Avoiding uncertainty, consumer ethnocentrism and xenocentrism, the image of the country of origin, as determinants of acceptance of foreign brands

Izbegavanje neizvesnosti, potrošački etnocentrizam i ksenocentrizam, imidž zemlje porekla, kao determinante prihvatanja stranih brendova

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A b s t r a c t

The process of globalization and integration of the world market have led to the liberalized foreign trade of goods and services. The development of information technologies and traffic networks has made it easier for companies to internationalize their business. For successful and profitabile business, it is necessary to research the foreign market in which the company wants to appear and place its brands, because in that way information is collected that is necessary for formulating an adequate marketing strategy. Consumer decision to accept foreign brands is influenced by a number of determinants. The aim of the paper is to determine whether the avoidance of uncertainty as a dimension of national culture, consumer ethnocentrism and xenocentrism, as well as the image of the country of origin have an impact on consumer's decision to accept foreign brands. Empirical research was conducted using a survey method on the territory of the Republic of Serbia (Belgrade, Kragujevac), and the answers received from the respondents were analyzed through the statistical software of the SPSS. The total number of respondents in the sample is 255. Of the statistical analyzes, reliability analysis was applied to examine the relationship between research variables and the relevance of the research model, as well as multiple regression analysis to confirm research hypotheses. The results showed that avoidance of uncertainty and consumer ethnocentrism have a negative impact, and consumer xenocentrism and the image of the country of origin have a positive impact, on the decision of consumers to accept foreing brands.

Keywords: *avoiding uncertainty, consumer ethnocentrism, consumer xenocentrism, image of the country of origin, foreign brands.*

S a ž e t a k

Proces globalizacije i integracija svetskog tržišta su dovele do liberalizovanog spoljnotrgovinskog prometa roba i usluga. Razvoj informacionih tehnologija i saobraćajnih mreža je olakšao kompanijama internacionalizaciju poslovanja. Za uspešno i profitabilno poslovanje, potrebno je istražiti inostrano tržište na kome kompanija želi da nastupi i plasira svoje brendove, jer se na taj način prikupljaju informacije koje su neophodne za formulisanje adekvatne marketing strategije. Na odluku potrošača da prihvate strane brendove utiču brojne determinante. Cilj ovog rada je da se utvrdi da li izbegavanje neizvesnosti kao dimenzija nacionalne kulture, potrošački etnocentrizam i ksenocentrizam, kao i imidž zemlje porekla ostvaruju uticaj na odluku potrošača da prihvate strane brendove. Empirijsko istraživanje je sprovedeno metodom ankete na teritoriji Republike Srbije (Beograd, Kragujevac), a dobijeni odgovori od ispitanika su analizirani putem statističkog softvera SPSS-a. Ukupan broj ispitanika u uzorku iznosi 255. Od statističkih analiza primenjene su analiza pouzdanosti, kako bi se ispitala povezanost istraživačkih varijabli i relevantnost istraživačkog modela, kao i višestruka regresiona analiza u funkciji potvrđivanja istraživačkih hipoteza. Rezultati su pokazali da izbegavanje neizvesnosti i potrošački etnocentrizam ostvaruju negativan uticaj, a potrošački ksenocentirzam i imidž zemlje porekla pozitivan uticaj, na odluku potrošače da prihvate strane brendove.

Ključne reči: *izbegavanje neizvesnost, potrošački etnocentrizam, potrošački ksenocentrizam, imidž zemlje porekla, strani brendovi*

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1. Introduction

The growing process of market globalization and the development of information technology has enabled companies to expand their business beyond the borders of their country (Chen, 2020). When the company's management decides to internationalize its business, it faces certain changes, because the domestic and foreign markets usually differ in a number characteristic (Gungordu Belbag, 2021). Customers in the international market may differ as members of a particular national culture, so it is necessary to conduct market research and collect information on local consumers, in order to formulate and implement optimal marketing strategy that will enable the company to succeed in foreign markets and achieve satisfactory profits rates (Zdravković et al., 2020a). Culture is one of the most important determinants of consumers' lifestyles, as well as their decisions in the buying process (Cleveland et al., 2022). Hofstede (1980) states that there are four main dimensions of national culture: avoidance of uncertainty, distance of power, individualism/collectivism, male/female values. Anne Lee et al. (2007) state that of the stated dimensions of national culture, the greatest influence on consumers' decision to accept foreign brands has the dimension of avoiding uncertainty, which is defined as the degree to which members of a culture feel threatened in situations that are unstructured and unknown. Broekhuizen et al. (2017) state that the high degree of avoidance of uncertainty among consumers has negative implications for their decision to buy foreign brands.

In addition to culture, ethnocentric consumer tendencies are an important factor for managers of multinational companies when creating an adequate marketing strategy for entering the foreign market (Lee et al., 2021). Factors such as the economic crisis, social unrest, the Covid 19 virus pandemic, and the Ukrainian crisis imply an increase in the degree of consumer ethnocentrism (He & Harris, 2020). During crisis situations, citizens unite, become in solidarity and buying domestic products and services, strive to strengthen the national economy (Zdravković et al., 2020b). Marinković (2017) states that the goverments of some countries in marketing campaigns appeal to citizens to buy products and services of domestic origin, because the purchase of foreign products leads to certain economic problems, such as declining employment and declining living standards. However, the implementation of protectionist policies leads to difficult foreign trade in goods and services an negatively affects cooperation and the development of progressive economic relations with other countries (John & Brady, 2011). On the other hand, a number of consumers have a developed degree of global consumers culture, cosmopolitan understanding, global thinking, strong social and cultural intelligence, which implies a high degree of consumer xenocentrism, which involves buying foreign brands (Pratono & Arli, 2020). People who have a pronounced high level of consumer xenocentrism, belive that foreign brands are much better than domestic ones (Mueller et al., 2020).

A certain group of consumers believes that information on the country of origin of products is an important indicator of product quality and technical reliability (Souiden et al., 2011). When in the process of buying the consumer has to choose one of the alternative foreign brands, the decision on the choice is often made based on the image of the country of origin from which the brand originates. For example, France is synonymous with good wine, Italy is recognizable for quality leather footwear, while Switzerland is famous for the production of quality watches (Nath Sanyal & Datta, 2011). The image of the country of origin is determined on the basis of comprehensive components such as economic stability, standard of living, inflow of foreign direct investment, legal regulations of the state, technological progress, investment in research and development and application of innovative technology in the production process, state recognition by fashion capital, cultural heritage and others (Lin et al., 2020). Also, the image of the country of origin is not static, but a dynamic category, which means that a well-conducted economic policy, and the improvement of economic indicators such as increasing foreign direct investment and raising living standards will improve the image of a country, while on the other hand, poorly conducted economic policy and the decline of these economic indicators will lead to a weakening of the country's image (Fernandez-Ferrin et al., 2020). In this paper, the image of the country of origin will be measured through three components: cultural values, degree of industralization, level of economic development.

Brand can be defined as a symbol, logo, mark or any other characteristic that differentiates the brand of the one company from the brends of other companies (Son et al., 2013). The choice of a brand by consumers in the buying process is a complex decision that is influenced by a number of factors. The aim of the research is to examine whether the avoidance of uncertainty as a dimension of national culture, consumer ethnocentrism and xenocentrism, the image of the country of origin (cultural values, degree of industralization, level of economic development) have an impact on consumers' decision to accept foreign brands. The paper consists of five parts. After the introductory considerations, within the theoretical review, the mentioned research variables are defined and their most important characteristics and methods by which they are measured are stated. Also, within this part, hypotheses are defined and a research model is conceived. The third part presents the research methodology and the structure of the sample of respondents, while the fourth part refers to the results of the conducted empirical research. The conclusion of the paper lists the most significant implications of the research, recommendations to marketing managers, with reference to the limitations and directions of future studies on this topic.

2. Literature review

Due to the growing process of globalization, cultural differences have a significant impact on business decisions of company management in the

internationalization of business, it is necessary to explore the local market in which the company wants to operate, to formulate an adequate marketing strategy that takes into account cultural framework and consumer needs, which ultimately allows for profits for company owners and other stakeholders (Brewer & Venaik, 2012). Culture has significant implications for the lifestyle and behavior of consumers, as well as for the actions that consumers take in the market. A market-oriented company must adapt its brands to the requirements of consumers (Lee Park & Paiva, 2018). Quantitative approaches have proven that cultures can be classified according to certain dimensions, which allows marketers to better understand the characteristics of the foreign market in which they want to operate (Mojić, 2010). The most significant research on national culture and its dimensions was conducted by Gert Hofstede (1980), and based on the results of the study, it was concluded that there are four basic dimensions of national culture: avoidance of uncertainty, distance of power, individualism/collectivism, male/female values. Within the model devised by Professor Gert Hofstede, the dimensions of national culture are measured using an index on a scale of 1-100 (Hofstede Insights. 2020). Hofstede et al. (2010) state in their paper the findings through which it is possible to measure the dimensions of national culture for empirical research.

Uncertainty avoidance refers to the degree to which people tolerate uncertainty and ambiguity. In cultures where there is a high degree of avoidance of uncertainty, people don't tolerate uncertainty and prefer legal procedures and regulations to reduce ambiguities. On the other hand, in cultures where there is a low degree of uncertainty avoidance, individuals tolerate insecurity, the presence of diversity, and prefer to take risks (Zhang et al., 2015). The distance of power represents the attitude of members of the nation towards the fact that power is unevenly distributed. In cultures with a high distance of power, people accept inequalities in society in terms of power, while on the other hand, cultures with a low distance of power are characterized by a tendency to eliminate such inequalities (Moonen, 2017). Individualism/collectivism represent the degree to which people in society are integrated into groups. In individualistic cultures, the ties between individuals are very weak, while in collectivist cultures, people are integrated from birth into groups, which protect them through life and it return expect loyalty (Šapić & Golo, 2017). Male/female values represent quantity versus quality of life. Societies dominated by male values emphasize the prestige and acquisition of material things, while societies with dominant female values emphasize the importance of social contacts and care for others (Hofstede, 2001).

National culture through its dimensions influences consumer behavior, and in this paper the emphasis will be placed on dimension of avoiding uncertainty, which has the greatest impact on consumer decision to accept foreign brands. If members of a certain national culture have a high degree of avoidance of uncertainty, they prefer safe and familiar situations, don't like innovation, so they rarely choose new products and foreign brands in the buying process (Anne Lee et al., 2007). Most researchers measure the dimension of culture by avoiding uncertainty by selecting a number of statements from a scale constructed by Hofstede et al. (2010) and the same approach will be applied in this research. Zakaria et al. (2021) found that avoiding uncertainty has a negative impact on consumers' decision to buy a foreign product. However, the consumer will decide to buy a foreign brand if it is recognizable on a global level, because in that case the uncertainty is less (Raza et al., 2019). Zdravković et al. (2020a) analyzed the effects of avoiding uncertainty on the acceptance of foreign brands, while examining the mediating influence of reference groups. The results of the research showed that avoiding uncertainty has a negative effect on the acceptance of foreign brands, but that the consumer will decide to buy a foreign brand if it is used by one of its members of the reference group. Based on these studies, the first hypothesis can be defined:

H1: High degree of avoidance of uncertainty has a negative statistically significant impact on consumers' decision to accept foreign brands.

Ethnocentrism as a concept originates from the field of sociology and implies the understanding of people that their culture in terms of element such as tradition, history, cultural heritage is dominant compared to the cultures of other countries (Bizumic, 2019). Consumer ethnocentrism developed from the basic concept and it refers to the economic aspect, i.e., it implies that people who have pronounced ethnocentric tendencies in the buying process choose domestic products, because they belive that it is their moral obligation and patriotic act (Shankarmahesh, 2006). This group of consumers believes that the purchase of imported products has economic consequences for the domestic economy, such as reduced employment and declining living standards per capita (Yen, 2018). Shimp & Sharma (1987) devised the most famous scale for measuring consumer ethnocentrism CET scale (Consumer Ethnocentric Tendency Scale), which is still relevant and most commonly used today. The complete scale contains 17 statements, but most researchers choose a smaller number of stetements when measuring ethnocentric consumer tendencies, so that the questionnaire is shorter and takes less time for respondents, and the same approach will be applied in this research. Previous research has found that a high degree of consumer ethnocentrism negatively affects the acceptance of foreign brands by consumers (Souiden et al., 2018; Dey et al., 2019; Lee et al., 2021; Srivastava et al., 2021). Based on the above, the second hypothesis can be defined:

H2: Consumer ethnocentrism has a negative statistically significant impact on consumers' decision to accept foreign brands.

Xenocentrism as a concept also has a sociological genesis, but it represents the belief of members of a society that a foreign culture is more dominant in elements such as tradition, history, culture, norms of behavior and value systems compared to the culture of their home country

(Prince et al., 2016). From the basic concept, consumer xenocentrism has developed, which from the economic point of view implies that consumers in the process of buying prefer foreign brands over domestic ones (Cleveland & Balakrishan, 2019). This group of consumers has a developed global consumer culture, cosmopolitan understanding and thinking, are very innovative and want to buy foreign luxury brands, which have a high degree of quality and provide status and prestige in society (Mueller et al., 2020). Rojas Mendez & Chapa (2020) suggest that the X-scale be used to measure consumer xenocentrism. This scale consists of 16 statements, but similarly to consumer ethnocentrism, most researchers choose a smaller number of stetements, which will be the case in this empirical study. Previous studies have found that people with a high degree of consumer xenocentrism buy foreign brands because of quality, exceptional technical performance and a high degree of reliability (Cleveland & Balakrishan, 2019; Mueller et al., 2020, Zdravković & Peković 2021a). From the above research, the third research hypothesis in the paper arises:

H3: Consumer xenocentrism has a positive statistically significant impact on consumers' decision to accept foreign brands.

Lee (2020) state that the place in the world where a certain product is produced and where it comes from represents the COO- country of origin. Due to the efforts of companies to position themselves in the minds of consumers and ensure a leading position in the market, due to the process of globalization, marketers began to pay great attention to the image of the country of origin, because they realized that this information is important for consumers (Chen, 2020). In the absence of other information, the consumer buys a product that originates from a country that is recognizable by its production and thus reduces the risk of wrong purchase (Diamantopulos et al., 2017). Many products consist of parts produced in different countries, however manufacturers strive to assemble these parts into the final product in a country for which consumers have positive perceptions in terms of quality and technological sophistication (Bernard et al., 2020). The image of the country of origin is measured in this paper through three components: cultural values, degree of industralization, level of economic development. Cultural values imply that the country is recognizable for its tradition, history, value system, has a rich cultural heritage, as well as that many famous people from the field of art come from it (Zdravković & Peković, 2021b). Degree of industralization refers to investment in research and development, application of innovative technology in the production process, so that products are technologically sophisticated and produced to the highest world standards. Level of economic development implies that the country has a stable economic situation, high inflow of foreign direct investment, favorable economic climate for investment, as well as a high standard of living of citizens (Lin et al., 2020). Previous research has found that the image of the country of origin has a positive impact on consumers' decision to buy foreign brands originating from countries that are successful according to the stated economic and technological indicators, which

stand out for their good cultural values, and recognizable by the production of certain product categories (Esmaeilpour & Abdolvand 2016; Lin et al., 2020, Zdravković 2021). Based on the stated claims, the following hypotheses can be formulated:

H4a: Cultural values, as a component of the country of origin, has a positive statistically significant impact on consumers' decision to accept foreign brands.

H4b: Degree of industralization, as a component of the country of origin, has a positive statistically significant impact on consumers' decision to accept foreign brands.

H4c: Level of economic development, as a component of the country of origin, has a positive statistically significant impact on consumers' decision to accept foreign brands.

In order to better understand the structure of the research, a conceptual model was formulated (Figure 1). The model monitors the impact of avoiding uncertainty as a dimension of national culture, consumer ethnocentrism and xenocentrism, the image of the country of origin (cultural values, degree of industralization, level of economic development) on the decision of consumers to accept foreign brands.

Figure 1. Conceptual model
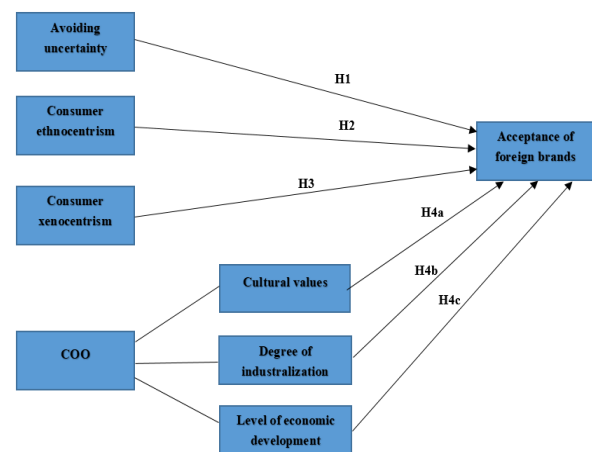
Source: Author

3. Research methodology

Empirical research was conducted in January 2022 in the Republic of Serbia (Belgrade, Kragujevac). The research was conducted by the method of a survey, and the respondents evaluated the findings on the Likert scale with grades from 1 to 7 (1-absolutely disagree; 7-absolutely agree). The total number of respondents in the sample is 255, and an overview of their demographic structure is given in Table 1. The research variables avoidance of uncertainty, consumer ethnocentrism, consumer xenocentrism and image of the country of origin were measured through findings from relevant literature in marketing and management. The findings used are shown in Appendix. This approach is established in field marketing research.

Table 1. Demographic structure of respondents

		N	%
Gender	Females	132	51.8
	Male	123	48.2
Age	Up to 20 years	37	14.5
	21-30 years	96	37.6
	31-40 years	43	16.9
	41-50 years	47	18.4
	51 years and older	32	12.6
Education	Primary school	27	10.6
	High school	141	55.3
	College	87	34.1
Status	Unemployed	46	18.1
	Employed	85	33.3
	Student	98	38.4
	Retired	26	10.2

Source: Author

There are 132 women and 123 men in the sample. The largest number of respondents is aged 21-30. When it comes to education, the majority of respondents have completed high school. Also, when it comes to status, in the sample has the most students and employees.

4. Results of research

The first statistical analysis applied in the research is the reliability analysis, in order to examine whether the research variables are measured through adequate findings, as well as whether the set research model is relevant. The results are shown in Table 2.

Table 2. Reliablity analysis

Research variables	Crnobach's Alpha
Avoiding uncertainty	0.783
Consumer ethnocentrism	0.868
Consumer xenocentrism	0.889
Cultural values	0.805
Degree of industrialization	0.811
Level of economic development	0.732
Foreign brands	0.879

Source: Author

Reliability analysis is considered on the basis of the coefficient *Cronbach's Alpha* and its value needs to be higher than the limit of 0.70 in order for the statements through which the research variables are measured to be internally consistent and reliable (Nunally 1978). The stated value was achived for each research variable.

Multiple regression analysis was applied in the study to examine the impact of the dimensions of national culture of avoidance of uncertainty, consumer ethnocentrism and xenocentrism, and the image of the country of origin (cultural values, degree of industralization, level of economic development) on the decision of consumers to accept foreign brands. The results are presented in Table 3.

Table 3. Multiple regression analysis (dependent variable: *foreign brand*)

	Independent variables	Beta coefficient	T test	Sig value	VIF coefficient
	Avoiding uncertainty	-0.192**	-3.853	0.000	2.794
	Consumer ethnocentrism	-0.169**	-2.971	0.003	3.637
	Consumer xenocentrism	0.301**	5.830	0.000	3.015
Image of the country of origin (COO)	Cultural values	0.247**	5.722	0.000	2.113
	Degree of industralization	0.348**	8.383	0.000	1.952
	Level of economic development	0.255**	4.653	0.000	3.400

Note: ** *level of significance 0.01;* $R^2 = 0.675$
Source: Author

The coefficient of determination is $R^2 = 0.675$, respectively 67.5 % of the variability of accepting foreign brands as dependent variables in the research model is explained by the given regression model. The value of VIF coefficient is less than the limit value 5, so that the problem of multicollinearity does not occur (Field, 2000). Avoiding uncertainty (β= -0.192; Sig= 0.000) and Consumer ethnocentrism (β= -0.169; Sig= 0.003) have a negative statistically significant impact on consumers' decision to accept foreign brands, while Consumer xenocentrism (β= 0.301; Sig= 0.000) has a positive statistically significant impact on the acceptance of foreign brands. Based on the above, the **research hypotheses H1, H2 and H3 were confirmed**. Also, the Image of the country of origin (COO) through its

component's Cultural values (β= 0.247; Sig= 0.000), Degree of industrialization (β= 0.348; Sig= 0.000) and Level of economic development (β= 0.255; Sig= 0.000) has a positive statistically significant impact on the decision of consumers to accept foreign brands, so that the **research hypotheses H4a, H4b and H4c have been confirmed**.

5. Conclusion

Empirical research using a survey method was conducted to examine the effects of avoiding uncertainty as dimension of national culture, consumer ethnocentrism, consumer xenocentrism and the image of the country of origin (cultural values, degree of industrialization, level of

economic development) on consumer decision to accept foreign brands. The results showed that the variables avoidance of uncertainty and consumer ethnocentrism have a negative impact, while the variables consumer xenocentrism and the image of the country of origin (cultural values, degree of industrialization, level of economic development) have a positive impact, on the acceptance of foreign brands, thus confirming all research hypotheses. Previous research has examined the individual impact of these variables, while this study examined their common effect on consumer's decision to accept foreign brands, which can be characterized as *originality and the main contribution* of the study. *Theoretical implications* are reflected in the expansion of scientific knowledge about the impact of these variables on the acceptance of foreign brands. The conceptual model is formulated in a unique way, so that the results of this research and the confirmation of research hypotheses that the become valid scientific knowledge, improve the academic literature in the field of marketing and management. *Practical implications* are based on providing useful information to international marketing managers on the impact of these determinants on consumer's decision to accept foreign brands. Market research helps company managers to formulate and implement an adequate marketing strategy, which should respect the ethnocentric and cultural framework of consumers, as well as all their needs, so that the company's brands are accepted, which will enable all stakeholders to profit. The results of the study show that companies need to convince consumers that their brands are of good quality and that the uncertainty and risk of making the wrong purchase is minimal. There are also certain strategies to reduce risk and uncertainty, such as guarantees that consumers will be refunded money if a product does not meet expectations, and consumers themselves can adopt certain strategies that reduce risk and uncertainty in purchases by preferring products that come from countries that are recognizable by their production. Also, ethnocentric tendencies of consumers are an important factor for international marketing managers. If the product adapts to the characteristics of the foreign market, the chance for successful business increases. It is necessary that the product contains certain symbols that are characteristic of the country in whose market it appears, or that packaging of the product highlights certain symbols that are specific to that country, as well as that the product is advertised through domestic media. Also, the study found that a certain group of people has developed a high degree of consumer xenocentrism and global consumer culture, so ti is necessary for company brands to be recognizable worldwide and to provide prestige and status in society. *Limitation of the research* is the relatively small sample size. Also, the research wac conducted on the territory of only one country. *The directions of future research* could be based on examining the impact of other dimensions of national culture on consumers' decision to accept foreign brands. Avoiding uncertainty has the most significant impact on the acceptance of foreign brands, but the impact of power distance, individualism/collectivism, as well as male/female values, could also be examined. The image of the country of origin in this study was measured through the components of cultural value, degree of industralization, level of economic development. In future studies, the image of the country of origin could be measured through components, such as fashion capital, inflow of foreign direct investment, good legal regulations of the state and the like. Also, some other significant determinants acceptance of foreign brands by consumers could be included in the conceptual model, such as cultural intelligence, consumer cosmopolitanism and others.

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Appendix: Research variables and statements used

Research variables	Statements	Adapted to the source
Avoiding uncertainty	1. There needs to be clear rules and procedures in society. 2. Unknown situations pose a threat. 3. It is necessary to stay in comfort zone, instead of exploring new opportunities.	Hofstede et al. (2010)
Consumer ethnocentrism	1. Buying local brands is my priority. 2. The purchase of domestic products and services is a moral and ethical obligation of every individual. 3. The purchase of imported products reduces the level of employment of the population.	Zdravković et al. (2020b)
Consumer xenocentrism	1. In the buying process, I pay priority attention to foreign brands. 2. Foreign brands have a high degree of quality. 3. Products of foreign origin have excellent tehnical performance and reliability.	Rojas-Mendez & Chapa (2020)
Image ot the country of origin **a) Cultural values** **b) Degree of industrialization** **c) Level of economic development**	1a) It is desirable that the country has a rich cultural heritage. 2a) It is very important that the country is recognizable by its tradition. 1b) It is important that innovative technologies are applied in the production process. 2b) Investing in research and development and monitoring technological discoveries is crucial. 1c) It is very important that the country has a significant inflow of foreign direct investment. 2c) The population needs to have a high standard of living.	Zdravković (2021)
Foreign brands	1. Buying foreign brands is the best possible choice in shopping. 2. I am ready to recommend foreign brands to my friends. 3. I am ready to recommend foreing brands to my family members.	Son et al. (2013)

Source: Author