IMPACT OF COUNTRY-OF-ORIGIN INFORMATION ON PURCHASE INTENTION OF FAST-MOVING CONSUMER GOODS IN KATHMANDU

By

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CERTIFICATION

We, the undersigned certify that we have read and hereby recommend for the acceptance by the School of Management, Tribhuvan University, a Graduate Research Project (GRP) report submitted by Mr. Upashan Khadka entitled "Impact of Country-of-Origin information on Purchase Intention of Fast-Moving Consumer Goods in Kathmandu", in a partial fulfillment of the requirements for the award of Master of Business Administration of Tribhuvan University.

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DECLARATION OF AUTHENTICITY

I, Upashan Khadka, declare that this GRP is my own original work and that it has fully and specifically acknowledged wherever adapted from other sources. I also understand that if at any time it is shown that I have significantly misrepresented material presented to SOMTU, any credits awarded to me on the basis of that material may be revoked.

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EXECUTIVE SUMMARY

This study attempts to examine and assess the impact of ethnocentrism and a product's "Made in …" (country origin) information found on a product's labels on the purchase intention of Fast-Moving-Consumer-Goods (FMCG) products in Kathmandu. The term 'FMCG' comprises a wide array of consumer goods and not just food products and toiletries! FMCG are non-durable goods that have a short shelf life and a short lifespan, they can be divided into several categories including processed goods, ready-to-eat meals, beverages, medicines, cleaning products, cosmetics, toiletries, and even office supplies (Kenton, 2021). Similarly, in the context of marketing, ethnocentrism is the preference for domestic goods over imported ones. Ethnocentric consumers may perceive imported goods as inferior, consider import of foreign goods as detrimental to the economy. Ethnocentric beliefs also include the view that it is a moral obligation to buy domestic products (Thomas, Singh, & Amady, 2019). The researcher hypothesized that there is a significant impact of country-of-origin information as well as consumer ethnocentrism on attitude towards foreign brands, and in turn, a significant impact of attitude towards consumers' intent to purchase foreign FMCG.

The researcher administered a structured, close-ended questionnaire comprised of 5-point Likert scales both physically and through electronic medium, and collected 324 valid responses from FMCG consumers aged between 13 and 65 living in Kathmandu. The data was coded and examined using both descriptive statistical techniques in IBM SPSS 26 and structural equation modeling techniques in Smart PLS 4.0. The researcher found that FMCG consumers in Kathmandu are ethnocentric, and that consumers do seek information about what country a FMCG product was made in, when buying FMCG or when they have to choose best product from a product category, or if they lack experience on a given product class. The researcher found that attitude towards foreign FMCG is negatively affected by the consumers' ethnocentric beliefs, product's "Made in.." information affects the same moderately positively, and attitude towards foreign brands, in turn, moderately positively affects the consumers' intent to purchase foreign FMCG. Therefore, the researcher found that attitude towards foreign brands has a mediating effect when considering the relationship between purchase intention towards foreign FMCG, and consumer ethnocentrism and country of origin information. The researcher also laid out managerial and research implications of the findings of the study.

CHAPTER I

INTRODUCTION

1.1 Background

With an annual growth rate of more than 20%, the Fast-Moving Consumer Goods (FMCG) industry stands among the fastest growing industries in Nepal (REOGMA, 2020). The FMCG industry is characterized by products with relatively low and affordable prices, frequent purchases and short shelf life (Mendonsa, 2021). While an average consumer may only remember shampoo, soap and junk food products when they hear the term FMCG, it is actually an umbrella term that comprises a much wider array of consumer goods. Some of the FMCG categories include cleaning products (including soap, shampoo and toilet cleaners), ready-to-eat meals, processed food products, beverages, medicines, cosmetics, toiletries and even office supplies (Kenton, 2021).

Usually, the products under the FMCG category are easily substitutable as well (little to no cost of choosing an alternative brand/product) and thus the industry is marked by high competition; therefore, the companies in this industry have to build a stable, loyal customer base that regularly purchases its products over that of its competitors. Advertising and promotional offers can only create first-time or short-term consumers, not create long-term, recurring/loyal customers. For example, Shrestha (2012) examined how consumers perceived the products they purchased as part of a promotional offer and how the same affected their intention to repurchase the same after the offer ended, and concluded that consumers perceive price and quality benefits with products purchased under sales promotion offers but they do not derive hedonic benefits and thus, sales promotion offers do not encourage repurchase intentions. As such, for converting first-time users to long-term, recurring/loyal customers, the FMCG companies have to be able to establish a unique image about the product/brand and communicate its unique value proposition, this is referred to as "brand positioning." Brand positioning describes how a brand differs from its competitors by evoking brand associations in the minds of customers and making them perceive the brand in a certain way (Arathoon, 2022). It is important to create a unique impression about the brand in the mind of the customers because it allows a firm to change the consumers' perceptions and attitude about the brand or a product.

Customer loyalty is closely related to brand equity and positioning because it is generated based on how well you are positioned for both marketing and providing a satisfying customer experience (Kokemuller, n.d.). However, consumers' perceptions and their attitudes towards a product are affected by a multitude of factors including its brand name. For example, Thakor and Pacheo (1997) found that the 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 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. Similarly, Mirabi et al. (2015) found that product quality and brand advertising – not its price or packaging - had the highest impact on consumers' purchase intention.

Another factor that influences consumers' perception and perceived value for money is the information about which country the product was manufactured in i.e. country-of-origin information. The country-origin effect (COO) is a process whereby marketers and consumers associate brands with their respective countries. Here, the consumers associate a product/brand's quality and authenticity with the product's country of origin (Juneja, n.d.) and the COO effect is why consumers give high preference to authentic Swiss Army knives because they attribute the higher quality of the product and value-for-money with its country of origin (Switzerland). For example, Ergin et al. (2014) examined the attitudes of Turkish consumers towards products with foreign brand names and assessed the impact of foreign brand names on purchase decision-making through in-depth open-ended interviews. The researchers found that the consumers attributed higher quality, reliability and prestige to foreign brand names; furthermore, the consumers tended to purchase products with foreign brand names more than those with domestic brand names. Similarly, Hien et al. (2020) analyzed the effect that product's country-origin information has on its brand image, brand evaluation and consumers' intention to purchase the same, and found a significant relationship between COO and brand image, evaluation and purchase intention.

Furthermore, the consumers' purchase intention may also be influenced by consumer ethnocentrism. Consumer ethnocentrism refers to the preference for/prioritization of local or domestic brands/products over imported ones. Here, the local products/brands

may be considered superior or the purchase of foreign products may even be considered unpatriotic and an act detrimental to the local economy.

Muchandonia et al. (2021) investigated the effect of ethnocentric beliefs among Zimbabwean consumers on imported grocery products. The researchers found that consumer ethnocentrism has a significant relationship with gender, age and education level but no significant relationship with income level and that consumer ethnocentrism affects import by negatively affecting consumers' attitude towards imported products.

Therefore, considering the rising FMCG market in Nepal, it is important to understand the attitude and behavioural tendencies of the FMCG consumers so as to better position the brands/products.

1.2 Problem Statement

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). Despite the growing sentiment for focus on self-reliance and reduction of imports through quality domestic production (i.e., Make in Nepal), Indian and Bangladeshi products continue to dominate many product categories of FMCG in Nepal. For instance, in FY 2078/79, Nepal imported 447.5 tonnes in wheat flour alone! The same was 639.8 tonnes in FY 2077/78 and 313.1 tonnes in FY 2076/77. Similarly, Nepal imported Rs. 1.9 billion worth of dairy produce annually during FY 2076/77 and FY 2078/79 (Nepal Trade and Export Promotion Center, 2076/77 - 2078/79).

However, only a small number of studies have been conducted on the impact that product's country-origin information has on consumers' perceptions and their attitudes towards products/brands and purchase intentions. Rosenbloom and Haefner (2009) explored whether product's country-origin information affects brand trust in twenty-two different product categories (which included both durable goods and FMCG), by collecting a total of 292 samples from six different countries including 27% samples from Nepal and found that: perceived global brands function as a quality surrogate for consumers and helps build brand trust in case of durable, high-involvement goods (i.e., goods accounting for a higher portion of household budget). The researchers also found that a perceived global brand that was from the consumers' home country or region had a higher preference.

Regmi (2012) conducted a study to examine whether the country-of-origin information is influenced by geographical proximity to that country and to investigate the relationship between the degree of ethnocentrism and COO perceptions. The researcher found that geographical proximity had no significant impact on the country-of-origin information. The finding as to the relationship between ethnocentrism and COO was inconsistent because the consumers expressed a preference for Nepalese (i.e., domestic-made) products over foreign ones, however, purchased foreign products because of their higher quality and attractiveness.

So far, no studies have been conducted with a focus on the impact of COO information on consumers' buying decisions concerning FMCG in the case of Nepal.

1.3 Research Questions

This study tries to answer four research questions; they are as follows:

1. Do consumer ethnocentrism and country-of-origin information influence a consumer's attitude towards a foreign FMCG brand in case of Kathmandu?
2. Do consumers' attitude towards foreign FMCG brand influence their FMCG purchase intentions?
3. How do Consumer Ethnocentrism and COO impact the attitudes toward foreign FMCG brands in case of Kathmandu?
4. How do the attitudes towards the foreign brands influence consumers' purchase intentions towards foreign FMCG brands in Kathmandu?

1.4 Research Objectives

This study is conducted with the primary objective of evaluating the impact of a FMCG product's country-origin information on the consumers' intention to purchase foreign FMCG in context of Kathmandu city. The secondary objectives are as follows:

1. To analyse the relationship between consumer ethnocentrism and attitude towards foreign brands, and between Country-of-Origin information and attitudes towards foreign FMCG brands.
2. To analyse the relationship between consumers' attitudes towards foreign brands and their foreign FMCG purchase intentions**.**
3. To evaluate the impact of Consumer Ethnocentrism and COO on attitudes towards foreign FMCG brands.

4. To evaluate the impact of attitudes towards foreign FMCG brands on foreign FMCG purchase intentions.

1.5 Research Hypotheses

This study makes the following assumptions about the relationship between consumers' ethnocentric beliefs, product's country-origin information, their attitudes towards foreign brands, and their foreign FMCG purchase intentions.

H1: Attitude towards foreign FMCG brands is positively related to Intention to purchase foreign FMCG products.

H2: Attitudes towards foreign FMCG brands has a significant impact on consumers' intentions to purchase foreign FMCG products.

H3: Attitude towards foreign FMCG brands is positively related to a product's Country-of-Origin information and negatively to Consumer Ethnocentrism.

H4: Consumer Ethnocentrism and Country-of-Origin information have significant impacts on Attitudes towards foreign FMCG brands.

1.6 Significance of the Study

Despite the growing sentiment for focus on self-reliance through domestic production of (at least) goods of basic necessities, foreign (mostly Indian) products continue to dominate many product categories of FMCG in Nepal. In fact, the FMCG market is one of the fastest growing markets for foreign multinational companies in Nepal; the FMCG market in Nepal is expanding at the rate of between 10 to 15% every year (Prasain, 2018). However, only a small number of studies have been conducted on the impact of product's country-origin information on perceptions, attitudes and buying decisions of consumers towards the product or brand in the context of Nepal. So far, no studies have been carried out on the impact that product's country-origin information has on consumers' foreign FMCG buying intentions in the context of Nepal.

Therefore, the findings of this study may be useful to:

1. Create a basis for further research/studies in the future
2. Domestic companies to better understand the target market and accordingly position their products.

1.7 Scope and Limitations

Country-origin Effect is not a new concept! In pursuance of more in-depth findings, researchers have further divided the COO concept into Country of Assembly (COA), Country of Brand (COB), Country of Manufacture (COM), and Country of Design (COD). For example, Dabur is an Indian MNC that produces a wide range of fast-moving consumer goods. However, it also has a subsidiary in Nepal, Dabur Nepal, which produces Dabur goods in Nepal itself, with strict conformance to the same quality standards as in its home country, this is true for Patanjali as well! Questions such as "(1) Does consumer ethnocentrism affect purchase intention in case of "*Made in Nepal*" products which are made exclusively with imported raw materials? (2) Does consumer ethnocentrism influence purchase intention in the case of Dabur Nepal's "*Made in Nepal*" products compared to other domestic brands? And (3) Are FMCG consumers in Kathmandu price sensitive?" are beyond the scope of this study.

In addition, this study has the following limitation(s):

- **Small sample size:** Only 324 valid responses were collected during this study. A study with larger sample size may result in findings different from that of this study.
- **Limited to Kathmandu:** This study is limited to study of consumers in Kathmandu, furthermore, most of the respondents were aged between 13 and 40 i.e. the findings may not be generalizable to older generations.

1.8 Structure of the Study

This research consists of five chapters. The first chapter provides a brief background to the study, explaining the problem and why the topic is worth studying. The subtopics of this chapter are research objectives, significance, and limitations.

The second chapter includes an in-depth review of the existing literature, summarizes major findings of past studies. This not only gives the researcher clarity about gaps/contradictions in existing literature, but also acts as a guideline for proper research framework and methods to adopt variables to consider/study, and statistical tools to use.

The third chapter covers research methodology, it includes research design, population and samples of the study, sources of data, and methods of data collection and analysis.

The fourth chapter covers analysis and interpretation of the data collected for the study. Here, the researcher tests the hypotheses and establishes relationships between independent and dependent variables.

The last chapter of this report summarizes the results from the previous chapter and also compares and contrasts them with those of previous studies. Finally, the researcher also presents the implications of the results.

CHAPTER II

RELATED LITERATURE AND THEORETICAL FRAMEWORK

2.1 Review of the Literature

In some cases, consumers intentionally purchase domestically-manufactured products, while in many cases, and for certain product categories, they prefer imported ones even when domestic products with similar functionalities are readily available in the market, even at a lower price. Many studies have been conducted with the objective of understanding this behaviour.

Theory of Planned Behaviour

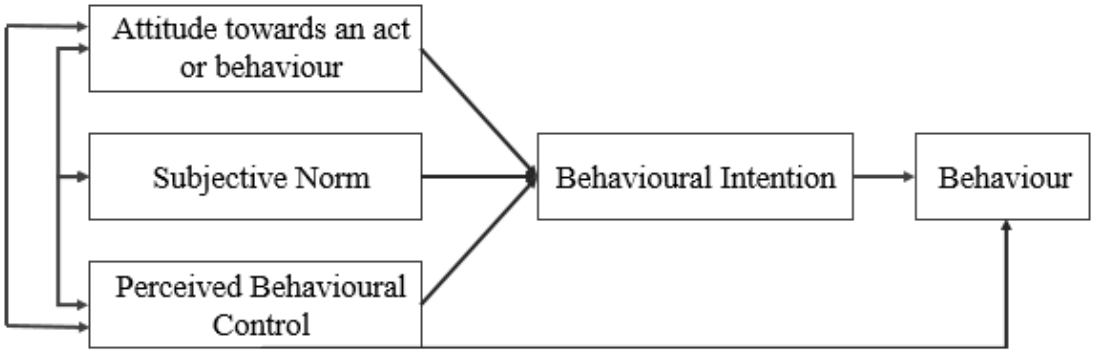
The Theory of Planned Behaviour, an extension of the Theory of Reasoned Action, was developed by Icek Azjen in 1991 for use in explaining all behaviours over which people have the ability to exert self-control. According to this theory, people behave rationally in line with their attitudes, personal norms, and perceived behavioral control. Though they may not always be actively or consciously taken into account, these factors set the stage for decision-making. It has been used to describe and predict a variety of consumer behaviours including smoking, drinking, substance abuse, etc. (Boston University Medical Campus, n.d.).

This theory has the following three components:

1. **Attitude towards an act or behaviour** – Individual's beliefs that a certain act makes a positive/negative contribution to one's life. For example, buying something makes sense to you.
2. **Subjective norms** – It refers to an individual's surrounding including group beliefs, social network, cultural norms, etc. For example, an individual's opinion about what others think about one having or not having a phone (influences one's decisions).
3. **Perceived behavioural control** – It is about how easy or difficult it is for an individual to exhibit a particular behavior or act in a particular way. For example, picking a product in store and forming an opinion about how easy or hard it is to handle a product.

Figure 1

Theory of Planned Behaviour



In simple words, this theory states that the best predictors for formation of behavioral intention are a positive attitude towards an act or a behaviour, supportive social norms and perceived high level of behavioural control, the former in turn leads to a displayed behavior.

Attitude towards Foreign Brands

Studies indicate that purchase intention is also affected by a consumer's own attitude towards a brand and brand familiarity. The term 'brand familiarity' is about how consumers perceive a brand, it is affected by the amount of time that consumers spend in processing information about the same (Jordan, 2021). Biswas (1992) examined the moderating effect of brand familiarity on consumers' price perceptions, especially under plausible and implausible reference price conditions. Here, the "reference price" refers to the cognitive benchmark that the user sets based on past prices. The researcher found a significant influence of brand familiarity on consumer price perceptions and that it may help consumers discount implausible reference prices as well. Several other studies indicate that brand familiarity has an impact on brand loyalty and purchase intention as well. For example, Laroche et al. (1996) found that brand familiarity influences consumers' attitudes towards a specific brand and their confidence in the brand. The increased brand confidence in turn influences consumers' intention to purchase products of that brand.

More recent studies also support these findings. For example, Salman and Naeem (2015) evaluated the impact that consumer attitude towards brands, celebrity endorsement and consumer ethnocentrism have on their purchase intentions , the researchers found that ethnocentrism is positively related to purchase intentions

towards local beverage brands in Pakistan; the researchers found that local beverage purchase intention is significantly related to ethnocentrism, attitude towards brands, and celebrity endorsement.

Danish et al. (2018) studied the impact that different factors related to brand such as a brand name, brand awareness, price, and perceived quality have on purchase intention and brand loyalty. For the purpose of the research, the researchers chose the automobile industry as the same has high brand involvement and high implications for perceived quality. The researchers found a significant relationship between brand loyalty and other independent factors such as brand awareness, brand name, and perceived quality, but no significant relationship between brand price and brand loyalty. The researchers also found a significant relationship between brand loyalty and purchase intention. Similarly, Arslandere and Yusuf (2020) conducted a study to determine the effect that ethnocentric beliefs and product's country-origin information have on consumers' intention to purchase foreign sports equipment in Turkey. The researchers found that ethnocentrism negatively influenced attitude toward foreign brands while COO positively influenced the attitude toward the foreign brand. Therefore, both – through their impacts on attitude towards imported products - had a significant impact on purchase intention.

H1: Attitude towards foreign FMCG brands is positively related to Intention to purchase foreign FMCG products.

H2: Attitudes towards foreign FMCG brands has a significant impact on consumers' intentions to purchase foreign FMCG products.

Country-of-Origin Effect (COO)

Early explanations for the COO effect include consumers' involvement with the said product category, patriotism, and consumers' knowledge about the country of its origin.

Roth and Romeo (1992) recognized that country-quality perceptions may vary across product categories, and examined the COO effect in terms of match between countries and product categories. The researchers stated that a favorable match between product and country occurs when the perceived strengths of a country complements important features of a product or benefits for that product category. Likewise, a favourable mismatch occurs when a country's image is positive but not complementary to features

or benefits of a given product category and an unfavourable mismatch occurs when a country's image is neither a perceived strength of a country nor an important product feature. To measure the COO effect, Roth and Romeo (1992) constructed a five-section questionnaire, as summarized in table 1.

Table 1

Summary of the questionnaire used by Roth and Romeo (1992)

S. No.	Section	Summary
1	Country Image (For each country)	Measured along four 'image dimensions' (The researchers used a Likert scale with seven possible values: a value of 1 indicating a country/product with no innovation and a value of 7 indicating a very innovative image)
2	Product Image (For each product category)	
3	Willingness to purchase	This section is related to product-country matches; the greater the match between product category and the country's image, the higher the willingness to purchase a product will be.
4	Familiarity with countries and product categories	
5	Demographic information	

Roth and Romeo (1992) outlined four dimensions along which a product or country's image can be assessed, they are: innovativeness, design, prestige, and workmanship.

The researchers found that consumers will be more willing to buy a product when there is a favorable match between product category and product's origin country's image. In such a case, willingness to buy can be enhanced by promoting the COO information. In contrast, in case of an unfavourable 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.

Peterson and Jolibert (1995) conducted a quantitative meta-analysis of COO and found that the impact of COO is consistently larger on consumers' quality/reliability perceptions than on their purchase intentions and that the influence is context-dependent. The researchers concluded that perception about quality and or reliability should be studied separately from purchase intentions in regards to further studies on COO because COO will have less impact in cases where the response requires a higher level of personal commitment and vice versa i.e. COO can be used to change of consumers' perceptions about a product as it requires far less personal commitment on consumers' part. However, influencing their decisions to purchase one is completely different matter as the same requires consumers to invest their money, in which case COO cue alone may not be sufficient of a reason or incentive for the consumer.

Schaefer (1997) investigated how consumers' familiarity with a brand and their knowledge about a product class – both dimensions of consumer knowledge – are related to the consumers' use of COO when evaluating a product. The researcher noted that objective product knowledge led to increased reliance on the COO in product evaluations in case of an unfamiliar brand name. In contrast, the researcher found no impact of subjective product knowledge on the extent to which COO is used in product evaluations.

Kinra (2006) conducted a study titled "The effect of country-of-origin on foreign brand names in the Indian market," and found that Indian consumers perceived foreign brands as more reliable and safer than their domestic alternatives, they rated foreign products/brands with higher ratings on "technology", "quality" and "status and esteem" parameters, but rated domestic ones higher 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).

Nair (2013) studied how COO impacts the consumers' perceptions about a product's quality, the researcher found that COO influences the perceived quality of the products both at the brand level and at the product level. Similarly, Chiciudean et al. (2013) studied the influence of the COO on the decision-making process of Romanian consumers in buying food products. The respondents were asked to rank different

product attributes such as price, brand and country of origin, the researchers found that Romanian consumers prefer local produce when buying organic food products and imported ones (and are thus has influenced by the COO) when buying inorganic food products.

Furthermore, studies suggest that the degree of influence of the COO information also depends on the level of economic development. For example, Ramsaran (2015) investigated the COO effects on Mauritian consumers' perceptions, attitudes and behaviours towards products imported from different developed and developing countries. The researcher found that consumers associate a product manufactured in a developed country 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.

However, not all studies have found a significant relationship between the COO and the consumers' perceptions regarding product quality and/or their buying decision! For example, Dongjin et al. (2009) studied how country-image influences the purchase intentions of Chinese consumers. The researchers found that the country image affects consumers' purchase intention only indirectly i.e. country image affects functional appraisal and consumers' attitude towards brands, which in turn, affect the consumers' purchase intention. Furthermore, the researchers found that the influence of country-image on purchase intentions varied from product to product, it was high in case of apparel but lower in case of automobiles and cellphones. Similarly, Listiana (2015) examined the influence that COO has on how consumers' associate with brand, how they perceive quality of the brand, and their loyalty towards a brand. The researcher found that, COO image significantly influences brand association only. Similarly, Ramani (2019) analyzed the effect of the COO on buying behaviour of consumers 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.

Several other studies suggest that demographic variables such as income also affect the relationship between COO cues and the consumers' purchase intention. For example, Batra et al. (2000) noted that COO is stronger in developing countries 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 seek to emulate the apparently glamorous western lifestyles, desire to display competency with alien culture (to emulate western domestic elites), and finally, because of their desire consume foreign-manufactured brands. Kinra (2006) also found a significant effect of COO information on brand names among Indian customers; the respondents rated foreign brands highly on "quality", "status" and "esteem" parameters. Similarly, Javed (2013) conducted a study to investigate the extent to which the COO affects the consumers' purchasing decisions, and whether demographic variables like age, gender, education, and income level affect their attitude/behaviour towards the country-of-origin information. The researcher found that Pakistani consumers preferred Pakistan only in case of fabrics but not in case of cosmetic or electronic products. This indicated that not only did the demographic variables affect the consumers' behaviour towards the country-of-origin information, but also that the consumers who look for COO information hold different pre-conceptions about different countries in relation to different categories of products. For example, Similarly, Gantulga and Ganbold (2022) found that consumers preferred to purchase imported products due to perceived social influence from using one, even without a prior evaluation of the same.

Consumer Ethnocentrism (CET)

According to Chattalas (2008), for a consumer with higher levels of ethnocentrism, a COO cue has a relatively higher impact on consumers' evaluation of products, purchase intentions and willingness to buy foreign products, compared to consumers who are less ethnocentric. Similarly, Jadeja (2018) examined the effect of demographic variables (age and gender) on ethnocentrism among Indian consumers in Ahemdabad city, the researcher found that gender had no impact on ethnocentrism among Indian consumers but age had a direct impact on ethnocentrism i.e. Indian consumers tend to become more ethnocentric with age.

Balabanis and Siamagka (2022) in their meta-analysis of consumer ethnocentrism analyzed two hundred forty studies from fifty-seven different countries and found that consumer ethnocentrism is a universal phenomenon which is dependent on cultural values and economic situation. The researchers also found that consumer ethnocentrism

is not a result of globalization or economic threats and ethnocentrism is high specially when the societies are multi-ethnic or when a country's culture is not egalitarian.

Purchase Intention

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

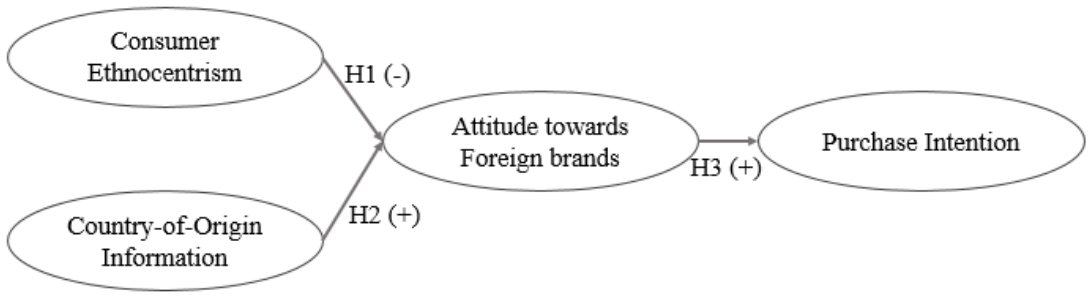
H3: Attitude towards foreign FMCG brands is positively related to a product's Country-of-Origin information and negatively to Consumer Ethnocentrism.

H4: Consumer Ethnocentrism and Country-of-Origin information have significant impacts on Attitudes towards foreign FMCG brands.

Arslandere and Yusuf (2020), as presented in figure 2, hypothesized that consumers' attitude towards foreign brands is impacted by their ethnocentric beliefs and a product's country-origin information, and that the former in turn impacts the consumers' intentions to purchase a foreign product.

Figure 2

Arslendere and Yusuf (2020) *Conceptual model*



2.2 Empirical Findings

Relationship between ethnocentrism, attitude towards foreign brands and purchase decision

Watson and Wright's (2000) study on ethnocentrism and its relation to consumers' attitude towards 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, animosity, self-esteem and stuatus on purchase intentions towards Chinese products in context of India, the researcher found that no significant influence of ethnocentrism on purchase intentions towards Chinese products.

Thomas et al.'s (2019) study on the influence of ethnocentrism on the attitude of Indian automobile consumers towards foreign brands found that attitude influences consumers' purchase decision more significantly than ethnocentrism, the latter influences consumers' purchase decision only through its influence on consumers' attitude towards imported products. The researchers also recommended the use of "Made in India" tag for domestic brands and suggested foreign marketers to focus more on product technicalities than on country-of-origin.

Relation of Consumer Ethnocentrism and Attitude towards Foreign Brands

Erdogan and Uzkurt's (2010) study on the impact of ethnocentric tendencies on consumers' attitudes towards foreign products. The researchers found that ethnocentrism had inverse relationship with preference for foreign products. Furthermore, the researchers found that highly ethnocentric consumers were less likely to be highly educated and or earn high monthly income compared to less ethnocentric ones. Similarly, Wanninayake et al. (2012) conducted a study on the impact of Consumer Ethnocentrism an Attitude towards Foreign Beer Brands in context of Czech Republic, the researchers also found a negative correlation between attitude towards foreign beer brands and consumer ethnocentrism.

Table 2 presents the summary of empirical findings of various research papers:

Table 2

Summary of Empirical Findings

S. No.	Author(s)	Title	Finding(s)
1	Leclerc et al. (1994)	Foreign Branding and its Effects on Product	- Consumers perceived higher level of satisfaction, and held

		Perceptions and Attitudes	positive attitude towards brand names that had French pronunciation. - Incongruence between COO information and foreign branding leads to reduced gratifications.
2	Martinelli et al. (2012)	The COO effect and the role of ethnocentrism on consumer buying behaviour	- Buying intent of consumers can be influenced by COO through its link with the country image, product image, and country related product image. - Ethnocentrism plays a significant role in how consumer process the COO information.
3	Javed (2013)	Impact of Country-of-Origin on Product Purchase Decision	- Consumers who seek product-origin information hold certain images for different countries in relation to different product categories. - Demographic variables affect the consumers' behaviour toward the country-of-origin information
4	Munjal (2014)	Country of Origin Effects on Consumer Behavior	- COO information does affect consumer beliefs, attitudes and perceptions. Country-image effect and ethnocentric beliefs create biases against products of certain countries, however, these biases are reduced or eliminated as the consumer becomes more familiarized with a product. The

			difference in the demographic profile of consumers also leads to varying degrees of COO effects.
5	Acharya and Elliot (2014)	Consumer Ethnocentrism, Perceived Product Quality and Choice– An Empirical Investigation	- For the majority of the population, consumer ethnocentrism is not an influential factor in the choice of local product.
6	Ramsaran (2015)	The Country-of-Origin Effect on Perceptions of Imported and Domestic Products in a Developing Country	- Consumers use COO information to associate a product with variety of factors. For e.g., they associate a product made in a developed country with quality, design, brand name, status and value for money, and that made in a developing country is associated with cost and value for money only.
7	Yunus and Rashid (2016)	The Influence of Country-of-origin on Consumer Purchase Intentions	- 'Product quality', 'country image' and 'brand familiarity', are significant and positively correlated with 'purchase intention'.
8	Hien et al. (2020)	The effect of country-of-origin image on purchase intention: The mediating role of brand image and brand evaluation	- COO image has a positive effect on image and evaluation of a brand as well as the consumers' intention to buy a product. - Both brand image and brand evaluation played mediate the relationships between COO image

			and consumers' intentions to buy a product.
9	Arslendere and Yusuf (2020)	The Impact of Country of Origin Effect and Consumer Ethnocentrism on Purchase Intention of Foreign Brand Recreational Materials Used in Sports Activities: An Empirical Research	- Ethnocentrism negatively influenced the attitude toward foreign brands - The COO positively influenced the attitude toward foreign brands. - The attitude towards foreign brands had a strong, positive effect on purchase intention.

2.3 Theoretical Framework

For this study, the research framework was adopted from Arslandere and Yusuf (2020). According to this model, a consumer's attitude towards a brand is affected by consumer ethnocentrism and the COO information, and a consumer's attitude towards a brand affects his purchase intention. The researchers hypothesized that the attitude that FMCG consumers in Kathmandu hold towards foreign FMCG is positively affected by a FMCG product's country-origin information and negatively by their ethnocentric beliefs, and that the former in turn influences their intentions to purchase foreign FMCG product.

Figure 3

Theoretical framework

Source: Arslandere and Yusuf (2020)

According to this framework, ethnocentrism and a FMCG product's country-origin information impact consumers' attitude towards foreign FMCG brands which in turn impacts the consumers' intention to buy imported FMCG products.

Operational Definition

Country-of-Origin (COO) Information

Another important topic of study to understand consumer behaviour is the Country-of-Origin information. COO is an intangible attribute of a product, an extrinsic-product cue, which is communicated as part of the labels through the phrase "*Made in* …" The 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). Roth and Romeo (1992) developed and used a 7-point Likert-type scale to measure the country of origin effect along four different dimensions. The researchers used a score of 1 to indicate a country/brand as non-innovative in a given image dimension and 7 to indicate high innovativeness in a given image dimension.

Consumer Ethnocentrism (CET)

The term "consumer ethnocentrism" was first introduced by Shimp and Sharma (1987) in their article "Consumer Ethnocentrism: Construction and Validation of CETSCALE", to explain the behaviour of American consumers, who showed bias towards American products – who considered imported products as inferior, and viewed purchase of foreign products as detrimental to the American economy and (therefore) not patriotic. In the words of Shimp and Sharma (1987), consumer ethnocentrism is "*the beliefs held by consumers about the appropriateness, indeed morality of purchasing foreign-made products*." Drawing from researcher 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, self-interest, reciprocity, rationalization of choice, psychological restraint and freedom of choice.

The researchers also constructed a measurement tool "CETSCALE" which uses seventeen items with a Likert scale comprised of seven points (whereby, a value of 1

indicated strong agreement and a value of 7 indicated strong disagreement) to measure the ethnocentrism of American consumers.

Figure 4

Shimp and Sharma's (1987) CETSCALE

	Item
1	American people should always buy American-made products instead of imports
2	Only those products that are unavailable in the U.S. should be imported.
3	Buy American-made products. Keep America working.
4	American products, first, last, and foremost.
5	Purchasing foreign-made products are un-American.
6	It is not right to purchase foreign products, because it puts Americans out of jobs.
7	A real American should always buy American-made products.
8	We should purchase products manufactured in America instead of letting other countries get rich off us.
9	It is always best to purchase American products.
10	There should be very little trading or purchasing of goods from other countries unless out of necessity
11	Americans should not buy foreign products, because this hurts American business and causes unemployment.
12	Curbs should be put on all imports.
13	It may cost me in the long run but I prefer to support American products
14	Foreigners should not be allowed to put their products on our markets
15	Foreign products should be taxed heavily to reduce their entry into the U.S.
16	We should buy from foreign countries only those products that we cannot obtain within our own country.
17	American consumers who purchase products made in other countries are responsible for putting their fellow Americans out of work.

The researchers found that attitude towards foreign products are strongly negatively correlated with ethnocentrism, and therefore, the consumers with stronger ethnocentric tendencies are more likely to buy products manufactured in the home country.

2.4 Research Gap

As stated in the problem statement in the first chapter, most studies on COO and its impact on purchase intentions have been conducted in the context of India, ASEAN and western countries. Very few studies have been conducted with regard to the impact of COO and ethnocentrism on FMCG industry. In case of Nepal, only a handful of studies have been conducted on FMCG, and none on the impact of COO and ethnocentrism in case of FMCG.

Therefore, the researcher, with the study on the impact of COO on the FMCG consumers' intentions to buy foreign FMCG in Kathmandu, aims to contribute to the literature on COO, ethnocentrism, and consumer behavior in context of Nepal, and fill the research gap.

CHAPTER III

RESEARCH METHODS

Research Methodology concerns the systematic design of a study to ensure that its results meet the aims and objectives of the study (Pedamkar, n.d.). In simple words, research methodology is the systematic plan of the researcher as to how and from where a researcher intends to collect reliable and valid data and the instruments a researcher intends to use to analyze the same so as to properly answer/solve the research problem and fulfill the research objectives.

3.1 Research Design

This research conducted to find the impact that a FMCG product's country-origin information and preference for Nepalese-made FMCG products (ethnocentrism) have on the FMCG consumers' intention to purchase foreign FMCG. For this purpose, the researcher used descriptive and explanatory research design to empirically draw conclusions about the population based on the analysis of sample statistics.

3.2 Population and Sample Selection

In statistics, population is comprised of all the individuals of interest for the purpose of the study. The process of collection of data from the whole of population is referred to as census. However, this is often not possible due to time or resource constraints, and as such, data is collected only from a small subset of the population. The process of using sample statistics to make generalizations/conclusions about whole of the population is referred to as inferential statistics (Penn State University, n.d.).

For the purpose of generalization of sample statistics, adequate number of samples have to be collected based on the population size. However, the exact number of FMCG consumers in Kathmandu (population for this study) is unknown. In cases where the population is infinite, the sample size is calculated as follows (Adhikari, 2021):

$$\mathrm{n} = \frac{\lambda^2 p\,(1-p)}{\varepsilon^2}$$

where:

n refers to sample size

λ refers to Z value based on confidence level

p refers to sample proportion

ε refers to Margin of Error

Using 95% confidence level ($\alpha = 0.05$), sample proportion of 50% ($p = 0.5$), and Error Margin of 5% ($\varepsilon = 0.05$), the sample size required was calculated as follows:

$$\mathrm{n} = \frac{Z\alpha/2^{2}\, p(1-p)}{\varepsilon^{2}}$$

$$or, \mathrm{n} = \frac{Z_{0.025}{}^{2}\, p(1-p)}{\varepsilon^{2}}$$

$$or, \mathrm{n} = \frac{1.96^{2}\ \mathrm{x}\ 0.5(1-0.5)}{0.05^{2}}$$

$$\therefore \mathrm{n} = 384.16$$

Therefore, the sample size required was calculated 384 for the purpose of the study.

3.3 Nature and Sources of Data

The researcher has the option of either collecting first-hand data himself or using existing data from different published or unpublished sources, they are referred to as primary and secondary sources of data respectively. Hence, primary data refers to that which is collected by the researcher through different methods including interviews, experiments, observation, etc. Such data are generally more thorough, and reliable, as the researcher uses appropriate method of collection with specific research problem in mind. In contrast, secondary sources of data are data generated by other researchers or organizations, these may be in both published and unpublished forms. This is less costly and time consuming, however, the data may not accurately or fully answer the current research problem. Furthermore, data can be classified on the basis of its nature, it may be quantitative (numeric) or qualitative (Wagh, 2022).

This study exclusively used primary quantitative data, the same was collected by administering a structured, close-ended questionnaire, administered through direct personal interviews and emails (mailed questionnaire method). For this purpose, the researcher used simple random sampling method for selection of samples, however, only 324 valid samples or responses were collected.

3.4 Data Generation Technique

Shimp and Sharma (1987) used 7-point Likert-type scale in CETSCALE to assess ethnocentrism, whereby a score of 1 indicated strong agreement while a score of 7 indicated strong disagreement. Roth and Romeo (1992) a 7-point Likert-type scale to measure the country/product image along four different dimensions. The researchers used a score of 1 to indicate a country/brand as non-innovative in a given image dimension and 7 to indicate high innovativeness in a given image dimension.

For this study, the data was collected by using a structured, close-ended questionnaire, adopted from the scales used by Arslandere and Yusuf (2020). The questionnaire consisted of five sections: 10-item CETSCALE, 6-item scale to measure COO, 4-item scale to measure attitude towards the brand, 4-item scale to measure purchase intention, and finally, a demographic information section. The researchers used 5-point Likert scale in their questionnaire with a score of 1 indicating a strong disagreement, a score of 3 indicating neutrality, and a score of 5 indicating strong agreement with a given item.

3.5 Data Analytical Tools

Firstly, the researcher conducted a pilot survey to confirm the internal consistency and reliability of the questionnaire. For this purpose, the researcher used SmartPLS 4.0 to assess the questionnaire's reliability and validity. At this stage, the researcher observed Cronbach's Alpha and Composite Reliability to assess the questionnaire's reliability, and HTMT, Cross Loadings, and Fornell-Larcker criterion to assess the questionnaire's validity.

After the data collection stage was complete, the researcher used various statistical tools for an in-depth analysis of the whole of the data. Firstly, the researcher used IBM SPSS 26 to undertake descriptive statistical analysis to understand the demographic profile of the respondents, and Shapiro-Wilk test for test of normality. Under the descriptive statistics analysis, the study analysed the central tendency and measures of variability (spread) including mean, standard deviation, minimum, and maximum.

Furthermore, the researcher undertook internal consistency with analysis of Cronbach's Alpha, Composite Reliability, validity test with analysis of Fornell-Larcker criterion, HTMT, and Cross Loadings, and Multi-collinearity test with analysis of Variance Inflation Factor (VIF). The researcher also tested the hypotheses by using the path

model, for these analyses, the researcher conducted a bias-corrected bootstrapping two tailed test, with 10000 sub-samples at 5% level of significance in SmartPLS.

3.6 Reliability and Validity Analysis

The researcher conducted a pilot survey and collected fifty samples by directly administering the questionnaire in person, with the intention of testing the internal consistency and validity of the questionnaire. Internal consistency refers to the degree to which indicators that measure a construct are related to each other, it ranges between 0 and 1. The coefficient values between 0.6 and 0.7 are regarded as "acceptable in exploratory research", coefficient values equal to or greater than 0.7 but less than 0.9 are regarded as "satisfactory to good", and values higher than 0.95 are considered "problematic" (Hair, et al., 2019).

3.6.1 Reliability Test

Cronbach's alpha is a popular criterion for assessing the internal consistency of test items, it measures the degree to which a measurement is consistent in measuring a concept. In order to calculate Cronbach's alpha, the following formula is used:

$$\alpha = \left(\frac{k}{k-1}\right)\left(1-\frac{\sum_{i=1}^{k}\sigma_{y_i}^2}{\sigma_x^2}\right)$$

where:

k denotes the number of scale items

$\sigma_{y_i}^2$ denotes the variance of item i

σ_x^2 denotes the variance of the observed total scores

Acceptable values for this measure range between 0.7 and 0.95, a low alpha value may indicate that there is poor inter-relatedness between the items, it could also occur in case there are a low number of questions. In contrast, values above 0.95 may suggest that some items need to be removed (Tavakol & Dennick, 2011). If each scale item is totally independent of the others (uncorrelated to each other), then α will be 0. In contrast, α will be close to 1 when the items are highly covariant with each other. The

more the items' covariance are shared, higher the likelihood is that they measure the same fundamental idea (Goforth, 2015).

Composite Reliability test is also a measure of internal consistency of items in a scale. The decision criteria for Composite Reliability is the same as that of Cronbach's Alpha. Composite reliability rho_a, which lies between cronbach's alpha and rho_c, may be a good representation of internal reliability of a construct (Hair, et al., 2019).

Table 3

Pilot Survey - Reliability Test

	ATF	CE	COO	PI
Cronbach's Alpha	0.853	0.910	0.860	0.847
Composite Reliability - rho_a	0.866	0.911	0.825	0.881
Composite Reliability - rho_c	0.900	0.920	0.867	0.897

As shown in table 1, all four scales had alpha values between 0.7 and 0.95, thus the internal consistency of scales was confirmed as per this test. Similarly, the rho_c values of all four scales were above the threshold of 0.7, so the scales were deemed internally consistent and reliable.

3.6.2 Sampling Adequacy Test

The researcher used Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy to determine whether there is sufficient data in hand to proceed with factor analysis. KMO returns values between 0 and 1, a value lower than 0.5 indicates that sampling is inadequate for factor analysis, a value 0.8 and 0.89 is good while that between 0.9 and 1 is marvelous (Glen, n.d.).

Table 4

Kaiser-Meyer-Olkin and Bartlett's Test

KMO		0.707
Bartlett's Test of Sphericity	Approx. Chi-Square	789.175
	df	276
	Sig.	0.000

As presented in table 2, the KMO value is 0.707 (above the minimum value i.e. 0.5), this shows that the sample collected during pilot survey is sufficient for proceeding with

factor analysis. Similarly, the Test of Sphericity shows that the data is correlated as it resulted a value less than the significant value of 0.01, so the factor analysis would not be meaningless.

3.6.3 Validity Test

To assess the validity of the scales, convergent and divergent validity tests were carried out. Convergent Validity measures how much the construct converges to explain its indicators' variance. Likewise, Divergent Validity measures how much a construct is empirically distinct from remaining constructs in the framework.

3.6.3.1 Convergent Validity Test

The researcher assessed Average Variance Extracted (AVE) for testing convergent validity of the constructs. The minimum threshold for this criteria is 0.5, a higher value indicates that the construct explains 50% or more of the variance of the indicators that measure the construct (Hair, et al., 2019).

Table 5

Pilot Survey - Convergent Validity test

	CE	COO	ATF	PI
Average Variance Extracted (AVE)	0.543	0.527	0.685	0.692

As shown in table 3, the AVE of all four scales were above 0.5, this result confirmed convergent validity of the questionnaire.

3.6.3.2 Divergent Validity Test

The researcher used Fornell-Larcker criterion, Heterotrait-monotrait (HTMT) ratio and Cross Loadings matrix. Fornell-Larcker criterion states that the square root of each construct's AVE must be more than the construct's correlation with other construct (Analysis INN, 2020). HTMT ratio is another criterion for assessment of discriminant validity. Hair et al. (2019) recommend HTMT ratio over Fornell-Larcker criterion, as the latter does not perform well in cases where construct loadings differ only slightly. HTMT is the mean value of the heterotrait-hetero method correlations relative to the geometric mean of the average monotrait-hetero method correlations. HTMT value above 0.9 (0.85 if constructs are conceptually distinct) suggests absence of discriminant validity (Hair, et al., 2019, p. 79). Cross Loadings is another tool for discriminant

validity test. Here, discriminant validity is confirmed if each item under a construct has higher loading on its own parent construct compared to other constructs of the model.

Table 6

Pilot Survey - Fornell-Larcker Criterion

	ATF	CE	COO	PI
ATF	**0.832**			
CE	0.290	**0.737**		
COO	0.324	0.573	**0.726**	
PI	0.570	0.173	0.331	**0.828**

As shown in table 4, the all four constructs have square root of AVE higher than the its' correlation with other constructs, therefore, the Fornell-Larcker criterion states that each construct is empirically different from the others.

Table 7

Pilot Survey - Heterotrait-monotrait ratio

	HTMT
CE <-> ATF	0.271
COO <-> ATF	0.283
COO <-> CE	0.645
I <-> ATF	0.639
PI <-> CE	0.223
PI <-> COO	0.341

As shown in table 5, the HTMT values are lower than 0.9 so discriminant validity holds true according to HTMT criterion as well.

Table 8

Pilot Survey - Cross Loadings

	ATF	CE	COO	PI
ATF1	**0.773**	0.262	0.264	0.340
ATF2	**0.880**	0.217	0.291	0.439
ATF3	**0.852**	0.199	0.191	0.503
ATF4	**0.818**	0.281	0.320	0.568
CE1	0.213	**0.708**	0.385	0.123

CE10	0.244	**0.766**	0.456	0.224
CE2	0.003	**0.560**	0.421	0.162
CE3	0.185	**0.599**	0.424	0.106
CE4	-0.018	**0.522**	0.293	-0.077
CE5	0.297	**0.875**	0.483	0.140
CE6	0.196	**0.821**	0.368	0.112
CE7	0.046	**0.794**	0.590	0.146
CE8	0.217	**0.797**	0.495	-0.003
CE9	0.218	**0.833**	0.458	0.206
COO1	0.057	0.411	**0.637**	0.184
COO2	0.204	0.395	**0.818**	0.246
COO3	0.098	0.285	**0.666**	0.133
COO4	-0.076	0.353	**0.516**	0.194
COO5	0.233	0.501	**0.768**	0.207
COO6	0.339	0.543	**0.888**	0.376
PI1	0.430	0.265	0.404	**0.807**
PI2	0.597	0.112	0.283	**0.896**
PI3	0.440	0.092	0.245	**0.855**
PI4	0.375	0.120	0.156	**0.746**

As shown in table 6, each item has higher loading under its own parent construct, therefore, the discriminant validity is confirmed. Furthermore, because all four scales passed the convergent validity test (AVE > 0.5), none of the items with factor loading less than 0.7 were discarded.

3.7 Ethical Consideration

This study concerned with consumer behavior and as such, data was collected by administering a structured questionnaire both in person and through electronic medium (mailed questionnaire, social media). When the survey questionnaires were distributed, they came with a details about the research objectives and a quick bio about the researcher. The researcher upheld strong ethics and standard during the whole process, from survey administration to report writing.

- Works of past researchers and authors were acknowledged with due credits

- The respondents were briefed about the research objectives, their participation was voluntary and could leave the survey at any point in time; furthermore, the respondents' confidentiality was guaranteed and they were assured that the researcher would use the data collected strictly for research only.

CHAPTER IV

ANALYSIS AND RESULTS

As stated in Chapter 3, only 324 valid responses were collected during the study. This chapter summarizes the analysis and interpretation of the same. Furthermore, this chapter also includes test of the research hypotheses through the use of Partial Least Squared - Structural Equation Modeling.

4.1 Demographic Profile of the respondents

Demographic profile is an important part of the study, it contains the characteristics of an individual or the population, and commonly include gender, marital status, age or age group, income or income range, education, etc. It helps gain better understanding about the population of interest, and as such, it may also help generalize findings to specific characteristics of the population (Mills, n.d.).

Table 9

Demographic profile of the respondents

		Frequency	Percent
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
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

As shown in table 7, females formed majority of the participants in the survey, the analysis of age group shows that overwhelming majority of the respondents belong to the 13-25 and 25-40 years' age group; furthermore, only 13% of the respondents held post-graduate degree or higher. Therefore, it may be surmised that students and young adults formed the majority of the respondents.

4.2 Descriptive Statistical Analysis

The researcher used IBM SPSS 26 for conducting the descriptive statistical analysis of the data based on both the mean scores as well as the demographic characteristics of the respondents.

4.2.1 Descriptive Analysis based on Mean scores

The researcher analysed the mean scores along each scale/variable, to draw conclusions about the overall behavior of the respondents, without any regard to their demographic characteristics.

Table 10

Country-of-Origin Effect

	Item	Mean	SD
When buying a FMCG products, I always seek to find what country it was made in	COO1	3.204	1.245
To make sure that I buy the highest quality FMCG products, I look to see what country the product was made in	COO2	3.157	1.245
I feel that it is important to look for country-of-origin information when deciding which FMCG products to buy	COO3	3.204	1.222
I look for the "*Made in ....*" labels on FMCG products	COO4	3.191	1.257
I look for the country-of-origin information to choose the best product available in a FMCG product class	COO5	3.290	1.199

If I have little experience with a FMCG/brand, then I look for the country-of-origin information	COO6	3.130	1.192

The mean score for the COO scale is moderately positive/agreement at 3.2, therefore, the FMCG consumers in Kathmandu tend to seek country-of-origin information when making their purchase decisions.

Table 11

Consumer Ethnocentrism

	Item	Mean	SD
Nepalese should only buy Nepalese FMCG products instead of imported ones	CE1	2.954	1.242
Only FMCG products that are unavailable in Nepal should be imported	CE2	3.207	1.376
Buy "Made in Nepal" FMCG products, keep Nepal working	CE3	3.160	1.314
There should be very little purchasing from other countries unless out of necessities	CE4	3.083	1.291
Nepalese should not buy imported FMCG products because it hurts Nepalese businesses and causes unemployment	CE5	2.981	1.356
Foreign FMCG products should be taxed heavily to reduce their entry into Nepal	CE6	3.114	1.301
It may cost me in the long run, but I prefer to buy Nepalese FMCG products	CE7	3.096	1.269
It is always best to purchase Nepalese FMCG products	CE8	3.139	1.260
We should purchase FMCG products made in Nepal instead of letting others get rich off of us	CE9	3.096	1.281
Nepalese consumers who purchase FMCG products made in other countries are responsible for putting their fellow Nepalese out of work	CE10	2.938	1.292

The mean score in this CETSCALE is 3.077, therefore, the FMCG consumers in Kathmandu lean towards ethnocentrism i.e. they do think they should prioritize

Nepalese FMCG products/brands, that import is harmful to domestic economy, and that entry of foreign FMCG should be minimized.

Table 12

Attitude towards Foreign Brands

	Item	Mean	SD
Foreign brands in foreign language give positive tips about a FMCG product	ATF1	3.052	1.331
I think foreign FMCG products in foreign language have positive image for me	ATF2	2.969	1.198
I think that foreign brands in foreign language among FMCG products meet my expectations	ATF3	3.086	1.148
I think that foreign brands in foreign language among FMCG products add prestige to me	ATF4	3.003	1.289

The mean score in the ATF scale is 3.03, this means that the attitude of FMCG consumers in Kathmandu towards foreign brands or products in foreign languages lean towards agreement i.e. though slightly ethnocentric as well, they do perceive positive tip about a FMCG product when it is in foreign brand/language, they hold higher expectations. With a mean score of 3.003, however, the FMCG consumers don't particularly associate prestige with use of foreign FMCG brands or products in foreign language.

Table 13

Purchase Intention for Foreign brands

	Item	Mean	SD
When I buy FMCG products, I pay attention to whether it is a foreign brand/in a foreign language	PI1	2.981	1.209
When I buy FMCG products, I often buy foreign brand/s	PI2	2.858	1.208
The fact that the FMCG brand is foreign made speeds up my purchase decision	PI3	2.948	1.188
I prefer an imported FMCG product if I have to decide between and imported product and one made in Nepal	PI4	2.991	1.168

The mean score in the PI scale is 2.944, this means that the FMCG consumers in Kathmandu hold negative bias against imported FMCG products, and when possible, they go for domestically made FMCG.

4.2.2 Descriptive Analysis based on Demographic characteristics

The researcher also analyzed the mean scores for each scale/variable on the basis of different demographic characteristics.

Table 14

Descriptive Analysis based on Gender

	CE	COO	ATF	PI
Male	3.073	3.098	3.031	2.923
Female	3.079	3.269	3.026	2.961

Descriptive analysis of mean scores along each variable shows that female respondents were more likely to seek country-of-origin information when making FMCG purchase decisions.

Table 15

Descriptive Analysis based on Age group

	CE	COO	ATF	PI
13 - 25 years	3.117	3.112	2.915	2.782
25 - 40 years	3.046	3.277	3.113	3.087
40 - 65 years	2.925	3.319	3.500	3.146
Above 65 years	3.133	2.944	2.667	3.333

Descriptive analysis based on age group shows that respondents between 13 and 25 years of age were more ethnocentric. In contrast, the respondents between 40 and 65 years of age scored lowest on ethnocentrism and high on seeking a FMCG product's country-of-origin effect and attitude towards foreign brands.

Table 16

Descriptive Analysis based on Income

	CE	COO	ATF	PI
Student/Unemployed	3.022	3.176	3.035	2.860
Below Rs. 20000 pm	3.037	3.067	3.052	2.869

Rs. 20000 - 40000 pm	3.174	3.325	3.088	3.088
Rs. 40000 - 60000 pm	3.144	3.253	2.810	3.140
Above Rs. 60000 pm	3.400	3.166	2.500	3.250

Descriptive analysis based on income level shows that respondents with income below Rs. 20000 p.m. may be least likely to frequently purchase foreign FMCG. Respondents with higher income level may be progressively more likely to frequently purchase foreign FMCG.

Table 17

Descriptive Analysis based on Education

	CE	COO	ATF	PI
Below SLC/SEE	3.251	3.023	3.138	2.982
SLC/SEE	3.067	3.217	2.834	2.899
10 + 2	3.170	3.172	3.096	2.838
Bachelor level	3.025	3.127	3.014	2.946
Master's level	2.950	3.465	3.131	3.092
Above Master's level	2.540	3.700	3.050	4.000

Descriptive analysis based on education level shows that respondents with higher academic qualifications may be more likely to seek country-of-origin information, frequently purchase foreign FMCG, hold positive attitude towards foreign FMCG, and less likely to hold ethnocentric beliefs.

4.3 Normality Test

Table 18

Shapiro-Wilk test

	Statistic	df	Sig.
CE	0.934	324	0.000
COO	0.955	324	0.000
ATF	0.960	324	0.000
PI	0.960	324	0.000

As shown in table 16, the Shapiro-Wilk test shows that p-value for all four variables are less than the significant value of 0.05, therefore, the null hypothesis was rejected,

the data was found skewed (not normally distributed). The distribution of data would have been relevant if the researcher opted to use SPSS further analysis because non-parametric tests are used if the test of normality fails. However, the researcher used SmartPLS 4.0 for further statistical analysis as it makes no assumptions about shape/distribution of the data and works even with small sample size.

4.4 Confirmatory Tetrad Analysis (CTA)

CTA is a test to statistically determine whether a factor is best specified as formative or reflective. A model is best specified as reflective if the p-values in CTA are non-significant (greater than 0.05), else it's best specified as formative. Depending on whether the factors are formative or reflective, appropriate statistical tools have to be analyzed.

The researcher used SmartPLS 4.0 for two-tailed CTA test during the study, with 10000 sub-samples at 0.05 level of significance. CTA only applies to constructs that have at least four (hence "tetrad") or more items (Ringle, Wende, & Becker, 2022).

Table 19

CTA of Consumer Ethnocentrism

Confidence Interval: 95%

CE	Original sample	Sample mean	SD	t stat	P values
1: CE1,CE10,CE2,CE3	0.036	0.035	0.087	0.41	0.682
2: CE1,CE10,CE3,CE2	0.055	0.053	0.086	0.633	0.527
4: CE1,CE10,CE2,CE4	0.043	0.041	0.091	0.470	0.638
6: CE1,CE2,CE4,CE10	0.014	0.014	0.072	0.200	0.842
7: CE1,CE10,CE2,CE5	-0.235	-0.234	0.086	2.734	**0.006**
10: CE1,CE10,CE2,CE6	-0.138	-0.138	0.09	1.536	0.125
13: CE1,CE10,CE2,CE7	-0.14	-0.139	0.087	1.600	0.110
17: CE1,CE10,CE8,CE2	0.044	0.044	0.075	0.591	0.555
20: CE1,CE10,CE9,CE2	0.068	0.067	0.082	0.831	0.406
29: CE1,CE10,CE6,CE3	-0.062	-0.062	0.071	0.874	0.382
31: CE1,CE10,CE3,CE7	-0.123	-0.123	0.085	1.437	0.151
35: CE1,CE10,CE8,CE3	0.060	0.059	0.077	0.784	0.433
41: CE1,CE10,CE5,CE4	-0.063	-0.064	0.08	0.789	0.430

43: CE1,CE10,CE4,CE6	-0.127	-0.127	0.088	1.442	0.149
47: CE1,CE10,CE7,CE4	0.073	0.070	0.069	1.057	0.291
50: CE1,CE10,CE8,CE4	0.064	0.062	0.079	0.81	0.418
60: CE1,CE5,CE7,CE10	0.079	0.078	0.092	0.86	0.39
64: CE1,CE10,CE5,CE9	-0.161	-0.162	0.071	2.285	0.022
66: CE1,CE5,CE9,CE10	-0.034	-0.033	0.089	0.383	0.702
71: CE1,CE10,CE8,CE6	-0.092	-0.091	0.078	1.174	0.24
80: CE1,CE10,CE9,CE7	-0.133	-0.133	0.073	1.828	0.068
91: CE1,CE2,CE3,CE6	-0.021	-0.02	0.078	0.271	0.787
120: CE1,CE5,CE6,CE2	0.076	0.074	0.080	0.943	0.346
169: CE1,CE3,CE5,CE8	-0.165	-0.163	0.091	1.808	0.071
182: CE1,CE3,CE9,CE6	0.062	0.062	0.080	0.783	0.433
205: CE1,CE4,CE6,CE7	-0.107	-0.106	0.073	1.460	0.144
233: CE1,CE5,CE8,CE7	0.172	0.171	0.082	2.087	**0.037**
236: CE1,CE5,CE9,CE7	0.029	0.03	0.083	0.352	0.725
248: CE1,CE6,CE9,CE8	0.125	0.124	0.072	1.729	0.084
281: CE10,CE2,CE8,CE4	-0.066	-0.066	0.083	0.795	0.426
324: CE10,CE4,CE7,CE3	-0.155	-0.153	0.084	1.844	0.065
358: CE10,CE3,CE8,CE9	0.078	0.076	0.070	1.104	0.27
395: CE10,CE5,CE8,CE6	-0.042	-0.041	0.089	0.466	0.641
434: CE2,CE3,CE9,CE4	-0.061	-0.06	0.083	0.739	0.46
526: CE3,CE4,CE5,CE6	0.268	0.266	0.096	2.791	**0.005**

As shown in table 17, majority of the p-values are not significant ($p > 0.05$), therefore, Consumer Ethnocentrism (CE) is best specified as a reflective construct.

Table 20

CTA of Country-of-Origin Effect

Confidence Interval: 95%

COO	Original sample	Sample mean	SD	t stat	P values
1: COO1,COO2,COO3,COO4	0.122	0.120	0.064	1.901	0.057
2: COO1,COO2,COO4,COO3	0.04	0.038	0.072	0.555	0.579
4: COO1,COO2,COO3,COO5	0.123	0.122	0.063	1.965	**0.049**

6: COO1,COO3,COO5,COO2	-0.032	-0.033	0.055	0.580	0.562
7: COO1,COO2,COO3,COO6	0.122	0.120	0.062	1.946	0.052
10: COO1,COO2,COO4,COO5	0.057	0.055	0.066	0.866	0.387
16: COO1,COO2,COO5,COO6	0.146	0.143	0.068	2.159	**0.031**
22: COO1,COO3,COO4,COO6	-0.106	-0.105	0.059	1.784	0.074
26: COO1,COO3,COO6,COO5	0.006	0.006	0.067	0.094	0.925

As shown in table 18, majority of the p-values are not significant ($p > 0.05$), therefore, Country-of-Origin (COO) is best specified as a reflective construct.

Table 21

CTA of Attitude towards Foreign Brands

Confidence Interval: 95%

`ATF	Original sample	Sample mean	SD	t stat	P values
1: ATF1,ATF2,ATF3,ATF4	0.059	0.058	0.070	0.836	0.403
2: ATF1,ATF2,ATF4,ATF3	0.049	0.048	0.070	0.709	0.478

As shown in table 19, all the p-values are greater than 0.05, therefore, Attitude towards Foreign Brands (ATF) is best specified as a reflective construct.

Table 22

CTA of Purchase Intention for foreign brands

Confidence Interval: 95%

PI	Original sample	Sample mean	SD	t stat	P values
1: PI1,PI2,PI3,PI4	0.015	0.014	0.063	0.230	0.818
2: PI1,PI2,PI4,PI3	0.103	0.102	0.053	1.957	0.050

Purchase Intention (PI) is best specified as a reflective construct because all p-values in table 20 are insignificant.

Therefore, all four constructs were found reflective, After determining the measurement model as reflective, the researcher carried out Internal Consistency, and Discriminant Validity tests.

4.5 Reliability and Validity Test

Table 23

Construct Reliability and Validity

	Factor Loading	Cronbach's Alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	AVE
ATF		0.737	0.74	0.836	0.560
ATF1	0.761				
ATF2	0.796				
ATF3	0.703				
ATF4	0.731				
CE		0.902	0.907	0.919	0.532
CE1	0.715				
CE2	0.733				
CE3	0.777				
CE4	0.751				
CE5	0.704				
CE6	0.709				
CE7	0.779				
CE8	0.756				
CE9	0.714				
CE10	0.645				
COO		0.836	0.837	0.88	0.550
COO1	0.755				
COO2	0.721				
COO3	0.745				
COO4	0.763				
COO5	0.725				
COO6	0.742				
PI		0.762	0.776	0.847	0.581
PI1	0.780				
PI2	0.790				

PI3	0.788
PI4	0.686

As shown in table 21, all four scales have Cronbach's Alpha and composite reliability values above 0.7 but below 0.95, this confirmed the internal consistency.

Convergent Validity was assessed through AVE criteria. Table 16 shows that all the AVE values were above the minimum required value i.e. more than 0.5, therefore, convergent validity was confirmed. Similarly, the researcher used Fornell-Larcker criterion, HTMT and Cross Loadings to assess whether the discriminant validity holds true.

Table 24

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 22, all four constructs have square root of AVE higher than their correlations with other constructs, therefore, Fornell-Larcker criterion confirmed discriminant validity.

Table 25

Heterotrait Monotrait ratio

	Original sample (O)	Sample mean (M)	2.50%	97.50%
CE <-> ATF	0.467	0.468	0.346	0.584
COO <-> ATF	0.597	0.598	0.468	0.722
COO <-> CE	0.254	0.260	0.147	0.390
PI <-> ATF	0.692	0.693	0.579	0.798
PI <-> CE	0.374	0.375	0.251	0.501
PI <-> COO	0.502	0.503	0.375	0.625

As shown in table 23, all the values were below 0.9; furthermore, all the O values are between fall between the corresponding confidence interval values (between values specified in 2.5% and 97.5% columns), therefore, discriminant validity held true according to HTMT criterion.

Table 26

Cross Loadings

	ATF	CE	COO	PI
ATF1	**0.761**	-0.262	0.387	0.433
ATF2	**0.796**	-0.335	0.387	0.370
ATF3	**0.703**	-0.278	0.303	0.377
ATF4	**0.731**	-0.287	0.327	0.408
CE1	-0.238	**0.715**	-0.100	-0.178
CE2	-0.221	**0.645**	-0.175	-0.23
CE3	-0.327	**0.733**	-0.165	-0.219
CE4	-0.279	**0.777**	-0.158	-0.287
CE5	-0.312	**0.751**	-0.155	-0.233
CE6	-0.197	**0.704**	-0.162	-0.151
CE7	-0.305	**0.709**	-0.215	-0.185
CE8	-0.318	**0.779**	-0.178	-0.198
CE9	-0.291	**0.756**	-0.168	-0.283
CE10	-0.288	**0.714**	-0.127	-0.254
COO1	0.351	-0.194	**0.755**	0.253
COO2	0.338	-0.228	**0.721**	0.32
COO3	0.353	-0.201	**0.745**	0.281
COO4	0.356	-0.132	**0.763**	0.281
COO5	0.340	-0.110	**0.725**	0.360
COO6	0.358	-0.120	**0.742**	0.322
PI1	0.441	-0.159	0.383	**0.780**
PI2	0.462	-0.263	0.298	**0.790**
PI3	0.394	-0.264	0.313	**0.788**
PI4	0.288	-0.268	0.229	**0.686**

Cross Loadings analysis confirms discriminant if each item in a construct has higher loading on its own parent construct, compared to other constructs of the model. As

shown in table 24, each item in all four constructs has higher loading in its own parent construct compared to other constructs. Therefore, Cross Loadings analysis confirmed the discriminant validity.

4.6 Structural Equation Model Analysis

The first-generation multivariate data analysis techniques used by researchers to empirically test proposed relationships between relevant variables all share three major limitations: assumption of a straightforward model, all variables are required to be observable, and lastly, assumption that all measurements are error-free. To get around these limitations, researchers use second-generation techniques, referred to as structured equation modeling (SEM).

The concepts or "constructs" under consideration in SEM are usually not directly observable and therefore measured by using a number of indicators or "manifest variables"; furthermore, SEM takes measurement error in the observed variables in consideration when estimating the relationships, 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: partial least squares (PLS) SEM and covariance-based (CB) SEM (Hair, et al., 2019, pp. 3-5). The researcher used the former as it works even when the size of the sample is small and it also does not require the same to be normally distributed data (Hair, et al., 2019, p. 12).

Figure 5

Graphical Output – Structural Equation Model

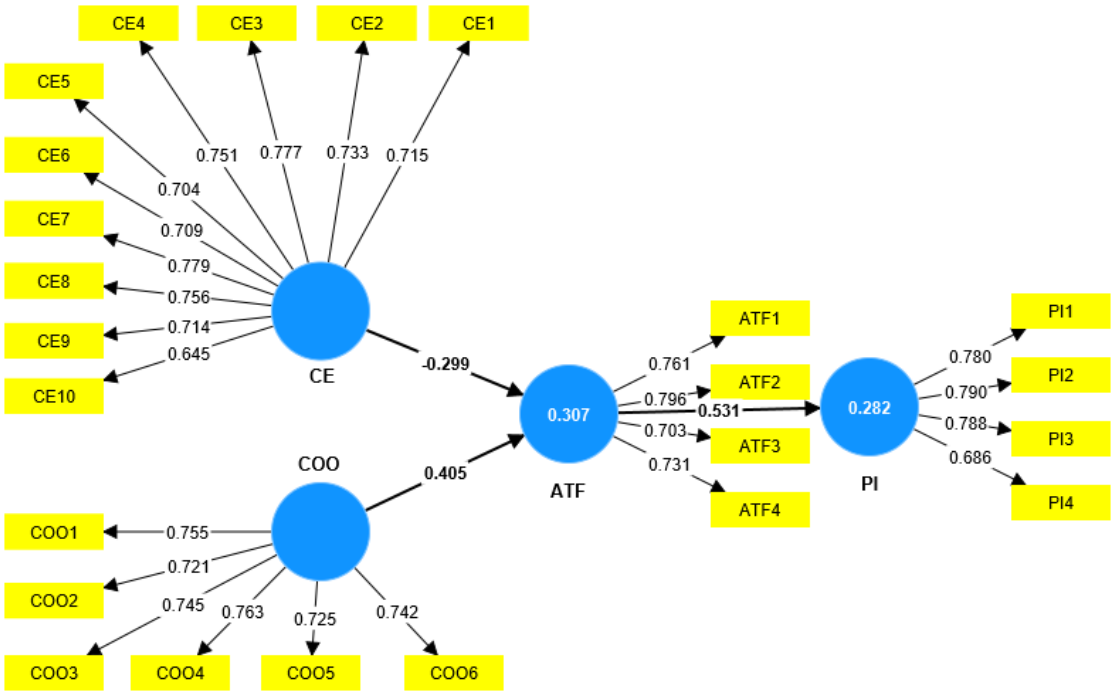


Figure 4 presents the structural model as well as its path coefficients and coefficients of determination for constructs PI and ATF. r^2 explains the model's explanatory power. As shown in the figure, PI has r^2 value of 0.283, meaning the model explained only 28% of the variation in PI. Similarly, ATF has a r^2 value of 0.307, meaning COO and CE explain 30% of the variation in ATF. Generally, a r^2 value of 0.75 is considered strong, r^2 value of 0.5 is considered moderate, and a r^2 value of 0.25 is considered weak (Hair, et al., 2019, p. 118). However, a low r^2 value in this study does not necessarily indicate that the model is poor! A good model can have low r^2 value, a model can have a high r^2 value because of biasness, this is because some disciplines (such as human behavior) have higher amount of unexplainable variation and so it is common for such studies to have r^2 values less than 50% (Frost, n.d.). According to Hair et al. (2019, p. 118), acceptable r^2 values are based on the research context 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, PLS-SEM: Indeed a Silver Bullet, 2011).

4.7 Structural Model Assessment

Structural model assessment includes the following assessments: collinearity of the structural model, significance and relevance of structural model relationship, model's explanatory power, model's predictive power, and (optionally) model comparisons (Hair, et al., 2019, p. 116).

4.7.1 Path Coefficients

A path coefficient is the direct effect that a variable has on another, wherein the former is assumed to be the cause, and the latter, its effect.

Table 27

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

An analysis of the path coefficients shows that both CE and COO have significant impact on ATF, as the corresponding p-values are less than significant value of 0.01. Similarly, ATF has significant impact on PI as the corresponding p-value is less than the significant value of 0.01.

4.7.2 Collinearity Statistics

Multi-collinearity is a condition where there is high correlation between multiple independent variables. Variance Inflation Factor (VIF) test is used to measure the amount of multi-collinearity, it estimates the extent to which the collinearity issue inflates the variance of a regression coefficient (Potters, 2022). If VIF value is less than 3, then collinearity is not a problematic issue. In case the VIF value is equal to or more than 3 but less than 5 then collinearity issues are usually uncritical (i.e. VIF values up to 5 may be acceptable). However, in case VIF value is 5 or higher then critical collinearity issues are likely to occur. In case collinearity is an issue, it can be resolved by creating higher order constructs (Hair, et al., 2019, p. 123).

Table 28

VIF – Inner Model

	ATF	CE	COO	PI

ATF		1
CE	1.051	
COO	1.051	
PI		

As shown in table 26, all the constructs have VIF values below 3, therefore, there is no issue of collinearity between the constructs.

4.7.3 R square

After ensuring that there is no issue of collinearity between constructs, the researcher used bias-corrected bootstrapping with 10000 subsamples at 0.05 level of significance to assess the model's explanatory power. r^2 ranges from 0 to 1, and generally, r^2 values of 0.75 is considered substantial, 0.50 is considered moderate, and 0.25 considered weak explanatory power but a low r^2 value does not necessarily indicate a bad model as the acceptable value of r^2 depends on the context of the research; values as low as 0.10 may be considered good in some cases. For e.g., a r^2 value of 0.20 is regarded good in study of consumer behavior. Furthermore, the greater the number of predictor constructs, the higher the r^2 value will be (Hair, et al., 2019).

Table 29

R square

	Original sample	Sample mean	SD	t stat	P values	Bias	2.5%	97.5%
ATF	0.307	0.319	0.042	7.291	0.000	0.012	0.217	0.379
PI	0.282	0.288	0.044	6.455	0.000	0.006	0.196	0.365

As shown in table 27, ATF has r^2 value of 0.307, this means 30.7% of the variance in ATF is explained by COO and CE. Similarly, the PI has r^2 of 0.282, this means that ATF explained 28.2% of variance in PI.

4.7.4 F square

A high r^2 value does not necessarily indicate a good model, this is because r^2 value may be high in case of biased model (Frost, n.d.), r^2 value also tends to be high in case there are high numbers of explanatory variables. Researchers can examine how removing a predictor construct affects the r^2 value of an endogenous construct, this is

reflected by the f^2 effect size (Hair, et al., 2019, p. 119). Guideline for assessing f^2 is as follows: an f^2 value of 0.02 indicates small effect, 0.15 indicates moderate effect, and 0.35 indicates large effect. In case the same is lower than 0.02, it indicates that removing the corresponding construct has no effect on the endogenous construct (Cohen, 1988).

Table 30

F square

	Original sample	Sample mean	SD	t stat	P values
ATF-> PI	0.393	0.411	0.088	4.459	0
CE -> ATF	0.122	0.133	0.047	2.585	0.01
COO -> ATF	0.225	0.238	0.066	3.391	0.001

From the analysis of f^2 effect size of predictor constructs in table 28, predictor constructs CE has weak effect on r^2 value of ATF while COO has moderate effect on r^2 value of ATF. Of the two predictor constructs, omission of CE will have smaller effect on the model. Similarly, construct ATF has f^2 effect size of 39.3%, meaning omission of ATF from the model has a large impact on the endogenous construct PI.

4.7.5 Model Fitness

The researcher examined Standardized Root Mean Square Residual (SRMR) as an absolute measure of model fit criterion. SRMR is the discrepancy between the observed and implied correlations *(Ringle, Wende, & Becker, 2022)*. A model is considered to have a good fit in case the SRMR value is less than 0.08 *(Hair, Howard, & Nitzl, 2020)*.

Table 31

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 29, the SRMR value is 0.059 which is lower than the value of 0.08, therefore, the researcher found the model to be a good fit.

4.7.6 Mediation Analysis

As shown in chapter 2, this study has four variables: Country of Origin Effect (COO), Consumer Ethnocentrism (CE), Attitude towards Foreign Brands (ATF), and Purchase Intention (PI). Of the four variables, ATF is the mediating variable, with serial/indirect mediating effect, there is no direct relationship of PI with either CE or COO. To evaluate the serial indirect mediating effect of ATF, the researcher used bias-corrected bootstrapping method with 10000 sub-samples at significance level of 0.05.

Table 32

Specific Indirect Effect

	Original sample	Sample mean	P values	2.5%	97.5%
COO -> ATF -> PI	0.161	0.163	0.000	0.085	0.243
CE -> ATF -> PI	0.128	0.132	0.003	0.051	0.217

As shown in table 30, the Specific Indirect Effect table shows p-values for both paths are less than the significant value of 0.05; furthermore, the coefficient values for both the relationships are between the corresponding confidence interval values, therefore, ATF has significant mediating effect on the relationship between COO and PI, and CE and PI.

4.7.7 Hypotheses testing

The researcher tested the proposed research hypotheses by analyzing the sample statistics.

Table 33

Hypotheses testing

	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

H2: Attitudes towards foreign FMCG brands has a significant impact on consumers' intentions to purchase foreign FMCG.

Accepted. As shown in table 31, the p-value in case of the impact of ATF on PI was lower than the significant value of 0.05, therefore, Attitude towards Foreign Brand has significant impact on Purchase Intention.

H4: Consumer Ethnocentrism and Country-of-Origin information have significant impacts on Attitudes towards foreign FMCG brands.

Accepted. As shown in table 31, the p-value in case of the impact of COO on ATF was lower than the significant value of 0.05, therefore, the Country-of-Origin information has significant influence on Attitude towards Foreign Brands. Similarly, the p-value in 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.

Table 34

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

H1: Attitude towards foreign FMCG brands is positively related to Intention to purchase foreign FMCG products.

Accepted. As shown in table 32, there is a positive correlation of 0.511, a moderately positive relationship, between attitude towards foreign brands (ATF) and consumers' purchase intention for foreign FMCG (PI).

H3: Attitude towards foreign FMCG brands is positively related to a product's Country-of-Origin information and negatively to Consumer Ethnocentrism.

Accepted. As shown in table 32, there is a negative correlation of 0.374, moderately negative relationship, between the consumer ethnocentrism (CE) and their attitude towards foreign brands (ATF). The correlation between country of origin information (COO) and consumer's attitude towards foreign brands is 0.464, a moderately positive relationship.

CHAPTER V

DISCUSSION, CONCLUSIONS AND IMPLICATIONS

This chapter presents the key findings of this research and its implications, with a quick summary of the complete study. In light of the findings of the past studies by other researchers, the researcher also put forward potential implications of the findings.

5.1 Discussions and Conclusions

The researcher conducted this study to assess that ethnocentrism and FMCG product's country-origin information have on FMCG consumers' intentions to buy foreign FMCG. The researcher started the research with four main research hypotheses focusing on the impact of and relationship between preference for domestically made goods, country of origin information and consumers' attitude towards foreign brands, and the relationship and impact of attitude towards foreign brands on foreign FMCG purchase intentions. To this end, the researcher also examined whether attitude towards foreign FMCG brands mediates the relationship between FMCG consumers' ethnocentrism, FMCG product's country-origin information, and their intentions to purchase foreign FMCG.

The descriptive analysis of the data showed that FMCG consumers in Kathmandu tend to seek information about the product's origin before making purchase decisions of FMCG products, or if they lacked experience with a brand/product category, or if they wanted to choose the best product from a product class. The analysis of CETSCALE adopted by this study showed that FMCG consumers in Kathmandu lean towards ethnocentrism, they do feel it is important to prioritize domestically made products/brands, and that import is harmful to domestic economy. In particular, the study found that individuals falling between 13-25 age group tend to be more ethnocentric. However, the analysis of COO scale shows that FMCG consumers' attitude towards foreign brands tends to be positive - they perceive positive image and hold higher expectations from foreign brands. In particular, the study found that female consumers are more likely to seek COO information than their male counterparts. However, they do not associate prestige with consumption of foreign FMCG brands, this may indicate that FMCG consumers in Kathmandu perceive domestic made FMCG with slightly inferior quality or value. The analysis of PI scale shows that FMCG

consumers hold moderately negative bias against foreign goods, the fact that a brand is foreign or that the product label is in foreign language does not speed up their purchase decisions, and they also did not frequently prefer foreign FMCG products over domestic ones, consistent with their ethnocentric tendencies.

The findings of this study are also similar to Yagci's (2001) study on how consumer ethnocentrism and COO information affect attitude towards foreign brands wherein the researcher found that country-of-origin information has bigger impact on consumers' attitude towards foreign brands than ethnocentrism. Yagci (2001) also found that country-of-origin information is a better predictor of consumer's perceptions and attitudes than consumer ethnocentrism.

From the test of hypotheses, the researcher found a negative impact of consumer ethnocentrism and consumers' attitude towards foreign brands, significant and positive impact of country-of-origin information on consumer's attitude towards foreign brands, and a significant impact of attitude towards foreign brands and purchase intentions towards foreign FMCG. This finding is consistent with that of Arslandere and Yusuf's (2020) study on impact that ethnocentrism and COO information have on purchase consumers' intentions to buy foreign sports equipment. The researchers also found that attitude in regards to foreign FMCG brands is positively related to COO information and negatively to ethnocentrism. Similarly, the same is positively is related to their intentions to purchase foreign FMCG.

5.2 Implications

This study has variety of implications for businesses in the FMCG sectors and researchers interested in the study of consumer behavior.

5.2.1 Managerial implication

The descriptive analysis of CETSCALE shows that FMCG consumers in Kathmandu tend to lean towards ethnocentrism, they feel they should prioritize domestic made products and are aware of economic impact of relying on imports. This may indicate that businesses may be able to gain some edge by actively informing or advertising that the product is "Made in Nepal".

5.2.2 Researchers

An analysis of ATF scale showed that the FMCG consumers in Kathmandu also perceive positive tips and hold higher expectations when they see foreign brand or

labels in foreign language. This may indicate that they feel Nepali products are inferior in some aspects compared to imported ones, this may be of relevance to businesses in this sector and or a matter that requires further research.

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APPENDIX

Appendix 1

Research Questionnaire

Dear Respondent,

I am Upashan Khadka, I'm conducting a Graduate Research Project entitled "*Impact of Country-Of-Origin Information on Purchase Intention of Fast-Moving Consumer Goods (FMCG) in Kathmandu*". Country-of-origin information is the "*Made in ...*" information on a product's label, the objective of this study is to evaluate the impact of this information on the purchase intentions of FMCG consumers in Kathmandu.

It's a humble request to you to spare 5-7 minutes of your valuable time to participate in the survey, I'd like to assure you that the data collected here will be used for research purpose only.

Consumer Ethnocentrism *(1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)*	**1**	**2**	**3**	**4**	**5**
Nepalese should only buy Nepalese FMCG products instead of imported ones					
Only FMCG products that are unavailable in Nepal should be imported					
Buy "Made in Nepal" FMCG products, keep Nepal working					
There should be very little purchasing from other countries unless out of necessities					
Nepalese should not buy imported FMCG products because it hurts Nepalese businesses and causes unemployment					
Foreign FMCG products should be taxed heavily to reduce their entry into Nepal					
It may cost me in the long run, but I prefer to buy Nepalese FMCG products					
It is always best to purchase Nepalese FMCG products					
We should purchase FMCG products made in Nepal instead of letting others get rich off of us					
Nepalese consumers who purchase FMCG products made in					

other countries are responsible for putting their fellow Nepalese out of work					
Country of Origin Effect *(1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)*	**1**	**2**	**3**	**4**	**5**
When buying a FMCG products, I always seek to find what country it was made in					
To make sure that I buy the highest quality FMCG products, I look to see what country the product was made in					
I feel that it is important to look for country-of-origin information when deciding which FMCG products to buy					
I look for the "Made in …." labels on FMCG products					
I look for the country-of-origin information to choose the best product available in a FMCG product class					
If I have little experience with a FMCG/brand, then I look for the country-of-origin information					
Attitude towards Foreign FMCG Brands *(1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)*	**1**	**2**	**3**	**4**	**5**
Foreign brands in foreign language give positive tips about a FMCG product					
I think foreign FMCG products in foreign language have positive image for me					
I think that foreign brands in foreign language among FMCG products meet my expectations					
I think that foreign brands in foreign language among FMCG products add prestige to me					
Purchase Intention for Foreign FMCG products *(1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree)*	**1**	**2**	**3**	**4**	**5**
When I buy FMCG products, I pay attention to whether it is a foreign brand/in a foreign language					
When I buy FMCG products, I often buy foreign brand/s					
The fact that the FMCG brand is foreign made speeds up my purchase decision					
I prefer an imported FMCG product if I have to decide between and imported product and one made in Nepal					

Demographic Information
Name: **Gender:** Male [__] Female [__] **Age Group:** 13-25 [__] 25-40 [__] 40-65 [__] Above 65 [__] **Income level:** Student/Unemployed [__] Below Rs. 20000 p.m. [__] Rs. 20000-40000 p.m. [__] Rs. 40000-60000 p.m. [__] Above Rs. 60000 p.m. [__] **Education:** Below SLC/SEE [__] SLC/SEE [__] 10+2 [__] Bachelor [__] Master [__] Above Master [__]