



Nexus Between Consumer Ethnocentrism and Purchase Intentions

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Abstract

The purpose of this study is to analyze the impact of Consumer Ethnocentrism (CE) on the purchase intention of fast-moving consumer goods (FMCG) in Kathmandu. The study involves the administration of a structured, close-ended questionnaire to 324 FMCG consumers aged between 13 and 65 residing in Kathmandu. The results indicate that consumer ethnocentrism and country-of-origin information significantly affect consumers' intentions to purchase foreign FMCG products by influencing their attitudes. The analysis of the Consumer Ethnocentrism Tendencies Scale (CETSCALE) and the results of partial least squares structural equation modeling (PL-SEM) reveal that FMCG consumers in Kathmandu tend to exhibit ethnocentric tendencies, prioritizing domestically made products and being mindful of the economic implications of relying on imports. Notably, young adults, particularly those with lower income levels, hold stronger ethnocentric beliefs than others. Additionally, the study finds that FMCG consumers actively seek for information about the country of origin with females displaying a higher likelihood of seeking such details than males. Moreover, consumer ethnocentrism and country-of-origin information jointly influence purchase intentions for foreign FMCG products through their distinct effects on consumers' attitudes towards foreign FMCG brands. These findings have significant implications for FMCG businesses and researchers interested in understanding consumer behavior dynamics in the market.

Keywords: fast moving consumer goods, consumer behavior, attitudes, brands, values

Introduction

With an annual growth rate of 10-15%, the FMCG industry is among the fastest-growing industries in Nepal (Prasain, 2018). It is characterized by products with relatively low and affordable prices, frequent purchases, and short shelf life (Mendonsa, 2021) such as cleaning products, ready-to-eat meals, processed food products, beverages, medicines, cosmetics, toiletries, and even office supplies (Kenton, 2021). This industry has high competition as the products are usually easily substitutable so firms in this industry have to have a stable, loyal customer base to regularly purchase their products. In the given circumstance, the success of businesses can be attributed to the preferences of their customers (Bhandari et al., 2021b). As such, FMCG companies have to establish a unique image of the product/brand and communicate its unique value proposition, a process which is referred to as “brand positioning” (Arathoon, 2022). According to studies, country-of-origin (COO) information of a product (for instance “Made in ...”) has a big impact on brand positioning and consumers’ attitude, for instance, Thakor and Pacheo (1997) found that brand names with French pronunciations affected the perceived satisfaction and attitudes of Chinese consumers towards a brand even when sensory cue/s (taste) were available. In the absence of sensory cue/s, foreign branding generated higher ratings on the gratification dimension but lower ratings on the utility dimension; the researchers concluded that foreign branding as a single factor is sufficient for changing consumers’ hedonic perceptions. Findings like these are examples of the “country-of-origin effect”. The COO effect is a process whereby costumers and marketers associate certain brands with particular nations. Here, the consumers associate a product/brand’s quality and authenticity with the product’s country of origin (Juneja, 2018). This is the reason why high preference is given to authentic Swiss Army knives that is consumers attribute high value-for-money and quality of the knife with its country-of-origin (Switzerland). Similarly, Hien et al. (2020) analyzed the impact that the country-origin information of a product has on its brand value, brand image, and consumers’ intent to purchase the same, and found a strong correlation between COO and brand perception, assessment, and propensity to buy. Furthermore, the consumers’ purchase intention may also be influenced by consumer ethnocentrism that is preference for domestic brands over imported ones. Therefore, considering the rising FMCG market in Nepal, understanding the consumers’ attitudes may help firms in this industry better position their brands or products.

The FMCG market, with a growth rate between 10 and 12% per annum, stands as one of the fastest-growing markets for multinational companies in Nepal (Prasain, 2018). However, despite the growing sentiment for focus on self-reliance (“Made in Nepal”) and reduction of imports through quality domestic production, Indian and Bangladeshi products continue to dominate many FMCG product categories in Nepal. In Nepal, small business enterprises and manufacturing companies are broadly recognized as a driving forces for development (Karki et. al, 2021; Dahal et. al, 2020b). The conception of the COO effect has been extensively researched and assembled several dimensions, including Country of Manufacture (COM), Country of Assembly (COA), Country of Brand (COB), and Country of Design (COD). While numerous studies have explored the COO effect and its effect on buying intentions in India, ASEAN, and Western countries, limited research exists on its influence in the Fast-Moving Consumer Goods (FMCG) industry. Surprisingly, there is a significant research gap in the context of Nepal. So, this research is carried out with the primary objective of evaluating the influence of consumer ethnocentrism on the intention to buy foreign FMCG in Kathmandu city. The secondary objectives encompass several key aspects: first, to examine the relationship between consumers’ attitudes toward foreign brands

and ethnocentrism and between COO information and attitudes toward foreign FMCG brands; second, to explore the connection between customer perceptions regarding foreign brands and their intentions to purchase foreign FMCG products. Third, to analyze the influence of COO and Consumer Ethnocentrism on attitudes towards foreign FMCG brands. Lastly, to evaluate how these attitudes, in turn, affect consumers' intentions to purchase foreign FMCG products.

This study does not encompass questions such as (1) Does consumer ethnocentrism affect FMCG products made exclusively with imported raw materials? and (2) Are FMCG consumers in Kathmandu price sensitive? Instead, the research commenced with the above four primary hypotheses, centered on investigating the impact and interplay between preference for domestically made goods, country-of-origin information, consumers' attitudes towards foreign brands, and the relationship and impact of attitude towards foreign brands on foreign FMCG purchase intentions. These core research hypotheses were the driving forces behind the study's objectives, offering valuable insights into the intricate dynamics of consumer behavior in the FMCG market.

Methodology

Country-of-origin information is an intangible attribute of a product, an extrinsic-product cue, which is communicated as part of the labels through the phrase “*Made in ...*” It is similar to other attributes of a product including price, brand name, and warranty in that it has no direct implication on a product’s performance, and still shapes their perceptions, attitudes, and intentions to buy a product (Peterson & Jolibert, 1995). Early explanations for the COO effect include consumers’ involvement with the said product category, patriotism, and consumers’ knowledge about the country of its origin. In their seminal work, Roth and Romeo (1992) explored the concept of country-quality perceptions, recognizing that these perceptions can differ across different product categories. They extensively studied the impact of Country-of-Origin (COO), specifically focusing on the alignment between countries and product categories. According to their research, a favorable match between an item and its country of origin occurs when the perceived strengths of a country perfectly complement the essential features or benefits of that particular product category. Conversely, a favorable mismatch takes place when a country's positive image does not align with the features or benefits of the given product category. Lastly, an unfavorable mismatch arises when a country's image neither represents a perceived strength of the country nor aligns with important product features. To effectively gauge the COO effect, Roth and Romeo (1992) employed a five-section questionnaire, meticulously summarized in Table 1.

Table 1

Summary of the Questionnaire

S.N.	Section	Summary
1	Country Image (For each country)	Country/Product Image is evaluated on four criteria: prestige, design, workmanship, and innovativeness. (The researchers used a Likert scale with seven possible values: A rating of 1 denotes a nation or product with little originality, whereas a value of 7 denotes an innovative image.)
2	Product Image (For each product category)	

S.N.	Section	Summary
3	Willingness to purchase	This section is related to product-country matches; the more a product's category and the image of the country match, the more likely consumers are to buy it.
4	Familiarity with countries and product categories	
5	Demographic information	

Source: Roth and Romeo (1992)

The researchers found that consumers are more likely to purchase a product when the category of the product and the image of the country of origin are favorable matches. In such a case, the intent to purchase can be enriched by improving the COO information. In contrast, in case of an unfavorable match, COO information would be detrimental to product evaluation. The researchers also found a high correlation between the four image dimensions, implying that a consumer also considers a country's workmanship image, its weakness (prestige), and strengths when evaluating a country's products.

Studies suggest that the consumer's buying behaviors are also influenced by the nation's economic development, as measured by various cointegrated and long-run equilibrium indicators (Karki, 2012, 2018). Batra et al. (2000) observed that COO is stronger in developing nations i.e., non-local brands are perceived as symbolic of higher status and are desired more than the local ones because they are usually much more expensive and relatively more scarce. The researchers concluded that the consumers in developing countries are insecure and have an inferiority complex (as they are less affluent) and they want to imitate the supposedly lavish Western lifestyles, desire to display competency with alien culture (to emulate Western domestic elites), and finally, because of their desire consume foreign-manufactured brands. According to Kinra's (2006) research, Indian customers viewed global brands as more dependable and safer than their domestic ones; they rated foreign products/brands with higher ratings on "technology", "quality" and "status and esteem" parameters while domestic ones rated high only on "value for money" parameter. Furthermore, the researcher found that Indian consumers – though they held high levels of nationalism and ethnocentric beliefs, were not biased against foreign brand names. In addition, the difference in the demographic profile of consumers leads to varying degrees of COO (Munjal, 2014). Manufacturing in Nepal suffers from unskilled employees and a work culture psychology that inhibits their professional commitment to enhanced productivity and product quality (Rajbhandari et al., 2020; Bhattarai et al., 2020). In addition, the industry lacks technological innovation and faces challenges in acquiring bank loans that hinder the production of quality products of consumers' desire (Dahal et al., 2020a; Bhandari et al., 2021a). Concerning manufacturing, Ramsaran (2015) found that consumers associate a product manufactured in an industrialized nation with superior quality, design, brand image, status, and value for money, in contrast, the ones manufactured in a developing country were associated with just value for money and cost.

In contrast to Kinra (2006), Ramani (2019) analyzed the impact of the COO on the purchasing behavior of customers in the Indian smartphone market and found no evidence to suggest that Indian consumers associated the quality of smartphone handsets with the COO; therefore, the

study found that reference groups and not the COO had an impact on the consumers' buying decision.

Consumer Ethnocentrism

Shimp and Sharma (1987) coined the phrase "ethnocentrism" for the first time in their article "Consumer Ethnocentrism: Construction and Validation of CETSCALE" to explain American consumers' bias against imported products. Shimp and Sharma (1987) define consumer ethnocentrism as "the beliefs held by consumers about the appropriateness, indeed morality of purchasing foreign-made products." Drawing from researchers' intuitions, insights from existing literature, and content analysis of the consumer responses obtained in the preliminary study, the researchers described the following seven aspects of consumer orientation toward imported products: ethnocentric beliefs, perception about price-value, reciprocity, self-interest, rationalization of choice, freedom of choice, and psychological restraint. In order to measure consumer ethnocentrism, the researchers constructed a measurement tool "CETSCALE" which uses seventeen 7-point Likert-type scale items whereby a value of 1 denoted strong agreement and 7 denoted severe disagreement. The researchers found a considerable negative correlation between ethnocentrism and attitudes toward imported goods, and therefore, consumers with stronger ethnocentric tendencies are more likely to purchase goods made in their own nation.

Chattalas's (2008) study found that, for a consumer with higher levels of ethnocentrism, a COO cue has a relatively higher impact on consumers' purchase intentions, assessment of products, and readiness to buy imported goods, contrasted to less ethnocentric people. Given the complex nature of understanding customer behavior, Devkota et al. (2023) propose the use of cognitive behavioral theory as a means to enhance our understanding of how individuals' behaviors and decision-making processes are shaped by their perceptions, cognitions, and attitudes relating to the industry. Similarly, Jadeja (2018) examined how age and gender, two demographic factors, affected ethnocentrism among Indian consumers in Ahmedabad city, the researcher found that gender had no impact on ethnocentrism among Indian consumers but age had a direct impact on ethnocentrism that is Indian consumers tend to become more ethnocentric with age.

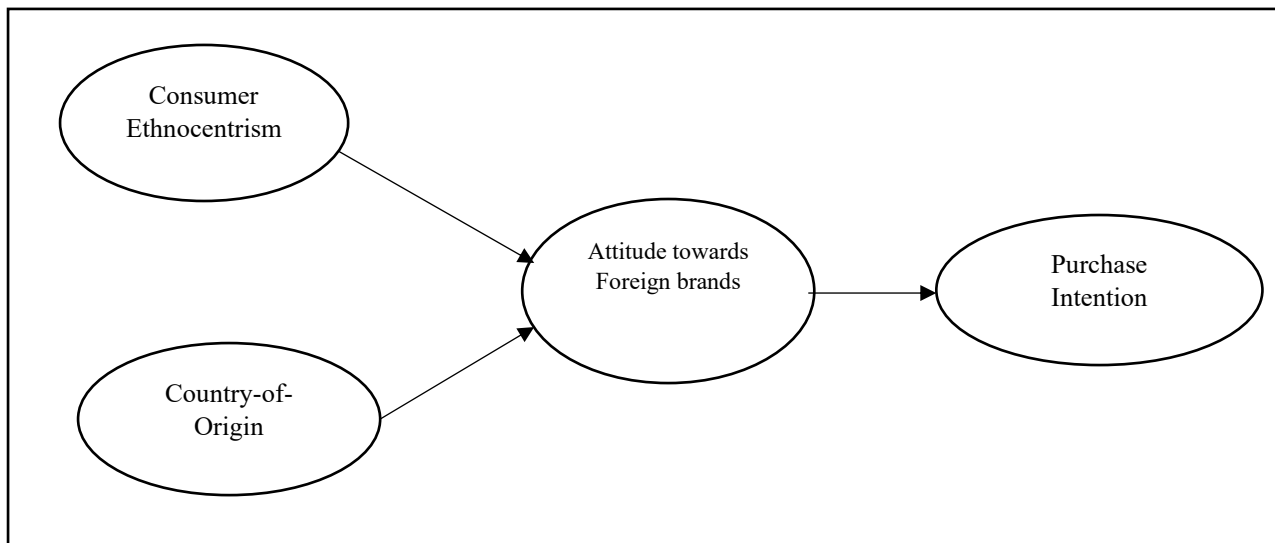
Purchase Intention

Purchase intention reflects a customer's propensity to consume a product. It is an important metric in marketing that aids in designing appropriate marketing activities to optimally reach the target audience to generate greater customer involvement and higher return on investment. It depends on several factors including stimulus (for example, the product's features or packaging), the expected utility of a product, emotional association, perceived status/prestige of owning a product, etc. (MBA Skool, 2021).

Theoretical Framework

The researchers adopted the framework of Arslandere and Yusuf (2020). The study hypothesized that the attitude that FMCG consumers in Kathmandu hold towards foreign FMCG is positively affected by an FMCG product's country-origin information and negatively by their ethnocentric beliefs and that the former in turn influence their intentions to purchase foreign FMCG product.

Figure 1
Theoretical Framework



Consumer Ethnocentricity and Attitudes Toward Foreign Brands

Erdogan and Uz Kurt (2010) study the impact of ethnocentric tendencies on how consumers' perceptions of foreign goods are impacted by ethnocentric inclinations. The researchers found that ethnocentrism had an inverse relationship with a preference for foreign products. Furthermore, when compared to less ethnocentric consumers, highly ethnocentric ones were less likely to be well-educated or earn a high monthly income. Similarly, Wanninayake et al. (2012) examined the relationship between consumer ethnocentrism and attitudes toward foreign beer brands in the context of the Czech Republic, and they found a negative link between the two. Consumers' brand loyalty is found significantly correlated with perceived quality, brand image, and social media marketing (Ghimire & Karki, 2022).

***H1:** Attitude towards foreign FMCG brands relates positively with intent to purchase foreign FMCG products.*

***H2:** Attitudes towards foreign FMCG brands have a substantial impact on consumer intentions for purchasing foreign FMCG items.*

Ethnocentrism, Brand Perception, and Purchasing Behavior

Watson and Wright's (2000) research on ethnocentrism and its relation to consumers' attitudes toward imported products found that cultural similarity is an important factor considered by consumers with strong ethnocentric beliefs in their evaluation of imported products. Narang (2016) studied the role of ethnocentrism, self-esteem, animosity, and status on consumers' inclinations to buy Chinese goods in the context of India, however, the researcher found no conclusive evidence of this effect. Thomas et al.'s (2019) study on the impact of ethnocentrism on Indian car buyers' attitudes toward foreign brands found that attitude influences consumers' purchase decisions more significantly than ethnocentrism, the latter influences consumers' purchase decisions only through its influence on consumers' attitude towards imported products. The researchers also recommended the use of the "Made in India" tag for domestic brands and suggested foreign marketers focus more on product technicalities than on the country of origin. Arslanere and Yusuf (2020) conducted a study to determine the effect that ethnocentric beliefs and product country-of-origin information have on consumers' intention to purchase foreign sports

equipment in Turkey. The study discovered that ethnocentrism has a negative impact on perceptions of foreign brands while COO positively influences the attitude toward the foreign brand. Therefore, both – through their impacts on attitude towards imported products - had a significant impact on purchase intention. The consumers' level of education, knowledge, and understanding are also influential factors in shaping their purchasing intentions (Maharjan et al., 2022)

H3: *Attitude towards foreign FMCG brands is positively related to the Country of origin information on a product and negatively to Consumer Ethnocentrism.*

H4: *Attitudes towards foreign FMCG brands are significantly influenced by Consumer Ethnocentrism and Country-of-Origin information.*

Table 2

Variables in the Study

Construct	No. of Observed variables	Variable notation	Explanation
Attitude towards foreign brands	4	ATF	Consumers' overall impressions of foreign branded products.
Consumer Ethnocentrism	10	CE	Ethnocentric views of in-group consumers toward out-group items (Shimp & Sharma, 1987).
Country-of-Origin information	6	COO	Information on situations in countries of origin that affect international protection claims.
Purchase intention	4	PI	The subjective likelihood that customers will make a certain purchase (Li et al., 2021)

Research Methods

Study Area, Population, and Sampling

The population includes all individuals of interest relevant to the study's objectives. This study was limited to consumers in Kathmandu, and the majority of the respondents were between the ages of 13 and 40. To facilitate the generalization of sample statistics, it is crucial to determine an adequate sample size based on the population's size. Yet, in the case of this study, the exact number of Fast-Moving Consumer Goods (FMCG) consumers in Kathmandu (considered as the population) remains unknown. According to Adhikari (2021), when dealing with a potentially infinite population, sample size can be calculated using the formula; $n = \frac{\lambda^2 p (1-p)}{\epsilon^2}$. Here, n represents the sample size, λ is the Z value associated with the desired confidence level, p signifies the estimated sample proportion, and ϵ stands for the margin of error. Given a 95% confidence level ($\alpha = 0.05$), a sample proportion of 50% ($p = 0.5$), and a margin of error of 5% ($\epsilon = 0.05$), the sample size was n was determined to be 384.16.

The researchers used primary quantitative data collected by administering a structured, close-ended questionnaire. The questionnaire was adopted from the instrument comprised of 5-point Likert-type scales used by Arslandere and Yusuf (2020), administered through direct personal interviews, and 324 valid samples were collected. The sample size for this study is considered adequate,

supporting Hair et al.'s (1998) argument that at least 100 participants are required in quantitative research to accommodate statistical data processing procedures. This argument is further supported by the tenfold criterion proposed by Hair et al. (2011).

Research Instrumentation and Data Analysis

In evaluating consumer ethnocentrism (CE) and country/product image, established scales were utilized. Shimp and Sharma (1987) employed a 7-point Likert-type scale in the CETSCALE to gauge ethnocentrism, where a score of 1 indicated strong agreement and 7 signified strong disagreement. Similarly, Roth and Romeo (1992) employed a 7-point Likert-type scale to measure country/product image along four distinct dimensions. In this framework, a score of 1 indicated a country/brand as non-innovative within a given image dimension, while 7 indicated high innovativeness in the same dimension.

The questionnaire encompassed five sections: a 10-item CETSCALE, a 6-item scale for measuring Country of Origin (COO), a 4-item scale gauging attitudes toward the brand, a 4-item scale assessing purchase intentions, and a section for demographic information. In this questionnaire, a 5-point Likert scale was used, where a score of 1 indicated strong disagreement, 3 signified neutrality, and 5 denoted strong agreement with a given item. To ensure the questionnaire's internal consistency and reliability, a pilot survey was conducted by the researchers. During this stage, Cronbach's Alpha and Composite Reliability were observed to assess reliability, while HTMT, Cross Loadings, VIF and the Fornell-Larcker criterion were scrutinized to evaluate validity. Hypotheses were tested using the path model, and for these analyses, a bias-corrected bootstrapping two-tailed test with 10,000 sub-samples at a 5% level of significance was performed using SmartPLS 4.

Results

Demographic Profile

The breakdown of the demographic profile of the respondents is illustrated in Table 3. It can help generalize findings to specific characteristics of the population (Mills, n.d.)

As indicated in Table 3, females made up the majority of survey participants; age group analysis reveals that the overwhelming majority of respondents are between the ages of 13 and 25; nevertheless, just 13% of respondents have a post-graduate degree or above. As a result, it is reasonable to assume that the majority of responders were students and young people.

Table 3
Description of the Respondents' Demographics

		Frequency	Per cent
Gender	Male	139	42.9
	Female	185	57.1
Age Group	13 – 25 years	156	48.1
	25 – 40 years	153	47.2
	40 – 65 years	12	3.7
	Above 65 years	3	0.9

		Frequency	Per cent
Income	Student/Unemployed	149	46.0
	Below Rs. 20000 pm	67	20.7
	Rs. 20000 - 40000 pm	79	24.4
	Rs. 40000 - 60000 pm	25	7.7
	Above Rs. 60000 pm	4	1.2
Education	Below SLC/SEE	29	9.0
	SLC/SEE	62	19.1
	10 + 2	88	27.2
	Bachelor	102	31.5
	Master's level	38	11.7
	Above Master's level	5	1.5

Reliability and Validity Test

Popular criteria for evaluating the internal consistency of test items include Cronbach's alpha. It measures the degree to which a measurement is consistent in measuring a concept. Internal consistency, which ranges from 0 to 1, measures how well many indicators of the same construct are related to each other. According to Hair et al. (2019), coefficient levels between 0.6 and 0.7 are deemed "acceptable in exploratory research", those between 0.7 and 0.9 are deemed "satisfactory to good", and values higher than 0.95 are considered "problematic".

Table 4
Validity and Reliability Test

	Cronbach's Alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	AVE
ATF	0.737	0.74	0.836	0.560
CE	0.902	0.907	0.919	0.532
COO	0.836	0.837	0.88	0.550
PI	0.762	0.776	0.847	0.581

As shown in Table 4, all four scales have Composite Reliability and Cronbach's Alpha values above 0.7 but below 0.95, this confirmed the internal consistency. Similarly, Convergent Validity was assessed through average variance extracted (AVE) criteria. Table 4 demonstrates that all AVE values were more than the minimum required value i.e. more than 0.5, therefore, convergent validity was confirmed. The researchers also assessed discriminant validity by using the Fornell-Larcker criterion. According to the Fornell-Larcker criterion, each construct's AVE must have a square root greater than its correlation with other constructs (Analysis INN, 2020).

Table 5
Fornell-Larcker Criterion

	ATF	CE	COO	PI
ATF	0.748			
CE	-0.388	0.729		

COO	0.471	-0.221	0.742	
PI	0.531	-0.306	0.408	0.762

As shown in Table 5, the square root of AVE for each of the four constructs is higher than the correlations with the other constructs, confirming discriminant validity.

Table 6
Correlation Matrix

	CE	COO	ATF	PI
CE	1			
COO	-0.228	1		
ATF	-0.374	0.464	1	
PI	-0.297	0.395	0.511	1

According to Table 6, there is a moderately positive correlation of 0.511 between consumers' attitude towards foreign brands (ATF) and their purchase intent for foreign FMCG (PI). The result supported hypothesis H1 which assumes that attitude towards foreign FMCG brands relates positively with intent to purchase foreign FMCG products. Similarly, as presented in Table 6, there is a negative correlation of (0.374), a moderately negative association, between consumer ethnocentrism (CE) and their attitude towards foreign brands (ATF). The correlation between the country of origin information (COO) and consumer's attitude towards foreign brands is 0.464, a moderately positive relationship. This result accepted hypothesis H3 which states that attitude towards foreign FMCG brands is positively related to the Country-of-Origin information on a product and negatively to Consumer Ethnocentrism.

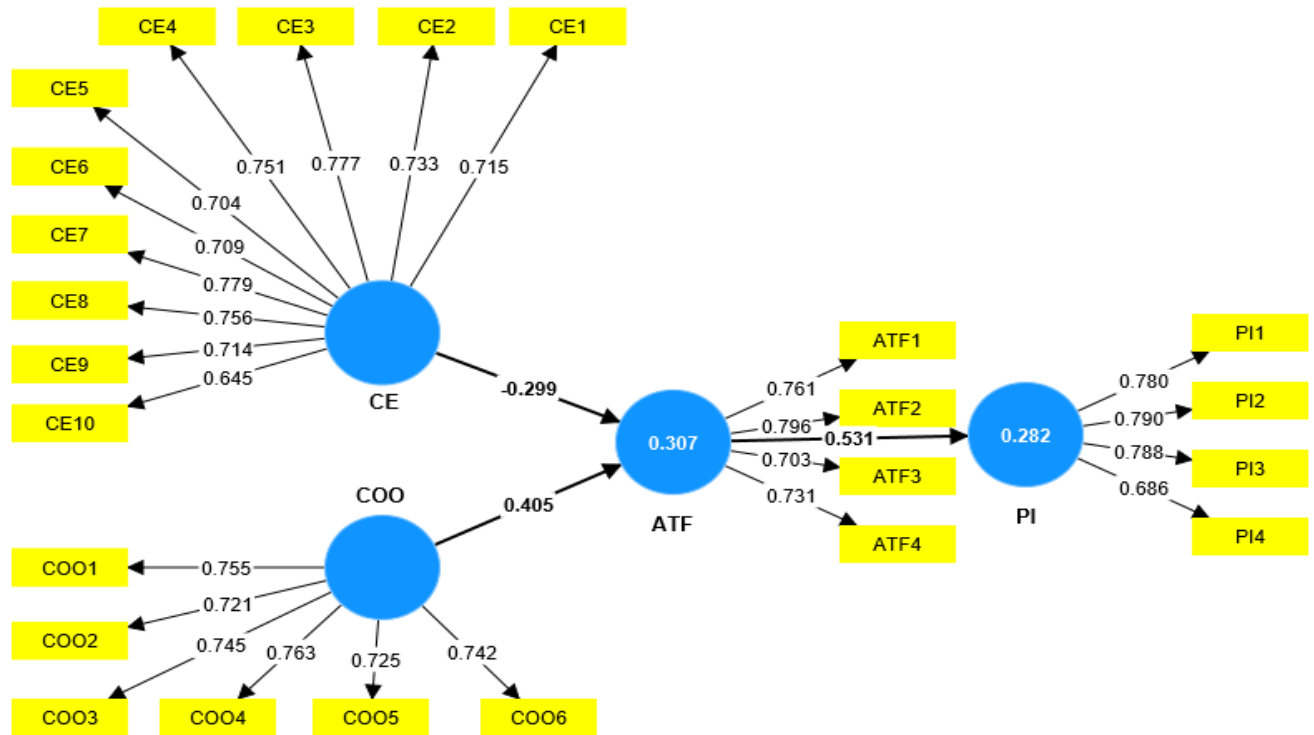
Structural Equation Model Analysis

Researchers' use of first-generation multivariate data analysis approaches to empirically examine claimed correlations between important variables all share three major limitations: the assumption of a straightforward model, that all variables are required to be observable, and lastly, the assumption that all measurements are error-free. To get around these limitations, researchers use second-generation approaches, known as structured equation modeling (SEM). The concepts or "constructs" under consideration in SEM are usually not directly observable and therefore measured by using several indicators or "manifest variables"; furthermore, SEM considers measurement errors in the observed variables when assessing the interactions, allowing it to measure the theoretical concepts of interests with greater accuracy. SEM uses diagrams, referred to as a "path model" to visually display the hypotheses and variable relationships under investigation. Constructs in a path model are represented as ovals or circles while their indicators are represented as rectangles. In practice, two approaches are most widely used, they are covariance-based (CB) SEM and partial least squares (PLS) SEM (Hair et al., 2019). The researchers used the latter as it works even when the size of the sample is small and additionally, the data don't need to be distributed normally. (Hair et al., 2019).

Figure 2 shows the structural model as well as its path coefficients and coefficients of determination for constructs PI and ATF, r^2 explains the power of the model. According to Hair et al. (2019), a score of 0.75 is often regarded as strong, a value of 0.5 as moderate, and a value of 0.25 as weak. Nevertheless, a low r^2 value in this study does not necessarily indicate that the model is poor. According to Hair et al. (2019, p. 118), acceptable r^2 levels are determined by the

research situation, and values as low as 0.10 can be considered good in some research disciplines; in consumer behavior for example, a value of 0.2 is high (Hair, Ringle, & Sarstedt, 2011).

Figure 2
Structural Equation Model



Model Fitness Test

The Standardized Root Mean Square Residual (SRMR) is the discrepancy between implied and observed correlations (Ringle, Wende, & Becker, 2022). The SRMR was investigated as an objective indicator of the model fit criterion. When the SRMR value is less than 0.08, a model is said to have a good fit (Hair, Howard, & Nitzl, 2020).

Table 7
Model Fit – Standardized Root Mean Square Residual

	Original sample (O)	Sample mean (M)	95%	99%
Saturated model	0.059	0.048	0.052	0.054
Estimated model	0.067	0.051	0.057	0.061

As shown in Table 7, the SRMR value is 0.059 which is lower than the benchmark level of 0.08, therefore, the researchers found the model to be a good fit.

Path Coefficients

Table 8
Path Coefficients

	Original sample	Sample mean	SD	P values	2.5%	97.5%

ATF -> PI	0.531	0.536	0.041	0.000	0.443	0.604
CE -> ATF	-0.299	-0.303	0.051	0.000	-0.392	-0.191
COO -> ATF	0.405	0.409	0.05	0.000	0.302	0.498

As shown in Table 8, the p-value in the case of the impact of ATF on PI was lower than the significant value of 0.05, therefore, Attitude towards Foreign Brands has a significant impact on Purchase Intention. This supports hypothesis H₂ that attitudes towards foreign FMCG brands have a substantial impact on consumer intentions for purchasing foreign FMCG.

Similarly, the p-value in Table 8, in the case of the effect of COO on ATF was lower than the significant value of 0.05, therefore, the country-of-origin information has a significant influence on Attitude towards Foreign Brands. Similarly, the p-value in the case of the impact of CE on ATF was lower than the significant value of 0.05 and the corresponding coefficient is negative, indicating a moderately negative impact on Attitude towards Foreign Brands. This accepts hypothesis H₄ which assumes that attitudes towards foreign FMCG brands are significantly influenced by Consumer Ethnocentrism and Country-of-Origin information.

Discussion

This study explored the relationship between customer preferences for domestically manufactured items, country of origin (COO) information, consumer attitudes toward foreign brands, and their impact on foreign fast-moving consumer goods (FMCG) purchase intentions. The data analysis found that customers in Kathmandu had a strong preference for seeking information about the origins of FMCG products before making a purchase decision, especially if they had no prior experience with a particular brand or product category. This finding is consistent with Thakor and Pacheco's (1997) discovery that brand names with foreign pronunciations influenced the perceived satisfaction and attitudes of Chinese consumers toward a brand, even when sensory signals were available.

In terms of consumer ethnocentrism, as measured by CETSCALE, this study confirmed a widespread tendency toward ethnocentrism among Kathmandu FMCG customers. They exhibited a strong desire to emphasize domestically produced goods and raised concerns about the economic consequences of importing foreign goods. This ethnocentric inclination was significantly more evident among those aged 13 to 25, which is similar to the findings of Jadeja (2018), who discovered that age had a direct impact on ethnocentrism among Indian consumers. The COO scale study, on the other hand, revealed that customers in Kathmandu had generally favorable sentiments toward foreign products. This finding was corroborated by Kinra's (2006) research, which found that Indian customers viewed global brands as more dependable and rated foreign products with higher scores on parameters such as technology, quality, and status. This study, however, discovered that consumers did not necessarily relate prestige with the purchase of foreign FMCG brands, which was consistent with Ramani's (2019) research on Indian smartphone consumers. In terms of purchasing intentions, as measured by the PI scale, this study found that FMCG consumers in Kathmandu had a moderately negative bias against imported goods. This finding was consistent with Erdogan and Uzkurt's (2010) study, which discovered an inverse relationship between ethnocentrism and a desire for foreign products.

The results of this research are also similar to Yagci's (2001) study on how consumer ethnocentrism and COO information affect attitudes toward foreign brands wherein the researcher found that country-of-origin information has a bigger influence on customers'

perceptions toward foreign brands than ethnocentrism. Yagci (2001) discovered that country-of-origin information is a more accurate predictor of consumer perceptions and attitudes than consumer ethnocentrism. From the test of hypotheses, the researcher documented a negative impact of consumer ethnocentrism and consumers' attitudes towards foreign brands, a significant and positive impact of country-of-origin information on consumer's attitudes towards foreign brands, and a significant impact of attitudes toward foreign brands and purchase intentions towards foreign FMCG. This finding is consistent with that of Arslandere and Yusuf's (2020) research on the impact of ethnocentrism and COO information on purchase intentions towards foreign brands. The researchers also found that attitude regarding foreign FMCG brands is related positively to COO information and negatively to ethnocentrism. Similarly, the same is related positively to their intentions to purchase foreign FMCG.

These research findings indicated that both CE and COO information impact purchasing decisions. However, a small sample size and a focus on a specific age group in Kathmandu are limitations. There is a need for future studies with larger samples and broader demographics. Country of Origin (COO) components such as Country of Assembly, Brand, Manufacture, and Design may provide additional insight.

Conclusion

Consumer ethnocentrism (CE) has been a topic of interest over the years among marketers. This study intends to analyze CE and purchasing intentions within the context of the FMCG market in Kathmandu. The research emphasizes several key findings that provide valuable insights into the behavior of FMCG consumers. The findings reveal that consumer ethnocentrism plays a significant role in shaping purchase decisions, with a notable trend among young adults, particularly those with lower income levels, who have higher ethnocentric sentiments. Furthermore, the result emphasizes the relevance of country-of-origin (COO) information, demonstrating that FMCG consumers actively seek this information, with a higher likelihood among females.

The descriptive analysis of the Consumer Ethnocentrism Scale (CETSCALE) shows that FMCG consumers in Kathmandu tend to lean towards ethnocentrism; they feel they should prioritize domestically made products and are aware of the economic impact of relying on imports. It may indicate that businesses may be able to gain some edge by actively informing or advertising that the product is "Made in Nepal". Further, an analysis of attitudes towards Foreign Brands showed that the FMCG consumers in Kathmandu also perceive positive tips and hold higher expectations when they see foreign brands or labels in a foreign language. This may indicate that they feel Nepali products are inferior in some aspects compared to imported ones. Businesses should take these variations in consumer sentiments into account when developing marketing strategies and product positioning. Future studies with larger and more diverse samples, focusing on specific COO components such as Country of Assembly, Brand, Manufacture, and Design can provide additional depth and insight into FMCG consumer behaviour.

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