

**MODERATOR ROLES OF INTERPERSONAL EFFECTS
ON THE INFLUENCE OF CONSUMER ETHNOCENTRISM
ON INTENTION TO BUY FOREIGN PRODUCTS:
A CROSS CULTURAL TESTING**

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**ULUS MERKEZCİLİĞİN YABANCI ÜRÜN SATIN ALMA
NİYETİ ÜZERİNDEKİ ETKİSİNDE KİŞİLERARASI
ETKİLERİN DÜZENLEYİCİ ROLÜ:
KÜLTÜRLER ARASI BİR İNCELEME**

Öz

Bu çalışmanın amacı kişilerarası etkilerin ulus merkezçiliğın yabancı ürün satın alma niyeti üzerindeki etkisindeki düzenleyici rolünü arařtırmaktır. Kişilerarası etkiler. Veblen, çoğunluğa uyma etkisi ve aykırılık etkisi olarak tanımlanmaktadır. Bu çalışmada gerekli olan veri Türkiye'den 248 öğrenci ve Almanya'dan 230 öğrenciden elde edilmiştir. Çoklu hiyerarşik regresyon analizi sonuçlarına göre kişilerarası etkilerin düzenleyici rolü Almanya için desteklenmiştir. Buna göre, çoğunluğa uyma ve aykırılık etkileri ulus merkezçiliğın yabancı ürün satın alma niyeti üzerindeki etkisinin gücünü değıřtirmektedir.

Anahtar Kelimeler: Ulus merkezçilik, Veblen etkisi, çoğunluğa uyma etkisi, aykırılık etkisi

Abstract

The purpose of this study is to investigate moderator effects of interpersonal effects namely Veblen, snob and bandwagon effects on the influence of consumer ethnocentrism on intention to buy foreign products. These effects were examined through analyzing data gathered from 248 students from Turkey and 230 students from Germany by using multivariate hierarchical regression analysis. Results indicated that moderating effects of interpersonal variables are verified for German sample but not for Turkish sample. Snob and bandwagon effects influence the strength of the effect of ethnocentrism on intention to buy foreign products.

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Keywords: Consumer ethnocentrism, Veblen effect, bandwagon effect, snob effect.

1. Introduction

Many countries have been reducing trade barriers in order to enhance free movements of products across nations. This makes it easier for firms to introduce their products to various foreign countries. In foreign countries firms' success depends on consumers' acceptance of foreign products. Therefore, it is essential to understand consumers attitudes and preferences towards foreign products.

One of the main predictors of consumers' preferences for foreign products is consumer ethnocentrism. Consumer ethnocentrism has been defined as "the beliefs held by consumers about the appropriateness, indeed morality of purchasing foreign made products. From the perspective of ethnocentric consumers, purchasing foreign products is wrong because, in their minds, it hurts the domestic economy, causes loss of jobs, and is plainly unpatriotic" (Shimp and Sharma, 1987:280). Thus, consumers' ethnocentric tendencies negatively affect their intention to buy foreign products (e.g. Evanschitzky, Wangenheim, Woisetchlager and Blut, 2008; Kavak and Gumusluoglu, 2007; Nakos and Hajidimitriou 2007; Cutura, 2006; Kucukemiroglu, 1999).

However, the effect of ethnocentrism and intention to buy foreign products may be moderated by various factors (Shankarmahesh, 2006; Suphellen and Rittengurg, 2001; Sharma, Shimp and Shin, 1995; Chakrabarty and Conrad, 1995). One of the moderators might be interpersonal effects namely Veblen, snob and bandwagon effects. Since individuals are often motivated to acquire products according to what they mean to them and to members of their social reference groups (Marcoux, Filiatrault, and Cheron, 1997) it may be beneficial to recognize interpersonal effects to better understand preferences for foreign products (Wang and Chen, 2004).

Interpersonal effects are defined as "the utility derived from the commodity is enhanced or decreased owing to the fact that others are purchasing and consuming the same commodity, or owing to the fact that the commodity bears a higher rather than a lower price tag." (Leibenstein, 1950:189). Three interpersonal effects are defined as Veblen, snob and bandwagon effects.

Veblen effect which is also referred as conspicuous consumption (Leibenstein, 1950) represents the consumption made to signal wealth and by inference power and status (Chen, Aung, Zhou, & Kanetkar, 2005; Bagwell and Bernheim, 1996; Campell, 1995; Veblen, 1973) *Snob effect* represents “the desire of people to be exclusive; to be different; to dissociate themselves from the common herd” (Leibenstein, 1950:189). *Bandwagon effect* represents “the desire of people to purchase a commodity in order to get into "the swim of things"; in order to conform with the people they wish to be associated with; in order to be fashionable or stylish; or, in order to appear to be "one of the boys." (Leibenstein, 1950:189).

From the above definitions, interpersonal effects may moderate the relationship between consumer ethnocentrism and intention to buy foreign products. From all, only Veblen effect has been investigated (Wang and Chen, 2004). Therefore, the purpose of this study is to investigate moderator roles of interpersonal effects including Veblen effect on the influence of consumer ethnocentrism on intention to buy foreign products.

So, this study may contribute to the literature in the following aspects: First, this study investigates moderating roles of interpersonal effects namely snob and bandwagon which have been neglected. Second, the study investigates differences of the relationships across countries at different levels of economic development. This provides a cross-cultural validation of the relationships and more comprehensive results.

The rest of the paper is organized as follows. In the following section, we examine the literature on the effects of consumer ethnocentrism and interpersonal effects on intention to buy foreign products; moderating role of interpersonal effects on the relationship between consumer ethnocentrism and intention to buy foreign products. Then, we provide research questions and proposed model. Afterwards, methodology of the study is provided with details of questionnaire and sample. Results are presented and discussed in the last section.

2. Literature

2.1. The Effect of Consumer Ethnocentrism on Intention to Buy Foreign Products

Shimp and Sharma (1987) revealed that for American consumers ethnocentric tendencies are negatively correlated with attitudes and

preferences towards foreign products. These findings have been supported by many empirical studies on various countries (e.g. Vida and Reardon, 2008; Evanschitzky et al., 2008; Nakos and Hajidimitriou 2007; Kavak and Gumusluoglu, 2007; Cutura, 2006; Shoham and Maja Makovec Brenčič, 2003; Kucukemiroglu, 1999; Klein, Ettenson, and Morris, 1998; Herche, 1994).

On the other hand, some studies (e.g. Witkowski, 1998; Good and Huddleston, 1995) showed that ethnocentrism has no significant effect on intention to buy. For instance, a study of Good and Huddleston (1995) on Russian and Polish consumers showed that there is no significant relation between ethnocentrism and intention to buy foreign products. The results of another similar study (Witkowski, 1998) revealed that ethnocentrism influence buying intentions for 4 out of 9 foreign products in Hungary whereas it has no significant effect on intention to buy in Mexico.

These contradictory results encourage the examination of some moderator variables. Various have been examined as moderators in the literature (Yelkur, Chakrabarty, and Bandyopadhyay, 2006; Huddleston, Good, and Stoel, 2001; Watson and Wright 2000; Marcoux et al. 1997; Chakrabarty and Conrad, 1995). Among these moderators interpersonal variables can be considered as important to predict attitudes and preferences towards foreign products since a significant proportion of consumption behaviors consist of social behaviors (Marcoux et al. 1997).

2.2. Interpersonal Effects on Intention to Buy Foreign Products

Interpersonal effects on demand are predictors of attitudes and behavioral intentions (e.g. Simpson, Sigauw and Cadogan, 2008; Amaldoss and Jain 2005; Herpen, Pieters, and Zeelenberg, 2005; Lascu and Zinkhan, 1999; Bagwel and Barnheim, 1996; Mason, 1995). However, their effects on intention to buy foreign products are not certain since it is examined in a relatively few number of studies (e.g. Wang and Chen, 2004; Marcoux et al., 1997;) in the literature.

Direct effect of Veblen effect on preferences for foreign products as opposed to domestic ones has been investigated in some studies (e.g. John and Brady, 2010; Marcoux et al., 1997; Ger, Belk, and Lascu, 1993). The study (Ger et al., 1993) on consumers' desires for consumption showed that Turkish consumers want to consume foreign products which are perceived as luxuries and status brands. Another study

(Marcoux et al., 1997) aimed to identify effects of ethnocentrism and interpersonal influence on Polish consumers' preference of Western products. The results revealed that the desire to demonstrate social status which is a dimension of Veblen effect, positively affect Western products preference against domestic ones for clothing and electronics. Another study (John and Brady, 2010) on Mozambique revealed similar results showing that Veblen effect leads to preference for South African products.

These findings showed that there is a positive relationship between Veblen effect and preference of foreign products. The reason for this may be the argument that in developing countries foreign products are perceived as status symbols. Then, consumers prefer foreign products to display their wealth and status (Batra, Ramaswamy, Alden, Steenkamp, and Ramachander, 2000; Marcoux et al., 1997; Ger, et al., 1993; Bearden and Etzel, 1982).

As come to bandwagon and snob effects, it should be noted here that these effects have not been directly measured but examined via similar and substitute concepts such as normative influence and conformity. For instance, the study on Polish consumers (Marcoux et al. 1997) showed that normative influence positively effect Western product preference. Another study (Chung and Pysarchik, 2000) on Korean consumers revealed that while group conformity is negatively related to attitudes towards a domestic product it is not related to attitudes and intention to buy foreign products.

2.3. Moderator Roles of Interpersonal Effects on the Relationship between Ethnocentrism and Intention to Buy

Besides its direct effect mentioned above, Veblen effect moderates the relationship between ethnocentrism and intention to buy foreign products as well. Consumers' desires for conspicuous consumption, which refers to Veblen effect, may conflict with their ethnocentric tendencies. Ethnocentric consumers believe that purchasing foreign products is wrong, and thus wants to purchase domestic products. On the other hand, conspicuous consumers tend to display their wealth by purchasing foreign products. Then, a consumer may be in a situation of conflict between ethnocentrism and conspicuous consumption (Wang and Chen, 2004). This conflict may counteract or weaken the effect of ethnocentrism on intention to buy foreign products. A study (Wang and Chen, 2004) investigating the moderating role of conspicuous consumption in China

revealed that Veblen effect weaken the relationship between ethnocentrism and willingness to buy domestic products. However, there is no study for foreign products.

Bandwagon effect, in addition to Veblen effect, may moderate the relationship between ethnocentrism and intention to buy foreign products. Bandwagon effect includes need for conformity (Amaldoss and Jain, 2005; Chung and Pysarchik, 2000; Lascu and Zinkhan, 1999). Ethnocentrism and conformity are positively correlated; consumers' motivation to comply with people around them by not preferring foreign products is congruent with the social pressure to "buy local" (Chung and Pysarchik, 2000). Thus, ethnocentric consumers with high conformity need or with the existence of high bandwagon effect will be less likely to buy foreign products.

Snob effect, on the other hand, has an opposite but symmetrical relationship with the bandwagon effect (Liebenstein, 1950). Snob effect includes the desire to be distinct from common herd through purchasing special products (Corneo and Jeanne, 1997). Because of this, snobs may be willing to consume foreign products to be different from others through breaking the social norm of buying domestic as opposed to foreign products. Therefore, ethnocentric consumers with the existence of high snob effect may be more likely to buy foreign products.

From the above discussion, it may be proposed that snob and bandwagon effect moderate the relationship between ethnocentrism and intention to buy foreign products. However, there is a lack of research to directly support this proposition.

2.4. Proposed model

From the previous findings and discussion the following research question is generated:

RQ1: Do the interpersonal effects (Veblen, snob, bandwagon) moderate the influence of consumer ethnocentrism on intention to buy foreign products?

According to the research question the following model is proposed:

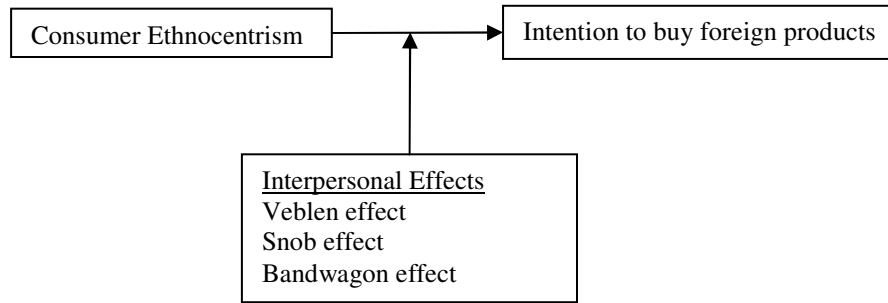


Figure 1. The Proposed Model

The proposed model may be different for countries at different levels of economic development and cultural dimension of individualism and collectivism. The effect of ethnocentrism may change in developed and developing countries (Reardon, Miller, and Kim, 2005; Wang and Chen, 2004;). This may lead to differences among developed and developing countries in the strength of social pressure to buy domestic products. Then, moderator roles of bandwagon and snob effect may differ. Besides that, foreign products are perceived as status symbols, especially in developing countries (Wang and Chen, 2004; Batra et al. 2000; Marcoux et al. 1997; Ger et al. 1993; Bearden and Etzel, 1982). Therefore, ethnocentrism and Veblen effect are positively correlated in a developed country while it is negatively correlated in developing country settings (Wang and Chen, 2004). As for cultural dimensions, collectivism is positively related to consumer ethnocentrism. Since consumers in collectivist cultures are more ethnocentric to protect harmony and stability of their country. Consumers in individualistic cultures, on the other hand, less consider the societal entities to which they belong and consider their own benefit. Thus they may be less ethnocentric (Yoo and Donthu, 2005; Javalgi, Khare, Gross, and Scherer, 2005). Regarding to these differences, the model is going to be tested through comparing two countries, Turkey and Germany, which are at different levels of economic development and, cultural dimension of individualism and collectivism (Hofstede, 1984).

3. Methodology

3.1. Questionnaire development and measurement

The required data for this research was gathered through a self-administered questionnaire. The research questionnaire was divided into four parts. The first part is administered to measure interpersonal effects. In order to measure interpersonal effects items from different scales were adapted based on our review of the literature. Veblen effect was measured using the scale developed and tested by Marcoux et al. (1997) which contains 18 items. Its validity and reliability has been tested in some studies for different cultures (e.g. Gullulu et a., 2010; John and Brady, 2010; Wang and Chen, 2004). Since snob and bandwagon effects have been widely analyzed using econometrical models, similar measures of these concepts were adopted in this study. Conformity (Herpen et al., 2005; Amaldoss and Jain, 2005; Chung and Pysarchik, 2000; Lascu and Zinkhan, 1999), susceptibility to interpersonal influence (Vigneron and Johnson, 1999), and uniqueness (Amaldoss and Jain, 2005; Herpen et al., 2005) have been the most widely used concepts that define snob and bandwagon effects. Regarding to this, bandwagon effect was measured using 14 items consisting of interpersonal susceptibility scale developed by Bearden et al. (1989) and conformity scale developed by Chung ve Pysarchik (2000). Snob effect was measured by 7 items from need for uniqueness scale's "avoidance of similarity" dimension developed by Tian, Bearden, and Hunter (2001). A 5-point Likert scale was used '1' being 'strongly disagree' and '5' being 'strongly agree'.

The second part measures consumer ethnocentrism by using CETSCALE including 17 items. CETSCALE was developed by Shimp and Sharma (1987) for American consumers, than its validity and reliability has been tested in many cultures such as India, Spain, German sample, Turkish sample, Russia, Japon, France (e.g., Evanschitzky et al., 2008; Durvasula and Lysonski, 2006; Yoo and Donthu, 2005; Supphellen and Rittenburg, 2001; Luque-Martinez, Ibanez-Zapata, and Barrio-Garcia, 2000; Kucukemiroğlu, 1999; Good and Huddleston, 1995; Hersche, 1994, Netemeyer, Durvasula, and Lichtenstein, 1991). A 5-point Likert scale was used '1' being 'strongly disagree' and '5' being 'strongly agree'.

Intention to buy foreign products is measured at the third part of the questionnaire using a scenario including two product types as foreign product and domestic product. Then, respondents were asked to identify their possibility to buy foreign product type on a five point bases (1:

definitely not buy, 5: definitely buy). The scenario is presented in Appendix I.

The last part contains demographic characteristics including age, gender, and income.

3.2. Sampling and Data Collection

Since the proposed model is tested through comparing Turkey and Germany sample comparability should be assessed. To enhance the comparability of respondents university students were chosen for the two samples. “Young adults are most likely to be in touch with modern media, with contemporary consumer trends, and, hence be participants in the global consumer culture” (Durvasula and Lysonski, 2006). Data was collected from 248 Turkish students and 230 German students through convenience sampling. Table 1 presents demographics of the samples.

Table 1. Demographics of Samples

	<i>Turkish sample (n=248)</i>		<i>German sample (n=230)</i>		<i>Total (n=478)</i>	
	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>	<i>N</i>	<i>%</i>
Age						
<i>17-20</i>	101	40,7	54	23,5	155	32,4
<i>21-23</i>	100	40,3	93	40,4	193	40,4
<i>24 +</i>	47	19,0	83	36,1	130	27,2
Gender						
<i>Female</i>	113	45,6	132	57,4	245	51,3
<i>Male</i>	135	54,4	98	42,6	233	48,7

4. Data Screening

In order to compare survey results from different cultures measurement invariance should be assessed. (Steinmetz, Schmidt, Tina-Booh, Wiczorek and Schwartz, 2009; Steenkanmp and Baumgartner, 1998; Mullen, 1995; Singh, 1995). Therefore, we tested full or partial metric invariance and scale reliabilities as recommended by Steenkanmp and Baumgartner (1998). Reliability coefficients (Cronbach’s alpha) of each scale used in this study for two samples were presented in Table 2. The scales have acceptable internal consistency (Nunally, 1978) .

Table 2. Scale Reliabilities

<i>Scale</i>	<i>Cronbach Alpha</i>	
	<i>Turkish sample</i>	<i>German sample</i>
Ethnocentrism	0,9142	0,9328
Veblen effect	0,8659	0,9251
Bandwagon	0,7643	0,8346
Snob	0,8366	0,8037

We tested measurement invariance of Turkish and German sample for the scales of ethnocentrism, Veblen, bandwagon and snob effects through Multiple Group LISREL which have been accepted as the most powerful method to test cross-cultural measurement equivalence (Steenkanmp and Baumgartner, 1998; Mullen, 1995; Singh, 1995). Goodness of fit indices are presented on Table 3. For RMSEA values less than 0.10 indicates good fit. For CFI and NNFI, values equal or greater than 0.90 indicates good fit (Cheung and Rensvold, 2002). According to the results on Table 3, full metric invariance is supported for the scales of snob and bandwagon effect. To test for partial invariance for ethnocentrism and Veblen effect, the constraints were sequentially relaxed based on modification indices. For Veblen effect partial metric invariance is supported. For ethnocentrism, although CFI and NNFI values are not greater than 0.90, RMSEA indicates a good fit. For this scale the fitness of partial invariance model is better than full metric invariance model. From these findings we concluded that measurement invariance is supported and results of two samples are comparable.

Table 3. Goodness of fit Indices

	<i>Full Metric Invariance</i>				<i>Partial Metric Invariance</i>	
	<i>Ethnocentrism</i>	<i>Veblen effect</i>	<i>Bandwagon</i>	<i>Snob</i>	<i>Ethnocentrism</i>	<i>Veblen effect</i>
<i>RMSEA</i>	0.14	0.10	0.087	0.095	0.095	0.090
<i>CFI</i>	0.81	0.83	0.91	0.94	0.87	0.91
<i>NNFI</i>	0.79	0.80	0.91	0.94	0.85	0.90

5. Results

In order to test the proposed model multivariate hierarchical regression analysis was used. We interpreted the standardized beta coefficients as suggested by Weinberg and Abramowitz (2002) and Allison (1999). The main effects of the independent variables were entered in the first and second steps and the interaction term were entered in the third step to the equations.

5.1. Results for Turkish sample

The results of the multivariate hierarchical regression analysis testing the moderator roles of Veblen, snob and bandwagon effects for Turkish sample are presented in Tables 4-6.

Table 4. The results of Regression Analysis for Veblen effect for Turkish sample

<i>Model</i>	<i>Variables</i>	<i>Beta</i>	<i>Sign.</i>	<i>Sig. F Change</i>
1	Consumer ethnocentrism	-0,290	0,000*	0,000*
2	Consumer ethnocentrism Veblen effect	-0,298 0,184	0,000* 0,002*	0,002*
3	Consumer ethnocentrism Veblen effect Interaction term	-0,300 0,150 0,071	0,000 0,029 0,297	0,297

*p<0.05

Table 5. The results of Regression Analysis for Snob effect for Turkish sample

<i>Model</i>	<i>Variables</i>	<i>Beta</i>	<i>Sign.</i>	<i>Sig. F Change</i>
1	Consumer ethnocentrism	-0,290	0,000*	0,000*
2	Consumer ethnocentrism Snob effect	-0,307 0,076	0,000 0,223	0,223
3	Consumer ethnocentrism Snob effect Interaction term	-0,267 0,120 -0,117	0,000 0,079 0,113	0,113

*p<0.05

Table 6. The results of Regression Analysis for Bandwagon effect for Turkish sample

<i>Model</i>	<i>Variables</i>	<i>Beta</i>	<i>Sign.</i>	<i>Sig. F Change</i>
1	Consumer ethnocentrism	-0,290	0,000*	0,000*
2	Consumer ethnocentrism Bandwagon effect	-0,297 0,122	0,000* 0,045*	0,045*
3	Consumer ethnocentrism Bandwagon effect Interaction term	-0,294 0,128 -0,011	0,000 0,087 0,888	0,888

*p<0.05

As it can be seen from Table 4, change in R^2 is significant for the second model which includes ethnocentrism and Veblen effect. According to the second model, ethnocentrism has significant negative effect on intention to buy foreign products. Veblen effect has significant positive effect on intention to buy foreign products.

Table 5 shows that change in R^2 is significant for the first model which includes ethnocentrism. Thus, there is no significant snob effect on intention to buy foreign products.

As it can be seen from Table 6, change in R^2 is significant for the second model which includes ethnocentrism and bandwagon effect. According to the second model, bandwagon effect has significant positive effect on intention to buy foreign products.

The above results don't support any moderator role of interpersonal effects for Turkish sample.

5.2. Results for German sample

The results of the multivariate hierarchical regression analysis testing the moderator roles of Veblen, snob and bandwagon effects for German sample are presented in Tables 7 - 9.

Table 7. The results of Regression Analysis for Veblen effect for German sample

<i>Model</i>	<i>Variables</i>	<i>Beta</i>	<i>Sign.</i>	<i>Sig. F Change</i>
1	Consumer ethnocentrism	-0,257	0,000*	0,000*
2	Consumer ethnocentrism Veblen effect	-0,317 0,112	0,000 0,137	0,137
3	Consumer ethnocentrism Veblen effect Interaction term	-0,285 0,070 -0,071	0,001 0,425 0,349	0,349

*p<0.05

Table 8. The results of Regression Analysis for Snob effect for German sample

<i>Model</i>	<i>Variables</i>	<i>Beta</i>	<i>Sign.</i>	<i>Sig. F Change</i>
1	Consumer ethnocentrism	-0,257	0,000*	0,000*
2	Consumer ethnocentrism Snob effect	-0,222 0,083	0,002 0,243	0,243
3	Consumer ethnocentrism Snob effect Interaction term	-0,190 0,161 0,147	0,009 0,046 0,043	0,043

*p<0.05

Table 9. The results of Regression Analysis for Bandwagon effect for German sample

<i>Model</i>	<i>Variables</i>	<i>Beta</i>	<i>Sign.</i>	<i>Sig. F Change</i>
1	Consumer ethnocentrism	-0,257	0,000*	0,000*
2	Consumer ethnocentrism Bandwagon effect	-0,330 0,171	0,000* 0,015*	0,015*
3	Consumer ethnocentrism Bandwagon effect Interaction term	-0,316 0,132 -0,114	0,000* 0,073** 0,088**	0,088**

*p<0.05 **p<0.10

Table 7 shows that change in R^2 is significant for the first model which includes ethnocentrism. According to the first model, ethnocentrism has significant negative effect on intention to buy foreign products.

As it can be seen from Table 8, change in R^2 is significant for the third model which includes ethnocentrism and snob effect and interaction term. According to the third model, coefficient of interaction term is significantly different from zero. This shows that snob effect significantly moderates the negative relationship between ethnocentrism and intention to buy foreign products.

The results presented in Table 9 revealed that change in R^2 is significant for the third model which includes ethnocentrism and bandwagon effect and interaction term. According to the third model, coefficient of interaction term is significantly different from zero. This shows that bandwagon effect significantly moderates the negative relationship between ethnocentrism and intention to buy foreign products.

Figure 3 and 4 shows the moderator roles of snob and bandwagon effect. Figure 3 presents how the relationship between ethnocentrism and intention to buy foreign products changes across high and low levels of snob effect. Intention to buy foreign products is higher for high level of snob effect than for low level of snob effect. Thus, snob effect weakens the effect of ethnocentrism on intention to buy foreign products.

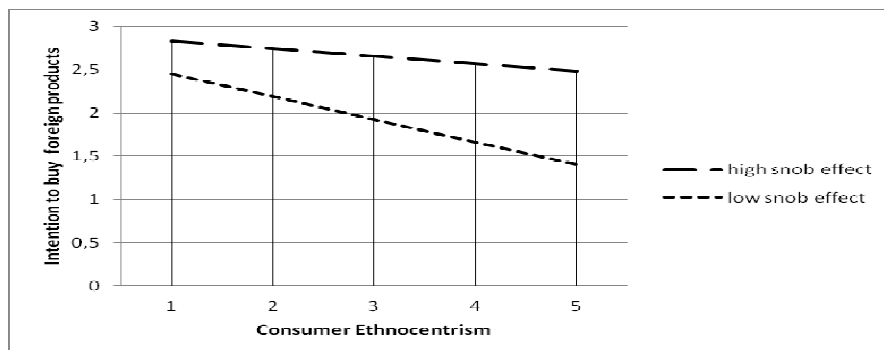


Figure 3. Moderating role of snob effect on the relationship between ethnocentrism and intention to buy foreign products for German sample

Figure 4 presents how the relationship between ethnocentrism and intention to buy foreign products changes across high and low levels of bandwagon effect. Intention to buy foreign products is higher for low level of bandwagon effect than for high level of bandwagon effect. Thus, bandwagon effect strengthens the effect of ethnocentrism on intention to buy foreign products.

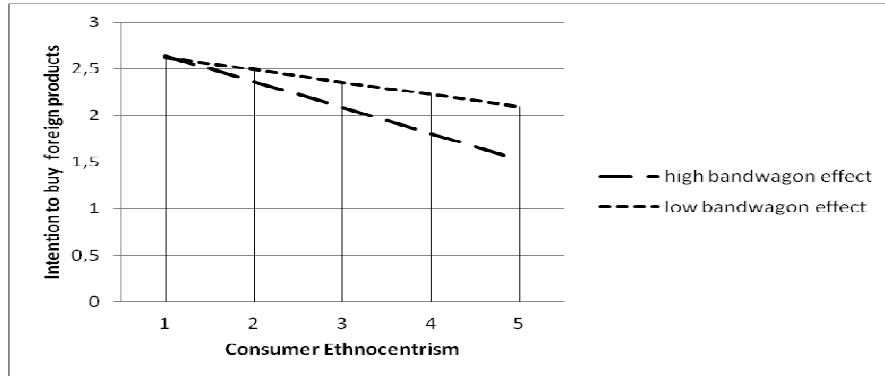
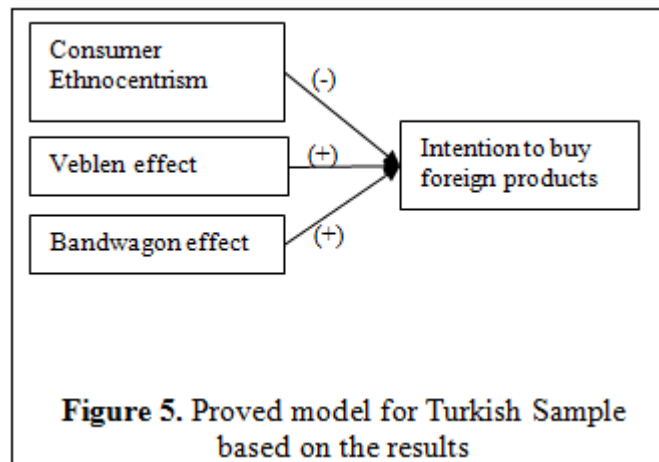
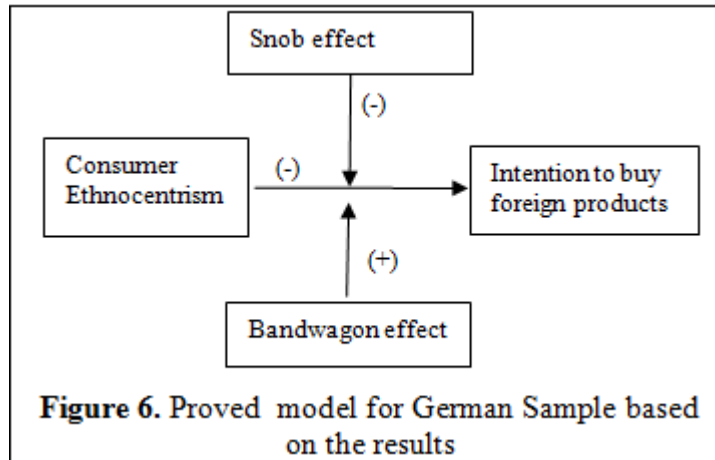


Figure 4. Moderating role of bandwagon effect on the relationship between ethnocentrism and intention to buy foreign products for German sample

Based on the regression results, proposed model is proved as shown Figures 5 and 6.





6. Discussion and Conclusion

The purpose of this paper was to examine moderator roles of interpersonal effects on the influence of consumer ethnocentrism on intention to buy foreign products. The analysis was conducted for two countries which are at different levels of economic development, Turkey as developing and collectivist country and Germany as an individualistic and developed one.

The results showed that the moderator roles of snob and bandwagon effects are verified for Germany but not for Turkey. German students who have a high level of conformity desire wants to purchase a commodity to get into the swim of things in parallel to being a high ethnocentric person. However, those German students with high desire to be exclusive care for their own individual concern rather than some societal benefits that might be created by ethnocentric tendencies.

In Turkey, however, consumer ethnocentrism is the strongest and the most influential value in shaping preferences for foreign products. Consumers are still committed to their ethnocentric tendencies. This is because interpersonal effects both bandwagon, snob and Veblen don't have any influence on the relationship between ethnocentric tendency and intention to buy foreign products. Contrary to our expectations, results only supported direct effects of Veblen and bandwagon effects rather than the moderating effects. Even though intention to buy foreign product

is somewhat influenced by Veblen and bandwagon effects (0,184; 0,122 respectively) the effect of ethnocentrism is higher (-0,298).

The different findings for Turkey and Germany might be based on the differences between collectivist cultures and individualistic cultures. German students' care for their own individual concern rather than some societal benefits might be an expected profile for individuals living in an individualistic country. Since individualistic people act for their own benefit they have weaker ethnocentric tendencies (Javalgi, Khare, Gross, Scherer, 2005) which is likely to be counteracted by interpersonal effects.

On the other hand, strong ethnocentric tendencies of Turkish students might be due to the high level of collectivism in Turkey. Collectivistic people consider the effect of their behavior on society and subordinate their personal goals to the society's goals (Sharma et al., 1995; Triandis, Bontempo, Villareal, Assai and Lucca, 1988). Therefore, collectivistic people are more likely to have more intensive ethnocentric tendencies (Shankarmahesh, 2006; Sharma et al., 1995) which has superiority over all other social benefits examined through interpersonal effects.

The findings of the study may provide a basis for positioning strategies for international companies targeting university students in economically and culturally dissimilar countries. In developed and individualistic countries positioning with hedonic, social benefits and communicating those benefits may overcome consumers' resistance related with foreign origin. Thus, this type of positioning may provide brands diffused faster in developed and individualistic countries. On the other side, in developing and collectivist countries consumers overestimate economic disadvantages of foreign brands and resist them because of their ethnocentric tendencies. Therefore, positioning with attributes focusing on benefits of foreign investments like employment creation, capital formation may increase the acceptance of foreign brands.

7. Limitation and Future Research

This study test the proposed model for two countries through comparing data gathered from students using convenience sampling method. This prevents generalization of findings to the whole population. Future reseach is needed to test the proposed model with data from households from more countries which have different levels of economic development. In addition to this cultural differentiation might be

recognized during the further research. Also, whether the model varies across product categories should be examined.

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APPENDIX I – The scenerio used to measure intention to buy foreign products

In the scenario, respondents were told that they were hungry, that both McDonald's and Doner/Rostbratwurst restaurants were close by, and that they had enough money to purchase either product. Then, Turkish students were asked to identify their possibility to buy McDonald's hamburger as opposed to Doner on a five point bases as 1: definitely not buy, 5: definitely buy. German students were asked to identify their possibility to buy McDonald's hamburger as opposed to Rostbratwurst on a five point bases as 1: definitely not buy, 5: definitely buy.