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**Citation** (please note it is advisable to refer to the publisher's version if you intend to cite from this work)

**Padmali, R, Khan, H and Valaei, N (2023) Country of origin effects on consumer cognitive structures and preference for foreign brands among elites. Journal of Fashion Marketing and Management. ISSN 1361-2026**

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# **Country of origin effects on consumer cognitive structures and preference for foreign brands among elites**

## **Abstract**

**Purpose-** Despite the plethora of research into Country of Origin (COO) effects, research that investigates the cognitive structures behind elite consumers' preferences for foreign brands remains limited. Hence, this study investigates the cognitive structures behind foreign brand preference amongst professional elites in Sri Lanka.

**Design/methodology/approach-** Using the Means End Chain (MEC) theory as the theoretical lense and building on the findings of 30 laddering interviews (semi-structured), we conducted a survey amongst 311 professional elites to uncover the key elements of the cognitive structures behind foreign brand preference.

**Findings-** The findings revealed that the cognitive structures behind foreign brand preference are influenced by a bundle of brand attributes, brand consequences and personal values of elites', which significantly influence their attitudes towards foreign brands. Multi-group analysis further revealed that the relationship between brand attributes and attitudes significantly differs across China and US COOs where the path coefficient is stronger for elites' preference for Chinese brands.

**Originality/value-** This study is the first of its kind to explore the COO effects on consumer cognitive structures. The findings contribute to MEC theory and shed light on the understanding towards elites' preference for foreign brands.

**Keywords:** Country of origin; cognitive structures; means end chain theory; elite consumers

## **1. Introduction**

Country of Origin (COO) effects are one of the prominent research areas in the field of international marketing (Samiee and Chabowski, 2021; Tavoletti et al., 2022). To date, a plethora of research has been conducted on COO effects (Nguyen and Alcantara, 2022; Suter et al., 2021; Samiee and Chabowski, 2021) and previous studies on this large body of research suggest that consumers consider COO as an external product attribute that influences their product evaluations (Nguyen and Alcantara, 2022; Ortega-Egea and de Frutos, 2021; Rius-Ulldemolins, 2021).

Research into COO often attempts to establish a presence of COO bias in product evaluations (Samiee and Chanowski, 2021). However, COO research is often criticised for lack of novelty (Lu et al., 2016) and segment specific focus as most COO research assumes that the effect of COO is homogeneous and all consumers respond to COO effects in an equal manner (Samiee et al. 2010). While several empirical research and conceptual frameworks have been designed based on such assumptions, it has long been recognised that COO effects are only relevant to those segments “that seek or use these cues” (Samiee, 1994, p.586). This is further confirmed by the research, such as those conducted by Herz and Diamantopoulos (2017) that suggest only one in two consumers are normally influenced by the COO cues.

In general, the findings of prior COO research indicate that COO effects are more prominent in certain consumer groups and differ across different product categories (Ma, Yang and Yoo, 2020; Rodrigo *et al.*,2019). These studies argue that consumers from emerging markets tend to favour foreign products over local products. On the other hand, imported products or brands also influence country image (Samiee and Chabowaki, 2021). Brand origin (BO) is considered as an alternative to COO and BO “represents the cognitive association of brands with the country each brand represents” (Samiee and Chabowski, 2021, p.3). However, COO perceptions toward brands vary across different consumer groups. For instance,

consumers in Asian regions consider foreign brands with a positive COO as a symbol of esteem and status (Kumar and Paul, 2018; Khan et al., 2012). Hence, brands from developed nations are often considered as a means through which consumers demonstrate their social power, status and self-esteem (Khan *et al.*, 2012). Such symbolic perceptions allow brands with a strong COO to implement a premium pricing strategy (Diamantopoulos et al., 2021).

In their review which focused on the knowledge structure of COO research, Samiee and Chabowski (2021) highlight the need to understand the cognitive process and underlying consumer dispositions behind the effect of BO on product evaluations. In today's highly globalised world, consumer consumption activities involve purchasing and using products that are made in foreign countries (Moriuchi, 2021). These products can contain both positive and negative COO cues. Such COO cues assist consumers in their decision making, specifically when consumers lack or possess limited knowledge (Moriuchi, 2021). Consumers, therefore, assign a higher value and tend to have a favourable image of brands with a positive COO. Hence, it is important to understand what attributes, consequences and values associated with a product/brand contributes to such favourable image preference. However, research that explores the underlying cognitive structure through which such symbolic perceptions are made is limited. Therefore, further research is required to understand how COO cues are utilised by consumers. In particular, there is a need for further research to investigate the effect of attributes, perceived consequences and personal values on consumer attitudes and purchase intentions towards foreign products. Such research would help international marketers to develop appropriate marketing strategies to target COO sensitive segments (e.g., elites) effectively. Hence, to fill this void, this study integrates the Means-End Chain theory (MEC theory), Dual Process theory (DPT) and theory of reasoned action (TRA), to understand the extent to which consumer cognitive structures comprised of attributes, consequences, and values, influence consumer attitudes and purchase intentions of foreign products.

Overall, this study aims to investigate the effect of product attributes, perceived consequences and values on elite Sri Lankan consumers attitudes and purchase intentions of foreign products. We focus on elites, because elites represent consumers with high levels of purchasing power and belong to higher social stratum. However, we specifically focused on professional elites who enjoy a high social status in Sri Lanka. Due to the higher professional and economic status, these elites have the ability to purchase high priced foreign products.

## **2.Theoretical background**

### *2.1. Country of origin effects and dual process theory*

Research into COO effects and country image, suggest that COO and country image influences consumer attitudes and purchase decisions (Samiee and Chabowski, 2021; Dekhili et al., 2021). COO is considered as an external product attribute that consumers use to determine the product quality, especially when consumers are not willing to seek intrinsic product attributes or when they wish to make quicker purchase decisions (Samiee and Chabowski, 2021; Jung et al., 2020). Consumers often tend to purchase products that contain the “individually highest utility serving as a proxy for product quality” (Brand and Baier, 2022, p. 959). Hence, evaluating local vs. foreign products/brands, COO of a product act as a proxy or a cue that signals product quality. This is also in line with dual process theory (DPT). DPT (Colman, 2015) which suggests that information processing and decision making is influenced by two qualitative mechanisms of a social information (System I and II). Information processing in System I is characterised by use of effort saving heuristics (Balmer et al., 2020). For instance, consumers use heuristics such as COO, price, and brand image that provides a short cut for consumers to make their decisions. System 2 processing on the other hand is cognitive in nature and involves “conscious, slow and deliberative processing of information based on time-consuming reasoning” (Balmer et al, 2020, p.117). Systems 1 and 2 differ based on the involvement of

working memory. For instance, system 1 requires minimal demands on working memory. Hence, the decisions made based on System I are effortless and therefore activated automatically. In contrast, System 2 rely heavily on working memory. System 2 is activated when people are motivated and have the ability to engage in meaningful information processing (Smith and DeCoster, 2000). System I indicates that cost decisions are made intuitively (Kahneman and Frederick, 2002), “because people, by default, look at the gestalt of the object rather than the details” (Balmer et al., 2020, p. 117). The rational information processing is only used to confirm, or modify, the decision, by evaluating most important product service attributes (Kahneman and Frederick, 2002; Rezaei et al., 2016). In this study, it is argued that at the attribute level elite consumers use system 1 information processing approach in which COO is used as an effort saving cognitive short cut when they are confronted with products from different origins. Then, using system 2, consumers engage in deeper evaluation of perceived benefits and values linked with products prior to making the purchase decisions and this is aligned with system 2 that requires consumers to rely heavily on working memory. This use of System 1 & 2 to evaluate attributes, consequences and values represents the cognitive structure represented by the MEC theory. On the other hand, the theory of reasoned action assumes that all consumer decisions are rationales and planned. Hence, the predictive ability of models using theory of reasoned action are limited when it comes to unplanned decisions (e.g., buying a product after a sudden exposure at a shopping mall). Hence, we integrated DPT in this study to overcome the limitations associated with theory of reasoned action as buying a product made in a foreign Country could also occur impulsively.

Overall, use of means end theory will help us to uncover the cognitive structure behind consumer purchase decisions associated with foreign products. Building on dual process theory, we argue that consumers will use system 1 at attribute level , but system 2 at the consequence and value level. Then the use of theory of reasoned action will help us to

investigate the effect of attributes, consequence and values on their attitudes and purchase intentions towards foreign products. DPT will also allow us to capture the aspects that influence the foreign product purchase decisions in unplanned situations, which are not captured through the theory of reasoned action.

Prior research on COO effects demonstrates the influence COO has on consumer product evaluations which can be studied from three perspectives, namely, cognitive, affective, and normative (Diamantopoulos et al., 2020). Overall, the research that has utilised these approaches suggests that COO is used to infer product quality as an extrinsic cue (cognitive perspective) (Nguyen and Alcantara, 2022). COO is also used to express emotional and symbolic sentiments that consumers attach with a product from a particular country (affective). For instance, Septianto et al (2020) found that country-based emotions can influence consumer behaviour only when COO image is less favourable. The normative perspective on the other hand indicates the personal/ social norms on consumer purchase decisions. For instance, Bartikowski et al. (2020) found that nationalistic appeals that suggest buying foreign products is morally wrong influence corporate social responsibility associations that consumers hold for foreign brands and their countries.

Zbib et al. (2021) suggest that level of involvement has a significant influence on consumer attitude towards COO. The COO cue is associated with a brand act as a signal of product quality and therefore influences consumer purchase behaviour (Brand and Baier, 2022). Prior research suggests that consumer COO perceptions differ across various countries. For example, in emerging markets, consumers prefer quality goods and brands made in developed countries (Achabou et al, 2021; Ma et al., 2020; Rodrigo et al 2019; Sabermajidi et al., 2020). Also, BO and country of manufacture were found to have a significant influence on the purchase decisions of consumers from emerging nations who value country image and price

as important attributes (Eng, 2016). It has also been found that consumers in Asian emerging economies view Asian brands as more functional in nature and Western brands as more hedonic linked with an emotional or psychological identity (Swoboda *et al.*, 2012). Kumar and Paul (2018) also found that Asian brands are viewed as rudimentary, while American ones were perceived as prestigious. In addition, in their study, they focused on the effect of consumer risk perceptions associated with countries (controversial COOs). Orgtega-Edea and de Frutos (2021) found that consumer ethnocentrism heightens both psycho-social and performance risk perceptions and it discourages consumers to buy foreign products.

Consumers may buy products from a specific country for various reasons (Balabanis and Lopez, 2022). Hence, consumers reflect on the underlying reasons before buying a product (Bunn, 1993) and therefore, the COO and country image evaluations may be affected by the reasons for the underlying buying decisions. Such reasons are reflected on consumer schemas. A schema can be defined as a “cognitive structure that represents organised knowledge about a given concept or type of stimulus” which is abstracted from prior experience (Fiske & Shelley, 1984, p. 139). However, research on COO effects concerning such consumer cognitive structures (attributes, consequences and values) behind foreign brand preference remain scarce. Therefore, using MEC theory by Gutman (1982), as the theoretical lens, this research seeks to investigate the association between consumer cognitive structures and their intention to purchase foreign brands. Understanding the cognitive structures would be advantageous for marketers as such cognitive structures indicate the real knowledge of product, emotions, decision rules and strategies (Olson, 1978).

## *2.2. Consumer cognitive structures and COO effects*



A cognitive structure can be defined as the “consumer’s encoded representation of information in memory” (Shimp *et al.*, 1993, p.232). Cognitive structures are concerned with consumers perceptions of brands and the manner in which such knowledge is organised, enable them to differentiate brands and services (Alba and Hutchinson, 1987). The cognitive structures are often linked to products and services (Kanwar *et al.*, 1981). As per Norman and Babrow (1975), the coded information is organised as a structural framework of knowledge. Therefore, cognitive structures are perceived as a state of mind in which consumers differentiate and interpret facts, concepts, positions and theories. Thus, cognitive structures can be regarded as an imaginary construct where consumers structure and organise relationships between concepts in memory (Shavelson, 1972). The cognitive structures are often organised in a hierarchical manner, which comprise hypothetical links between attributes, consequences and values. The MEC theory is based on the cognitive structure that represents how the product attributes are linked with desired end states or values (Mcintosh and Thyne, 2005).

Regarding COO effects, cognitive structures involve consumer knowledge and beliefs of products/ brands made in different countries. It has been found that consumers use their knowledge or stereotypes they hold about a country and use such knowledge to evaluate brands they perceive to be associated with that country (Balabanis *et al.*, 2019). For example, Septianto *et al.* (2022, p. 1) argues that “an Australian brand emphasizing the country’s image gain low favourable responses among consumers”. Additionally, consumers perceived world from a categorical perspective to “economize their cognitive resources and simplify and/or streamline their underlying cognitive processes” (Balabanis *et al.*, 2019, p. 42). These perspectives enable consumers to make evaluations of new stimulus or brand that are linked with a specific category (e.g., country). Therefore, COO can be considered as a category used by consumers to evaluate brands and it has a significant influence on purchase intentions (Samiee, 2010).

While several avenues of research have explored how consumers evaluate brands made in a particular country, research on how consumer knowledge relates to a country are translated and stored in consumer minds as an organised network of representations (cognitive structures) tend to be limited. An exemption to this is the study by Shimp *et al.*, (1993) which looked at consumer knowledge, beliefs, and myths related to cognitions in relation to a diverse set of 11 Countries. However, the cognitive categories that they identified were only limited to attribute related knowledge, beliefs, myths, and consequences. Value level cognitive structures were unexplored. Since attributes represent a lower level of construct in terms of abstractness, a deeper investigation is required to discover cognitive structures that go beyond the basic attribute level. Therefore, utilising MEC theory, this study aims to investigate the cognitive structures behind Sri Lankan elites (those who belong to the upper income stratum) preference for foreign brands.

### *2.3. Means End Chain (MEC)*

MEC theory suggests that the actions taken by consumers have several perceived consequences, and that the consequences are ultimately linked with personal values that consumers thrive to achieve through consumption of products, brands and services (Gutman, 1982; Reynolds and Gutman, 1988). The MEC is comprised of three components namely product attributes, perceived consequences and personal values (Gutman, 1982; Wu and Fu, 2011; Nunkoo and Ramkisson, 2009). Olson and Reynolds (1983) modified the MEC further and argued that the attributes consist of abstract and concrete attributes. Attributes refers to the “features or aspects of brands or services” (Valette-Florence and Rapacchi, 1991, p.31). Such attributes can convey concrete or abstract characteristics of brands (Gengler, *et al.*,1999). In MEC theory, attributes are considered in the lowest level of abstraction (Lin, 2002). The following sub sections will explain attributes, consequences and values in detail.

### 2.3.1. Attributes

Attributes serve as a stimulus for consumers when making purchase decisions and the importance that consumers have for attributes can differ according to how consumers perceive the attributes (Zhang et al., 2002). Abstract attributes include properties of product, service or performance that cannot be guaranteed in advance of consumption (Barrena and Sánchez, 2009). These include attributes such as style and perceived quality. On the other hand, concrete attributes refer to directly perceptible physical characteristics of a product (Veludo-Oliveira, 2006). These include attributes such as price, colour and size that are directly observable.

### 2.3.2. Perceived consequences

Perceived consequences refer to the physiological or psychological benefits that a consumer can obtain through consumption of products and services (Gutman, 1982; Vriens and Hofstede, 2000). The perceived consequences are divided into two groups namely functional and psycho-social consequences (Olson and Reynolds, 1983). Functional benefits include benefits that are relatively immoderate, tangible, or physical experiences (e.g., clothing helps to cover body parts). These functional consequences can result in more emotional and affective consequences. In MEC theory, such emotional and affective consequences are categorised as psychological (e.g., wearing foreign made cloths makes me feel good) and social (e.g., wearing foreign made cloths will help me to impress others) which are referred as psycho-social consequences.

### 2.3.3. Personal values

Personal values include cognitive beliefs regarding the end goals an individual seeks to achieve (Schwartz, 1992). In MEC, personal values are categorised as instrumental and terminal values (Olson and Reynolds, 1983). Instrumental values are concerned with the mode of conduct such as being “independent, ambitious or honest” (Allen, Ng, & Wilson, 2002, p.111). On the other hand, terminal values refer to the end goals or final states of existence such as “freedom,

comfortable life, and mature love” (Allen, et al., 2002, p.111). Personal values not only guide the behaviour (Valaei et al., 2022), but also influence or act as an antecedent to behaviour (Bardi and Schwartz, 2003; Allen et al, 2002). Hence, personal values are considered to have a direct influence on consumer behaviour (Beatty, et al., 1985). For example, in their research, Lehmann, and Narayanan (1991) found that individuals who value a “comfortable life” will prefer consuming objects such as luxury cars and homes that help them to achieve such comfortable life (Allen et al, 2002, p. 114).

As per Olson and Reynolds (2001), MEC can help to understand the key attributes, benefits and values that consumers consider when evaluating product/service offerings. MEC theory can also assist marketers to understand the relationship between the consumer choice criteria and its self-relevance. This may help marketers to identify the hierarchical linkages between product attributes, perceived consequences and personal values. However, research that integrates MEC theory to empirically investigate consumer cognitive structures behind their preference for foreign brands are limited. This study, therefore, will investigate the effects of brand attributes, consequences and values that underlies the elite consumers’ cognitive structures behind their preference for foreign brands.

#### 2.4. Theory of reasoned action

Theory of reasoned action suggests that behaviour is best predicted by behavioural intention (Valaei and Baroto, 2017) and such intentions are determined by attitudes and subjective norms. TRA therefore suggests that attitudes and subjective norms influence behaviour via behavioural intention. Bagozzi and Dabholkar (2000) argues that attitudes, subjective norms and intentions represented by theory of reasoned action (Feshbein and Ajzen, 1975) are a function of cognitive schemas and “attitudinal variables can be linked to cognitive

schemas through the generation of knowledge represented in cognitive schemas” (Bagozzi and Dabholkar, 2000, p. 517). Such linkages to cognitive schemas, can be considered as an alternative foundation to test “antecedents of attitudinal variables that are commonly represented as functions of more restrictive beliefs and evaluations” (Bagozzi and Dabholkar, 2000, p. 517). Therefore, this study argues that the cognitive structures represented by MEC act as an alternative foundation to model the antecedents of attitudinal variables. Hence, in this research, we argue that attributes, consequences and values (cognitive structures) represented by MEC theory influence attitudes and purchase intentions of foreign products (represented by TRA).

### **3.. Hypothesis development**

Figure 1 displays the conceptual framework and the hypotheses of this study. As shown in Figure 1, brand attributes (H2), brand consequences (H3), and personal values (H4) will influence consumer attitudes towards foreign brands. Also, the overall attitude towards foreign brands will have a positive influence on purchase intentions of foreign brands (H1). It is expected that the effect of brand attributes, consequences and values on attitudes and purchase intentions will be moderated by COO (H5).

**Figure 1 goes about here**

#### *3.1. Attitude and purchase intentions towards brands with a foreign origin*

Attitude towards a brand refers to a “consumer’s overall evaluative judgment of a brand’s attributes, such as style, brand, and quality” (Erdogan and Uzokurt, 2010, p.394). Intentions on the other hand refers to the extent to which an individual’s “sense of conscious plans to exert

effort to carry out a behaviour” (Eagly and Chaiken, 1998, p.68). Hence, purchase intentions refer to the probability of planning in future (Wu et al.2011; Valaei and Nikhashemi, 2017). According to the theory of reasoned action (TRA), “the more positive a person’s attitude is toward a given brand, the more favourable will be their attitude toward buying that brand” (Ajzen and Fishbein, 1980, p. 159). Based on previous theories such as the theory of planned behaviour (Ajzen, 1991; Ajzen and Fishbein, 1980), goal-setting theory (Locke and Latham, 1990) and social cognitive theory (Bandura,1999), contend control theory (Carver and Scheier, 1998), attitudes have a significant positive influence on intentions. Dabholkar and Bagozzi (2002) and Sheppard *et al.*, 1988) also suggest that the attitudes and purchase intentions are positively related and that consumers have a more generalised attitude towards products from different origins based on their familiarity with the country and products, technological superiority (Valaei et al., 2019) and factors such as value for money, product quality esteem and status (Kinra, 2006). Yet, there is a discrepancy in the literature as consumers’ ethnocentric tendencies lead to negative judgements about foreign brands (Ahmed *et al.*, 2013). Against this backdrop, it is hypothesised that

*H1a: Consumer attitudes towards foreign brands positively influence the purchase intentions of foreign brands.*

*H1b: Consumer attitudes towards foreign brands and purchase intentions towards foreign brands differ across COOs.*

### *3.2. Brand attributes and attitudes towards brands made in foreign countries*

The MEC theory suggests that consumers use product attributes to achieve their end goals (Gautman, 1982). Furthermore, the consumer attribute preferences are influenced by the perceived consequences of consumption of products/ brands (Veludo-Oliveira, 2006). Hence,

consumers prefer attributes that lead to positive consequences and often attempt to minimise the negative consequences.

It has been found that product attribute perceptions have the ability to influence consumer brand attitudes and such brand attitudes differ across different COOs (Khan et al., 2012). In their research, for instance, Valeria et al., (2022) found that consumers evaluate products made in advanced and developed countries more positively on attributes such as quality, performance and workmanship. Kumar et al. (2009) also argued that consumer perceptions of brand attributes of foreign brands (e.g., quality) have a significant influence on consumer attitude towards the foreign brands. Against this backdrop it is hypothesized that

*H2a: Consumer perceptions of brand attributes have a significant positive influence on consumer attitudes towards foreign brands.*

*H2b: Consumer perceptions of brand attributes and attitude towards foreign brands differ across different COOs.*

### *3.3 Perceived consequences and attitudes towards brands made in different countries*

Based on the MEC theory, a consumer can achieve functional and psycho-social consequences through the consumption of products and services. Of these benefits, functional consequences include consequences that are immoderate, tangible or physical experiences. On the other hand, the psychosocial involve emotional, social or symbolic consequences (Valette-Florence and Rappachi, 1991). Research conducted by Valette-Florence and Rappachi, (1991) suggest that psychological consequences can be achieved through consuming brands that are recognised as symbols of status and esteem (Valette-Florence and Rappachi, 1991). This status consumption is more prevalent in emerging nations such as India, Pakistan and Sri Lanka (Khan et al., 2012; Kinra, 2006; Rodrigo et al, 2019). Hence, consumption of foreign brands can generate psychological consequences as foreign brands, especially in the minds of consumers from

emerging nations are associated with status (Khan et al., 2012; Kinra 2006). Against this backdrop, it is hypothesised that:

*H3a: Consumer perceptions of perceived consequences of foreign brands have a significant positive influence on consumer attitudes towards foreign brands.*

*H3b: Consumer perceptions of perceived consequences of foreign brands and attitudes towards foreign brands differ across different COOs.*

### *3.4. Personal values and attitudes towards brands made in different countries*

Balabanis, Muller and Malewar (2002) show that personal values have the ability to influence consumer attitude towards brands' COO and purchase intention. Foreignness of a product is considered as an attribute that demonstrates distinctiveness. Ma et al (2020) also argues that in developing countries consumers with higher level of self-direction, achievement and stimulation values may prefer foreign products as their ethnocentric tendencies tend to be lower compared to those with lower level of self-direction values. These findings suggest that personal values that consumers hold have the ability to influence consumer attitudes towards foreign brands. Against this backdrop, it is hypothesised that:

*H4a: Consumer personal values have a significant influence on consumer attitudes towards foreign brands.*

*H4b: The effect of personal values on attitudes towards foreign brands differ across different COOs.*

## **4.. Methodology**

### *4.1. Research design*

This study uses a quantitative approach and conducts a survey among professional elites in Sri Lanka for data collection. Professional elites represent “informants who occupy a senior or



middle management position or a professional in an area which enjoys high status in accordance with corporate values; has considerable industry experience, and frequently has long tenure with the company; possesses a broad network of personal relationships; and has considerable international exposure” (Welch et al., 2002, p. 613). Foreign brands have become popular amongst Sri Lankan consumers who have exhibited a strong admiration for brands from foreign nations for certain product classifications. For instance, fashion goods, household electronic appliances, personal grooming brands (Samarasinghe, Perera and Wijethunga, 2014), prestige vehicles and European apparels (Ekanayaka and Guruge, 2016).

Using purposive sampling methods, the questionnaire was distributed among 600 professional elite Sri Lankan consumers. These elites were identified through their professional status, through various sources such as the database of Sri Lanka Telecom and through personal contacts and social media. The survey was conducted among elites in the Colombo district. Drop-off and collect method were used as it enables the researcher to interact with the participant (Allred and Ross-Davis, 2011).

311 usable questionnaires were included in the final analysis, which resulted in 38.8% response rate. This study assessed the non-response bias by comparing early vs. late responses (first 10% with late respondents). However, no significant difference was found in the means between the early and late responses indicating that non-response bias is not an issue in this study. Table 1 exhibit the respondents’ profile. Of the 311 respondents, 63% of the respondents were male and 57% were female. Due to the cultural sensitiveness, most elites refrained from revealing their true income and some did not reveal their income at all. Hence, we presented the mean income of those who revealed their income (of 311, only 256 respondents revealed their income). Additionally, professional status, tenure and industry experience was used to determine the status. Most of the respondents had at least 10-20 years of work experience and

have held positions that represent senior managerial levels. The lowest stated income was 105,000 and the highest stated income was 230,000 per month.

**Table 1 goes about here**

*4.2. Measures*

The measures for the main constructs namely brand attributes and consequences were identified through the pilot study, and the measures for personal values were determined by the list of values by Rokeach (1973). To identify the measures, 30 in-depth semi-structured soft-laddering interviews were conducted amongst elites from Colombo in Sri Lanka. Soft laddering is considered as being more appropriate than hard laddering to explore and gain insights into complex motives driving/influencing consumption (Costa et al., 2004). The COOs of foreign brands were determined during the laddering interviews. In the first part of the laddering interviews, the respondents were asked to specify their most favoured/ preferred brands for clothes/apparel/attire and the most favoured/preferred COOs. Intriguingly, most of the respondents expressed that they favour apparel/ clothes from USA, India, China followed by Thailand and UK. The top three nations preferred by the respondents (USA, India and China) were considered in this study to evoke the cognitive structures driving the inclination/preferences for apparel/clothes from that specific COO. For instance, the respondents who preferred clothing/attire brands from USA were asked to specify the direct reasons (utilizing direct elicitation) for their inclination/preference for clothing brands by asking “why is it important for you”. This inquiry was posed when respondents felt that it was hard to give any further explanation. USA represent a culturally distant COO and India represent a culturally closer COO. China represent a culturally neutral context. Hence, we assume that the cognitive structures behind consumer preference for cloths from USA, China

and India would differ. Lastly, this study also gathered the socio-demographic data of the respondents.

All interviews were transcribed and the interview data was analysed using the laddering data analysis procedure developed by Reynolds and Gutman (1988) to determine the cognitive elements that influence elite consumers' preference behind foreign made clothes. The cognitive elements were classified as concept codes. The values were classified using the list of values by Rokeach (1973). The laddering interviews initially identified 21 attributes, 17 consequences and 9 values. These were then summarised into aggregated content codes. The final content summary codes included six attributes (*quality, workmanship, prestigious to own, have wider choice, well designed, fit me well*), six key consequences (*Enhance my appearance, Add value to my personality, Differentiate me from others, Symbolise and communicate my status, Makes me feel proud, Make me feel happy*) and nine values aligned with the list of values, namely *Sense of belonging, Sense of accomplishment, Warm relationship with others, Self-respect, Fun in life, Self-fulfilment, Security, Excitement and Respect of others*. The reliability of the codes/items were assessed through using inter-coder reliability by taking the opinions of two coders with 95% agreement. These were used to measure brand attributes, perceived consequences, and personal values. The attitudes towards the foreign brands were measured by utilizing five items adapted from Burton *et al.*, (1998). The purchase intentions were measured by using the four-item purchase intention scale employed by Dodds *et al.*, (1991).

Building on the pilot study, the survey instrument was designed to investigate the elite consumer cognitive structures that drive the preference for foreign brands. The elite respondents were asked to evaluate product attributes, consequences, and values for clothing brands from USA, China, and India. As mentioned before, USA, China and India were chosen based on the findings of the soft laddering interviews. The product attributes, consequences,

personal values, attitudes and purchase intentions were measured using a 5-point Likert scale. The descriptive statistics of the items used to measure the key constructs related to each brand preference are tabulated in Tables 2, 3 and 4.

**Table 2 goes about here**

**Table 3 goes about here**

**Table 4 goes about here**

#### *4.3. Reliability and validity of the measures*

The internal consistency of the constructs was measured by using Cronbach's alpha and composite reliability (CR). The Cronbach's  $\alpha$  of each unobserved construct (brand attributes, perceived consequences, personal values, attitudes and purchase intentions) was greater than 0.70 and hence demonstrated a high level of reliability (Nunnally, 1978). Furthermore, as shown in Table 5, 6 and 7, confirming the test of item reliability, the factor loadings exceeded 0.50 for all latent constructs (Hair *et al.*, 2010). Satisfying the recommendations by Fornell and Larcker (1981), the composite reliabilities of all unobserved constructs also exceeded the threshold 0.70. Tables 5, 6, and 7 indicate the reliability and validity of the elite's preference behind Chinese, US and Indian clothing brands respectively.

**Table 5 goes about here**

**Table 6 goes about here**

**Table 7 goes about here**

As presented in Tables 5, 6 and 7, the Average Variance Extracted (AVE) value of each unobserved construct exceeds 0.50, indicating that the convergent validity of the measures is satisfactory (Hair et al., 2010). If the AVE score is above the squared inter-correlations (IC), discriminant validity can be achieved. As shown in Table 5, 6 and 7, the results revealed that the squared IC scores were below the AVE scores, indicating the discriminant validity.

## **5. Findings**

### *5.1. Results of hypothesis testing*

Structural equation modelling (SEM) using Amos 26 was applied to test the hypotheses. This method was chosen as it is a multivariate statistical analysis technique that helps examine the structural relationships between exogenous and endogenous constructs (Kline, 2015, Hoang et al, 2018). SEM is the best technique for confirmatory modelling (Kline, 2005) and often used to evaluate a theoretical model with empirical data (Nunkoo and Ramkissoon, 2012). Overall, three models were tested according to the COO preference for foreign brands namely for China, India and USA. The results indicated acceptable fits for each model; Goodness of Fit Index (GFI) =0.97 (China); 0.95 (India) and 0.97 (USA), Comparative Fit Index (CFI) =0.97 (China); 0.95 (India); and 0.97 (USA) and Root Mean Square Error Approximation (RMSEA) =0.06 (China); 0.08 (India) and 0.06 (USA). Table 8 shows the model fit indices and the results of hypothesis testing.

### **Table 8 goes about here**

As shown in Table 8, elite consumers' brand attribute preferences, brand consequences and personal values explain 65%, 54% and 69% of variance in attitudes towards foreign brands made in China, India, and USA respectively. Also, the results indicate that the elite consumers brand attribute preferences, brand consequences and personal values explain 76%, 86% and

80% variance in purchase intentions of foreign brands made in China, India, and USA respectively. In addition, the results support the hypothesis H1a which states that attitudes (China,  $SPC= 0.87, P<0.05$ ; India,  $SPC= 0.86, P<.000$ ; USA,  $SPC=0.90. p<0.00$ ) has a positive effect on elite consumers' purchase intentions of foreign brands.

As per H2a, consumer perceptions of brand attributes have a positive influence on their attitudes towards a brand. This relationship was only supported for Chinese brands (China,  $SPC= 0.08, P<0.03$ ) and it did not show any positive effect towards Indian and US brands (India,  $SPC= 0.04, P<0.29$ ; USA,  $SPC=0.00. p<0.90$ ). In addition, the results support H3a which states that perceived consequences of foreign brands (China,  $SPC= 0.43, P<0.05$ ; India,  $SPC= 0.35, P<.000$ ; USA,  $SPC=0.29. p<0.00$ ) can exert a positive effect on elite consumers' attitude towards foreign brands. It also supports H4a which states that personal values (China,  $SPC= 0.40, P<0.05$ ; India,  $SPC= 0.44, P<.00$ ; USA,  $SPC=0.57. p<0.00$ ) influence elite consumers' attitude towards foreign brands.

This study also tested the multi-group analysis across the foreign brands to examine the extent to which it may differ among COOs (testing H1b, H2b, H3b, and H4b). Using 2000 bootstrap sampling and a bias-correlated confidence interval of 90 percent (Hair *et al.*, 2010), the results of Table 9 show that only the Brand Attributes → Attitude relationship significantly differs across China and US COOs where this path coefficient is stronger for Chinese brands. According to Table 9, there are no significant differences in other hypothesised relationships across other COOs.

**Table 9 goes about here**

## **6.. Discussion and conclusions**

The findings of this study imply that elite consumers attitudes significantly influence the purchase intentions of foreign brands. Also, the results suggest that there is a positive relationship between brand consequences, personal values and attitude towards foreign brands. However, the hypothesis H2a, which suggests that consumer perceptions of attributes of foreign brands positively influences their attitudes towards foreign brands, were found to be significant only with Chinese brands. The relationship between the attributes and the attitudes for US and Indian brands were not significant. Overall, the results of the study indicate that the elite consumers' brand attribute preferences, brand consequences and personal values explain 65%, 54% and 69 % variance in attitudes towards foreign brands made in China, India, and USA respectively. Also, the results indicate that the elite consumers brand attribute preferences, brand consequences and personal values explain 76%, 86% and 80% variance in purchase intentions of foreign brands made in China, India, and USA respectively. These findings suggest concerning the cognitive structures, that the attitudes towards foreign brands are mainly influenced by perceived consequences and personal values and the effect of attributes as part of consumer cognitive structures on attitudes differ according to COO. In addition, the significance that elites attached to the concrete and abstract brand attributes are stronger for countries with less favourable images for clothes (e.g. China) than for those with more favourable images (USA and India). This could be due to the overall pre-held stereotypes that elites may have regarding Chinese brands. For example, Chinese brands are generally perceived negatively compared to other foreign brands. Thus, when evaluating clothing brands, consumers may be paying more significant attention to the key attributes of Chinese brands compared to the other foreign brands with highly positive general country images for clothes such as USA and India.

Concerning Indian and US brands, consumer cognitive structures may be built more based on perceived consequences and values than on attributes as consumers expect to achieve several psychological consequences that enable them to achieve several desired end goals. Research suggests that brands from less developed countries are evaluated less favourably than brands originating from more developed countries. Also, this could be due to the hedonic nature of clothes, as attitudes and behaviours regarding hedonic values are mostly evaluated based on emotions and affective dimensions than cognitions (Verlegh, 2001).

Research into COO effects that explore how the consumer cognitive structures associated with product COO influence consumer attitudes and purchase intentions is limited (Brijs, et al., 2011). On other hand, no prior study has utilised DPT, MEC theory and TRA together to understand the cognitive structure associated with elite consumers' foreign product preferences in a quantitative investigation that builds on a qualitative laddering interview research. Most COO research is also criticised for using student samples, lack of theory and practical relevance (Samiee and Leonidou, 2011; Usunier, 2011). This study addressed these gaps by building on DPT, MEC theory and TRA, focusing on a sample to which COO is relevant and hence could yield relevant implications for practice. More specifically, use of DPT together with MEC theory helps us to understand the decision-making process and the cognitive structure behind elite Sri Lankan consumers preferences for foreign products. In this study, integrating dual process theory with MEC, we argue that attribute level, elite consumers follows system 1 and then at consequence and value level, the elite consumers follow system 2 which requires more reliance on working memory. Attributes, consequences and values in turn influence attitudes and purchase intentions which correspond with theory of reasoned actions. However, since TRA only captures planned actions, integrating DPT, allows us to capture an unplanned buying scenario. Hence, this study makes a significant contribution to the body of knowledge of COO effects by presenting and testing a framework that integrates



three theories to explain the cognitive structures behind elite Sri Lankan consumers preference for foreign products.

Most research into country image (see Roth & Diamantopoulos, 2009) takes the direct association between country stereotypes and attitudes for granted, without considering how consumer motivations may alter consumer evaluations of stereotypical attributes, consequences and values assigned to a country, or product country images. This research, utilised a mixed method approach which begins with a pilot study comprised of laddering interviews, uncovers the consumer COO preferences, influencing attributes, consequences and values that motivate elites to buy foreign products. We then empirically tested how such attributes, consequences and values influence elites' attitudes and intentions. This presents a novel contribution to the research domain of COO by presenting how COO's influence consumer cognitive structures and how attributes, consequences and values that stem from the cognitive structures represented by attributes, consequences and values influence professional elites' attitudes and purchase intentions of foreign products. Previous research conducted by Hamzaoui and Merunka (2006), suggest that in emerging nations, consumers prefer foreign products. Bruke (1996) also suggests that foreign products and items symbolise power and prestige of elite consumers. The findings of our study further confirm this by highlighting that Sri Lankan elites consider COO is an important factor where brand attribute perceptions, brand consequences and values, which represent their cognitive structures, have a significant influence on their attitudes towards brands from USA, India and China. However, such cognitive structures differ across COO and cultural distance may also have played a role where Western brands are perceived as more prestigious. Moreover, foreign products are perceived as a mean to achieve their desired end goals. For instance, the findings revealed that the preference for foreign products is attached with goals such as fun and enjoyment in life, sense

of accomplishment, and being well respected by others. However, the effect of brand attributes was only found to be significant concerning Chinese brands. The preference for US brands and Indian brands were more influenced due to brand consequences and values.

Furthermore, the findings suggest that elite consumers have a positive attitude towards US brands due to their ability to enhance appearance and personality. Also, the clothing brands from USA and India were perceived as symbols of status and distinctiveness. Consumers in emerging markets often buy foreign brands to symbolise status and uniqueness. The desire to symbolise status and uniqueness also become prominent when the consumers focus more on the interpersonal relationships (Batra et al., 2000). Our study further confirms these views by indicating elite consumers use foreign brands to demonstrate their status and uniqueness.

Furthermore, the findings of this study highlight that country image not only influences cognitions but also the “affects and conations” (Brijs *et al.*, 2011, p.1265). Moreover, this study also provide support for the views of Batra *et al.* (2000) who argue that consumers from developing nations prefer non-local brands and consider COO as a cue that can be utilised to determine a “brand’s desirability for symbolic and status enhancing reasons” (Batra *et al.*, 2000, p.93). The findings also suggest that brands from USA enable elite consumers to achieve internal and external values such as gaining respect and developing warm relationships with others. These finding are in line with prior research conducted by Coelho and McClur (1993) who argued that consumption of foreign brands can help consumers to signal their status and impress others (Taylor and Cosenza, 2002). Foreign brands can also help consumers to enhance their self-esteem (Taylor and Cosenza, 2002) and express their identity (Piacentini and Mailer, 2004) and self-concept (Piacentini and Mailer, 2004; Wong and Ahuvia, 1998).

Brands can represent displaced personal or political ideals (e.g., happiness or true friendship or democracy). In this study, it has been revealed that elites consider COO as a status symbol to satisfy egoistic goals and achieve social recognition respected by others. Hence, the results contribute to the COO research by highlighting how elites utilise COO of brands to achieve their end goals and how COO driven consumer cognitive structures comprised of attributes, consequences and values influence elite consumers. From a theoretical perspective, the conceptual framework tested within this study can be used as a basis for future researchers to investigate the structures behind foreign brands and extend such exploration to determine how such cognitive structures differ across different product types and consumer segments.

### *6.1. Managerial implications*

The results indicate that elite consumers preferred clothes made in USA and India followed by China. Therefore, firms from USA and India have the ability to obtain significant competitive advantage by focusing on Sri Lankan elites. On the other hand, COO cues can be used as a unique selling attribute by those from USA and India and COO can be integrated to boost product image. Overall, the findings of this study suggest that elite consumers' cognitive structures associated with their preference for foreign clothing brands are comprised of brand attributes, consequences, values, and the significance that the elites attached to these key elements differ. While brand attributes, consequences and values positively influenced elite's preference for Chinese clothes, elites' preference for clothes made in USA and India were mainly influenced by brand consequences and personal values. A means-end chain analysis often begins with the elicitation of attributes that a consumer considers when evaluating products or services (Kilwinger and Dam, 2021). However, the findings of this research suggest that when evaluating cloths from USA, attribute perceptions do not have a significant influence, but the perceived consequences and values play a more significant role. However, when it

comes to Chinese products, all aspects of MEC including product attribute perceptions play a significant role. This could be due to a variety of reasons. For instance, due to cultural similarity with Indian clothing and aspirations associated with products made in USA, perhaps the professional elites may be concerned with the symbolic value and other benefits which they could achieve via wearing cloths made in India and USA.

The findings, therefore, suggest that when designing advertising strategies, marketing managers may need to highlight the consequences and how such consequences are linked to values (Khan et al., 2022) rather than purely emphasising the product attributes. Yu et al. (2022, p. 1) argues that “products produced in a developing country are marked with a negative country of origin effect”. This indicates that for products/brands from countries with a lower product image perception (e.g., China), marketers can adopt an integrated approach by combining brand attributes, consequences and values in a way that minimise the negative stereotypes that the consumers may have. This would help them to develop unique products/brands that can offer a sustainable competitive advantage.

Finally, given the hedonic nature of the product, marketers can utilise the emotional and social benefits that consumers attach to segment elites into different categories and develop appropriate positioning and promotion strategies. Compared to traditional advertising strategies that purely focuses on product attributes, MEC based advertising strategies that link product attributes with brand consequences and values would be more advantageous. More specifically, the advertising messages should demonstrate how the consumption of product/brand with a certain reputed origin could help elite consumers to achieve their desired end goals. Marketers often attempt to differentiate their products through product attributes, benefits and considering the trade-off between one attribute/benefit, and another. The MEC

profiles identified in this study can help marketers to develop effective segmentation and marketing mix strategies.

### *6.2. Research limitations and further research*

This study focused only on professional elites from a single country in South Asia. Therefore, the findings may not be generalised to other country contexts, specifically in contexts where there is a significant cultural difference. In addition, this study did not consider the effect of the antecedents of consumer cognitive structures on attitudes and purchase intentions. There could be factors such as product familiarity with products from a given country, consumer xenocentrism, need for cognition (Balabanis et al., 2019) and consumer cosmopolitanism. Further, this research only focused on the effect of the key elements of consumer cognitive structures namely brand attributes, consequences and values on consumer preference for foreign brands focusing on clothes. Future studies need to explore how consumer cognitive structures differ across local versus foreign brands and other product classes (e.g. utilitarian brands). Such comparisons would be advantageous as it is likely that COO effects and hence the cognitive structures may differ across the product categories.

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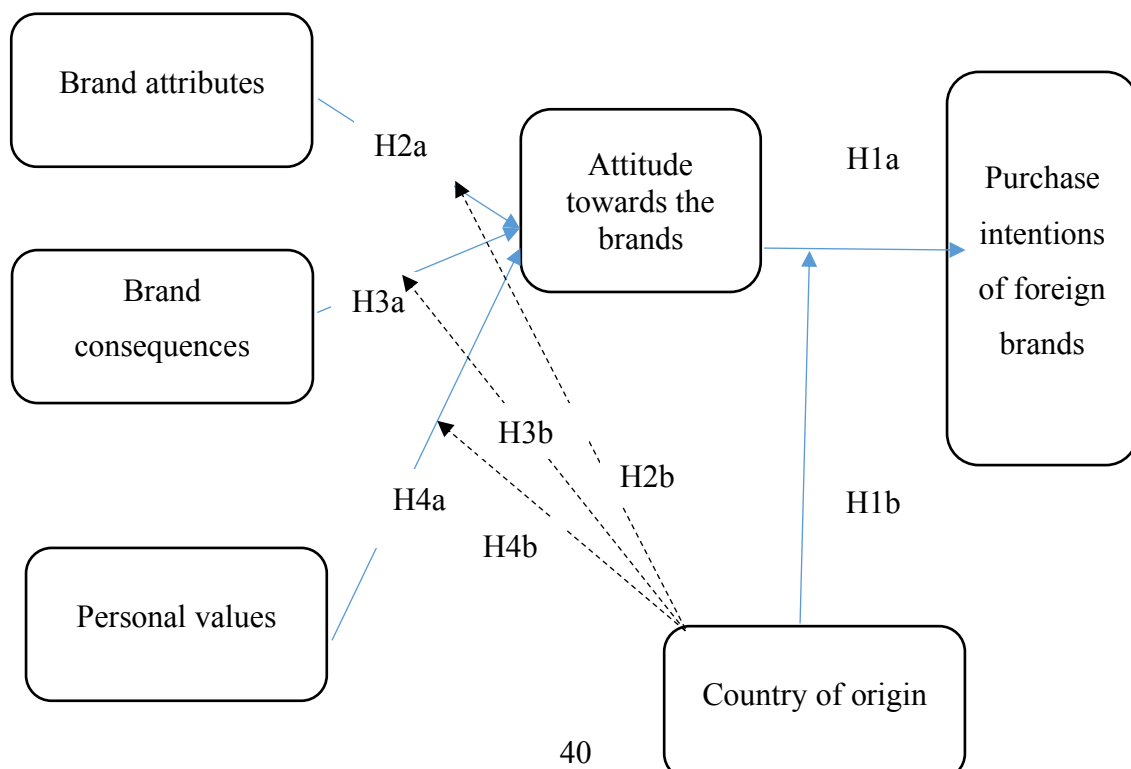
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**Figure 1:** Conceptual framework



**Table1:** The respondents' profile (N=311)

| Indicator                  | % of the respondents | Indicator           | % of the respondents |
|----------------------------|----------------------|---------------------|----------------------|
| <b>Age</b>                 |                      | <b>Education</b>    |                      |
| 35-44                      | 30.2                 | University Graduate | 49.5                 |
| 45-54                      | 64.0                 | Post Graduate       | 21.9                 |
| 55-64                      | 5.8                  | Other               | 18.6                 |
| <b>Gender</b>              |                      | <b>Profession</b>   |                      |
| Male                       | 63.0                 | Accountant          | 7.4                  |
| Female                     | 37.0                 | Bankers             | 3.3                  |
|                            |                      | Businessman         | 1.9                  |
|                            |                      | Company Director    | 2.9                  |
| <b>Marital status</b>      |                      | Senior Manager      | 27.3                 |
| Single                     | 23.2                 | Doctor              | 12.9                 |
| Married                    | 75.6                 | Engineer            | 35.4                 |
| Divorced                   | 1.0                  | Lawyer              | 6.1                  |
| Widowed                    | 0.2                  | Marketer            | 2.9                  |
| <b>Mean monthly Income</b> |                      |                     | 125.103 LKR          |

**Table 2.** Descriptive statistics, reliability and convergent validity of the studied constructs **for clothing brands from USA**

|                           |  | Factor Loadings | Mean | Std. Dev | $\alpha$ |
|---------------------------|--|-----------------|------|----------|----------|
| <b>Brand attributes</b>   |  |                 |      |          | 0.91     |
| BA3                       | I prefer clothes made in USA because they are prestigious to own                 | 0.67            | 4.02 | .99      |          |
| BA4                       | I prefer clothes made in USA because they have wider choice                      | 0.98            | 4.04 | 1.03     |          |
| BA5                       | I prefer clothes made in USA because they are well designed                      | 0.94            | 4.01 | .98      |          |
| <b>Brand consequences</b> |  |                 |      |          | 0.83     |
| BC1                       | I believe clothing brands from USA enhance my appearance                         | 0.89            | 2.72 | .91      |          |
| BC2                       | I believe clothing brands from USA add value to my personality                   | 0.88            | 2.70 | .86      |          |
| BC3                       | I believe clothing brands from USA differentiate me from others                  | 0.91            | 2.70 | .88      |          |
| BC4                       | I believe clothing brands from USA symbolise and communicate my status to others | 0.93            | 2.74 | .93      |          |
| BC6                       | I believe clothing brands from USA make me feel happy                            | 0.93            | 2.72 | .93      |          |

|  |  |      |      |      |      |
|--|--|------|------|------|------|
| <b>Personal values</b>                         |  |      |      |      | 0.95 |
| PV1  | I believe that wearing clothes made in USA helps me to achieve a sense of belonging            | 0.83 | 2.61 | .96  |      |
| PV2  | I believe that wearing clothes made in USA helps me to achieve a sense of accomplishment       | 0.89 | 2.59 | .92  |      |
| PV3  | I believe that wearing clothes made in USA helps me to achieve a warm relationship with others | 0.88 | 2.61 | .95  |      |
| PV4  | I believe that wearing clothes made in USA helps me to achieve self-respect                    | 0.91 | 2.61 | .96  |      |
| PV5  | I believe that wearing clothes made in USA helps me to achieve fun and enjoyment in life       | 0.76 | 2.62 | 1.38 |      |
| PV6  | I believe that wearing clothes made in USA helps me to achieve self-fulfilment                 | 0.88 | 2.62 | .95  |      |
| PV7  | I believe that wearing clothes made in USA helps me to achieve security                        | 0.79 | 2.56 | .95  |      |
| PV8  | I believe that wearing clothes made in USA helps me to achieve excitement                      | 0.79 | 2.60 | .93  |      |
| PV9  | I believe that wearing clothes made in USA helps me to achieve respect from others             | 0.82 | 2.67 | .99  |      |
| <b>Attitudes towards brands from country x</b> |  |      |      |      | 0.93 |
| ATT1   | Buying clothes made in USA makes me feel good  | 0.88 | 2.68 | .91  |      |
| ATT2   | I love it when clothes made in USA are available, when I am looking for clothes                | 0.86 | 2.70 | .95  |      |
| ATT3   | The best buy is usually the clothes made in USA  | 0.86 | 2.58 | .87  |      |
| ATT4   | In general, clothes made in USA are of high quality  | 0.87 | 2.64 | .88  |      |
| ATT5   | When I buy clothes made in USA, I always feel that I am getting a good deal                    | 0.92 | 2.59 | .87  |      |
| <b>Purchase intentions</b>                     |  |      |      |      | 0.95 |
| PI1  | I would consider buying clothes made in USA  | 0.89 | 2.66 | .90  |      |
| PI2  | I would consider buying clothes made in USA  | 0.93 | 2.58 | .88  |      |
| PI3  | My willingness to buy clothes made in USA is very strong                                       | 0.92 | 2.59 | .90  |      |
| PI4  | The probability I would be buying clothes made in USA is very high                             | 0.93 | 2.56 | .91  |      |

**Table 3.** Descriptive statistics, reliability and convergent validity of the studied constructs **for clothing brands from China**

| <b>Brand attributes</b> |  | Factor Loadings | Mean | Std. Dev |
|-------------------------|--|-----------------|------|----------|
| BA3                     | I prefer clothing brands from China as they prestigious to own     | 0.83            | 4.14 | .93      |
| BA4                     | I prefer clothing brands from China because they have wider choice | 0.99            | 4.14 | .97      |
| BA5                     | I prefer clothing brands from China as they are well designed      | 0.96            | 4.10 | 1.01     |

| <b>Brand consequences</b>                      |  |      |      |      |
|--|--|------|------|------|
| BC2  | I believe clothing brands from China add value to my personality                               | 0.85 | 3.28 | .95  |
| BC3  | I believe clothing brands from China differentiate me from others                              | 0.92 | 3.31 | .99  |
| BC4  | I believe clothing brands from China symbolise and communicate my status to others             | 0.92 | 3.38 | 1.01 |
| BC6  | I believe clothing brands from China make me feel happy  | 0.94 | 3.30 | 1.02 |
| <b>Personal values</b>                         |  |      |      |      |
| PV3  | I believe that wearing clothes made in China helps me to develop warm relationship with others | 0.90 | 3.15 | .97  |
| PV4  | I believe that wearing clothes made in China helps me to achieve self-respect                  | 0.93 | 3.15 | .99  |
| PV6  | I believe that wearing clothes made in China helps me to achieve self-fulfilment               | 0.87 | 3.15 | 1.02 |
| PV7  | buying clothes made in China provides me a sense of security                                   | 0.83 | 3.01 | .99  |
| <b>Attitudes towards brands from country x</b> |  |      |      |      |
| ATT1   | Buying clothes made in China makes me feel good  | 0.86 | 3.36 | .98  |
| ATT2   | I love it when clothes made in China are available, when I am looking for clothes              | 0.85 | 3.41 | .96  |
| ATT3   | The best buy is usually the clothes made in China  | 0.83 | 3.19 | .99  |
| ATT4   | In general, clothes made in China are of high quality  | 0.89 | 3.30 | .99  |
| ATT5   | When I buy clothes made in China, I always feel that I am getting a good deal                  | 0.87 | 3.32 | 1.00 |
| <b>Purchase intentions</b>                     |  |      |      |      |
| PI1  | I would consider buying clothes made in China  | 0.90 | 3.36 | .99  |
| PI2  | I would consider buying clothes made in China  | 0.92 | 3.27 | 1.00 |
| PI3  | My willingness to buy clothes made in China is very strong                                     | 0.92 | 3.27 | .99  |
| PI4  | The probability I would be buying clothes made in China is very high                           | 0.92 | 3.28 | 1.04 |

**Table 4.** Descriptive statistics, reliability and convergent validity of the studied constructs **for clothing brands from India**

|                           |  | Factor Loadings | Mean | Std. Dev | $\alpha$ |
|---------------------------|--|-----------------|------|----------|----------|
| <b>Brand attributes</b>   |  |                 |      |          | 0.776    |
| BA5                       | I prefer clothes made in India because they are well designed    | 0.97            | 3.52 | 1.147    |          |
| BA6                       | I prefer clothes made in India because they are fit me well      | 0.98            | 3.48 | 1.118    |          |
| <b>Brand consequences</b> |  |                 |      |          | 0.949    |
| BC1                       | I believe clothing brands from India enhance my appearance       | 0.893           | 2.97 | .946     |          |
| BC2                       | I believe clothing brands from India add value to my personality | 0.9             | 2.86 | .902     |          |

|  |  |       |      |       |       |
|--|--|-------|------|-------|-------|
| BC3  | I believe clothing brands from India differentiate me from others                                | 0.89  | 2.92 | .914  |       |
| BC4  | I believe clothing brands from India symbolize and communicate my status to others               | 0.872 | 2.95 | .972  |       |
| BC6  | I believe clothing brands from India make me feel happy  | 0.931 | 2.85 | .937  |       |
| <b>Personal Values</b>                         |  |       |      |       | 0.956 |
| PV3  | I believe that wearing clothes made in India helps me to achieve a warm relationship with others | 0.861 | 2.70 | .914  |       |
| PV4  | I believe that wearing clothes made in India helps me to achieve self-respect                    | 0.898 | 2.64 | .949  |       |
| PV5  | I believe that wearing clothes made in India helps me to achieve fun and enjoyment in life       | 0.822 | 2.52 | .849  |       |
| PV6  | I believe that wearing clothes made in India helps me to achieve self-fulfilment                 | 0.911 | 2.67 | .965  |       |
| PV7  | I believe that wearing clothes made in India helps me to achieve security                        | 0.871 | 2.53 | .911  |       |
| PV8  | I believe that wearing clothes made in India helps me to achieve excitement                      | 0.833 | 2.57 | .870  |       |
| <b>Attitudes towards brands from country x</b> |  |       |      |       | 0.921 |
| ATT1   | Buying clothes made in country x makes me feel good  | 0.891 | 2.86 | .978  |       |
| ATT2   | I love it when clothes made in India are available, when I am looking for clothes                | 0.82  | 2.94 | 1.001 |       |
| ATT3   | The best buy is usually the clothes made in India  | 0.869 | 2.71 | .923  |       |
| ATT4   | In general, clothes made in India are of high quality  | 0.892 | 2.82 | .968  |       |
| ATT5   | When I buy clothes made in India, I always feel that I am getting a good deal                    | 0.914 | 2.77 | .979  |       |
| <b>Purchase intentions</b>                     |  |       |      |       | 0.922 |
| PI1  | I would consider buying clothes made in India  | 0.873 | 2.84 | .990  |       |
| PI2  | I would consider buying clothes made in India  | 0.94  | 2.72 | .935  |       |
| PI3  | My willingness to buy clothes made in India is very strong                                       | 0.941 | 2.72 | .938  |       |
| PI4  | The probability I would be buying clothes made in India is very high                             | 0.91  | 2.70 | .992  |       |

**Table 5:** Reliability and validity of elite's preference behind Chinese clothing brands

| Constructs | CR   | AVE  | Alpha | BC          | BA          | ATT         | PI          | PV          |
|------------|------|------|-------|-------------|-------------|-------------|-------------|-------------|
| <b>BC</b>  | 0.95 | 0.83 | 0.95  | <b>0.91</b> |             |             |             |             |
| <b>BA</b>  | 0.95 | 0.86 | 0.93  | 0.27        | <b>0.93</b> |             |             |             |
| <b>ATT</b> | 0.93 | 0.74 | 0.93  | 0.75        | 0.26        | <b>0.86</b> |             |             |
| <b>PI</b>  | 0.95 | 0.84 | 0.95  | 0.69        | 0.19        | 0.76        | <b>0.92</b> |             |
| <b>PV</b>  | 0.93 | 0.78 | 0.93  | 0.77        | 0.14        | 0.73        | 0.70        | <b>0.88</b> |

**Notes:** **BA:** Brand Attributes; **BC:** Brand Consequences; **PV:** Personal Values; **PI:** Purchase Intention

**Table 6:** Reliability and validity of elite's preference behind US clothing brands

| Constructs | CR   | AVE  | Alpha | PI          | BA          | BC          | PV          | ATT         |
|------------|------|------|-------|-------------|-------------|-------------|-------------|-------------|
| PI         | 0.95 | 0.84 | 0.95  | <b>0.92</b> |             |             |             |             |
| BA         | 0.90 | 0.77 | 0.91  | 0.17        | <b>0.87</b> |             |             |             |
| BC         | 0.96 | 0.83 | 0.83  | 0.73        | 0.22        | <b>0.91</b> |             |             |
| PV         | 0.95 | 0.71 | 0.95  | 0.77        | 0.18        | 0.66        | <b>0.84</b> |             |
| ATT        | 0.94 | 0.78 | 0.93  | 0.69        | 0.16        | 0.77        | 0.81        | <b>0.88</b> |

Notes: **PA:** Brand Attributes; **PC:** Brand Consequences; **PV:** Personal Values; **PI:** Purchase Intention

**Table 7:** Reliability and validity of elite's preference behind Indian clothing brands

| Constructs | CR   | AVE  | Alpha | BC          | BA          | ATT         | PI          | PV          |
|------------|------|------|-------|-------------|-------------|-------------|-------------|-------------|
| BC         | 0.96 | 0.82 | 0.94  | <b>0.91</b> |             |             |             |             |
| BA         | 0.90 | 0.77 | 0.77  | 0.22        | <b>0.87</b> |             |             |             |
| ATT        | 0.94 | 0.78 | 0.92  | 0.77        | 0.16        | <b>0.88</b> |             |             |
| PI         | 0.95 | 0.84 | 0.92  | 0.73        | 0.17        | 0.72        | <b>0.92</b> |             |
| PV         | 0.95 | 0.71 | 0.95  | 0.65        | 0.17        | 0.70        | 0.76        | <b>0.84</b> |

Notes: **BA:** Brand Attributes; **BC:** Brand Consequences; **PV:** Personal Values; **PI:** Purchase Intention

**Table 8:** Results of hypothesis testing

| Hypothesis | Path          | Country of Origin of brand |         |       |                    |      |                    |
|------------|---------------|----------------------------|---------|-------|--------------------|------|--------------------|
|            |               | China                      |         | India |                    | US   |                    |
|            |               | SPC                        | P-Value | SPC   | P-Value            | SPC  | P-Value            |
| <b>H1a</b> | Attitude → PI | 0.87                       | 0.00*   | 0.86  | 0.00*              | 0.90 | 0.00*              |
|            |               |                            | *       |       | *                  |      | *                  |
| <b>H2a</b> | BA → Attitude | 0.08                       | 0.03*   | 0.05  | 0.29 <sup>ns</sup> | 0.00 | 0.90 <sup>ns</sup> |
| <b>H3a</b> | BC → Attitude | 0.43                       | 0.00*   | 0.35  | 0.00*              | 0.29 | 0.00*              |
|            |               |                            | *       |       | *                  |      | *                  |

| <b>H4a</b>                | PV → Attitude      | 0.40   | 0.00* | 0.44   | 0.00* | 0.57   | 0.00* |
|---------------------------|--------------------|--------|-------|--------|-------|--------|-------|
|                           |                    |        | *     |        | *     |        | *     |
| <b>Variance Explained</b> |                    |        |       |        |       |        |       |
|                           | Attitude           | 65%    |       | 54%    |       | 69%    |       |
|                           | Purchase Intention | 76%    |       | 86%    |       | 80%    |       |
| <b>Model Fit Indices</b>  |                    |        |       |        |       |        |       |
|                           | X <sup>2</sup>     | 366.92 |       | 601.87 |       | 356.40 |       |
|                           | DF                 | 165    |       | 202    |       | 162    |       |
|                           | CFI                | 0.97   |       | 0.95   |       | 0.97   |       |
|                           | GFI                | 0.90   |       | 0.90   |       | 0.90   |       |
|                           | AGFI               | 0.90   |       | 0.91   |       | 0.90   |       |
|                           | TLI                | 0.97   |       | 0.94   |       | 0.97   |       |
|                           | RMSEA              | 0.06   |       | 0.08   |       | 0.06   |       |

**Notes:** **SPC:** Standardized Path Coefficient; **BA:** Brand Attributes; **BC:** Brand Consequences; **PV:** Personal Values; **PI:** Purchase Intention; **CI:** Confidence Interval; **ns:** Not Significant; \*P<0.05; \*\*P<0.00

**Table 9:** Multi-group analysis for elite’s cognitive structures behind their preference for different foreign brands

| <b>Hypothesis</b> | <b>Path</b>   | <b>PC difference<br/>(China vs. India)</b> | <b>PC difference<br/>(China vs. US)</b>     | <b>PC difference<br/>(India vs. US)</b> |
|-------------------|---------------|--|---|---|
| <b>H1b</b>        | Attitude → PI | 0.066 <sub>(CI, -0.05: 0.18)</sub>         | 0.118 <sub>(CI, -0.00: 0.24)</sub>          | 0.052 <sub>(CI, -0.08: 0.17)</sub>      |
| <b>H2b</b>        | BA → Attitude | 0.051 <sub>(CI, -0.07: 0.48)</sub>         | <b>0.097</b> <sub>(CI, -0.02: 0.17)</sub> * | 0.046 <sub>(CI, -0.09: 0.17)</sub>      |
| <b>H3b</b>        | BC → Attitude | 0.067 <sub>(CI, -0.13: 0.26)</sub>         | -0.027 <sub>(CI, -0.24: 0.17)</sub>         | -0.094 <sub>(CI, -0.32: 0.12)</sub>     |
| <b>H4b</b>        | PV → Attitude | -0.142 <sub>(CI, -0.34: 0.06)</sub>        | 0.049 <sub>(CI, -0.16: 0.28)</sub>          | 0.192 <sub>(CI, -0.02: 0.41)</sub>      |

**Notes:** **PC:** Path Coefficient; **BA:** Brand Attributes; **BC:** Brand Consequences; **PV:** Personal Values; **PI:** Purchase Intention; **CI:** Confidence Interval; \*P<0.05

