

## EFFECTS OF CONSUMER ETHNOCENTRISM, COSMOPOLITANISM, XENOCENTRISM, METACOGNITIVE, AND COGNITIVE CULTURAL INTELLIGENCE ON PURCHASING FAMOUS WORLD BRANDS

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### Abstract

*The development of information technology and the liberalization of international trade in goods and services have facilitated business operations for companies in foreign markets. Based on market research, multinational companies' management obtains information about the characteristics and needs of local consumers, which is essential when formulating a quality marketing strategy. The aim of this research is to determine the influence of consumer ethnocentrism, cosmopolitanism, xenocentrism, as well as metacognitive and cognitive cultural intelligence on consumers' decision to purchase famous world brands. Empirical research was conducted using a survey method on a sample of 322 respondents, and their responses were analyzed using statistical software SmartPLS 4. The results showed that consumer ethnocentrism has a negative impact, while consumer cosmopolitanism, xenocentrism, and cognitive cultural intelligence have a positive impact on consumers' decision to purchase famous world brands, while the impact of metacognitive cultural intelligence is not statistically significant. The results of the research provide useful information that can help companies' management in formulating an appropriate marketing strategy in the market of the Republic of Serbia.*

**Key words:** consumer ethnocentrism, consumer cosmopolitanism, consumer xenocentrism, metacognitive cultural intelligence, cognitive cultural intelligence

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## 1. Introduction

Globalization, the development of information systems, and transportation networks have led to increased interconnectedness of national economies, resulting in consumers having access to a wide range of global brands in the purchasing process (Pratono & Arli, 2020). However, various crises such as the COVID-19 pandemic, the conflict between Russia and Ukraine, the growing problems caused by the migrant crisis, and the unstable economic situation due to inflation have, to some extent, shifted from globalization trends to deglobalization trends (He & Harris, 2020). During crises, governments of all countries strive to protect their national economies, and one of the main cohesive factors that strengthens the unity of the population is consumer ethnocentrism, which is based on the belief that it is crucial to buy domestically produced goods to protect the domestic industry and maintain employment rates and the standard of living of citizens (Fernández-Ferrín et al., 2020). On the other hand, creating such a national economic policy can be a significant barrier to international trade and economic cooperation with other countries. Additionally, a certain group of people has a high level of consumer cosmopolitanism, which is based on the belief that global brands are characterized by high reliability and quality, thereby reducing the risk of a poor purchase decision by choosing well-known global brands (Šapić, 2017). Conversely, another group of people has developed a high level of consumer xenocentrism, which is based on the belief that domestic brands are completely unreliable, of low quality, and inferior in technical performance compared to famous global brands, which are their only choice when purchasing (Rojas-Mendez & Chapa, 2020). The process of globalization has significantly facilitated the organization of tourist and business travel to any country worldwide, allowing people, through visits to foreign tourist destinations and learning about the local culture, history, traditions, and customs, and by visiting operas, museums, and cultural monuments in other countries, to develop their cultural intelligence, which consists of four factors: metacognitive, cognitive, motivational, and behavioral (Frias-Jamilena et al., 2018). Metacognitive and cognitive cultural intelligence refer to the level of cultural knowledge a person possesses, as well as their understanding of various social systems in other countries (legal, economic), and they have a significant impact on consumer purchase intentions. Motivational cultural intelligence relates to the desire an individual exhibits regarding visiting foreign destinations, while behavioral cultural intelligence involves certain verbal and nonverbal skills that make it easier for a person to stay abroad. Motivational and behavioral cultural intelligence are primarily related to the field of tourism (Zdravković & Peković, 2021).

## 2. Literature review

According to Social Identity Theory (Tajfel & Turner, 1979) and Social Conflict Theory (Sherif, 1966), members of a society believe that their culture is superior in all aspects compared to the cultures of other societies. These attitudes

are further emphasized during crises when there is a need to protect the national economy. For this reason, **consumer ethnocentrism** was chosen as the first research variable, given the current high levels of geopolitical tensions and disagreements. Ethnocentrism belongs to the group of sociological concepts and is based on the belief of members of a nation that their culture, value system, traditions, customs, and norms of behavior are special and dominant compared to those of another nation. From this basic concept, consumer ethnocentrism has evolved, representing its economic category. It is based on the core principle that purchasing foreign products negatively affects the national economy and that it is the moral duty of every individual who desires economic prosperity and well-being in their home country to buy domestic products and services (Shimp & Sharma, 1987). Previous research (Casado-Aranda et al., 2020; Rambocas & Mahabir, 2021) has established that individuals with pronounced ethnocentric tendencies have purchasing preferences for domestically produced goods. Based on this, the first research hypothesis in the study can be formulated:

*H1: Consumer ethnocentrism has a statistically significant negative impact on respondents' decisions to purchase famous global brands.*

The advent of the internet, the development of social networks, and communication and transportation channels have made all important information about countries around the world generally accessible and have simplified the organization of travel. People can now easily travel to any country in the world. Multinational companies consist of employees who come from different cultural backgrounds, and the combination of their value systems, attitudes, thoughts, skills, and abilities represents a true intellectual capital for an organization. Additionally, people often travel to distant tourist destinations where they spend their vacations, and a certain number of students choose to complete their education at prestigious global universities (Pratono & Arli, 2020). For this reason, **consumer cosmopolitanism** was chosen as the second research variable in this study. Cosmopolitanism also belongs to the group of sociological concepts, based on the principle that while it is important to respect domestic culture and traditions, it is essential to broaden one's horizons, step out of the comfort zone, and enhance one's education by learning about the history and traditions of other countries (Prince et al., 2016). From this basic concept, consumer cosmopolitanism has evolved, representing its economic category based on the idea that it is necessary to buy both domestic and foreign brands, guided by rational motives and considering what each brand offers in terms of price and quality. Previous research (Prince et al., 2016; Šapić, 2017) has shown that individuals with cosmopolitan views and thinking prefer to buy foreign brands, new products, and are relatively innovative. Based on this, the second research hypothesis in this study can be formulated:

*H2: Consumer cosmopolitanism has a statistically significant positive impact on respondents' decisions to purchase famous global brands.*

Under the influence of marketing, advertising campaigns, and influencers, a certain group of people fully focuses on foreign cultures while neglecting their own. For this reason, **consumer xenocentrism** was chosen as the third research variable. Xenocentrism also has a sociological genesis and is based on the belief that the cultures of other countries and the value systems represented within them are dominant compared to the domestic culture and the value systems it promotes. From this basic concept, consumer xenocentrism has evolved, representing its economic category based on the idea that it is necessary to buy exclusively foreign products and well-known global brands, even if they are extremely expensive, due to their quality, prestige, and status they confer in social circles (Mueller et al., 2020). Consumer xenocentrism is a much more extreme variant compared to consumer cosmopolitanism, as it involves exclusively purchasing foreign brands. In contrast, individuals with pronounced consumer cosmopolitanism buy both foreign and domestic brands. Previous research (Mueller et al., 2020; Rojas-Mendez 2020) has established that individuals with pronounced consumer xenocentrism focus their attention exclusively on globally recognized brands. The third research hypothesis in this study can be formulated:

*H3: Consumer xenocentrism has a statistically significant positive impact on respondents' decisions to purchase famous global brands.*

Familiarity with the cultural heritage of other countries, visiting their opera houses, museums, and theaters, represents a true enrichment and, in the final analysis, can influence individuals' intentions to purchase foreign famous brands. For this reason, **metacognitive** and **cognitive cultural intelligence** have been chosen as the fourth and fifth research variables in this study. Metacognitive cultural intelligence represents a certain level of cultural knowledge that an individual possesses, acquired through formal education and experiential learning, as well as a continuous desire to enhance this cultural knowledge (Pratono & Arli, 2020). Cognitive cultural intelligence involves knowledge of foreign languages, grammar, vocabulary, customs, and behavioral norms characteristic of other countries (Frias-Jamilena et al., 2018). Previous research (Pratono & Arli, 2020; Zdravković & Peković, 2021) has shown that individuals with a high level of metacognitive and cognitive cultural intelligence frequently visit foreign countries and purchase famous global brands originating from those countries. Based on this, the fourth and fifth research hypotheses and research model (Figure 1) can be formulated:

*H4: Metacognitive cultural intelligence has a statistically significant positive impact on respondents' decisions to purchase famous global brands.*

*H5: Cognitive cultural intelligence has a statistically significant positive impact on respondents' decisions to purchase famous global brands.*

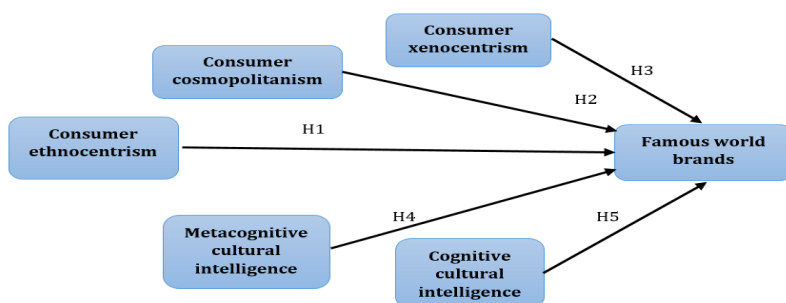


Figure 1: Conceptual model

### 3. Methodology and Data (discussion)

An empirical study using a survey method was conducted at the beginning of 2024. in the Republic of Serbia (Belgrade, Novi Sad) with a sample of 322 respondents. The respondents expressed their level of agreement with statements related to the research variables of *consumer ethnocentrism*, *cosmopolitanism*, *xenocentrism*, *metacognitive* and *cognitive cultural intelligence*, and *famous world brands* using a **Likert scale** ranging from 1 to 7. Subsequently, their responses were analyzed using the statistical software **SmartPLS 4**. The overview of the statements used in the questionnaire is presented in Table 1.

Table 1: Statements from the questionnaire

Research variables	Statements	Source
Consumer ethnocentrism	1. I prefer domestic products. 2. Buying domestic products enables stable functioning of the domestic economy. 3. Buying domestic products contributes to the improvement of citizens' living standards.	Zdravković et al. (2020)
Consumer cosmopolitanism	1. I often buy foreign brands. 2. I am very innovative and buy new products when they appear on the market. 3. I recommend foreign brands to my friends.	Šapić (2017)
Consumer xenocentrism	1. I buy exclusively foreign brands. 2. Domestic products are inferior in quality compared to foreign products. 3. Global brands have excellent characteristics.	Rojas-Mendez & Chapa (2020)
Metacognitive cultural intelligence	1. I have a high level of cultural knowledge. 2. It is necessary to continuously improve one's knowledge about different cultures. 3. I often communicate with people from different cultural backgrounds.	Frias- Jamilena et al. (2018)

Research variables	Statements	Source
Cognitive cultural intelligence	<ol style="list-style-type: none"> <li>1. I know the history of many countries.</li> <li>2. I am familiar with the legal systems of other countries.</li> <li>3. I am familiar with the rules of behavior that are characteristic of different cultures.</li> </ol>	Frias- Jamilena et al. (2018)
Famous world brands	<ol style="list-style-type: none"> <li>1. Famous global brands have a high quality.</li> <li>2. Buying well-known global brands is a matter of prestige.</li> <li>3. I recommend to my family members to buy well-known global brands.</li> </ol>	Rambocas & Mahabir (2021)

Source: Authors

## 4. Research results

**Reliability analysis** was implemented to determine whether the research variables are measured using clear and precise statements (Table 2).

Table 2: Reliability analysis

Research variables	Cronbach's alpha	Composite reliability (rho_a)
Consumer ethnocentrism	0.816	0.829
Consumer cosmopolitanism	0.724	0.805
Consumer xenocentrism	0.838	0.852
Metacognitive cultural intelligence	0.848	0.853
Cognitive cultural intelligence	0.737	0.744
Famous world brands	0.862	0.886

Source: Authors calculation using SmartPLS 4 software

The values of **Cronbach's alpha** and **Composite reliability (rho\_a)** are higher than 0.70, indicating an appropriate level of correlation between the statements used to measure the research variables.

The **Structural Equation Model (SEM)** was applied to examine the effect of *consumer ethnocentrism*, *cosmopolitanism*, *xenocentrism*, as well as *metacognitive and cognitive cultural intelligence* on consumers' decision to purchase famous world brands (Table 3).

Table 3: SEM model

Hypothesis	Original sample (O)	Standard deviation (STDEV)	T statistics (IO/STDEVI)	P values
Consumer ethnocentrism $\longrightarrow$ Famous world brands	-0.302	0.053	5.710	0.000**
Consumer cosmopolitanism $\longrightarrow$ Famous world brands	0.351	0.067	7.523	0.000**

Hypothesis	Original sample (O)	Standard deviation (STDEV)	T statistics (IO/STDEVI)	P values
Consumer xenocentrism → Famous world brands	0.428	0.050	8.300	0.000**
Metacognitive cultural intelligence → Famous world brands	0.045	0.053	0.848	0.397
Cognitive cultural intelligence → Famous world brands	0.326	0.043	6.488	0.000**

Level of statistical significance: \*\*0.01; R square=0.477

Source: Authors calculation using SmartPLS 4 software

The coefficient of determination **R square**, with a value of 0.477, indicates that 47.7% of consumers' decision to purchase **famous world brands** is explained by the given regression model. **Consumer ethnocentrism (coefficient= -0.302, p values=0.000)** has a negative and statistically significant impact on consumers' decision to purchase famous world brands, **confirming research hypothesis H1**. **Consumer cosmopolitanism (coefficient= 0.351, p values=0.000)**, **Consumer xenocentrism (coefficient= 0.428, p values=0.000)**, and **Cognitive cultural intelligence (coefficient= 0.326, p values=0.000)** have a positive and statistically significant impact on purchasing famous world brands, **confirming research hypotheses H2, H3, and H5**. The impact of metacognitive cultural intelligence (**coefficient= 0.045, p values=0.397**) on purchasing famous world brands is not statistically significant, so research **hypothesis H4 is not confirmed**.

## Conclusion

The results of the study indicated that consumer ethnocentrism has a negative impact, while consumer cosmopolitanism and consumer xenocentrism have a positive impact on consumers' decisions to purchase famous world brands. It should be noted that the impact of xenocentrism is more pronounced, as the concept is based on the principle of exclusively purchasing foreign brands, whereas individuals with cosmopolitan views buy both foreign and, to some extent, domestic brands. The results showed that cognitive cultural intelligence positively impacts consumers' decisions to purchase famous world brands, while the impact of metacognitive cultural intelligence is not statistically significant. This result can be explained by the fact that cognitive cultural intelligence is a broader concept compared to metacognitive cultural intelligence. It involves not only understanding specific cultural processes but also knowledge of the history, social systems, and cultural heritage of other countries. **Theoretical implications** of the study are reflected in the expansion of scientific knowledge about the impact of the mentioned variables on consumer purchase intentions, and it is particularly significant that the research was conducted during geopolitical crises and tensions. The **practical**



**implications** of the study are reflected in providing information to managers of multinational companies about the characteristics of the Serbian market, which can be useful in formulating relevant marketing strategies that address consumer demands. A **limitation of the study** is the small sample size, and **future research** could analyze additional variables that may significantly impact the purchase of famous world brands, such as country-of-origin image, patriotism, conservatism.

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