Effect of economic animosity on consumer ethnocentrism and product-country images. A binational study on perception of Germany during the Euro crisis

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ABSTRACT

During the recent Euro crisis, Germany’s push for austerity has prompted resurgence in anti-German sentiment in some European nations. This study contributes to the literature on consumer animosity, ethnocentrism and country of origin effect by proposing a comprehensive model that analyses: a) the relationship between economic animosity towards a foreign nation and consumer ethnocentrism and b) their mutual effect on the perception of the general image of a country perceived as hostile, the evaluation of the products associated with that country (product beliefs) and the foreign product acceptance (product receptivity). The research model has been tested on a sample of Italian and Spanish graduate students with regard to the image of Germany. Results show that economic animosity does not affect the perceived level of either general country image or product beliefs, but it is negatively associated with product receptivity. This study also supports the relationship between economic animosity and consumer ethnocentrism; thus, consumers that feel anger towards a foreign country will favor domestic products, avoiding foreign ones. Based on results, the paper concludes with a discussion of theoretical and managerial implications and provides suggestions for further research.

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Tensions among countries occur worldwide: territory arguments, economic pressures or religious conflicts may cause a deterioration of relations among nations. Similarly, international events or economic and financial policy measures that are perceived as offensive or unfair can cause feelings of animosity towards the “offending” country and an increase in nationalism.

Such feelings may be expressed in the marketplace. The effects of nationalism on consumers’ beliefs and attitudes (Rawwas, Rajendran, & Wueher, 1996), and more specifically of the animosity directed at a specific country and defined as “antipathy related to previous or ongoing political, military, economic and diplomatic events” (Klein, Ettensoe, & Morris, 1998, p. 90), have been an emerging subject of intense research interest in international marketing during the past two decades. Results from this stream of research show that foreign consumers’ anger towards a country they perceive as hostile may affect country image perception and the export performance of products associated with it (Riefler & Diamantopoulos, 2007). Studies have confirmed the impact of animosity on products in general (Leong et al., 2008; Nakos & Hajidimitriou, 2007), on specific categories of products (Ettensoe & Klein, 2005; Klein, 2002), and finally on hybrid products (Funk, Arthurs, Trevino, & Joireman, 2010). For example, in a recent study Tabassi, Esmaeizadeh, and Sambasivan (2012) report that the ongoing conflicts in Iraq and Afghanistan have incited anti-American and anti-European sentiments overseas to the point of provoking a rejection of American or European brands.

Consumer ethnocentrism (CET) is also a part of the attitude that consumers hold towards products made in a foreign country. According to Shimp and Sharma (1987) consumers who hold strong ethnocentric beliefs are more likely to evaluate foreign products negatively than are those who do not hold such beliefs. Consequently, due to patriotic reasons, they avoid buying foreign products even though the quality of the foreign supplier is superior. As noted in previous research, consumer ethnocentrism is positively
related but distinct from consumer animosity. According to Shankarmahesh (2006) consumer ethnocentrism, or “the beliefs held by ... consumers about the appropriateness, indeed morality, of purchasing foreign-made products” (Shimp & Sharma, 1987, p. 280), is a good predictor of a preference for domestic products but it cannot adequately explain foreign product purchase decisions. Moreover, Klein and Ettensoe (1999) note that consumer ethnocentrism contributes to a consumer’s propensity to avoid buying foreign products in general, while animosity is directed towards a specific country.

Although interest in this area is growing, the subject is still new and several research gaps remain. To date, the focus has been mostly on animosity arising from major international conflicts — such as in China towards Japan (Klein et al., 1998) and in Holland towards Germany (Nijssen & Douglas, 2004), both in relation to World War II — instead of from economic and other political disputes.

The recent global financial crisis and its effects on several European countries, coupled with the strong interest of these countries in cross-national import–export relationships, provide an opportunity to extend this field of investigation. More specifically, in recent times Germany’s push for austerity seems to have prompted a resurgence of anti-German and nationalist sentiments in parts of the European Union. In Greece, for example, posters bearing the image of Angela Merkel, Chancellor of Germany, were often defiled with a Hitler moustache and swastikas, as anger and frustration grew over the Euro crisis. In an interview with the German newspaper Der Spiegel, the former Italian Prime Minister Mario Monti expressed his concern over the growing “resentment” of the Italian Parliament towards Europe and, above all, towards Germany. Moreover, the growing anti-German sentiment is rooted in popular discontent with the strict austerity course. Based on a survey conducted in Italy in 2012, while 67 percent of polled Italians had a generally positive attitude towards Germany, 63 percent disapproved of Angela Merkel’s Euro crisis management and 74 percent viewed Germany as a threat to the Italian economy. A majority of 80 percent said that Germany’s influence in Europe had grown over the past five years and 60 percent of the sample viewed this development negatively.

In light of the current European situation illustrated above, this paper considers tensions arising from the Euro crisis as an opportunity to provide an original contribution to the consumer behavior and international marketing literature by investigating a) the relationship between situational economic animosity and consumer ethnocentrism and b) their impact on the perception of the general image of a foreign country perceived as hostile (general country image), on the evaluation of the products associated with it (product beliefs) and on the related behavioral intentions (product receptivity). Although both economic animosity and consumer ethnocentrism are well developed research subjects, at least three unique aspects differentiate our study from previous ones. First, while predominant research on consumer animosity and ethnocentrism has focused on consumer evaluation of foreign products and willingness to purchase them as dependent variables, this study also considers the effect on the evaluation of the general country image of a foreign country. Second, although literature recognizes that animosity and ethnocentrism can be interrelated (Klein et al., 1998), this is the first study that empirically investigates the role of economic animosity as an antecedent of consumers’ ethnocentrism and provides a comprehensive framework aiming to clarify the interaction between the two constructs and their impact on the evaluation of foreign countries and products. In doing so, the proposed research model also responds to calls by Shankarmahesh (2006, p. 162) stating that “future research should investigate the merit of animosity as an antecedent of CET”. Finally, the potential consequences of the Euro crisis have not yet been addressed in the country image and consumer behavior literature.

1. Theory and hypotheses

The conceptual foundations of the proposed theoretical model and the related hypotheses (Fig. 1) are drawn from three different research streams: consumer animosity (Ang et al., 2002; Huang, Phau, & Lin, 2010; Klein & Ettensoe, 1999; Klein et al., 1998; Klein, 2002), consumer ethnocentrism (CET) (Fernández-Ferrín, Bande-Vilela, Klein, & Río-Araújo, 2015; Klein, 2002; Shankarmahesh, 2006; Sharma, 2014; Shimp & Sharma, 1987) and product-country images (Knight & Calantone, 2000; Laroche, Papadopoulos, Heslop, & Mourali, 2005; Martin & Eroglu, 1993; Papadopoulos, Elliot, & De Nisco, 2013; Verlegeh & Steenkamp, 1999). Building on a review of relevant literature related to each of the selected research streams, the most robust constructs were assessed and a choice was made based on their theoretical relevance and expected predictive validity for the object of this study.

Therefore, from a structural standpoint, the conceptual model is divided into five categories of construct: a) situational economic animosity, resulting from feelings of economic dominance or aggression among the population of a nation towards a hostile country (Nijssen & Douglas, 2004) and related to temporary economic events (Ang et al., 2002); b) consumer ethnocentrism (CET), operationalized as a “broader concept that encompasses consumer ethnocentrism together with attitudes towards trade protection, restriction of foreign investment, restriction on the immigration of workers, and restriction of foreign firms and intellectual property” (Balabanis, Diamantopoulos, Mueller, & Melewar, 2001, p. 162); c) general country image, defined as “a generic construct consisting of generalized images created not only by representative products but also by the degree of economic and political maturity, historical events and relationships, culture and traditions, and the degree of technological virtuosity and industrialization” (Roth & Diamantopoulos, 2009, p. 727) and identified through both a cognitive dimension (related to the level of economic, industrial and technological development) and an affective dimension (related to the emotional features and the beliefs towards the population); d) product beliefs, which refer to consumers’ evaluative judgments specific to a country’s products (Laroche et al., 2005); and e) product receptivity, defined as the conscious or unconscious readiness to accept foreign supply systems (Dhar & Kim, 2007).
As shown in Fig. 1, the main underlying hypothesis of the proposed model is that situational economic animosity towards a foreign country has a positive effect on consumers’ preference for domestic products (consumer ethnocentrism). Moreover, it is hypothesized that economic animosity and consumer ethnocentrism play a different role in influencing foreign consumers’ perceptions, with the former negatively affecting product receptivity, but not general country image and product beliefs, and the latter playing a negative role on either general country image, product beliefs or product receptivity. Finally, based on the country of origin literature, it is hypothesized that a positive relationship exists between general country image and product beliefs, on the one hand, and product receptivity, on the other hand.

The next paragraphs present the conceptual rationale for the proposed relationships.

1.1. Effect of economic animosity on evaluation of foreign countries and products

The notion that issues relating to international conflicts may impact demand for products from the country that is the target of animosity is relatively recent in the international marketing literature. Klein et al. (1998) are the first to investigate the effect of consumer animosity on buying behavior. In their original model, the authors use the Nanjing massacre by the Japanese in 1937 (in which almost 300,000 Chinese civilians were killed) as a source of the Chinese people’s persisting animosity against Japan, and find that consumers’ anger toward a nation which they perceive as hostile has a negative impact on the willingness to buy products from the disliked country and that such feeling is unrelated to consumers’ product quality judgements. Following the seminal investigation from Klein et al. (1998), subsequent studies support the notion that animosity towards a specific country, due to past or present military conflicts, economic arguments, diplomatic disagreements, or religious conflicts, exerts a negative impact on consumption related outcomes, particularly buying intentions.

Most of the research in this field has focused on war-based reasons for animosity – such as Japan’s bombing of Pearl Harbor during the Second World War (Klein, 2002) or the animosity towards Germany among Jewish consumers (Podoshen & Hunt, 2009) – and economic-based reasons, which are related to trading practices perceived as unfair to the home country (Klein & Ettensoe, 1999) or the economic power of a foreign country (Hinck, 2004). Moreover, Ang et al. (2002) suggest that animosity can be split into situational animosity, which stems from a particular episode and has temporary nature, and stable animosity, which tends to accumulate over time.

The majority of studies report that consumer animosity has a direct and negative effect on the willingness to buy products from the country which is the animosity target, but has no impact on product judgements (Ettensoe & Klein, 2005; Klein & Ettensoe, 1999; Klein et al., 1998). For example, Klein et al. (2002, p. 347) argue that hostile consumers “do not distort or denigrate images of a target country’s products, they simply refuse to buy them”. Such findings underline that consumers separate their anger towards a country from the assessment of that country’s products and, therefore, contradict the traditional assumption from country-of-origin research that consumers use a country name as an image cue for the drawing of inferences about product quality (Bilkey & Nes, 1982; Laroche et al., 2005). However, a few recent studies provide opposite results, by suggesting that animosity negatively impacts evaluations of products made in the hostile country as well as buying intentions. For example, Huang et al. (2010) found that the negative effect of general animosity towards China and Japan on Taiwanese consumers’ intentions to purchase products is mediated by their judgments about the quality of those products. In contrast, Leong et al. (2008) investigated the effects of economic animosity towards the United States and Japan on a sample of adult consumers representative of five nations (i.e., Indonesia, Malaysia, Singapore, South Korea and Thailand), and reported that stable and situational animosity reduce both evaluations and willingness to buy products from a perceived hostile nation. Therefore, the nature of the relationship between animosity and consumer perception of a country and of its products still remains unclear.

In this study, it is hypothesized that economic animosity towards a foreign country has a negative effect on the intentions to buy products associated with it (H1a), but not on the evaluation of its general country image (H1b) or on product beliefs (H1c).

1.2. Effect of economic animosity on consumer ethnocentrism (CET)

Consumer ethnocentrism (CET) has received a significant attention in the international marketing literature (Klein, 2002; Klein & Ettensoe, 1999; Shankarmahesh, 2006; Sharma, 2014). The consumer-specific concept is linked to the broader concept of ethnocentrism, described as “the view of things in which one’s own group is the centre of everything, and all other are scaled and related with reference to it” (Sumner, 1906, p. 17). According to Shimp and Sharma (1987), who first introduced CET, ethnocentric consumers prefer domestic products not only because it is considered morally appropriate – in order to support the domestic economy and to avoid the loss of domestic jobs – but also because they consider national products to be qualitatively superior to the foreign ones (Han, 1988). Therefore, even though both animosity and CET have been found to be significant antecedents of the “(un)willingness to buy” foreign products, they are separate and distinct constructs (Klein et al., 1998). Ethnocentric consumers tend to avoid buying products from any foreign country, while consumers with animosity feelings refuse to purchase products originating in the specific foreign country that is the target of their antipathy, even though they consider purchasing products from other foreign countries perfectly acceptable (Fernández-Ferrín et al., 2015; Klein & Ettensoe, 1999; Klein, 2002).

Regarding the antecedents of CET, an overwhelming body of empirical evidence supports the notion that this sentiment is influenced by demographic characteristics, such as gender, education and income (Klein & Ettensoe, 1999; Sharma, Shimp, & Shin, 1995; Shimp, 1984). Academic research has also pointed to patriotism as antecedent to CET. The underlying rationale is that patriots are more likely to protect their own country’s economy by providing support to domestic producers against the foreign producers (Han, 1988) and that the emotional attachment to their own country leads to a reduction of the information seeking about other countries and, as a consequence, about their products (Druckman, 1994). Empirical support for a positive relationship between patriotism and CET is provided by Han (1988), Klein and Ettensoe
This study tests for the first time the hypothesis that economic animosity is a significant antecedent of CET. Although the two constructs have been analyzed simultaneously in the same study (Fernández-Ferrín et al., 2015; Klein, 2002; Klein & Ettensoe, 1999; Klein et al., 1998), and it has been recognized that “future research should investigate the merit of animosity as antecedent of CET” (Shankarmahesh, 2006, p. 162), to date the relationship between economic animosity and CET has never been explicitly analyzed.

From a theoretical point of view, the rationale for the proposed relationship stems from research stating that people’s feelings of a threat for their personal financial state and for the economic well-being of their home country due to external economic pressures are likely to lead to more ethnocentric consumption attitudes (Klein & Ettensoe, 1999; Sharma et al., 1995). Therefore, animosity towards a foreign country that exerts an economic dominance or aggression towards the home country is likely to push consumers to prefer domestic products in order to strengthen the national industry and to avoid possible external economic dominance.

Therefore, it is hypothesized that:

**H2. Economic animosity towards a foreign country has a positive effect on consumer ethnocentrism (CET).**

### 1.3. Effect of consumer ethnocentrism (CET) on evaluation of foreign countries and products

Consumer ethnocentrism has distinctive and unique effects on purchase evaluations compared to consumer animosity. CET affects purchase intentions of imported goods independently of product judgments, while animosity relates to both product judgments and purchase intentions. Consumers who consider it immoral to buy foreign products also tend to hold negative views of the quality of those goods and to rate domestic products more favorably (Chryssochoidis, Krystallis, & Perreas, 2007; Han, 1988; John & Brady, 2011; Klein et al., 1998; Shimp & Sharma, 1987). The underlying rationale stems from the sociopsychological literature, which defines ethnocentrism as a “we group” feeling, where the ingroup is the center and all the outgroups are judged in relation to it (Sumner, 1906). This classification helps to generate a sense of identity, but also leads to the formation of negative stereotypes for the outgroup, accompanied by positive ones for the ingroup. According to Lantz and Loeb (1998), ethnocentrism can be applied to all social groups, including nations. In this case, the home nation is the ingroup and the national products are considered “ingroup products”, while foreign products become “out-group products” (Verlegh, 1999). Therefore, the assessment of foreign nations and their products is not based on unbiased processing of the information available, but on stereotypical images of these nations and products.

Although the negative path from CET to evaluation and receptivity of foreign products is strongly supported by previous studies, there is still a lack of research aiming to evaluate whether such a “we group” feeling is also able to affect the general reputation (i.e. level of economic development, people perception, etc.) of a foreign country. Moreover, while previous research has found that ethnocentrism levels may increase following traumatic events such as the terrorist attacks in the USA in 2001 (Dube & Black, 2010) or the Tsunami that affected Thailand and other countries in 2004 (Kongsompong, 2005), to date no empirical research has analyzed ethnocentric attitudes stemming from economic animosity towards a foreign nation.

Therefore, based on previous findings, it is hypothesized that:

**H3. Consumer ethnocentrism has a negative effect on the perception of the general image of the country perceived as hostile (H3a), on the evaluation of its national products (product beliefs) (H3b) and on product receptivity (H3c).**

### 1.4. Effect of general country image on product beliefs and product receptivity

The influence of a product’s country of origin on buyer perceptions and evaluations (product-country images – PCI) is considered one of the most researched international aspects of consumer behavior (Papadopoulo et al., 2013). Based on belief-driven theories and on a tridimensional attitude model (i.e. cognition, affect and conation), this stream of research deals with the attitudes towards products made in (or associated with) a country. Research results have provided reliable support to the notion that country image – defined as “the total of all descriptive, inferential, and informational beliefs about a particular country” (Martin & Eroglu, 1993, p. 93) – plays a significant role in influencing the perception of foreign products and brands. Research into PCI shows that origin biases exist for products in general and for specific products (Chryssochoidis et al., 2007; Leonidou, Pallihawadana, & Tallas, 2007), for both developed and less developed countries (Nes & Bilkey, 1993) and for both end-users and industrial buyers alike (Ahmed & D’Aoust, 1993; Dzever & Quester, 1999). Moreover, theory development from literature demonstrates that country of origin encompasses normative connotations, in the sense that consumers’ decision to purchase or avoid buying a country’s products can be regarded as a vote in favor or against the policies, practices, or actions of a country (Verlegh & Steenkamp, 1999).

General country image exerts a direct effect on product beliefs and an indirect effect on product receptivity. Among the most relevant contributions, Knight and Calantone (2000) propose a “flexible” model aiming to explain the concurrent relationship between country image and product beliefs. A more recent study conducted by Laroche et al. (2005) shows that regardless of the degree of familiarity with the products made in a specific country, consumers simultaneously use both the country image and product beliefs to form buying attitudes.

Therefore, in our model, general country image plays a significant role in influencing both product beliefs and product receptivity and it is supposed to have an indirect effect on product receptivity through product beliefs. This hypothesis is based on the above mentioned findings and it is grounded in the hierarchical theory of environmental information processing (McNamara, 1986), which states that spatial information is processed and stored in memory within strict hierarchies of branches and sub-branches. Therefore, in this case the general country image provides the broadest level of categorization of the image of a country in the consumer’s hierarchy (superordinate level), while the perception of its national products (product beliefs) represents a subordinate unit stemming from the dominant branch.

Thus, it is hypothesized that:

**H4. Evaluation of the general image of a foreign country has a positive effect on product beliefs (H4a) and on product receptivity (H4b).**

**H5. Products beliefs have a positive effect on product receptivity.**

### 2. Method

In order to test the proposed model, a survey was conducted on a sample of Italian and Spanish graduate students in Economics intercepted at two public universities, one in Italy and one in Spain.
Although the question of whether student samples are representative of “real” consumers has raised considerable debate in the marketing literature, our choice was supported by three considerations. First, past meta-analyses on country image research has found that the magnitude of results does not differ from empirical studies using student versus “representative” consumer samples (De Nisco, 2006; Liefeld, 1993; Verlegh & Steenkamp, 1999). Second, the use of convenience sampling is common in animosity research: according to Riefler and Diamantopoulos (2007, p. 102) “although the majority of studies make an effort to survey ‘real’ consumers and not simply rely on student samples, most of the samples concerned are based on convenience sampling”. Finally, since the sample included graduate students in Economics, it was assumed that they had a reasonable cognition and understanding of the European financial crisis.

2.1. Sample

The survey was conducted between February and May 2013. Respondents were asked to rate the image of Germany, because Germany’s push for austerity towards countries like Greece, Italy and Spain during the Euro crisis was hypothesized to prompt anti-German sentiments within the Italian and Spanish populations. This assumption was confirmed by preliminary results: the mean values for the animosity construct ranged from 4.22 to 5.15 on a 7-point Likert scale.

At the end of the fieldwork, 456 questionnaires were coded for data analysis (274 from the Italian sample and 182 from the Spanish sample). The sample size employed for each country was above the average sample size of animosity research, where “most studies are based on 150–250 respondents” (Riefler & Diamantopoulos, 2007, p. 102). The sample demographics indicated that Italian and Spanish respondents were highly consistent in terms of gender distribution, with a prevalence of female (55.6% within the Italian sample and 55.8% within the Spanish sample), and rather similar in terms of age distribution (with 71.9% aged between 22 and 24 within the Italian sample and 93.4% within the Spanish sample).

2.2. Measures

The research instrument was a structured questionnaire developed in Italian and Spanish and organized in three sections. Model constructs were measured using scales adapted from previous research and reported in the Appendix A. Specifically, the constructs of general country image, product beliefs, and product receptivity were operationalized with scales drawn from the work of Papadopoulos, Heslop and the Ikon Research Group (2000) and Elliot, Papadopoulos and Kim (2012); situational economic animosity was measured through a 7-point Likert scale on the basis of research by Riefler and Diamantopoulos (2007) and Nes, Yelkur, and Silksøet (2011). Finally, a reduced version of the CETSCALE (Shimp & Sharma, 1987) was employed to measure consumer ethnocentrism.

Measures of general country image, product beliefs and product receptivity were operationalized in a pan-cultural (etic) manner, while the economic animosity items were adapted to be culture-specific (emic) in order to reflect the specific Spanish and Italian situation with regards to Germany. This choice was based on the fact that the reasons for the expressed animosity and their relative importance can vary depending upon the animosity target under consideration. As a consequence, “adopting animosity scales from prior research without tailoring them to the specific context under consideration is likely to impact negatively on the study’s validity” (Riefler & Diamantopoulos, 2007, p. 112).

2.3. Confirmatory factor analysis and cross-national measurement equivalence

Although all the measurement scales employed in this study were drawn from existing literature, three confirmatory factor analyses were run on the overall dataset and on each of the two countries in order to assess the reliability and the validity of the multi-item measurement model. Four indicators provided satisfactory goodness of fits (Table 1): CFI scores ranged from 0.95 to 0.96 (above the recommended value of 0.9), AGFI ranged from 0.85 to 0.89 (recommended value ≥ 0.8), NNFI was 0.95 (recommended value ≥ 0.9) and RMSEA ranged from 0.045 to 0.06 (recommended ≤ 0.07).

The reliability and validity of each measurement scale were assessed through the tests suggested by Fornell and Larcker (1981) and Baggozi and Yi (1981). As reported in Table 1, with the exception of general country image, all the individual scales were close or above the suggested values for Cronbach’s Alpha (≥0.7), construct reliability (≥0.6) and AVE (≥0.5).

Discriminant validity was examined through the procedure developed by Fornell and Larcker (1981), which requires that the variance extracted for each construct exceeds the highest squared correlation between all pairs of constructs (Fornell & Larcker, 1981). Results suggested that all the measurement scales employed in the model were clearly discriminated.

Finally, in order to prevent or minimize possible common method variance, the following ex ante remedies were implemented in the questionnaire design stage. First, an introductory message was used to ensure respondents of the anonymity and confidentiality of the study (Chang, van Witteloostuijn, & Eden, 2010). Second, according to Podsakoff, MacKenzie, Lee, and Podsakoff (2003) different types of scales were used for the predictor and the criterion variables (see Appendix A). Third, the research instrument was pre-tested on a small sample of respondents to confirm the clarity of wording and content validity (Chang et al., 2010). Fourth, the sequence of questions was defined in order to investigate the perception of Germany and of German products prior of consumer animosity and ethnocentrism. In addition, the research instrument also included questions on top of mind German products and brands. In this way, respondents did not easily combine related items to cognitively create the correlations needed to produce a common method variance. As ex post remedy, according to the Herman’s single factor approach, an additional CFA was performed with all the variables included in the model loading on one single factor to see whether one general factor does account for the majority of the covariance between the measures. Results from one-factor CFA model did not fit the data well (RMSEA = 0.16; CFI = 0.77; AGFI = 0.62; NNFI = 0.75). Therefore, it was assumed that data were not affected by a common method bias.

3. Results

According to Steenkamp and Baumgartner (1998), a sequential procedure based on multi-sample confirmatory factor analysis was employed to test measurement invariance across the two cross-national groups (Table 2).

The first test was for configural invariance, which assumes that the items comprising the measurement model show the same pattern of salient and non-salient factor loadings across different countries. Therefore, to perform this test the model specifications were constrained to be identical for the two countries, but allowed the parameters to be uniquely estimated. Results showed that the fit of the configural invariance model was satisfactory: although the $\chi^2$ was significant ($\chi^2 = 681.283; d.f. 398; p < 0.01$), the main
Factor invariance model showed a satisfactory fit, suggesting that people from different countries respond to the items in the same way. To test the metric model, the factor loadings were constrained to be equal across the two countries. The fully constrained factor invariance model showed a satisfactory fit (RMSEA = 0.055; CFI = 0.90), indicating equal metrics across the two countries.

After confirming the measurement model, the structural model was then tested with the maximum likelihood simultaneous estimation procedure. The main indices here also showed that the data strongly fits the structural model (Table 2). While some paths were not significant, they all were in the hypothesized direction of the proposed model. Results were consistent between the Italian and the Spanish sample.

Findings revealed that situational economic animosity towards a foreign country is not related to the perception of general country image and product beliefs, but only to product receptivity (maximum likelihood estimate for the Italian sample = −0.28, t-value = −3.04 for the Italian sample and −0.37, t-value = −3.96 for the Spanish sample), confirming H1a, H1b and H1c. Interestingly, summary measures were close to the recommended values suggesting that data fits the measured model reasonably well. The RMSEA was 0.04 and the CFI was 0.97. Thus, it was concluded that the overall measurement model showed configural invariance across the two groups.

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situational economic animosity emerged as a significant antecedent of CET for both the Italian sample (0.17, 2.00) and for the Spanish sample (0.25, 2.76), providing support to H2. The empirical findings on the effect of ethnocentrism reported partially different patterns between the Italian and the Spanish sample: results from the Italian sample, on the one hand, showed that ethnocentrism has a partially negative relationship with product beliefs (−0.11; −1.58) but is not related to a negative perception of general country image. The Spanish sample, on the other hand, reported a negative and significant relationship between consumer ethnocentrism and general country image (−0.25, −2.23). For both the Italian and the Spanish sample, a higher level of ethnocentrism had a negative effect on receptivity towards the product made in Germany (Italian sample: −0.34, 3.36; Spanish sample: −0.44, −3.64). The overall bulk of the results provided full support to H3a, while H3b was partially supported and H3c was rejected.

Turning to the relationship among general country image, product beliefs, and product receptivity, the overall pattern of results for both the Italian and the Spanish sample was consistent with the assumption that a positive perception of a country’s general image positively influences product beliefs (Italian sample: 0.68, 8.58; Spanish sample: 0.74, 4.82), and strongly supported the next step, the relationship between product beliefs and product receptivity (0.38, 2.95; 0.23, 1.90). These findings pointed to an indirect influence of country image on receptivity, through product beliefs, but not to the hypothesized direct relationship between these two constructs. Therefore, the findings supported H4a, and H5 but not H4b.

4. Discussion

We live in difficult times. Although more foreign products are available to growing numbers of global consumers, and more countries look to increase exports and enhance their image, it seems that we are also experiencing greater tensions among trading partners as the world balance continuously shifts, economies rise or fall, and debt happens. The recent frictions within the EU are a case in point, as citizens in debt-heavy countries (e.g., Spain, Italy, Greece) develop a feelings of antipathy, and even anger, towards some of the northern countries, above all Germany, which are generally perceived not only to be richer but also not to have enough empathy for, and willingness to help, their southern neighbors.

This study uses the Euro crisis as a stimulus to analyze the potential consequences of the resurgence of economic animosity on the perception of national images and the beliefs and receptivity towards foreign products. Three unique aspects differentiate this research from those conducted previously.

First, this is the first study that we know to empirically investigate the direct effect of economic animosity on consumers’ ethnocentrism. Although country animosity has been considered as one of the possible antecedents of consumers’ ethnocentrism (Shankarmahesh, 2006) and literature recognizes that animosity and ethnocentrism can be interrelated (Klein et al., 1998), similar relationships have been empirically analyzed only in two recent studies conducted by Abraham (2013) — who investigated the effect of animosity in the context of the Holocaust on a sample of Israeli and British Jews — and by Kaeni and Kambiz (2014) with regard to the general animosity of a sample of Iranian and Turkish respondents towards South Korea. The effect of economic animosity on consumers’ ethnocentrism has never been investigated. Therefore, from a theory-building perspective, the proposed model enables us to advance knowledge both in the consumer animosity and in the consumer ethnocentrism fields by integrating the concepts.

Second, most animosity and ethnocentrism research focuses on foreign consumers’ evaluation and willingness to buy foreign products as dependent variables. In contrast, this study includes the evaluation of the general country image. The body of country of origin research supports the separation of country image from a country’s product image, with the general cognitive and affective country image features that directly affect products beliefs and indirectly product receptivity (Elliot et al., 2012; Laroche et al., 2005). Therefore, the proposed conceptual model investigates how economic animosity and ethnocentrism affect people’s general perception of a foreign country’s image within the sequence country image → product beliefs → product receptivity.

Finally, to our knowledge this is the first study to analyze the potential consequences of the Euro crisis from an international marketing and consumer behavior perspective. Therefore, considering the current tensions within the EU, results from this study, beside advancing country image theory, are also able to provide policy makers with a more clear understanding of the potential negative consequences of political and economic policy measures that are perceived as offensive or unfair.

Findings from the empirical test conducted on a sample of Italian and Spanish graduate students in Economics reveal that economic animosity plays a dual role. First, it is found that higher levels of animosity towards a foreign country do not affect either the perceived level of the general country image of the country or the perceived quality of the products made there. Conversely, findings support a strong and negative relationship between consumer animosity and product receptivity; as a consequence, consumers with a higher level of economic animosity are less willing to welcome more imports from countries perceived as hostile, they show a lower level of pride and are less available to share positive word of mouth. Such results are consistent with previous research stating that consumer animosity is able to influence affective and normative evaluations, but not cognitive ones (Klein, 2002), and also extend this pattern to the general country image.

Second, and most interestingly, economic animosity towards a foreign country is also able to increase sentiments of ethnocentrism, favoring the preference for domestic products/services as an expression of “patriotism” and, as a consequence, the potential avoidance (and even, in extreme cases, organized boycotting) of foreign suppliers.

Further evidence of the influence of consumer’s feelings is seen in the results of the hypothesized relationships from ethnocentrism. In this study, the negative impact of ethnocentrism on general country image is supported for the Spanish sample, but not for the Italian one, while our study fully confirms the negative influence of ethnocentrism on product receptivity, thus providing support to previous CET research (Shimp & Sharma, 1987).

4.1. Managerial implications

The integration of economic animosity, CET and product-country images is relevant for practitioners in order to understand the potential effects of economic disputes and/or financial policy measures on country image perception and buying behavior. The need for studies addressing this issue seems to be even more critical if we consider the growing economic and political tensions taking place across nations, and the consequent need to provide research frameworks able to support a more clear understanding of the possible consequences of governmental choices that negatively affect foreign countries in terms of commercial relationships and
export performance.

Results from this research are worthy of attention for both the "economically stronger" and the "weaker" countries. The findings seem not to leave any doubt about the fact that political and economic measures advanced by a foreign country are able to affect consumers' feelings of animosity and/or ethnocentrism, and their images of each other, thereby affecting consumer purchasing choices. As a consequence, firms from the target country of consumers' anger have to face new challenges when exporting products to those countries. In this situation, at least four options might be considered in order to reduce the potential negative effect of economic animosity on the sales performance in the foreign countries where consumer animosity exists. First, during the crisis period firms can temporarily downplay the "made in" label in their advertising campaigns and focus on brand personality associations that are not clearly connected to the image of the country of origin or, conversely, that recall the image of the foreign country. Second, as suggested by Leong et al. (2008), firms could evaluate the opportunity to dissociate themselves from the policies and actions of the home government, by employing public relations and other communication efforts aiming to reduce perception of the "collaboration" with the policies and actions perceived as hostile. Third, cause-related marketing might be employed in order to support non-profit organizations, local communities and public awareness campaigns in the affected countries. Finally, firms could also consider investing in foreign countries in order to develop co-branding strategies with national companies or manufacturing alliances aiming to produce hybrid products that emphasize the skills and competencies of the local suppliers. For example, in the Italian stores of the German discount supermarket chain Lidl almost 70% of the products are produced or manufactured in Italy, including some Protected Designation of Origin and Protected Geographical Indication lines. Moreover, in order to emphasize the "Italianization" of the chain, the Italian flag has been included in the company logo and in all the branding campaigns employed towards the Italian market.

Findings of this study also support the notion that for the domestic marketers "a little bit of animosity" — with its great impact on ethnocentrism sentiments — may represent an opportunity for the national industry, which can capitalize on it to boost their domestic economy, appealing to the renewed passion for local products. Therefore, in such a situation both the national government and the national companies should increase the use of country of origin and national pride as a communication tool in their marketing strategies targeted at national consumers. An example is provided by the advertising campaign designed for the launch of the new Fiat Panda by the Italian car producer Fiat, where the television commercial showed the new car surrounded by a typical Italian landscape and the announcer emphasized the talent and the hardwork of the Italian people in producing outstanding products that will help the country to overcome the financial crisis, using the slogan "This is the Italy that we like".

4.2. Limitations and directions for future research

Several directions for future research can be recommended, based on the findings and limitations this study.

First, although the use of convenience sampling is common in both animosity and country of origin research, results might be biased by the selection of student samples because they are more homogeneous than traditional consumer samples: therefore, they usually show lower response variance due to individual differences (Sternthal, Tybout, & Calder, 1994). Moreover, students are arguably younger and higher educated than the average consumer. It has been found that younger and more educated people are less conservative and, therefore, show a lower level of ethnocentrism than older and less educated people (Klein & Ettensoe, 1999; Shankarmahesh, 2006).

Second, this study involves respondents from two Mediterranean countries, and while the overall pattern of results was highly consistent between the two samples, some cross-cultural differences occurred. Therefore, further research might focus on the cultural variations of the interplay between economic animosity and consumer ethnocentrism, and on their effect on country of origin perceptions and buying intentions.

Third, this research assesses respondents' general attitudes towards the products made in the target country of consumers' animosity. However, prior research on country of origin indicates that individual product categories generate specific quality/value judgments. Therefore, product evaluations can be attribute-specific. Given the objectives of the current study, product specific research was not necessary, but future research could investigate specific products by comparing, for example, low and high involvement product categories. Moreover, since this study analyzes consumers' evaluation of German products, results might be biased by a "dominant effect", given the high reputation of Germany as a country of production. This might also explain the rejection of $H_3b$, where consumer ethnocentrism was supposed to have a negative effect on the evaluation of German products. As a consequence, new studies involving countries with different levels of reputation as national producers would certainly contribute to increasing the external validity of the proposed framework.

Fourth, improvements could also be made on the psychometric front, given the low average variance extracted reported for the general country image construct.

Finally, economic animosity is analyzed using consumer ethnocentrism as the dependent variable. However, future research might provide further insights into more "extreme" consequences of economic disputes, for example investigating the role of nationalism as the outcome of animosity towards a foreign country. The recent European and national elections showed the rise of nationalistic parties in countries which have been particularly affected from the Euro crisis. In France, the National Front took the largest share of votes during the 2014 European Parliament elections, coming first in about 70% of the country's regions. In Greece, the new Prime Minister Alexis Tsipras became the head of a coalition government that also includes the right-wing nationalist party Independent Greeks, whose leader Pannos Kammenos declared in a campaign speech that "we will never go as beggars on our knees to (German Chancellor Angela) Merkel, we will go standing tall as Greeks do. The Greek people are fighting united to restore national sovereignty and dignity."; In July 2015, more than 61% of Greeks voted to rejected austerity proposals from the European creditors, pushing the country closer to an exit from the Euro monetary union.

Based on the above, a more clear understanding of the relationship between economic animosity and nationalism would thus be a relevant and instructive avenue for future research and Greece would be, at this moment, an ideal country for this kind of study.

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Appendix A. Measurement items

**Economic animosity**
- During this economic crisis Germany is taking advantage of Italy (Spain)
- During this economic crisis Germany has exerted too much economic influence over Italy (Spain)
- Firms from Germany are doing business unfairly with Italy (Spain)
- During this crisis Germany is trying to gain economic power over Italy (Spain)
- I dislike the political strategy of Germany during this crisis

**Consumer ethnocentrism**
- Only those products that are unavailable in home country should be imported
- It is always better to purchase national products
- Buying Italian (Spanish) products helps Italian economy
- A real Italian (Spanish) should always buy Italian-made (Spanish-made) products

**General country image of Germany**
- Reliable people
- High technology level
- Advanced education level
- High wealth
- High quality of life

**Evaluation of German-made products (Product beliefs)**
- Products made with meticulous workmanship
- Innovative products
- High-quality products
- High value products
- Durable products

**Product receptivity**
- Economic animosity

**Receptivity of German-made products (Product receptivity)**
- I would welcome more import of products from Germany in my country
- I would be proud to own more products from Germany

It happens to me to tell my parents and friends positive things about German-made products.

Appendix B. Correlation matrix of constructs (Dataset Italy + Spain)

<table>
<thead>
<tr>
<th></th>
<th>Consumer ethnocentrism</th>
<th>General country image</th>
<th>Product beliefs</th>
<th>Product receptivity</th>
<th>Economic animosity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer ethnocentrism</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General country image</td>
<td>-0.194</td>
<td>1.000</td>
<td></td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Product beliefs</td>
<td>-0.085</td>
<td>0.703</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product receptivity</td>
<td>-0.226</td>
<td>0.070</td>
<td>0.139</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Economic animosity</td>
<td>0.274</td>
<td>0.080</td>
<td>0.061</td>
<td>-0.393</td>
<td>1.000</td>
</tr>
</tbody>
</table>

References


Papadopoulos, N., Elliot, S., & De Nisco, A. (2013). From ‘made-in’ to ‘product-country images’ and ‘place branding’: a journey through research time and space. Mercanti 


