

INFLUENCING FACTORS OF WILLINGNESS TO BUY COUNTRY-OF-ORIGIN BRANDS POST COVID-19 PANDEMIC: AN EMPIRICAL STUDY

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Abstract. *The Corona virus-19 pandemic disrupted the lifestyle and purchasing habits of customers, which also has a harmful effect on the global economy. The GDP of a nation is significantly influenced by consumer purchases of domestically produced goods and nation's own brands, which also aid in the recovery of the nation's economy. The objective of the paper is to study the variables that affect decisions of consumers' purchasing and to model those variables with structural equation modeling to find the causal relationship. Factors like consumer ethnocentrism, economic nationalism and Attitude towards foreign-brands (ATFB) were evaluated to examine significant impact on willingness to buy country-of-origin brands (WBCOB) and products. The data was collected from 450 students of Sardar Patel University using convenient sampling with structured questionnaires using established scales. CFA and SEM using SPSS AMOS were applied to analyse the data. The findings show that the COVID-19 pandemic has driven customers to motivate economic nationalism by purchasing Indian brands that supports the buying of Indian-made goods and encouraging others to do the same will positively affect and strengthen the Indian economy. This study shows that students' ATFB, such as rejecting foreign brands and endorsing Indian made products, has a favourable impact on purchasing patterns for goods made in India, reflects ethnocentrism, and demonstrates economic nationalism among Indians. It was determined that ATFB mediates the significant effect of consumer ethnocentrism on the WBCOB. This finding can assist marketing specialists to articulate an effective promotion strategy to encourage ethnocentric tendencies, and they can give consumers clues to encourage feelings of economic nationalism when they purchase products or services.*

Keywords: *Consumer ethnocentrism, economic nationalism, attitude towards foreign brand, willingness to buy country-of-origin brands*

1. INTRODUCTION

The coronavirus outburst was declared a "pandemic" by World Health Organization on 11th March, 2020 [1]. Indian people faced undiscovered circumstances during the initial stage of the lockdown, which caused a historically unprecedented shift in consumer preferences. There was no need for lifestyle products, and things were divided into two groups namely basic and non-basic goods. Only necessary products were provided to people [2].

People from all over the world expressed their feelings against China because they thought that China did not take necessary preventive actions to stop the epidemic spread. This was another unusual behaviour that was observed. Additionally, China was reopening its enterprises while India and other nations were compelled to implement lockdown, which had a negative impact on country's economy. Several nations around the world showed signs of nationalism. People began discussing the value of independence and decreasing reliance on China, which is regarded as the world's production center. The world appears to have started moving away from globalisation toward localized products and services even before this pandemic [3]. Chinese government always adhered to the China First policy; similarly, the USA with America First policy caused other nations to begin turning internal and strengthening their economies which resulted into giving surge to nation-first policy. Noticeable variations in the type of products purchased, the location of purchases, and the usage of digital payments, particularly in developing nations like India, were witnessed amid the nationwide lockdown [4]. Therefore, it is essential to understand new consumer behaviour and novel marketing tactics in the post COVID-19 period and key elements affecting consumers when they buy post lockdown.

This study makes an effort to answer to questions based on two significant developments that occurred during the lockdown: The first sign of the economy's negative impact was the complete halt of economic activity. Therefore, it is important to research how the public feels about the economy and who they believe should be involved in its recovery. Second, if the economic effects were to occur, would customers still make impulsive buying or would they start making more deliberate decisions? Would consumers' ethnocentric behaviour lead them to be more willingness to buy the country-of-origin brands (WBCOB)?

2. LITERATURE REVIEW

It was noted through updates from various regions of the world that people began thanking medical professionals and neighborhood grocery or provision shops for supplying them with necessities

for existence. The actions of the people revealed a sense of nationalism. The review of literature includes economic nationalism (EN), consumer ethnocentrism (CE), attitude towards foreign brands (ATFB), and willingness to buy country-of-origin brands (WBCOB).

2.1. Consumer Ethnocentrism (CE)

Sharma et al., [5] considered consumer ethnocentrism as an idea that is based on three perspectives: first, consumer anxiety about the economy damaging of his or her own nation by purchasing foreign brands; second, the ethics of purchasing imported goods and third, a personal bias towards imports. Consequently, customers with ethnocentrism have confidence in that foreign brands are not patriotic, harm the domestic economy and results in employment losses. Conversely, people who are not ethnocentric evaluate foreign brands depending on without taking into account where such things are from in made [6]. Baughn & Yaprak, [7] and Shimp & Sharma, [8] found that the consumers have positive and favourable attitude towards domestic or local brands while [9] stated in his study that other consumers have a positive attitude towards foreign brands. Shimp and Sharma [10] developed consumer ethnocentrism into measured construct through the use of consumer ethnocentrism tendencies scale (CETSCALE) with 17-item which is commonly and globally accepted. Consumers who liked domestic brands over foreign brands, the CETSCALE with 6-item was formed by Klein et al. [11].

2.2. Economic Nationalism (EN)

Economic nationalism can be considered as a ‘Country first’ stance and adopts a collective sentiment of prejudice over foreign brands. It is influenced by identity of nation, ethnocentrism and consumer nationalism [12]. People with nationalism started consuming nationalised goods and dressing in style goods that feature symbols or colours of nation; choose TV programmes with national flavour and favour purchasing locally made products [13]. Additionally, consumers closely look into the country-of-origin signs on the “Made in” or ”Brand Origin” labels on packaging depending on their economic nationalism while making purchases disposition and attitude that is ethnocentric and economic nationalism [14]. Economic and socio-psychological factors are important when customers behave favourably in favour of domestic brands [15][16].

3. THE MODEL/CONCEPTUAL MODEL

Many studies have been conducted on Consumer nationalism and consumer ethnocentrism before pandemic. Few studies focused on influencing factors for WBCOB but not in India. Only a handful studies were conducted on consumer willingness to buy Indian brands in which data was collected during the pandemic. Therefore an attempt is made to examine the crucial elements which affect consumer willingness to buy Indian brands post Covid-19 pandemic. Observations and literature indicate that because of the pandemic, consumers are keen to support the efforts put in by govt. to revive the economy of the nation and pay attention to "made in India" or "Indian origin" products while buying.

The study focuses on assessing customers' willingness to buy country-of- origin brands, which is influenced by ethnocentrism (indicating a choice or liking for domestic brands which is originated from home nation). The idea of economic nationalism will help boosting country's economy post pandemic. With this insight, theoretical framework was prepared by Verma and Naveen, [17] which was partially used by researcher in this study (Fig. 1). This frame also comprises the impact of attitude towards foreign brands on WBCOB after pandemic.

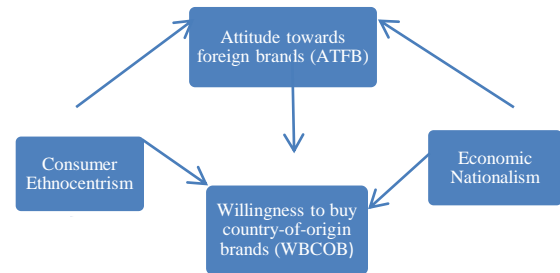


Fig.1. Frame work for WBCOB

The main objective of the study is to determine whether the compulsion to stay at home as a result of the COVID-19 crisis has affected consumer buying behavior and to detect the elements that would influence decisions of consumers after lockdown, post economic activity resumption. The sub-objectives are as follow:

- To understand the consumer buying behaviour post Covid-19 situation
- To study the factors affecting consumer willingness to buy country-of-origin brands post Covid-19 pandemic

- To measure the impact of each influencing factors on willingness to buy country-of-origin brands post lockdown

Based on the available literature and objectives of the study, following hypothesis can be formulated:

H1: CE has a significant effect on WBCOB.

H2: ATFB affects WBCOB.

H3: EN has a significant influence on WBCOB.

4. METHODOLOGY

This research study is descriptive in nature. The data is gathered by using structured questionnaire. The questionnaire comprises of five components. First component is for demographic profile of respondents, second section is for consumer ethnocentrism, third for economic nationalism, next components on attitude towards foreign brands and last section is on WBCOB. A Likert scale with 5 point was used to get responses for all the influencing factors and WBCOB through structured questionnaire.

A non-probability convenience sampling was used to collect the data from the students of Sardar Patel University covering UG, PG and PhD courses

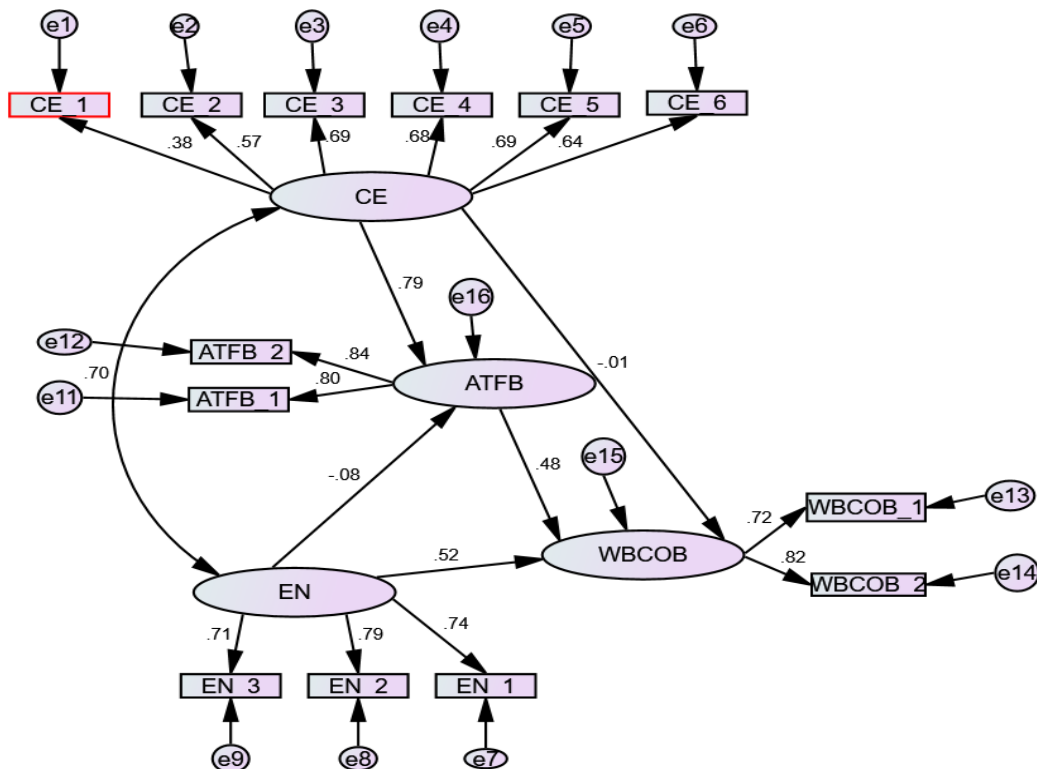
with 450 respondents. Structural equation modelling (SEM) which is regarded as being suitable for analysing complex cause-and-effect relationships is used for analysis [18]. The measurement model covers influencing factors namely consumer ethnocentrism, economic nationalism; as “exogenous variables”. The WBCOB is an “endogenous variable”. The ATFB is taken as a mediating variable between exogenous variables and WBCOB. Mediation analysis is done to determine an indirect effect as the “mediating” variable, ATFB, on the relationship between the influencing factors as two exogenous variables and the endogenous variable (WBCOB).

Data Analysis

Out of 450 respondents, 63.3% were male and 36.7% students were female. The majority 62% students were in UG course, 34.2% in PG course and only 3.8% from PhD course. 61.8% students were having annual family income below Rs.2 lakhs and 18.7% students were having annual family income between Rs.2 to Rs.5 lakhs. In case of residing status of students 56% students are urban and 42% rural.

SEM Analysis

Fig.2. shows SEM measurement model with influencing factors like CE, EN as exogenous variables and WBCOB as endogenous variable. The



factors of ATFB were depicted as mediating variable between influencing variables and WBCOB. Fig. 2.

shows the impact of exogenous and mediating variables on endogenous variable.

Construct	Cronbach's alpha	Composite Reliability	AVE	Square root of AVE
CE	0.770	0.586	0.381	0.617
EN	0.786	0.676	0.555	0.745
ATFB	0.800	0.729	0.667	0.817
WBCOB	0.745	0.640	0.598	0.773

Note: AVE- Average variance extracted

Table.1. Determining Reliability and Validity Scale

Table 1 shows that the Cronbach's alpha for all the items is >0.7, which shows the acceptance level of scale. The composite reliability of all the latent variables were near to 0.7 except in case of consumer ethnocentrism which showed the internal consistence of constructs (Hair et al., 2006). The value of AVE

for all constructs were >0.5 except in case of CE, which establish the convergent validity. The values of square root of AVE of all latent constructs were higher than inter correlation of measured variables therefore; the discriminant validity was also established.

Model Fit

Goodness of Fit Measures	χ^2/df	GFI	NFI	CFI	TLI	RMSEA
Measurement Model	6.218	.862	.840	.860	.788	.108
Structure Model	3.687	.929	.907	.929	.891	.077
Criterion (threshold values)	<5.0	>.90	>.90	>.90	>.90	<.08

Note: χ^2/d =Relative Chi-square; GFI=Goodness of Fit Index; NFI=Normed fixed index; CFI=Comparative fit index; TLI=Tucker-Lewis Index; RMSEA=Root mean squared error of approximation;

Table 2. Goodness of fit measures

Above Table-2 depicts the measures of goodness of fit for structural model. Correlation between CE and EN has increased the model fitness to satisfactory level. All the goodness of fit measures

are within the given threshold values. Thus it is finally determined that the given created structural model is a valid and right instrument.

Regression Path	Estimate	S.E.	C.R.	P value	Hypothesis
EN → ATFB	-0.066	0.11	-0.598	0.55	Not supported
CE → ATFB	1.227	0.166	7.401	***	supported
EN → WBCOB	0.575	0.088	6.539	***	supported
ATFB → WBCOB	0.382	0.067	5.72	***	supported
CE → WBCOB	-0.033	0.134	-0.25	0.803	Not supported

Note: ***P<.01

Table 3. SEM Assessment

Table 3 depicts the relationship between exogenous, mediating and endogenous variables. Economic nationalism does not have impact on ATFB as per p value is $>.05$. Also, CE does not influence the WBCOB as its p value is $.803$. Remaining exogenous variable EN and mediating variable ATFB have impact on WBCOB in case university students as their p values are $<.01$. Factors loadings (Figure 2)

clearly shows that consumer ethnocentrism has negligible impact ($-.01$) on WBCOB but has significant impact ($.79$) on ATFB. Economic nationalism has also negligible influence ($.08$) on ATFB but significant impact ($.52$) on WBCOB. Attitude towards has significant impact ($.48$) on WBCOB.

Standardised Estimates					
	EN→ATFB	CE→ATFB	EN→WBCOB	CE→WBCOB	ATFB→WBCOB
Total Effects	-.085	.786	.482	.368	.480
(P value)	(.415)	(.001*)	(.001*)	(.001*)	(.001*)
Direct Effects	-.08	.786	.523	-.009	.480
(P value)	(.431)	(.002*)	(.001*)	(.888)	(.001*)
Indirect Effects	-	-	-.040	.377	-
(P value)			(.411)	(.001*)	

Source: own research, Note: * 5% significant level

Table 4. Mediation Analysis

Table 4 states the mediation analysis through standardized total, direct and indirect effects of latent variables. In case of consumer ethnocentrism having conclusive impact on ATFB and WBCOB based on p value $<.001$. Economic nationalism is not having significant effect on ATFB ($p > .005$) but solid direct significant effect to WBCOB ($p <.001$). Thus, ATFB is playing a mediating role in case on CE but not with EN in impacting WBCOB.

affect and reinvigorate the Indian economy. This study shows that students' ATFB, such as rejecting foreign brands and endorsing Indian made products, has a favourable impact on purchasing patterns for goods made in India, reflects ethnocentrism, and demonstrates economic nationalism among Indians. It was determined that ATFB mediates the impact of consumer ethnocentrism on the WBCOB. This shows that students are keen to purchase Indian-made brands when they have negative attitudes regarding foreign brands. Surprisingly, Castelló and Mihelj (2018) and Mishra and Naveen (2021) found that the impact of economic nationalism on WBCOB mediated by ATFB. In the present study, impact of EN on WBCOB is not mediated by ATFB. Besides, consumers' shopping habits before pandemic spread do not affect their purchases of domestic brands in the post-pandemic period, suggesting that the buying behaviour would be different and those consumers might be more likely to buy brands that would help the country to recover its economy.

5. RESULTS & DISCUSSION

According to the findings of the study, pandemic has driven consumers to motivate economic nationalism by purchasing Indian brands. When consumers feel a sense of nationalism, they begin to consume nationalised items. These results are in line with [18] study. Additionally, they believe that supporting the buying of domestic brands and encouraging others to do the same will positively

on foreign nations. India started supporting the domestic production and purchasing of products and services produced in India, showing that it is not an exception. This had a significant impact on how people behaved when making purchases. The current study comes to the conclusion that there is an increased WBCOB and that the lockdown caused by pandemic has ignited sense of economic nationalism among people of India and the pandemic-related ATFB was the main factor in this.

6. CONCLUSIONS

The COVID-19 epidemic has presented the world with previously unheard-of issues and changed how people live. Most nations imposed a lockdown in order to stop the virus' spread, which resulted into joblessness, insecurity, and an economic depression. Countries began to consider domestic production of goods and services as a way to lessen their reliance

7. MANAGERIAL IMPLICATIONS

The Findings of this study can help marketing personnel to frame an effective promotion strategy to encourage ethnocentric tendencies, and they can give consumers clues to evoke feelings of economic nationalism when they buy goods or services. The results will be helpful to both managers of domestic brands and marketing managers of foreign brands in sustaining and maintaining their market share.

8. LIMITATIONS AND FUTURE SCOPE

This study was conducted with the students of university and revealed the buying behaviour of students. Therefore, given results cannot be generalized for the entire population and for entire nation. The same study can be conducted with more diverse sample from entire nation and also with different consumers from different countries. Similar study can be done in future with more influencing factors to measure the tangible change in buying pattern.

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