Domestic (Local) Consumption in Young Pakistani Consumers – A Shift from Affective Mechanism to Cognitive Mechanism

Marium Mateen Khan¹, Amanat Ali Jalbani², Syed Irfan Hyder³, Omar Javaid¹

Abstract

It is often observed in the past that the consumers in developing countries are more emotional and use the affective mechanism when making purchase decisions. However, in recent times it has been observed that the consumers from the developing countries are becoming more logical buyers and use their cognitive mechanism to make purchase decisions. Hence, the research has aimed to analyze the shift in young consumers’ decision making style from the use of emotions and emotional appeal (affective mechanism) to logical (cognitive mechanism) decision making style and its effects on their domestic consumption. The first goal was to empirically show that a shift in young consumers’ purchase decision making has started to occur in emerging markets, second goal was to link moral foundation theory (MFT) and model of goal directed behavior (MGB) with consumers’ affective and cognitive mechanisms of decision making, third goal was to test the hypotheses using two softwares (Smart PLS and AMOS) to establish that both softwares provide similar results for hypothesis testing and fourth goal was the operationalization of definition of domestic consumption in marketing literature. Research sample size was of 450 respondents. Validated scales were used for data collection. Hypothesized model was tested using Consistent Partial Least Square (PLS) using Smart PLS and structural equation modeling using AMOS. Consumer ethnocentrism showed a negative significant effect on domestic consumption while consumer xenophobia showed no significant effect on domestic consumer. Moreover, relative product quality came out as the most significant construct influencing domestic consumption in young consumers.

Keywords: Young consumers, consumer ethnocentrism, relative product quality, domestic consumption, local consumption, local products, consumer xenophobia, affective mechanism, cognitive mechanism

JEL Code: M30, M31, C12

1. Introduction

Emerging Asian countries have recently observed a significant change in their cultural and consumer values (Han, 2017). Researchers are crediting this change to globalization and economic developments that these countries are going through (Han, 2017). The young population of emerging Asian countries are specifically getting

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westernized having individualistic self-identity and belief systems. This trend of changing cultural values and beliefs (Neuliep, 2017; Park & Kim, 2006) is more researched in China and South Korea. However, empirical studies on the similar phenomenon in developing countries like Pakistan are still lacking. According to cultural scholars, such shifts in a country’s cultural values may be a resultant of the country’s economic development and openness to the rest of the world, which too is a by-product of economic development and globalization (Oyserman et al., 2002). Since the young consumers in these emerging Asian countries have become more individualistic and westernized (Neuliep, 2017), therefore, their attitude towards foreign products has also changed. Furthermore, it can be stated that the attitude in general and the sentiments of these young consumers have also become less ethnocentric and more cosmopolitan (Han, 2017). An interesting point to note here is that even within the emerging Asian countries, consumer values may differ depending upon the level of economic development and globalization of that country (Neuliep, 2017). E.g. Han (2017) observed a difference in consumer values in emerging country China and advance emerging country South Korea. Additionally, if one considers a pure economic perspective then Cleveland et al. (2009) argue that wealthier consumers tend to be more cosmopolitan and less ethnocentric in comparison to their less wealthier counterparts.

Many countries require the use of country-of-origin labels (COOL) on products, however, this labeling can have a negative and a positive effect (Byrne et al., 2021) depending upon the country the product is being sold. The country-of-origin labels are seen as an indicator of relative product quality. Contrarily, the COOL is also seen as an indicator of avoidance during the times of economic downturn in a country when the survival of the local economy depends on the selling of local products and avoidance of foreign products. During these times the employment of the local people is also uncertain and variables like consumer ethnocentrism and consumer xenophobia come into play (Bryne et al, 2021; Tembo, 2021; Ramachandran, 2022).

During economic downturn in a country, governments often use consumer ethnocentrism as a key to elevate consumer perceptions about the local products. Such examples can be seen in China, America and South Korea where governments initiated “Made in” and “Buy Local campaigns”. Chinese and South Korean governments went so far to promote the local product consumption that they placed a ban on foreign products and not just tangible products but also on foreign services and foreign entertainment e.g. Anime and Manga (Japanese cartoons and comics) (Cooper-Chen, 2010). The recent Pakistani government too has tried to initiate such made in and buy local campaigns in Pakistan on the request of Pakistan Business Council (PBC) using the slogan of “Buy Local, Support Pakistan” (Express Tribune,
This research aims at understanding the dynamics of purchase decisions and domestic consumption of young Pakistani consumers in the light of their ethnocentric and xenophobic tendencies.

The current research contributes firstly, towards identifying the domestic consumption patterns among young Pakistani consumers, secondly the study contributes towards identifying the shift of young Pakistani consumers from making emotional decisions based on consumer ethnocentrism and consumer xenophobia to making logical and well thought decisions which help them in achieving a certain goal. Thirdly, the current research has tried to link the moral foundation theory and model of goal directed behavior with consumers’ affective and cognitive mechanisms of decision making to understand the intrinsic and extrinsic motivations of consumers which need to be understood as stated by Gilal et al. (2020). Fourthly, the current research has empirically tested the hypotheses using two softwares (namely Smart PLS and AMOS) to establish that both softwares provide similar results and both softwares hold applicability for testing the formulated hypotheses. Lastly, the current research has tried to provide a definition for domestic consumption in consumer behavior context.

2. Literature Review

2.1. Consumer Ethnocentrism (CE)

Consumer ethnocentrism was defined as the consumer belief about moral right and appropriateness in purchase of foreign products (Shimp & Sharma, 1987). CE has been widely studied in marketing and psychology (Altintaş & Tokol, 2007; Anastasiadou & Florou, 2012; Axelrod & Hammond, 2003; Cilingir & Basfirinci, 2014; Ouellet, 2007). Podoshen (2009) argued that ethnicity of a consumer is a key construct that shapes consumer’s decision making. Moreover, several studies have found CE to be a strong predictor that shapes a) consumer attitudes and b) consumer behaviors (El Banna et al., 2018).

Sense of morality in highly ethnocentric consumers is so strong that they avoid the purchase of foreign products (Klein, 2002; Shimp & Sharma, 1987; Karoui & Khemakhem, 2019). Ethnocentric consumers believe that by purchasing foreign products they are aiding the foreign nations in destroying the local economy and industry of the country. Hence, highly ethnocentric consumers often devalue foreign products and prefer to purchase and consume local products. Highly ethnocentric consumers believe that through local consumption they are protecting the local industries and economy from foreign dominance (Dmitrović & Vida, 2007; El Banna et al., 2018; Vida & Reardon, 2008). Ethnocentrism is a tendency of consumers due to
which they evaluate in-group (domestic/local) members and things positively (Sharma, 2015), while negatively evaluating the out-group (foreign) members (Cargile & Bolkan, 2013) and products (Fernández-Ferrín et al., 2015).

2.2. Relative Product Quality (RPQ)
The concept of relative product quality is different from that of product quality. RPQ is linked with consumer perceptions, thoughts and experiences and is subjective in nature (Zeithaml, 1988). RPQ is more in line with symbolic benefits a product provides to its user. Contrastingly, when one talks about product quality, it is seen as an objective concept having concreteness, and is supposed to be similar for all the consumers of a product. In literature product quality which is seen as an objective trait of a product is measured and defined in terms of its standardized features, durability, reliability, workmanship, design, functionality, prestige and value-for-money (Dmitrovic & Vida, 2010; Vida & Reardon, 2008). Hence, product quality is a multidimensional construct (Vida & Reardon, 2008). Consumers link country-of-origin with quality of a product, therefore, country-of-origin is categorized as an extrinsic cue used by consumers to evaluate the quality of a product. Products originating in emerging countries are seen as inferior to their counterparts having origins in developed (USA, Germany etc.) or advance emerging countries (e.g. South Korea) (Han, 2017; Kalicharan, 2014). When companies from emerging markets only highlight product attributes rather than the country-of-origin then as a result the link between inferior quality product origins is diminished. Hence country-of-origin biasness also gets eliminated (Kalicharan, 2014). Danilwan & Pratama (2020) found that to improve the perception of consumers about the relative product quality and increase consumer’s purchase behavior (domestic consumption), the companies can re-brand and re-position their products.

2.3. Consumer Xenophobia (CX)
In the debate about domestic (local) and foreign products a discussion always arises about the segregation between two groups, one that likes and loves foreign people, culture, policies, customs, products, countries and all such entities, while the second group immensely dislike all the things linked with foreignness (Josiassen, 2011). The emotions of immense dislike towards foreign entities is termed as xenophobia (Hjerm, 1998). Xenophobia is used to explain the hatred felt by local citizens towards foreign people and things. This hatred towards everything foreign has its roots in the dislike and fear local people feel towards foreigners and foreign things (Harris, 2002). Xenophobia like animosity is not limited to a specific country, xenophobes tend to dislike everything that is foreign (Campbell, 2003; Josiassen, 2011) regardless of a specific reason and out of shear fear (Harris, 2002). Xenophobia has its grounding in negative attitudes and negative emotions towards foreign entities (Harun & Shah,
Van der Veer et al. (2011) stated that the negative emotions linked with xenophobia are generated because of fear, doubt, threat, insecurity and contempt all directed towards foreign entities. When such negative emotions are kept unchecked they come out in the form of aggression towards foreigners and all foreign entities (Wahl, 2002). Zaman (2020), observed that xenophobia is a big threat for mega projects having transnational nature, hence, companies working on mega projects deploying diverse work force, skills, tools and products cannot leave xenophobia unchecked.

2.4. Domestic Consumption – A Much Needed Definition

Using the past literature on international marketing, consumer ethnocentrism, consumer animosity and foreign vs local product preferences in consumers, the research defines domestic consumption as the purchase and use of locally manufactured products and services by the consumers. For the current research, a product or service is domestic if it has local roots in terms of its country of origin as well as the country of manufacture, having no links at all with any foreign company, country or personnel in its manufacturing or provision to the local people.

Preference and consumption of foreign products in light of consumer’s ethnocentric tendencies has been widely studied in international marketing literature and research (Anastasiadou & Florou, 2012; Cilingir & Basfirinci, 2014), however, domestic (local) consumption as the center of research still requires more empirical studies. Therefore, the study aims at identifying, domestic consumption patterns among young consumers of Pakistan.

3.1. Hypothesis Development

3.1.1. Consumer Ethnocentrism and Domestic Consumption

Consumer having high level of ethnocentrism view foreign products with negativity (Saffu et al., 2010). Consumers who score high on ethnocentrism show high level of identification with their country and display intense unwillingness towards the purchase of foreign products (Dmitrovic & Vida, 2010). According to past research studies it was observed that many consumer prefer domestic products over foreign products (Siamagka & Balabanis, 2015). CE creates a positive impact on consumer’s evaluation of domestic products and positively influences consumer willingness to buy and consume domestic products (Guo & Zhou, 2017; Karoui & Khemakhem, 2019). Vida and Reardon (2008) argued that CE is a normative construct and is linked with collective societies more (Han, 2017). CE has a negative association with the purchase and consumption of foreign products. However, Deb and Chaudhuri (2014) found that CE has a positive relationship with the purchase and consumption of
foreign products, therefore providing a support to the earlier findings of Lee et al. (2010) and Zafer Erdogan & Uzkurt (2010).

Hence, it was hypothesized that:

H₁: Consumer ethnocentrism has a negative influence on domestic consumption.

3.1.2. Consumer Ethnocentrism and Relative Product Quality
Consumers having high ethnocentric tendencies overestimate the attributes quality of domestic products (Dimitrovic and Vida, 2010; Wang and Chen, 2004), while underestimating the attributes and quality of foreign made products (Ahmed et al., 2013; Fernández-Ferrín et al., 2015), holding feelings of animosity and prejudice towards the foreign products and foreign countries (Wang et al., 2013; Danilwan & Pratama (2020). Past research studies suggest that many consumers prefer domestic products over foreign products even when the price of those products is higher with quality being lower in comparison to their foreign counterparts (Siamagka & Balabanis, 2015).

Therefore, it was hypothesized that:

H₂: Consumer ethnocentrism has a positive significant association with relative product quality.

H₃: Relative product quality mediates the positive relationship between consumer ethnocentrism and domestic consumption.

3.1.3. Consumer Xenophobia and Consumer Ethnocentrism
Xenophobia is not just an emotion triggered by fear or distrust towards the out-group (foreign entities) but also categorized as a logical behavior having its roots in ethnocentric thinking (McEvoy, 2002). Hence it can be stated that consumers having high levels of xenophobia will also have high levels of ethnocentrism. similarly, Altintaş and Tokol (2007) found that xenophobia is a factor that greatly influences CE. Hughes (1987) argues that lack of genetic connection between two groups create the distrust among them and greater the gap between the genetic connection the greater is the level of distrust among the two groups. De Master and Le Roy (2000) argue that foreign cultures pose a threat towards the integrity of local country which creates negative attitudes towards everything foreign. Hence to protect the integrity of the local country xenophobia taps into ethnocentric emotions of consumers. Bryne et al (2021) and Tembo (2021), found that ethnocentrism and xenophobia are closely related and ethnocentrism mediates the effects of xenophobia, especially when the domestic consumption is under discussion.
Therefore, it was hypothesized that:

H₄: Consumer xenophobia has a positive significant influence on consumer ethnocentrism.

H₅: Consumer ethnocentrism mediates the positive relationship between consumer xenophobia and domestic consumption.

### 3.1.4. Consumer Xenophobia and Domestic Consumption

Argued that the negative emotions and dislike of individuals towards foreign entities results in the negative evaluation of foreign products and avoidance of foreign products, hence results in increase in domestic consumption (Ommundsen et al., 2013). It was further postulated that xenophobia too, like ethnocentrism results in biased perceptions about foreign and domestic products, which influences the purchase and consumption of such products. Left unchecked xenophobia take the form of aggression against foreign entities. Examples of xenophobia taking the form of aggression are available in South Africa, America, France, different Muslim countries etc. (Amine, 2008; Commey, 2013; Yakushko, 2009; Zaman, 2020), where businesses and shops set up by foreigners were destroyed and on many occasions foreigners were brutally attacked thinking of them as the reason for destruction of local economy, businesses and industries. To ward off such potential threats of xenophobia it is important to study the culture, values and beliefs of the local country before entering in their local markets. Altintaş and Tokol (2007) elaborate that in scenarios where xenophobia results in raising concern towards the integrity of one’s local country, negative attitudes not only foreign businesses in the host (local) country are affected but also import of foreign products and their consumption is also influenced. Moreover, Zaman (2020) found that due to consumer xenophobia mega transnational projects are harmed causing the companies to lose millions of dollars while tarnishing their reputation.

Therefore, it was hypothesized that:

H₆: Consumer xenophobia has a positive significant influence on domestic consumption.

H₇: Consumer ethnocentrism and relative product quality mediate the positive relationship between consumer xenophobia and domestic consumption.

### 3.1.5. Relative Product Quality and Domestic Consumption

In markets that are mature the idea of preferring and consuming domestic products is highly accepted. Moreover, in these markets the domestically produced products are
perceived as products having equal or better quality than the foreign products. Alternatively, products having ambiguous origins or unclear origins are seen with a doubt and are evaluated poorly by the consumer. Similar thinking is applied to the products originating from emerging markets, where the products are perceived to be of low quality (Yelkur et al., 2006). Studies conducted in emerging markets revealed that the perceived quality gap between the products originating from transitional (emerging) markets and western (developed) markets is one of the major reasons why consumers prefer foreign products from developed countries (Reardon et al., 2005) or advance emerging countries like South Korea (Han, 2017). Vida and Reardon (2008) argued that relative product quality is a cognitive construct linking product quality to logics and rational. Özkan et al. (2020), found that consumers give a lot of value to the relative product quality while making a decision to purchase and consume a product regardless of its origin, however, when the product is local manufactured it gets more scrutinized (Bryne et al., 2021). Batra et al. (2000) stated that consumers who evaluate foreign products in high esteem tend to show inclination towards their purchase, similarly, consumers who evaluate domestic. Therefore, positive product evaluations may result in purchase and consumption of domestic products.

H₃: Relative product quality has a positive significant association with domestic consumption

![Figure 1 Conceptual Framework](image-url)
4. Methodology

4.1. Procedure
Data normality, reliability, validity, collinearity and common method bias were checked in the initial stage. In the second stage PLSc was used to test the overall model fit using SmartPLS 3.0. A second software AMOS was used to establish that similar results are obtained using different data analysis softwares. Structural equation modeling was used to test the hypotheses using AMOS.

4.2. Research Respondents
Karachi being a metropolitan city, where people from throughout Pakistan reside was taken as the target city for data collection. According to World Population Review (2019) population of Karachi is approximately 15.7 million. From this population a sample of 450 respondents was used. Purposive and quota sampling techniques were used. Because of purposive sampling, only young Pakistani consumers having at least 12 years of education and falling in the age group of 18-35 were taken as respondents. This criteria was set because the research demanded the viewpoint of young consumers which currently make up the 60% of Pakistan’s population (The News, 2018a; UNDP, 2018). The sample size of 450 is appropriate as per the 10 time rule (Hair et al., 2011). According to the commissioner of Karachi, the metropolitan city is divided into 6 districts for administrative basis namely; East, West, South, Central, Korangi and Malir (The News, 2018b). To bring in the view points of all the districts quota sampling was done and 75 respondents from each district were taken.

4.3. Instrument
The questionnaire was structured into two sections, first the demographics section and second the main questionnaire items based on four constructs namely; CE, RPQ, CX and DC. DC had 4 items, RPQ had 4 items and CE had 5 items all adapted from Vida and Reardon (2008), while CX had 5 items that were adapted from Altıntaş et al. (2013). The questionnaire was based on 5 point Likert scale.

5. Analysis

Table 1 Normality and Convergent Validity

<table>
<thead>
<tr>
<th>Constructs</th>
<th>M</th>
<th>Std. Dev.</th>
<th>Kurtosis</th>
<th>Skewness</th>
<th>CA</th>
<th>CR</th>
<th>AVE</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE</td>
<td>3.47</td>
<td>0.858</td>
<td>-0.852</td>
<td>-0.275</td>
<td>0.705</td>
<td>0.707</td>
<td>0.521</td>
<td>2.052</td>
</tr>
<tr>
<td>CX</td>
<td>1.735</td>
<td>0.675</td>
<td>0.604</td>
<td>1.019</td>
<td>0.782</td>
<td>0.795</td>
<td>0.664</td>
<td>1.918</td>
</tr>
<tr>
<td>DC</td>
<td>2.931</td>
<td>0.885</td>
<td>-0.694</td>
<td>0.025</td>
<td>0.828</td>
<td>0.837</td>
<td>0.723</td>
<td></td>
</tr>
<tr>
<td>RPQ</td>
<td>2.764</td>
<td>0.702</td>
<td>-0.129</td>
<td>-0.127</td>
<td>0.711</td>
<td>0.719</td>
<td>0.563</td>
<td>1.625</td>
</tr>
</tbody>
</table>

Endogenous
In order to avoid the presence of common method bias, all research participants were given assurance that their identities will be kept anonymous. Assuring the respondents of their anonymity reduces the chances of biased responses from them (Podsakoff et al., 2003). Kock (2015) used collinearity test to check for common method bias and stated that if all the VIFs are equal to or below 3.3 then this is an indication of absence of common method bias. Table 1 shows that all the VIF values were below the cut off value indicating absence of common method bias. Moreover, the VIF values ranged between 1.625 to 2.052 for all constructs indicating sufficient construct reliability through the absence of collinearity. All VIF values fall significantly below the value of 9 for collinearity detect (Yong & Pearce, 2013). Cronbach Alpha and Composite Reliability lie between 0.705 to 0.828 and 0.707 to 0.837 respectively. Since all the values are above 0.7 therefore it can be stated that internal reliability and consistency is present. Similarly, the AVE values lie between 0.521 to 0.723, which are above the 0.5 threshold value indicating the presence of convergent validity (Hair Jr et al., 2013). All the values of skewness and kurtosis are between ± 2, therefore it can be said that the data is normally distributed (Gravetter & Wallnau, 2014).

Figure 2 Output Model via Smart PLS
Discriminant validity was measured using two methods, first method used was based on Fornell and Larcker (1981) criteria in which the square root of AVE for each construct should be greater than the square of correlation for each pair of construct. Table 2 shows the respective values of square root of AVE for each construct (in diagonal) and squared correlation of each pair. Since the diagonal values are greater than the squared correlation values then it means discriminant validity exists.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>CE</th>
<th>CX</th>
<th>DC</th>
<th>RPQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE</td>
<td>0.722</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CX</td>
<td>0.260</td>
<td>0.815</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>0.001</td>
<td>0.011</td>
<td>0.850</td>
<td></td>
</tr>
<tr>
<td>RPQ</td>
<td>0.127</td>
<td>0.066</td>
<td>0.164</td>
<td>0.750</td>
</tr>
</tbody>
</table>

The second method used to establish discriminant validity was Heterotrait-Monotrait Ratio (HTMT), as per the criteria the HTMT should be less than 1, ideally it should be less than 0.850, to establish that two constructs are distinguished from each other. Table 3 shows that all the HTMT values were between 0.110 to 0.504 (HTMT < 0.850) therefore, discriminant validity exists (Henseler et al., 2015).

<table>
<thead>
<tr>
<th>CE</th>
<th>CX</th>
<th>DC</th>
<th>RPQ</th>
<th>Items</th>
<th>Saturated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>SRMR 0.073</td>
</tr>
<tr>
<td>CX</td>
<td>0.504</td>
<td></td>
<td></td>
<td></td>
<td>duls 0.191</td>
</tr>
<tr>
<td>DC</td>
<td>0.131</td>
<td>0.110</td>
<td></td>
<td></td>
<td>dG 0.065</td>
</tr>
<tr>
<td>RPQ</td>
<td>0.343</td>
<td>0.301</td>
<td>0.407</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4 Factor Loadings (Bolded) and Cross Loadings

<table>
<thead>
<tr>
<th>CE</th>
<th>CX</th>
<th>DC</th>
<th>RPQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE_1</td>
<td><strong>0.724</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CE_5</td>
<td><strong>0.719</strong></td>
<td>-0.111</td>
<td></td>
</tr>
<tr>
<td>DC_2</td>
<td>-0.068</td>
<td><strong>0.937</strong></td>
<td>0.374</td>
</tr>
<tr>
<td>DC_3</td>
<td>0.041</td>
<td><strong>0.754</strong></td>
<td>0.312</td>
</tr>
<tr>
<td>RPQ_2</td>
<td>0.387</td>
<td>0.351</td>
<td><strong>0.821</strong></td>
</tr>
<tr>
<td>RPQ_4</td>
<td>0.123</td>
<td>0.251</td>
<td><strong>0.673</strong></td>
</tr>
<tr>
<td>CX_3</td>
<td>0.285</td>
<td>-0.117</td>
<td>-0.320</td>
</tr>
<tr>
<td>CX_5</td>
<td>0.522</td>
<td>-0.061</td>
<td>-0.125</td>
</tr>
</tbody>
</table>
Table 4 shows the loadings and cross loadings for all the constructs. Since each item loading on its own construct is higher in comparison to the cross loadings on other constructs, therefore the criteria for discriminant validity is met (Valaei & Nikhashemi, 2017) and the data can be used for structural equation modelling (SEM).

Table 5 Structural Model Path Analysis

|                  | Effect Size (f²) | Beta | Sample Mean (M) | Standard Deviation (STDEV) | T-Statistics (|O/STDEV|) | P-Values@0.05 | Decision |
|------------------|-----------------|------|-----------------|---------------------------|--------------------------|----------------|-----------|
| **Direct effects** |                 |      |                 |                           |                          |                |           |
| H₁: Consumer Ethnocentrism → Domestic Consumption | 0.073 | -0.343 | -0.339 | 0.125 | 2.745 | 0.006 | Supported |
| H₂: Consumer Ethnocentrism → Relative Product Quality | 0.145 | 0.356 | 0.352 | 0.083 | 4.259 | 0.000 | Supported |
| H₃: Consumer Xenophobia → Consumer Ethnocentrism | 0.351 | 0.510 | 0.508 | 0.046 | 11.130 | 0.000 | Supported |
| H₄: Consumer Xenophobia → Domestic Consumption | 0.032 | 0.220 | 0.222 | 0.122 | 1.808 | 0.071 | Not Supported |
| H₅: Relative Product Quality → Domestic Consumption | 0.269 | 0.583 | 0.577 | 0.105 | 5.549 | 0.000 | Supported |

|                  | Effect Size (f²) | Beta | Sample Mean (M) | Standard Deviation (STDEV) | T-Statistics (|O/STDEV|) | P-Values@0.05 | Decision |
|------------------|-----------------|------|-----------------|---------------------------|--------------------------|----------------|-----------|
| **Indirect Effects** |                 |      |                 |                           |                          |                |           |
| H₆: Consumer Ethnocentrism → Consumer Ethnocentrism → Domestic Consumption | -0.175 | -0.174 | 0.071 | 2.450 | 0.015 | Supported |
| H₇: Consumer Ethnocentrism → Relative Product Quality → Domestic Consumption | 0.207 | 0.204 | 0.066 | 3.126 | 0.002 | Supported |
| H₈: Consumer Xenophobia → Consumer Ethnocentrism → Relative Product Quality → Domestic Consumption | 0.106 | 0.103 | 0.035 | 3.002 | 0.003 | Supported |

According to Lowry and Gaskin (2014) the effect sizes (f²) 0.02, 0.15 and 0.35 show weak, moderate and large effects. It is preferred that all the constructs have at least 0.02 effect size to be considered having any impact. Similarly, path coefficients (β) should have a value >0.10, around 0.30 and >0.50 for them to be considered having
impact in the model (Kline, 2015). Additionally, the t-stat values should be greater than 1.65 for a relationship to be considered significant (Hair Jr et al., 2013). The results are summarized in Table 5 as per the p values it can be stated that hypotheses H₁, H₂, H₃, H₄, H₅, H₇ and H₈ were supported while, hypothesis H₆ was not supported. Moreover, CE has a weak significant effect ($f^2 = 0.073$, $p = 0.006 < 0.05$) on DC, moreover, CE has a negative influence on DC ($\beta = -0.343$, $t=2.745$, $p=0.006<0.05$). CE moderately influences consumer’s relative product quality perception ($f^2 = 0.145$, $p=0.000 < 0.05$, $\beta=0.356$, $t=4.259$) regarding the locally manufactured products. CX has a strong and significant effect on CE ($f^2 = 0.351$, $p =0.000<0.05$, $\beta=0.510$, $t=11.130$). CX has a weak and insignificant effect on DC ($f^2=0.032$, $p=0.071 > 0.05$, $\beta=0.220$, $t=1.808$). RPQ has a moderate to strong effect and significant effect on DC ($f^2=0.269$, $p=0.000 < 0.05$, $\beta=0.583$, $t=5.549$).

Analysis of the same model was also done using AMOS to check the variations between the results of the two softwares i.e. Smart PLS and SPSS AMOS via PLS SEM and AMOS SEM respectively. According to the results of SEM done using AMOS revealed that same hypotheses were supported through SEM conducting AMOS as were supported when the analysis was conducted using Smart PLS, and in the analysis conducted through AMOS same single hypothesis was not supported which was also not supported in the results of analysis done using Smart PLS. Further, the relationship between consumer ethnocentrism and domestic (local) consumption was found to be inverse in both analysis and the hypothesis was supported. The model and the results are shown in the following section of this paper.

Figure 3 Latent Model via AMOS
Table 6 Model Fit Results

<table>
<thead>
<tr>
<th></th>
<th>χ²</th>
<th>χ²/df</th>
<th>HOELTER</th>
<th>NFI</th>
<th>CFI</th>
<th>GFI</th>
<th>AGFI</th>
<th>IFI</th>
<th>TLI</th>
<th>RMSEA</th>
<th>PCLOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>10.971</td>
<td>1.137</td>
<td>&lt;0.05</td>
<td>0.965</td>
<td>0.974</td>
<td>0.923</td>
<td>0.814</td>
<td>0.976</td>
<td>0.967</td>
<td>0.049</td>
<td>0.811</td>
</tr>
<tr>
<td>Criteria Low</td>
<td>5.0</td>
<td>200 (.05)</td>
<td>&gt;0.90</td>
<td>&gt;0.95</td>
<td>&gt;0.90</td>
<td>&gt;0.50</td>
<td>&gt;0.95</td>
<td>0.95</td>
<td>0.05</td>
<td>0.50</td>
<td></td>
</tr>
</tbody>
</table>

Table 6 shows the model fit indices for the model when it was run using AMOS. All the indices are within the acceptable range, hence the model is found to be a good fit. Table 7 below shows the impact each variable had on the other according to the established hypotheses and developed framework.

Table 7 Hypothesis Testing

<table>
<thead>
<tr>
<th>LV</th>
<th>Relationship</th>
<th>D.V</th>
<th>SRW</th>
<th>SE</th>
<th>CR</th>
<th>P (&lt;0.05)</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPQ</td>
<td>DC</td>
<td>0.433</td>
<td>0.099</td>
<td>4.979</td>
<td>***</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>CE</td>
<td>DC</td>
<td>-0.261</td>
<td>0.084</td>
<td>-3.518</td>
<td>***</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>CE</td>
<td>RPQ</td>
<td>0.325</td>
<td>0.057</td>
<td>5.693</td>
<td>***</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>XPHO</td>
<td>CE</td>
<td>0.420</td>
<td>0.073</td>
<td>4.606</td>
<td>***</td>
<td>Supported</td>
<td></td>
</tr>
<tr>
<td>XPHO</td>
<td>DC</td>
<td>0.070</td>
<td>0.044</td>
<td>1.440</td>
<td>0.150</td>
<td>Not Supported</td>
<td></td>
</tr>
</tbody>
</table>

6. Discussion

H₁
CE has a weak and significant effect ($f^2 = 0.073$, $p = 0.006<0.05$, $\beta = -0.343$, $t=2.745$) influence on DC. The hypothesis stating that CE has a negative significant influence on DC, implying that increase in CE decreases the consumer’s DC. This finding is somewhat in line with the findings of Deb & Chaudhuri (2014), Lee et al. (2010) and Erdogan & Uzkurt (2010) who found that CE in some countries instead of increasing DC increases foreign consumption.Lee and Nguyen (2017) found that in developing Asian countries CE tends to exhibit negative relationship with DC, which is similar to the findings of current research. Another reason for this finding could be that CE is a normative construct (Vida & Reardon, 2008) having great influence in societies like Pakistan. Furthermore, Pakistani society is considered to be based upon collective school of thought where the in-group (society) and peer pressure is one of the major influencers of decisions made by individuals, therefore when the entire in-group starts getting fascinated and attracted by foreign products then collectively the entire group starts consuming foreign product instead of domestic ones even when several domestically made alternatives are already available in the market. Hence, ethnocentrism loses its true essence as a need and want to preserve the local economy from foreign infiltration and takes the shape of a normative tendency alone.
**H₂**

CE moderately influences consumer’s RPQ perception ($f^2 = 0.145$, $p = 0.000<0.05$, $\beta=0.356$, $t=4.259$) regarding the locally manufactured products. Even though the CE does not influence consumer’s DC but has a moderate influence on consumer’s perception about relative quality of locally manufactured products. Thus consumers having high levels of CE perceive locally made products as the ones having higher quality than the foreign ones and often this perception is not backed by actual high quality, creating local country bias in consumers (Bizumic & Duckitt, 2012; Ommundsen et al., 2013). However, an important point to note is that this higher relative (perceived) quality for domestically produced products does not translate into the actual domestic consumption of those products (as shown by $H_1$). Therefore, it can be assumed that even though RPQ has the highest influence on DC contrarily, DC is not much influenced by CE. Therefore, companies should pay more attention to RPQ.

**H₃**

RPQ in all its relationship forms with other constructs has shown a positive significant influence. Similarly, for its mediation effect between CE and DC, it again showed a positive significant ($\beta=0.207$, $t=3.126$, $p=0.002<0.05$), implying that even though currently due to the collective societal form of Pakistani society and its link to peer pressure specially among young consumers, CE plays a negative significant on DC ($H_1$), however, when this relationship is mediated by RPQ then it starts influencing DC positively. Furthermore, all the hypotheses linked with RPQ are depicting the vital role perceived product quality plays in the actual decision making of young consumers. Batra et al. (2000) had similar findings, showing consumers tend to purchase and consume those products which they have evaluated in high esteem. More importantly Yelkur et al. (2006) found that consumers mostly evaluate products from emerging economies poorly, even when the consumers themselves belong to the same emerging market, therefore, it is more important for marketers and companies to create a good RPQ in consumer minds.

**H₄**

CX has a strong and significant effect on CE ($f^2 = 0.351$, $p = 0.000 < 0.05$, $\beta=0.510$, $t=11.130$). The largest effect size and second strongest influence ($\beta=0.510$), while the strongest influence as per $R^2=0.260$ was depicted by CX construct on CE. in the past literature both CX and CE have shown to positively influence the evaluation, promotion and consumption of domestic products in order to protect the local economy and businesses, while demeaning and avoiding the consumption of foreign products (Bizumic & Duckitt, 2012; Ommundsen et al., 2013). On the basis of these empirical finding the hypothesis CX -> CE was developed, which in current study was proven to have significant positive and strong influence. CX and CE are two
constructs which foreign companies should keep in mind before entering markets where consumers are found to have these personality traits as dominant factors and influencers of purchase decisions.

**H₅**

Alone CE showed a significant negative influence on DC, while CX showed no influence on DC. However, when CX was mediated by CE then it showed a negative influence on DC ($\beta = -0.175$, $t=2.450$, $p=0.015<0.05$). Implying that the collective dynamics of the society plays a significant role in consumer’s domestic purchase decisions (Han, 2017). Since, Pakistani consumers as a collective society have a perception that the domestic products are of low quality, therefore they collectively avoid domestic consumption. The support of hypothesis is linked to those conflict situations with foreign countries due to which the ethnocentric, xenophobic and patriotic sides of consumers are heightened. However, local companies should remain cautious while using CE and CX to increase DC, since $H₁$, has already shown that currently CE in young Pakistani consumers is yielding negative significant influence on their DC, while use of CX alone has no significant influence on DC at all. Additionally, the use of these two constructs together depicts negative influence on DC, giving an indication that a) consumer’s intentions do not translate into their actual purchase and consumption behavior and b) xenophobic and ethnocentric tendencies may be dominant in Pakistan, however, they do not show similar influence patterns in Pakistan as they show in other developing e.g. Turkey (Sandikci & Ekici, 2009), Indonesia (Sari et al., 2017), Malaysia (Haque et al., 2011), advance recently developed e.g. South Korea (Han, 2017) or developed countries e.g. USA, Germany (Ishii & Watanabe, 2015).

**H₆**

CX has a weak and insignificant effect on DC ($f² = 0.032$, $p = 0.091 > 0.05$, $\beta=0.220$, $t=1.808$). Past literature found that CX like CE yearns to protect the local economy and local businesses from foreign infiltration and in doing so consumers having high levels of xenophobia opt for domestic consumption while boycotting consumption of foreign products (Ommundsen et al., 2013). Contrarily, the current research showed that even though consumers of Pakistan have xenophobic tendencies and this xenophobia strongly influences their ethnocentric tendencies as well, however, neither xenophobia nor ethnocentrism has any positive influence on DC. $H₆$ shows that there is no influence of CX on DC while, $H₁$ showed that CE has negative influence on DC, implying that there could be positive influence of both the constructs on foreign consumption, which is in line with the findings of (Deb & Chaudhuri, 2014; Zafer Erdogan & Uzkurt, 2010).
**H7**

H7 is based upon double mediation effect which again shows that RPQ is the construct that shapes consumer intentions and behavior. The direct hypothesis H1, showed a negative significant influence of CE on DC while H6, showed no significant influence of CX on DC however, when CX was mediated by CE and RPQ, a positive significant influence on DC (β=0.106, t=3.002, p=0.003< 0.05) was observed. Indicating that an appropriate combination of CX, CE and RPQ may influence DC of young consumers. Hypothesis H7 too has led to the conclusion that RPQ is the construct that actually influences consumers towards the final decision. Hence, marketers and companies should focus on developing and improving the RPQ of their products. From all the hypotheses that were developed and their findings, RPQ came out to be vital influencer of consumer decision making towards domestic consumption, therefore, marketers and companies should be kept in their minds that it is imperative for them to develop a strong positive RPQ in consumer minds for the preference, selection and consumption of their products. These findings are in line with the observations of Han, 2017; Reardon et al., 2005; Vida & Reardon, 2008; Yelkur et al., 2006.

**H8**

RPQ has a moderate to strong effect and significant effect on DC (t² = 0.269, p = 0.000 < 0.05, β=0.583, t=5.549). RPQ has the second highest effect size and as per the effect size cut-off values falls under the moderate to strong effect, while having the strongest influence as per the β value and second strongest influence in the model as per R² value (R²=0.221). Past research studies as well as the current research showed that RPQ plays a significant role in the consumption of domestic products. Moreover, the products that are perceived to have good quality regardless of their origin are preferred by consumers. RPQ was the only variable that has shown to positive strong influence on DC of consumers. Even, though most of the time domestically manufactured products are seen as the products having low quality and consumers tend to avoid their purchase, especially the products having origins in developing countries (Yelkur et al., 2006), while, preferring products from developed (Reardon et al., 2005) and advance developing countries (e.g. South Korea) (Han, 2017).

### 7. Theoretical Contribution and Implications

Research has tried to establish that currently the young consumers of emerging markets like Pakistan have moved away from the affective side of decision making towards the cognitive side. Even though they are still influenced by normative influences but a shift in those normative influences has been observed in the current research. Furthermore, it has been observed that there is a probability that soon these young consumers may also move away from the collective societal form of decision making towards individualistic form of decision making, freeing themselves from
societal pressures due to the activation of cognitive (rationale) mechanism. The
deviation of findings regarding consumer ethnocentrism’s and consumer xenophobia’s
influence on domestic consumption is credited to this shift in young consumers from
affective mechanism to cognitive mechanism. Now young consumers from Pakistan
are observed to be making rational decisions based on what goals they want to achieve
(de Wit & Dickinson, 2009) (i.e. model of goal directed behavior (MGB)) through a
purchase rather than how they emotionally feel towards a country and poorly
evaluating the products only based upon their personal emotions (Mohiyeddini et al.,
2009) (i.e. moral foundation theory (MFT)). Hence, young consumers have started to
move away from their xenophobic and ethnocentric tendencies. This shift may also be
credited to the increasing globalization that the young generation is seeing and getting
a chance to experience new things. The only situation when the consumers revert back
to making decisions based on the true essence of consumer ethnocentrism and
consumer xenophobia is when the country is faced high levels of boycott campaigns
targeting the buying and selling of foreign products. However, such campaigns are not
long lasting and do not have long term effects in Pakistan.

8. Practical Implications
Local manufacturers, marketers and government may benefit from the findings of the
research, by learning about the shifts in the mindset and decision making done by
young consumers from emerging markets with respect to the domestic (local)
consumption. Previously it was believed that the use of ethnocentric elements like
“made in” labels and highlighting origins of manufacture yield positive influence on
consumers’ domestic consumption, which too were used by the government of
Pakistan in its “Buy Local, Support Pakistan” campaign. However, the campaign was
short lived and did not yield any observable, empirical benefit and died out in less
than a quarter after its launch. Interestingly, the research helped in identifying one of
the reasons behind the failure and short life of “Buy Local, Support Pakistan”
campaign which was that it only focused on the title of the campaign without actually
looking into the attributes that influence consumers’ purchase decision and domestic
consumption. The current research has highlighted that creating a positive and
acceptable relative product quality in consumer minds is the key to encourage them to
purchase and consume domestic products. Moreover, use of ethnocentrism and
xenophobia is a poor choice for emerging markets where the locally manufactured
products are seen as the products having low quality and are not preferred by the local
population for purchase and consumption (Yelkur et al., 2006). Also the use of
ethnocentrism and xenophobia during times of normalcy is a poor choice since it does
not have long lasting effects. Companies can monetize the use of ethnocentrism and
xenophobia only when a recent event of conflict has occurred (e.g. Kashmir issue
2019-Article 370 and Article 35A revoked by India), it is only during such times of
conflict that consumers start using their affective mechanism to make purchase and consumption decisions and show their morally responsible side (moral foundation theory (MFT)), while during the times of normalcy the consumers tend to use cognitive mechanism, making decisions based on what goals they want to achieve (model of goal directed behavior (MGB)).

Since in current times when consumers, specifically young consumers have become more open (global openness), cosmopolitan by nature (personality) and goal oriented, while suppressing their affective mechanism side, what companies, marketers and government can do is instead of highlighting and focusing on made in labels, they should focus and highlight the attributes and features of their products. Moreover, companies and marketers can benefit from highlighting their differentiated features and creating a positive relative product quality without the use of country of origin. (Kalicharan, 2014), also emphasized that companies should highlight features and attributes of the product without highlighting the country of origin, this helps products having origins in emerging markets diminish the link between the inferior perception of quality and their products. Furthermore, the companies can re-brand and re-position their products to create a positive relative product quality in the minds of consumers for the local products based on the attributes preferred by the local consumers in those products as suggested by Danilwan & Pratama (2020).

9. Limitations and Future Research
Understated limitations should be noted for the current research study:

Firstly, the research was conducted in the metropolitan city of Karachi having a wide mix of consumers from throughout Pakistan, however, generalizability to the whole populace might be restricted. Secondly, domestic consumption of young consumers was checked generally with any particular stimulus selection. Lastly, only young consumers were taken into the sample.

It would be a good topic to research the same constructs to check cross cultural consumer patterns and their differences for domestic consumption. A comparative of different emerging Asian countries would yield more generalizable results and consumer pattern identification. A comparative across different age groups of consumers would yield results that could provide a proof whether the shift from affective mechanism to cognitive mechanism observed in young consumers of Pakistan is also present among other age groups or not. Similarly, a comparative of social class difference and their domestic consumption buying patterns need to be researched in the future as well. Another interesting thing would be the use of constructs like global openness and cosmopolitanism to check the shift in consumer
choices being made by consumers from emerging markets. Moreover, an interesting element could be to check if the tourists that visit Karachi and other cities of Pakistan, show any inclination towards the purchase and consumption of local products of Pakistan or not. And if that inclination is merely in the form of buying and consuming the Pakistani products as a souvenir or something more than that.

Data Availability Statement

The data used in this research is primary data, collected from consumers. The data is available with the researchers.

Conflict Of Interest

No conflict of interest

Funding

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References


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