

**The determinants of foreign product preference amongst elite consumers in
an emerging market**

Dr Padmali Rodrigo

Research Fellow in Marketing and Sales
Department of Marketing and Sales Faculty of Business and Law;
University of Portsmouth
Email: padmali.rodrido@port.ac.uk

Dr. Hina Khan

Lecturer in Marketing for International Operations,
Department of Marketing LUMS
Lancaster University
h.khan11@lancaster.ac.uk

Professor Yuksel Ekinci:

Professor of Marketing
Department of Marketing and Sales Faculty of Business and Law;
University of Portsmouth
yuksel.ekinci@port.ac.uk

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^a University of Portsmouth ; ^b Lancaster University

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Abstract

By integrating the Theory of Reasoned Action (TRA) and self-image congruence, this study seeks to investigate elite consumers' purchase intentions towards products made in foreign countries. The data were gathered via a survey conducted amongst 316 Sri Lankan elite consumers across two product categories. The findings demonstrate that consumers' attitudes towards products made in foreign countries are driven by subjective norms and self-image congruence. The study shows that self-image congruence is the stronger predictor of consumers' attitudes towards products made in foreign countries. Also, the effect of self-image congruence on consumers' purchase intentions is partially mediated by their attitudes towards products made in foreign countries.

Keywords: Country of Origin, Theory of Reasoned Action, Subjective Norms, Self-Image Congruence, Elite Consumers, Sri Lanka.

1.0. Introduction

Among the many factors that are considered to have a significant influence on consumer purchase decisions, country of origin (COO) is seen as important. Previous studies have demonstrated that products that are typically identical in every aspect are perceived differently based on their COO (Wilcox, 2015). A large body of prior research indicates that COO cues are attached to perceived product quality and symbolic value of the product (Maheswaran and Chen, 2009; Wilcox, 2015). This is because consumers associate different countries, their products and people with certain attributes, which in turn influence how they perceive products coming from these countries (Maheswaran, 1994). In addition, some countries tend to have dominance with respect to certain product categories, and product design (Balabanis and Diamantopoulos, 2008). For example, Germany is highly associated with cars but not with perfumes (Tseng and Balabanis, 2011).

In the context of emerging markets, previous research on COO indicates that consumers from emerging nations prefer imports from developed foreign countries (Batra et al., 2000; Hamzaoui and Merunka, 2006, Khan et al., 2012; Kinra, 2006). It has been suggested that consumers in emerging markets tend to prefer foreign products due to their ability to enhance their self-esteem, social status and pride attached to the ownership of such products (Khan et al., 2012; Khan and Bamber, 2008; Kinra, 2006; Üstüner and Holt, 2010). However, research into how elite consumers perceive products made in foreign countries and the factors that influence their attitudes and purchase intentions is limited. This study seeks to fill this void by exploring professional elite consumers' perception of products made in foreign countries. Professional elites represent

“!informants who occupy a senior or middle management position or a professional in an area which enjoys high status as in accordance with corporate values; has considerable industry experience and frequently, also has long tenure with the company; possesses a broad network of personal relationships; and has considerable international exposure” (Welch et al., 2002, p.613).

The elites consider COO as a symbol of status and esteem (Khan et al., 2012). Due to their purchasing power and ability to afford high priced foreign goods, these wealthy elites in emerging markets represent a lucrative niche market for existing and potential new entrants (Khan et al., 2012). These elites have the resources to purchase products made in foreign countries (Hassan and Katsanis, 1991). Therefore, a clearer understanding of the COO effects on profitable consumer segments such as elites would enable marketers to formulate appropriate marketing mix and communication strategies and marketing tactics, in a way that delivers a competitive advantage. Roth and Diamantopoulos (2009) suggest that COO research requires more integrated and theoretically anchored models in order to improve the understanding of COO’s antecedents and its effects. In line with this, by integrating the Theory of Reasoned Action (TRA), the present study aims to develop a framework to predict elite consumers’ attitudes towards products made in foreign countries and their purchase intentions in emerging countries.

In addition to the variables of TRA, this study proposes self-image congruence as an antecedent of consumer attitude towards products made in foreign countries. Self-image congruence refers to the cognitive match between self-concept and product image (Sirgy, 1982; Sirgy et al., 1997; Sirgy et al., 2000; Sirgy and Su, 2000). It has been found that self-image congruence has a significant

influence on advertising effectiveness (Bjerke and Polegato, 2006; Hong and Zinkhan, 1995), attitudes toward brands (Ekinici and Riley, 2003; Sirgy et al., 1997), attitudes towards products (Ibrahim and Najjar, 2008), quality perceptions (Kwak and Kang, 2009) and brand loyalty (Kressmann et al., 2006). Thus, it is expected that self-congruence will have a significant effect on consumer attitude and purchase intentions towards foreign products.

From a theoretical perspective, it is expected that the findings of this study will contribute to our understanding of the rationales behind foreign product preference, antecedents of consumer attitude and purchase intentions towards foreign products, particularly in the context of elite consumers. Furthermore, the findings will enable deepening of our understanding of how elite consumers' self-image influences their attitudes towards products made in foreign countries and whether or not their attitudes mediate the effect of self-image congruence on purchase intentions towards foreign products. Thus, from a practical perspective, the findings of this study can be utilized to develop appropriate marketing mix strategies to achieve a sustainable competitive advantage, in emerging markets such as Sri Lanka.

2.0. Theoretical background

2.1. Country of Origin (COO) effects

COO refers to the country that a consumer associates with a certain product or brand regardless of where the product is actually produced (Jaffe and Nebenzahl, 2006; Koschate-Fischer et al., 2012). Prior studies on COO indicate that a product's COO acts as a signal of product quality and influences consumers' purchase intention (Al-Sulaiti and Baker, 1998; Pharr, 2005). Han and

Terpstra (1988) suggest that COO provides information to consumers about product quality, dependability and to what extent a product can be considered to be value for money, particularly when other information about the product is not available. As an extrinsic cue that influences consumer product evaluations, COO has the ability to influence consumer product quality perceptions by; (a) activating concepts and knowledge that influence consumer evaluation of other product cues; (b) inferring the quality of the product as a heuristic or a cognitive shortcut without considering other attribute information; (c) depicting a product attribute in a similar manner to other specific product attributes; and (d) attracting consumer attention to COO rather than to other attribute information (Hong and Wyer, 1989). Prior research indicates that COO has a significant influence on consumers' product evaluations (Costa et al., 2016; Josiassen and Assaf, 2010; Koubaa et al., 2015) and purchase decisions (Awada and Yiannaka, 2012; Dobrenova and Terlutter, 2015; Godey et al., 2012). These studies have been conducted in a variety of contexts focusing on different consumer segments (Bhaskran and Sukumaran, 2007; Roth and Diamantopoulos, 2009). Nevertheless, despite the vast range of studies into COO effects, studies that investigate the effects of COO on the purchase decisions of elite consumers' in emerging markets (those who belong to the upper income stratum) remain scarce (Khan and Bamber, 2008). Thus, this study investigates elite consumers' attitudes and purchase intentions towards foreign products in an emerging market in South Asia.

2.2. COO and consumers' preference for foreign products in emerging countries

The expectations of consumers in emerging economies have undergone a significant change due

to the exposure to Western cultural flows as a result of global marketing campaigns, growth of media penetration, tourism and immigration (Touzani et al., 2015). In emerging countries, consumers often choose between local and foreign products imported from different countries (Touzani et al., 2015). In emerging markets, it is believed that the products from more developed Western countries are better in quality than those made in less developed countries (O’Cass and Lim, 2002; Phau and Yip, 2008). Therefore, consumers in emerging countries value products from the West over others (Batra et al., 2000). Hence, some authors suggest that there is a reverse ethnocentrism among consumers in emerging countries (Agbonifoh and Elimimian, 1999; Üstüner and Holt, 2010).

Prior research suggests that imported products are preferred by consumers in emerging countries due to symbolic meanings associated with COO (Ger and Belk, 1996; Khan et al., 2012; Kinra, 2006), economic factors (Saffu and Walker, 2006), cultural aspects (Guo, 2013) and history (Agbonifoh and Elimimian, 1999; Üstüner and Holt, 2010). Of these, symbolic meanings play a vital role in explaining consumer preference for foreign products in the context of emerging markets, as imported products are rarer and more expensive than local goods. Therefore, they are regarded as symbols of prestige that demonstrate the social status of the owners (Kaynak et al., 2000). In addition, consumers with a high purchasing power purchase foreign products to differentiate themselves from the general mass market and to imitate the lifestyle and consumption patterns of Western countries (Üstüner and Holt, 2010).

Nevertheless, despite the vast range of studies into COO effects and consumer preference for foreign products, studies that have investigated the underlying rationales or antecedents of

consumers' attitudes and purchase intentions towards foreign products among elite consumers in emerging markets remain scarce. (Khan and Bamber, 2008). Therefore, integrating the TRA and self-image congruence, this study aims to develop and test a conceptual framework to predict elite consumers' attitudes and purchase intentions towards foreign products focusing on Sri Lanka.

2.3. The Theory of Reasoned Action and self-image congruence

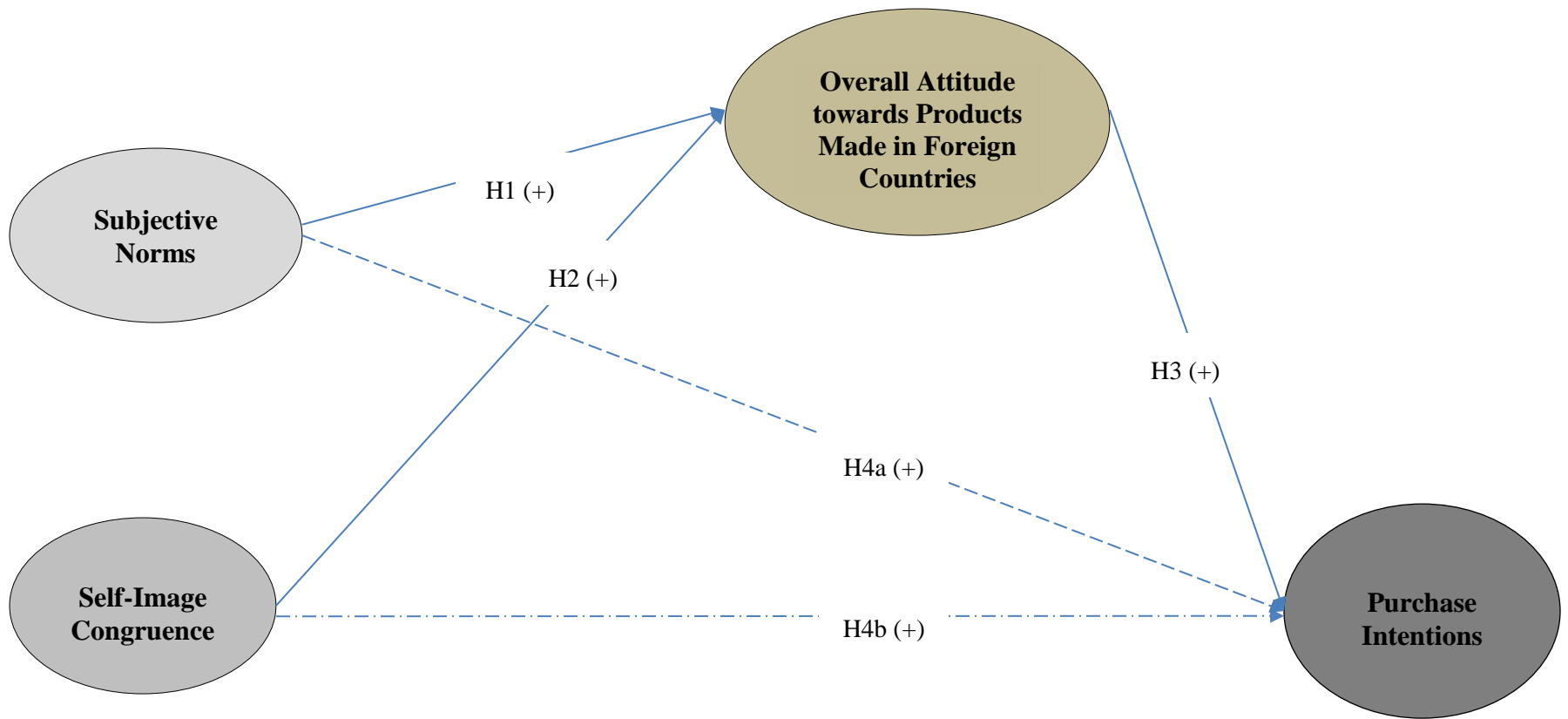
The Theory of Reasoned Action (TRA) was developed by Fishbein and Ajzen (1975). TRA is an effective framework that can be used to explain the cognitive aspects of consumer decision-making (Han and Kim, 2010). According to TRA, behavioural intentions are considered to be the most important predictor of human behaviour, and humans are rational decision makers who systematically utilise any available information prior to making a decision (Ding and Ng, 2009). TRA suggests that an individual's intention to engage in a particular behaviour is influenced by their attitudes and subjective norms. Mostly, TRA is used to explore consumers' non-routine purchase decisions that require effort, thinking and critical deliberation (Oppermann, 1995). In other words, TRA is utilised to explain the cognitive aspects of consumer decision-making. (Guo et al., 2007; Han and Kim, 2010).

Prior studies have utilised TRA to predict consumer purchase intentions towards products such as green products (Ha and Janda, 2012; Sparks and Shepherd, 1992; Wahid et al., 2011), recycling behaviours (Davies, 2002), cultural differences in attitude towards smoking (Marin, et. al., 1990), moral behaviour in sport (Vallerand et. al., 1992), mobile marketing campaigns (Bauer et. al., 2005), purchase intention of a controversial product (Xu et al., 2004), brand and

country influences on purchase intentions (Brodowsky et al., 2018). Moreover, TRA is appropriate for investigating consumers purchase intentions towards local versus foreign products (Fernández-Ferrín et al., 2015; Shimp 1984) and investigating country cue effects on consumer purchasing behaviour (Brodowsky et al., 2018). Against this backdrop, in this study TRA is used to predict elite consumers' attitude and purchase intentions towards products made in foreign countries.

In addition to TRA variables, this study proposes self-image congruence as an antecedent of consumers' overall attitude towards products made in foreign countries. Prior research into self-image congruence indicates that consumers will have a positive attitude and purchase intentions towards products that are congruent with their own self-image (Aaker, 1999; Kastanakis and Balabanis, 2014). It has been found that elites consider that consumption of foreign products enhance their self-esteem and demonstrates their social status (Khan et al., 2012; Khan and Bamber, 2008). Hence, it is expected that there is a positive relationship between self-image congruence and overall attitude towards products made in foreign countries. Also, this study hypothesises that overall attitude towards products made in foreign countries mediates the effect of subjective norms and self-image congruence on purchase intentions towards foreign products.

Drawing on the TRA and the concept of self-image congruence, Figure 1 displays the conceptual framework linking subjective norms and self-image congruence to overall attitudes towards products made in foreign countries and purchase intention of foreign products.



As shown in Figure 1, subjective norms (H1) and self-image congruence (H2) are positively related to consumers' attitudes towards products made in foreign countries. Then overall attitude towards products made in foreign countries is positively related to purchase intentions towards foreign products (H3). In addition to this hypothesis, the partial mediation model is proposed by examining the direct effect of subjective norm (H4a) and self-image congruence (H4b) on purchase intentions towards foreign products.

3.0. Development of hypotheses

3.1. The effect of subjective norms on consumers' attitudes towards products made in foreign countries

Subjective norms refer to an individual's perceived social pressure (e.g. family, friends or other strong influencers) on their decision to perform or not to perform a behaviour (Ajzen, 1991). It has been found that consumers in collectivist cultures tend to be more concerned about social pressure than those in individualistic cultures (Hofstede, 1991). Thus, the social attributes such as "others' approval of purchasing the product is important in purchase decisions among collectivists" (Lee and Nguyen, 2017, p.77). Hence, when making purchase decisions, consumers in collectivist cultures often rely on the opinion of their family or friends, as it is believed that buying products with social approval can enhance the consumption experience and enhances one's belongingness to the group.

In the context of buying products made in foreign countries, it has been found that the higher the perceived social pressure for an individual to buy foreign products, the higher the purchase intention (García-Gallego and Mera, 2017). This is the case, for example, in collectivist cultures such as South Korea (Lee and Green, 1991), Vietnam (Lee and Nguyen, 2017) and China (Jin and Kang, 2010). It has been found that subjective norms have a significant positive effect on consumer purchase intentions towards foreign products. O’Cass and Siahtiri (2013) found that in collectivist cultures, consumers prefer Western fashion brands due to the social status associated with the Western brands. Hence, it is hypothesised that;

H1: Subjective norms positively affect consumers’ attitudes towards products made in foreign countries.

3.2. The effect of self-image congruence on consumers’ attitudes towards products made in foreign countries

Self-image congruence refers to the cognitive match between consumers’ self-image (actual self-image, ideal self-image, social-self-image and/or ideal-social self-image) and the image of the product (Sirgy and Johar, 1999; Sirgy et al., 1997; Sirgy and Su, 2000). Products are often considered as vehicles of self-expression (Aaker, 1999). If consumers experience actual self-congruence, they will be motivated to purchase those products because the product will satisfy their self-consistency and/or social approval needs (Sirgy and Johar, 1999). It is therefore believed that individuals can enhance their self-image through consumption of products (Rio et al., 2001). Hence, consumers will develop positive attitudes and purchase intentions towards products if the

product matches with their own self-image (Kastanakis and Balabanis, 2014; Liu et al., 2012; Mazodier and Merunka, 2012).

Aaker (1999) argues that consumers develop an internal imagery of brands based on internal and external product cues. Product COO is considered as one such important cue through which consumers develop such imagery of products (Ger and Belk, 1996, Khan et al, 2012, Kinra, 2006). For example, German cars, French perfumes, Swiss watches are often evaluated positively due to their COO (Kotler and Gertner, 2002). In the contexts of emerging markets, it has been found that imported products are preferred to locally made products due to their superior quality, association with Western lifestyles, and symbolic representation (Xiao and Kim, 2009). For example, Essoussi and Merunka (2007) found that consumers in Tunisia prefer to purchase fashion products made in foreign countries due to the symbolic meanings associated with the products and the ability to communicate their own success and self-esteem. On the other hand, research such as that conducted by Batra et al. (2000), Kinra (2006), Xiao and Kim (2009) suggests that foreign products enable consumers in emerging markets to enhance their identity, social status, and satisfy hedonic and emotional needs.

According to Balabanis and Diamantopoulos (2016, p.61) when domestic products are perceived as inferior, “consumers have a propensity to prefer foreign products due to social aggrandizement purposes”. Such propensity is often higher among consumers from developing or low status countries and particularly among affluent elites (Balabanis and Diamantopoulos, 2016). This is because consumers in developing or undeveloped countries “cannot help but internalize society’s unfavourable images of them” (Jost and Burgess 2000, p. 303) and “out-group (i.e. foreign-country) favouritism” (Balabanis and Diamantopoulos, 2016; p. 61). Hence, affluent elites in

emerging markets often seek foreign products or brands that enhance their social status (Balabanis and Diamantopoulos, 2016). These elites also perceive foreign products, particularly those made in developed countries (i.e. Western countries), to be superior to domestic products. As they symbolise higher social status, consumption of those products helps consumers enhance their self-image (Khan et al., 2012). Hence, it is hypothesised that;

H2: Self-image congruence positively affects consumers' attitude towards products made in foreign countries.

3.3. The effect of consumers' attitude towards products made in foreign countries and purchase intentions

An attitude toward the behaviour refers to the “degree to which a person has a favourable or unfavourable evaluation or appraisal of the behaviour in question” (Ajzen, 1991, p.188). Behavioural intentions on the other hand indicate, “how hard people are willing to try, or how much of an effort they are planning to exert, in order to perform the behaviour” (Ajzen, 1991, p.181). Attitudes are developed based on the beliefs that people hold towards the attitude object (Ajzen, 1991). Moreover, these beliefs are developed based on their perceptions towards the attributes or characteristics of the object. For example, when individuals perceive attributes of a product (e.g. quality, price, COO) favourably, they will hold a favourable attitude towards the product. Hence, if an individual perceives that the outcome from performing a behaviour (e.g. buying a product made in foreign country) is positive, she/he will have a positive attitude towards

performing that behaviour (Ajzen, 1991). Thus, TRA suggests that attitudes have a significant direct influence on behavioural intentions.

The relationship between attitudes and purchase intentions has been examined in different settings and the findings of these researchers indicate that there is a significant positive relationship between attitudes and intentions (Dabholkar and Bagozzi, 2002; Hsu et al., 2017). In line with TRA, prior research into COO effects suggests that COO has a significant influence on consumer product evaluations (Josiassen and Assaf, 2010; Koubaa et al., 2015; Lee et al., 2013; Prentice and Handsjuk, 2016) and purchase decisions (Awada and Yiannaka, 2012; Dobrenova and Terlutter, 2015; Godey et al., 2012). Hence, it is hypothesised that;

H3: Consumers' attitudes towards products made in foreign countries positively affect purchase intentions towards foreign products.

3.4. The mediating role of consumers' attitudes towards products made in foreign countries

In this study, it is postulated that subjective norms and self-image congruence are indirectly related to purchase intentions. Hence, overall attitude towards foreign products is proposed as a mediating component that increases consumer tendency to purchase foreign products. This is due to several reasons. First, it has been found that there is a positive relationship between subjective norms and attitudes where subjective norms and attitudes are dependent on each other (Fishbein and Ajzen, 1975; Tarkiainen and Stundqvist, 2005). In addition, it has been found that there is a positive relationship between subjective norms and purchase intentions (e.g. Baker et al, 2007; Cheng et

al., 2006; East, 2000; Laroche et al., 2001). Hence, it can be argued that the subjective norm has an indirect effect on purchase intentions via attitudes. In other words, attitudes mediate the effect of subjective norms on purchase intentions. This argument is constant with the findings of prior studies (e.g. Chang, 1998; Kim et al., 2013; Oliver and Bearden, 1985) that suggest that attitude acts as a mediator between subjective norms and behavioural intentions.

Concerning self-image congruence, it has been found that there is a significant positive relationship between self-image congruence and attitude towards products (Graeff, 1996; Ibrahim and Najjar, 2008; Sirgy and Samli, 1985). When there is a high congruence between the self-image and product image, there is a higher probability of purchasing that product (Bosnjak and Rudolph, 2008, Graeff, 1996). Hence, it can be argued that self-image congruence has an indirect effect on purchase intentions towards products through consumer attitudes. In other words, consumer attitudes mediate the effect of self-image congruence on purchase intentions.

Against this backdrop, in order to test for the mediation effect of consumers' attitudes towards foreign products, this study posits direct links between the two antecedents (subjective norms and self-image congruence) to purchase intentions. Hence, it is hypothesised that;

H4a: Consumers' attitudes toward products made in foreign countries partially mediate the relationship between subjective norms and purchase intention towards foreign product.

H4b. Consumers' attitudes toward products made in foreign countries partially mediate the relationship between self-image-congruence and purchase intention of foreign product.

4.0. Research methodology

4.1. Research context

The data for this study were collected in Sri Lanka. Even though the country is classified as a middle-income country, in 2017, Sri Lanka had a strong growth rate of about 4.5% growth in terms of gross domestic production (GDP) (Central Bank of Sri Lanka, 2017). For international marketers, two significant opportunities exist in the emerging Sri Lankan market. Firstly, the rise of consumer demand for different types of consumer goods such as fashion, electronics, and food in Sri Lanka, allows firms, particularly those manufacturing such goods, to target Sri Lankan consumers, particularly the elites who have the ability to purchase imported goods at a higher price. These include products such as high end branded imported personal grooming products (Samarasinghe et al., 2014) luxury cars and European clothes (Ekanayaka and Guruge, 2016) electronic appliances and telecommunication devices made in both Western (e.g. USA, Germany) and developed Asian countries such as Japan, South Korea and Thailand (Rodrigo, 2013). Secondly, the combination of a healthy economy and political environment, growth in infrastructure, and strong government support given to investors in Sri Lanka, provides international marketers a profitable opportunity to target consumers and gain entry into the Sri Lankan economy at a lower cost, compared to other emerging nations in South Asia such as China and India (Rodrigo et al., 2011).

4.2. Measures

The measurement items were adapted from existing scales (see Table 1). For instance, subjective norms were measured using three items adapted from Ajzen (1991) such as “most others who are

important to me think I should buy clothes/camera made in foreign countries” and “most people I value most, would approve of my decision to buy foreign clothes/camera”. Self-image congruence was measured using three items adapted from Sirgy et al. (1997) such as “Use of clothes/camera reflects who I am”. Consumers’ overall attitude towards products made in foreign countries was evaluated using a single item adapted from Ajzen (1991), namely, “I feel buying clothes/camera made in foreign countries is; good/bad”. Bergkvist and Rossiter (2007) argue that single-item measures can be considered as equally valid as multiple-item measures. In addition, in terms of predictive validity, findings yielded from theoretical tests and empirical studies would be the same if single-item measures were used rather than multiple item measures (Bergkvist and Rossiter, 2007). Purchase intention was evaluated using three scale items from Ajzen and Fishbein (1980) such as “I will definitely buy clothes/camera made in foreign countries”.

4.3. Selection of product types

For the purpose of this study, products were chosen based on the elite consumer’s familiarity with foreign products (e.g. clothes) and perceived technological complexity of the products (e.g. camera) for two reasons. Firstly, it has been found that product familiarity has a significant influence on COO evaluation (Samiee, 1994). Consumers tend to develop COO images based on their familiarity with products (Roth and Romeo, 1992). Secondly, prior research suggests that importance placed on COO is influenced by technological complexity of the product (Ahmed and d’Astous, 2008, Ahmed et al., 2002; Eroglu and Machleit, 1988; Mockaitis, et al., 2013; Samiee, 1994).

The product selection involved two phases. In the first phase, based on a prior study conducted

by Khan et al. (2012) on COO perceptions of elite consumers, a list of products (cameras, clothes, shoes, perfumes, cosmetics and electronic kitchen appliances) were identified to determine the most appropriate products for this study. This list of products was then presented to 25 elite Sri Lankan consumers and they were asked to indicate to what extent they are familiar with products made in foreign countries with respect to each product category using a five point Likert scale (1= not familiar at all and 5= very familiar). The results indicated that they are more familiar with cameras (M = 4.44, SD = 0.50), clothes (M = 4.28, SD = 0.67) and kitchen appliances (M = 4.12, SD = 0.43) made in foreign countries than perfumes (M = 3.84, SD = 0.68), shoes (M = 3.72, SD = 0.63) and cosmetics (M = 3.60, SD = 0.50).

In the second phase, the same 25 elite respondents were asked to indicate to what extent they perceived these products to be technologically complex by indicating their level of agreement to the following statement “I believe this product to be technologically complex” by using a five point Likert scale (1=strongly disagree and 5=strongly agree). Following Ahmed and d’Astous (2008), the concept of product technological complexity was explained as follows in order to ensure that the concept of technological complexity was clearly understood.

Some of the products that we buy, for example computers and mobile phones, are technologically more complex than others, such as coffee or bread. The products that are technologically complex evolve rapidly. Therefore, products such as computers are quickly surpassed when new and more refined models are born. Other products, those that are simple, don't alter much.

The results revealed that cameras ($M = 4.80$, $SD = 0.50$) and kitchen appliances ($M = 4.62$, $SD = 0.47$) were perceived to be more technologically complex followed by cosmetics ($M=4.32$, $SD = 0.74$), perfumes ($M = 3.72$, $SD = 0.73$), shoes ($M = 3.64$, $SD = 0.75$) and clothes ($M = 1.60$, $SD = 0.76$). In other words, cameras were perceived to be more technologically complex and clothes were perceived to be more technologically simple. Therefore, cameras and clothes were chosen due to their differences in terms of the level of product complexity and due to the high level of familiarity.

4.4. Sampling procedure and survey implementation

This study focuses on professional elite consumers who occupy a senior or middle management position or a profession in an area that enjoys high status and which has a high standard of living (Khan et al., 2012; Welch et al., 2002). The business telephone directory of Sri Lanka Telecom (the key telecom service provider in Sri Lanka) was used to select the potential elite respondents for the survey. The directory holds 30,000 names of key professionals in different organisations listed alphabetically on 600 pages, with around 50 names and contact details on each page. Following the approach outlined by Wilson (2006) in selecting a simple cluster sample, from the 600 pages the researcher selected the pages which contained information of professionals in government and private organisations, banks, hospitals and other commercial institutions in the Colombo district/cluster. This allowed the researcher to focus on one cluster and reduced the complexity and costs associated with implementing a survey across a large number of different clusters (comprising different types of elites in different types of organisations) in different regions. Members of parliament and religious organisations were excluded from the population of

interest as the focus of the present study is on professional elites and not political or religious elites. Therefore, the sample of this study was made up of professional elites in Colombo, Sri Lanka. Considering the time and cost constraints associated with implementing the survey and following the recommendations of Wilson (2006), using a research randomiser, 12 pages were randomly selected (with contact details of 750 professional elites relevant to the Colombo district) and took all potential respondents from these pages as the sample.

A self-administered questionnaire with a cover letter written in the English language was designed for the survey to test the research hypotheses of this study. English was chosen due to the professional and educational background of the professional elites. In Sri Lanka, the English language is one of the key languages used by Sri Lankans. English is also the language of instruction in most Sri Lankan universities and widely used by professionals to communicate in business settings.

The 750 randomly chosen potential respondents were contacted to participate in the study via telephone. The participants were first given an explanation of the purpose and nature of the study and how their contact details were obtained. Thereafter, they were informed that any data collected would be for academic research purposes only and asked to indicate their willingness to take part in the survey. Of the 750 professional elites contacted for participation, 600¹ agreed and provided their consent to take part in the survey. An appointment was made with those who agreed to participate. The first author and two research assistants distributed a copy of the survey questionnaire to the 600 elite professionals.

¹ Of 750 professional elites, 55 were not available when they were contact and 95 refused to take part in the survey.

The survey was conducted by using the drop-off and collect method for later retrieval (Allred and Ross-Davis, 2011; O’Cass and Sok, 2012; Sok et al., 2013). As the name implies, the drop-off and collect method involves the researcher(s) and/or trained field assistants personally delivering and later collecting the questionnaire either directly from the participants or indirectly via a gatekeeper such as a secretary (Ibeh et al., 2004). This method results in a higher response rate than postal surveys (from 40% to 90%) as there is a potential for personal contact if the respondent is available when the survey questionnaire is delivered (Allred and Ross-Davis, 2011; Balabanis and Diamantopoulos, 2004). It also reduces the non-response bias and increases the ability of the researcher to determine the eligibility of the respondents (Allred and Ross-Davis, 2011). The drop-off and collect method is also deemed appropriate for conducting surveys in developing countries, where there are issues (e.g. unreliability) with mail systems and postal surveys (Ellis, 2005; Ibeh et al., 2004; Ngo and O’Cass, 2009). The participants were informed by both covering letter and by verbal means that the researcher(s) would return to collect the completed questionnaires after a period of two weeks at a mutually agreed time slot. Furthermore, following an approach that is similar to Nabi et al. (2017), in order to reduce any effects of social desirability, the respondents were assured of their anonymity and told that answers should not be deemed to be right or wrong and that the survey was only to gain an insight into their personal opinions.

In line with Melevin et al. (1999), participants also received a gentle follow up reminder, by telephone, to complete the survey after the end of the first week of the agreed two-week period. If the questionnaire was then not completed by the agreed time slot after the two-week period, a further call was made to the participant as a final reminder requesting that the participant complete

the questionnaire within the next five working days so that the survey distributors could collect the completed questionnaires.

From the 600 participants who agreed to participate in the survey, the research team managed to collect 316 completed questionnaires with a response rate of 52.6%. Following O’Cass and Sok (2012), non-response bias was examined by comparing the average values from the early respondents (first 10%) with late respondents (those of the last 10%) using a t-test. There was no significant statistical difference between the two groups in terms of the means for items, demonstrating that non-response bias was not a serious concern in this study.

5.0. Results

5.1 Respondents’ profile

Of the 316 respondents, 62% were male and 38% were female. 54% of the respondents belonged to 45-54 age group. In terms of profession, 28% of respondents were senior managers, 16% were doctors, 30% were engineers, 11% were bankers, 14% were businesspersons and 1% were lawyers. Out of 316 respondents, 59% were university graduates, 18% were postgraduates and 23% respondents had other (professional) qualifications.

5.2. Reliability and validity of the measures

The internal consistency of the constructs measured was evaluated using Cronbach's Alpha and composite reliability. The results indicated that the Cronbach's α of each unobserved construct (subjective norms, self-image congruence and purchase intention) was greater than 0.70, which shows a high reliability for the measures (Nunnally, 1978). Also, as shown in Table 1, confirming

the test of item reliability, the factor loadings exceeded 0.50 for all latent constructs (Hair et al., 2010). The composite reliabilities of all unobserved constructs also exceeded the 0.70 cut-off value as recommended by Fornell and Larcker (1981).

Table 1 goes about here.

Convergent validity is achieved when the Average Variance Extracted (AVE) value exceeds 0.50 (Hair et al., 2010). As can be seen from Table 2, the findings revealed that the AVE value of each unobserved construct exceeds 0.50, indicating that the convergent validity of the measures is adequate.

The discriminant validity was checked following the approach suggested by Fornell and Larcker (1981). Discriminant validity is achieved if the AVE score is above the squared inter-correlations (IC). Table 2 displays the AVE scores and squared IC. Indicating the discriminant validity the results revealed that the squared IC scores were below the AVE scores.

Table 2 goes about here

In line with prior research (Du et al., 2007; Podsakoff et al., 2003), common-method variance was checked using Harman's single factor test, which suggests that common-method variance causes a problem if (1) a single unrotated factor solution appears from the EFA test, or (2) one general factor accounts for the majority of the covariance among the measures. Based on the data analysis, the unrotated factor solution revealed three factors with eigenvalues greater than 1. The result accounts for 89.5% of the total variance, where the first factor accounts for 40.78% of the total variance. This suggests that common-method variance does not pose a significant problem. There was no general factor in the unrotated structure (Du et al., 2007).

6.3 Hypothesis testing

After confirming the reliability and the validity of the measures, this study used the Structural Equation Modelling (SEM) with Amos 24 software for data analysis. In this study, two models were tested: full mediation model and partial mediation model. In the partial mediation model, the paths between subjective norms and self-image congruence and purchase intentions are available, whereas these paths are not available in the full mediation model. The results indicated acceptable fits for full mediation and partial mediation models. For the full mediation model, the results suggest that the model has a good fit [Goodness of Fit Index (GFI) = 0.95, Comparative Fit Index (CFI) = 0.99, and Root Mean Square Error Approximation (RMSEA) = 0.07]. For the partial mediation model, the results indicate that the model also has a good fit (GFI = 0.95, CFI = 0.94 and RMSEA = 0.06) (Browne and Cudeck, 1992). Table 3 shows the results of the model and hypothesis testing.

Table 3 goes about here

As can be seen from the results in Table 3, subjective norms and self-image congruence explain 16% and 17% respectively of the variance of consumers' attitudes towards products made in foreign countries in full and partial mediation models. On the other hand, 31% (full mediation model) and 33% (partial mediation) of the variance of purchase intentions towards foreign products are explained by the subjective norms, self-image congruence and consumers' attitudes.

The results support H1 and H2 that subjective norms ($SPC = 0.12, p < .01$) and self-image congruence ($SPC = 0.39, p < .001$) have a positive relationship with consumers' attitudes towards products made in foreign countries. The results also support H3, which states that attitudes have a positive influence on purchase intention towards foreign products ($SPC = 0.55, p < .001$).

H4a proposes that subjective norms have a positive influence on purchase intentions. The results are not statistically significant ($SPC = 0.007, p^{ns}$). Hence, H4a is rejected. This finding confirms that consumers' attitudes towards products made in foreign countries fully mediates the effect of subjective norms on purchase intention towards foreign product.

The results show that self-image congruence influences purchase intentions towards foreign products ($SPC = 0.162, p < .001$). This supports H4b. This means that consumers' attitudes towards foreign products partially mediate the relationship between self-image congruence and purchase intentions towards foreign products.

6.0. Conclusion

The findings of this study demonstrate that there is a statistically significant and positive relationship between subjective norms, self-image congruence, and consumers' attitudes towards products made in foreign countries. In addition, the study supports the positive effect of consumers' attitudes towards products made in foreign countries and purchase intentions towards foreign products. Furthermore, the relationship between self-image congruence and purchase intentions towards foreign products are partially mediated by consumers' attitudes towards products made in foreign countries. This, therefore, supports the findings of Kastanakis and Balabanis, (2014), Liu et al., (2012) and Mazodier and Merunka (2012), who suggest that consumers hold a positive attitude towards those products and purchase intentions that have a similar image to their self-image. In addition, the findings suggest that purchase intentions towards foreign products are driven by a consumer need to achieve a congruence with their self-concept. Here foreign products are perceived as a means to enhance consumers' social status and self-esteem. These findings are in line with Batra et al. (2000), Kinra (2006) and Xiao and Kim (2009) who suggest that foreign products enable consumers in emerging markets to achieve their identity and status. Nevertheless, in contrast to previous research, which suggests subjective norms have a significant effect on purchase intentions, the findings of this study indicate that the effect of subjective norms on purchase intentions are not statistically significant.

From a COO perspective, this study contributes to the body of knowledge on COO and consumer behaviour in a number of ways. Firstly, research that focuses on COO effects on elite consumers remains scarce (Khan et al., 2012). Therefore, the findings of this study would enhance the current

limited understanding of COO effects on Sri Lankan elite consumers' purchase intentions towards foreign products. Secondly, the TRA driven conceptual framework tested in this study would be a significant contribution to the field of COO, which is often criticised for its theoretical nature (Samiee and Leonidou, 2011; Samiee, 2010). Thirdly, for the limited body of knowledge of consumer behavior of elite consumers, this conceptual framework would be a significant contribution as it incorporates both cognitive product and self-related antecedents of attitudes towards foreign products to understand elite consumers' purchase intentions towards foreign products.

From a practitioner perspective, this study provides a richer understanding of cognitive and self-image driven factors that affect consumer purchase decisions. Thus, marketers can effectively utilise the proposed framework to develop informed marketing mix strategies to achieve a sustainable competitive advantage in emerging markets such as Sri Lanka. Overall, the findings of the study yielded two important implications for marketers who strive to achieve a sustainable competitive advantage in emerging markets. Firstly, the marketers need to understand the role played by self-image congruence and subjective norms on consumer purchase intentions. Secondly, the marketers need to pay attention to the mediating effect of attitudes on the relationship between self-image congruence and purchase intentions.

Moreover, the findings suggest that purchase intentions towards products made in foreign countries are mostly driven by consumers' attitudes and self-image congruence. However, subjective norms do not have an impact on purchase intentions. Hence, the effects of subjective norms on purchase intentions are fully mediated by consumers' attitude. Therefore, when

developing marketing communication messages to promote products made in foreign countries, developing communication appeals that fit with consumer self-image would be advantageous rather than developing messages that display the influence of others such as family or friends. Thus, marketers who seek to gain entry into emerging markets with professional elite consumers that are similar to Sri Lanka in terms of foreign product preference can utilise the findings to target elites in emerging markets by emphasising how consumption of foreign products may help elites to enhance their self-esteem, identity and social image driven motives. However, further research is required to assess the generalisability of the proposed model as this study was focused only on professional elites in Sri Lanka.

7.0. Limitations and directions for future research

This study has several limitations that could be addressed by further studies. The findings suggest that the subjective norms and self-image congruence together explained only 16% and 17% variance in consumers' attitude in full and partial mediation models and 31% and 33% of the variance of purchase intentions on full and partial mediation models respectively. Therefore, future studies need to consider the effect of other antecedents of consumers' attitude and purchase intentions towards foreign products to enhance the predictive ability of the current model. One such direct inclusion to the conceptual framework would be the perceived behavioural control, which is part of the Theory of Planned Behavior (TPB).

Also, in this study attitudes were measured using single item and self-image congruence was conceptualized in a general manner. Future research therefore first needs to be conducted with

multi-item attitude scale to check whether the use of single item vs multiple items influences predictability. Future research needs to explore the effect of different components of self-image congruence (e.g. actual vs ideal) on consumers' attitude towards foreign products and purchase intentions. Further research is also required to test whether consumers attitude and purchase intentions towards foreign-made products in emerging markets differ across product categories, purchase occasions or branded vs non-branded products. Moreover, future research needs to be carried out to investigate the effect of subjective norms and self-image congruence on consumer evaluation of local versus foreign products and the effect of moderators such as product type, product complexity, social status (O'Cass and McEwen, 2006; O'Cass and Frost, 2002). Future studies can also investigate to what extent aspects such as consumer ethnocentrism and animosity influence consumer purchase intentions towards local versus foreign made products.

Finally, this study focused on professional elite consumers in Sri Lanka. Hence, the findings may not be generalisable to professional elites in other countries particularly to those in Asia (e.g. Japan and China) or developed countries due to the differences in their income level, social and cultural norms. Therefore, applying the proposed model, further research needs to be conducted in other Asian, Middle Eastern or Western countries to assess the validity and generalisability of the findings of this study.

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Table 1
Descriptive, reliability and convergent validity

Composite	Factor Loading	Mean	Std. Dev	Cr. Alpha	CR	AVE
Subjective Norms		3.52	1.05	0.95	0.95	0.85
1. Most people who are important to me think I should buy clothes/camera made in foreign countries	0.68					
2. Most people I value most would approve my decision to buy clothes/camera made in foreign countries	0.99					
3. Most of my friends buy clothes/camera made in foreign countries	1.00					
4. It is expected of me that I buy clothes/camera made in foreign countries	0.99					
Self-Image Congruence		3.71	1.07	0.98	0.98	0.96
1. Use of clothes/camera made in foreign countries reflects who I am,	0.96					
2. People similar to me use clothes/camera made in foreign countries	1.00					
3. The kind of person who typically use clothes/camera made in foreign countries is very much like me.	0.99					
Consumers' Attitude		3.70	1.18			
1. I feel buying clothes/camera made in foreign countries are good/bad						
Purchase Intention		3.86	1.01	0.98	0.98	0.96
1. I will make an effort to buy clothes/camera made in foreign countries	0.96					
2. I intend to buy clothes/camera made in foreign countries	0.99					
3. I will definitely buy clothes/camera made in foreign countries	0.99					

Table 2

Average Variance Extracted (AVE) and Inter-Correlations (IC)

		1	2	3	3
1	Subjective Norms	.85	.01	.00	-.00
2	Self-Image Congruence	-.10*	.96	.25	.23
3	Consumers' Attitude	.23**	.34**	-	.27
4	Purchase Intention	-.05	.48**	.19**	.96

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The diagonal scores (in bold) indicates AVEs.

Table 3

Results of hypothesis testing

Hypothesis	Path	Model 1: <u>Full mediation</u>		Model 2: <u>Partial mediation</u>	
		SPC	t- value	SPC	t-value
H1	Subjective Norms ---> Consumers' Attitude	.12	3.27**	.12	3.27**
H2	Self-Image Congruence ---> Consumers' Attitude	.39	10.76***	.39	10.76***
H3	Consumers' Attitude ---> Purchase Intentions	.55	16.46***	.49	13.62***
H4a	Subjective Norms ---> Purchase Intentions			.00	.20 ^{ns}
H4b	Self-Image Congruence ---> Purchase Intentions			.16	4.40***
<u>Variance explained</u>					
Consumers' Attitude		16%		17%	
Purchase Intentions		31%		33%	
<u>Model Fit Indices</u>					
X ²		173.17		153.15	
DF		41		39	
CFI		.99		.99	
GFI		.95		.95	
AGFI		.92		.93	
TLI		.98		.98	
RMSEA		.07		.06	

Note: SPC = Standardized Path Coefficient.

^{ns} not significant. * $p < 0.05$. ** $p < 0.01$. *** $p < 0.001$.