, worldliness or global openness, etc.

While cosmopolitanism has been defined differently across studies, sufficient evidence exists that it can lead to better perceptions of foreign products, including their quality (Rawwas et al., 1996), and induce a greater desire in individuals to travel as they attempt to seek new insights in other cultures (Cannon and Yaprak, 2002; Thompson and Tambyah, 1999).

The other socio-psychological construct commonly used to explain consumer choice behavior for foreign vs. domestic products/brands is the construct of ethnocentrism. This phenomenon was originally conceived as a purely sociological concept that distinguished between in-groups (those groups with which an individual identifies) and out-groups (those regarded as antithetical to the in-groups) (Sumner, 1906). Consumer ethnocentrism was introduced into marketing by Shimp and Sharma (1987) when they stated: "Ethnocentric consumers believe it is wrong to purchase foreign-made products because it will hurt the domestic economy, cause the loss of jobs, and it is plainly unpatriotic". The tendency of ethnocentric consumers to exhibit preferences for domestic rather than imported products has been confirmed in several studies (Cleveland et al., 2009; Dmitrović et al., 2009; Rawwas et al., 1996; Sharma et al., 1995; Vida et al., 2008).

In addition to socio-psychological constructs of cosmopolitanism and ethnocentrism, we examine the issue of consumer actual knowledge of the brands national origins as a factor underlying consumption motivation for foreign vs. domestic products. Contrary to the conventional wisdom, categorization literature supports the view that most of consumers' learning is unstructured and incidental resulting in imperfect and biased knowledge

(Aboulnasr, 2006). It is this notion that in recent years led to a major criticism of the country-of-origin research stream, i.e., that consumers in reality pay less attention to the product national origin information cue than generally assumed by researchers. Moreover, the critics claim consumer knowledge of the actual national origin of products and brands tends to be inaccurate (Balabanis and Diamantopoulos, 2008; Liefeld, 2004; Pharr, 2005). For instance, Samiee et al. (2005) examined saliency of product origin information cue in the U.S. and concluded consumers hold merely a superficial knowledge of product origins. They posited that this knowledge is by and large derived from consumers' association of brand names with various languages rather than their actual knowledge of the brands' national origins. Similar conclusions have been reached by Balabanis and Diamantopoulos (2008). For this reason, we acknowledge the importance of consumer knowledge of brand origin in our investigation of the role of cosmopolitanism in consumer purchase behavior.

CONCEPTUAL MODEL AND HYPOTHESES

Against this theoretical background and the gaps identified in the literature, we develop conceptual model of the role consumer cosmopolitanism in consumption of foreign vs. domestic products (Figure 1).

In line with the conceptual framework for the study, we propose five research hypotheses. The first two hypotheses are related to the two psycho-sociological constructs (e.g., consumer cosmopolitanism and ethnocentrism) directly and/or indirectly affecting behavioural outcomes. With a few exceptions, direct effect of cosmopolitanism or related constructs on behavioral outcomes has been rarely investigated in existing research (e.g., Cannon and Yaprak, 2002; Lee and Chen, 2008; Crawford and Lamb, 1982). For example, the direct impact of what was termed worldmindedness on Taiwanese consumers' willingness to buy products from neighboring countries was demonstrated by Lee and Chen (2008). Crawford and Lamb (1982) examined the effect of worldmindedness on willingness to buy foreign products among professional buyers, and found that an individual's attitude towards foreign countries is in fact related to a person's willingness to buy products from these countries. On the other hand, Cannon and Yaprak (2002) concluded in their study that while consumers are becoming more cosmopolitan, this does not necessarily result in their behavior transcending their local culture. Hence, we posit:

H1:   Cosmopolitanism (CP) has a direct and positive effect on foreign product purchase behavior (FPPB).

Contrary to the above, the role of cosmopolitanism or related constructs (e.g., cultural openness, internationalism, global mindedness, worldmindedness) as drivers of consumer ethnocentrism has been widely examined in the literature (Shankarmahesh, 2006). However, empirical examinations of cosmopolitanism

antecedent nature have produced only equivocal results. While theoretically posited negative relationship between cosmopolitanism and ethnocentrism has been demonstrated in several studies (Cannon and Yaprak, 2002; Dmitrović et al., 2009; Sharma et al., 1995; Vida and Reardon, 2008), there is evidence to the contrary as well. Non-significant relationship between these two constructs were identified when examining cultural openness (Javalgi et al., 2005; Vida et al., 2008), and internationalism (Balabanis et al., 2001). For instance, Suh and Kwon (2002) found that global openness had a significant negative effect on ethnocentrism in the US sample, but this relationship was insignificant in the Korean sample. Similarly, Strizhakova et al. (2008) examined this relationship across developed and emerging markets, and found a moderate negative relationship in the US sample, but no significant relationship in the emerging market samples. Since the role of cosmopolitanism in shaping consumers' beliefs about the legitimacy of purchasing foreign made goods has yield contradictory results in the literature, the testing of the following hypothesis provides an opportunity for resolving the existing controversy:

H2: Cosmopolitanism (CP) has direct and negative effect on consumer ethnocentrism (CE).

The set of the remaining hypotheses in this study is related to a relatively new concept - consumer knowledge of brand origins, which has been introduced into the conceptual model in response to the criticisms of country-of- origin research about the relative absence of consumer ability to recognize the actual national origin of products (Balabanis and Diamantopoulos, 2008; Liefeld, 2004; Samiee et al., 2005). Brand origin is defined by the place, region or country which the brand is perceived to belong to by its target consumers. While there is a dearth of research investigating the role of consumer brand origin knowledge in relation to the constructs identified in our study, we postulate consumer knowledge of brand origins will be fuelled by cosmopolitanism (Samiee et al., 2005) and consumer ethnocentrism (Alden et al., 2006; Shimp and Sharma, 1987), and that a greater overall consumer cognizance of brand national origins will result in greater tendency to purchase foreign rather than local products (Riefler and Diamantopoulos, 2009). For instance, having examined the relations between consumers' overall origin classification performance and the degree of ethnocentrism, Balabanis and Diamantopoulos (2008) found the classification performance for domestic as well as foreign brands was the lowest for ethnocentric consumers. Hence, we propose the following hypotheses:

H3:   Cosmopolitanism (CP) has a direct and positive effect on consumer knowledge of brand origins (KBO).
H4:   Consumer ethnocentrism (CE) is negatively related to consumer knowledge of brand origins (KBO).
H5:   Knowledge of brand origins (KBO) is significantly and positively related to foreign product purchase behavior (FPPB).

Insert Figure 1 about here

RESEARCH METHODS

Data Collection and Sample Characteristics

The model for the study was tested via store and outdoor intercept survey method using a sample of adult consumers in Slovenia. A quota sampling method based on gender, age and income was applied. The final sample consisted of 261 adult respondents in Slovenia. Women and men were almost equally presented in the sample. The average age of the sample was slightly over 45 years (SD of 17.29). Respondents who claimed to have above-average or below-average household incomes were almost equally presented in the sample (18.0% and 15.9%, respectively).

Instrument Development and Measures

The measures were derived from the existing literature and adapted to the cultural context of the focal country following the guidelines established by Craig and Douglas (2000). The questionnaire was pretested on a convenience sample of consumers, after which only minor amendments were necessary.

Cosmopolitanism was measured with Likert-type items selected from the worldmindedness scale used by Rawwas et al. (1996), who adapted the scale originally developed by Sampson and Smith (1957). The three specific items selected for this study are consistent with the recent specification of the conceptual domain of cosmopolitanism (Riefler and Diamantopoulos, 2009) related to a) general open-mindedness, b) diversity appreciation and c) consumption transcending borders. Similar items have been recently used in Lee and Chen's (2008) study. To measure *consumer ethnocentrism*, the reduced five item version of CETSCALE (Shimp and Sharma, 1987) was used, consistent with recent studies investigating this concept (e.g., Evanschitzky et al., 2008; Balabanis and Diamantopoulos, 2004). We used seven-point Likert-type scaled ranging from 1 absolutely disagree to 7 absolutely agree for measuring both psycho-sociological variables.

The measure of consumer *knowledge of brand origins* (KBO) was developed based on Samiee et al.'s (2005) research on Brand Origin Recognition Accuracy. Respondents were asked to identify national origin of domestic and foreign brands in three different product categories: alcohol products, clothes and furniture. Participants were presented with two foreign and two domestic brands in each of the product categories; they had to correctly match each brand with the country of origin from the list of six countries identified in our research instrument. If the respondents were unsure about the brand origin, then they

were instructed to make an educated guess, and only leave the question blank if they had no idea of the brand or its origin. KBO was evaluated in the alcohol product group with brands like Heineken, Jägermeister, Quercus, and Zlatorog with the following alternative national origins: Italy, Germany, Netherlands, Russia, Slovenia, and Scotland. In the clothes product group, KBO was identified for the brands Elkroj, Kappa, Lisca, and Zara with possible brand origins from among Croatia, Italy, Germany, Slovenia, Spain, and USA. KBO was identified in the furniture product group by Ikea, Klun, Lip Bled, and Scavolini brands with possible origins being France, Italy, Germany, Poland, Slovenia, and Sweden.

Comparing our KBO measure to the similar measure in Samiee et al.'s study (2005), the latter was clearly much more comprehensive in terms of the types of products and their national origins. Given the limited availability of both domestic and foreign brands in many product categories, this was not attainable in a small open market economy like Slovenia. Moreover, similarly to the recent origin classification performance study by Balabanis and Diamantopoulos (2008), knowledge of brand origins was measured collectively for domestic as well as foreign brands.

Foreign (vs. local) product purchasing behavior (FPPB) construct in the model were measured for alcohol products, clothes, and furniture using 5-point semantic differential scale, whereby one extreme indicated "I buy only domestic products in this product category." and the other extreme "I buy only foreign products in this product category." (EIER, 2009).

DATA ANALYSES AND RESULTS

Data were analyzed via a structural equation modeling (SEM) method using Lisrel 8.8 software. Following Gerbing and Anderson's (1988) recommendations, a measurement model was analyzed first, followed by the evaluation of a structural model in order to assess the hypothesized relationships between constructs. Final model items, scale reliability, average variance extracted and factor loadings are presented in Table 1.

Insert Table 1 about here

Reliability of the scales was established using composite reliability (rho) which ranged from 0.73 to 0.94 - well above the 0.7 recommendation by DeVellis (2003). The validity of each of the scales was tested with confirmatory factor analysis (CFA). The final measurement model included four latent constructs and 13 indicators used to measure them. The fit statistics of the model indicate a very good fit to the data with RMSEA of 0.046 and sRMR of 0.043 and other indices well over 0.90 (GFI=0.950, NFI=0.950, NNFI=0.980, CFI=0.980, RFI=0.940). The convergent validity of scales was tested through examination of the t-values of the Lambda-X matrix ranging from 3.45 to 15.88, all values

were well above the 2.00 level specified by Kumar et al. (1992). The average variance extracted (AVE) ranged between 0.56 to 0.81, exceeding 0.50 for all constructs (Fornell and Larcker, 1981). Discriminant validity was assessed by setting the individual paths of the Phi matrix to 1 and testing the resultant model against the original (Gerbing and Anderson, 1988) using the D statistics (Joreskog and Sorbom, 1993). The high D squared statistics indicated that the confirmatory factor model for the scales fit significantly better than the constrained models for each construct, thus showing discriminant validity.

Once the construct reliability, convergent validity and discriminant validity were established, the structural model was run to test the hypothesized relationships between constructs. The Chi-Squared statistic was significant, but the rest of the structural model fit measures indicate the data conformed well to the model (i.e., RMSEA of 0.059; standardized RMR of 0.052 – slightly higher than the recommended value of 0.05; GFI=0.936, NFI=0.939, NNFI=0.961, CFI=0.970, RFI=0.921). Hypotheses were tested using t-statistics from the structural model. As seen in Table 2, results of our analyses confirmed four hypotheses out of five. We found a direct positive effect of cosmopolitanism on FPPB (H1), a strong negative and significant relationship between cosmopolitanism and consumer ethnocentrism (H2), an inverse relation between consumer ethnocentrism and knowledge of brand origin (H4), and a positive and significant relationship between knowledge of brand origin and foreign product purchase behavior (H5). On the other hand, no support was found for the relationship between cosmopolitanism and consumer knowledge of foreign brands (H3).

Insert Table 2 about here

DISCUSSION AND CONCLUSIONS

While cosmopolitanism has been widely studied in the management and marketing literatures, previous research has rarely explored direct effects of cosmopolitanism on behavioral outcomes, as in the case of FPPB in our model (Cleveland et al., 2009; Javalgi et al., 2005; Sharma et al., 1995). Moreover, in examining consumer foreign and domestic purchase behavior, consumer actual knowledge of brands' national origin has seldom been accounted for in existing models, even despite the growing concern that consumer knowledge of the product/brand national origins tends to be inaccurate and superficial at best (Balabanis and Diamantopoulos, 2008; Liefeld, 2004; Samiee et al., 2005). Our results confirm cosmopolitanism exhibits a direct and positively significant effect on FPPB, suggesting that the segment of consumers characterized as the "world citizen" has a greater tendency to purchase foreign rather than domestic brands in the three product categories investigated, i.e., alcohol, clothes and furniture.

Our empirical study found no support for the direct relationship between cosmopolitanism and consumer knowledge of brand origins (H3), suggesting the worldly individuals who are open to foreigners do not necessarily more accurately assess the national origin of brands than less cosmopolitan consumers. This hypothesis was largely exploratory in nature as we were able to identify only one study examining the impact of international experience on brand origin recognition accuracy - BORA (Samiee et al., 2005). In Samiee et al.'s study, BORA was measured separately for foreign brands and domestic brands.

Despite the conceptual confusion about the nature of cosmopolitanism as an antecedent of consumer ethnocentrism in some previous studies (e.g., Balabanis et al., 2001; Shankarmahesh, 2006), our findings are in line with Sharma et al.'s (1995) original model in that consumer positive orientation towards the out-groups directly affects an individual's ethnocentric tendencies, i.e., it reduces consumer prejudice towards imports, and ultimately (through consumer knowledge of brand origins) affects purchase behavior. Moreover, we confirmed that in general, more ethnocentric consumers are less knowledgeable about the overall brand origins. This is consistent with the findings of Balabanis and Diamantopoulos (2008) who concluded consumers' country of origin classification performance is negatively related to the degree of ethnocentrism. On the other hand, this result is only partially consistent with Samiee et al. (2005). These authors found CE is positively related to BORA for domestic brands but negatively to BORA for foreign brands. Lastly, our empirical results suggest that consumer ability to correctly identify brands national origin is positively related to their purchase behaviors in favor of foreign products. While largely exploratory, we proposed and found consumer knowledge of brand origins is a mediating variable between consumer ethnocentrism and purchase behavior in favor of foreign products. This finding suggests more ethnocentric individuals possess poorer overall knowledge of brand origins than their less ethnocentric counterparts, which ultimately leads to purchase preferences for domestic rather than foreign products in the product categories investigated in this study.

Understanding direct and indirect effects of consumer cosmopolitanism clearly offers various implications for actionable marketing practice in local as well as geographically and culturally distant international markets. Using cosmopolitanism as a market segmentation variable, marketers can better understand the intensity of cosmopolitan values in their target segment and can ultimately effectively adapt the marketing mix to the local consumer preferences. This is particularly relevant in branding activities and in the ability to develop prudent promotional campaigns. Our findings suggest cosmopolitanism is a strong predictor of consumer behavioral preferences for foreign rather than local goods, and an equally effective predictor of consumer ethnocentrism.

Study limitations and future research

In this research, deliberate efforts have been undertaken to utilize externally valid consumer sample, solid measures and relevant analytical methods to test the model. However, several limitations still apply, which, in turn, open questions for future research venues. In this study we examined direct and indirect effects of consumer cosmopolitanism on consumer purchase behavior in favor of *foreign relative to domestic purchase behavior* collectively for three categories of consumables (alcohol, clothes and furniture). Previous studies focusing on the role of socio-psychological constructs have shown that the impact of cosmopolitanism and ethnocentrism vary according to whether the outcome measure is conceptualized as domestic or foreign consumption (Balabanis and Diamantopoulos, 2004; Suh and Kwon, 2002). Moreover, while some researchers demonstrated that product national origin affects consumer attitudes regardless of the product category (e.g., Ahmed et al., 2004), others asserted that effects tend to vary by product category (e.g., Balabanis and Diamantopoulos, 2004). Hence, future examinations of consumer foreign vs. domestic choice alternatives should attempt to overcome these limitations. Specifically, future studies should include other relevant product categories, examine the cosmopolitanism effects independently for each product category, and use independent measures of purchase behavior for foreign and for domestic products.

Our measure of consumer knowledge of brand origin was delimited to three product categories with two domestic and two foreign brands and six national origins for each brand. Considering respondents only matched a limited number of brands to the six countries of origins from our list, therefore future studies will need to improve the measure of KBO and retest direct relationship between cosmopolitanism and consumer knowledge of brand origins. An examination of the role of KBO in the model separately for domestic and for foreign brands would provide valuable insights as well. And lastly, a comparative study of other cultures and countries is recommended so as to ensure the model's external validity. In particular, a comparison between mature and the emerging markets would enable a deeper understanding of differences of the cosmopolitanism effects across markets based on their economic development , as suggested in previous work (Dmitrović et al., 2009; Dmitrović and Vida, 2010; Shankarmahesh, 2006; Strizhakova et al., 2008).

REFERENCES

Aboulnasr, K. 2006. Country of origin effects: The role of information diagnosticity, information typicality and involvement. *Marketing Management Journal* 16 (1): 1-18.

Ahmed, Z.U., H.P. Johnson, X. Yang, C.F. Fatt, H.S. Teng, and L.C. Boon. 2004. Does country of origin matter for low involvements products? *International Marketing Review* 21 (1): 102-120.

Alden, D.L., J.B.E.M. Steenkamp, and R. Batra. 2006. Consumer attitudes toward marketplace globalization: Structure, antecedents and consequences. *International Journal of Research in Marketing* 23: 227-239.

Balabanis, G., and A. Diamantopoulos. 2008. Brand origin identification by consumers: A classification perspective. *Journal of International Marketing* 16 (1): 39-71.

_____, and A. Diamantopoulos. 2004. Domestic country bias, country of origin effects, and consumer ethnocentrism: A multidimensional unfolding approach. *Journal of the Academy of Marketing Science* 32 (1): 80-95.

_____, A. Diamantopoulos, R.D. Mueller, and T.C. Melewar. 2001. The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. *Journal of International Business Studies* 32: 157-175.

Cannon, H.M., and A. Yaprak. 2002. Will the real-world citizen please stand up! The many faces of cosmopolitan consumer behavior. *Journal of International Marketing* 10 (4): 30-D2.

Cleveland, M., M. Laroche, and N. Papadopoulos. 2009. Cosmopolitanism, consumer ethnocentrism, and materialism: An eight-country study of antecedents and outcomes. *Journal of International Marketing* 17 (1): 116-146.

Craig, C. S., and S. P. Douglas. 2000. *International Marketing Research.* New York, NY: John Wiley & Sons, LTD.

Crawford J.C., and C.W. Lamb. 1982. Effect of worldmindedness among professional buyers upon their willingness to buy foreign products. *Psychological Reports* 50: 859-862.

Devellis, R.F. 2003. *Scale development: Theory and applications*. Thousand Oaks, Sage Publications, CA.

Dmitrović, T., I. Vida, and J. Reardon. 2009. Purchase behavior in favor of domestic products in West Balkans. *International Business Review* 18: 523-535.

_____, and I. Vida. 2010. Consumer behaviour induced by product nationality: the evolution of the field and its theoretical antecedents. *Transformation in Business and Economics* 9, 1(19): 145-165.

EIER, Estonian Institute of Economic Research. 2009. *Elanike toitumisharjumused ja toidukaupade ostueelistused 1996-2009.*

Evanschitzky, H., v.F. Wangenheim, D. Woisetschläger., and M. Blut. 2008. Consumer ethnocentrism in the German market. *International Marketing Review* 25 (1): 7-32.

Fornell, C., and D.F Larcker. 1981. Evaluating Structural Equation Models with Unobserved Variables and Measurement Error. *Journal of Marketing Research* 28: 39-50.

Gerbing, D. and J. Anderson. 1988. An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of Marketing Research* 25 (2): 186-192.

Joreskog, K., and D. Sorbom. 1993. *LISREL 8: Structural Equation Modeling With The SIMPLIS Command Language.* Scientific Software. Chicago, IL.

Kumar, N., L. Stern., and R. Achrol. 1992. Assessing reseller performance from the perspective of the supplier. *Journal of Marketing Research* 29 (May): 238-253.

Laroche, M., N. Papadopoulos, L.A. Heslop, and M. Mourali. 2005. The influence of country image structure on consumer evaluations of foreign products. *International Marketing Review* 22 (1): 96-115.

Lee, S.T., and F.F. Chen. 2008. Country image effect on Taiwanese consumers' willingness to buy from neighboring countries. *International Journal of Commerce and Retail Management* 18 (2): 166-183.

Levy, O., S. Beechler, S. Taylor, and N.A. Boyacigiller. 2007. What we talk about when we talk about "global mindset": Managerial cognition in multinational corporation. *Journal of International Business Studies* 38: 231-258.

Liefeld, J.P. 2004. Consumer knowledge and use of country-of-origin information at the point of purchase. *Journal of Consumer Behaviour* 4 (2): 85-96.

Merton, R. K. 1957. Patterns of Influence: Local and Cosmopolitan Influential. *Social Theory and Social Structure.* New York: The Free Press: 387-420.

Pharr, J.M. 2005. Synthesizing country-of-origin research from the last decade: Is the concept still salient in an era of global brands? *Journal of Marketing Theory and Practice* 13 (4): 34-45.

Rawwas, M.Y.A., K.N. Rajendran, and G.A. Wuehrer. 1996. The influence of worldmindedness and nationalism on consumer evaluation of domestic and foreign products. *International Marketing Review* 13 (2): 20-38.

Riefler, P., and A. Diamantopoulos. 2009. Consumer cosmopolitanism: Review and replication of the CYMYC scale. *Journal of Business Research* 62: 407-419.

Roth, K., and A. Diamantopoulos. 2009. Advancing the country image construct. *Journal of Business Research* 62 (7): 726-740.

Samiee, S., T.A. Shimp., and S. Sharma. 2005. Brand origin recognition accuracy: its antecedents and consumers' cognitive limitations. *Journal of International Business Studies* 36: 379-397.

Sampson, D.L., and H.P. Smith. 1957. A scale to measure worldminded attitudes. *The Journal of Social Psychology,* 45: 99-106.

Shankarmahesh, M.N. 2006. Consumer ethnocentrism: an integrative review of its antecedents and consequences. *International Marketing Review* 23 (2): 146-172.

Sharma, S., T.A. Shimp, and J. Shin. 1995. Consumer ethnocentrism: A test of antecedents and moderators. *Journal of the Academy of Marketing Science* 23 (1): 26-37.

Shimp, T.A. and S. Sharma. 1987. Consumer ethnocentrism: construction and validation of the CETSCALE. *Journal of Marketing Research 24* (August): 280-289.

Strizhakova, Y., R.A. Coulter, and L.L. Price. 2008. Branded products as a passport to global citizenship: Perspectives from developed and developing countries. *Journal of International Marketing* 16 (4): 57-85.

Suh, T., and I.-W.G. Kwon. 2002. Globalization and reluctance buyers. *International Marketing Review* 19 (6): 663-680.

Sumner,W.G. 1906. *Folkways*. New York: Ginn Custom Publishing.

Thompson, C. J., and S.K Tambyah. 1999. Trying to be cosmopolitan. *Journal of Consumer Research* 26: 214-241.

Vida, I., T. Dmitrovic, and C. Obadia. 2008. The role of ethnic affiliation in consumer ethnocentrism. *European Journal of Marketing* 42 (3/4): 327-343.

_____, and J. Reardon. 2008. Domestic consumption: rational, affective, or normative choice? *Journal of Consumer Marketing* 25 (1): 34-44.

Yoon, S.J., M.H. Cannon, and A. Yaprak. 1996. Evaluating the CYMIC Cosmopolitanism Scale on Korean Consumers. *Advance in International Marketing* 7: 211–232.

FIGURE 1. Conceptual Model for the Study
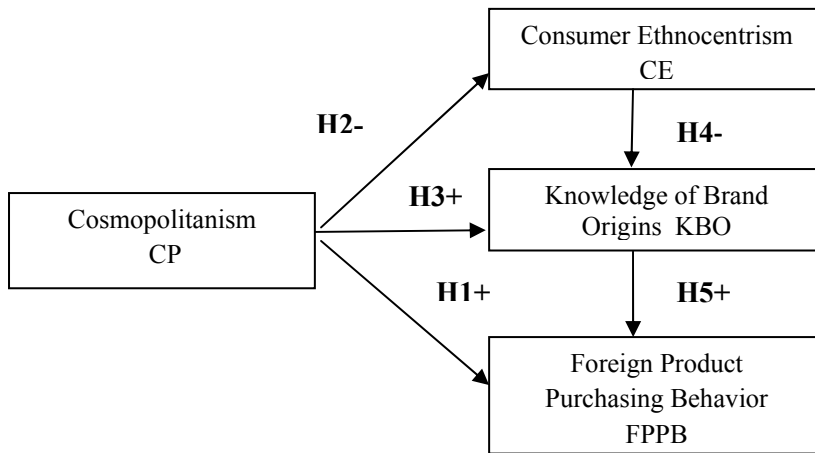
TABLE 1. Scale Properties, Items and Reliabilities

Constructs & coefficients AVE (ρvc) in CR (ρr)	Items	Factor loading
Cosmopolitanism – CP (selected from Rawwas et al., 1996)	*Likert-scale ranging from 7- absolutely agree to 1 absolutely disagree*	
ρvc = 0.56; ρr = 0.73	I prefer to be a citizen of the world rather than of any particular country.	0.666
M* = 3.67; SD** = 2.09	My government should allow foreigners to immigrate here.	0.680
	Production location of a product does not affect my purchasing decisions.	0.712
Consumer Ethnocentrism – CE (Shimp and Sharma, 1987)	*Likert-scale ranging from 7- absolutely agree to 1 absolutely disagree*	

ρvc = 0.77; ρr = 0.94	Slovenians should not buy foreign products because this hurts Slovenian business and causes unemployment.	0.876
M* = 3.01; SD** = 2.00	Slovenian consumers who purchase products made in other countries are responsible for putting their fellow Slovenians out of work.	0.875
	A real Slovenian should always buy Slovenian-made products.	0.864
	It is not right to purchase foreign products because it puts Slovenians out of jobs.	0.862
	We should buy from foreign countries only those products that we cannot obtain within our own country.	0.840
Foreign vs Domestic Purchase Behavior – **FPPB** (adapted from EIER, 2009)	*Semantic differential scale for typical purchase in specific product category (anchored 5- only foreign to 1- only domestic)*	
ρvc = 0.66; ρr = 0.81 M* = 2.80;	Clothes	0.823
SD** = 0.90	Furniture	0.776
	Alcohol products	0.711
Knowledge of Brand Origins – **KBO** (adapted from Samiee et al., 2005)	*Three product categories with two domestic and two foreign brands and six countries of origin for each brand*	
ρvc = 0.81; ρr = 0.92	Domestic brands origins	0.898
	Foreign brands origins	0.898

* Mean value
** Standard deviation

TABLE 2. Hypotheses Testing and Results

Hypothesis	Antecedent	Criterion variable	Esti-mate	t-value	Result
H1	Cosmopolitanism	FPPB	0.13	3.35	Supported
H2	Cosmopolitanism	Consumer ethnocentrism	-0.38	-3.19	Supported
H3	Cosmopolitanism	KBO	0.01	0.46	Not Supported
H4	Consumer ethnocentrism	KBO	-0.03	-3.95	Supported
H5	KBO	FPPB	1.29	3.65	Supported

Appendix 3

Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers

Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers[3]

Oliver Parts and Ann Vihalem

Abstract

Cosmopolitanism and consumer ethnocentrism have been found to be important influencers in consumers' purchase behavior. The purpose of the study is to examine how cosmopolitanism influence consumer's foreign *versus* domestic product purchase, product quality evaluations and what indirect effects it will have via consumer ethnocentrism on consumer choices (purchase intentions and actual behavior) in three major categories of consumer products (alcohol products, clothes and furniture). The measurement model for Slovenian and Estonian results was tested via structural equation modeling. The study confirmed cosmopolitanism has an important role in consumer foreign purchase behavior in both countries, except negative relationship towards domestic product quality was not supported in the study. Research revealed Slovenes tend to be more cosmopolitan than Estonians. Additional summary will be offered to managers for appropriate business decision making.

JEL Classification numbers: M3, P2

Keywords: cosmopolitanism, consumer ethnocentrism, product quality, domestic purchase intentions, foreign *versus* domestic purchase behavior, Slovenia, Estonia

1. Introduction

Cosmopolitanism (CP) and consumer ethnocentrism (CE) are important concepts in international marketing, which contribute to the growing body of country of origin (COO) studies. Samiee et al. (2005) and Bruning (1997) revealed COO-effect relates to group affiliation and offers a unique influence on

---

consumers' perceived product quality (PQ), purchase intentions (INT), and actual purchase behavior towards foreign *versus* domestic products. CP and CE will have crucial impact on COO-effect, because these two socio-psychological constructs describing consumer orientations and values. For example, Watson and Wright (2000) and Sharma et al. (1995) noted that CE may result in an overestimation of the attributes and overall quality of domestic products and an underestimation of the quality of foreign products. Higher CP can make consumers more open to try foreign products which are in line with Riefler and Diamantopoulos (2009) literature review of CP, where they found support for a CP as a relevant consumer characteristic for explaining foreign product preference and choice.

In terms of CP, this construct is defined here using the recent conceptualisation by Riefler and Diamantopoulos (2009) who state that "… a cosmopolitan consumer can be described as: an open-minded individual whose consumption orientation transcends any particular culture, locality or community and who appreciates diversity including trying products and services from a variety of countries." Understanding how CP or CE influences consumer consumption behavior is a key issue for a competitive advantage therefore foreign and domestic companies have to be able to identify these factors for making appropriate business decisions in the market. According to CP and CE, both producers can be successful in the markets, which are small opened economies like Slovenia and Estonia investigated in the current study. Domestic production is not sufficient or it is impossible to produce all goods in small opened economies and there is a need for a foreign trade. On that case, consumers tend to be highly ethnocentric for these product categories where they have a very wide selection of domestic products, on the contrary less ethnocentric when domestic production is limited or even it will not be available (Kaynak and Kara, 2001; Watson and Wright, 2000). Domestic product is defined in the current study as a product that is produced in respondent home country.

CP has been measured to a wide extent, but originality of the study is to focus on the direct effects of cosmopolitanism on foreign product purchase behavior (FPPB) and domestic PQ evaluations. The direct effect of CP on the outcome variable FPPB has been usually left unresolved in the theoretical and empirical literature. Various researchers had found support for CP direct role for FPPB (Lee and Chen, 2008; Egger, 2006; Cannon and Yaprak, 2002, Crawford and Lamb, 1982). PQ has unaccountable research with CE, but relatively new is direct link between CP and PQ that was proposed and supported by Lee and Chen (2008) study.

As a result of the gaps identified in the literature on consumer foreign vs. domestic purchase behavior and the central construct – CP – the authors designed a study to address some of the unresolved issues. The objective of this research is to examine direct effects of consumer cosmopolitanism on FPPB, and explore its indirect effects (through consumer ethnocentrism and product

quality) in three major categories of consumer products. In addition, similarities or dissimilarities between Slovenian and Estonian consumers' attitudes will be investigated.

The paper is structured as follows. First, the authors give a brief overview of the concepts used in this article. Next, a conceptual model to measure hypothesised relations will be developed. Then it is possible to read an overview of measure development, methodology of data collection and analytical procedures. The findings of the study are presented along with a discussion. Also, future research proposals will be made and managerial implications will be introduced.

2. Theoretical basis for the study

In an attempt to understand consumer behavior for either foreign or domestic product alternatives available in the marketplace, researcher resorted to various socio-psychological constructs that help disentangle consumption motivations. The two most commonly applied socio-psychological constructs in existing empirical work examine how individuals relate to their social in-group (family, local community, nation and its artefacts) and how they relate to what they consider their out-group (e.g., other cultures, ethic groups, nations). The concept of CP is a manifestation of positive orientation towards the out-groups, and CE captures individuals' in-group vs. out-group orientation. Both constructs have been introduced to marketing from the field of sociology and they will be reviewed next.

CP is the anglicized version of a term first popularised by the Greek philosopher Diogenes of Sinope (412/404 B.C.- 323 B.C.). As a later philosopher recorded, "when [Diogenes of Sinope] was asked where he came from, he replied, „I am a citizen of the world" (Donnelly, 2008). The term ''cosmopolitanism'' is composed of „cosmos" and „polis": „Cosmos" derives from the Greek „ko´smos", which literally means ''order''. „Cosmos" is distinct from „chaos" and carries the connotation of a universe regarded as a well-ordered whole. To Eliade, cosmos is the ideal archetype of an orderly system, embracing ''all that is perfect, complete, harmonious or fruitful …" Cosmos is the pattern created by the gods, their masterpiece''. „Polis" literally means ''city'' or ''city-state'', and carries the connotation of a body of citizens. CP is used figuratively, as a metaphor comparing and contrasting the contemporary ways of the world with an image provided by its name and contemporary ways of the world designated (Strand, 2010).

The concept of CP was formulated in sociology by Merton (1957) who related cosmopolitanism to a "world citizen" — an individual whose orientation transcends any particular culture or setting. He posited that there are people who view themselves as citizens of the nation rather than the locality; the world rather than the nation; the broader, more heterogeneous rather than the narrower,

more homogeneous geographic or cultural group (Cannon and Yaprak, 2002; Merton, 1957). In the marketing literature, the concept has been advanced by many prominent scholars (Caldwell et al., 2006; Cannon and Yaprak, 2002; Thomson and Tambyah, 1999; Holt, 1998 and 1997; Hannerz, 1990) who argue that CP is consumer orientation with substantial implication for marketing practice. Diverse terminology has been used in the literature to describe the individuals' positive orientation towards the out-group, including openness to foreign cultures, internationalism, worldmindedness, worldliness or global openness, etc. For instance, internationalism has been defined as a positive feeling for other nations and their people, concern about nation's welfare, empathy for the people of other nations (Balabanis et al., 2001; Kosterman and Feshbach, 1989). Cultural openness has been previously defined as individuals' experience with and openness toward the people, values, artefacts of other cultures (Sharma et al., 1995). The concept of worldmindedness is distinct from that of "cultural openness" and worldmindedness points to a "world-view" of the problems of humanity (Shankarmahesh, 2006; Skinner, 1988).

While CP construct has been defined differently across studies, sufficient evidence exists to suggest that opportunities to interact with other cultures, including people or artefacts of other cultures tend to: a) reduce consumer cultural prejudice and hence the level of CE (e.g., Vida and Fairhurst, 1999; Shimp et al., 1995), b) lead to better perceptions of foreign products, including their quality (Dinnie, 2004; Rawwas et al., 1996), and c) relate to a greater desire of individuals to travel as they attempt to seek new insights and experiences in other cultures (Cannon and Yaprak, 2002; Thompson and Tambyah, 1999). In their recent review of CP application in marketing research, Riefler and Diamantopolous (2009) concluded that while the construct shows a great promise to explain consumer foreign product purchase behavior (FPPB), the existing instruments to measure this and similar constructs leave much to be desired. Moreover, CP relation to PQ is undervalued area in the theoretical as well as empirical literature of consumer behavior, only Lee and Chen (2008) examined this relation with worldmindedness and found support for that direct link.

The in-group construct of CE as a term is derived from the Greek word "ethnos", meaning nationality, and the Greek word "ethnikos" meaning belonging to the ethnic group (Chan and Rossiter, 1998). CE was originally conceptualised as a purely sociological concept that distinguished between in-groups (those groups with which an individual identifies) and out-groups (those regarded as antithetical to the in-groups) (Sumner, 1906). The first signs of ethnocentrism in consumer behavior literature can be identified at the beginning of 1970s, but the conception was still totally socio-psychological (Levine and Campbell, 1972; Markin, 1974). The concept got economic importance in the mid-1980s when Shimp (1984) stated: "Ethnocentric consumers believe it is wrong to purchase foreign-made products because it will hurt the domestic economy, cause the loss of jobs, and it is plainly unpatriotic". Major

advancement with respect to the application of the concept to marketing research has been brought in 1987 when CETSCALE instrument was developed to measure consumer ethnocentric tendencies (Shimp and Sharma, 1987). The tendency of ethnocentric consumers to exhibit preferences for domestic rather than imported products has been confirmed in several studies (Dmitrović et al., 2009; Cleveland et al., 2009; Vida et al., 2008; Upadhyay and Singh, 2006; Rawwas et al., 1996; Sharma et al., 1995).

CE indirect effects on foreign vs. domestic purchase behavior via PQ, and domestic purchase INT will be also important in the study (Bruning, 1997). PQ has been measured to a wide extent (Wang and Chen, 2004; Watson and Wright, 2000; Klein et al., 1998; Han et al., 1994; Han and Terpstra, 1988; Nagashima, 1970). All these mentioned researchers have measured PQ with the most popular items in the literature: overall quality of a product, reliability, workmanship, value for a money and technological achievement. Peterson and Jolibert (1995) found PQ and INT capture the majority of response or dependent variables investigated in COO studies, for that reason the authors will examine this relationship also in the current study.

Purchase behavior has been influenced by consumer intentions to buy domestic vs. foreign products (Balabanis and Diamantopoulos, 2004; Kaynak and Kara, 2001; Kaynak et al., 2000; Rawwas et al., 1996; Klein et al., 2006; Javalgi et al., 2005). Shankarmahesh (2006) composed an integrative literature review about the measurement of INT in various studies and concluded researchers have used different constructs here such as "purchase intention" (Han and Terpstra, 1988), "attitudes towards buying domestic *versus* foreign products" (Sharma et al., 1995), "willingness to buy domestic *versus* foreign products" (Klein et al., 1998; Olsen et al., 1993). Country image (Wong et al., 2008; Acharya and Elliott, 2003; Orbaiz and Papadopoulos, 2003; Kaynak and Kara, 2001 and economic development (Wong et al., 2008; Wang and Chen, 2004; Huddleston et al., 2001; Wang and Lamb, 1983) are playing also important role and affect consumer intentions and motives in selecting products from different origins.

3. Conceptual model and hypotheses development

Against this theoretical background and the gaps identified in the literature, the conceptual model was developed for the study about the role of the central construct, consumer cosmopolitanism (CP), in consumption of foreign vs. domestic products (see Figure). In this study, CP is defined using the recent conceptualisation by Riefler and Diamantopoulos (2009) who state that "… a cosmopolitan consumer can be described as: an open-minded individual whose consumption orientation transcends any particular culture, locality or community and who appreciates diversity including trying products and services from a variety of countries." In the conceptual model, the authors examine direct effects

of consumer cosmopolitanism (CP) on foreign vs. domestic product purchase behavior (H1), as well as impact on consumer ethnocentrism CE (H2) and suggested direct link to domestic product quality PQ (H3). CP indirect effects will be also considered via CE, domestic PQ and domestic INT on FPPB based on the empirical literature in the field, the link between CE and domestic PQ (H4) will be examined, through CE and domestic purchase intentions INT (H5), between PQ and INT (H6) and finally via domestic INT to FPPB (H7).

Figure. Conceptual model for the study
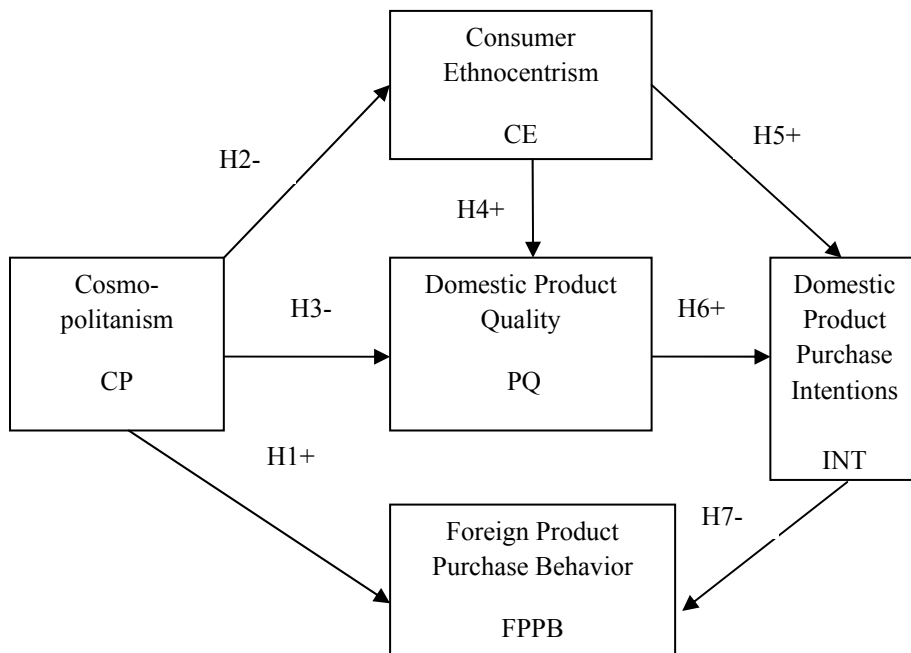
CP and FPPB

The authors usually have not measured the direct impact of cosmopolitanism on the outcome variable (Cleveland et al., 2009; Vida and Reardon, 2008; Javalgi et al., 2005; Sharma et al., 1995). The direct relationship between CP and FPPB has been supported in various studies (Egger, 2006; Cannon and Yaprak, 2002) and with worldmindedness (Lee and Chen, 2008; Crawford and Lamb, 1982). Thus the following hypothesis has set up:

H1: CP has a direct and positive effect on FPPB.

CP and CE

Examples of the direct antecedent constructs in previous studies included cosmopolitanism, worldmindedness, worldliness, cultural openness, global openness, openness to foreign countries, etc towards CE (Dmitrović et al., 2009; Suh and Smith, 2008; Strizhakova et al., 2008; Javalgi et al., 2005; Suh and Kwon, 2002; Balabanis et al., 2001; Sharma et al., 1995).

CP has behaved differently towards CE. The negative impact of CP on CE was proved in the following studies: first, CP (Vida and Reardon, 2008; Cannon and Yaprak, 2002); secondly, cultural openness (Vida and Fairhurst, 1999); thirdly, openness to foreign cultures (Sharma et al., 1995), and global openness (Khare, 2006). Negative relationships between CP or similar constructs, and CE were not proved by the following studies: cultural openness (Vida et al., 2008; Altintas and Tokol, 2007; Javalgi et al., 2005), with global openness (Suh and Smith, 2008) and internationalism (Balabanis et al., 2001). Negative relations between global openness and CE were only partially verified by Suh and Kwon (2002) and cultural openness relation partially supported by Strizhakova et al. (2008) study. Suh and Kwon (2002) found that global openness had a significant negative effect on CE in the U.S. sample, but this relationship was insignificant in the Korean sample. Strizhakova et al. (2008) observed differences in the relationships between CE and cultural openness across developed and emerging markets. In the United States, there was a moderate negative relationship between the two constructs, whereas in the developing countries there was no significant relation. According to literature and above mentioned empiric results the following hypothesis was formulated:
H2: CP has a direct and negative effect on CE.

CP and domestic PQ

Cosmopolitan behavior has its own effect on consumption through evaluating PQ from different origins. The following hypothesis concentrates how CP affects domestic PQ evaluations. CP relation to PQ has been examined rarely in the empiric literature and mainly towards foreign products (Lee and Chen, 2008; indirectly Rawwas et al. (1996). Lee and Chen (2008) concluded consumers with high levels of worldmindedness have preference for foreign products over domestic products. This fact is also confirmed using indirect effects by Rawwas et al. (1996). Balabanis et al. (2001) agreed with Rawwas et al. (1996) results. Based on above mentioned studies the following hypothesis was created:
H3: CP has a direct and negative effect on domestic PQ.

CE and domestic PQ

CE relations to domestic and foreign PQ have been widely examined in empiric literature (Wong et al., 2008; Verlegh, 2007; Yelkur et al., 2006; Hamin and Elliott, 2006; Yoo and Donthu, 2005; Acharya and Elliott, 2003; Orbaiz and Papadopoulos, 2003; Klein, 2002; Huddleston et al., 2001; Pecotich and Rosenthal, 2001; Klein, 1998). Yoo and Donthu (2005) and Klein et al. (1998)

had focused only CE and foreign PQ evaluations. Some of the authors had examined CE both effects together on domestic and foreign PQ (Yoo and Donthu, 2005; Orbaiz and Papadopoulos, 2003; Acharya and Elliott, 2003; Klein, 2002).

CE is positively related to domestic PQ has been found in several studies (Wong et al., 2008; Verlegh, 2007; Yelkur et al., 2006; Klein, 2002; Huddleston et al. 2001). CE role in domestic PQ evaluations will depend on product group was proved by Hamin and Elliott (2006) and Archarya and Elliott (2003). Three researchers have found that CE does not influence PQ (Orbaiz and Papadopoulos, 2003; Huddleston et al., 2000; Pecotich and Rosenthal, 2001). This led to the hypothesis:

H4: CE has a direct and positive effect on domestic PQ.

CE and domestic INT

CE effect on INT to buy domestic or foreign products has been examined in different researches (Saffu et al., 2010; Funk et al., 2009; Huang et al., 2008; Nguyen et al., 2008; Güneren and Özturen, 2008; Yelkur et al., 2006; Khare 2006; Sharma et al., 2005; Thelen, 2003; Huddleston et al., 2000; Good and Huddleston, 1995). According to that list, CE positive and direct link to domestic INT had researched and confirmed by Saffu et al. (2010); Huang et al. (2008), Nguyen et al. (2008), Güneren and Özturen (2008), Khare (2006), Sharma et al. (2005). Yelkur et al. (2006) and Thelen (2003) found that CE impact on domestic INT will vary depending on a product group. Huddleston (2000) and Good and Huddleston (1995) did not find any influences between CE and domestic INT. Previous findings gave an idea for hypothesis:

H5: CE is directly and positively related to domestic product purchase INT.

Domestic PQ and domestic INT

Researchers have asked how domestic PQ and domestic INT are related (Kumar et al., 2009; Wong et al., 2008; Hui and Zhou, 2002; Pecotich and Rosenthal, 2001). Domestic PQ as a vital factor that influence domestic product purchase INT has found in several studies (Hui and Zhou, 2002; Pecotich and Rosenthal, 2001) and also with PQ indirect effects on domestic INT via perceived value (Hui and Zhou, 2002). Kumar et al. (2009) and Wong et al. (2008) did not find any support for that relationship. The hypothesis will be the following:

H6: Domestic PQ has a direct and positive effect on domestic product purchase INT.

Domestic INT and FPPB

Domestic INT will be negatively related to FPPB. People who intend to buy domestic goods will buy also them (Balabanis and Diamantopoulos, 2004; Kaynak and Kara, 2001; Kaynak et al., 2000; Rawwas et al., 1996). On the other hand, people who have intentions for foreign pruducts, will actually buy more them like it has been confirmed by different researchers (Klein et al., 2006; Javalgi et al., 2005). This led to the hypothesis:

H7: Domestic product purchase INT will have direct and negative effect on FPPB.

4. Methods

4.1. Sampling and data collection

The conceptual model for the study was tested via a store and outdoor intercepts survey method based on a sample of adult consumers in Slovenia and Estonia. A quota sampling method based on gender, age, income, place of living was applied. People in various parts of the country were intercepted in and in front of the shopping areas of cities and towns and asked to respond to the survey. Personal interviews took, on the average, about 15 minutes. The final sample consisted of 261 and 271 respondents in Slovenia and Estonia with the response rate of approximately 30% and 50%.

The questionnaire was first developed in English and then translated into Slovenian, Estonian and Russian by native speakers and then translated back into English. The back-translating suggestions were adapted from Douglas and Craig (2007).

Table 1 provides demographic characteristics of the study samples. The average age of the respondents was near to 45 years in both countries with the standard deviation of slightly over 17 years. There were a few more women than men in the sample. Respondents who claimed to have above-average or below-average income were almost equally presented in the sample (the difference was a bit bigger in Estonia). Two large groups by the employment status were involved: employed and retired people. The majority of the respondents were residents of towns with the population of over 100.000. Respondents were 100% Slovenes in Slovenia, but 74.2% Estonians and 25.8% Russians were asked to participate in Estonia.

Table 1. Sample characteristics

	Item	Slovenia	Estonia
Size	Number of respondents	261	271
Gender	Female	52.90%	53.10%
	Male	47.10%	46.90%
Age	Average in years	45.04	44.86
	Standard deviation	17.29	17.57
Nationality		Slovenian 100%	Estonian 74.20% Russian 25.80%
Social status	Employed	53.10%	55.00%

	Unemployed	3.90%	8.60%
	Retired	27.10%	26.00%
	Studying	15.90%	10.40%
Income	Proportion claiming above-average income	18.00%	25.50%
	Proportion claiming below-average income	15.70%	31.00%
Place of living	Town over 100.000 citizens	65.10%	70.80%
	Town between 10.000 to 99.999 citizens	17.70%	18.80%
	Village (less than 10.000 citizens)	17.20%	10.30%

In general, the initial sampling frame corresponded to the demographic characteristics of the adult population in the country, as identified by the Statistical Offices in Slovenia and Estonia. The sample was slightly older and more educated in Slovenia (Population, Slovenia, 2009; Numbers and facts, 2010).

4.2. Measures

Construct measures were derived from the existing literature and adapted to the Slovenian and Estonian cultural contexts. This section provides explanations of the measurements of different latent constructs for the analysis.

Cosmopolitanism

CP was measured with three items that were taken from Rawwas et al. (1996) worldmindedness scale (from 1 absolutely disagree to 7 absolutely agree). This scale is also successfully used today by Lee and Chen (2008).

Foreign product purchase behavior

FPPB was measured in the survey for alcohol products, clothes, and furniture with a five-point semantic differential scale, where one extreme indicated, "I buy only domestic products in this product category" and the other extreme indicated, "I buy only foreign products in this product category." This scale was adapted from EIER (2009), which has used it in several studies to examine Estonian consumers' eating habits and food purchasing preferences.

Consumer ethnocentrism

The reduced five-item version of the CETSCALE proposed by Shimp and Sharma (1987) was used. CETSCALE has been validated and successfully used across the world (e.g., Evanschitzky et al., 2008; Quellet, 2007; Chryssochoidis et al., 2007; Klein et al., 2006; Balabanis and Diamantopoulos, 2004; Balabanis et al., 2001; Watson and Wright, 2000). All five items were measured in the seven-point Likert-type agreement scale (from 1 absolutely disagree to 7 absolutely agree).

Domestic product quality

PQ was adapted from Klein et al. (1998), where they found that one of the most important key issues that affects PQ are product overall quality, reliability and workmanship. Semantic differential scale was used from 1 to 7. For example, reliability was measured so 1 unreliable to 7 reliable etc.

Domestic product purchase intentions

INT for domestic products measure was adapted from Balabanis and Diamantopoulos (2004). The respondents were presented with domestic country and five foreign states in each of the three product groups (alcohol, clothes and furniture) as a matrix and they had to evaluate their intentions to buy products from different origins in their home market from the list of six countries for each product group provided in the questionnaire in alphabetic order of local language. Scale was ranging 1 the least preferred country of origin to 6 the most preferred country of origin for the specific product group. In addition, they had to presume that domestic and foreign products have all similar attributes, features and will be sold at the same price. Firstly, will be introduced how different intentions were measured in Slovenia than also in Estonia. The country of origins were selected so what states' producers have strong positions in Slovenian or Estonian market and consumers should be able to evaluate their own intentions to buy products of these origins according to their previous experiences or images that they had perceived. Different origins were used in Slovenian and Estonian research, because these countries are and few similarities with foreign key players in two consumer markets.

Slovenes purchase INT to buy alcohol products had to be evaluated with the following country of origins: Italy, Germany, Netherlands, Russia, Slovenia, and Scotland. Clothes were examined by Croatian, Italian, German, Slovenian, Spanish, and American origin. Finally, furniture INT were identified by France, Italy, Germany, Poland, Slovenia, and Sweden.

Estonians purchase INT to buy alcohol products were examined by the following states: Estonia, Netherlands, Latvia, Finland, Hungary and Russia. Clothes INT were investigated according to origins from Estonia, Spain, Lithuania, Latvia, Finland, and Sweden. Furniture INT were asked by using origins Estonia, Poland, France, Germany, and Finland.

In the current paper, only Slovenes and Estonians INT to buy domestic products (Slovenian or Estonian) were investigated in different product groups.

The questionnaire included all the scales measuring variables identified in the conceptual model and a number of closed and open-ended demographic questions used to validate the sample. Also a test survey was conducted before the formal research with the sample of 20 respondents in both countries. The pre-testing concluded that only some corrections were needed to make in the questionnaire.

4.3. Final model, reliability, validity and model fit

Following Gerbing and Anderson's (1988) recommendations, the analysis was conducted in two steps. A measurement model was analysed first, followed by the evaluation of a structural model in order to assess the hypothesised relationships between constructs. An exploratory factor analysis was conducted to ensure unidimensionality of the latent constructs specifically principal factor analysis (varimax rotation). The authors proceeded then with a confirmatory factor analysis. Final model items, scale reliability, average variance extracted, factor loadings, etc are presented in Table 2.

Table 2. Scale properties, items, reliabilities, factor loadings

Constructs & coefficients AVE (ρvc) and CR (ρr)	Items	Factor loadings	
		Slovenia	Estonia
Cosmopolitanism CP (adapted from Rawwas et al., 1996)	*Likert-scale from 7 − absolutely agree to 1 absolutely disagree*		
SLO* ρvc = 0.57; ρr = 0.74	I prefer to be a citizen of the world rather than of any particular country.	0.786	0.702
EST* ρvc = 0.53; ρr = 0.70	My government should allow foreigners to immigrate here.	0.647	0.702
	Production location of a product does not affect my purchasing decision.	0.645	0.554
Consumer Ethnocentrism CE (adapted from Shimp and Sharma, 1987)	*Likert-scale from 7 − absolutely agree to 1 absolutely disagree*		
SLO ρvc = 0.77; ρr = 0.94 EST ρvc = 0.74; ρr = 0.92	Slovenian/Estonian consumers who purchase products made in other countries are responsible for putting their fellow Slovenians/Estonians out of work.	0.885	0.858
	Slovenians/Estonians should not buy foreign products because this hurts Slovenian/Estonian business and causes unemployment.	0.868	0.894
	It is not right to purchase foreign products because it puts Slovenians/Estonians out of jobs.	0.865	0.831

	A real Slovenian/Estonian should always buy Slovenian/Estonian-made products.	0.863	0.861
	We should buy from foreign countries only those products that we cannot obtain within our own country.	0.827	0.744
Foreign Product Purchase Behavior FPPB (adapted from EIER, 2009)	*Semantic differential scale for typical purchase in specific product category (anchored 5 − only foreign to 1 only domestic)*		
SLO ρvc = 0.59; ρr = 0.76	Clothes	0.790	0.688
	Furniture	0.773	0.760
EST ρvc = 0.57; ρr = 0.74	Alcohol products	0.563	0.638
Domestic Product Quality PQ (adapted from Klein et al., 1998)	*Semantic differential scale for product quality (anchored 7 − the most positive value to 1 the most negative value)*		
	Bad quality to good quality	0.876	0.842
	Unreliable to reliable	0.875	0.883
SLO ρvc = 0.79; ρr = 0.91 EST ρvc = 0.75; ρr = 0.88	Poor workmanship to good workmanship	0.867	0.817
Domestic Product Purchase Intentions INT (adapted from Balabanis and Diamantopoulos, 2004)	*Semantic differential scale for measuring domestic product purchase intentions in alcohol products, clothes and furniture product groups (scale from 6 − the most preferred country of origin to 1 the least preferred country of origin*		
SLO ρvc = 0.66; ρr = 0.82	Furniture	0.826	0.817
EST ρvc = 0.66; ρr = 0.82	Alcohol products	0.820	0.863
	Clothes	0.684	0.810

*SLO − Slovenia, *EST − Estonia

Reliability of the scales was established using composite reliability. Composite reliability was a bit higher in Slovenian data. Scale reliabilities (rho), ranged in Slovenia from 0.74 to 0.94 compared to Estonia from 0.70 to 0.92, equal or well above the 0.7 recommendation made by DeVellis (2003). The validity of each of the scales was tested with confirmatory factor analysis (Joreskog and Sorbom, 1993). The final measurement model included five latent constructs and the 17 indicators used to measure them. The fit statistics of the model indicate a very good fit to the Slovenian data, but acceptable fit for Estonian results. Slovenian RMSEA 0.028 and sRMR 0.041, compared to Estonian RMSEA value 0.07 and sRMR 0.061. The convergent validity of scales was tested through examination of the t-values of the Lambda-X matrix (Baggozi, 1981). Ranging from 3.41 to 17.20 in Slovenian results and ranging from 2.61 to 17.75 in Estonia, all values

were above the 2.00 level in both countries specified by Kumar et al. (1992), indicating a convergent validity of the scales. Moreover, the average variance extracted (AVE) ranged between 0.57 to 0.78 in Slovenian data set compared to Estonian results from 0.53 until 0.75, exceeding 0.50 for all constructs (Fornell and Larcker, 1981). Discriminant validity was assessed by setting the individual paths of the Phi matrix to 1 and testing the resultant model against the original (Gerbing and Anderson, 1988), using the D statistic (Joreskog and Sorbom, 1993). The high D squared statistics indicated that the confirmatory factor model for the scales fit significantly better than the constrained models for each construct, thus showing discriminant validity. This finding was confirmed in both countries.

Once the construct reliability, convergent validity and discriminant validity were established, the structural model was run to test the hypothesised relationships between the constructs. Final structural model included five latent constructs with 17 indicators used to measure them. The Chi-Squared statistic was significant for Slovenian as well as Estonian data, but Chi-Square can be used only as an omnibus test and it is incorrect to make conclusions only based on that indicator. Additional fit statistics have to be taken into account. The Chi-square statistic is sensitive to departures from multivariate normality (particularly excessive kurtosis), sample size and also assumes that the model fits perfectly in the population (Diamantopoulos and Siguaw, 2008). The rest of the structural model fit for Slovenian model show that the data conform well to the model. Slovenian data fits to the model better than the same model in Estonia. RMSEA value was 0.048 compared to 0.07, i.e. lower than 0.08 as suggested by different researchers (Diamantopoulos and Siguaw, 2008; Browne and Cudeck, 1993). Standardized RMR was 0.053 compared to 0.063, i.e. slightly higher than the recommended value below 0.05. GFI, NFI, NNFI, CFI, RFI are all well above 0.90 in Slovenian data (0.94 or higher) and slightly over or equal to 0.90 in Estonian data. Results are providing evidence of a good or acceptable fit (Bentler and Wu, 1980).

5. Discussion of findings and implications

Hypotheses were tested via a structural equation modeling (SEM) method by Lisrel 8.8 software using t-statistics from the structural model. Table 3 shows that six hypotheses were supported, but H3 the direct effect of CP on domestic PQ was not. Lee and Chen (2008) and Rawwas et al. 1996 had proved directly or indirectly opposite result for H3.

Table 3. Hypotheses testing and results

Hypothesis	Antecedent	Criterion variable	Slovenian t-value	Estonian t-value	Result
H1	CP	FPPB	3.25	2.05	Supported
H2	CP	CE	-3.39	-2.30	Supported
H3	CP	PQ	0.78	1.80	Not supported
H4	CE	PQ	3.23	3.45	Supported
H5	CE	INT	2.52	2.47	Supported
H6	PQ	INT	4.59	3.81	Supported
H7	INT	FPPB	-4.49	-2.50	Supported

CP has been widely studied in recent years, but previous studies have rarely explored the CP direct effect on outcome variable like FPPB (H1). To fill that research gap in the literature the authors composed a model to examine the direct effect of CP on FPPB. Study confirmed that CP has a positively significant direct relationship on FPPB like authors had already expected in the model conceptualisation. It can be concluded that CP is one of the key issue in foreign product purchase behavior based on current research and previous empirical studies (Lee and Chen, 2008; Egger, 2006; Cannon and Yaprak, 2002; Crawford and Lamb, 1982). This all explain how consumers' attitudes influence their decision-making and behavior towards foreign products.

CP and CE are like two different worldviews, for that reason it was expected that CP should have negative relationship with CE and survey results prove that (H2). This result is also confirmed by Riefler and Diamantopoulos (2009), Vida and Reardon (2008), Altintas and Tokol (2007), Khare (2006), Cannon and Yaprak (2002), Vida and Fairhurst (1999), Sharma et al., 1995. All these studies convince readers that CP is very important antecedent of CE.

CP and PQ negative direct link was the single hypothesised relation (H3) that was not proved by carried research in both countries and as researchers know this link has serious gap in the literature, for that reason it is an important issue for further studies. Lee and Chen (2008) concluded consumers with higher levels of worldmindedness have preference for foreign products over domestic products. This fact was also confirmed using indirect effects by Rawwas et al. (1996). It has to be controlled is it so that more cosmopolitan respondent will give lower quality evaluations for domestic products or visa versa higher values for foreign products? Based on only some studies, it is not possible to make adequate conclusions about the role of cosmopolitanism on product quality evaluations.

CE has a positive and direct effect on domestic PQ and domestic product purchase INT, both hypotheses were proved (H4 and H5). H4 results are in line with other researchers findings (Wong et al., 2008; Verlegh, 2007; Yelkur et al.,

2006; Klein, 2002; Huddleston et al., 2001). H5 was supported also by Huang et al. (2008), Nguyen et al. (2008), Güneren and Özturen (2008), Khare (2006) studies.

Domestic product purchase INT-s is influenced by domestic PQ, what is affecting consumer behavior in both researched countries. Thus, H6 was proved and the result was similar to many studies (Hui and Zhou, 2002; Pecotich and Rosenthal, 2001).

Finally, the negative direct effect of domestic product purchase INT on FPPB was measured and it was supported. Respondents who are willing to buy domestic products, they will not buy then more foreign ones. Perceived and actual behavior will be similar in the hypothesised model according to the findings of the two countries' study. For example, people who intend to buy domestic products will buy also more them (Balabanis and Diamantopoulos, 2004; Kaynak and Kara, 2001; Kaynak et al., 2000; Rawwas et al., 1996). On the other hand, people who have intentions for foreign goods will actually buy more foreign like it have been confirmed by different researchers (Klein et al., 2006; Javalgi et al., 2005).

In general, the study convinced that Slovenes are more cosmopolitan than Estonians. Look t-values for the CP and FPP relationship in the structural model. According to the results, Slovenes can be more opened to foreign products than Estonians, because off higher cosmopolitanism.

The authors wish to emphasise very important fact in multicultural research, all hypotheses were totally supported or rejected in the same direction in both countries. Many multicultural studies have found that some hypotheses are supported only in some countries (Strizhakova et al. 2008; Suh and Kwon 2002). Probably one of the reasons is also economic development that is quite similar between examined countries.

Limitations and suggestions for future research

Authors will make three proposals that will be important areas for further research in the field of CP and CE. Firstly, the study was limited to only three product categories and these results will not be generalised to the all product groups and here is the first research gap that requires additional researches.

Secondly, there is a need to carry out additional researches for testing CP role in PQ evaluations. Empiric literature has too few evidence for that and these results are even conflicting. This research gap was revealed by the current research in Slovenia and Estonia.

Thirdly, nowadays CP and CE studies simply the measurement of consumer behavior towards different product origins and do not take into account other important factors. For example, what will be the role for a price in choosing products from different origins and how different price levels will change cosmopolitan and ethnocentric consumers' actual purchase behavior.

Managerial implications

Current study findings are important for the managers of foreign and domestic companies and especially for them who operate or planning to enter small

opened economy market like Slovenia or Estonia. Consumer intentions, perceived product quality and actual purchase behavior towards foreign *versus* domestic products were measured in the three major categories of consumer products (alcohol products, clothes and furniture) for appropriate business decision making. It is crucial to identify these consumption drivers, because without that the entrepreneur will ignore potential customers and their needs can be let unsatisfied. All these mentioned things are also affected by consumer orientations like cosmopolitanism and consumer ethnocentrism investigated in current study. This study also examined unresolved issue and confirmed that more cosmopolitan consumers tend to prefer and buy more foreign products. More cosmopolitan consumers may imply bigger success for foreign producers (especially in Slovenia compared to Estonian results), because higher cosmopolitanism makes people usually more opened to buy products from different foreign origins. Consumers in small opened economies can be more cosmopolitans; because in a small state it will not be possible to produce all things or in a sufficient quantity and domestic alternative can even miss in the market.

Intentions and actual behavior is remarkably affected by perceived product quality. Usually, it has been so that ethnocentric consumers will evaluate or even overestimate the product quality of domestic products and can undervalue foreign goods. Additional researches are required how cosmopolitanism will influence product quality evaluations. This is unresolved issue in theoretical and practical side of the topic and current study did not find any support for cosmopolitanism negative relation towards domestic product quality.

References

Acharya, C., and Elliott, G. (2003). Consumer ethnocentrism, perceived product quality and choice – An empirical investigation. *Journal of International Consumer Marketing* 15 (4): 87-114.

Altintas, M.A., and Tokol, T. (2007). Cultural openness and consumer ethnocentrism: An empirical analysis of Turkish consumers. *Marketing Intelligence & Planning* 25 (4): 308-325.

Baggozi, R.P. (1981). Evaluating structural equation models with unobservable variables and measurement error: a comment. *Journal of Marketing Research* 18 August: 375-81.

Balabanis, G.A., and Diamantopoulos, A. (2004). Domestic country bias, country of origin effects, and consumer ethnocentrism: A multidimensional unfolding approach. *Journal of the Academy of Marketing Science* 32 (1): 80-95.

Balabanis, G.A., Diamantopoulos, A., Mueller, R.D., and Melewar, T.C. (2001). The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. *Journal of International Business Studies* 32: 157-175.

Bentler, P.M., and Wu, E.J.C. (1980). Significance tests and goodness of fit in the analysis of covariance structures. *Psyhhological Bulletin* 88 (3): 588-606.

Browne, M.W., and Cudeck, R. (1993). Alternative ways in assessing model fit, in Bollen, K.A., and Long, J.S. (Eds), Testing Structural Equations Models, Sage Publications, Newbury Park, CA.

Bruning, E.R. (1997). Country of origin, national loyalty and product choice. The case of international air travel. *International Marketing Review* 14 (1): 59-74.

Caldwell, M., Blackwell, K., and Tulloch, K. (2006). Cosmopolitanism as a consumer orientation replicating and extending prior research. *Qualitative Market Research: An International Journal* 9 (2): 126-139.

Cannon, H.M., and Yaprak, A. (2002). Will the real-world citizen please stand up! The many faces of cosmopolitan consumer behavior. *Journal of International Marketing* 10 (4): 30-D2.

Chan, A.M., and Rossiter, J.R. (1998). Ethnicity in business and consumer behavior. *Journal of Business Research* 42: 127-134.

Chryssochoidis, G., Krystallis, A., and Perreas, P. (2007). Ethnocentric beliefs and country-of-origin (COO) effect. Impact of country, product and product attributes on Greek consumers' evaluation of food products. *European Journal of Marketing* 41 (11/12): 1518-1544.

Cleveland, M., Laroche, M., and Papadopoulos, N. (2009). Cosmopolitanism, consumer ethnocentrism, and materialism: An eight-country study of antecedents and outcomes. *Journal of International Marketing* 17 (1): 116-146.

Crawford J.C., and Lamb, C.W. (1982). Effect of worldmindedness among professional buyers upon their willingness to buy foreign products.

DeVellis, R.F. (2003). Scale development: Theory and applications. Thousand Oaks, Sage Publications, CA.

Diamantopoulos, A., and Siguaw, J.A. (2008). Introducing Lisrel. A guide for the unitated. London: Sage.

Dinnie, K. (2004). Country-of-origin 1965-2004: A literature review. *Journal of Customer Behavior* 3: 165-213.

Dmitrović, T., Vida, I., and Reardon, J. (2009). Purchase behavior in favor of domestic products in West Balkans. *International Business Review* 18: 523-535.

Douglas, S.P., and Craig, C.S. (2007). Collaborative and iterative translation: An alternative to back translation. *International Journal of International Marketing* 15 (1): 20-43.

Donnelly, M. (2008). Cosmopolitanism multicultural & diversity education. Cosmopolitanism. Essay. *EBSCO Research Starters.*

Egger, B. (2006). The impact of consumer ethnocentrism and consumer cosmopolitanism on consumption behavior. *Master thesis*, University of Vienna.

EIER, Estonian Institute of Economic Research. (2009) Estonian people's eating habits and food purchasing preferences.

Evanschitzky, H., Wangenheim, v.F., Woisetschläger, D., and Blut, M. (2008). Consumer ethnocentrism in the German market. *International Marketing Review* 25 (1): 7-32.

Fornell, C., and Larcker, D.F. (1981). Evaluating structural equation models with unobserved variables and measurement error. *Journal of Marketing Research* 28: 39-50.

Funk, C.A., Arthurs, J.D., Trevino, L.J., and Joireman, J. (2009). Consumer animosity in the global value chain: The effect of international production shifts on willingness to purchase hybrid products. *Journal of International Business Studies* 41: 639-651.

Gerbing, D., and Anderson, J. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of Marketing Research* 25 (2): 186-192.

Good, L.K., and Huddleston, P.T. (1995). Ethnocentrism and the Eastern European consumer: are feelings and intentions related? *International Marketing Review* 12 (15): 35–48.

Güneren, E., and Özturen, A. (2008). Influence of ethnocentric tendency of consumers on their purchase intentions in north cyprus. *Journal of Euromarketing* 17 (3/4): 219-231.

Hamin, and Elliott, G. (2006). A less-developed country perspective of consumer ethnocentrism and country of origin effects: Indonesian evidence. *Asia Pacific Journal of Marketing and Logistics* 18 (2): 79-92.

Han, C., Lee, B., and Ro, K. (1994). The choice of survey mode in country image studies. *Journal of Business Research* 29: 151-62.

Han, C., and Terpstra, V. (1988). Country of origin effects for uni-national and bi-national products. *Journal of International Business Studies* 19 Summer: 235-255.

Hannerz, U. (1990). Cosmopolitans and locals in a world culture. *Theory, Culture and Society* 7 (6): 237-251.

Holt, D.B. (1998). Does cultural capital structure American consumption? *Journal of Consumer Responses* 25 (1): 1-25.

Holt, D.B. (1997). Poststructuralist lifestyle analysis: conceptualizing the social patterning of consumption in postmodernity. *Journal of Consumer Responses* 23 (4): 326-350.

Huang, Y.A., Phau, I., Lin, C., Chung, H.J., and Lin, K.H.C. (2008). Allocentrism and consumer ethnocentrism: The effects of social identity on purchase intention. *Social behavior and personality* 36 (8): 1097-1110.

Huddleston, P., Good, L.K., and Stoel, L. (2001). Consumer ethnocentrism, product necessity and Polish consumers' perceptions of quality. *International Journal of Retail & Distribution Management* 29 (5): 236-246.

Huddleston, P., Good, L.K., and Stoel, L. (2000). Consumer ethnocentrism, product necessity and quality perceptions of Russian consumers. *The International Review of Retail, Distribution and Consumer Research* 10 (2): 167-181.

Hui, M.K., and Zhou, L. (2002). Linking product evaluations and purchase intention for country-of-origin effects. *Journal of Global Marketing* 15 (3/4): 95-116

Javalgi, G.R., Khare, P.V., Gross, C.A., and Scherer, R.F. (2005). An application of the consumer ethnocentrism model to French consumers. *International Business Review* 14: 325-344.

Joreskog, K., and Sorbom, D. (1993). LISREL 8: Structural equation modeling with the SIMPLIS command language. *Scientific Software. Chicago, IL.*

Kaynak, E., Kara, A. (2001). An examination of the relationship among consumer lifestyles, ethnocentrism, knowledge structures, attitudes and behavioral tendencies: a comparative study in two CIS states. *International Journal of Advertising* 20: 455-482.

Kaynak, E., Kucukemiroglu, O., and Hyder, A.S. (2000). Consumers' country-of-origin (COO) perceptions of imported products in a homogenous less-developed country. *European Journal of Marketing* 34 (9/10): 1221-1241.

Khare, V.P. (2006). An empirical analysis of Indian consumer's attitudes toward foreign service providers. *Doctoral thesis*, Cleveland State University.

Klein, J.B., Ettenson, R., and Krishnan, B.C. (2006). Extending the construct of consumer ethnocentrism: When foreign products are preferred. *International Marketing Review* 23 (3): 304-321.

Klein, J.B. (2002). Us *versus* them, or Us *versus* everyone? Delineating consumer aversion to foreign Goods. *Journal of International Business Studies* 33 (2): 345-363

Klein, J.B., Ettenson, R., and Morris, M.D. (1998). The animosity model of foreign product purchase: An empirical test in the people's Republic of China. *Journal of Marketing* 62: 89-100.

Kosterman R., and Feshbach, S. (1989). Toward a measure of patriotic and nationalistic attitudes. *Political Psychology* 10 (2): 257-274.

Kumar, A., Kim, Y.K., and Pelton, L. (2009). Indian consumers' purchase behavior toward US *versus* local brands. *International Journal of Retail & Distribution Management* 37 (6): 510-526.

Kumar, N., Stern, L., and Achrol, R. (1992). Assessing reseller performance from the perspective of the supplier. *Journal of Marketing Research* 29 May: 238-253.

Lee, S.T., and Chen, F.F. (2008). Country image effect on Taiwanese consumers' willingness to buy from neighboring countries. *International Journal of Commerce and Retail Management* 18 (2): 166-183.

Levine, R.A., and Campbell, T.D. (1972). Ethnocentrism: Theories of conflict, ethnic attitudes and group behavior. New York: John Wiley & Sons, Inc.

Markin, R. J. (1974). Consumer Behavior: A Cognitive Orientation. New York: Macmillan Publishing Co., Inc.

Merton, R. K. (1957). "Patterns of Influence: Local and Cosmopolitan Influential." *in Social Theory and Social Structure.* New York: The Free Press, 387-420.

Nagashima, A. (1970) A comparison of Japanese and American attitudes toward foreign products. *Journal of Marketing* 34 January: 68-74.

Numbers and facts. Estonia. (2010). Statistical Office of the Republic of Estonia. 30.04.2010.

Nguyen, T.D., Nguyen, T.T.M., and Barrett, N.J. (2008). Consumer ethnocentrism, cultural sensitivity, and intention to purchase local products — evidence from Vietnam. *Journal of Consumer Behavior* 7: 88-100.

Olsen, J.E., Granzin, K.L. and Biswas, A. (1993). Influencing consumers' selection of domestic *versus* imported products: implications for marketing based on a model of helping behavior. *Journal of the Academy of Marketing Science* 21 (4): 307-321.

Orbaiz, V.L., and Papadopoulos, N. (2003). Toward a model of consumer receptivity of foreign and domestic products. *Journal of International Consumer Marketing* 15 (3): 101-126.

Pecotich, A., and Rosenthal, M.J. (2001). Country of origin, quality, brand and consumer ethnocentrism. *Journal of Global Marketing* 15 (2): 31-60.

Peterson, R.A., and Jolibert, A.J.P. (1995). Meta-analysis of country-of-origin effects. *Journal of International Business Studies* fourth quarter: 883-896.

Population, Slovenia. 30 June 2009. (2009). Statistical Office of the Republic of Slovenia.

Quellet, J-F. (2007). Consumer racism and its effects on domestic cross ethnic product purchase: An empirical test in the United States, Canada, and France. *Journal of Marketing* 71: 113-128.

Rawwas, M.Y.A., Rajendran, K.N., and Wuehrer, G.A. (1996). The influence of worldmindedness and nationalism on consumer evaluation of domestic and foreign products. *International Marketing Review* 13 (2): 20-38.

Riefler, P., and Diamantopoulos, A. (2009). Consumer cosmopolitanism: Review and replication of the CYMYC scale. *Journal of Business Research* 62: 407-419.

Saffu, K., Walker, J.H., and Mazurek, M. (2010). The role of consumer ethnocentrism in a buy national campaign in a transitioning country. Some evidence from Slovakia. *International Journal of Emerging Markets* 5 (2): 203-226.

Samiee, S., Shimp, T.A., and Sharma, S. (2005). Brand origin recognition accuracy: its antecedents and consumers' cognitive limitations. *Journal of International Business Studies* 36: 379-397.

Shankarmahesh, M.N. (2006). Consumer ethnocentrism: an integrative review of its antecedents and consequences. *International Marketing Review* 23 (2): 146-172.

Sharma, S., Shimp, T.A., and Shin, J. (1995). Consumer ethnocentrism: A test of antecedents and moderators. *Journal of the Academy of Marketing Science* 23 (1): 26-37.

Shimp, T.A. and Sharma, S. (1987). Consumer ethnocentrism: construction and validation of the CETSCALE. *Journal of Marketing Research* XXIV, August: 280-289.

Shimp, T.A. (1984). Consumer ethnocentrism. The concept and a preliminary empirical test. *Advances in Consumer research* 11 (1): 285-290.

Skinner, K.A. (1988). Internationalism and the early years of the Japanese peace corps. *International Journal of Intercultural Relations* 12: 317-26.

Strizhakova, Y., Coulter, R.A., and Price, L.L. (2008). Branded products as a passport to global citizenship: Perspectives from developed and developing countries. *Journal of International Marketing* 16 (4): 57-85.

Strand, T. (2010). The making of a new cosmopolitanism. *Studies Philosophy and Education* 29: 229-242.

Suh, T., and Kwon, I.-W.G. (2002). Globalization and reluctance buyers. *International Marketing Review* 19 (6): 663-680.

Suh, T., and Smith, K.H. (2008). Attitude toward globalization and country-of-origin evaluations: Toward a dynamic theory. *Journal of Global Marketing*, 21 (2): 127-139.

Sumner,W.G. (1906). Folkways. New York: Ginn Custom Publishing.

Thelen, S. (2003). Antecedents and consequences of consumer ethnocentrism across Russia's sub-cultures. Doctoral thesis. Old Dominion University

Thompson, C.J., and Tambyah, S.K. (1999). Trying to Be Cosmopolitan. *Journal of Consumer Research* 26: 214-238.

Upadhyay, Y., and Singh, S. K. (2006). Preference for domestic goods. A study of consumer ethnocentrism. *The Journal of Business Perspective* 10 (3).

Verlegh, P.W.J. (2007). Home country bias in product evaluation: the complementary roles of economic and socio-psychological motives. *Journal of International Business Studies* 38: 361-373.

Vida, I., and Reardon, J. (2008). Domestic consumption: rational, affective, or normative choice? *Journal of Consumer Marketing* 25 (1): 34-44.

Vida, I., Dmitrović, T., and Obadia, C. (2008). The role of ethnic affiliation in consumer ethnocentrism. *European Journal of Marketing* 42 (3/4): 327-343.

Vida, I., and Fairhurst, A. (1999). Factors underlying the phenomenon of consumer ethnocentricity: evidence from four central European countries. *The International Review of Retail, Distribution and Consumer Research* 9 (4): 321-337.

Wang, C.L., and Chen, Z.X. (2004). Consumer ethnocentrism and willingness to buy domestic products in a developing country setting: testing moderating effects. *Journal of Consumer Marketing* 21 (6): 391-400.

Wang, C.K. and Lamb, C.W. (1983). The impact of selected environmental forces upon consumers' willingness to buy foreign products. *Journal of the Academy of Marketing Science* 11 (2): 71-84.

Watson, J.J., and Wright, K (2000). Consumer ethnocentrism and attitudes towards domestic and foreign products. *European Journal of Marketing* 34 (9/10): 1149-1166.

Wong, C.Y., Polonsky, M.J. and Garma, R. (2008). The impact of consumer ethnocentrism and country of origin sub-components for high involvement products on young Chinese consumers' product assessments. *Asia Pacific Journal of Marketing and Logistics* 20 (4): 455-478.

Yelkur, C., Chakrabarty, S., and Bandyopadhyay, S. (2006). Ethnocentrism and buying intentions: does economic development matter? *The Marketing Management Journal* 16 (2): P26-37.

Yoo, B., and Donthu, N. (2005). The effect of personal cultural orientation on consumer ethnocentrism: Evaluations and behaviors of U.S. consumers toward Japanese products. *Journal of International Consumer Marketing* 18 (1/2): 7-44.

Appendix 4

The results of Estonian survey

Responses are in % and in bold letters are mean values if not explained differently

1. **Do you usually buy....** (Please answer in every row, 1 to 5)

	Only domestic products				Only imported products
Alcohol **(2.86)**	14.3%	24.9	31.0	20.0	9.8
Clothes **(3.38)**	3.0	7.80	44.4	38.1	6.7
Furniture **(2.93)**	12.6	20.7	34.5	25.3	6.9

2. **What do you think about the following sentences?** (Please mark your opinion for each sentence, scale 1 absolutely disagree to 7 absolutely agree)

It is not right to purchase foreign products because it puts Estonians out of jobs. **(3.78)**

Absolutely disagree							Absolutely agree
	23.2%	11.1	10.7	19.2	10.0	7.0	18.8

A real Estonian should always buy Estonian-made products. **(3.82)**

Absolutely disagree							Absolutely agree
	25.8	8.5	11.4	15.5	9.6	8.9	20.3

Estonians should not buy foreign products because this hurts Estonian business and causes unemployment. **(3.72)**

Absolutely disagree							Absolutely agree
	22.2	12.6	12.6	15.9	12.6	8.5	15.6

We should buy from foreign countries only those products that we cannot obtain within our own country. **(4.38)**

Absolutely disagree							Absolutely agree
	16.7	9.6	11.9	10.0	12.2	12.2	27.4

Estonian consumers who purchase products made in other countries are responsible for putting their fellow Estonians out of work. **(3.09)**

Absolutely disagree	37.4	16.3	6.3	13.0	8.1	5.2	13.7	Absolutely agree

3. **What do you think about Estonian products?** Please mark in each row appropriate answer, scale 1 to 7

Bad Quality **(5.04)**	2.2%	2.6	6.6	24.4	24.4	21.8	18.0	Good quality
Unreliable **(5.26)**	2.6	1.9	6.7	18.1	21.1	25.9	23.7	Reliable
Poor workmanship **(5.0)**	3.0	1.9	5.2	25.7	27.0	20.8	16.4	Good workmanship

4. **Please mark the country of origin for each brand in different product groups. If you are not sure, then please mark your opinion of brand origin** (please answer in every row) Number in BOLD means right answer share

ALCOHOL brands

	Estonia	Netherlands	Latvia	Finland	Hungary	Russia
Heineken	4.8%	**58.3**	0.7	14.8	2.6	0.9
Törley	5.2	5.5	3.7	4.8	**62.4**	0.7
Viru Valge	**97.0**	0.0	0.0	0.0	0.0	0.4
Fizz	**58.7**	3.0	4.8	8.5	1.1	0.4

Don't know/No idea: Heineken 17.9%, Törley 17.7%, Viru Valge 2.6%, Fizz 23.5%

CLOTHES brands

	Estonia	Spain	Lithuania	Latvia	Finland	Sweden
Baltman	**85.2**	0.4	1.8	1.1	1.8	1.8
Kaleva	15.9	0.0	1.1	1.5	**59.4**	0.4
Bastion	**68.3**	4.4	0.7	0.7	2.6	3.3
Zara	5.2	**38.0**	1.8	4.8	4.4	14.4

Don't know/No idea: Baltman 7.9%, Kaleva 21.7%, Bastion 20.0%, Zara 31.4%

FURNITURE brands

	Estonia	Poland	France	Sweden	Germany	Finland
Ikea	1.8	2.6	2.2	**38.7**	2.2	32.8
Wermo	**28.8**	7.7	3.0	3.3	16.2	4.4
Standard	**79.7**	2.2	1.5	2.2	3.7	0.7
Sotka	7.7	5.9	2.6	3.7	2.6	**61.3**

Don't know/No idea: Ikea 19.7%, Wermo 36.6%. Standard 10.0%. Sotka 16.2%

5. **Please evaluate your intentions to buy different products in Slovenian supermarkets from different countries. Presume that domestic and imported products have all similar attributes, features and will be sold at the same price.** (scale 1 *the least preferred COO* to 6 *the most preferred COO* for the specific product group) Please answer in every row

ALCOHOL products

Estonia (4.64)

The least						The most
preferred	6.6%	4.0	10.7	16.9	20.6	41.2 preferred

CLOTHES products

Estonia (4.26)

The least						The most
preferred	6.3	7.0	14.8	21.5	27.0	23.4 preferred

FURNITURE products

Estonia (4.57)

The least						The most
preferred	5.6	4.1	10.1	21.3	25.7	33.2 preferred

6. **How do you agree with the following statements? (**Please mark appropriate answer in every row, scale 1 absolutely disagree to 7 absolutely agree)

I prefer to be a citizen of the world rather than of any particular country **(3.10)**

Abs. disagree	40.7%	9.3	12.6	10.0	5.6	7.4	14.4 Abs. agree

Production location of a product does not affect my purchasing decision **(3.83)**

Abs. disagree	19.6	16.3	13.3	13.0	9.3	6.7	21.8 Abs. agree

My government should allow foreigners to immigrate here **(2.94)**
Abs. disagree   32.6   15.4   15.4   17.2   8.5   3.4   7.5 Abs. agree

BACKROUND INFORMATION: (Please circle appropriate answer)

What is your gender?
Woman   53.1%; **144 respondents**
Man   46.9;   **127**

Your mother tongue:
Estonian   74.2;   **201**
Russian   25.8;   **70**

Your education
Primary school education or lower   7.0;   **19**
Secondary school education   51.3**;   139**
Higher education (also master and doctoral level)   41.7**;   113**

Average age: **44.86** years with standard deviation **17.57**

How would you estimate your household's monthly net income as compared to the general population in the country? (salaries, stipendiums, pensions, subsidies, etc)

Above the average   25.5;   **69**
Average   43.5;   **118**
Below the average   31.0;   **84**

   IF AVERAGE:

      Slightly above the average   38.2;   **47**
      Right at the average   47.2;   **58**
      Slightly below the average   14.6;   **18**

What is your current employment status?
Employed   55.0;   **148**
Unemployed   8.6;   **23**
Retired   26.0;   **70**
Studying   10.4;   **28**

Where do you live?
Town/city over 100.000 inhabitants   70.8;   **192**
Town between 10.000 to 99.999 people   18.8;   **51**
Village or town below 9.999 people   10.4;   **28**

Appendix 5

The results of Slovenian survey

Responses are in % and in bold letters are mean values if not explained differently

1. **Do you usually buy ....** (Please answer in every row, 1 to 5)

	Only domestic products				Only mported products
Alcohol **(2.58)**	11.6%	29.9	49.0	7.9	1.6
Clothes **(3.21)**	3.6	11.9	51.6	25.4	7.5
Furniture **(2.61)**	15.1	25.5	44.6	12.7	2.1

2. **What do you think about the following sentences?** (Please mark your opinion for each sentence, scale 1 absolutely disagree to absolutely agree 7)

It is not right to purchase foreign products because it puts Slovenians out of jobs. **(2.87)**

Absolutely disagree							Absolutely agree
	39.1%	13.8	13.4	13.0	6.9	3.4	10.4

A real Slovenian should always buy Slovenian-made products. **(2.85)**

Absolutely disagree							Absolutely agree
	39.2	15.0	13.1	11.2	6.9	4.6	10.0

Slovenians should not buy foreign products because this hurts Slovenian business and causes unemployment. **(3.26)**

Absolutely disagree							Absolutely agree
	24.9	17.6	16.5	14.2	9.2	9.6	8.0

We should buy from foreign countries only those products that we cannot obtain within our own country. **(3.55)**

Absolutely disagree	24.6	16.5	13.1	11.5	9.2	9.2	15.9	Absolutely agree

Slovenian consumers who purchase products made in other countries are responsible for putting their fellow Slovenians out of work. **(2.53)**

Absolutely disagree	45.6	13.8	14.6	10.0	5.4	5.4	5.2	Absolutely agree

3. **What do you think about Slovenian products?** Please mark in each row appropriate answer, scale 1 to 7

Bad quality **(5.20)**	2.7%	3.9	6.2	16.2	22.0	27.4	21.6	Good quality
Unreliable **(5.14)**	2.3	3.5	7.8	19.0	19.8	26.7	20.9	Reliable
Poor workmanship **(5.17)**	2.3	3.9	7.4	15.5	23.6	26.4	20.9	Good workmanship

4. **Please mark the country of origin for each brand in different product groups. If you are not sure, then please mark your opinion of brand origin** (please answer in every row, the right share is in BOLD letters)

ALCOHOL brands

	Italy	Germany	Netherlands	Russia	Slovenia	Scotland
Heineken	1.1%	33.7	**47.5**	0.4	2.7	2.3
Jägermeister	1.1	**79.4**	0.8	1.5	2.3	4.6
Quercus	8.8	4.6	13.0	3.1	**31.8**	15.7
Zlatorog	0.4	0.8	0.8	0.0	**89.3**	3.1

Don't know: Heineken 12.3%. Jägermeister 10.3%, Quercus 23.0%, Zlatorog 5.6%

CLOTHES brands

	Croatia	Italy	Germany	Slovenia	Spain	USA
Elkroj	0.4	0.0	0.8	**92.4**	1.1	1.5
Kappa	1.9	**56.8**	16.9	1.5	1.5	8.0
Lisca	0.4	0.4	1.1	**93.9**	0.0	0.8
Zara	11.1	7.3	7.3	12.3	**47.5**	2.3

Don't know Elkroj 3.8%. Kappa 13.4%, Lisca 3.4%, Zara 12.2%

FURNITURE brands

	France Sweden	Italy	Germany	Poland	Slovenia	
Ikea	1.9	2.3	15.0	1.5	3.4	**67.5**
Klun	2.3	1.5	35.0	12.3	**21.9**	4.6
Lipbled	0.8	0.8	1.1	1.1	**92.8**	0.0
Scavolini	3.1	**80.8**	0.8	1.2	2.3	11.0

Don't know: Ikea 8.4%, Klun 22.0%, Lipbled 3.4%, Scavolini 11.1%

5. **Please evaluate your intentions to buy different products in Estonian supermarkets from different countries. Presume that domestic and imported products have all similar attributes, features and will be sold at the same price.** (scale 1 *the least preferred COO* to 6 *the most preferred COO* for the specific product group) Please answer in every row

ALCOHOL products

Slovenia (5.15)

The least preferred	1.7%	0.8	6.6	19.0	29.8	42.1 The most preferred

CLOTHES products

Slovenia (4.70)

The least preferred	1.6	1.6	9.4	35.3	22.4	29.8 The most preferred

FURNITURE products

Slovenia (4.91)

The least preferred	1.2	0.8	11.3	22.3	30.0	34.4 The most preferred

6. **How do you agree with the following statements?** Please mark appropriate answer in every row, scale 1 absolutely disagree to 7 absolutely agree)

I prefer to be a citizen of the world rather than of any particular country **(3.46)**
Abs. disagree   33.0%   11.2   8.8   16.3   3.6   8.4   18.7 Abs. agree

Production location of a product does not affect my purchasing decision **(3.89)**
Abs. disagree   17.7   11.9   17.0   16.6   9.5   8.7   18.6 Abs. agree

My government should allow foreigners to immigrate here **(3.66)**
Abs. disagree   16.3   12.7   19.5   22.3   10.4   6.4   12.4 Abs. agree

BACKROUND INFORMATION: (Please circle appropriate answer)

What is your gender?
Woman   52.9%; **138 respondents**
Man   47.1;   **123**

Your education
Primary school education or lower   0.4;   **1**
Secondary school education   50.2;   **131**
Higher education (also master and doctoral level)   49.4;   **129**

Your age: **45.04** (average), standard deviation **17.29**

Age groups
18 – 29 years   25.7; **70**   45 – 59 years   26.8; **73**
30 – 44 years   23.8; **65**   60 – … years   23.7; **63**

How would you estimate your household's monthly income as compared to the general population in the country? (salaries, stipendiums, pensions, subsidies, etc)
Above the average   18.1;   **47**
Average   66.5; **173**
Below the average   15.4;   **40**

      IF AVERAGE:
                Slightly above the average   52.6; **91**
                Right at the average   29.5; **51**
                Slightly below the average   17.9; **31**

What is your current employment status?
Employed 53.1; **137**
Unemployed 3.9; **10**
Retired 27.1; **70**
Studying 15.9; **41**

Where do you live?
Town/city over 100.000 inhabitants 65.2; **170**
Town between 10.000 to 99.999 people 17.6; **46**
Village or town below 9.999 people 17.2; **45**

Appendix 6

ELULOOKIRJELDUS

1. Isikuandmed
   Ees- ja perekonnanimi   Oliver Parts
   Sünniaeg ja -koht   17.06.1980 Tallinn
   Kodakondsus   Eesti

2. Kontaktandmed
   Aadress   Akadeemia tee 3, Tallinn
   Telefon   +372 6203974; +372 6203958
   E-posti aadress   oliver.parts@ttu.ee

3. Hariduskäik

Õppeasutus (nimetus lõpetamise ajal)	Lõpetamise aeg	Haridus (eriala/kraad)
Tallinna Tehnikaülikool	Eeldatav lõpeta-mine 2011 dets	Ärikorraldus, PhD
Tallinna Tehnikaülikool	2005	Turundus, MA
Tallinna Tehnikaülikool	2002	Turundus, BA
Tallinna 8. Keskkool	1998	Keskharidus

4. Keelteoskus (alg-, kesk- või kõrgtase)

Keel	Tase
Eesti keel	Emakeel
Inglise keel	Kõrgem kesktase

5. Täiendusõpe

Õppimise aeg	Täiendusõppe läbiviija nimetus
2009 märts kuni aprill	Ljubljana Ülikool, structural equation modeling kursus
2009 märts	Tallinna Tehnikaülikool, teadusmetoodika koolitus, Primus raames
2005 kevad	Tallinna Tehnikaülikool, Õppejõu didaktiline koolitus

6. Teenistuskäik

Töötamise aeg	Tööandja nimetus	Ametikoht
2010 -...	Tallinna Tehnikaülikool	Lektor (1.0, turundus)
2007 sept - 2008 aug	Tallinna Tehnikaülikool	Majandusteadusealase doktorikooli koordinaator (0.15)
2007 - ...	Tallinna Tehnikaülikool	Majandusteaduskonna doktoriõppe töörühma liige
2005 - 2009	Tallinna Tehnikaülikool	Assistent (1.0, turundus)
2005 - ...	Tallinna Tehnikaülikool	MÜTÜ koordinaator
2003 - 2005	Tallinna Tehnikaülikool	tunnitasuline õppejõud
2002 - 2004	Eesti Konjunktuuriinstituut	Ökonomist (tarbijauuringud)
2001 juuli - 2001 sept	AS Mööblimaja	Turunduse erialapraktika

7. Teadustegevus

(1) Artiklid rahvusvahelistes ajakirjades või artiklite kogumikes

Parts, O., Vida, I., Vihalem, A. 2011. The Role of Cosmopolitanism in Consumer Ethnocentrism, Knowledge of Brand Origins and Foreign Purchase Behavior. University-Business Cooperation. Edited by Gunnar Prause. Berlin: Berliner Wissenschafts-Verlag. (ilmumas, ETIS 3.1)

Parts, O., Vida, I. 2011või 2012. The Effects of Consumer Cosmopolitanism on Purchase Behavior of Foreign vs. Domestic Products. Managing Global Transitions. (ilmumas, ETIS 1.2)

Parts, O., Vihalem, A. 2011. Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers. Baltic Business and Socio-Economic Development 2009. Edited by Gunnar Prause. Berlin: Berliner Wissenschafts-Verlag. (ilmunud, ETIS 3.1)

Parts, O. 2007. The Measurement of Consumer Ethnocentrism and COO-Effect in Consumer Research. Transformations in Business & Economics. (ilmunud, ETIS 1.1)

(2) Artiklid konverentsi kogumikes

Vida, I., Parts, O., Kunz, M. B. 2011. The Role of Cosmopolitanism in Consumer Choice Behavior. MBAA International 2011 Annual Conference proceedings. Chicago conferenece 23.03–25.03.2011. CD-ROM (ETIS 3.4)

Parts, O., Vida, I. 2010. The Effects of Consumer Cosmopolitanism on Foreign Purchase Behavior. Academy of International Business South East (AIB-SE) 2010 conference proceedings 27–29 October. USA, Florida St Pete Beach. Memory stick. (ETIS 3.4)

Parts, O., Vihalem, A. 2010. Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers. 2nd International Conference "Economies of Central and Eastern Europe: Convergence, Opportunities and Challenges". Tallinn, Tallinn Univeristy of Technology. CD-ROM. (ETIS 3.4)

Parts, O. 2007. Consumer Ethnocentrism and COO-Effect Researching History and Their Relationship Between the Stages of States' Development. Education and Economy 2007. Materials of international scientific conference. Edited by Meriste, U., Rajangu, V and Siirde, V. Tallinna Tehnikaülikooli Kirjastus. (ETIS 3.4).

(3) Konverentsi ettekanded

Parts, O. together wih Vida, I. 2010. The Effects of Consumer Cosmopolitanism on Foreign Purchase Behavior. Academy of International Business South East (AIB-SE) 27–29 October 2010. USA, Florida St Pete Beach.

Parts, O. 2010. Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers. 2nd International Conference "Economies of Central and Eastern Europe: Convergence, Opportunities and Challenges", Tallinn, 13–15 June 2010.

Parts, O. 2007. Consumer Ethnocentrism and COO-Effect' Researching History and Their Relationship Between the Stages of States' Development. Education and Economy 2007. Materials of international scientific conference. Tallinn: Autumn, 2007.

Parts, O. 2006. The Measurement of Consumer Ethnocentrism and COO-Effect in Consumer Research. University of Latvia, 5 May 2006.

(4) Magistritööde, bakalaureusetööde ja uurimistööde pidev juhendamine

8. Kaitstud lõputööd

Magistritöö   Tarbija ostueelistused Eesti toidukaupade turul. Juhendaja: dotsent Ann Vihalem. TTÜ, 2005

Bakalaureusetöö   Noore tarbija koolitamise turunduslikud aspektid. Juhendaja: dotsent Ann Vihalem. TTÜ, 2002

9. Teadustöö põhisuunad

Tarbijakäitumine ja eelkõige kosmopolitismi ja etnotsentrismi mõju välismaise *versus* kodumaise kauba ostmisele). Teadustöö teema 6001RE ja osalenud olen nii doktorandi kui lektorina. Lisaks olen seotud rahvusvahelise tarbijakäitumisliku projektiga COBEREN (kood VERT449).

Liikmelisus

2011 - …   European Marketing Academy (EMAC) liige
2011 - …   Slovenia Seura liige

Preemiad ja tunnustused

2011   TTÜ majandusteaduskonna aasta parim õppejõud väga huvitavate seminaride kategoorias
2010   William J. Ziegleri nimeline Academy of International Business South-East USA konverentsi parima doktorandi artikli auhind
2008   TTÜ 2007. aasta parima teadusartikli autor sotsiaal- ja humanitaarteaduste valdkonnas
2007   Aasta teadustöötaja TTÜ Majandusteaduskonnas

Appendix 7

CURRICULUM VITAE

1. Personal data
     Name   Oliver Parts
     Date and place of birth   17.06.1980, Tallinn

2. Contact information
     Address   Akadeemia road 3, Tallinn, Estonia
     Phone   +372 6203974, +372 6203958
     E-mail   oliver.parts@ttu.ee

3. Education

Educational institution	Graduation year	Education (field of study/degree)
Tallinn University of Technology	Expected 2011 Dec	PhD, Business Admini-stration
Tallinn University of Technology	2005	Marketing, MA
Tallinn University of Technology	2002	Marketing, BA
Tallinn 8. Secondary School	1998	Secondary education

4. Language competence/skills (fluent; average, basic skills)

Language	Level
Estonian	Mother tongue
English	Upper intermediate

5. Special Courses

Period	Educational or other organisation
2009 March - 2009 Aprill	University of Ljubljana, structural equation modeling
2009 March	Tallinn University of Technology, scientific methodology, Primus
2005 Spring	Tallinn University of Technology, didactic education for the lecturer

6. Professional Employment

Period	Organisation	Position
2010 - ...	Tallinn University of Technology	Lecturer (1.0, marketing)
2007 Sept - 2008 Aug	Tallinn University of Technology	Doctoral School of Economics coordinator (0.15)
2007 - ...	Tallinn University of Technology	Member of working group of doctoral studies
2005 - 2009	Tallinn University of Technology	Assistant (1.0, marketing)
2005 - ...	Tallinn University of Technology	MÜTÜ coordinator
2003 - 2005	Tallinn University of Technology	Fee-based teaching in economics faculty and also in Tallinn College of TUT
2002 - 2004	Estonian Institute of Economic Research	Economist (consumer studies)
2001 July - 2001 Sept	AS Mööblimaja	Marketing speciality practice

7. Scientific work

(1) Articles in international journals or in collection of articles

Parts, O., Vida, I., Vihalem, A. 2011. The Role of Cosmopolitanism in Consumer Ethnocentrism, Knowledge of Brand Origins and Foreign Purchase Behavior. University-Business Cooperation. Edited by Gunnar Prause. Berlin: Berliner Wissenschafts-Verlag. (forthcoming, ETIS 3.1)

Parts, O., Vida, I. 2011 or 2012. The Effects of Consumer Cosmopolitanism on Purchase Behavior of Foreign vs. Domestic Products. Managing Global Transitions. (forthcoming, ETIS 1.2)

Parts, O, Vihalem, A. 2011. Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers. Baltic Business and Socio-Economic Development 2009. Edited by Gunnar Prause. Berlin: Berliner Wissenschafts-Verlag. (published, ETIS 3.1)

Parts, O. 2007. The Measurement of Consumer Ethnocentrism and COO-Effect in Consumer Research. Transformations in Business & Economics. (published, ETIS 1.1)

(2) Articles in conference proceedings

Vida, I., Parts, O., Kunz, M. B. 2011. The Role of Cosmopolitanism in Consumer Choice Behavior. MBAA International 2011 Annual Conference proceedings. Chicago conferenece 23.03–25.03.2011. CD-ROM (ETIS 3.4)

Parts, O., Vida, I. 2010. The Effects of Consumer Cosmopolitanism on Foreign Purchase Behavior. Academy of International Business South East (AIB-SE) 2010 conference proceedings 27–29 October. USA, Florida St Pete Beach. Memory stick. (ETIS 3.4)

Parts, O., Vihalem, A. 2010. Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers. 2nd International Conference "Economies of Central and Eastern Europe: Convergence, Opportunities and Challenges". Tallinn, Tallinn Univeristy of Technology. CD-ROM. (ETIS 3.4)

Parts, O. 2007. Consumer Ethnocentrism and COO-Effect' Researching History and Their Relationship Between the Stages of States' Development. Education and Economy 2007. Materials of international scientific conference. Edited by Meriste, U., Rajangu, V., and Siirde, V. Tallinna Tehnikaülikooli Kirjastus. (ETIS 3.4).

(3) Conference presentations

Parts, O. together wih Vida, I. 2010. The Effects of Consumer Cosmopolitanism on Foreign Purchase Behavior. Academy of International Business South East (AIB-SE) 27–29 October 2010. USA, Florida St Pete Beach.

Parts, O. 2010. Cosmopolitanism Impact on Product Purchase Behavior on the Example of Slovenian and Estonian Consumers. 2nd International Conference "Economies of Central and Eastern Europe: Convergence, Opportunities and Challenges". Tallinn, 13–15 June 2010.

Parts, O. 2007. Consumer Ethnocentrism and COO-Effect' Researching History and Their Relationship Between the Stages of States' Development. Education and Economy 2007. Materials of international scientific conference. Tallinn: Autumn, 2007.

Parts, O. 2006. The Measurement of Consumer Ethnocentrism and COO-Effect in Consumer Research. University of Latvia, 5 May 2006.

(4) Master and batchelor theses and research projects active supervising

8. Defended theses

    Master thesis   Consumers' Purchase Preferences in Estonian Food Market. Supervisor: associate professor Ann Vihalem. TUT, 2005

    Batchelor thesis   The Marketing Aspects of Educating the Young Consumer. Supervisor: associate professor Ann Vihalem. TUT, 2002

9. Main areas of scientific work/Current research topics

Consumer behavior. Recent topics have been connected with cosmopolitanism and consumer ethnocentrism impacts on foreign *versus* domestic products purchase behavior. Scientific topic 6001RE, where I have been participating as a lecturer as well as doctoral student. Moreover, I am connected in international consumer behavior project COBEREN (code VERT449).

Membership

2011 - …   European Marketing Academy (EMAC) member
2011 - …   Slovenia Seura member

Awards

2011   The best lecturer at TUT TSEBA of the year 2011 in the category of very interesting seminars

2010   William J. Ziegler Best Doctoral Student Paper award (Academy of International Business Southeast, USA)

2008   The best scientific article at TUT in year 2007 in the field of social sciences

2007   Scientific researcher of the year at TUT TSEBA

KOKKUVÕTE

Kosmopolitismi mõju Eesti ja Sloveenia tarbijate ostukäitumisele välismaiste *versus* kodumaiste toodete valikul

Käesoleva doktoritöö *võtmekontseptsiooniks* on kosmopolitism, mille defineerimisel lähtutakse Riefler ja Diamantopoulos'e (2009) poolt mõiste hiljutisest tõlgendamisest. Nende uurijate järgi mõistetakse kosmopolitismi all "tarbijate avatust nii välismaistesse toodetesse, inimestesse kui ka kultuuridesse. Taoline avatus mitmekesistab kosmopoliitse inimese elu, mis omakorda annab suurema tõenäosuse välismaiste toodete/teenuste ostmisele kodumaiste alternatiivide ees" (lk 415).

Kosmopolitismi kontseptsioon leiab rakendust majandusteaduses, psühholoogias, sotsioloogias ja filosoofias jm. Kosmopolitismi on uuritud palju turundus- ja ärialases teoreetilises ja empiirilises kirjanduses. Tuntumad uurijad turunduse alal on Caldwell jt. (2006), Cannon ja Yaprak (2002); Cleveland jt. (2011); Hannerz (1990), Holt (1998), Holt (1997), Riefler ja Diamantopoulos (2009), Thomson ja Tambyah (1999), Yoon jt. (1996).

Doktoritöö *eesmärgiks* on uurida kosmopolitismi mõju tarbija välismaiste *versus* kodumaiste toodete ostmisele Eestis ja Sloveenias. Selleks valiti kolm tootegruppi, milleks on alkohoolsed joogid, riided ja mööbel. Nimetatud grupid kaasati, kuna antud tooteid on mõlemas riigis saadaval suures valikus nii välismaiste kui kodumaiste toodetena. Eesti ja Sloveenia valiti uuringuriikideks, sest mõlemad on postkommunistlikud riigid ning analüüsi seisukohast on huvitav kontseptuaalsete mudelite testimine kultuuriliselt erinevatel turgudel.

Doktoritöö *ülesanded* on järgmised:
- Analüüsida kosmopolitismi rolli eestlaste ja sloveenide igapäevases tarbimises.
- Luua ja testida kontseptuaalseid mudeleid kosmopolitismi mõju uurimiseks eestlaste ja sloveenide ostukäitumises.
- Viia läbi tarbijauuringud Eestis ja Sloveenias.
- Võrrelda mudelite testimise tulemusi Eesti ja Sloveenia vahel.
- Lisada uusi tulemusi nii teoreetilisse kui empiirilisse kirjandusse.
- Anda soovitusi edasisteks uuringuteks.
- Anda soovitusi välismaistele ettevõtetele.

Doktoritöö *originaalsus* seisneb selles, et töös uuritakse kosmopolitismi otsest mõju väljundmuutuja suhtes, milleks on käesoleva töö mõistes välismaiste *versus* kodumaiste toodete ostmine (FPPB). See on uudne nii teoreetilisest kui empiirilisest aspektist lähtuvalt, sest antud seose uurimine on jäetud teadlaste poolt põhjuseta tahaplaanile (Cleveland jt., 2009; Sharma jt., 1995; Suh ja Kwon, 2002; Tillery jt., 2010; Vida ja Reardon, 2008). Pinnapealselt on uuritud

seost ka kosmopolitismi ja brändi päritolumaa teadlikkuse (KBO) vahel ning kas bränditeadlikumad inimesed eelistavad osta pigem välismaiseid või kodumaiseid tooteid. Samas on brändi päritolu teadmised tarbijatel tagasihoidlikud (Balabanis ja Diamantopoulos, 2008; Samiee jt., 2005; Zhou jt., 2010), kuigi käesolevas doktoritöö uurimuses ei olnud brändide päritolumaa teadlikkus nii madal kui ülalnimetatud autorite uurimustes. Uudseks aspektiks on leida kinnitust, kas kosmopolitism mõjutab tarbijate toote kvaliteedi hinnanguid, mida on seni otsese seosena uuritud vaid ühes uuringus (Lee ja Chen, 2008).

Doktoritöös koostati kaks kontseptuaalset mudelit kosmopolitismi otseste ja kaudsete mõjude välja selgitamiseks välismaiste *versus* kodumaiste toodete ostmisele kahes riigis. Muutujad valiti loodud mudelitesse vastavalt teoreetilises ja empiirilises kirjanduses leitud ebakõladele või ebapiisavalt lahendatud teaduslikele probleemidele. Käesolev doktoritöö tugineb kolmele teadusartiklile, mille peamiseks autoriks on kõigil käesoleva doktoritöö kirjutaja. ETIS kvalifikatsiooni järgi on tegemist ühe 1.2 ja kahe 3.1 artikliga. Artiklite pealkirjad ja avaldamiskohad on leitavad töö inglise keelses sissejuhatuses.

Doktoritöö koosneb kolmest peatükist. Esimene peatükk annab ülevaate kirjandusest, teine tutvustab uurimismeetodeid ja kolmas vaatleb uuringu tulemusi, tulemuste teoreetilisi, metodoloogilisi ja turunduslikke rakendusvõimalusi.

Mudelite testimiseks viidi läbi Eestis ja Sloveenias tarbijauuring (vastavalt 271 ja 261 respondenti). Vastajaid küsitleti kaubanduskeskustes, supermarketites või kaubanduspiirkondade läheduses. Küsitletute valimisel oli oluline representatiivsus järgmiste tunnuste alusel elukoht, sugu ja vanus ning sissetulek. Eestis olid uuringusse kaasatud nii eestlased kui venelased, kuid Sloveenias üksnes sloveenid. Eestis kasutatud küsimustik on leitav lisas 4 ja Sloveenia oma lisas 5.

Artikkel 1 (vt lisa 1) tugineb üksnes Eesti uuringu tulemustele ja testib mudelit 1. Artikkel 1 analüüsib kosmopolitismi otseseid ja kaudseid efekte läbi tarbija välismaiste *versus* kodumaiste toodete ostmise (FPPB). Lisaks uuritakse kosmopolitismi kaudseid efekte väljundmuutuja FPPB suhtes läbi tarbija etnotsentrismi ja brändi päritolumaa teadlikkuse (KBO). Turunduslikud rakendused on artiklis toodud turunduskommunikatsiooni, segmentimise ja brändi päritolumaa teadlikkuse kaudu.

Artikkel 2 (vt lisa 2) kasutab samuti Mudelit 1, kuid seal interpreteeritakse üksnes Sloveenia uuringu tulemusi. Turunduslikud rakendused on kirjutatud segmentimise ja turundusmeetmestiku alusel.

Artikkel 3 (vt lisa 3) analüüsib nii Eesti kui ka Sloveenia tarbijauuringu tulemusi ning testitakse mudelit 2. Mudel 2 uurib samuti, kuidas kosmopolitism mõjutab tarbijat ostma välismaiseid või kodumaiseid tooteid, kuid mudelisse on kaasatud veel teisi muutujaid. Kaudseid efekte analüüsitakse FPPB suhtes läbi tarbija etnotsentrismi, kodumaise toote kvaliteedi ja kodumaise toote ostukavatsuste järgi. Turunduslikke rakendusi vaagitakse artiklis rahvusvahelise turunduse seisukohast.

135

Mudelite testimisel ja uuringutulemuste tõlgendamiseks kasutati struktuurse modelleerimise meetodit (*structural equation modeling)*, lisaks hinnati muutujate usaldatavust, konvergentset ja diskriminantset valiidsust ning keskmist varieeruvuse ulatust (*average variance extracted*).

Mudelis 1 (vt artiklid lisades 1 ja 2) leidis kinnitust neli hüpoteesi viiest. Tõestatud sai kosmopolitismi otsene ja positiivne mõju väljundmuutuja FPPB suhtes, samuti kosmopolitismi negatiivne ja otsene mõju tarbija etnotsentrismi suhtes ning tarbija etnotsentrismi negatiivne mõju brändi päritolumaa teadlikkuse (KBO) suhtes. Kinnitust ei leidnud hüpotees, et kosmopoliitsemad tarbijad on bränditeadlikumad ja suudavad õigemini hinnata erinevate brändide päritolumaid.

Mudelis 2 (vt artikkel lisas 3) kinnitati analüüsi põhjal seitsmest hüpoteesist kuus. Kinnitust sai taas kosmopolitismi otsene ja positiivne mõju väljundmuutuja FPPB suhtes. Kosmopolitismil on lisaks negatiivne ja otsene mõju tarbija etnotsentrismile, tarbija etnotsentrismil on otsene ja positiivne seos kodumaise toote kvaliteediga, tarbija etnotsentrismil on otsene ja positiivne mõju kodumaise toote ostukavatsustega ning kodumaise toote ostukavatsustel on otsene ja negatiivne seos välismaiste toodete ostmisega. Mudelis 2 ei leidnud kinnitust, et kosmopolitismil on otsene ja negatiivne mõju kodumaise toote kvaliteedile.

Mõlemas mudelis leidus üks hüpotees, mis ei leidnud kinnitust. Nii kosmopolitismi seos brändi päritolumaa teadlikkusega kui ka kosmopolitismi seos toote kvaliteediga on väga vähe uuritud ja mille tulemused on empiirilises kirjanduses omavahel koguni vastuolus. Seega vajavad need kaks seost lisauuringuid.

Mudelite testimistulemused näitasid, et kosmopolitism mõjutab otseselt ja tugevalt Eesti ja Sloveenia tarbijate välismaiste toodete ostmist. Kõrgem kosmopolitismi tase viib nii Eesti kui Sloveenia tarbijat välismaiste toodete ostmiseni, sest kosmopoliitsemad inimesed on välismaistesse toodetesse rohkem avatud. Eestimaalased olid võrreldes sloveenidega vähem kosmopoliitsemad, kuigi erinevus ei ole suur (vt t-väärtusi: peatükk 3, tabel 4 ja 7).

Eesti uuringu andmed olid veidi väiksema usaldatavuse ja valiidsustega ning mudeli sobivuse statistikutega võrreldes Sloveenia tulemustega. Oluline on mainida multikultuurilise uuringu seisukohast, et uuringu tulemused said kinnitatud või ümber lükatud mõlema mudeli kaudu samas suunas ja mõlemas riigis – Eestis ja Sloveenias. Tihtipeale võivad mudelite testimise tulemused erinevates riikides viia vastupidiste tulemusteni nagu näiteks Strizhakova jt. (2008) ja Suh ja Kwon (2002) uuringutes.

Uutele välismaistele ettevõtetele Eesti ja Sloveenia turgudel annavad suurema eduvõimaluse kosmopoliitsemad tarbijad, kuna etnotsentristlikud tarbijad ei ole välismaistesse toodetesse/brändidesse eriti avatud. Kosmopoliitsemad tarbijad on selleks avatud ja paremini informeeritud erinevate brändide/toodete päritolumaadest. Etnotsentristlikel tarbijatel piirdub näiteks brändi/päritolumaa teadlikkus sageli üksnes sellega, kas see bränd/toode on

välismaine või kodumaine. Etnotsentristlikele tarbijatele ei ole mõttekas keskenduda turule sisenemise etapis, vaid hiljem, sest ka nende hulgas on välismaistel tootjatel ja edasimüüjatel võimalik edu saavutada. Selleks pakub lahendusi turunduskommunikatsioon ja toote positsioonimine. Näiteks on turunduskommunikatsioonis oluline pakendamine ja brändi nimede loomine ning sobivate sõnumite edastamine reklaamide kaudu. Positsioonimise seisukohast tuleb välismaist brändi positsioonida kui kohalikule turule kohandatud toodet. Selleks võib olla kohendatud maitse või värv, kodumaiste toormaterjalide kasutamine jms. Mõelda tuleb sellele, milliseid kodumaiseid märksõnu toote juures rõhutada, et see ahvatleks etnotsentristlikumat tarbijat kallutama ostuotsust välismaise toote kasuks.

Käesoleva doktoritöö tulemuste analüüsimise juures on erilise hoolega järgitud parimate muutujate ning mõõtmismetoodikate kasutamist. Kuid vaatamata sellele rakenduvad käesolevale uuringule teatavad piirangud, mis on suurepärased võimalused tulevasteks uuringuteks kosmopolitismi *versus* tarbija etnotsentrismi ning välismaiste toodete *versus* kodumaiste toodete ostmise valdkonnas.

Esiteks, kosmopolitismi mõju on mõõdetud antud uurimuses tarbija välismaiste *versus* kodumaiste toodete valikule ühe väljundmuutuja kaudu. Mõned uuringud on näidanud, et kosmopolitismi roll võib erineda sõltuvalt sellest, kuidas väljundmuutuja on mudelisse lisatud. Näiteks Balabanis jt. (2004) ja Suh ja Kwon (2002) on leidnud, et taolistel uuringutel võiks olla kaks väljundmuutujat eraldi, üks välismaise toote ostmise ja teine kodumaise toote ostmise jaoks.

Teiseks, tuleb laiendada tootegruppide valikut, kuna kosmopolitismi mõju võib kaubagrupiti olla erinev. Käesolev töö piirdus mõõtmisega kolme tootegrupi suhtes korraga, mitte aga eraldi alkohoolsete jookide, riiete ja mööbli osas.

Kolmandaks, brändi päritolumaa teadlikkus (KBO) oli piiratud vaid kolme tootegrupiga, kus igas grupis sai tarbija hinnata kahte kodumaist ja kahte välismaist brändi ning seda kuue võimaliku brändi päritolumaa suhtes.

Neljandaks, täiendavaid uuringuid vajab kosmopolitismi otsene mõju tarbijate toote kvaliteedi hinnangutele, mis on uuringutes seni jäänud tahaplaanile.

Viiendaks, kosmopolitismi ja etnotsentrismi uuringud tarbijate ostukäitumise osas on liiga lihtsustatud ega võtta arvesse mitmeid olulisi faktoreid. Näiteks milline on hinna roll välismaise või kodumaise kauba ostmisel, kas hind muudab kosmopoliitsema või etnotsentristlikuma tarbija ostuhoiakuid ja reaalset ostukäitumist brändi või toote päritolumaa osas.

Kuuendaks, kosmopolitismi mõõtmisskaala täiustamine vastavalt Riefler ja Diamantopoulos (2009) soovitustele. Vaja on parendada eelkõige selle muutuja mõõtmismetoodikat ning vähendada kontseptsioonis terminoloogilist segadust.

Seitsmendaks, kosmopolitismi mõjude erinevuste välja selgitamiseks on vaja kaasata uuringusse nii arenenud kui arenevaid turge ning samuti arengumaid.

Kaheksandaks, vaja on võrdlevaid uuringuid kultuuriliselt erinevates riikides, et suurendada doktoritöös loodud mudelite välist valiidsust.

Käesolev doktoritöö on originaalne ja selle tulemused omavad panust nii teooriasse kui empiirikasse eelkõige kosmopolitismi otsese ja positiivse mõju kinnituse leidmisele FPPB muutuja suhtes. Samuti omab KBO mõju FPPB väljundmuutuja suhtes. Edaspidiste soovitatud uuringusuundade järgimisel on võimalik kosmopolitismi kontseptsiooni arendada edasi ning leida uusi kinnitavaid andmeid kosmopolitismi olulisest rollist tarbija ostukäitumise mõjutajana.

ABSTRACT

The Effects of Cosmopolitanism on Estonian and Slovenian Consumer Choice Behavior of Foreign v*ersus* Domestic Products

In the marketing literature, the concept of cosmopolitanism has been advanced by many prominent scholars (Caldwell et al., 2006; Cannon and Yaprak, 2002; Cleveland et al., 2011; Hannerz, 1990; Holt, 1998; Holt, 1997; Riefler and Diamantopoulos, 2009; Thomson and Tambyah, 1999; Yoon et al., 1996) who argue that cosmopolitanism is consumer orientation with substantial implication for marketing practice. Sufficient evidence exists that cosmopolitanism can lead to better perceptions of foreign products, including their quality (Dinnie, 2004; Rawwas et al., 1996), and induce a greater desire in individuals to travel as they attempt to seek new insights in other cultures (Cannon and Yaprak, 2002; Thompson and Tambyah, 1999).

The *purpose* of the thesis is to examine direct and indirect effects of cosmopolitanism on consumers' purchase behavior towards foreign *versus* domestic products in Estonia and Slovenia on the example of alcohol products, clothes and furniture. The thesis is based on three articles.

The doctoral thesis makes an *original contribution* to the literature as well as to the empirical side of the topic. First, cosmopolitanism is one of the consumer characteristics that has been widely used in describing consumer consumption orientation, but previous research has rarely explored the role of cosmopolitanism in behavioral outcomes like foreign *versus* domestic consumption (Cleveland et al., 2009; Sharma et al., 1995; Suh and Kwon, 2002; Tillery et al., 2010; Vida and Reardon, 2008). Secondly, in examining consumer foreign and domestic purchase behavior, consumers' actual knowledge of brands' national origin has seldom been accounted for in existing models, even despite the growing concern that consumer knowledge of the product/brand national origins tends to be inaccurate and superficial at best (Balabanis and Diamantopoulos, 2008; Samiee et al., 2005; Zhou et al., 2010). Thirdly, it is relatively new to investigate how cosmopolitanism influences product quality evaluations. There have been only a couple of studies about that (Lee and Chen, 2008; indirectly Rawwas et al., 1996).

For achieving the purpose, to fill the tasks and obtain originality, the author set up two conceptual models for measuring the phenomenon in Estonia and Slovenia. The consumer survey was carried out in both countries (271 respondents in Estonia and 261 in Slovenia). The models were tested by structural equation modeling. Both models examined direct effects on FPPB, but

had a difference in variables that measured indirect effects of cosmopolitanism on the outcome variable. Latent constructs were chosen for the models based on the gaps identified in the literature. All hypotheses were confirmed or rejected in the same way in both countries, which means effects of cosmopolitanism on consumer choice behavior are quite similar in Estonia compared to Slovenia, even though Slovenes are more cosmopolitan in their purchase decisions than Estonian people.

The two models confirmed the direct and strong effect of cosmopolitanism on foreign *versus* domestic product purchase behavior (FPPB) as interpreted in all three articles on the example of Estonian and Slovenian results. The assumption that more outside orientated consumers have a greater tendency to buy foreign rather than domestic products was confirmed.

Model 1 contained five hypotheses and four of them were confirmed. The following hypotheses were confirmed: positive and direct effect of cosmopolitanism on FPPB, direct and negative effect of cosmopolitanism on consumer ethnocentrism, negative and direct effect of consumer ethnocentrism toward knowledge of brand origins (KBO), direct and positive effect of KBO on FPPB. The thesis did not find any support to the direct and positive link between cosmopolitanism and KBO.

Model 2 had seven hypotheses and six of them were confirmed. The following hypotheses were confirmed: direct and positive effect of cosmopolitanism on FPPB, direct and negative effect of cosmopolitanism on consumer ethnocentrism, direct and positive effect of consumer ethnocentrism on domestic product quality, direct and positive effect of consumer ethnocentrism on domestic product purchase intentions and finally, direct and positive effect of domestic product purchase intentions toward foreign product purchase behavior. The thesis did not confirm the direct and negative relationship between cosmopolitanism and domestic product quality. The two conceptual models showed that cosmopolitanism is playing an important role in Estonian and Slovenian consumers' choice behavior, especially in regard to foreign products. The last finding is also very important from the theoretical point of view, because the impact of cosmopolitanism on outcome variable has been usually left unresolved in the literature.

The most significant contribution to the literature by the current thesis is the examination of cosmopolitanism's role in consumer choice behavior and adding KBO as a mediating variable between consumer ethnocentrism and FPPB. In addition, cosmopolitanism and product quality linkage is one of the key issues for further studies.

The doctoral dissertation offers also valuable information for international marketers from the implications point of view. Implications are mainly related to international marketing, segmenting, positioning, marketing mix and marketing communication issues. Several suggestions for further research were also made and some of the limitations applied to the study. Further studies have to overcome these limitations and take into account further research venues.

DISSERTATIONS DEFENDED AT TALLINN UNIVERSITY OF TECHNOLOGY ON *ECONOMICS*

1. **August Aarma**. Segmented analysis of bank customers and banking information: Estonian case. 2001.

2. **Enn Listra**. The development and structure of banking sector: retail banking in Estonia. 2001.

3. **Tatyana Põlajeva**. The comparative analysis of market's attractiveness. 2001.

4. **Tuuli Tammeraid**. Modeling flow of funds for Estonia. 2002.

5. **Ivo Karilaid**. The choice in general method for investment and performance evaluation. 2002.

6. **Hele Hammer**. Strategic investment decisions: evidence from survey and field research in Estonia. 2003.

7. **Viljar Jaamu**. The methods and instruments for solving the banking crisis and development of the banking sector in Estonia. 2003.

8. **Katri Kerem**. From adoption to relationships: Internet banking in Estonia. 2003.

9. **Ly Kirikal**. Productivity, the malmquist index and the empirical study of banks in Estonia. 2005.

10. **Jaanus Raim**. The PPP deviations between Estonia and non-transitional countries. 2006.

11. **Jochen Sebastian Heubischl**. European network governance – corporate network systematic in Germany, the United Kingdom and France: an empirical investigation. 2006.

12. **Enno Lend**. Transpordiühenduse ja logistikasüsteemi interaktsioon (Saaremaa ja Hiiumaa näitel). 2007.

13. **Ivar Soone**. Interrelations between retail service satisfaction and customer loyalty: A holistic perspective. 2007.

14. **Aaro Hazak**. Capital structure and dividend decisions under distributed profit taxation. 2008.

15. **Laivi Laidroo**. Public announcements' relevance, quality and determinants on Tallinn, Riga, and Vilnius stock exchanges. 2008.

16. **Martti Randveer**. Monetary policy transmission channels, flexibility of the economy and future prospects of the Estonian monetary system. 2009.

17. **Kaire Põder**. Structural solutions to social traps: formal and informal institutions. 2010.

18. **Tõnn Talpsepp**. Investor behavior and volatility asymmetry. 2010.

19. **Tarmo Kadak.** Creation of a Supportive Model for Designing and Improving the Performance Management System of an Organisation. Case studies. 2011.

20. **Jüri Kleesmaa**. Economic and Environmental Effects of Electricity Production in Estonia. 2011.