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Consumer Ethnocentrism Threatens Import Brands? Empirical Evidence from China and Greece and Validation of CEESCALE

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Consumer Ethnocentrism Threatens Import Brands? Empirical Evidence from China and Greece and Validation of CEESCALE

Abstract:

This study investigates consumer ethnocentrism, brand equity, brand origin confusion and customer involvement’s impact on purchase intentions between domestic and import shampoo brands amongst Chinese and Greek consumers. It seeks to validate a new measurement scale–CEESCALE and test political event’s influence on consumer ethnocentrism. Street surveys were conducted in Guangzhou and Athens with a total of 257 and 211 questionnaires collected respectively. Regression analysis and structural equation modelling were employed for the data analysis. The findings validate the CEESCALE as a reliable multidimensional scale to measure consumer ethnocentrism in China and Greece. The sub-dimensional impact of consumer ethnocentrism on purchase intentions varied between Chinese and Greek consumers. Compare to consumer ethnocentrism, product involvement and brand origin confusions, brand equity’s effect on purchase intentions are more consistent. The political event only strengthened Chinese consumers’ ethnocentric beliefs.

Keywords: Consumer Ethnocentrism, CEESCALE, Brand Equity, Brand Origin Confusions, Political Event

Word Count: 6921
INTRODUCTION

Since the financial crisis in 2008, the world’s major trading nations all experienced various difficulties. As the economy continues to slow down, living standard suffers and unemployment rate on the rise, a number of countries are starting to witness the increase of protectionism and isolationism rhetoric. The United Kingdom’s decision to leave the European Union, Donald Trump won the United States presidency based on isolationist policies and the rising popularity of far-right French politician Marine Le Pen are latest reminders that the global economies are facing unprecedented change and challenges. This inevitably raised the question of whether globalisation that underpinned by free trade and economic integration has reached a new juncture and extreme protective measures are becoming a more frequent occurrence between international trade. If nation states are becoming more isolationistic, it is logical to ask whether individual consumers are becoming more aware of the need to buy domestic brands and reject imports as well.

One of the central factors explains consumers’ preference between domestic and foreign products is Consumer Ethnocentrism (CE). Introduced by Shimp and Sharma (1987), although CE has been investigated extensively in the past 30 years, there is still a research gap has yet to be thoroughly examined. A number of past comparative studies on CE focused on the differences between developed and developing countries (Wang and Chen 2004; Hamin and Elliott 2006; Saffu et al 2010; Qing et al 2012; Pentz et al 2017), or the impact of culture and identity (Durvasula et al 1997, Keillor and Hult 1999, Kaynak and Kara 2002; Kumar et al 2013; Nguyen-Hau 2013; Sharma and Wu 2015; He and Wang 2015; Deb and Sinha 2016). However, limited research has investigated the effects of CE on domestic and import brands in terms of growing and declining economies. Consumers living in growing and declining economies often experience different challenges and inspirations. It is plausible to suggest the impact of CE varies between growing and declining economies. In growing economies, consumers are likely to enjoy higher confidence and shield more spending power, therefore should be less worried about threats posed by foreign imports. On the contrast, consumers living in declining economies normally experience reduced living standards and are more reciprocal to isolationistic ideology and blaming foreign products. China and Greece were selected as suitable countries to carry out this study to fill this particular research gap. Since the financial crisis in 2008, Greece’s economy has shrunk by close to 30%, (Financial Times, 2016). By contrast, China has maintained relatively strong economic growth, with a reported GDP growth of 6.7% in 2016 (BBC, 2017).

Two of the well-established factors that influence purchase intentions, Brand Equity and Customer Involvement, were included in this study to examine the impact in relation to CE. Brand origin, suggested by Usunier (2011) has become the most important information cue to determine the real origin of a product, has been incorporated into this study to determine how brand origin confusions affect purchase intentions between domestic and import brands. Despite being highlighted by Shankarmahesh (2006) as an important antecedent, the impact of a political event on CE is under researched. This study seeks to determine whether a significant political event will strengthen consumers’ ethnocentric beliefs.

THEORETICAL BACKGROUND & CONCEPTUAL DEVELOPMENT

Consumer Based Brand Equity

Christodoulides and de Chernatony (2010) suggested brand value is measured by the view of customers and is labeled in marketing research as Customer Based Brand Equity (CBBE). It
is the sum of brand related perceptions, attitudes and behaviours resulting on superior brand utility. The concept of CBBE is originated from both cognitive psychology and information economics. Aaker (1991) and Keller (1993) supported the memory structure mechanism to conceptualize CBBE. Fournier (1998) introduced the concept of consumer brand relationship by focusing on the power of brand trust facilitating the formation of strong relationship between the brand and consumer and Rust et al. (2000 & 2004) developed the concept of customer equity drivers who proposed three dimensions of equity; brand equity, value equity and relationship equity. Furthermore, brand equity was simultaneously based on information economics’ conceptualizations concerning imperfect as well as asymmetrical nature of marketplace (Erdem and Swait, 1998; Erdem et al., 2006). Erdem et al. (2006) stressed that brand transmits signals to consumers. The sum of the past and present marketing practices and tactics suggest the brand signal itself. As for as the imperfect and asymmetrical nature of information, this generates a status of uncertainty. Strong, clear and exclusive brand signals enhance consumer value through 1) perceived risk minimization 2) information search costs minimization and 3) formation of favorable attribute perceptions (Erdem and Swait, 1998). As a result, CBBE could be also defined as the value of a brand signal provided to both existing and potential customers (Erdem and Swait, 1998). Christodoulides and de Chernatony (2010) proposed that CBBE conceptualization as well as scale measurement should combine cognitive psychology with information economics.

**Brand Equity, Customer Involvement & Purchase Intention**

In our research, we proceed on a cross-country analysis of brand related behaviour in China and Greece to unveil to what extend brand equity differs between these countries. This would reveal different behavioural segments as well as the need for different marketing strategies according to the business cycle. Purchase intention concerns a basic metric of consumer behaviour, since it indicates the intention of a consumer to buy a specific product or brand (Posavac et al., 2014). This phenomenon suggests either a post or a pre-purchase stage in the decision process and concerns an effect of buyer characteristics such as attitudes, perceptions and knowledge (Cronley et al., 2010) as well as the effects of marketing stimuli and environmental stimuli (Buil et al., 2013). Purchase intention is imperative to explain and forecast actual consumer behaviour that includes product choice, brand choice, dealer choice purchase timing and amount (Posavac et al., 2014). As far as intentions are concerned, they are capable of explaining actual behaviour (Cronley et al., 2010) and this fact relies upon the research of Ajzen (1991; 2002). The aforementioned author developed and improved a theory to conceptualize human behaviour linking beliefs and behaviour and he labeled it as “The Planned behaviour theory” (TPB).

The TPB model, which is prominent in marketing, explores linkages between beliefs, attitudes and behavioral intentions and is based on the theory of reasoned action (Loebnitz et al., 2015). The latter theory in marketing suggests that positive attitudes towards a brand in compliance to the consistency of the subjective norm (e.g. reference group) escalate intention that is motivation to buy a specific brand (Posavac et al., 2014). According to Yoo and Donthu (2001), who developed and explored the validity of a brand equity construct using an exploratory analysis, indicated that brand equity is separate construct from purchase intention (PI) construct and more specifically they found that brand equity is positively related to PI. These findings are similar to Rust et al. (2004), Pappu et al. (2005), Verhoef et al. (2007) and Vogel et al. (2008). Thus, the following hypothesis should be developed:
**H1: Brand Equity is positively associated to purchase intention for both domestic and import brands**

However, purchase intention is not the same in every context (e.g. industry, personal characteristics) and this is the case of customer involvement or product involvement (Ou et al., 2013). Dholakia (2001) defined involvement as “an internal state variable that indicates the amount of arousal, interest or drive evoked by a product class”. The research of Dholakia (2001) and Mittal and Lee (1989) unveiled the distinction of two involvement types; enduring involvement and situational involvement. In low involvement situations, consumers generate a fast purchasing process by limiting buying process stages and vice versa (Schiffman and Kanuk, 1997). The lower the involvement the higher the peripheral routes affecting consumer attitudes (Schiffman and Kanuk, 1997). As a result, in low involvement product situations, consumers tend to be less loyal towards brands (Bloemer and de Ruyter, 1999; Bennett et al., 2007). Hence, we suggest the following hypothesis:

**H2: Customer Involvement is positively associated to purchase intention for both domestic and import brands**

**Consumer Ethnocentrism and Brand-related Behaviour**

Shimp and Sharma (1987) were the first to explore the moral issues deriving from the preference of foreign products at the expense of domestic products and they used the term Consumer Ethnocentrism (CE). Ethnocentric consumers consider purchasing foreign products potentially damage domestic economy and cause job losses, therefore are morally wrong. CE will lead consumers to evaluate domestic products more positively and negatively affect purchase intention of foreign products. Since 1987 the effect of CE has been examined and validated in many different countries, Shankarmahesh (2006) and Evanschitzky et al. (2008) produced detailed reviews.

The majority of the research regarded antecedents and effects of CE on consumer behaviour (Balabanis et al., 2001; Balabanis and Diamantopoulos, 2004; Vida et al., 2008; Diamantopoulos et al., 2011). However, there is limited research on the impact of CE in relation to brand equity. Rosenbaum & Wong (2009) found that brand equity and perceptions on quality effects on behavioural intentions were stronger for low-ethnocentric customers and vice versa. He and Wang, (2015) indicated that CE has negative effects on preference for foreign brands and no effects concerning local brands. In addition, BE effect on preference and purchasing is favourable for both foreign and local brands.

As for the CE effects on the behavioural intention of brands, these should be explored on the grounds of Social Identity Theory (Khan and Lee, 2014; Zeugner-Roth et al., 2015). Consumers often motivate themselves to search for positive information about the group to which they belong (Zeugner-Roth et al., 2015). Ethnocentric consumers tend to characterize domestic products as “theirs” seeking more information about these and this fact results in favourable purchase intentions for local brands. Li and He (2013) stated that ethnocentric consumers may be distinguished by different evaluation patterns. Since both domestic and import brands enhance value via signal transmission, they both transmit pieces of information. However, the information processing attributes of accessibility and diagnosticity imply that the more accessible the information in an individual’s memory, the more the likelihood of this brand to be influential (Lynch et al. 1988). Hence, ethnocentric consumers find it easier to receive information about domestic brands comparing to import brands and
the outcome of this process is to favour domestic brand offerings (Supphellen and Rittenburg, 2001). In other words, the basic effect of CET on consumer’s behaviour entails the formation of less favourable attitudes towards foreign brands. These findings were in accordance with the research of Balabanis and Diamantopoulos (2004), who also suggested that import brand attitudes are more likely to be stronger for consumers with lower levels of CET.

Balabanis et al. (2001) stressed that CE mechanism is activated through national identification. Similar to the outcome of social identification, national identification concerns a prominent part of an individual (Tajfel and Turner, 1985). This kind of social identification triggers lower levels of accessibility and utilization for import brands and higher levels of accessibility and utilization for domestic brands. Thus, consumers feel reluctant to pay the required attention to the import brand, which suggests a vital antecedent of purchase intention. Building on the previous studies by Acharya and Elliott (2003), Saffu and Walker (2005), Upadhyay and Singh (2006), Hsu and Nien (2008) and Vida and Reardon (2008), Siamagka and Balabanis (2015) stressed the need of considering CE as a multifaceted phenomenon rather than a single dimensional cue concerns with the appropriateness and morality of purchasing foreign products. It extended CE into a five dimensional construct that consists of ethnocentric prosociality, ethnocentric cognition, ethnocentric insecurity, ethnocentric reflexivity and ethnocentric habituation. Siamagka and Balabanis (2015) further suggested that ethnocentrism is about patriotic love and sacrifice for one’s country, ethnocentric prosociality refers to caring, feeling concern and empathy for others, and acting in ways that benefit others. Ethnocentric cognition explains the tendency to interpret the world from own group’s point of view and have biased beliefs and views about other countries and products. Ethnocentric insecurity concerns with the association of foreign products as threats to domestic economy and workers, and beliefs foreign products cause unemployment, trade deficits, and other economic hardships. Ethnocentric reflexivity represents the unconscious and automatic activation of ethnocentric tendencies as the result of a lifetime of repeated encounters with biased information. Ethnocentric habituation refers to the accustomization to ethnocentrism through frequent repetition of or prolonged exposure to ethnocentric behavior and everyday interaction and socialization. Siamagka and Balabanis (2015) proposed a new measurement scale – CEESCALE based on these five dimensions and validate the new CE construct and scale in the United Kingdom and the United States. It advanced the understanding of CE as a complex and deep rooted social phenomenon, therefore following Hypotheses were proposed for this study:

\[H_{3a}: \text{Prosociality is positively associated to purchase intention for domestic brands}\]

\[H_{3b}: \text{Prosociality is negatively associated to purchase intention for import brands}\]

\[H_{4a}: \text{Cognition is positively associated to purchase intention for domestic brands}\]

\[H_{4b}: \text{Cognition is negatively associated to purchase intention for import brands}\]

\[H_{5a}: \text{Insecurity is positively associated to purchase intention for domestic brands}\]

\[H_{5b}: \text{Insecurity is negatively associated to purchase intention for import brands}\]

\[H_{6a}: \text{Reflexiveness is positively associated to purchase intention for domestic brands}\]

\[H_{6b}: \text{Reflexiveness is negatively associated to purchase intention for import brands}\]

\[H_{7a}: \text{Habituation is positively associated to purchase intention for domestic brands}\]

\[H_{7b}: \text{Habituation is negatively associated to purchase intention for import brands}\]

**Brand Origin and Brand Origin Confusions**

Country of Origin (COO) research in the past 30 years has firmly established the origin of a product will affect product evaluation and purchase intention. Some recent studies have
started to highlight the importance of brand origin. Thakor and Kohli (1996) defined brand origin as the place, region or country to which the brand is perceived to belong to its target customers. Samiee et al. (2005), Usunier (2006), Phau and Chao (2008) and Samiee (2010) concluded that country of manufacture (COM) has become less relevant. Koubaa (2008) indicated that brand origin appears to be of significant impact on consumer perception. Thanasuta et al (2009) confirmed brand origin played an important role in Thai consumer evaluation and purchase intention of foreign cars. Usunier (2011) suggested that brand origin is becoming a more important information cue than COO or Country of Manufacture (COM), in signaling product origin. Brand origin plays a crucial role in determining product origin, quality evaluation and purchase intention. Magnusson et al. (2011a) agreed with Usunier (2011) that brand origin perception appears to be more important than “made in” labels. Magnusson et al. (2013) further concluded that brand origin strongly affects brand attitude.

Paswan and Sharma (2004) concluded that accuracy of brand-country of origin is important, inaccurate knowledge leads to confusing and somewhat negative COO image. Chansarkar and Kondap (2006) suggested that most Indian consumers can recognise the brand origin correctly, however, the accuracy decreases when the brand has a long history of localization. Zhang et al. (2008) confirmed that when competing with foreign brands, local brands in China are likely to be in an advantageous position when there is a high degree of Brand Origin Confusion (BOC). Magnusson et al. (2011b) highlighted the issue of brand origin recognition accuracy that many consumers misidentify the real origin of a product. Tjiptono (2016) further confirmed that Indonesian consumers are more likely to misidentify than correctly recognize the true brand origin. Hence, we suggest the following hypothesis:

H8a: Brand Origin Confusion is positively associated to purchase intention for domestic brands
H8b: Brand Origin Confusion is negatively associated to purchase intention for import brands

**Consumer Ethnocentrism and Political Event**

Despite Shankarmahesh (2006) underlined the importance of political antecedents, the impact of relevant political event on CE is under researched. Al Ganideh (2011) investigated Jordanian’s CE level following the Arab Democratization Movement and emphasized the importance of studying CE after major political events. Bi et al. (2012) highlighted Chinese consumers’ politically motivated rejection of foreign goods after China’s 2008 Beijing Olympic torch relay was disrupted abroad. Tsai et al. (2013) discussed relevance and importance of political events such as the aftermath of 911 in the United States and Chinese government issuing calls to “buy China” in 2009 after the financial crisis. Although conceptually distinct to CE, consumer animosity is targeted at imports from a particular country rather than general foreign products, political events were firmly established as significant antecedents. Klein et al. (1998) suggested the ‘Nanking Massacre’ as the main cause of Chinese consumers’ animosity towards Japanese products, Ang et al. (2004) explored the impact of ‘Asian Financial Crisis’, Ettenson and Klein (2005) and Edwards et al. (2007) investigated the effects of French nuclear test in the South Pacific, and Riefler and Diamantopoulos (2007) examined consequences of ‘Iraq War’ in their respective studies. It is reasonable to suggest that significant political events could have an impact on CE. Hence, the following hypotheses could be developed:

\[ H_9: \text{Political Event is positively associated to Prosociality for the buyers of both domestic and import brands} \]
Based on the literature and hypotheses, the following conceptual framework is developed:

Figure 1 Conceptual Framework for Cross-Country study in China and Greece

![Conceptual Framework](image)

RESEARCH METHODS

Sample and Data Collection

The collection of research data were conducted in one of the biggest cities in both China and Greece. Big cities have the consumer culture and infrastructure that often a rich variety of domestic and import brands. Guangzhou in China and Athens in Greece were considered to be suitable locations for this study. Survey questionnaires were distributed and collected by the researchers in both countries. Potential shoppers in busy retail and shopping destinations were randomly approached by the researchers to participate and complete the questionnaire. This is known as a street survey or mall-intercept technique that was widely adopted in consumer research, Balestrini and Gamble (2006) and Chaney and Gamble (2008). In total, 257 valid questionnaires were collected in China, and a further 211 were gathered in Greece. The samples contain a good spread of respondents in terms of demographic characteristics. For the China study, 50.2% of the respondents were males and 49.8% were females. In addition, 65.8% of the sample was composed of people aged above 56 years. As far as educational attainment is concerned, 66.1% and 19.5% reported that possess a high school (or lower) and technical diploma, respectively. For the Greek sample, 51.7% of the sample is female and 48.3% is male. The majority of respondents are aged above 56 years (38.9%), and 43.1% and 21.8% of the sample possess a high school (or lower) and a bachelor’s degree diploma, respectively. The full sample profile is illustrated in Table 1.
Table 1. Demographic Profiles of Samples

<table>
<thead>
<tr>
<th></th>
<th>Chinese Sample (Study 1)</th>
<th>Greek Sample (Study 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>Percentage</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>129</td>
<td>50.2</td>
</tr>
<tr>
<td>Female</td>
<td>128</td>
<td>49.8</td>
</tr>
<tr>
<td>Total</td>
<td>257</td>
<td>100</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-25 years</td>
<td>4</td>
<td>1.6</td>
</tr>
<tr>
<td>26-35 years</td>
<td>17</td>
<td>6.6</td>
</tr>
<tr>
<td>36-45 years</td>
<td>32</td>
<td>12.5</td>
</tr>
<tr>
<td>46-55 years</td>
<td>35</td>
<td>13.6</td>
</tr>
<tr>
<td>56+ years</td>
<td>169</td>
<td>65.8</td>
</tr>
<tr>
<td>Total</td>
<td>257</td>
<td>100</td>
</tr>
<tr>
<td>Educational Attainment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>High School (or Lower)</td>
<td>170</td>
<td>66.1</td>
</tr>
<tr>
<td>Technical</td>
<td>50</td>
<td>19.5</td>
</tr>
<tr>
<td>Bachelor's Degree</td>
<td>16</td>
<td>6.2</td>
</tr>
<tr>
<td>Master's Degree (and above)</td>
<td>21</td>
<td>8.2</td>
</tr>
<tr>
<td>Total</td>
<td>257</td>
<td>100</td>
</tr>
</tbody>
</table>

Political Events and Brand Selection

As discussed the theoretical background, the impact of a political event on CE is under researched. A recent political event was selected in both China and Greece to test whether sentiments triggered by this particular event will strengthen CE beliefs. The Greek Financial Crisis in 2015 was selected as the triggering political event in Greece. As many Greeks blamed Germany, other EU states and international financial institutions for insisting very strict conditions imposed on extending bailout funds and imposing harsh austerity measures (The Telegraph, 2015), this political event was considered to be significant that could strengthen ethnocentric beliefs. The ongoing South China Sea territorial dispute between China and neighbouring countries such as Vietnam and Philippines has sparked the increase of nationalism amongst Chinese consumers. Many also accused the United States for stirring up tensions in the region for strategic gains, KFC and other American brands were subjected to demonstrations and boycott calls, (The New York Times, 2016). Therefore, the South China Sea dispute was selected as a political event that could potentially reinforce ethnocentric beliefs amongst Chinese consumers.

The choice of product category was determined by two main factors: customer involvement and availability of domestic alternatives. Cars and mobile phones were initially considered, however, both product categories were considered as inappropriate for this study due to the fact that there were limited available domestic alternatives in Greece. Watson and Wright (2000) argued that the issue of availability of domestic alternative cannot be ignored in CE research. Hair shampoo was eventually selected as the testing category, as it could be
considered as both a high and low involvement product and there are wide varieties of domestic and import brands available in Greece and China.

**Questionnaire, Measurement & Pilot Testing**

Since CE was introduced by Shimp and Sharma (1987), the 17 items CETSCALE was widely adopted by subsequent studies. However, Balabanis and Diamantopoulos (2004) and Hsu and Nien (2008) suggested the CETSCALE is unnecessarily repetitive, both studies had reduced it into a 10 items scale. Upadhyay and Singh (2006) and Hsu and Nien (2008) started to question whether CE is a single dimensional construct and therefore the measurement scale needs to be updated. Sharma (2015) and Siamagka and Balabanis (2015) both proposed a new measurement scale is required. Siamagka and Balabanis (2015) developed a five dimensional scale consists of ethnocentric prosociality, cognition, insecurity reflexiveness and habituation. This study adopted Siamangka & Balabanis (2015)’s multidimensional CEESCALE. Prosociality concerns with patriotic love and sacrifice for one’s country, it means the country’s interests take precedence over individual’s interests. Cognition represents the beliefs domestic products are superior to imports. Insecurity deals with the concerns about threats to domestic economy and workers. Reflexiveness accounts for the unconscious and automatically active ethnocentric tendencies. Habituation is the dimension explains that ethnocentric beliefs are developed by social habits rather than cognition or emotion.

Brand equity was measured by the scale developed by Verhoef et al. (2007). This 4 items scale facilitates the overall perception focus on the brand image. We further added two items measuring the liking of the brand as Rust et al. (2000 & 2004) proposed on customer equity drivers (CEDs). For the Customer Involvement measurement, we incorporated the two item scale of Bloemer and de Ruyter (1999) and the two items scale of Posavac et al. (2014). The Likert scales ranged from 1 (Strongly Disagree) to 7 (Strongly Agree) was adopted for all above measurements. To measure Brand Origin Confusions, respondents were asked to indicate the origin of chosen brands and examine whether they have identified the real brand origin in the data analysis process.

The questionnaire was initially developed in English and then translated into Chinese and Greek respectively. The research team which contains native Mandarin Chinese and Greek speakers carried out the translations, and the questionnaires were back translated by university colleagues to ensure accuracy. Pilot testing among 20 Greek and 20 Chinese consumers were carried out and the research instrument was adjusted to maximise reliability and accuracy. The questionnaire contains 4 sections: first section tests CE, second section examine brand choice, brand equity and customer involvement, and final section collect views on the political event and demographic information.

**ANALYSIS & RESULTS**

**Reliability and Validity of Constructs**

An exploratory factor analysis (EFA) was employed on the construct measures (maximum likelihood extraction with promax rotation). As a preliminary step, items that failed to meet the .30 cutoff point were eliminated. After this step, a confirmatory factor analysis (CFA) on data from Study 1 (Chinese Sample) was performed in AMOS 21. To evaluate model goodness of fit, the comparative fit index (CFI, recommended ≥ .93), the goodness of fit index (GFI, recommended ≥ .90), the root mean square error of approximation (RMSEA,
recommended ≤ .08) and the adjusted chi-square test ($\chi^2$/degrees of freedom, recommended between 1 and 5) was examined. In order to examine construct validity, the composite reliability estimate (CR) and the average variance extracted indicator (AVE) were tested. The AVEs obtained for each dimension on the Chinese sample were within acceptable levels, as they were greater than or equal to .50 (Schreiber et al., 2006). More analytically, convergent validity was established: .57 for prosociality, .63 for cognition, .62 for insecurity, .50 for reflexiveness, .55 for habituation, .53 for brand equity and .78 for purchase intention. Furthermore, it is worth mentioning that CR values ranged from .71 to .88, supporting construct validity (Table 2).

Table 2. Study 1 - Reliability and Validity of Constructs

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Standardized Estimates (Factor Loadings)</th>
<th>t-Values</th>
<th>M (SD)</th>
<th>AVE</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Prosociality</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
<td>PROS1 .66</td>
<td>a</td>
<td>3.42</td>
<td>.57</td>
<td>.84</td>
</tr>
<tr>
<td></td>
<td>PROS2 .80</td>
<td>10.91</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>PROS4 .89</td>
<td>11.64</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td>PROS5 .62</td>
<td>8.81</td>
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<tr>
<td><strong>Cognition</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
<td>COG1 .68</td>
<td>a</td>
<td>2.68</td>
<td>.63</td>
<td>.83</td>
</tr>
<tr>
<td></td>
<td>COG2 .84</td>
<td>11.05</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>COG3 .84</td>
<td>11.06</td>
<td></td>
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<tr>
<td><strong>Insecurity</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
<td>INSEC1 .69</td>
<td>a</td>
<td>2.66</td>
<td>.62</td>
<td>.76</td>
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<tr>
<td></td>
<td>INSEC2 .87</td>
<td>6.95</td>
<td></td>
<td></td>
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<tr>
<td><strong>Reflexiveness</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
<td>REF1 .62</td>
<td>a</td>
<td>3.29</td>
<td>.50</td>
<td>.73</td>
</tr>
<tr>
<td></td>
<td>REF2 .72</td>
<td>8.50</td>
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<td></td>
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<tr>
<td></td>
<td>REF3 .72</td>
<td>8.52</td>
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<td><strong>Habituation</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
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<td></td>
<td>HAB2 .74</td>
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<tr>
<td></td>
<td>BE3 .74</td>
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</table>

*aParameters fixed to the value of 1.*
With regard to study 2 (Greek Sample), an EFA was generated on the hypothesized constructs (maximum likelihood extraction with promax rotation). Three items each for prosociality and brand equity were unstable and had to be deleted. One item each for cognition, insecurity, reflexiveness, habituation and purchase intention was also removed. The next step involved CFA, which was employed on the retained constructs of EFA. The seven-factor, 15-item model exhibited satisfactory fit indices ($\chi^2$/d.f. = 1.96; RMSEA = .07; GFI = .92; CFI = .97). All item loadings onto their corresponding dimensions were high, ranging from .63 to .98 and the t-values were above 1.96 and statistically significant at $p = .05$ (Table 3). Moreover, convergent validity was assured, as AVE indicators were acceptable: .83 for prosociality, .68 for cognition, .59 for insecurity, .75 for reflexiveness, .87 for habituation, .64 for brand equity, .90 for purchase intention. Construct validity was also supported because CR values ranged from .74 to .95. (Table 3).

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Standardized Estimates (Factor Loadings)</th>
<th>t-Values</th>
<th>M (SD)</th>
<th>AVE</th>
<th>CR</th>
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<tr>
<td><strong>Prosociality</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
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<td><strong>Reflexiveness</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
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<tr>
<td><strong>Habituation</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
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<td>HAB2</td>
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<tr>
<td><strong>Brand Equity</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
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</tr>
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<td>3.45</td>
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<td>BE3</td>
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<td>BE5</td>
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<tr>
<td><strong>Purchase Intention</strong> (1 = Strongly Disagree, 7 = Strongly Agree)</td>
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</tr>
<tr>
<td>PI1</td>
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<td>19.33</td>
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</table>

*Parameters fixed to the value of 1.*
Structural Model

In order to investigate this study’s research hypotheses, a model containing all paths from the conceptual framework was developed through employing AMOS 21. This model analyzed the relationships shown in Figure 1 & Figure 2 for domestic and import shampoo brands in China and Greece. In addition, political event was included as a control variable in the model (Table 4).

Table 4. Results of Regression Analysis and SEM key figures

<table>
<thead>
<tr>
<th>Hypothesized Paths</th>
<th>Study 1: China Standardized Path Coefficients</th>
<th>Study 2: Greece Standardized Path Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Domestic Shampoo Brands</td>
<td>Import Shampoo Brands</td>
</tr>
<tr>
<td>Brand Equity</td>
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<td></td>
</tr>
<tr>
<td>BE -&gt; PI</td>
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<td>.45**</td>
</tr>
<tr>
<td>Consumer Ethnocentrism</td>
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</tr>
<tr>
<td>Prosociality -&gt; PI</td>
<td>-.16***</td>
<td>-.29*</td>
</tr>
<tr>
<td>Cognition -&gt; PI</td>
<td>-.03***</td>
<td>.25*</td>
</tr>
<tr>
<td>Habituation -&gt; PI</td>
<td>.27**</td>
<td>.19***</td>
</tr>
<tr>
<td>Insecurity -&gt; PI</td>
<td>-.18*</td>
<td>-.10***</td>
</tr>
<tr>
<td>Reflexiveness -&gt; PI</td>
<td>-.01***</td>
<td>-.14***</td>
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<tr>
<td>Customer Involvement</td>
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<tr>
<td>CI -&gt; PI</td>
<td>.05***</td>
<td>-.06***</td>
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<tr>
<td>Brand Origin Confusions</td>
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</tr>
<tr>
<td>BOC -&gt; PI</td>
<td>-.05***</td>
<td>.07***</td>
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<td>Control Variable</td>
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<td>Political Event -&gt; Prosociality</td>
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<td>.23*</td>
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<tr>
<td>Political Event -&gt; Habituation</td>
<td>.07***</td>
<td>.13***</td>
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<tr>
<td>Political Event -&gt; Cognition</td>
<td>.01***</td>
<td>.23*</td>
</tr>
<tr>
<td>Political Event -&gt; Insecurity</td>
<td>.16*</td>
<td>.19***</td>
</tr>
<tr>
<td>Political Event -&gt; Reflexiveness</td>
<td>.07***</td>
<td>.27*</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.36</td>
<td>.27</td>
</tr>
<tr>
<td>Model Fit</td>
<td>χ²/d.f = 2.17; RMSEA = .07; GFI = .93; CFI = .93</td>
<td>χ²/d.f = 3.97; RMSEA = .05; GFI = .90; CFI = .93</td>
</tr>
</tbody>
</table>

*p < .05
**p < .001
***p > .05
Figure 2: Effect Relationships for Domestic Brands in China (CN) and Greece (GR)

Notes: *p < .05, **p < .001, ***p > .05
Figure 3: Effect Relationships for Import Brands in China (CN) and Greece (GR)

Notes: *p < .05, **p < .001, ***p > .05

In Study 1, brand equity (BE) has a positive and significant impact on purchase intention (PI) regarding both domestic ($\beta = .53, p < .001$) and import ($\beta = .45, p < .001$) brands. As a result, the expected positive link between BE and PI is supported, confirming H1 for China. In Study 2, BE positively and significantly affects PI of domestic ($\beta = .47, p < .001$) and import ($\beta = .35, p < .001$) products, thus confirming H1 for Greece. Brand equity suggests the most important factor of (re)purchase intention for domestic and import brands for both Countries. These figures are consistent to Rust et al. (2004), Ou et al. (2013) and Yoo & Donthu (2001). However, the intensiveness of this effect is higher for domestic brands than for import brands for both countries. According to the regression’s findings in Greece, Brand Origin Confusion (BOC) receives part of this effect. The latter hinders the development of negative attitudes towards the import brands. As a result, the greater the BOC for ethnocentric consumers the higher the (re)purchase intention.

In Study 1, customer involvement (CI) does not affect the PI of neither domestic ($\beta = .05, p > .05$) nor import shampoo brands ($\beta = -.06, p > .05$). Thus, H2 is rejected for China. On the other hand, in Study 2 CI is positively and significantly related to the PI of both domestic ($\beta = .30, p < .001$) and import products ($\beta = .30, p < .001$). As a result, H2 is accepted for Greece.
In Chinese sample, prosociality negatively and significantly affects the PI of import (β = -29, p < .05), but not for domestic brands (β = -16, p > .05). Hence, ‘‘H3a: Prosociality is positively associated to purchase intention for domestic brands’’ should be rejected for China and ‘‘H3b: Prosociality is negatively associated to purchase intention for import brands’’ should be accepted for China. On the other hand, prosociality has a negative and significant impact on both domestic (β = -48, p < .001) and import (β = -34, p < .001) products in Greece. Thus, H3a should be rejected and H3b should be accepted for the Greek sample. As a result, prosociality has a slight, but statistically significant negative impact on (re)purchase intention for import shampoo brands in China that is similar to Greece.

In Study 1, cognition is positively and significantly related to PI only for import brands (β = .25, p < .05), but not for domestic ones (β = -.03, p > .05). Hence, we reject both ‘‘H4a: Cognition is positively associated to purchase intention for domestic brands’’ and ‘‘H4b: Cognition is negatively associated to purchase intention for import brands’’ for China. However, in Study 2 cognition positively and significantly affects the PI of domestic (β = .25, p < .001) and import shampoo brands (β = .30, p < .001). Thus, we accept H4a and we reject H4b for the Greek sample.

As far as the impact of insecurity on PI in Study 1 and Study 2 is concerned, there is a negative but significant effect only for domestic brands in China (β = -.18, p < .05) and no effect in Greece. As a result, we reject both ‘‘H5a: Insecurity is positively associated to purchase intention for domestic brands’’ and ‘‘H5b: Insecurity is negatively associated to purchase intention for import brands’’. The results in Table 4 provide support for the link between insecurity and PI. In addition, reflexiveness is found not to have any effect on PI for both domestic and import brands in China and Greece, allowing us to reject both ‘‘H6a: Reflexiveness is positively associated to purchase intention for domestic brands’’ and ‘‘H6b: Reflexiveness is negatively associated to purchase intention for import brands’’. As for the CE dimension of habituation, this dimension proved to exert a slightly positive, though significant effect on the PI of domestic brands in both China (β = .27, p < .001) and Greece (β = .35, p < .05). Hence, we accept ‘‘H7a: Habituation is positively associated to purchase intention for domestic brands’’ for both studies. On the contrary, habituation is not significantly and negatively related to the PI of import brands in China (β = .19, p > .05) and Greece (β = .20, p > .05). As a result, we may conclude that ‘‘H7b: Habituation is negatively associated to purchase intention for import brands’’ should be rejected for both markets.

CE is a multidimensional phenomenon that each dimension either positively or negatively impacts domestic or import branded offerings. As for domestic brands in study 1, habituation positively impacts purchase intention, whereas insecurity is negatively related to purchase intention. In study 2, cognition and habituation positively affect purchase intention for domestic brands, whereas prosociality negatively impacts purchase intention. Hence, habituation’s positive effects are similar to both studies. As for import brands in study 1, prosociality exerts a negative effect on purchase intentions, whereas cognition a positive impact. In study 2, prosociality exerts a negative effect and cognition a positive effect on purchase intentions that is similar to study 1 for import offerings.

Brand Origin Confusions (BOC) significantly affects the PI of import brands in Greece (β = .30, p < .001). It suggests BOC does not trigger CE’s negative effects on import brands. However, BOC has no effect at all in China. The results do not support either ‘‘H8a: Brand Origin Confusion is positively associated to purchase intention for domestic brands’’ or ‘‘
H8b: Brand Origin Confusion is negatively associated to purchase intention for import brands”, therefore H8a and H8b are both rejected.

In China, political events significantly strengthen insecurity for domestic products' buyers ($\beta = .16, p < .05$), but they greatly increase prosociality ($\beta = .23, p < .05$), cognition ($\beta = .23, p < .05$) and reflexiveness ($\beta = .27, p < .05$) for buyers of import brands. In Greece, political events reduce prosociality ($\beta = -.24, p < .05$) and habituation ($\beta = -.22, p < .05$) for buyers of import brands. This may be true due to the fact that the profile of import brands' buyers becomes more and more cosmopolitan and rational due to better quality perception for import brands. Thus, H9 to H13 should be rejected.

DISCUSSIONS

The findings suggest Brand Equity is the most important factor that influencing purchase intention for Domestic and Import brands for both China and Greece. This is consistent with Rust et al. (2004), Ou et al. (2013) and Yoo & Donthu (2001). However, the intensiveness of this effect is higher for domestic brands than for import brands for both countries. The latter can be attributed to the fact that between two brands of the same brand equity, domestic brands are more attractive. According to the regression's findings in Greece, Brand Origin Confusion (BOC) receives part of this effect. The latter barriers the development of negative attitudes towards the import brand. As the BOC increases, the higher is the purchase intention for import brands. This finding contradicting with the conclusions of Zhuang et al. (2008) that local Chinese brands are likely to be in an advantageous position when there is a high level of BOC.

Prosociality has a slight, but statistically significant negative impact on purchase intention for import branded shampoos in China, which is similar to Greece. This finding is consistent with the prior research of Siamagka & Balabanis (2015) who used the same multidimensional CEESCALE in both UK and the US, along with the research of Diamantopoulos et al. (2011) and He and Wang (2015) who used the reduced version of CETSCALE measure. Prosociality associates negatively with purchase intention for domestic products in Greece. According to Siamagka & Balabanis (2015; p78) this is consistent in cases where "consumers might be emotionally driven to domestic products but might be cognitively discouraged from purchasing them because of concerns with quality or price".

As far as the impact of cognition on purchase intention in China and Greece is concerned, there is a weak but significant positive effect for import brands in Greece and no effect for China. The findings for Greece are in accordance to Siamagka & Balabanis (2015; p78). It is notable that in Greece there is a respective positive association of cognition with purchase intention for import brands. These findings support findings of Supphellen & Rittenburg (2001), who noted that CE has a reverse effect on import brands as soon as consumers perceived import brands as much better comparing to their cost. Reflexiveness has no effect at all on purchase intention for both import and domestic brands for both countries, which is contrary to Siamagka & Balabanis (2015), because of the same evaluations of quality to cost assessments.

With regards to political events’ impact on CE dimensions in China, they strengthen consumer’s insecurity related to domestic brands, but greatly increase prosociality, cognition and reflexiveness for buyers of import brands. As for the case of Greece, political events reduce prosociality and habituation for buyers of import brands. This may be true due to the
fact that the profile of import brands' buyers become less and less ethnocentric, meaning those more ethnocentric customers flee to domestic brands leaving less ethnocentric consumers to import brands (Makanyeza, 2015).

MANAGERIAL IMPLICATIONS

Brand Power but CE Matters

It is evident brand equity is the most consistent influence on purchase intention on both domestic and import brands amongst Chinese and Greek consumers. It means no matter whether you are a local or foreign company, placing a high priority on building a strong brand in both countries could be a winning strategy. As the results suggest stronger brand equity leads to higher purchase intention, and this effect is more consistent than the impact of consumer ethnocentrism. In times of crisis, it appears stronger brands could mitigate some of the negative effects and potentially maintain a competitive market position.

There is no doubt how CE influences purchase intentions vary between a growing economy like China and a declining economy such as Greece. Although the sub-dimensional impact differs between Chinese and Greek consumers, CE could play a meaningful role in influencing domestic and foreign product purchases. Firms operating in different economic conditions cannot ignore the potential problems posed by ethnocentrism, but also should not presume different countries’ consumers react to ethnocentrism in a similar fashion. Foreign companies need to be aware that CE is complex in nature. To understand more precisely which elements of CE, whether it is prosociality concerns or insecurity problems, could pose potential issues will place companies in an advantageous position if there is a growth in nationalist and ethnocentric beliefs.

Getting Involved

Customer involvement effects on Purchase Intentions are potent in Greece (declining market) and insignificant in China (growing market) for both domestic and import brands. Hence, we infer that in declining markets high involved consumers are more likely to purchase a shampoo brand they currently use. In growing markets consumers are more likely to switch brands. In any case, import brand managers should apply a strategy of increasing the customer involvement within the product category during recessions (i.e. by increasing product related advertising).

Feeling Confused?

BOC effects on purchase intentions are evident in Greece and insignificant in China for import brands. This is an important finding, because in turbulent economies consumers care more about brand origin information. The greater the confusion the greater the purchase intentions, since negative effects of nationalism and isolationism on consumption may not be activated for an import brand. Marketers should apply case sensitive tactics as well, depending on the country’s economic condition. In declining markets, managers should adjust the entry strategy. For instance, a multinational company should make an acquisition of a local brand name rather than exporting its brand in a declining market. On the contrast, in a growing economy like China, it appears BOC has no impact on import brands. It means whether or not the consumers could accurately identify the brand origin do not actually matter. This could be advantageous to brand managers, because it gives them a certain degree
of flexibility to be able to specifically associate certain country images to their products. For example, if the brand originates from a country which is negatively perceived by the Chinese consumers, brand managers could utilize marketing or ownership strategies to distance the brand from the brand origin and make the brand more locally perceived. When the brand origin is favourably received, alternative strategies could be employed to highlight country of origin information to build a competitive advantage.

Politically Sensitive?

It appears that political event did not strengthen Greek consumers’ ethnocentric beliefs. Although some consumers, perhaps as reported quite a large number of ordinary Greek consumers felt badly treated by the other EU member states and institutions, it did not necessarily transfer to negative attitudes towards foreign products. It suggests Greece is a cosmopolitan society that embraces openness and rejects isolationistic beliefs. After decades of living in the spirits of free movement of good and labour, Greece seems to be well integrated with the rest of EU community. Therefore, foreign companies have business interests in Greece should not be worried about ethnocentric beliefs could be trigged or strengthened by sudden uncontrollable political events.

However, China presents different challenges. Political events significantly strengthen insecurity for domestic products buyers in China. It means certain significant political events could strengthen their beliefs that foreign products threaten domestic economy and workers and this could potentially drive them buying more domestic products. This finding certainly explains events that after the South China Sea ruling, there are calls amongst groups of Chinese consumers to boycott American brands such as KFC, after the recent deployment of missile defense systems in South Korea, many Korean businesses in China are suffering from heavy losses and French and Japanese products were subject to boycott calls in the past in the aftermath of political events.

It demonstrated that Chinese consumers have certain degrees of political sensitiveness. They are likely to react to significant political events. This reaction could be even more troublesome if it is supported by the state. Of course, in most circumstances, political events are out of the control of ordinary businesses. However, certain measures could be implemented to minimize the potential risk. First of all, risk assessment needs to be carried out and if the company comes from a high risk country, considerations need to be given whether it is wise to operate wholly owned subsidiaries in China. Entering into a joint venture or other forms of local partnerships could be viable risk reduction strategies that shield long term benefits. Crisis management strategies need to be planned in advance to enable swift responses to detrimental political events and contain the damage.
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