Pride and Prejudice - Promotion Or Prevention? Investigating the Role of Domestic Country Biases in Consumers' Product Choices

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Previous research has identified consumer ethnocentrism and national identification as sources of domestic country bias, yet the process leading to this bias remains unclear. Addressing this research gap, one correlational study and two experiments reveal opposing interactions between these constructs and regulatory focus, thereby shedding light into their psychological nature.

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EXTENDED ABSTRACT

Domestic country bias, or the bias in consumers product perceptions and buying intentions such that domestic products are preferred over foreign ones irrespective of their objective quality is well documented in the literature (Balabanis and Diamantopoulos 2004; Verlegh 2007). Two alternative socio-psychological traits of consumers are frequently employed to explain this effect, namely consumer ethnocentrism and national identification (Verlegh 2007). However, while the impact of both constructs on consumer behavior is widely researched (e.g., Josiassen 2011), the mechanism behind this effect is still not well understood. Furthermore, almost nothing is known so far with respect to how this bias can be reversed.

Shimp and Sharma’s (1987, p. 280) consumer ethnocentrism construct is defined as “beliefs held by ... consumers about the appropriateness, indeed morality, of purchasing foreign-made products.” Based on the broader concept of ethnocentrism, it is a unique form of ethnocentrism that captures only economic motives for in-group bias, such as fear that opting for foreign products threatens the domestic industry and causes unemployment (Verlegh 2007). National identification (Verlegh 2007) is an alternative motive for in-group bias. It indicates the extent to which people identify with and have a positive feeling of affiliation with their own nation (Feather 1981; Tajfel 1978). In contrast to consumer ethnocentrism, domestic country bias due to national identity thus should occur exclusively based on in-group love, and not out-group hate (Brewer 1999). Hence, although both concepts trigger a strong preference for domestic products, we expect the psychological process causing this bias to be substantially different.

We build on regulatory focus theory (Higgins 1997) to elaborate on these differences. According to this theory, people can either focus on the achievement of ideal situations and gains, or they can prioritize behaviors such as meeting their obligations (Higgins 1997). Whereas the first strategy is related to self-fulfillment and growth (i.e., promotion focus), the latter one rather comprises aspects like security and protection (i.e., prevention focus). Since consumers having a strong degree of national identification tend to purchase domestic due to an inner bond with their nation and reward themselves by showing their affiliation to a certain identity (Mackie and Smith 1998), we propose that for consumers identifying strongly with their nation, promotion focus might activate needs to utter their in-group love and thus amplifies domestic country bias. The opposite is expected to hold true for ethnocentric consumers. Since motivations such as meeting one’s obligations or security are dominant (Sharma, Shimp, and Shin 1995), we propose that for consumers being in a prevention focus, their common belief wherein foreign products threaten the domestic economy becomes activated. This in turn should strengthen domestic country bias. We propose the following hypotheses:

Hypothesis 1a: There is a positive relationship between consumers’ national identification and their chronic promotion versus prevention focus.

Hypothesis 1b: There is a negative relationship between consumers’ ethnocentrism and their chronic promotion versus prevention focus.

Hypothesis 2: Consumers’ activated regulatory focus will moderate the effect of national identification on domestic country bias. Whereas domestic country bias due to national identification is enhanced by promotion focus, it is mitigated by prevention focus.

Hypothesis 3: Consumers’ activated regulatory focus will moderate the effect of consumer ethnocentrism on domestic country bias. Whereas domestic country bias due to consumer ethnocentrism is enhanced by prevention focus, it is mitigated by promotion focus.

Study 1 (N=87) aims at testing H1 and was conducted online using a French convenience sample. As a filler task, we first asked participants to complete a brief survey seemingly dealing with their knowledge about certain product categories. We then measured their national identification, consumer ethnocentrism (Verlegh 2007), and chronic promotion focus (Haws, Dholakia, & Bearden 2010). Having built a difference score to evaluate their relative promotion focus, we found a positively (negatively) significant correlation between consumers’ national identification (consumer ethnocentrism) and their relative promotion focus (H1, see Table).

In study 2, an experiment was set up to test H2 and H3. 100 respondents were recruited through a large representative online panel in Germany. Building on Crowe and Higgins (1997), we developed a manipulation for promotion versus prevention focus, respectively. Specifically, as part of a seemingly unrelated research project, we told them that they were taking part in a general knowledge test. They were either instructed to answer incorrectly as few questions as possible (i.e., manipulation of prevention focus), or they had to answer correctly as many questions as possible (i.e., manipulation of promotion focus). Participants then had to make choices between a less (more) typical domestic (foreign) alternative (German versus Italian tie). We then measured their national identification and consumer ethnocentrism. We found a negatively (positively) significant interaction between national identification (consumer ethnocentrism) and promotion prime. More importantly, spotlight analysis indicates that the simple slope for national identification on consumers’ preference for the domestic product is significant in the promotion focus only, while the opposite holds true for ethnocentrism (H2 and H3, see Table).

Study 3 aims at testing whether the effects identified in study 2 also hold true in a more practical setting, with another product, and in another cultural context. We assigned 105 South Koreans recruited from a representative household panel to a real ad of the Swiss chocolate firm Lindt & Sprüngli but manipulated the advertising claim to trigger either a promotion or a prevention focus. We then asked them to indicate their willingness-to-pay (WTP) for the product. We identified a positively (negatively) significant interaction between national identification (consumer ethnocentrism) and promotion...
versus prevention prime. More importantly, spotlight analysis indicates that the simple slope for national identification on consumers’ WTP for the foreign chocolate is significant in the prevention focus only, while the opposite holds true for ethnocentrism (H2 and H3, see Table).

Overall, in three studies, we find strong evidence for the assumption that domestic country biases due to national identification and consumer ethnocentrism follow a distinct psychological pattern. Our findings also suggest that future research should take a more nuanced perspective of in-group bias depending on the socio-psychological trait under consideration and that approaches that do not clearly distinguish between the various forms of biases could be misleading. Finally, we provide clear recommendations for practitioners on how to nurture or mitigate domestic country bias due to national identification or consumer ethnocentrism.

REFERENCES


