The Effects of Cosmopolitanism on Consumer Ethnocentrism, Brand Origin Identification and Foreign Product Purchases

Oliver Parts[1]

ARTICLE INFO	ABSTRACT
	Current research paperexamines cosmopolitanism as a factor underlying consumer decisions to purchase foreign rather than domestic products in three categories of products: alcohol products, clothes and furniture. In conceptual model two other theoretical constructs for measuring foreign product purchasesare included: ethnocentrism and brand origin identification. The measurement model is examined using a data set of 271 and 261 adult consumers in Estonia and Slovenia. Data is tested via structural equation modeling. The study results confirm the strong and direct effect of consumer cosmopolitanism in foreign product purchasesand brand origin identification is confirmed as a mediating variable between consumer ethnocentrism and foreign product purchases.On the other hand, direct relationship between cosmopolitanism and brand origin identificationis not supported by conducted study.

1. Introduction

Rieflerand Diamantopoulos' (2009) study convinces that cosmopolitanism is a key construct in the consumer research domainthat affects consumer purchase behavior towards foreign products (p.415), therefore this construct is the main issue for explaining consumer behavior in the current study. Cosmopolitanism concept has been advanced by many prominent marketing scholars in the literature (Auruskeviciene*et al*, 2012, Caldwell *et al*, 2006; Cannon and Yaprak, 2002; Cleveland *et al*, 2011; Hannerz, 1990; Riefler*et al*, 2012; Riefler and Diamantopoulos, 2009; Thomson and Tambyah, 1999; Yoon *et al*, 1996).

Cosmopolitanism is defined here by Riefler and Diamantopoulos (2009) as"a three-dimensional construct capturing the extent to which a consumer (1) exhibits an open-mindedness towards foreign countries and cultures, (2) appreciates the diversity brought about by the availability of products from different national and cultural origins, and (3) is positively disposed towards consuming products from foreign countries." (p.415). Jaffe and Nebenzahl (2006) viewed cosmopolitanism and consumer ethnocentrism as "describing overall attitudes towards purchasing imported as distinct from locally made goods„(p.99). Cosmopolitanism has been noticed as an orientation, which endures personal orientation rather than situational characteristic (Cole *et al*, 2005, Josiassen *et al*, 2011; Riefler *et al*, 2012). A key characteristic of cosmopolitans is their general openness toward ohter people and cultures that is influenced by "world citizen„view and attitude (Merton, 1957; Cannon and Yaprak, 2002).

The purposeof the current study is to examine the effects of cosmopolitanism on consumers' purchase behavior of foreign *versus* domestic products in Estonia and Slovenia on the example of alcohol products, clothes and furniture. Mentioned product categories are selected so that the product groups could be comparable in both small open economymarkets and consumers have availability to select products from different origins – foreign and domestic ones.

Originality of the current study is to concentrate on cosmopolitanism's direct effects and especially on foreign product purchase behavior that has been usually left unresolved in academic researches (Auruskeviciene*et al*, 2012; Cleveland *et al*, 2009; Sharma *et al*, 1995; Tillery*et al*, 2010;Vida and Reardon, 2008). Quite new construct in consumer behavior is introduced here that is brand origin identification. This concept is connected with categorization theory that emphasizes: Consumers (un)intentionally and

[1] Associate Professor, Department of Marketing, Tallinn University of Technology, Estonia

explicitly or implicitly learn about the origin of products, brands and institutions (e.g., retailers). Contrary to the conventional wisdom, categorization literature (especially from cognitive psychology point of view)supports the view that most of consumers' learning is unstructured and incidental, resulting in imperfect and biased knowledge (Aboulnasr, 2006; Hutchinson and Alba, 1991; Samiee, 2011). Consumers create and use categorical representations to classify, interpret and understand any brand information they obtain (Loken *et al*, 2008), but these representations are limited (Balabanis and Diamantopoulos, 2008; Magnusson *et al*, 2011; Samiee *et al*, 2005). "Brands are consumer categories, that is, groups that consumers perceive as being in some way related. Consumers store information about set of brands in their cognitive systems and later use this information to understand these sets" (Martin and Cervino, 2011, p.537). Several studies have found that consumer brand relationships (brand origin identification included) are connected as well to social identity theory (Lam *et al*, 2012; Tajfel and Turner, 1979).

Brand origins are potentially only stable information about a product therefore that variable were preferred to country of origin research (Martin and Cervino, 2011; Samiee *et al*, 2005; Thakor and Lavack, 2003).Moreover, some of the researchers have even made questionable the relevance of country of origin information (Bulik, 2007; Usunier, 2011).

The structure of this paper begins with a brief overview of the concepts used in this article. Next, a conceptual model to measure hypothesized relations will be developed. Then an overview of measure development, data collection and analytical procedures is presented. The findings of the study are described, contributions are explained, and future research proposals are introduced.

2. Literature review

The concept of *cosmopolitanism* was formulated in sociology by Merton (1957) who related cosmopolitanism to a "world citizen" — an individual whose orientation transcends any particular culture or setting. He posited that there are people who view themselves as citizens of the nation rather than the locality; the world rather than the nation; the broader, more heterogeneous rather than the narrower, more homogeneous geographic or cultural group (Cannon and Yaprak, 2002; Merton, 1957).

Diverse terminology has been used in the literature to describe the individuals' positive orientation towards the out-group, including openness to foreign cultures, internationalism, world mindedness, worldliness or global openness, etc. For instance, internationalism has been defined as a positive feeling for other nations and their people, concern about nation's welfare, empathy for the people of other nations (Balabanis *et al*, 2001). Cultural openness has been previously defined as individuals' experience with and openness toward the people, values, and artifacts of other cultures (Sharma *et al*, 1995). The concept of worldmindedness is distinct from that of "cultural openness" and worldmindedness points to a "world-view" of the problems of humanity (Shankarmahesh, 2006; Skinner, 1988).

The concept of cosmopolitanism has been applied to strategies of multinational corporations and their managers frequently faced with conflicting pressures for global integration and local responsiveness (e.g., Bartlett and Ghoshal, 1990; Levy *et al*, 2007), as well as in examinations of consumer use of international media and consumption practices, including preference for foreign products (e.g., Balabanis*et al*, 2001; Cleveland *et al*, 2011; Crawford and Lamb, 1982; Hannerz, 1990; Lee and Chen, 2008).

Cosmopolitanism has many researches towards consumer ethnocentrism. The first signs of *ethno centrism* in consumer behavior literature can be identified at the beginning of 1970s, but the conception was still totally socio-psychological (Levine and Campbell, 1972; Markin, 1974). Economic importance of the concept raised in the mid-1980s when Shimp (1984) stated: "Ethnocentric consumers believe it is wrong to purchase foreign-made products because it will hurt the domestic economy, cause the loss of jobs, and it is plainly unpatriotic" (p.285). Major advancement with respect to the application of the concept to marketing research was in 1987 when CETSCALE instrument was developed to measure consumer ethnocentric tendencies (Shimp and Sharma, 1987). The tendency of ethnocentric consumers to exhibit preferences for domestic products has been confirmed in several studies (Cleveland *et al*, 2009; Dmitrović*et al*, 2009; Rawwas*et al*, 1996; Sharma *et al*, 1995; Upadhyay and Singh, 2006; Vida *et al*, 2008), moreover, ethnocentrism gives less promise in predicting consumer preferences for foreign products (Balabanis and Diamantopoulos, 2004).

Brand identification is composed of the information about a brand, and its various links and associations stored in the memory (Keller, 1993; Lee *et al*, 2011). It is represented as a memory structure consisting of beliefs and attitudes with different degrees of strength suggested by categorization theory (Loken*et al*, 2008). Brand identification does not equal brand preference; rather, it serves as the basis for forming brand preference (Broniarczyk and Alba, 1994). *Brand origin identification* can be defined as a "consumer's belief in his/her judgment or attribution of a brand's country of origin" (Zhou *et al*, 2010, p.203). In this research, brand origin identification is defined as a consumer's ability to correctly match selected foreign and domestic brands in the selected product categories with its actual origin.

Samiee*et al* (2005) examined saliency of product origin information cue in the U.S. and concluded consumers hold merely a superficial knowledge of product origins. They posited that this knowledge is by and large derived from consumers' association of brand names with various languages rather than their actual knowledge of the brands' national origins. Similar conclusions have been reached by Balabanis and Diamantopoulos (2008); Liefeld (2004); Pharr (2005). Zhou *et al* (2010) report on similar problems with the confidence in brand origin identification (CBOI) in relation to brand foreignness and brand value. On the other hand, Zhuang*et al* (2008) examined the concept of brand origin confusion (BOC) in China and found asymmetric effects of BOC between local and foreign brands and the moderating role of brand knowledge for local brands.

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

Foreign (versus domestic) product purchases (FPB) is the outcome variable in the current study and connected with the country of origin effect research field in marketing. More than five decades of research in this field provide evidence that consumers carry diverse perceptions about products based on the (stereotyped) national images of the country where the brand/product is believed to be created/produced, and that these perceptions affect consumer attitudes, purchase intentions and behaviors (see for example Laroche*et al*, 2005; Peterson and Jolibert, 1995; Pharr, 2005; Verlegh and Steenkamp, 1999). There is a stream of research that focuses on consumers choices regarding products from specific foreign countries (i.e., country-image studies; for recent reviews, see Dmitrović and Vida, 2010; Giraldi and Ikeda, 2009; Roth and Diamantopoulos, 2009); another stream of research broadly delves into factors that lead consumers to prefer either foreign or domestic (local) products/brands (e.g., Crawford and Lamb, 1982; Granzin and Painter, 2001; Sharma *et al*, 1995; Verlegh, 2007; Vida *et al*, 2008).

3. Conceptual model and hypotheses

Figure 1 represents the conceptual model for the study that measures the role of consumer cosmopolitanism in consumption of foreign vs. domestic products. The model is composed based on the theoretical background and the gaps identified in the literature.

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

(1982) examined the effect of world mindedness on willingness to buy foreign products among professional buyers, and found that an individual's attitude towards foreign countries is in fact related to a person's willingness to buy products from these countries. On the other hand, Cannon and Yaprak (2002) concluded in their study that while consumers are becoming more cosmopolitan, this does not necessarily result in their behavior transcending their local culture. Hence, the following hypothesis is posited:

H1: Cosmopolitanism (CP) has a direct and positive effect on foreign product purchases(FPB).

Contrary to the above, the role of cosmopolitanism or related constructs (e.g., cultural openness, internationalism, global mindedness, world mindedness, etc) as drivers of consumer ethnocentrism has been widely examined in the literature (Shankarmahesh, 2006). However, empirical examinations of the antecedent nature of cosmopolitanism have produced only equivocal results. While theoretically posited negative relationship between cosmopolitanism and ethnocentrism has been demonstrated in several studies (Cannon and Yaprak, 2002; Dmitrović*et al*, 2009; Sharma *et al*, 1995; Vida and Reardon, 2008), there is evidence to the contrary as well. Insignificant relationship between these two constructs are identified when examining cultural openness (Altintas and Tokol, 2007; Javalgi*et al*, 2005; Vida *et al*, 2008), and internationalism (Balabanis*et al*, 2001). Since the role of cosmopolitanism in shaping consumers' beliefs about the legitimacy of purchasing foreign made goods has yielded contradictory results in the literature, the testing of the following hypothesis provides an opportunity for resolving the existing controversy:

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

The set of the remaining hypotheses in conceptual model is related to a relatively new concept – brand origin identification (BOI), which has been introduced into the conceptual model in response to the criticisms of country-of-origin research about the relative absence of consumer ability to recognize the actual national origin of products (Balabanis and Diamantopoulos, 2008; Liefeld, 2004; Magnusson *et al*, 2011; Samiee*et al*, 2005) and studies on the role of brand origin identification, brand knowledge and confusion in consumer attitudes and preference for domestic vs. foreign brands (Zhou *et al*, 2010; Zhuang*et al*, 2008). Brand origin is defined by the place, region or country which the brand is perceived to belong to by its target consumers. This may differ from the location where products carrying the brand name are manufactured, or are perceived by consumers to be manufactured (Thakor and Chiranjeev, 1996). BOI is fuelled by cosmopolitanism (Samiee*et al*, 2005) and consumer ethnocentrism can be proposed based on previous empirical research (Alden *et al*, 2006; Batra*et al*, 2000; Chryssochoidis*et al*, 2007; Shimp and Sharma, 1987). Greater overall consumer cognizance of brand national origins results in greater tendency to purchase foreign rather than local products (Riefler*et al*, 2012; Riefler and Diamantopoulos, 2009). Hence, the following hypotheses are set up:

H3:   Cosmopolitanism (CP) has a direct and positive effect on brand origin identification (BOI).
H4:   Consumer ethnocentrism (CE) is negatively related to brand origin identification (BOI).
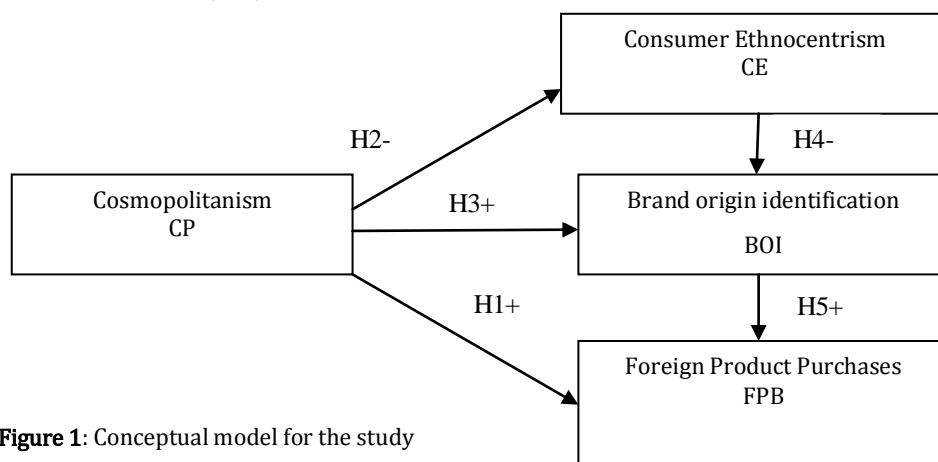H5:   Brand origin identification (BOI) is significantly and positively related to foreign product purchases (FPB).

Figure 1: Conceptual model for the study

4. Instrument development and measures

Cosmopolitanism is measured with three items from the world mindedness scale used by Rawwas*et al* (1996), who adapted the scale originally developed by Sampson and Smith (1957). The items for final model are consistent with the specification of the conceptual domain of cosmopolitanism related to (1) general open-mindedness, (2) diversity appreciation, and (3) consumption transcending borders (Rieflerand Diamantopoulos*,* 2009, p.415).Rawwas*et al* (1996) scale has been recently used in a study by Lee and Chen (2008).

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

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

Estonian BOI is evaluated in the alcohol product group with brands Heineken, Törley, ViruValge, and Fizz with the following alternative national origins: Estonia, Netherlands, Latvia, Finland, Hungary, and Russia. In the clothes product group, BOI is measured for four brands (e.g., Baltman, Kaleva, Bastion, and Zara) with possible brand origins represented by Estonia, Spain, Lithuania, Latvia, Finland, and Sweden. In the furniture product group, BOI is measured for four brands (e.g., Ikea, Wermo, Standard, and Sotka) with possible national origins being Estonia, Poland, France, Sweden, Germany, and Finland.

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

Brand origins identifications are measured in the same product categories like are foreign product purchase measure investigated (also towards alcohol products, clothes and furniture). Brand names are selected based on Estonian and Slovenian market particularity. All product categories consist of well-known and less known brands for the consumers available from foreign and domestic originalities in both countries and some brands are selected so where can be presumed that consumers might mix up concrete brand with its actual origin. The last is based on the results of previous studies that consumers' identification can be quite limited and modest (Balabanis and Diamantopoulos, 2008; Samiee*et al* 2005).

Foreign (vs. domestic) product purchases (FPB) construct in the model is measured for alcohol products, clothes, and furniture using five-point semantic differential scale, whereby one extreme indicates "I buy only domestic products in this product category," and the other extreme "I buy only foreign products in this product category" (EIER, 2009). Product categories are selected to the survey based on Estonian and Slovenian market structure, where consumer is able to choose products from different origins and can do it in both countries. Food products aren't included, because in author's opinion this category is already over researched.

5. Sampling and data collection

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

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

Table 1 provides demographic characteristics of the study samples. The average age of the respondents is near to 45 years in both countries with the standard deviation of slightly over 17 years. Respondents who claim to have above-average or below-average income are almost equally represented in the sample (the difference is slightly bigger in Estonia. The majority of the respondents live in towns with the population of over 100.000. Respondents are all Slovenes in Slovenia, but 74.2% Estonians and 25.8% Russians in Estonia.

Table 1:Sample characteristics

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

6. Results

6.1. Statistical analysis and hypotheses testing
Data were analyzed by structural equation modeling (SEM) method using Lisrel 8.8 software. Following Gerbing and Anderson's (1988) recommendations, the analysis were conducted in two steps. A measurement model were analysed first, followed by the evaluation of a structural model in order to assess the hypothesized relationships between latent constructs. An exploratory factor analysis were conducted to

ensure unidimensionality of the latent variable measurements, specifically principal factor analysis (varimax rotation) were applied. Final model items, scale reliability, average variance extracted and factor loadings are in Table 2.

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

Constructs & coefficients		Factor loadings	
AVE (□vc) and CR (□r)	Items	Estonia	Slovenia
Cosmopolitanism CP (adapted from Rawwas *et al*, 1996)	*Likert-scale from 7 – absolutely agree to 1 absolutely disagree*		
EST* □vc= 0.53; □r = 0.70 SLO* □vc= 0.56; □r = 0.73	I prefer to be a citizen of the world rather than of any particular country.	0.708	0.666
	My government should allow foreigners to immigrate here.	0.557	0.680
	Production location of a product does not affect my purchasing decision.	0.701	0.712
Consumer Ethnocentrism CE (adapted from Shimp and Sharma, 1987)	*Likert-scale from 7 – absolutely agree to 1 absolutely disagree*		
EST □vc= 0.74; □r= 0.92 SLO □vc= 0.77; □r = 0.94	Estonian/Slovenian consumers who purchase products made in other countries are responsible for putting their fellow Estonians/Slovenians out of work.	0.859	0.875
	Estonians/Slovenians should not buy foreign products because this hurts Estonian/Slovenian business and causes unemployment.	0.831	0.876
	It is not right to purchase foreign products because it puts Estonians/Slovenians out of jobs.	0.743	0.862
	A real Estonian/Slovenian should always buy Estonian/Slovenian-made products.	0.893	0.864
	We should buy from foreign countries only those products that we cannot obtain within our own country.	0.853	0.840
Foreign Product Purchases FPB (adapted from EIER, 2009)	*Semantic differential scale for typical purchase in specific product category (anchored 5 – only foreign to 1 only domestic)*		
EST □vc= 0.57; □r= 0.74 SLO □vc= 0.66; □r= 0.81	Clothes	0.620	0.823
	Furniture	0.690	0.776
	Alcohol products	0.767	0.711
Brand Origin Identification BOI (adapted from Samiee *et al*, 2005)	*Three product categories with two domestic and two foreign brands and six countries of origin for each brand*		
EST □vc= 0.80; □r = 0.92 SLO □vc= 0.81; □r = 0.92	Domestic brand origins	0.892	0.876
	Foreign brands origins	0.898	0.898

*SLO – Slovenia,
*EST – Estonia

6.2. Model testing

Reliability of the scales is established using composite reliability (rho), which ranged from 0.70 to 0.92 for Estonian and from 0.73 to 0.94 for Slovenian data, which is in line with DeVellis' (2003) suggestions. The validity of each of the scales is tested with confirmatory factor analysis (CFA) (Diamantopoulos and Siguaw, 2008). The final measurement model includes four latent constructs and 13 indicators used to measure them. Table 3 shows that the fit statistics of the model indicate a good fit to the data, only sRMR value is a bit higher than suggested (below 0.050) in Estonian results. RMSEA value is lower than the cut off value 0.08 as suggested by several researchers (Browne and Cudeck, 1993; Diamantopoulos and Siguaw, 2008).

Table 3: Measurement model fit statistics

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

The convergent validity of scales is tested through examination of the t-values of the Lambda-X matrix (Baggozi, 1981), ranges from 3.22 to 17.59 in Estonia and from 3.45 to 15.88 in Slovenia, all values are well above the 2.00 level specified by Kumar *et al* (1992), indicating a convergent validity of the scales. The average variance extracted (AVE) ranges from 0.53 to 0.80 in Estonia and from 0.56 to 0.81 in Slovenia, exceeding 0.50 for all constructs (Fornell and Larcker, 1981). Discriminant validity were assessed by setting the individual paths of the Phi matrix to 1 and testing the resultant model against the original (Gerbing and Anderson, 1988) using the D statistics (Joreskog and Sorbom, 1993).

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

Table 4 interprets that sRMR value is a bit higher than 0.05 in both countries, but the rest of the model fit measures indicate the data conforms well to the structural model.

Table 4: Structural model fit statistics

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

Hypotheses are tested using t-statistics from the structural model. As depicted in Table 5, four hypotheses out of five were confirmed. Direct positive effect of cosmopolitanism on FPB is confirmed (H1), a strong negative and significant relationship between cosmopolitanism and consumer ethnocentrism (H2), an inverse relationship between consumer ethnocentrism and brand origin identification (H4), and a positive and significant relationship between brand origin identification and foreign product purchases (H5) are confirmed as well. On the other hand, no support to the direct and positive relationship between cosmopolitanism and brand origin identification was found (H3).

Table 5: Hypotheses testing and results

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

7. Conclusions

Based on the findings, important conclusions can be drawn with respect to the role of cosmopolitanism in consumer purchase behavior for foreign vs. domestic products. The results confirm that cosmopolitanism exhibits a direct and positively significant effect on FPB, suggesting that the segment of consumers characterized as the "world citizen" has a greater tendency to purchase foreign rather than domestic products in the three product categories investigated, i.e., alcohol, clothes, and furniture.

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

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

The study applies existing measures into new cultural contexts (Estonian and Slovenian market). Some of the studies have only generalized measurement of cosmopolitanism in consumer choices so that it has not been measured in respect to any product group (Lee and Chen, 2008). Moreover, no studies have been conducted before where the effects of cosmopolitanism on furniture purchases were measured.

8. Further research avenues and study limitations

Deliberate efforts have been undertaken to utilize externally valid consumer sample, solid measures, and relevant analytical methods to test the composed model. However, several limitations still apply for the conducted consumer study, which, in turn, open questions for future research avenues.

Firstly, the direct and indirect effects of consumer cosmopolitanism were measured on consumer choice behavior in favor of foreign relative to domestic products rather than on two separate measures of foreign and domestic product consumption. Previous study focused on the role of socio-psychological constructs has shown that the impact of cosmopolitanism and ethnocentrism vary according to whether the outcome measure is conceptualized as domestic or foreign product biased (Balabanis and Diamantopoulos, 2004). Moreover, while some researchers demonstrated that product national origin affects consumer attitudes regardless of the product category (e.g., Ahmed *et al*, 2004), others asserted that the effects tend to vary by product category (e.g., Balabanis and Diamantopoulos, 2004; Han and Terpstra, 1988). Future studies should include other relevant product categories, examine the effects of cosmopolitanism independently for each product category, and use autonomous measures of purchase behavior for foreign and for domestic products.

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

Thirdly, to add two additional latent constructs to the conceptual model as identified as country of origin identification and purchase intentions and to get a new knowledge how would these variables affect the consumer consumption behavior in the context of cosmopolitanism and brand origin identification (Diamantopoulos *et al*, 2011; Magnusson *et al*, 2011).

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

Fifthly, comparison between the mature and emerging markets would enable a deeper understanding of differences in the cosmopolitanism effects across markets based on their economic development. Moreover, comparative study in other cultures and countries is recommended for extending the external validity for the composed model.

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