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PRIDE AND PREJUDICE: UNRAVELING AND MITIGATING DOMESTIC COUNTRY BIAS

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Abstract

Firms pursuing expansion abroad increasingly face challenges of protectionism and discrimination against foreign products, a phenomenon widely recognized as domestic country bias. This research addresses discordant findings in previous work by introducing a new mechanism of domestic country bias that operates distinctly for national identifiers and ethnocentric consumers, connecting these two groups to regulatory focus theory. Using three experimental studies and a survey involving actual product possessions, we provide new evidence that consistently demonstrates that national identity and consumer ethnocentrism are associated with different goals, namely, an approach goal and an avoidance goal, respectively. Importantly, the results reveal that domestic country bias due to national identity can be attenuated by priming a prevention focus, while domestic country bias due to consumer ethnocentrism can be reduced by priming a promotion focus. The findings offer international marketing managers valuable insights into reducing domestic country bias and effectively segmenting international consumer markets. This research is the first to demonstrate how global companies can actively overcome domestic country bias by deploying suitable international marketing programs rather than avoiding specific segments and/or downplaying foreign origins.

Keywords:

domestic country bias, national identity, consumer ethnocentrism, regulatory focus

Free trade and globalization have been challenged in recent times, due in part to political populism, which have led to enhanced national sentiment and protectionism (*The Economist*, 2018; Flaherty & Rogowski, 2021). While societal consequences are wide-ranging (Brubaker, 2017), firms are also directly affected by these developments, as being foreign could be seen as a liability that inhibits business success abroad (Samiee & Chabowski, 2021). Extant studies have documented that certain groups exhibit a bias against foreign and in favor of domestic products, referred to as “domestic country bias.” This phenomenon can affect the global research-and-development activities of multinational companies (MNCs) (Belderbos, Leten, & Suzuki, 2013), investor portfolios (Ke, Ng, & Wang, 2010), market entry decisions (Abreu, Mendes, & Santos, 2011), and consumer behavior (Balabanis & Diamantopoulos, 2004). To date, however, it remains unclear how MNCs should manage domestic country bias. As Roy, Guha, Biswas, and Grewal (2019: 295) note, “in any given emerging market . . . , [an MNC] will be viewed as either foreign or local,” and “there is relatively little a firm can do about [this].”

The prevailing explanation for domestic country bias is based on individual differences in traits of consumers, such as national identity (Verlegh, 2007) or consumer ethnocentrism (Shimp & Sharma, 1987). While national identity is based on the importance consumers place on national affiliation (Blank & Schmidt, 2003), consumer ethnocentrism is a unique economic form of ethnocentrism that captures moral concerns and fears that purchasing foreign products might hurt the domestic economy and put people out of work (Sharma, Shimp, & Shin, 1995). Both national identity and consumer ethnocentrism are established sources of domestic country bias in the international business (IB) literature (for a review, see Web Appendices W1 and W2).

Although the investigation of national identity and consumer ethnocentrism as inter-individual difference variables has helped explain why certain consumers are more biased

against foreign products than others, an examination of extant research reveals important gaps in the literature (Table 1). Importantly, the impact of national identity and/or ethnocentrism varies from one study to another, with effect sizes largely depending on the product category and the country being studied (e.g., Balabanis & Diamantopoulos, 2004); sometimes, the effect even seems to disappear completely (e.g., Supphellen & Rittenburg, 2001; Verlegh, 2007). Various factors have been found to play a significant moderating role (Web Appendices W1 and W2), but these offer no insights into *why* the effect occurs. No study has examined the mechanisms that lead to domestic country bias due to national identity and ethnocentrism, leaving it largely unclear to marketers when the effect occurs and which strategies they can use to mitigate the adverse outcomes of these two important factors. The investigation of such underlying mechanisms would also help resolve an important controversy—namely, whether these two consumer dispositions are independent sources of domestic country bias (Verlegh, 2007; Zeugner-Roth, Diamantopoulos, & Žabkar, 2015) or one general negative disposition toward foreign products (Keillor, Hult, Erffmeyer, & Babakus, 1996; Siamagka & Balabanis, 2015).

[Insert Table 1 about here]

To address these challenges, the present research provides evidence of the mechanism underlying domestic country bias due to national identification and consumer ethnocentrism and proposes a way to curb their effects. Drawing on regulatory focus theory (Higgins, 1997), we posit that these two fundamental factors are linked to distinct regulatory goals: an approach goal for national identifiers and an avoidance goal for ethnocentrists. We further argue and also directly demonstrate (i.e., in Study 2) that consumers activate these distinct goals only in situations that allow them to consider their relationship with their home country (e.g., choosing between a domestic and a foreign option). In three experiments using various products, countries, and choice

situations, and a survey involving actual product possessions, we consistently demonstrate that national identification's (consumer ethnocentrism's) adverse effects can be mitigated with a prevention-focused (promotion-focused) strategy. Thus, we argue that addressing these two forms of domestic country bias requires different actions that have important implications for IB as well as marketing theory and practice.

Our research makes several important contributions. First, we address Samiee and Chabowski's (2021) call for more research on the moderating roles of consumer dispositional variables (e.g., consumer ethnocentrism, national identity) in the relationship between a brand's local versus nonlocal origin on consumer outcomes. In response to discordant findings in the literature, we propose a theoretically anchored mechanism of domestic country bias that operates distinctly for national identifiers and ethnocentric consumers. We extend previous studies by providing new evidence of the unique role that each segment plays in influencing domestic country bias, thereby supporting the view that these two traits are independent of each other (e.g., Fischer & Zeugner-Roth, 2017; Josiassen 2011; Verlegh, 2007).

Second, by manipulating consumers' regulatory focus, this study is the first to shed light on how to alleviate domestic country bias due to national identity and consumer ethnocentrism. While recommendations to either (dis)associate a product with a certain origin (Balabanis & Diamantopoulos, 2004) or avoid targeting certain customers (Sharma, 2011) can dilute a brand and/or miss attractive customer segments, following Roy et al. (2019), we propose effective and readily available marketing strategies that do not have these severe strategic consequences.

Third, we contribute to a growing body of knowledge that draws on regulatory focus theory to explain IB phenomena. Initial applications of this theory have related it to people's global and local orientations (Ng & Batra, 2017; Westjohn, Arnold, Magnusson, & Reynolds,

2016). Bang, Yoo, and Choi (2017) connect national identity to regulatory focus theory by examining how different national identity feelings affect the evaluation of promotion- versus prevention-framed patriotic appeals, but they do not provide a framework that explains domestic country bias phenomena. The current research extends existing knowledge by proposing regulatory focus as a mechanism for attenuating domestic country bias, which opens new areas of scholarly debate and inquiry across IB, marketing, and psychology.

From a methodological perspective, experimental research designs are rarely deployed in the IB literature, despite repeated calls for such research due to its potential to investigate causal relationships (Zellmer-Bruhn, Caligiuri, & Thomas, 2016). The current work builds on evidence from three controlled experiments employing realistic choice situations (Samiee, 2010) and a survey involving actual product possessions. By using distinct but related outcome variables across studies (e.g., product choice, actual product possessions) and by testing our results across national contexts using different countries of origin (COOs) and product categories, we extend the generalizability of our theoretical framework and its implications.

THEORETICAL BACKGROUND

Domestic Country Bias and the Role of National Identity and Consumer Ethnocentrism

Domestic country bias is a form of in-group bias that reflects “a systematic tendency to favor one’s own group” over others (Pettigrew, 2004: 827). It is rooted in social identity theory (Tajfel, 1978; Tajfel & Turner, 2004), which distinguishes in-groups (e.g., home country) and out-groups (e.g., foreign countries). An in-group is “[a group] with which the individual identifies,” and out-groups are “groups with which [the individual] does not have a sense of belonging and which are considered antithetical to the [in-group]” (Durvasula, Andrews, & Netemeyer, 1997: 75). The IB literature points to consumer dispositions or traits that can explain individual differences in

consumer behavior regarding the purchase of foreign and/or domestic products (for reviews, see Bartsch, Riefler, & Diamantopoulos, 2016; Papadopoulos, Cleveland, Bartikowski, & Yaprak, 2018). Verlegh (2007) introduces two traits that are especially relevant to domestic country bias: an identity-based trait (national identity) and an economic-based (consumer ethnocentrism) trait.

National Identity

According to Reed, Forehand, Puntoni, and Warlop (2012: 312), identity refers to “any category label to which a consumer self-associates either by choice or endowment.” In the case of national identification, this category label is a person’s home country. Consumers can potentially identify themselves with every possible category label (e.g., family, school, nation); however, not all category labels will be central to a consumer’s self-definition (Kihlstrom, 1992). Thus, a category label only becomes an identity once consumers have begun to incorporate identification with a particular category into their sense of who they are (Reed et al., 2012). In line with this reasoning, Blank and Schmidt (2003: 296) define national identification as “the importance of national affiliation as well as the subjective significance of an inner bond with the nation.”

For people with a strong national identification, being a member of their home country is integral to their identity. As people aim to maintain a positive self-image (Tajfel & Turner, 2004; Vignoles 2011), including in-group identities within the self motivates them to be favorably biased toward the in-group’s members, products, and achievements (Hewstone, Rubin, & Willis, 2002). National identifiers prefer domestic to foreign products due to feelings of national pride and a need to support their country (Verlegh, 2007; Zeugner-Roth et al., 2015). In-group bias due to national identity thus arises as a form of positive group distinctiveness and causes prodomeestic rather than antforeign sentiments (Druckman, 1994; Kosterman & Feshbach, 1989). National

identifiers buy domestic products as a means to serve core human values such as self-esteem, certainty, and meaning, not because they reject foreign products (Balliet, Wu, & De Dreu, 2014).

Consumer Ethnocentrism

Consumer ethnocentrism, a unique economic form of the broader ethnocentrism concept (Sumner, 1906), is defined as “beliefs held by ... consumers about the appropriateness, indeed morality, of purchasing foreign-made products” (Shimp & Sharma, 1987: 280). The belief that opting for foreign products might threaten domestic industries and cause unemployment (Sharma et al., 1995) is central to ethnocentric consumers. In-group bias due to consumer ethnocentrism thus arises from fear and the need to protect their economy from the intrusion of foreign products (Siamagka & Balabanis, 2015). In contrast to national identification, consumer ethnocentrism is a form of negative group distinctiveness that reinforces antiforeign rather than prodomeestic sentiments (Druckman, 1994; Kosterman & Feshbach, 1989). Ethnocentric consumers buy domestic products as they generally reject foreign ones (Zeugner-Roth et al., 2015).

Although both national identification and consumer ethnocentrism have been shown to be important predictors of in-group bias (e.g., Thelen & Honeycutt, 2004; Verlegh, 2007), an in-depth understanding of these relationships in IB is still limited. Extant knowledge is unclear about the logical underpinnings behind each of these drivers—essential for both understanding their effects on purchase behavior and identifying factors that might mitigate domestic country bias. Next, we propose a theoretical framework that addresses these important gaps.

Regulatory Focus Theory in IB Research

To deepen the understanding of how national identity and consumer ethnocentrism lead to domestic country bias, we build on regulatory focus theory (Higgins, 1997), which suggests that people can employ two types of self-regulation in their goal pursuit: a promotion focus and a

prevention focus. A promotion focus emphasizes the “ideal” self, reflected in a person’s hopes and aspirations, and favors strategic means that are eagerness oriented. A promotion focus stresses positive outcomes or minimizing errors of omission, such as missing opportunities to make progress. Conversely, a prevention focus emphasizes the “ought” self, reflected in a person’s duties and obligations, and results in strategic means that are vigilance oriented. A prevention focus leads people to avoid negative outcomes or minimize errors of commission, such as doing something that turns out to be a mistake (Higgins, 1997).

Regulatory focus theory is established in social and cognitive psychology and has been used to explain various phenomena, including job performance and other work-related outcomes (see Lanaj, Chang, & Johnson, 2012), goal attainment (e.g., Shah, Higgins, & Friedman, 1998), donating (e.g., Le, Supphellen, & Bagozzi, 2021) and ethical behavior (e.g., Gino & Margolis, 2011). Only a few studies have built on regulatory focus theory to explain critical phenomena in IB and marketing. For example, applying this theory to the decision to expand abroad or not, Adomako, Opoku, and Frimpong (2017) reveal that promotion-oriented CEOs drive, but prevention-oriented CEOs inhibit, their firm’s internationalization. Relatedly, a promotion focus is linked to consumers’ global, while a prevention focus to local, identity and consumption orientation (Ng & Batra, 2017; Westjohn et al., 2016). Finally, connecting national identity and regulatory focus theory, Bang et al. (2017) study how the activation of different national identity feelings affects the evaluation of promotion- versus prevention-oriented ads featuring patriotic appeals. They reveal that while negative feelings can make consumers more receptive to either promotion-oriented (in case of sadness) or prevention-oriented (in case of fear) ads, positive national identity feelings always trigger more favorable evaluations of promotion-oriented ads.

Building on and extending these findings, the present research establishes links among national identification, consumer ethnocentrism, and regulatory focus and uncovers their joint effects on domestic country bias. As we explained previously, bias due to national identification is based on the positive feeling of pride through positive group distinctiveness, while bias due to consumer ethnocentrism is based on the negative feeling of fear through negative group distinctiveness. Thus, we posit that domestic country bias due to national identification and consumer ethnocentrism operates distinctively and that consumers' regulatory focus plays a decisive role in understanding and alleviating these two sources of home country preference.

The Interplay among National Identity, Consumer Ethnocentrism, and Regulatory Focus

The idea that products are identity linked has a long history in consumer behavior (e.g., Belk, 1988; Sirgy, 1986). A product's origin is one cue out of many (e.g., price, brand) that consumers use in their choices (Baughn & Yaprak, 1996), particularly if this cue is linked to identification with their home country and/or fundamental beliefs such as those tapped by consumer ethnocentrism (Josiassen, 2011; Verlegh, 2007). Consumers make choices congruent with their identification and beliefs (Oyserman, 2009; Reed et al., 2012). Thus, when confronted with the choice of domestic versus foreign products, consumers with high national identification or consumer ethnocentrism will tend to prefer domestic products; however, we posit that they will do so for different reasons. According to psychology research (e.g., Balliet et al., 2014; Kosterman & Feshbach, 1989), in-group bias occurs as the result of two independent reasons: loyalty toward one's own group (reflected in national identity) or denigration of other groups (reflected in consumer ethnocentrism).

In general, we do not expect national identifiers to have any particular regulatory focus. Thus, national identifiers can be either promotion or prevention oriented in their daily lives. But,

when a situation allows national identifiers to consider their relationship with their home country, they are likely to focus on positive outcomes for their home country, its economy, and its people (Carvalho & Luna, 2014; Verlegh, 2007). This is consistent with a promotion orientation that motivates people to achieve their ideal goals (e.g., hopes, wishes, aspirations) and to seek gains (Higgins, 1997). Any decision that involves trade-offs between domestic or foreign products should therefore implicitly and temporarily activate a promotion orientation in national identifiers. Thus, we expect domestic country bias to rise with increasing national identification due to an activated promotion focus. However, when a prevention focus is explicitly activated, the motivation of national identifiers to focus on gains for their home country becomes baseless. As a result of this mismatch (Higgins, 2002) between the activated prevention focus and outcomes (home country gains), national identity's impact on domestic country bias is likely to decrease.

Our contention that regulatory focus theory provides a theoretical explanation for the relationship of domestic country bias with national identification is consistent with the logic that goal attainment is highest when there is fit between a task's framing (i.e., the goal) and activated regulatory focus (e.g., Shah et al., 1998). Higgins (2002) refers to this as "outcome value," which is produced when the impact of a decision suits the decision maker's regulatory orientation. In our research context, the impact of national identification on domestic country bias should manifest only when a promotion focus is activated. In a nonmatching regulatory orientation, when consumers care more about potential losses and failures for their home country (i.e., a prevention focus), the effect of national identity on domestic country bias is likely to decrease.

Hypothesis 1: National identity has a negative effect on consumers' foreign product preferences, but this effect is attenuated when a prevention focus is explicitly activated.

Likewise, we do not expect ethnocentric consumers to have any particular regulatory focus in their daily lives. However, when the situation involves a relationship with their country, they are likely to focus on the avoidance of negative outcomes. Ethnocentrists buy domestic products as a form of negative group distinctiveness to avoid harm to their home country (Druckman, 1994; Kosterman & Feshbach, 1989). They generally reject foreign products because of normative constraints and fears that purchasing foreign products will be bad for the domestic economy and contribute to unemployment at home (Sharma, Shimp, & Shin, 1995). Ethnocentric consumers focus on the *avoidance* of any undesired goal associated with impairing the economic welfare of their home country (Verlegh, 2007; Zeugner-Roth et al., 2015).

Thus, we expect that any decision that leads ethnocentric customers to trade off domestic versus foreign alternatives will implicitly and temporarily activate a prevention orientation. Ethnocentric customers will be guided by the goal to vigilantly avoid purchasing foreign products as long as a prevention focus is active and there is a match between their regulatory orientation and avoidance goals stemming from their ethnocentrism (Higgins, 2002). However, when a promotion focus is explicitly triggered, ethnocentric consumers' motivation to avoid negative outcomes (i.e., losses and failures) to the domestic economy loses its foundation. As a result of this mismatch, consumer ethnocentrism's impact on domestic country bias will decrease.

Hypothesis 2: Consumer ethnocentrism has a negative effect on consumers' foreign product preferences, but this effect is attenuated when a promotion focus is explicitly activated.

In summary, the literature has established that domestic country bias increases as national identification or consumer ethnocentrism increases. This research aims to advance knowledge by exploring whether the activation of a nonmatching regulatory focus attenuates the effects of national identification and ethnocentrism on domestic country bias. While inducing a promotion

focus should reduce the impact of consumer ethnocentrism on domestic country bias, activating a prevention focus should reduce the impact of national identification on domestic country bias.

OVERVIEW OF THE STUDIES

Using a multimethod approach, we designed three controlled experiments and one survey drawn from a representative consumer panel (see Web Appendix W3) to balance internal and external validity. While experiments are more suitable for assessing causality and are recommended in IB research (van Witteloostuijn, 2015; Zellmer-Bruhn et al., 2016), surveys are used more typically for testing if links are meaningful and occur in real life (e.g., Hewlin, Dumas, & Burnett, 2017). We chose two Western countries (i.e., the U.S. and Germany) and another developed country from the Far East (i.e., South Korea) to validate our findings across distinct geographical contexts. The studies are comparable in design (e.g., sequence of constructs, measurement instruments) but employ different samples to ensure ecological validity (Bello et al., 2009).

We selected consumers from the U.S., Germany, and South Korea because these are attractive markets for foreign firms and investors (*The Financial Times*, 2017). These countries exhibit high per-capita income—a common indicator of purchasing power—and are home to MNCs in a range of industries. Importantly, all three countries feature competition among strong local and foreign global brands (Mandler, Bartsch, & Han, 2021), an important criterion for the scenarios studied. Finally, we referred to the KOF Globalisation Index (Gygli et al., 2019) as a measure of a country's extent of social, political, and economic globalization. The three countries are ranked in the top 35 countries in terms of economic integration and are frequently selected based on this index (e.g., Alden et al., 2013; Mandler et al., 2021).

Across studies, questionnaires were translated into the respective local language by bilingual speakers and then back-translated until equivalence was established (Behling & Law,

2000). We used translated versions of the key study constructs and established measures of national identity and consumer ethnocentrism that have been proven to be cross-nationally invariant (e.g., Steenkamp, Hofstede, & Wedel, 1999; Zeugner-Roth et al., 2015). To reduce potential bias due to common method variance, we followed recommended ex ante and ex post procedures (Podsakoff, MacKenzie, & Podsakoff, 2012). Specifically, we measured dependent and independent variables in separate sections of the questionnaire, used varying scale formats, and presented items in randomized order (Chang, van Witteloostuijn, & Eden, 2010). In addition, we applied Lindell and Whitney's (2001) marker variable test for the survey (see Study 3). All tests indicate that common method bias does not appear to be a problem in our data. Inspection of variance inflation factors indicated no concerns of multicollinearity.

To establish measurement invariance across countries, we applied Steenkamp and Baumgartner's (1998) sequential testing procedure for crossnational consumer research. Given the relatively small sample sizes in our studies, we used changes in CFI or SRMR as indication of measurement invariance (e.g., Chen, 2007; Rutkowski and Svetina, 2014). Nested model comparisons suggest metric invariance (Web Appendix W4) in that the obtained ratings can be meaningfully compared across countries (Steenkamp & Baumgartner, 1998). We determined sample size requirements a priori by running power analysis (assuming 80% power and small to medium effect sizes), revealing a minimum sample size of $n = 89$ per study. The data collected exceed this number and reveal effect sizes that clearly meet our assumptions.

To document bias in consumers' evaluations, across all studies, the foreign alternatives were presumably better than the domestic options, thus forcing participants to trade off the more promising foreign alternative to act in line with national identification or ethnocentrism. We believe that this setting is important, as globalization often requires consumers to make such

trade-offs and to hold potentially conflicting beliefs (Reed et al., 2012). We borrowed the concept of product typicality (Mervis & Rosch, 1981), which measures the degree of product–country match (e.g., Swiss watches, German cars) (Roth & Romeo, 1992; Usunier & Cestre, 2007). In all studies, the foreign country products had a higher product typicality than the domestic counterparts. Prior research shows that product typicality is associated with higher quality (Tseng & Balabanis, 2011; Usunier & Cestre, 2007) and that consumers tend to make identity-congruent choices regardless of whether these are beneficial or not (Oysermann, 2009).

Study 1 manipulates participants' regulatory focus in a supposed language ability test and investigates whether this subtle manipulation attenuates domestic country bias due to national identification and consumer ethnocentrism in an incentive-aligned lottery. Study 2 provides a more direct test of the psychological mechanism and examines whether implicitly choosing between domestic and foreign options suffices to momentarily activate a promotion focus among national identifiers and a prevention focus among ethnocentrists. In a more applied setting using promotion-versus prevention-framed advertising claims, Study 3 shows how firms can strategically use marketing programs to mitigate domestic country bias due to national identification versus consumer ethnocentrism. Study 4 tests our hypotheses in a more ecologically valid setting by relating consumers' chronic regulatory focus to their possession of presumably better foreign products.

STUDY 1

Method

Participants

We recruited 149 U.S. consumers ($M_{\text{age}} = 43$ years, 85 women) from the representative household panel of the international market research agency *MindTake* to participate in our study in exchange for panel points.

Procedure

We told participants that they would take part in two unrelated studies: (1) a language ability test (including a lottery with prizes worth \$100) and (2) a study on buying behavior. The former manipulated participants' regulatory focus using an anagram task, following Shah et al.'s (1998) procedure. Regulatory focus theory assumes that both promotion and prevention focus can be framed in alternative ways (i.e., gains vs. no gains for a promotion focus and losses vs. no losses for a prevention focus). Thus, we designed two sets of four green and two sets of four red anagrams to account for both ways and counterbalanced the sequence. Participants were told that they would be asked to solve four red and four green anagrams and that their goal was to form at least two words per anagram (e.g., EACHP → "cheap," "peach"). For each green anagram, they were told that they would gain one point if they found two words, but not gain a point if they did not find both words. For the red anagrams, they were told that they would not lose a point if they found two words, but that they would lose one point if they failed to find two valid words.

We manipulated participants' regulatory focus by randomly assigning them to one of three conditions. We told them that after the anagram task, they had the option to take part in a lottery for attractive prizes that they would receive in addition to their regular panel points. In the control condition, we informed participants that they could take part in the lottery without mentioning any contingency on their performance. In the other two conditions, participation in the lottery was contingent on performance: In the promotion-focus condition, participants were told that they would *gain* participation in the lottery if they finished with at least two points and would *not gain* participation if they failed to do so (promotion focus: manipulated via gains and no gains). Participants in the prevention-focus condition were informed that they would *lose* the

option to participate in the lottery if they finished with less than two points but would *not lose* it if they finished with at least two points (prevention focus: manipulated via losses and no losses).

After the anagram task, participants were thanked and forwarded to the lottery, where they saw ten options from five product categories in random order (Web Appendix W6). Each category contained one option from the U.S. and another from one of five foreign countries with a higher typicality (i.e., olive oil [Italy], pocket knife [Switzerland], chocolate truffles [Belgium], hand cream [France], Earl Grey tea [Great Britain]). The selection of products and the dominant foreign country was based on a pretest with 51 U.S. consumers recruited from Amazon Mechanical Turk ($M_{\text{age}} = 35$ years, 20 women). All foreign products had a higher typicality¹ and perceived quality than their domestic counterparts (all $ps < .001$). We also ensured that all products were of comparable value (approximately US\$10) and would make a nice present. To avoid confounding effects due to appearance, package, design, color, language, or overemphasis on COO, we carefully selected images and descriptions of the products.

We told participants to select and rank the five best prizes according to their preferences (first = most-liked item, second = second most-liked item, and so on) by dragging items to a box. To make the choices consequential, we informed participants that their indicated preferences would be taken into account if they were one of the lucky lottery winners. We used participants' choices and their ranking to calculate a score from 0 to 15 that reflected an overall preference for foreign products. Specifically, we considered the preferential rank order by assigning five points if the first-ranked product was foreign, four points if the second product was foreign, and so forth. The score served as our dependent variable (DV) (foreign score: $M = 8.31$, $SD = 2.38$).

¹ The product typicality score is bounded by 0 (no typicality) and 1 (perfect typicality). Its calculation is based on the notion that a product must be strongly linked to a country (product–country typicality) and, likewise, a country to a product (country–product typicality). The combination of the product–country and the country–product typicality scores (i.e., the square root of its product) results in the product typicality score (see Usunier & Cestre, 2007).

Participants then went on to a supposedly unrelated study on buying behavior that contained several questions about their last purchases, their buying processes, and their general behavior. As part of this study, they also indicated their degree of national identification ($M = 5.87$, $SD = .84$, $\alpha = .68$; Verlegh 2007) and consumer ethnocentrism² ($M = 3.89$, $SD = 1.25$, $\alpha = .91$; Verlegh 2007; $r = .32$, $p < .001$; see Web Appendix W5). Finally, participants answered demographic questions and were probed about the study's purpose, debriefed about its actual goals, and thanked. Four weeks later, ten winners received their most preferred product.

Results

Checks

Participants assigned to the promotion-focus condition did not earn more points than those in the control condition ($M_{\text{Pro}} = 1.45$ vs. $M_{\text{Control}} = 1.47$, $p = .953$). Although participants assigned to the prevention-focus condition achieved significantly fewer points in the anagram task ($M_{\text{Prev}} = .49$) than those in the control ($t_{(100)} = -2.44$, $p = .016$, $d = .49$) and promotion ($t_{(96)} = -2.08$, $p = .040$, $d = .42$) conditions, the number of points gained was related to neither our DV ($\beta_{\text{Points}} = -.04$, $t_{(147)} = -.46$, $p = .643$) nor our measurements of national identification and ethnocentrism. While all participants in the two priming conditions recalled that participation in the lottery was contingent on their performance in the anagram task, no participant associated product choices with the study goal. They were unable to correctly identify the goal of the study and did not perceive any connection between the supposed language ability test and the buying behavior study.

Moderated Regression

² In line with previous research (e.g., Josiassen, 2011; Sharma, 2011; Steenkamp et al., 1999), we used the brief version of the CETSCALE, which has been shown to be valid, reliable, and cross-culturally stable.

We ran moderated regression with participants' foreign preference score as the DV, mean-centered national identification and consumer ethnocentrism as IVs, and manipulated regulatory focus as the moderator. Taking the control condition as a baseline, we created two dummies for the promotion and prevention conditions. Our analysis showed significant, negative effects for both national identification ($\beta_{\text{NatId}} = -.86, p = .017$) and ethnocentrism ($\beta_{\text{CET}} = -.54, p = .032$) in the absence of regulatory focus manipulation (i.e., in the control condition). This evidence is fully consistent with prior research, which suggests that these two factors are independently conducive to a general preference for domestic over foreign products. We did not observe a main effect of condition: Neither the promotion prime nor the prevention prime significantly changed consumers' preference for foreign products, compared with the control condition ($ps > .70$).

Importantly, we observed the predicted interactions. National identification interacted positively with the prevention dummy ($\beta_{\text{NatId} \times \text{Prev}} = 1.22, p = .029$), while ethnocentrism interacted positively with the promotion dummy ($\beta_{\text{CET} \times \text{Pro}} = .77, p = .040$). Interactions between national identification and the promotion dummy and between consumer ethnocentrism and the prevention dummy were in the opposite direction but did not reach significance ($ps > .60$). Thus, the results indicate that the influence of national identification is deactivated under a prevention focus, while the influence of consumer ethnocentrism dissipates under a promotion focus, in support of Hypotheses 1 and 2. This evidence further suggests that the impact of each factor does not increase with the activation of a consistent regulatory focus, which is in line with our contention that the consistent regulatory focus is implicitly activated by the purchase decision.

Simple Slope Analyses

Simple slope tests further confirm the hypothesized patterns. While the simple slope for national identification was significant and negative in both the promotion ($\omega = -1.09, p = .017$) and the

control ($\omega = -.86, p = .017$) conditions, the influence of national identification was offset in the prevention condition ($\omega = .36, p = .393$; see Figure 1, Panels A and B; Table 2, Model 1).

Although the simple slope is somewhat steeper in the promotion than the control condition, the difference did not reach significance ($\omega_{\text{Pro-Control}} = -.23, p > .60$).

As predicted, the opposite pattern occurred for ethnocentrism (see Figure 1, Panel B), which increased participants' bias against foreign products in both the prevention ($\omega = -.69, p = .023$) and the control ($\omega = -.54, p = .032$) conditions, with the effect disappearing in the promotion condition ($\omega = .23, p = .405$). Again, there was no significant difference between the two significant slopes ($\omega_{\text{Pre-Control}} = -.15, p > .60$). The patterns remained unchanged when controlling for participants' general interest in one of the five product categories (all $ps > .10$, see Table 2, Model 2) and for all other interaction effects, including higher-order interactions.

[Insert Table 2 about here]

[Insert Figure 1 about here]

Discussion

While the literature is clear that both national identification and ethnocentrism drive consumers to prefer domestic products, in line with the results in our control condition, we find that domestic country bias due to these two motivations can be attenuated if a nonmatching regulatory focus is activated—a prevention focus for national identifiers and a promotion focus for ethnocentrists. This is because the two nonmatching regulatory foci remove the breeding ground for domestic country bias due to national identification and ethnocentrism. We also find that domestic country bias does not become stronger in the case of a matching regulatory focus, providing initial evidence for our assumption that a purchase decision involving an implicit choice between a domestic and a foreign alternative implicitly activates a situational promotion

focus for national identifiers and a situational prevention focus for ethnocentrists. Practically, these results suggest that firms that aim to successfully market their products abroad may overcome domestic country bias via two distinct strategies: activating a prevention focus for national identifiers and a promotion focus for ethnocentrists. Further, the results suggest that domestic country does not seem to become worse when choosing the wrong strategy.

Both implications need further evidence. While the results of Study 1 clearly suggest that domestic country bias due to national identification and ethnocentrism operates distinctly, they only indirectly point to the mechanism—based on moderation alongside a control condition (Spencer, Zanna, & Fong, 2005). To provide stronger evidence of our supposed psychological mechanism, Study 2 directly investigates whether implicit choices between a domestic and a seemingly superior foreign option temporarily activate a promotion focus among national identifiers and a prevention focus among ethnocentrists. Next, in Study 3, we examine how firms can shape consumers' regulatory focus via real advertising claims to mitigate domestic country bias. Then, in Study 4, we investigate whether our effects hold in real life by examining product possessions and providing guidelines on how to identify national identifiers and ethnocentrists.

STUDY 2

Method

Participants

We collected data from U.S. consumers via representative household panels from *Cint* and *Prolific* in exchange for panel points until 250 participants ($M_{\text{age}} = 39$ years, 118 women) met predefined quality criteria specified in our preregistration (<https://aspredicted.org/blind.php?x=9sv6r9>).

Procedure

The goal of Study 2 was to investigate whether product choices that involve a seemingly superior foreign alternative activate a promotion focus among national identifiers and a prevention focus among ethnocentric consumers. For this purpose, we created two choice sets, each consisting of four choices between two car rental options. The two options only differed in whether these contained any information about the cars' model and COO (see Web Appendix W7).

We told participants that they would take part in a study on consumer preferences, and that, as part of it, they were, by chance, assigned to the product category cars. They were asked to make four consecutive choices between two distinct car rental options—to provide accurate and unbiased information about their true car preferences. Next, participants were randomly assigned to one of two choice sets. While participants in the treatment condition were shown both a U.S. and a Japanese car model in addition to the other criteria luggage and mileage, participants in the treatment condition received only information on the two latter criteria but not any information about COO and/or model across four choices. We chose car rentals because consumers are familiar with this product category in general and the task in particular (Fischer & Zeugner-Roth, 2017). We selected Japan as the foreign country because it is associated with a higher product typicality (Usunier & Cestre, 2007). We consulted webpages of renown car rental companies (e.g., Hertz, Sixt) to display the choices as realistically as possible. To rule out the possibility of confounding effects, we counterbalanced order and sequence of choices.

Following their choices, participants indicated the extent to which they would focus on ideals (vs. oughts) at the present moment (1 = oughts, 7 = ideals; Pham & Avnet, 2004), an established method to measure situational regulatory focus. Participants' relative situational promotion focus served as the DV ($M = 2.66$, $SD = 1.20$, $\alpha = .68$). Participants then indicated their national identification ($M = 4.51$, $SD = 1.43$, $\alpha = .86$; Verlegh, 2007) and ethnocentrism (M

= 3.16, $SD = 1.32$, $\alpha = .92$; Verlegh, 2007; $r = .55$, $p < .001$; see Web Appendix W5), as per Study 1. To examine the robustness of our hypothesized effects when other consumer characteristics are added to the model, we also measured their xenocentrism using the three-item XEN scale (Prince, Davies, Cleveland, & Palihawadana, 2016), which encompasses consumers' tendency to focus on and protect foreign cultures (e.g., "We should buy products made from outside [America] to help other countries prosper and grow"; 1 = "strongly disagree," and 7 = "strongly agree"; $M = 3.67$, $SD = 1.07$, $\alpha = .82$).³ Xenocentrism proved to be uncorrelated with national identification ($r = .04$, $p = .535$) and weakly (negatively) correlated with consumer ethnocentrism ($r = -.13$, $p = .034$). Finally, participants provided demographic data, were probed about the study's purpose, debriefed about its actual goals, rewarded, and thanked.

Results

After mean-centering the variables capturing participants' national identification and consumer ethnocentrism, we ran moderated regression analysis with situational regulatory focus as the DV, national identification and ethnocentrism as independent variables (IVs), and manipulated choice situation (dummy-coded; 0: control condition; 1: treatment condition) as the moderator. In line with our theorizing, the analysis revealed a positive interaction between national identification and choice situation ($\beta_{\text{NatId} \times \text{Treatment}} = .37$, $p = .003$) and a negative interaction between consumer ethnocentrism and choice ($\beta_{\text{CET} \times \text{Treatment}} = -.31$, $p = .022$; see Table 3).

Simple slope analysis illustrates the pattern of this interaction (see Figure 2). In the control condition, neither national identification ($\omega = -.14$, $p = .114$) nor consumer ethnocentrism ($\omega = -.09$, $p = .336$) significantly affected participants' situational promotion versus prevention focus. For participants in the treatment condition, we yet observed significant

³ We thank an anonymous reviewer for this insightful suggestion.

effects in opposing directions—in line with our theorizing: While national identification significantly increased participants' (situational) promotion orientation ($\omega = .23, p = .009$), ethnocentrism temporarily made participants more prevention oriented ($\omega = -.40, p < .001$).

[Insert Table 3 about here]

[Insert Figure 2 about here]

To examine whether our results are independent of other important consumer characteristics, we ran a second model with xenocentrism as control variable. We found a positive, significant effect of xenocentrism on situational promotion orientation in the control condition ($\omega = .18, p = .008$). Importantly, our hypothesized effects and the pattern of our findings remained consistent, which suggests that our model is robust.

Discussion

Because Study 1 showed that domestic country bias due to national identification and ethnocentrism can only be attenuated by nonmatching, but not exacerbated by matching, regulatory foci, we argued that this is because a choice involving a foreign product temporarily activates a matching regulatory focus. Study 2 provides direct evidence for this conjecture, thus shedding additional light on the psychological mechanism behind domestic country bias due to national identification and consumer ethnocentrism. By creating two settings that differed only in whether car rental options contained COO information or not, Study 2 documents that both national identification and consumer ethnocentrism are unrelated to regulatory focus in the absence of any COO information. Instead, only choices involving COO activate a matching regulatory focus: national identifiers (ethnocentrists) become more promotion (prevention) oriented when choosing between domestic and foreign options.

Thus, Study 2 extends the results of Study 1 by providing direct evidence of the distinct mechanisms at play for domestic country bias due to national identification and consumer ethnocentrism. However, it remains unclear whether these effects will also hold in non-Western contexts and in situations with only a (superior) foreign, but no domestic, option. From a practical standpoint, it would be informative to examine whether managers can actively alter consumers' regulatory focus to offset antiforeign product choices. Study 3 addresses these issues.

STUDY 3

Method

Participants

We recruited 105 South Korean consumers ($M_{\text{age}} = 42$ years, 61 women) from the representative household panel of the international market research agency *GfK* to participate in our study in exchange for panel points. The study was conducted in Korean language.

Procedure

To increase external validity and test whether firms can practically mitigate domestic country bias against their products abroad, we created a more managerially relevant manipulation of regulatory focus using messages in advertisements. We first introduced participants to a seemingly unrelated study on ad evaluations in which they were randomly shown one of four ads from the Swiss chocolate brand Lindt & Sprüngli (Web Appendix W8). We chose Swiss chocolate because of its high typicality and implied quality and because it is perceived as clearly superior to South Korean chocolate (Usunier & Cestre, 2007). Importantly, while all four ads displayed the identical picture of a Lindt chef preparing truffles, they differed in their claim. Two claims were promotion oriented (i.e., “Treat yourself to something special!” and “The ideal reward!”), and two were prevention oriented (i.e., “Always the safe choice!” and “Never a

risk!”). We used two claims for each orientation to rule out confounding effects due to wording. No direct indication of the truffles’ COO appeared other than the brand name. Participants only saw the advertisement for Lindt & Sprüngli; no domestic alternative was presented.

Participants then answered several filler questions, such as their liking of the ad. They also indicated their maximum willingness to pay (WTP) for the chocolate by answering a question from Van Westendorp’s (1976) “price sensitivity meter” (Schuhmacher, Kuester, & Hultink, 2018), which captures consumers’ reservation price (“Based on the advertisement you have just seen: At what price, in South Korean Won, would you consider 100 grams [3.53 oz] of these chocolate truffles expensive, such that you would need to give some thought to buying them?” $M_{WTP} = \text{US\$}11.39$, $SD = 10.13$). Answers to this question served as the DV. After answering three items that served as a manipulation check of our regulatory focus prime (Pham & Avnet, 2004), participants moved on to another supposedly unrelated study on country images that asked them about their levels of national identification ($M = 5.32$, $SD = 1.07$, $\alpha = .89$; Verlegh, 2007) and consumer ethnocentrism ($M = 3.74$, $SD = 1.01$, $\alpha = .86$; Verlegh, 2007; $r = .28$, $p = .003$; see Web Appendix W5). They also provided demographics and were asked about the study’s goal, debriefed, thanked, and compensated.

Results

Checks

Participants neither correctly identified the concrete goal of the study nor recognized any relationship between the parts. Further, the manipulation was successful. Participants assigned to one of the two promotion-oriented claims scored significantly higher on ideals (vs. oughts) than participants assigned to one of the prevention-oriented claims ($M_{\text{Promotion}} = 4.16$, $M_{\text{Prevention}} = 3.56$;

$t_{(103)} = 2.27, p = .025, d = .44$; Pham & Avnet, 2004). We found no difference between the two pairs of claims manipulating the same regulatory focus (both $ps > .90$).

Moderated Regression

After mean-centering the variables capturing participants' national identification and consumer ethnocentrism, we ran a moderated regression analysis with WTP for the Swiss chocolate truffles as the DV, national identification and consumer ethnocentrism as IVs, and primed regulatory focus (dummy-coded; 0: promotion prime; +1: prevention prime) as the moderator. In line with Study 1, the analysis revealed a significant, positive interaction between national identification and regulatory focus ($\beta_{\text{NatId} \times \text{RF}} = 5.51, p = .004$) and a significant, negative interaction between consumer ethnocentrism and regulatory focus ($\beta_{\text{CET} \times \text{RF}} = -5.68, p = .004$) on participants' WTP for the chocolate truffles (see Table 4).

Simple Slope Analyses

In support of Hypothesis 1, national identification had a significant, negative effect in the promotion condition only ($\omega = -4.34, p = .003$). The effect of national identification on participants' WTP for the Swiss chocolate truffles disappeared when they were assigned to one of the two prevention-oriented ads ($\omega = 1.17, p = .314$; see Figure 3, Panel A). In line with Hypothesis 2, the opposite pattern again occurred for consumer ethnocentrism (see Figure 3, Panel B). While the simple slope was significant and negative in the prevention condition ($\omega = -4.08, p = .002$), consumer ethnocentrism's impact was offset in the promotion condition ($\omega = 1.60, p = .274$). The pattern of results remained unchanged when we controlled for all other interactions, including higher-order interactions; none reached significance.

[Insert Table 4 about here]

[Insert Figure 3 about here]

Discussion

Study 3 replicates Study 1's findings in another culture, using WTP for presumably superior foreign Swiss chocolate truffles as the DV and with a practical manipulation of consumers' regulatory focus through advertising claims based on a real ad, which enhances external validity. The pattern of results is identical to that of Study 1 even though we did not present any domestic alternative. This suggests that exposure to any foreign country cue is sufficient to activate antiforeign tendencies for both national identifiers and ethnocentric consumers. Thus, firms aiming to market their offerings abroad may be suffering from domestic country bias even if no domestic alternative is displayed. Further, firms can attenuate domestic country bias via marketing communications that activate distinct regulatory foci.

While Studies 1 and 3 provide converging evidence for Hypotheses 1 and 2 in an experimental setting that manipulates consumers' situational regulatory focus (e.g., Lee & Aaker, 2004; Pham & Avnet, 2004), consumers generally also vary in their chronic regulatory focus (e.g., Haws, Dholakia, & Bearden, 2010; Shah et al., 1998); they may thus be segmented and targeted differently based on their promotion versus prevention orientation. Investigating whether the results are also reflected in real behavior would help theory development and practical advancement in the field. Study 4 links consumers' national identification and ethnocentrism to their chronic regulatory focus and *actual* product possessions.

STUDY 4

Method

Respondents

We collected data from 118 German consumers ($M_{\text{age}} = 48$ years, 50 women) drawn from the representative household panel of *MindTake*, as in Study 1. Unlike in previous studies, we did not design an experiment but invited consumers to participate in a survey.

Procedure

Respondents were told that they would take part in a “study on worldwide perceptions of products and brands.” We first asked them to name the primary brand they owned for six distinct products and then to indicate the brand’s perceived COO. The products were preselected according to three criteria. First, the products needed to vary in technicality (e.g., food vs. accessories vs. consumer electronics). Second, respondents had to be likely to own them. Third, while the presence of domestic alternatives was essential, at least one foreign COO needed to be a presumably better, as in the experiments. To meet this criterion, we again borrowed the concept of product typicality (Usunier & Cestre 2007) and identified the following products (superior origins in parentheses): televisions (Japan), digital cameras (Japan), wines (France/Italy), watches (Switzerland), mineral water (France), and spaghetti/pasta (Italy). At a minimum, respondents had to name a brand and its assumed COO for at least three products.

On average, respondents indicated the perceived COO of 4.61 products ($SD = 1.15$). For each perceived foreign product possession, we coded data manually into superior versus inferior foreign versus domestic origin. We then counted how often they claimed to possess a foreign product of higher typicality ($M = 1.42$, $SD = 1.02$) versus its domestic counterpart ($M = 2.25$, $SD = 1.15$). The relative perceived ownership of typical foreign versus domestic products ($M = -.83$, $SD = 1.81$), calculated as the difference between the former and the latter, served as the DV. We excluded perceived possessions of foreign products with lower typicality (e.g., French watches), as these did not involve the assumed trade-offs between quality and goals. As consumers base

evaluations on perceived origins (e.g., Magnusson, Westjohn, & Zdravkovic, 2011; Mandler, Won, & Kim, 2017), we used respondents' perceived rather than real COO for analysis.

After providing information about their product possessions, respondents indicated their degree of national identification ($M = 4.80$, $SD = 1.40$, $\alpha = .83$; Verlegh 2007) and ethnocentrism ($M = 3.31$, $SD = 1.36$, $\alpha = .92$; Verlegh, 2007; see Web Appendix W5; $r = .46$, $p < .001$). Next, they provided information related to their chronic promotion ($M = 4.83$, $SD = .83$, $\alpha = .63$) and prevention ($M = 4.31$, $SD = .88$, $\alpha = .47$; Haws et al., 2010) focus (Web Appendix W9), followed by demographics and other variables, including their political party affiliation and stated (postal code) and measured (GPS data—contingent on their consent) location. Finally, respondents were asked about the purpose of the study, debriefed about its actual goals, and thanked.

Results

Checks

No respondent correctly identified the goal of the study. To assess common method variance (CMV) (Podsakoff, MacKenzie, Lee, & Podsakof, 2003), we used a marker variable (“I don’t gossip about other people’s business”; seven-point Likert scale) theoretically and statistically unrelated to all study variables. We applied Lindell and Whitney’s (2001) partial correlation procedure to examine if statistically significant correlations remain significant after controlling for the marker variable. Comparisons between the zero-order and the partial correlations yielded no significant differences, suggesting that CMV does not appear to be a major concern.

Moderated Regression

To determine respondents' predominant regulatory orientation, we followed prior research (Cesario, Grant, & Higgins, 2004; Liu, Mattila, & Bolton, 2018) and obtained a difference score depicting respondents' relative prevention focus (i.e., chronic prevention minus chronic

promotion: $M = -.52$, $SD = 1.17$). We also mean-centered all IVs before building the interaction terms. We then ran moderated regression with respondents' relative perceived ownership of more typical foreign products as the DV, national identification and consumer ethnocentrism as IVs, and relative chronic prevention focus as the moderator. Because respondents differed in the number of product possessions, we included this as a control, but our results were unaffected.

[Insert Table 5 about here]

Table 5 shows the results with(out) additional controls (i.e., age, gender, education, living area, and attitude toward globalization). Moderated regression analysis reveals significant negative effects for consumer ethnocentrism ($\beta_{CET} = -.30$, $p = .026$) and, to a lesser extent, for national identification ($\beta_{NatId} = -.24$, $p = .055$). Respondents' relative chronic prevention focus was not influential ($\beta_{Rel_PRE} = -.16$, $p = .266$). National identification interacted positively ($\beta_{NatId \times Rel_PRE} = .22$, $p = .015$) and consumer ethnocentrism interacted negatively ($\beta_{CET \times Rel_PRE} = -.23$, $p = .048$) with respondents' relative prevention focus, providing additional support for Hypotheses 1 and 2. The inclusion of respondent demographics and attitude toward globalization had no material effect (Table 5), and no control variable reached significance (all $ps > .20$).

Realistically, consumers base their purchase decisions not only on COO, but also on other factors. If consumers' choices are driven by COO, they are more likely to be influenced by their perceived than the real origin (Magnusson et al., 2011). We thus tested whether differences in brand origin recognition accuracy (Samiee, Shimp, & Sharma, 2005) affected our results. We calculated how often respondents indicated the correct origin and then built a percentage score across product categories ($M = 72.44\%$, $SD = 30.36\%$). The pattern of results did not change when adding this variable to the model. Brand origin recognition accuracy also did not have a significant effect on our outcome variable ($\beta_{Bora} = .80$, $p = .205$).

Endogeneity

We assessed potential endogeneity (Meyer, van Witteloostuijn, & Beugelsdijk, 2017) by following Lewbel's (2012) "instrument-free" approach. The advantage is that this method does not require external instruments but derives *internal* instruments from the regressors. As we aimed to test whether our hypothesized interactions are robust against potential endogeneity, we ran two models (Web Appendix W10), each capturing potential endogeneity of one of our two interaction effects. We used the R package REndo (Gui, Meierer, & Algesheimer, 2019). In Model 1, we specified the interaction term between national identification and regulatory focus as endogenous and built instruments using a combination of the five remaining regressors (i.e., stated overall number of possessions, national identification, consumer ethnocentrism, chronic regulatory focus, and interaction with ethnocentrism). In Model 2, we defined the interaction term of ethnocentrism and chronic regulatory focus as endogenous and again built instruments using a combination of the remaining regressors. Converging evidence suggests endogeneity does not affect our results. First, a Wu–Hausman test (Hausman, 1978) did not reach significance for either model (model 1: $p = .334$; model 2: $p = .383$), suggesting the two models with internal instruments are not distinct to our baseline model. Second, the null hypothesis of the test for weak instruments could be rejected ($ps < .001$), indicating that our instruments are sufficiently strong. Third, the Sargan test (Sargan, 1958) did not show evidence of overidentification (model 1: $p = .716$; model 2: $p = .572$). Fourth, the pattern of interactions in both models were consistent with the baseline model. While the interaction between national identification and chronic regulatory focus remained significant in both models, the interaction between ethnocentrism and chronic regulatory focus reached significance in Model 1 and marginal significance in Model 2.

Simple Slope Analyses

We investigated interactions in more detail by conducting simple slope analyses at one standard deviation below (i.e., relative promotion orientation) and above (i.e., relative prevention orientation) the mean of relative chronic prevention focus (i.e., at -1.69 vs. $.65$ for relative chronic prevention focus). In support of Hypothesis 1, the evidence (see Figure 4, Panel A) shows a significant, negative simple slope of national identification for promotion orientation ($\omega = -.50, p = .003$) and a nonsignificant simple slope of national identification for prevention orientation ($\omega = .02, p = .909$). In support of Hypothesis 2, we obtained reversed results for consumer ethnocentrism; its simple slope reached significance with a prevention focus ($\omega = -.56, p = .001$) but not with a promotion focus ($\omega = -.03, p = .872$; see Figure 4, Panel B).

[Insert Figure 4 about here]

Segmenting Customers

While the results clearly confirm Hypotheses 1 and 2, three questions remain that are particularly relevant from theoretical and managerial perspectives. First, if national identifiers and ethnocentrists require different strategies to avoid domestic country bias, is there a sufficiently large customer segment that exhibits high values on one trait but low values on the other? Second, in the presence of such segments, how can managers predict a consumer's segment membership? Third, as segmentation should only serve as a starting point (Mandler et al., 2021), how can firms effectively target consumers with segment-specific marketing programs?

To address these questions, we employed cluster analysis to segment Study 4 respondents on the basis of their national identification and ethnocentrism. Following the literature (e.g., Tan, Steinbach, Karpatne, & Kumar, 2018), we employed a two-step procedure to build meaningful customer segments. First, we used Ward's (1963) hierarchical clustering method with squared Euclidean distances to determine the adequate number of clusters and their means for national

identification and ethnocentrism. The elbow criterion revealed that a four-cluster solution is most appropriate. Second, we used the four clusters' centroids to implement k-means clustering to refine the solution. The revealed clusters are (1) National Identifiers, (2) Ethnocentrists, (3) Ethnocentric National Identifiers, and (4) Nationally Unengaged (Table 6; Web Appendix W11).

[Insert Table 6 about here]

National Identifiers (28.8 %), distinguished by significantly higher national identification than Ethnocentrists and Nationally Unengaged (all $ps < .001$) and relatively low ethnocentrism, are driven by feelings of national attachment rather than ethnocentrism. *Ethnocentrists* (29.7%) are marked by significantly higher ethnocentrism than National Identifiers and Nationally Unengaged (all $ps < .001$) and low national identification. National Identifiers and Ethnocentrists are the largest segments; almost identical in size, together they account for nearly 60% of the overall sample. *Ethnocentric National Identifiers* (22.0%) exhibit significantly higher national identification than Ethnocentrists and Nationally Unengaged and higher ethnocentrism than National Identifiers and Nationally Unengaged (all $ps < .001$). *Nationally Unengaged* (19.5%), the smallest group in the sample, have the lowest national identification and ethnocentrism across segments (all $ps < .001$) and thus may not use COO at all in purchase decisions.

Demographics

Although the four segments, overall, do not differ in age, gender, and education (all $ps > .10$; see Table 6), pairwise group comparisons yielded significant differences exist between several segments. Nationally Unengaged ($M = 44.17$ years) tend to be younger than Ethnocentrists ($M = 50.71$; $t_{(55)} = -1.83$, $p = .072$, $d = .50$). More Ethnocentric National Identifiers tend to be female than National Identifiers ($\chi^2(1) = 3.45$, $p = .063$, Cramer's $V = .24$) and Nationally Unengaged ($\chi^2(1) = 3.05$, $p = .081$, Cramer's $V = .23$). They also have fewer years of formal education ($M =$

12.77) than National Identifiers ($M = 14.79$; $t_{(58)} = -2.17$, $p = .034$, $d = .57$) and Ethnocentrists ($M = 14.43$; $t_{(59)} = -1.76$, $p = .083$, $d = .46$).

Region (Postal Code and GPS)

Two independent raters assigned the respondents' postal codes to four German regions: southwest, southeast, northwest, and northeast. The results reveal a significant dependence between cluster and region ($\chi^2(9) = 16.79$, $p = .036$, Cramer's $V = .22$).⁴ To test the robustness of the results and the predictive power of massive and readily available mobile data (i.e., mobile sensing; Harari et al., 2016), we also used respondents' GPS data (i.e., the latitude and longitude of their location). Using Germany's mean latitude (51.13) and longitude (10.02) as a reference point, we found a (marginally) significant dependence between cluster and region ($\chi^2(9) = 15.58$, $p = .076$, Cramer's $V = .21$). Odds ratios show the strength of the effect and consistency in the results between postal and GPS codes. According to the postal code analysis, respondents who live in the southwest of Germany are 578% (216% according to GPS data) more likely to be National Identifiers than Ethnocentrists, while respondents in the northeast region are 195% (257% according to GPS data) more likely to be Ethnocentrists than National Identifiers.

Political Party Affiliation

We asked participants to indicate their preferred political party and categorized them as center-right wing, center-left wing, right wing (extreme right), or environmentalist, in accordance with the current German political landscape. The results reveal a significant dependence between cluster and party affiliation ($\chi^2(15) = 30.05$, $p = .012$, Cramer's $V = .23$). Such affiliation indicates that those who identify as right wing are 444% more likely to be an Ethnocentric

⁴ We excluded two respondents who did not indicate their postal code, another who did not provide consent to collect GPS data, and three who were not located in Germany when they completed the survey. In addition, we excluded respondents located in Berlin, a historically special case.

National Identifier than any of the other groups. In addition, participants who identified as center-right are 41% more likely to be National Identifiers than Ethnocentrists, while those who identified as center-left are 52% more likely to be Ethnocentrists than National Identifiers.

Discussion

Study 4 provides new evidence that explains how national identity and consumer ethnocentrism affect *real* product possessions under different regulatory foci, further confirming our experimental findings. This research shows for the first time that national identifiers (ethnocentric consumers) own fewer high-typicality foreign products and more low-typicality domestic products when they are chronically promotion oriented (prevention oriented) but not prevention oriented (promotion oriented). Further, the identification of meaningful customer segments marked by high national identification or consumer ethnocentrism suggests that firms should adopt a segment-specific communication strategy in their international market operations.

GENERAL DISCUSSION

Linking social identity theory (Tajfel, 1978) and regulatory focus theory (Higgins, 1997), we build strong evidence for two distinct psychological processes underlying domestic country bias as a tool for theorizing, assessing, and mitigating the effects of national identity and consumer ethnocentrism. Three experiments and a survey involving real product possessions consistently support our reasoning across national contexts using different COOs and product categories. By investigating the mechanism underlying domestic country bias due to these two drivers, we shed light on a fundamental aspect of domestic country bias largely overlooked in the literature and explain how brand managers can neutralize these effects. Thus, our findings have significant implications for international marketing theory and practice.

Theoretical Contributions

This research makes several important contributions. First, it addresses discordant findings in the literature by proposing a mechanism of domestic country bias that operates distinctly for national identifiers and ethnocentric consumers. Domestic country bias research points to both national identification and consumer ethnocentrism as alternative motivations for favoring domestic over foreign products (e.g., Sharma, 2015; Verlegh, 2007), but understanding how these impact buyer behavior and how their effects can be reduced is lacking. We posit that choice contexts with foreign brands activate *distinct* goals derived from regulatory focus theory (Higgins, 1997) among national identifiers and ethnocentrists. By linking domestic country bias due to national identification to an approach goal and bias due to ethnocentrism to an avoidance goal, we offer new evidence of the mechanism underpinning the role of the two constructs.

Second, this research contributes to the growing literature on effective global marketing strategies to overcome negative COO effects. Although discrimination against foreign products is well documented, extant research offers limited insights into how firms can manage this phenomenon. Scholars recommend playing down foreignness in global communications or flaunting domestic elements through local manufacturing and/or local testimonials (Roy et al., 2019; Sharma, 2011). Either strategy may not work for all segments and would also come at substantial costs for companies whose origin matches with the products offered (e.g., German car manufacturers, French wine producers). Moreover, it remains unclear whether the benefits of such strategies outweigh potential negative side effects, such as the lack of perceived consistency and authenticity (Roy et al., 2019) in international communication programs. By manipulating consumers' regulatory focus, the current research proposes a theoretically anchored and managerially meaningful way to curb domestic country bias, without hiding domestic or adding foreign country cues and without losing important customer segments.

Third, using regulatory focus theory as the overarching theoretical framework, this study shows how different research streams that have evolved independently, despite room for cross-fertilization, can be linked to explain the influence of domestic country bias phenomena. Although prior research connects regulatory focus theory to consumers' global and local orientation (Ng & Batra, 2017; Westjohn et al., 2016) or to the framing of global advertising messages (Bang et al., 2017), it has not examined the relevance of this theory in explaining domestic versus foreign product choices. Our findings go beyond previous studies to demonstrate that promotion and prevention foci are new mechanisms that underpin the different roles of national identity and consumer ethnocentrism in triggering domestic country bias.

Finally, this research adds to the body of literature examining COO effects in realistic choice situations (e.g., Herz & Diamantopoulos, 2017), using outcome variables that address the intention–behavior gap criticized in prior work. Participants' choices were consequential in Study 1, and Study 4 assessed real product possessions and, thus, actual behavior. While the lottery in Study 1 employed images of real products in which COO information was presented in a realistic setting, Study 3 used a picture of an existing ad and only manipulated the promotional claim. By combining experimental and survey research, as recommended in the literature (Zellmer-Bruhn et al., 2016), and employing distinct but related outcome variables across studies, we extend the generalizability of our theoretical framework and findings using different national contexts, COOs, and product categories (Samiee, 2010).

Managerial Implications

The research has important implications for marketing managers who need to deploy the right strategy to compete abroad, particularly in times of strong national sentiment and protectionism. In-depth discussions with C-level managers confirmed the practical and immediate relevance of

our findings and contributed to developing actionable guidelines to overcome domestic country bias (see Table 7). Managers would be ill-advised if they relied on perceived superior quality alone, as this is not a sufficient criterion for certain segments to purchase a foreign brand. With growing national identification and ethnocentrism, consumers increasingly prefer the domestic alternative, even when a foreign option has a *higher* typicality and thus is perceived as better.

Our findings point to the need to segment customers based on their national identification and ethnocentrism. Segmentation analysis in Study 4 reveals four different clusters. Because segmentation is only a starting point and because the presented segmentation approach is exclusively designed to mitigate domestic country bias, managers should also focus on need-based customer segmentation, evaluate the attractiveness of the segments, and target meaningful customer groups with tailored marketing programs based on a customer segment's most important need (Mandler et al., 2021; Samiee, 1994). While prevention-oriented campaigns are likely to be effective for National Identifiers, promotion-oriented measures should attenuate the domestic country bias of Ethnocentrists. However, no clear recommendation can be made for Ethnocentric National Identifiers. If this segment is important, established means such as (dis)associating a product with its origin or localization strategies (Balabanis & Diamantopoulos, 2004) appear to be superior. For Nationally Unengaged, the focus should not be on COO but rather on societally relevant factors and on purpose-driven marketing.

Differentiated and targeted advertising claims that manipulate either a promotion focus (e.g., “the ideal reward”) or a prevention focus (e.g., “always the safe choice”) are effective in targeting Ethnocentrists and National Identifiers, respectively. In addition, firms may display their products or machines in promotion- versus prevention-oriented surroundings (see Web Appendix W12)—a strategy many companies, such as Siemens, use to enhance user experience

in general. Besides communications, promotion versus prevention focus may also be activated by altering other marketing program elements. For example, a white goods firm that centers on design rather than functionality is more likely to activate consumers' promotion focus.

Finally, we offer insights into how to predict segment membership by meaningful and readily available variables. While traditional demographics such as age, gender, and education proved insufficient to distinguish National Identifiers and Ethnocentrists (Micevski, Diamantopoulos, & Erdbrügger, 2020), we point to other variables, such as region (measured by postal code and GPS data) and political party affiliation, as being more diagnostic. Publicly available data on these factors can help predict whether a consumer is a National Identifier or an Ethnocentrist—with configurations varying by country. In the U.S., for example, it might be that Democrats on the East Coast are mainly National Identifiers, whereas Republicans in economically hurt regions (e.g., Detroit, the “rust belt”) are more likely to be Ethnocentrists.

LIMITATIONS AND FUTURE RESEARCH

The results should be interpreted in light of certain limitations due in part to research design choices we had to make. First, it is critical to acknowledge that buyers make marketplace choices based on multiple criteria and that COO is not the only factor considered in product choices. Further, while brand origin accuracy (BORA) was relatively high in Study 4, it may be lower for less familiar product categories, thereby potentially reducing the influence of COO. Even though our results proved to be robust against differences in individual BORA, future research may further investigate whether CO effects become weaker or even stronger for decreasing levels of BORA, as evidenced by companies that aim to convey a more favorable origin than the true origin (e.g., Grundig or Haier). Although our studies focused on realistic choice situations, buyers may also consider other factors that were not included in our research design potentially

more important than COO. In view of the exponential growth of worldwide exports and imports across sectors over the past three decades, our results and their implications may be limited to the specific segments studied.

Our investigation suggests proactive marketing programs as a remedy against domestic country bias. However, segmenting and targeting customers in the exclusive attempt to avoid domestic country bias can create a delicate conflict with a brand's positioning, particularly if a firm's overall marketing strategy is based on a promotion or prevention orientation. To illustrate, consider the two car brands Volvo and BMW that are positioned on the basis of security/safety versus driving pleasure/joy, respectively. If Volvo implemented promotion-oriented marketing strategies for ethnocentric consumers, Volvo's security/safety image may be diluted. Likewise, BMW's focus on driving pleasure/joy could be compromised if running prevention-oriented campaigns abroad (see Web Appendix W12). Thus, any segmentation and targeting strategy has to take into consideration potential tensions and tradeoffs. Further, in line with Samiee and Chabowski's (2021) call for research examining the impact on firm-level performance, a tighter connection between COO effects and product–market, accounting, and financial market aspects of performance could be made. While our study is located at the consumer level and links marketing programs to individual-level outcomes (e.g., see Study 4), linking our findings to international marketing strategy and (objective and/or subjective) firm-level performance outcomes (see Katsikeas et al. 2016) would be a natural extension of our work.

Future research might provide additional evidence for the process shown in this work. Although we demonstrate that exposure to foreign brands temporarily activates an approach (avoidance) goal for national identifiers (ethnocentrists), the use of thought protocols would offer further insights into how consumers trade off product quality and COO in their choices between

a domestic and a presumably superior foreign product. We also advise the use of alternative company measures to activate consumers' promotion versus prevention focus besides communication and/or use of real-time purchase data from point-of-sale scanners to provide a strong link to outcomes. Scanner data yield larger samples and higher statistical power, but they still have to be linked to consumers' national identification and ethnocentrism. Further, consumers do not always know a brand's true origin (Samiee et al., 2005) and are sometimes even actively misguided by companies (Leclerc, Schmitt, & Dube, 1994)—issues addressed in Study 4's retrospective design. Investigating additional factors to help identify consumer segments with high levels of national identification versus ethnocentrism would also be useful for practice. Effect sizes for regions and political affiliations are only moderate to weak (shown in Cramer's Vs of .21, .22, and .23, respectively; Cohen, 1988). Thus, in future research, they should be complemented with other diagnostics examining accessible and observable behavior (e.g., clicking behavior, Facebook likes; see Matz, Kosinski, Nave, & Stillwell, 2017) to better distinguish national identifiers and ethnocentrists.

This research investigated consumer segments that prefer domestic over foreign products. However, evidence shows that certain groups of consumers actually favor imports for specific product categories (e.g., coffee, beer, hand-made carpets, luxury products). Developing country consumers often tend to prefer foreign brands or need to purchase foreign products because the entire supply is imported (e.g., there is no domestic choice). We thus encourage research to extend our findings to the study of foreign country bias. As xenocentrism can be viewed as the counterpart of ethnocentrism in a foreign country context (Prince et al., 2016), regulatory focus theory may also serve as a potential mechanism to reduce foreign country bias. Our supplemental analysis of xenocentrism's impact in Study 2 provides initial evidence in this regard. While we

find xenocentric consumers to be more promotion oriented, this tendency seems to attenuate as soon as they face a choice situation between a domestic and a foreign brand, as shown by a nonsignificant simple slope in the treatment condition ($\omega = .08, p = .474$). This finding suggests that xenocentric consumers may want to protect the foreign country when a domestic alternative is available. As our model only involves foreign products that are more typical than domestic products, future research should assess whether such protective behavior would still unfold when the domestic alternative is more typical and thus potentially threatening to foreign products.

Finally, if management research aims to provide answers to societal challenges (Lee & Kotler, 2015), time may have come to elaborate how IB studies can contribute to stifling nationalist and protectionist tendencies rather than neutralizing their impact. Research that looks, for example, into marketing initiatives to prevent radicalization would be invaluable.

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Table 1 Research gaps addressed by current research

Previous findings	Sources in the literature	Research gaps
National identity and consumer ethnocentrism affect consumers' evaluations and purchase intentions of domestic versus foreign products.	Fischer & Zeugner-Roth, 2017; Josiassen, 2011; Keillor et al., 1996; Sharma, 2015; Siamagka & Balabanis, 2015; Thelen & Honeycutt, 2004; Verlegh, 2007; Zeugner-Roth et al., 2015	The literature is unclear whether national identity and consumer ethnocentrism influence consumer behavior independently of each other.
Discordant findings exist with respect to the effect of national identity on domestic country bias.	Fischer & Zeugner-Roth (2017); Steenkamp & Geyskens (2006); Verlegh (2007); Westjohn, Singh, & Magnusson (2012); Zeugner-Roth et al. (2015)	A theory-based mechanism that can explain national identity's different effects on domestic country bias is lacking.
Inconsistent findings exist with respect to the impact of consumer ethnocentrism on domestic country bias.	Balabanis & Diamantopoulos (2004); Fischer & Zeugner-Roth (2017); Shankarmahesh (2006); Sharma (2011); Zeugner-Roth et al. (2015)	A theory-based mechanism that can explain consumer ethnocentrism's different effects on domestic country bias is lacking.
Consumers' regulatory focus affects global versus local consumption orientations.	Ng & Batra (2017); Westjohn et al. (2016)	A regulatory focus theory (i.e., promotion-focus and prevention-focus principles) explanation of national identity's and consumer ethnocentrism's effects on domestic country bias is overlooked in the IB literature.
Different national identity feelings influence the evaluation of promotion-versus prevention-framed patriotic advertisements.	Bang et al. (2017)	Lack of research on how promotion-framed versus prevention-framed communication alleviates domestic country bias due to national identification versus consumer ethnocentrism.



This investigation: Research questions
<ul style="list-style-type: none"> • What are the theoretical underpinnings of domestic country bias due to both national identity and consumer ethnocentrism? • Can regulatory focus theory provide a meaningful explanation for the different effects of national identity and consumer ethnocentrism on domestic country bias? • How can domestic country bias due to national identity and consumer ethnocentrism be alleviated through effective international marketing programs?

Table 2 Study 1: Preference for more typical foreign products (lottery)

Response variable: Preference for more typical foreign products (lottery ^a) (<i>M</i> = 8.31 points, <i>SD</i> = 2.38)	Model 1 (plain model)			Model 2 (interest in product category)		
	<i>b</i>	<i>p</i>	CI ₉₅	<i>b</i>	<i>p</i>	CI ₉₅
Intercept	8.32 (.32)	.000	[7.69, 8.95]	8.42 (.32)	.000	[7.78, 9.05]
Effects of theoretical interest						
National identification (1 = low, 7 = high; <i>M</i> = 5.97, <i>SD</i> = .84, α = .68)	-.86 (.36)	.017	[-1.57, -.15]	-.85 (.36)	.020	[-1.56, -.14]
Consumer ethnocentrism (1 = low, 7 = high; <i>M</i> = 3.89, <i>SD</i> = 1.25, α = .91)	-.54 (.25)	.032	[-1.03, -.05]	-.49 (.25)	.049	[-.98, .00]
Promotion focus prime (dummy-coded)	-.14 (.46)	.760		-.27 (.46)	.564	
Prevention focus prime (dummy-coded)	-.13 (.45)	.781		-.26 (.45)	.569	
National identification × Promotion-focus prime	-.23 (.58)	.686		-.31 (.58)	.592	
National identification × Prevention-focus prime	1.22 (.55)	.029	[.13, 2.31]	1.19 (.58)	.031	[.04, 2.34]
Consumer ethnocentrism × Promotion-focus prime	.77 (.37)	.040	[.04, 1.50]	.66 (.37)	.071	[-.07, 1.39]
Consumer ethnocentrism × Prevention-focus prime	-.15 (.39)	.694		-.04 (.39)	.923	
Effects of general interest in product category						
General interest in olive oil (1 = low, 7 = high; <i>M</i> = 4.78, <i>SD</i> = 1.68)				-.03 (.13)	.836	
General interest in pocket knives (1 = low, 7 = high; <i>M</i> = 4.12, <i>SD</i> = 2.22)				.01 (.09)	.896	
General interest in chocolate truffles (1 = low, 7 = high; <i>M</i> = 5.15, <i>SD</i> = 1.66)				-.05 (.12)	.705	
General interest in hand cream (1 = low, 7 = high; <i>M</i> = 4.22, <i>SD</i> = 1.91)				.04 (.11)	.714	
General interest in Earl Grey tea (1 = low, 7 = high; <i>M</i> = 3.94, <i>SD</i> = 2.04)				.29 (.09)	.003	[.11, .47]
Simple slopes/conditional effects						
National identification (control condition)	-.86 (.36)	.017	[-1.57, -.15]	-.85 (.36)	.020	[-1.56, -.14]
National identification (promotion-focus prime)	-1.09 (.45)	.017	[-1.98, -.20]	-1.15 (.45)	.012	[-2.04, -.26]
National identification (prevention-focus prime)	.36 (.42)	.393		.34 (.43)	.421	
Consumer ethnocentrism (control condition)	-.54 (.25)	.032	[-1.03, -.05]	-.49 (.25)	.049	[-.98, .00]
Consumer ethnocentrism (promotion-focus prime)	.23 (.27)	.405		.17 (.27)	.523	
Consumer ethnocentrism (prevention-focus prime)	-.69 (.30)	.023	[-1.28, -.10]	-.53 (.30)	.080	[-1.12, .06]
<i>R</i> ² (adjusted <i>R</i> ²)	16.22% (11.43%)			21.98% (14.46%)		

Note Standard errors are in parentheses; all variables are mean-centered.

^a5 points if the first-chosen product was foreign, 4 points if the second-chosen product was foreign, ..., 1 point if the fifth-chosen product was foreign.

Table 3 Study 2: The impact of choices on national identifiers'/ethnocentric consumers' regulatory focus

Response variable: Situational promotion (vs. prevention) focus (Pham & Avnet, 2004 ^a) ($M = 2.66$, $SD = 1.20$, $\alpha = .68$)			
	<i>b</i>	<i>p</i>	CI ₉₅
Intercept	2.65 (.10)	.000	[7.15, 12.04]
Effects of theoretical interest			
National identification (1 = low, 7 = high; $M = 4.51$, $SD = 1.43$, $\alpha = .86$)	-.14 (.09)	.114	
Consumer ethnocentrism (1 = low, 7 = high; $M = 3.16$, $SD = 1.32$, $\alpha = .92$)	-.09 (.09)	.336	
Choice manipulation (0 = control/without COO, 1 = treatment/with COO)	-.06 (.15)	.711	
National identification × Choice manipulation	.37 (.12)	.003	[.93, 4.59]
Consumer ethnocentrism × Choice manipulation	-.31 (.14)	.022	[-4.77, -.92]
Simple slopes/conditional effects			
National identification (control/without COO)	-.14 (.09)	.114	
National identification (treatment/with COO)	.23 (.09)	.009	
Consumer ethnocentrism (control/without COO)	-.09 (.09)	.336	
Consumer ethnocentrism (treatment/with COO)	-.40 (.10)	<.001	[-6.62, -1.54]
R^2 (adjusted R^2)	9.2% (7.3%)		

Note Standard errors are in parentheses; all variables are mean-centered.

^a“How would you make decisions right now? I would... (1 = do what is right, 7 = do whatever I want; 1 = pack back my loans, 7 = take a trip around the world; 1 = do whatever it takes to keep my promises, 7 = go wherever my heart takes me).”

Table 4 Study 3: Preference for more typical foreign products (WTP)

Response variable: Preference for more typical foreign products (Willingness to pay ^a) ($M = \text{US\$}11.39$, $SD = 10.13$)			
	<i>b</i>	<i>p</i>	CI ₉₅
Intercept	7.39 (1.91)	.000	[3.65, 11.14]
Effects of theoretical interest			
National identification (1 = low, 7 = high; $M = 5.32$, $SD = 1.07$, $\alpha = .89$)	-4.34 (1.43)	.003	[-3.41, .25]
Consumer ethnocentrism (1 = low, 7 = high; $M = 3.74$, $SD = 1.01$, $\alpha = .86$)	1.60 (1.46)	.274	
Regulatory focus prime (dummy-coded: 0 = promotion prime (ad), 1 = prevention prime (ad))	4.43 (2.46)	.074	[-.39, 9.25]
National identification × Regulatory focus prime	5.51 (1.84)	.004	[1.90, 9.12]
Consumer ethnocentrism × Regulatory focus prime	-5.68 (1.94)	.004	[-9.48, -1.88]
Simple slopes/conditional effects			
National identification (promotion-focus prime)	-4.34 (1.43)	.003	[-7.18, -1.50]
National identification (prevention-focus prime)	1.17 (1.16)	.314	
Consumer ethnocentrism (promotion-focus prime)	1.60 (1.46)	.274	
Consumer ethnocentrism (prevention-focus prime)	-4.08 (1.28)	.002	[-6.62, -1.54]
R^2 (adjusted R^2)		16.5% (12.3%)	

Note Standard errors are in parentheses; all variables are mean-centered.

^a“At what price, in South Korean Won, would you consider 100 grams [3.53 oz] of these chocolate truffles expensive, such that you would need to give some thought to buying them?”

Table 5 Study 4: Preference for more typical foreign products (actual product possessions)

Response variable: Preference for more typical foreign products (Ownership/product possessions ^a) ($M = -.83$, $SD = 1.81$)	Model 1 (base model)			Model 2 (model with control variables)		
	<i>b</i>	<i>p</i>	CI ₉₅	<i>b</i>	<i>p</i>	CI ₉₅
Intercept	-.90 (.25)	.000	[-1.40, -.40]	-1.01 (.35)	.013	[-1.70, -.32]
Effects of theoretical interest						
National identification (1 = low, 7 = high; $M = 4.80$, $SD = 1.40$, $\alpha = .83$)	-.24 (.13)	.055	[-.50, .02]	-.22 (.13)	.096	[-.48, .04]
Consumer ethnocentrism (1 = low, 7 = high; $M = 3.31$, $SD = 1.36$, $\alpha = .92$)	-.30 (.13)	.026	[-.56, -.04]	-.29 (.14)	.040	[-.57, -.01]
Relative chronic prevention focus (chronic prevention–chronic promotion; $M = -.52$, $SD = 1.17$)	-.16 (.15)	.266		-.17 (.15)	.275	
National identification × Relative chronic prevention focus	.22 (.09)	.015	[.04, .40]	.24 (.09)	.012	[.06, .42]
Consumer ethnocentrism × Relative chronic prevention focus	-.23 (.11)	.048	[-.45, -.01]	-.24 (.12)	.042	[-.48, -.00]
Effects of control variables						
Country count (i.e., number of product categories with indicated COO; $M = 4.61$, $SD = 1.15$)	.075 (.14)	.580		.02 (.15)	.915	
Age ($M = 48.49$, $SD = 14.46$)				-.00 (.00)	.483	
Gender (male = 1 [58%], female = 0 [42%])				.21 (.34)	.546	
Education (i.e., number of years, including primary school; $M = 13.5$, $SD = 3.75$)				.04 (.05)	.371	
Globalization (1 = definitely a threat, 5 = definitely a chance; $M = 3.36$, $SD = 1.09$)				.17 (.15)	.257	
Town (living in urban area = 1 [53%], not living in urban area = 0 [47%])				.15 (.32)	.633	
Simple slopes/conditional effects						
National identification (promotion focus: $M_{\text{RelPrev}} - 1 SD$)	-.50 (.17)	.003	[-.84, -.16]	-.49 (.17)	.004	[-.83, -.15]
National identification (prevention focus: $M_{\text{RelPrev}} + 1 SD$)	.02 (.16)	.909		.06 (.17)	.714	
Consumer ethnocentrism (promotion focus: $M_{\text{RelPrev}} - 1 SD$)	-.03 (.20)	.872		-.01 (.21)	.954	
Consumer ethnocentrism (prevention focus: $M_{\text{RelPrev}} + 1 SD$)	-.56 (-.17)	.001	[-.90, -.22]	-.57 (.18)	.002	[-.93, -.21]
R^2 (adjusted R^2)	19.98% (15.65%)			22.25% (14.11%)		




Note Standard errors are in parentheses; all variables are mean-centered.

^a Perceived ownership of foreign product with higher typicality–perceived ownership of domestic product.

Table 6 Study 4: Customer segments based on national identification and consumer ethnocentrism

	National identifiers	Ethnocentrists	Ethnocentric national identifiers	Nationally unengaged	Statistics
Segment description					
<i>N</i>	34 (28.8%)	35 (29.7%)	26 (22.0%)	23 (19.5%)	
National identification	5.23 (.69)	4.54 (.73)	6.41 (.48)	2.75 (.90)	$F(3, 114) = 115.05, p < .001$
Consumer ethnocentrism	2.35 (.60)	4.23 (.62)	4.60 (.96)	1.85 (.80)	$F(3, 114) = 93.94, p < .001$
Demographics					
Age ($M = 48$ years, $SD = 14$)	48.68 (16.43)	50.71 (12.18); 1 NA	49.38 (14.48)	44.17 (14.57)	$F(3, 114) = .79, p = .502$
Gender (42% female)	32.4% female (11)	40.0% female (14)	65.4% female (17)	30.4% female (7)	$\chi^2(3) = 4.95, p = .176$
Education (in years: $M = 13.5$, $SD = 3.75$)	14.79 (3.76)	14.43 (3.85)	12.77 (3.33)	13.96 (3.87)	$F(3, 114) = 1.60, p = .193$
Education (% acad. degree)	26.5% (9)	25.7% (9)	15.4% (4)	26.1% (6)	$\chi^2(3) = .98, p = .806$
Region (postal code)					$\chi^2(9) = 16.79, p = .036$
SW ($n = 31$; 27.7%)	40.6% (13; 41.9% of SW)	9.1% (3; 9.7% of SW)	36.0% (9; 29.0% of SW)	27.3% (6; 19.4% of SW)	
SE ($n = 17$; 15.2%)	18.8% (6; 35.3% of SE)	18.2% (6; 35.3% of SE)	12.0% (3; 17.6% of SE)	9.1% (2; 9.7% of SE)	
NW ($n = 39$; 34.8%)	28.1% (9; 23.1% of NW)	45.5% (15; 38.5% of NW)	16.0% (4; 10.3% of NW)	50.0% (11; 28.2% of NW)	
NE ($n = 25$; 22.3%)	12.5% (4; 16.0% of NE)	27.3% (9; 36.0% of NE)	36.0% (9; 36.0% of NE)	13.6% (3; 12.0% of NE)	
Region (GPS)					$\chi^2(9) = 15.58, p = .076$
SW (low latitude and low longitude; $n = 34$; 31.2%)	37.5% (12; 35.3% of SW)	16.7% (5; 14.7% of SW)	36.0% (9; 26.5% of SW)	36.4% (8; 23.5% of SW)	
SE (low latitude and high longitude; $n = 18$; 16.5%)	21.9% (7; 38.9% of SE)	13.3% (4; 22.2% of SE)	16.0% (4; 22.2% of SE)	13.6% (3; 16.7% of SE)	
NW (high latitude and low longitude; $n = 21$; 19.3%)	21.9% (7; 33.3% of NW)	20.0% (6; 28.6% of NW)	4.0% (1; 4.8% of NW)	31.8% (7; 33.3% of NW)	
NE (high latitude and high longitude; $n = 36$; 33.0%)	18.8% (6; 16.7% of NE)	50.0% (15; 41.7% of NE)	44.0% (11; 30.6% of NE)	18.2% (4; 11.1% of NE)	
Attitudes and behavior					
Political party affiliation					$\chi^2(15) = 30.05, p = .012$
Center-right wing ($n = 29$; 24.6%)	26.5% (9; 31.0% of Center-RW)	20.0% (7; 24.1% of Center-RW)	42.3% (11; 37.9% of Center-RW)	8.7% (2; 6.9% of Center-RW)	
Center-left wing ($n = 45$; 38.1%)	35.3% (12; 26.7% of Center-LW)	45.7% (16; 35.6% of Center-LW)	19.2% (5; 11.1% of Center-LW)	52.2% (12; 26.7% of Center-LW)	
Right wing (extreme right) ($n = 10$; 8.5%)	2.9% (1; 10% of Right wing)	5.7% (2; 20.0% of Right wing)	26.9% (7; 70.0% of Right wing)	0.0% (0; 0.0% of Right wing)	
Environmentalists ($n = 11$; 9.3%)	8.8% (3; 27.3% of Environment.)	11.4% (4; 36.4% of Environment.)	3.8% (1; 9.1% of Environment.)	13.0% (3; 27.3% of Environment.)	
Other ($n = 6$; 5.1%)	8.8% (3; 50.0% of Other)	2.9% (1; 16.7% of Other)	4.3% (1; 16.7% of Other)	4.3% (1; 16.7% of Other)	
Nondisclosure ($n = 17$; 14.4%)	17.6% (6; 35.3% of Nondisclosure)	14.3% (5; 29.4% of Nondisclosure)	4.3% (1; 5.9% of Nondisclosure)	21.7% (5; 29.4% of Nondisclosure)	
Risk aversion (Donthu & Garcia, 1999, 1–5: $M = 3.91$, $SD = .79$, $\alpha = .81$)	3.94 (.85; 1 NA)	3.82 (.79)	4.24 (.55)	3.62 (.85)	$F(3, 113) = 2.80, p = .043$

Table 7 Segment-specific managerial insights

Overall recommendations	Finding: Favorable product–country associations (e.g., Swiss chocolate, Japanese cars, French cosmetics) cannot protect companies from being affected negatively by domestic country bias.					
	Recommendation: Do not rely on favorable product–country associations when marketing products and services abroad.					
	Finding: Both national identification and consumer ethnocentrism are independent drivers of domestic country bias.					
	Recommendation: Be particularly aware of consumers who strongly identify with their country and/or are ethnocentric when marketing products and services abroad.					
	Finding: National identification and consumer ethnocentrism trigger domestic country bias for purely different reasons.					
Recommendation: Identify and target proactively national identifiers and ethnocentric consumers with tailored international marketing strategies, rather than hiding the true COO or misguiding consumers in such foreign market segments.						
Segment-specific recommendations		Purchase motivation		Identification of customer segment*		Segment-specific targeting
<i>National Identifiers</i> (relatively high national identification but low consumer ethnocentrism)	Feelings of <i>national pride</i> and need to <i>support</i> home country. Motives based on <i>positive group distinctiveness</i> and <i>seeking gains</i> from buying domestic products.	Live mainly in the South West and tend to support center-right parties.		Apply <i>prevention-oriented</i> marketing programs (pricing, product, promotion, place), unless promotion-oriented marketing is core of overall marketing strategy (e.g., BMW). <i>Examples:</i> Prevention-oriented advertising claims such as “always the safe choice” (Study 3), highlight safety features (e.g., Volvo: zero accidents, limiting maximum speed)		
<i>Ethnocentrists</i> (relatively low national identification but high consumer ethnocentrism)	Feelings of <i>fear</i> and need to <i>protect</i> home country. Motives based on <i>negative group distinctiveness</i> and on <i>avoiding losses</i> through buying domestic.	Predominantly older customers. Tend to live in the northeast and prefer center-left parties.		Apply <i>promotion-oriented</i> marketing programs (pricing, product, promotion, place), unless prevention-oriented marketing is core of overall marketing strategy (e.g., Volvo). <i>Examples:</i> Promotion-oriented advertising claims such as “the ideal reward” (Study 3) highlight performance features (e.g., BMW: sheer driving pleasure, acceleration).		
<i>Ethnocentric National Identifiers</i> (relatively high national identification and high consumer ethnocentrism)	Purchasing domestic products due to feelings of <i>national pride</i> , reflected in the need to <i>support</i> their home country, and feelings of <i>fear</i> , reflected in the need to <i>protect</i> their home country. Motives based on <i>seeking gains</i> and <i>avoiding losses</i> from domestic product purchases.	Predominantly female. Live most often in the northeast. Tend to have fewer years of formal education and to support right-wing parties.		<i>Promotion-</i> and <i>prevention-oriented</i> marketing programs less effective in reducing domestic country bias. Consider demarketing (if segment is not important) or localization (if segment is important) strategies.		
<i>Nationally Unengaged</i> (relatively low national identification and low consumer ethnocentrism)	Purchasing decisions and product choices are unrelated to nationality and/or COO.	Generally, young and educated customers, leaning to either center-left or parties highly sensitive to environmental issues.		Domestic country bias is of less importance. Focus on strong purpose and other factors such as quality or sustainability.		

Note Identifying variables examined in Germany, with predictors for segment membership (regional and GPS data) thus confined to the particular German context.

Figure 1 Study 1: Preference for more typical foreign products (lottery)

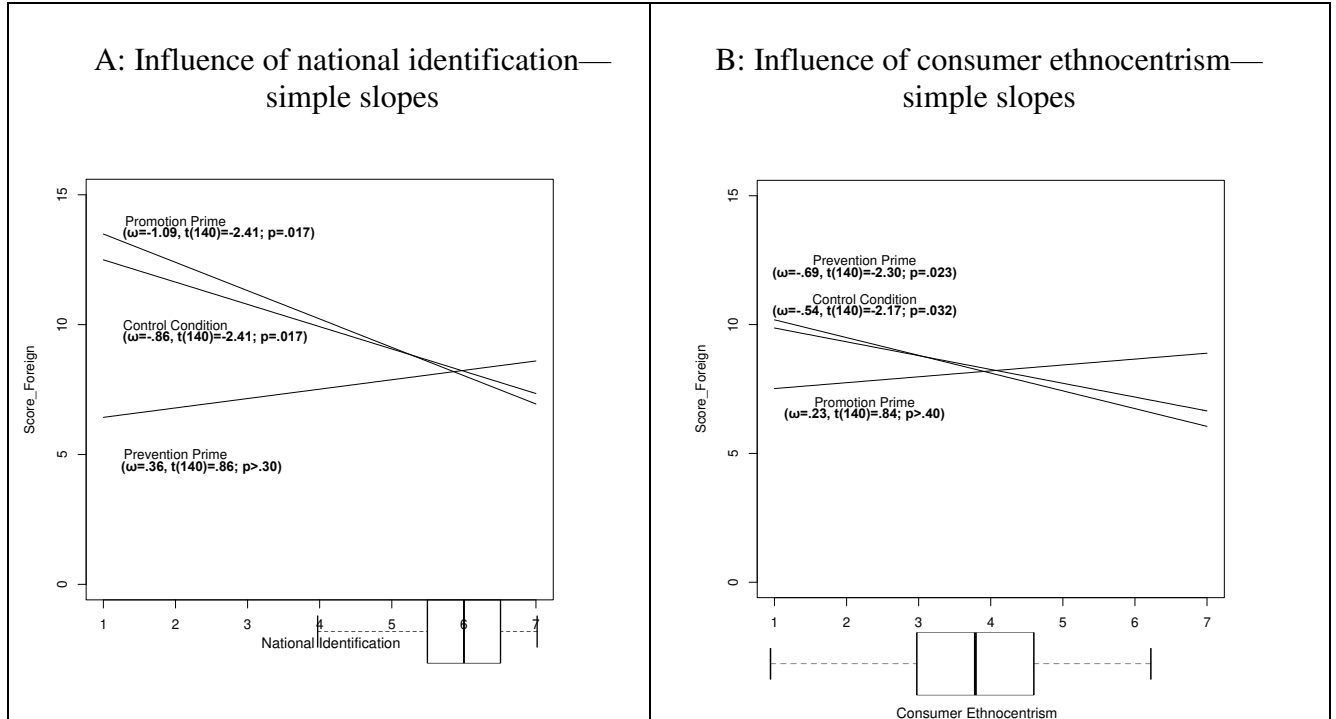


Figure 2 Study 2: The impact of rental car choices on national identifiers'/consumer ethnocentrists' regulatory focus

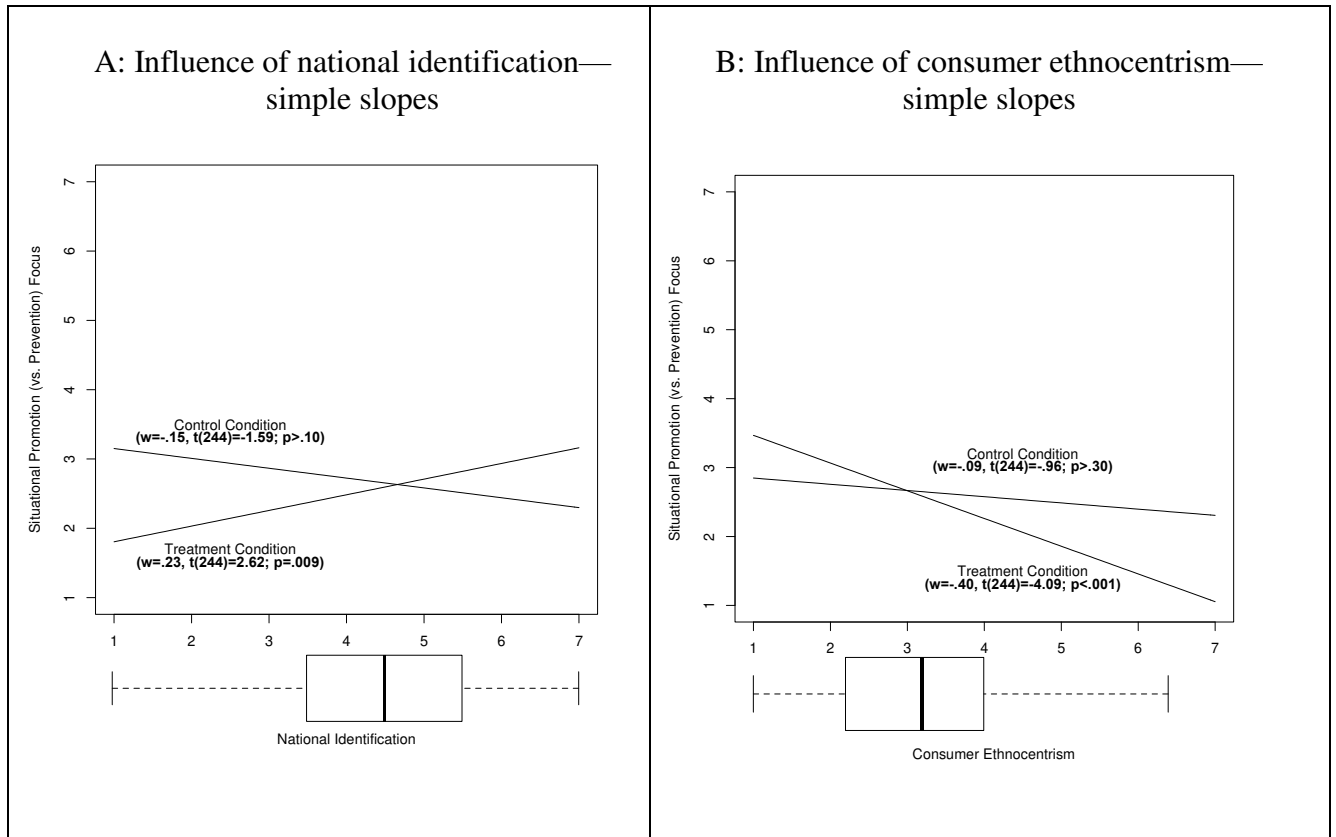


Figure 3 Study 3: Preference for more typical foreign chocolate (WTP)

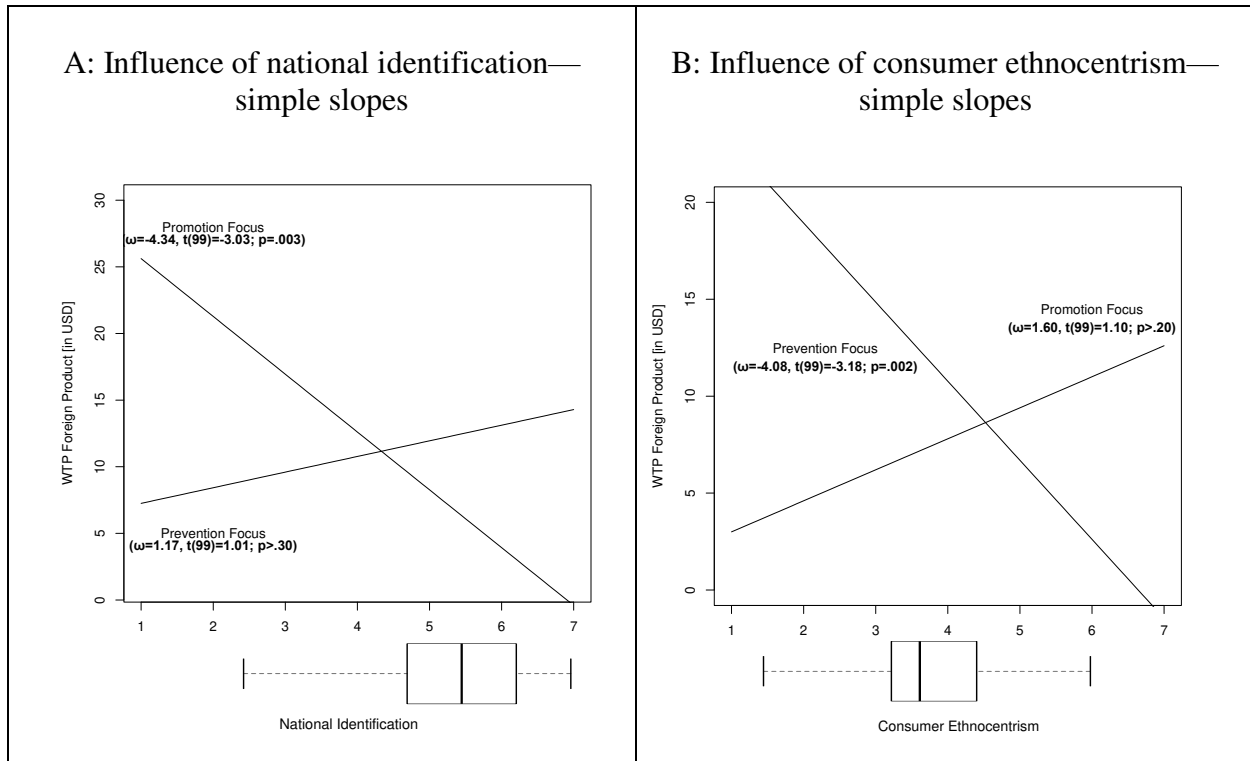


Figure 4 Study 4: Preference for more typical foreign products (actual product possessions)

