

Full Length Research Paper

Are the foreign stores more valuable than the local? A regional survey on large-scale retailers in Taiwan

Frank Pan F. C.

Healthcare Business Administration Department, Tajen University, Taiwan. E-mail: frankpan@mail.tajen.edu.tw, Taiwan.pan@msa.hinet.net. Tel: (886) 8-7624002 ext. 3120.

Accepted 30 November, 2010

This paper examined the effects of consumer ethnocentrism on perceived service quality, perceived-value, and accordingly, loyalty in a context of large-scale retail stores. This research proposed that consumer ethnocentricity may have effects on perceived-value and loyalty in this particular service business. Consumers to the stores of three forms of ownership are surveyed and analyzed in this study. 340 female consumers were invited from stores of an international joint venture (IJV), a foreign direct investment (FDI) and a domestic to complete the questionnaire right after their shopping journey. Study results indicated that the effects of consumer ethnocentricity on purchasing behaviour were more possible to stem from the patriotism than the alien-phobia. Although a direct effect of consumer ethnocentricity on loyalty was not apparent, consumers who were low in ethnocentricity were inclined to prefer shopping with foreign services than the domestic. The research suggested that fostering the unique competitive advantages was necessary for the domestic business other than claiming for national patriotism.

Key words: Consumer ethnocentricity, perceived value, consumer loyalty, International Joint Venture (IJV), Foreign Direct Investment (FDI).

INTRODUCTION

Consumer satisfaction has long been accepted as the core of consumer loyalty and relationship marketing by which benefit organizations by reducing operating cost, charging premium price, and increasing overall revenue with fractional cost through cross-marketing activities (Bagozzi, 1995; Peltier et al., 1999; Petrison and Wang, 2003; Too et al., 2001). Extensive literatures had proven that consumer satisfaction along with loyalty had a significant contribution in fostering profits and growth and conveying the organization to the business excellence (Dubrovski, 2001; Wu et al., 2008) substantially through market share gain (Andre and Saraviva, 2000; De Wulf et al. 2001; Edvardson et al. 2000; Srivastava et al., 2001) for firms in the service industry.

While not all consumers are kings to the organizations, long-term profitable consumers are vital to business survival and growth (Iacobucci et al., 1994; Petrison and Wang, 2003). To attract such consumers' repeat purchase intention or actions, consumer satisfaction is essential but not sufficient (Hu et al., 2009). In other words, a loyal consumer was not necessarily auto-driven

by him/herself from being satisfied (Garbarino and Johnson, 1999; Hu et al., 2009). They are not becoming loyal with frequent or continuous repurchases and friends referral in service settings simply because they were satisfied (Bloemer and De Ruyter, 1999; Bowen and Chen, 2001; Peltier et al., 2002), there is something beyond satisfaction that builds loyalty.

Consumer satisfaction is generally not warranting continuous repurchase to these stores. Satisfaction is more on emotional status that accrues from multiple aspects related with the store and the consumers. Consequently, firms in this industry are forced to create superior consumer service capabilities (Day, 2003) to appealing and retaining consumers with low margin. The dissatisfied and satisfied consumers are both highly possible to seek alternative sources of suppliers, (Andre and Saraviva, 2000; Ganesh et al., 2000), particularly for those products and services with little valuable differentiation, low-involvement (Bloemer and De Ruyter, 1999), and low switching cost among numerous alternatives, for example, the large scale retailing services. Consumers to

these retailers are free from loyalty and always seek best possibilities for their shopping needs. Retailing services' market is increasing competitive along with newer domestic and international entrants. The survival pressure is even severe than ever in Taiwan's market. Since MAKRO established the first large-scale retailer in 1989 as an international joint venture in Taiwan, there are already 90 stores competing in this 4.7 billion US dollar market (Chang Hwa Bank, 2002). More large-scale retailers are expected to join, and then aggravate the competition, because this market was assessed to have a potential capacity of 200 large-scale stores (Chang Hwa Bank, 2002).

Porter (1990) suggested that serving the most demanding consumers has important strategic implications to enhance the corporate competitive advantage. Organization's competitive capability can be significantly enhanced by successfully satisfying such challenging consumers, as long as they are eventually profitable. If the retailers are accustomed to successfully satisfy the most demanding consumers, they will be highly able to satisfy all consumers with various levels of demands. All targeted retailers initiate their businesses in Kaohsiung metropolitan and then expand to the rest part of the entire market. While it was not sure that consumers in Kaohsiung were more demanding than the rest of the state, firms that success in this market had been self-proven to transport the important strategic implications in gaining succeeding market acceptances in the rest of Taiwan, and in the greater and rather homogeneous market, the Mainland China. Since large-scale retailers are easily exposed as a landmark because of broad covering land area and huge building. This research assumes that consumers may perceive varied satisfaction and values because of the equity of origin of these landmarks. In other words, a retailer may obtain particular consumer satisfaction simply because of its image of a country. This research, therefore, chooses three stores with different origin of equity to compare the differences of consumer experience with the large-scale retailers, so as the associated perceived-value and the loyalty.

This paper examined the impacts of consumer ethnocentrism in consumer loyalty of which incurred by service quality, perceived value toward service setting. Main contribution of this paper is to confirm the role of consumer ethnocentrism in service setting. Three hypotheses are then proposed based on sets of literatures for further testing. Findings from this empirical test help to verify the role of consumer ethnocentrism in the service industry.

RESEARCH BACKGROUND

Firms' goals achieved after consumers were satisfied

Consumer satisfaction is vital to retain current consumers through careful investment in those strong satisfaction

generators (for example, perceived quality and value, Wu et al., 2008). Consequently, a firm may build loyalty and maintain a superior level of market share over its rivalries (Rust and Zahorik, 1993). Growing number of nations has now conducted and taken consumer satisfaction index as important criteria in determining the economic performance (e.g. ACSI for USA, SCSI for Sweden, DSCI for Denmark, etc.). Satisfied consumer is further viewed as part of company's valuable market-based assets of which can be effectively converted as financial assets (Srivastava et al., 1999). Firm's profit can only be maximized and sustainable after consumers are satisfied.

Consumer loyalty enhances competitive advantages and returns

Loyal consumers are those consumers who buy habitually from the same supplying setting. They cost firms less marketing and operational resources, and buying and paying more in a more frequent shopping manner (Peltier et al., 1999). Neal (1999) suggests that consumer satisfaction has been very little to do with the loyalty. The consumer will not be loyal to businesses until they perceived something exceeding their expectations (Lee, 2003). Consumer can be emotionally or behaviorally loyal to the businesses, where the behavioral loyalty represents a practiced repurchase or referral that delivered direct benefits to the firm. The buyer decision-making process theory implies that an actual purchase will be made after certain processes, including internal information-seeking and alternative-evaluating of which the emotion was greatly affected. In other words, the behavioral loyalty is strongly influenced by the emotional loyalty.

Consumer perceived value is the key to consumer loyalty

Competing on offering value to consumers through sets of value creating activities is widely accepted as sustainable strategies (Kaye and Dyason, 1999; Porter, 1990; Woodruff, 1997). While there are many streams of value studies (Payne and Holt, 2001), value is basically used as a term to describe the ratio or the net of consumer's overall assessment of the utility of a product based on perceptions of what consumer paid and sacrificed. Since the consumer satisfaction is not equivalent as the value (Bloemer and Kasper, 1995; Eggert and Ulaga, 2002), the key to the consumer loyalty or the most important indicator of repurchases intention is the value that organization provided (Neal, 1999) and perceived by the consumers (Parasuraman and Grewal, 2000; Korda and Milfelner, 2009). Perceived value can be direct affect consumer's satisfaction. This means the consumers will be more intended to purchase as long as they perceived

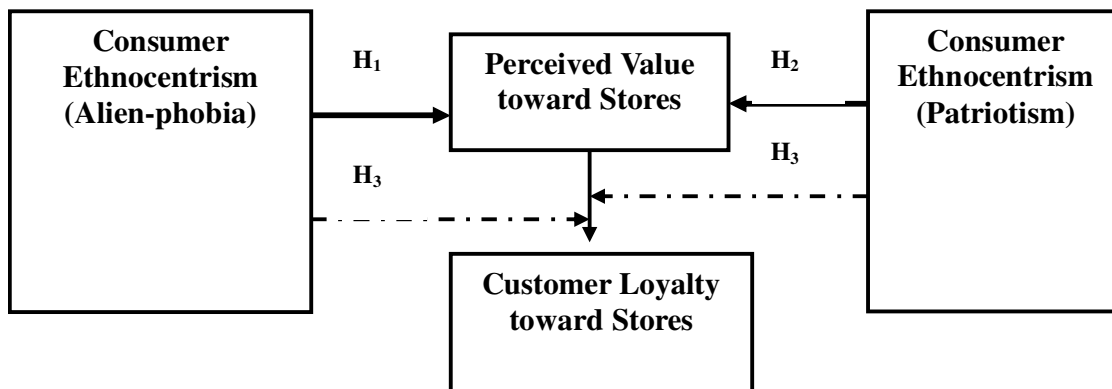


Figure 1. Conceptual framework.

a higher value of a store (Ashton et al., 2010), and satisfaction (Wu et al., 2008) will be. In the other hand, in certain service industries, perceived value can be an effective variable in mediating the relationship between service quality and satisfaction (Korda and Milfelner, 2009). Consequently, both of consumer's value perception and satisfaction further enhance the levels of consumer's loyalty.

Effects of consumer ethnocentrism on consumer perceived value and loyalty

In a context of the consumer decision-making on the foreign products or services, the consumer ethnocentrism (in some case the animosity, or the nationalism, or the patriotism) (Klein et al., 1998; Huang et al., 2010) had been proven having significant impacts in shaping the consumers' perceptions, attitudes, and behaviors (Alden et al., 1999; Balabanis et al., 2001; Huang et al., 2008). This prevailed across varied cultures (Klein et al., 1998; Kucukemiroglua et al., 2007; Lu and Hsu, 2008; Nguyen et al., 2008). This emotion-based attitude was believed can effectively direct a consumer's purchasing decision and associated behavior toward certain services. This may even sometimes beyond the effects of quality and price attributes of a product or service *per se* (Durvasula et al., 1997; Klein et al. 1998). Consumer ethnocentrism was thought conveying similar nature of cosmopolitanism and materialism regarding consumer attitudinal dispositions in the context of cross-cultural studies (Cleveland et al., 2009). Similar but distinctive to the country-of-origin effect (COO), consumer ethnocentric tendency in academic research may be linked or compared with the country-of-origin effect in examining consumer's variety of preference toward the foreign products in terms of perceived quality, attitude, and purchase intention (Verlegh and Steenkamp, 1999; Balabanis and Diamantopoulos, 2004). Roughly, consumer ethnocentrism is more symbolic and emotional-oriented than the COO (Klein et al., 1998; Verlegh and Steenkamp, 1999). Most of the

research on consumer preference toward foreign products agreed that the consumer ethnocentrism played an effective role in explaining the variations of such a preference.

Main purpose of this paper is to secure a better understanding on the impacts of consumer ethnocentrism in service contexts, shown as Figure 1. This paper, firstly, revisited the correlation between service quality, consumer satisfaction, perceived value, and the loyalty toward respective service businesses. It was followed by examining the effects of two consumer-ethnocentric forces on service satisfaction and perceived value toward these businesses, and ended by testing the moderating effects of these two determinants on the relationship between satisfaction, value, and loyalty. We thus propose three hypotheses as follows for further testing.

H₁: The perceived-values toward domestic, joint venture (JV) and foreign direct investment (FDI) services have negative relationships, in ascending order, with the consumer's fear of the foreign economic threat.

H₂: The perceived-values toward domestic, joint venture, and foreign direct investment services have positive relationships with the consumer's patriotism.

H₃: The consumer ethnocentrism (the fear of the foreign economic threat, and the patriotism) positively moderates the relationships between the service satisfaction, the perceived-value, and the consumer loyalty.

MATERIALS AND METHODS

Samples

Taiwan is the market chosen for this research in a sense that current government has made substantial efforts in directing race disputes in discriminating Chinese origin inhabitants with a hope to win presidency election by emphasizing the importance of a patriot to the native Taiwan. Large-scale retailers established and operated in Taiwan are selected as the service providers in this research. Three large-scale chain retailers with different equity sources in this study, they are T-com, A-com, and F-com, (nicknames used to mask the real names) representing domestic equity of Taiwan,

Table 1. Top ten service quality attributes expected.

Rank	Description	Mean
1	Goods return and exchange	4.5986
2	Sincere interest in solving problem	4.5915
3	Easy accessible display	4.5000
4	Convenient and sufficient parking	4.4366
5	Perform the promised activity	4.4296
6	Clean and convenient public district	4.3944
7	Provide the service on time	4.3944
8	Provide right service at the first time	4.3732
9	Smooth shopping flow	4.3592
10	Feel safe	4.3592

foreign equity of United States, and cross-national alliance of Taiwan and France respectively. Appendix 1 shows the general information on these three stores. All these stores have their first store in southern part of Taiwan, specifically the Kaohsiung metropolitan. Kaohsiung is the largest ocean port and main gate of international ocean freight of Taiwan, and is planned to be the first and main commuting port with Mainland China. And citizens in Kaohsiung metropolitan are generally viewed as more native- and nostalgia- oriented or higher in consumer ethnocentrism. Housewives or those who were acting as the housekeepers are generally the buying agent for the entire family (Berkowitz, 1996).

Evidence also indicated that the female members of the society had been increasing crucial power in many purchasing decisions that were dominated by the male counterparts (Braus, 1994), because of increasing educated and economic-independent women actively participated in the business world, for example, more and more female professional in healthcare institutes (Braus, 1994). Respondents in this study were selected from senior university students who attend night classes and were at the same time the housewife of a family.

The majority of these 340 respondents (85%) aged between thirty and forty years of which the main decisive power for most of the family consumption (Berkowitz, 1996). Results from these respondents indicate the main stream of purchasing decision made for the family.

Instruments

SERVQUAL

The retail store service quality scale developed on the basis of the five-dimension SERVQUAL (Parasuraman et al., 1988) by Dabholkar et al. (1996). The scale, 28 items in five dimensions yet distinct from SERVQUAL, is used to measure the quality level the consumers expected and experienced for the retail stores.

PERVAL

Since the value has been regarded as the core and key for consumer satisfaction, consumer perceived value with various retail stores is also measured by using the PERVAL developed by Sweeny and Soutar (2001). Just like those durable goods manufacturers, large-scale retail stores require a sufficient amount of sales in a rather long period of time to cover the huge initial investment and expenses. Acquiring consumers' perceived value favorable to the store is thus critical to ensure the preference and

repeat purchase. In the other hand, a shopping journey to a large-scale store tends to be overwhelmingly time and energy consuming that similar to the durable goods that were high-involvement for consumers (Bloemer and De Ruyter, 1999). While PERVAL was designed to measure the consumer's perceived value on a durable product, it is appropriate to adopt in measuring the large-scale retailing services. Four dimensions of PERVAL (Sweeny and Soutar, 2001) are quality, emotional, price, and social aspects, as indicated in Table 3, all have strong reliability higher than 0.7 (Nunnally and Berstein, 1995).

Loyalty

Loyalty in this paper is simply defined by two widely accepted in business practices, repetitive purchasing and referral. Respondents are inquired to grade their intention in repurchase or referral with certain stores. Examples of questions for this measurement are adopted from several literatures on loyalty (e.g. Bloemer and De Ruyter, 1999; Peltier et al., 1999; Woodside et al. 1989) such as "Will you recommend this store to your friends?" "Will you buy again with this store for future shopping?"

CETSCALE

CETSCALE is a reliable tool that has been widely used in several countries in measuring consumer ethnocentrism. The simplified 10-item CETSCALE (Shimp and Sharma, 1987) is used as the tool to examine consumer ethnocentrism.

RESULTS AND ANALYSES

Expectation with large-scale retailers

Study of Dabholkar et al. (1996) indicated that all mean scores in the research were more than 4.12 in a five-place scale. This research showed that eighteen means scores reached the same standard in a five-point scale. The leading three variables of consumer expectation were easy goods return and exchange, employee's sincerity in solving consumer's problems, and consumer-friendly shopping environments, shown as Table 1.

In the other hand, the items received least attention were the store-specific credit cards and shop-associated

Table 2. Gaps of customer experienced with respective stores, service factors

	Factor	Mean	S. D.	Gap ^a
F-com (IJV)	Physical aspects	3.1000	0.5658	-0.7693
	Reliability	3.0202	0.6218	-0.8565
	Personal interaction	2.8502	0.5803	-0.4396
	Problem Solving	3.1062	0.6226	-1.2923
	Policy	3.3985	0.6308	-1.1159
A-com (Foreign)	Physical aspects	3.0029	0.6489	-0.8918
	Reliability	3.1667	0.6942	-0.6105
	Personal interaction	3.0428	0.6566	-0.2202 ^b
	Problem Solving	3.2923	0.6728	-1.2690
	Policy	3.2456	0.7071	-1.3860
T-com (Domestic)	Physical aspects	3.1075	0.6565	-0.8291
	Reliability	3.1795	0.5671	-0.7435
	Personal interaction	2.9515	0.5862	-0.4587
	Problem Solving	3.1709	0.6166	-1.2650
	Policy	3.2545	0.6686	-1.2260

Cronbach's α : Physical aspects (0.8031), Reliability (0.8184), Personal Interaction (0.8898), Problem Solving (0.7436), Policy (0.7446); ^a, figures are significant at $p \leq 0.05$; ^b, is not significant.

materials (e.g. shopping bag) with means 2.65 and 3.28 respectively. The hyper-competitive of credit card markets in Taiwan have tuned consumers to view credit cards as another stream of businesses instead of part of retailing service. The government now bans free plastic shopping bag along with every purchase. These would be the main reasons behind the lowest mean scores of two items. Other items among the lukewarm group, including modern-looking equipment, visually appealing facilities, and individual attention by which implies that consumers concern more on what the actual value received with their purchase in stead of paying for making store look good.

Shopping experience with large-scale retailers

While consumers' experienced with stores varied from one to another, they downgraded in general the service that these stores offered. None of the means scores of all items exceeded 4.0, of which was an average score in previous research (Dabholkar et al., 1996). This fact revealed that local consumers were highly unsatisfied with current retailers in varied service aspects, shown as in Table 2. It implied that there were great potential for an international large-scale retailer to compete in this particular market or other homogenous markets in Greater China area.

The best item the consumers experienced with the foreign direct venture (A-com) was its problem solving capabilities. The worst was on physical aspects by which the lowest among the three.

F-com was the most experienced large-scale retailers among these three. This is a joint-venture that was formed by a famous French retailing giant with a well-established domestic chain store giant. Partly benefited by the host partner's market knowledge and experience, F-com gained a good start in its Taiwan operation. Consumers of F-com perceived the service policy and problem solving capability were the best service features of this store.

As the latest entrant to this particular service market, T-com was a subsidiary of a state enterprise that owned the most abundant farm and industrial land in Taiwan. As a new entrant to the market, T-com was not competitive to gain consumer's preference, when compare to the others. However, consumers perceived good experience with T-com on items such as convenient and sufficient parking, easy moving layout, of which mainly stem from huge land base.

Satisfaction levels of the individual stores were established by computing the distance between consumer's expectation and experience with each store, shown as the last column in Table 2. These figures indicated the level of dissatisfaction with respective stores, where a smaller figure means a higher level of satisfaction, and vice versa. For example, the items that the consumers criticized were notable directed to the capability of problem solving for F-com (-1.2923) and so for T-com (-1.2650), the service policy for A-com (-1.3860), the personal interaction for F-com and for T-com, and the reliability aspect for the A-com.

No matter what the forms of ownership, consumers

Table 3. Mean, value factors of stores.

Factor	F-com (IJV)		A-com (FDI)		T-com (Domestic)		χ^2 (df.=2, 0.05)		
	Cronbach's α	Mean	S.D.	Mean	S.D.	Mean	S.D.		
Quality	0.8635	3.1092	.5705	3.1925	.6522	3.0116	.5766	.0068	n.s.
Emotional	0.8970	3.1465	.6866	3.1095	.7905	2.9980	.6785	.0039	n.s.
Price	0.8822	2.9806	.7336	3.0714	.7399	2.9725	.7620	.0020	n.s.
Social	0.8994	2.6268	.7206	2.7937	.7621	2.6238	.7298	.0071	n.s.

$\chi^2 = 5.9915$ (df = 2, 0.05).

Table 4. Loyalty toward stores.

Loyal behavior	F-com (IJV)		A-com (FDI)		T-com (Domestic)		χ^2 (d.f.=2, 0.05)	
	Mean	S. D.	Mean	S. D.	Mean	S. D.		
Recommending	2.7714	0.9394	3.0517	1.0665	2.8000	1.0360	0.0166	n.s.
Repurchase	3.3071	0.8473	3.2586	1.0355	3.0125	1.0125	0.0156	n.s.

$\chi^2 = 5.9915$ (d.f.=2, 0.05).

were in general having a poor image toward servants of these firms. While not being rated having high performance, A-com the American firm was superior to its competitors in the factors of reliability, personal interaction, and problem solving. In the other hand, F-com was the leader of the service policy factor, and T-com was the best in physical aspects. Unfortunately, these highest scores were concurrently the largest gaps between consumers' expectation and experience. For example, the problem solving capability and the reliability factors of F-com, and the service policy and the physical aspects of A-com.

Consumer perceived value on large-scale retailing services

Distinct from service quality, this research reported as well the most and least values that consumers perceived from the research base on the respondents' personal judgment.

Most valued factors on large-scale retailers

Respondents rated value items base on their own judgment. Factors are then extracted from data gathered, and shown in Table 3. The scores for perceived values for each individual shop were pretty low, and were not significantly different among three stores. This means customers may not appreciate any aspects of service value of these three stores. Although no significant difference appeared, we may detect some valuable information from the comparisons, as shown in Table 4. For example, A-com was superior to its competitors in quality, price, and social aspects, whilst F-com was

leading in emotional aspects, and T-com obtained nothing better than its rivalries. It seems that consumers in Taiwan were confident enough. Demand of gaining social recognition through shopping foreign stores may be low for Taiwanese customers. Customers were more concerned, and thus valued more those stores offering quality and emotional aspects.

Consumer perceived quality and value affect store loyalty

Consumer loyalty is, nevertheless, important to a retailer because loyal consumers are in general less price-sensitive. In addition, shop saved substantial operation costs by familiarizing the consumers with the operation procedure of the store. Although the level of repurchasing and referral was not significantly different from each other among three shops, means in Table 4 may still reveal valuable information on customer's loyal behaviors to these shops respectively. For example, test results had also shown that consumers of F-com were more possible to repurchase with same shop, and the consumers of A-com were more inclined to refer this shop to friends.

We then examined the relationship between service quality factors and store loyalty for each store, so as the value factors consumers perceived. Frequent shoppers to each store were examined to explore how these factors influenced their shopping loyalty. As indicated in Table 5, consumers' willingness to refer to friends was highly associated with physical aspects in service quality of both F-com and A-com, whereas with the reliability and the consumer-servant interaction for T-com. Consumers were all willing to recommend the store to friends due to their perceived values on the quality, the emotional, and the price factors, particularly those for A-com's consumers.

Table 5. Correlation of perceived quality, value, and loyalty to respective stores.

Correlation coefficient Value factors / Loyalty	F-com		A-com		T-com	
	Referral	Repurchase	Referral	Repurchase	Referral	Repurchase
Quality	0.6204***	0.6343***	0.7221***	0.4743***	0.5918***	0.5056***
Emotional	0.6509***	0.7056***	0.7432***	0.6738***	0.6771***	0.6544***
Price	0.5976***	0.6484***	0.7381***	0.5867***	0.5325***	0.4583***
Social	0.4188***	0.4437***	0.48219***	0.4051***	0.3642***	0.3536***

*, $p \leq 0.1$; **, $p \leq 0.05$; ***, $p \leq 0.01$.

Table 6. Correlation between perceived value, service quality, and ethnocentrism.

	Factor of store	Alien-phobia	Patriotism
Perceived value factors	Social value (F-com)	0.1692*	0.1846
	Emotional value (A-com)	0.1426	-0.2034*
	Quality value (T-com)	0.1128	0.3547***
	Emotional value (T-com)	0.1791*	0.3053***
	Price value (T-com)	0.1545	0.2602***
	Social value (T-com)	0.2842***	0.3355***

*, $p \leq 0.1$; **, $p \leq 0.05$; ***, $p \leq 0.01$.

Repurchase is another representation of a consumer loyal behavior. It was found in this research that consumers will buy again because of service policy for F-com, because of service physical aspects for A-com, and because of all service but not service policy factors for T-com. Emotional value was the common denominator that driven the consumers' repurchasing willingness, particularly for the A-com. In the other hand, factors other than emotion had varied levels of relationship with the repurchase behavior. The consumers' repurchasing behaviors were mainly motivated by the quality and price values of F-com, the price values of A-com, and the quality values of T-com. T-com should also examine its operation carefully for any possible revenue leakage, since the store was perceived as not price-competitive at all. Noteworthy the image of pricing is rather a sensitive matter to the shoppers in this industry,

Effects of consumer ethnocentrism

Since the initial test on the data indicates a not satisfactory Cronbach's alpha, we categorized these 10 items into two distinctive groups based on a factor analysis for advanced analysis. These two groups are then termed as fear of foreign economic threat or alien-phobia, and patriotism. Results from a Pearson's correlation analysis and a further stepwise analysis, shown as Tables 6 and 7, indicated the complex effects of consumer ethnocentrism in the different context.

Hypothesis testing of direct effects of consumer ethnocentrism

Both 'alien-phobia' and 'patriotism' were found to have direct yet slight effects on perceived-quality and perceived-value of all types of stores. Although the 'patriotism' obviously had stronger and wider influences on consumers' perception toward quality and value, it was not important to most stores. Therefore, H_1 was not supported, whilst H_2 was partially supported. Noteworthy was that the impacts on the T-com were also the least among three. This may imply that the T-com lacked sufficient competitive resources but consumer ethnocentrism when facing competition from foreign countries. The negative coefficient of emotional value toward A-com implied that the low ethnocentrism consumers valued foreign services more.

The moderating effects of consumer ethnocentrism

We also found the existence of the moderating effects of consumer ethnocentrism on loyalty, particularly in loyalty of recommending. Again, ethnocentrism has reverse effects on consumers' repurchasing loyalty to the American firm, and positively moderating effects on both of consumers' repurchasing and recommending loyalty to the domestic store.

Noteworthy was the ethnocentrism had been even stronger moderating effects on consumers recommending loyalty to the joint-venture store than

Table 7. Direct and moderating effects of consumer ethnocentrism.

Effects of perceived quality, perceived value on loyalty						
Model 1	F-com		A-com		T-com	
	R ²	Adj. R ²	R ²	Adj. R ²	R ²	Adj. R ²
Recommending	0.5182***	0.4843***	0.7417***	0.6912***	0.5061***	0.4378***
Repurchasing	0.5943***	0.5658***	0.6672***	0.6021***	0.5056***	0.4371***

Effects of perceived quality, perceived value, and ethnocentrism on loyalty						
Model 2	F-com		A-com		T-com	
	R ²	Adj. R ²	R ²	Adj. R ²	R ²	Adj. R ²
Recommending	0.5648***	0.5256***	0.7676***	0.7067***	0.5155***	0.4281***
Repurchasing	0.5983***	0.5621***	0.6618***	0.5733***	0.5348***	0.4509***

***, $p \leq 0.01$.

those on consumers to the domestic. The ethnocentrism had the most powerful moderating effects on repurchasing effects on T-com consumers among three. It may imply that A-com consumers were more aware of quality and value, and thus prefer to shop with foreign services in the presence of equity origin choice. Repurchase willingness of T-com consumers was enhanced by the consumer ethnocentrism, whilst F-com's consumers remained the same. Supporting evidence for H_3 by the results was varied and partial.

DISCUSSION AND CONCLUSIONS

Literature generally confirmed that quality and value had direct and indirect effects in driving consumer's satisfaction levels and behavioral intentions (Wu et al., 2008) and loyalty, yet some others argued that the value was the core to sustain consumer's loyalty (Bloemer and De Ruyter, 1999; Bowen and Chen, 2001; Peltier et al., 2002). Taken the satisfaction was a temporary emotional status, and the loyal behavior was a more complicated action. This paper added and confirmed the existence of the effects of consumer ethnocentrism, specifically the direct effects on the willingness of recommending a particular shop, and the moderating effects on the consumers of the domestic store in terms of repetitive purchasing. Although all aspects of perceived values and loyalty were not statistically different among different sources of capital, current research revealed important information for practitioners in retailing service industry. It seems that a large-scale retailer with foreign capital received a higher degree of acceptances and being perceived as a higher value by consumers in Taiwan. Specifically, the foreign direct venture won superior recognition in terms of consumers experience and perceived-value than its joint venture and domestic rivalries. Involvement of foreign capital may simultaneously bring in particular operation know how and experience by which may repress the strengths of market knowledge that domestic marketers or domestic partners accumulated from the local market. Target firms in this paper include only the international

joint venture, the foreign direct investment, and the domestic. Other forms of international cooperative arrangements were not involved and explored. These may include such as contractual international strategic alliance, contract management, franchising, and licensing, etc. It would be interesting in exploring whether other arrangements were available and feasible for use to integrate multiple sources and strengths to foster a better performance.

This paper is the first adopted PERVAL in retail services with high reliability. It implied that PERVAL could be used in retailing service industries. It would be contributive to conduct empirical testing on highly intangible services, such as information-oriented or person-oriented services, to confirm the generalizability of this measurement. Similar to the diversity of consumer behavior across the varied geographic district, ethnocentrism may vary from the south to the north in terms of magnitudes and directions. It is particularly true when adopt this finding into other Chinese communities, for example, China. While China and Taiwan shared the same cultural origin, consumption patterns as well as the attitudes toward services offered by foreign providers may vary from ocean shore markets to the inland area. It is advisable to include additional parameters when adopting this information.

Other than the consumer ethnocentrism, there would be some psychographic factors that are also influential. These factors may bring influences to shape the consumers' attitudes in the context of buying foreign services (Sharma, 2011). Research that to incorporate these new variables in detecting the attitudinal and behavioral differences will be worthy studying and would be contributive to the academics and the industry.

ACKNOWLEDGEMENTS

Early versions of this manuscript had been presented in the Academy of International Business annual meetings at Stockholm and Quebec in 2004 and 2006 respectively, and 2009 Academic Conference on Healthcare Business

in Taiwan. The author deeply thanks all reviewers for comments and inputs, many thanks as well to the colleagues for their valuable critiques on the initial manuscript of this paper.

REFERENCES

- Andre MM, Saraviva PM (2000). Approaches of Portuguese companies for relating customer satisfaction with business results. *Total Q. Manag.*, 11(7): 929-939.
- Ashton AS, Scott N, Solnet D, Breakey N (2010). Hotel restaurant dining: The relationship between perceived value and intention to purchase. *Tour. Hosp. Res.*, 10:206-218.
- Bagozzi RP (1995). Reflections on relationship marketing in consumer markets. *J. Acad. Mark. Sci.*, 23: 272-277.
- Balabanis G, Diamantopoulos A (2004). Domestic country bias, country-of-origin effects, and consumer ethnocentrism: a multidimensional unfolding approach. *J. Acad. Manag. Sci.*, 32:80-95.
- Balabanis G, Diamantopoulos A, Mueller RD, Melewar TC (2001). The impact of nationalism, patriotism and internationalism on consumer ethnocentric tendencies. *J. Int. Bus. Stud.*, 32:157-175.
- Berkowitz EN (1996). *Essentials of Health Care Marketing*. Aspen: Gaithersburg, Maryland, USA.
- Bloemer J, De Ruyter K (1999). Customer loyalty in high and low involvement service settings: the moderating impact of positive emotions. *J. Mark. Manag.*, 15:315-330.
- Bloemer JMM, Kasper JDP (1995). The complex relationship between customer satisfaction and brand loyalty. *J. Econ. Psychol.* 16:311-29
- Bowen JT, Chen SL (2001). The relationship between customer loyalty and customer satisfaction. *Int. J. Contemp. Hos. Manag.*, 13:213-217.
- Braus P (1994). How women will change medicine. *Am. Demo. Manage.*, 16:40-46.
- Chang Hwa Bank (2002). Large-scale retailing stores. *Ind. Rep.*, November 27, 2003, Taiwan (in Chinese).
- Cleveland M, Laroche M, Papadopoulos N (2009). Cosmopolitanism, Consumer Ethnocentrism and Materialism: An Eight-Country Study of Antecedents and Outcomes. *J. Int. Mark.*, 17: 116-146.
- Dabholkar PA, Thorpe DI, Rentz JO (1996). A measure of service quality of retail stores: Scale development and validation. *J. Acad. Mark. Sci.*, 24:3-16.
- Day SG. (2003). Creating a superior customer-relating capability. *MIT Sloan Manage. Rev.*, 44:77-82.
- De Wulf K, Odekerken-Schroder G, Iacobucci D (2001). Investments in consumer relationship: A cross-country and cross-industry exploration. *J. Mark.* 65:33-50.
- Dubrovski D (2001). The role of customer satisfaction in achieving business excellence. *Tatol Quart. Manage. Bus. Excel.*, 12:920-925.
- Durvasula S, Andrews JC, Netemeyer RG (1997). A cross-cultural comparison of consumer ethnocentrism in the United States and Russia. *J. Int. Cons. Mark.* 9:73-93.
- Edvardson B, Johnson MD, Gustafsson A, Strandvik T (2000). The effects of satisfaction and loyalty on profits and growth: Products versus services. *Total Quart. Mgmt. Bus. Excel.*, 11:S917-S927.
- Eggert A, Ulaga W (2002). Customer perceived value: a substitute for satisfaction in business markets? *J. Bus. Ind. Mark.*, 17:107-118.
- Ganesh J, Arnold MJ, Reynolds KE (2000). Understanding the customer base of service providers: an examination of the differences between switchers and stayers. *J. Mark.* 64:65-87.
- Garbarino E, Johnson MS (1999). The different roles of satisfaction, trust, and commitment in customer relationships. *J. Mark.* 63:70-87.
- Goldman A (1977). The Shopping Style Explanation for Store Loyalty. *J. Retail.*, 53:33-50.
- Hu HH, Kandampully J, Juwaheer TD (2009). Relationships and impacts of service quality, perceived value, customer satisfaction, and image: an empirical study. *Serv. Ind. J.*, 29:111-125.
- Huang YA, Phau I, Lin C, Chung HJ, Lin KHC (2008). Allocentrism and consumer ethnocentrism: the effects of social identity on purchase intention. *Soc. Behav. Person.*, 36:1097-1110.
- Huang YA, Phau I, Lin C (2010). Consumer animosity, economic hardship, and normative influence: How do they affect consumers' purchase intention? *Eur. J. Mark.*, 44:909 - 937.
- Iacobucci D, Grayson K, Ostrom A (1994). Customer satisfaction fables. *Sloan Manage. Rev.*, 35:93-96.
- Kaye M, Dyason M (1999). Customer value-driven strategies. *Total Q. Manag.*, 10:594-601.
- Klein JG, Ettenson R, Morris MD (1998). The animosity model of foreign product purchase: An empirical test in the people's republic of china. *J. Mark.*, 62:89-100.
- Korda AP, Milfelner B (2009). The importance of perceived value in evaluating hotel guest satisfaction: The case of SLOVENIA. *Acta Turistica*, 21:73-94.
- Kucukemiroglu O, Harcarb T, Spillan JE (2007). Market segmentation by exploring buyer lifestyle dimensions and ethnocentrism among Vietnamese consumers: An empirical study. *J. Asia-Pac. Bus.*, 7:55 - 76.
- Lee F (2003). Stop measuring patient satisfaction. *Mark. Heal. Serv.*, 23:32-37.
- Lu J, Hsu HP (2008). Who are ethnocentric? Examining consumer ethnocentrism in Chinese societies. *J. Cons. Behav.*, 7(6), 436-447.
- Neal WD (1999). Satisfaction is nice, but value drives loyalty. *Mark. Res.*, 11:21-23.
- Nguyen TD, Nguyen TTM, Barrett NJ (2008). Consumer ethnocentrism, cultural sensitivity, and intention to purchase local products-evidence from Vietnam. *J. Cons. Behav.*, 7:88-100.
- Nunnally JC, Bernstein LM (1995). *Psychometric Theory*. McGraw Hill: New York.
- Parasuraman A, Grewal D (2000). The impact of technology on the quality-value-loyalty chain: A research agenda. *J. Acad. Mark. Sci.*, 28:168-174.
- Parasuraman A, Zeithaml V, Berry LL (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *J. Retail.*, 64:12-40.
- Payne A, Holt S (2001). Diagnosing Customer Value: Integrating the Value Process and Relationship Marketing. *Br. J. Manage.*, 12:159-182.
- Peltier JW, Boyt T, Schibrowsky JA (1999). Obstetrical care and patient loyalty. *Mark. Heal. Serv.*, 19:4-12.
- Peltier JW, Schibrowsky JA, Cochran CR (2002). Patient loyalty that lasts a lifetime. *Mark. Heal. Serv.*, 22:29-33.
- Peterson LA, Wang P (2003). Acquiring the right customers. In Iacobucci D, Calder BJ (eds.), *Kellogg on Integrated Marketing*, John Wiley and Sons, New York.
- Porter ME (1990). *The Competitive Advantage of Nation*, Free Press, New York.
- Rust RL, Zahorik AJ (1993). Customer satisfaction, customer retention, and market share. *J. Retail.*, 69:193-215.
- Sharma P (2011). Country of origin effects in developed and emerging markets: Exploring the contrasting roles of materialism and value consciousness. Advance online publication 6 May 2010; doi: 10.1057/jibs.2010.16. *J. Int. Bus. Stud.*, 42: 285-306.
- Shimp TA, Sharma S (1987). Consumer ethnocentrism: Construction and validation of the CETSCALE. *J. Mark. Res.*, 24:280-289.
- Srivastava RK, Fahey L, Christensen HK (2001). The resource-based view and marketing: the role of market-based assets in gaining competitive advantage. *J. Manage.*, 27:777-802.
- Srivastava RK, Shervani TA, Fahey L (1999). Marketing, business processes, and shareholder value: an organizationally embedded view of marketing activities and the discipline of marketing. *J. Mark.*, 63:168-179.
- Sweeney JC, Soutar GN (2001). Consumer perceived value: The development of a multiple item scale. *J. Retail.*, 77:203-220.
- Too LHY, Souchon AL, Thirkell PC (2001). Relationship marketing and customer loyalty in a retail setting: a dyadic exploration. *J. Mark. Manage.* 17:287-320.
- Verlegh PWJ, Steenkamp JEM (1999). A review and meta-analysis of country-of-origin research. *J. Econ. Psychol.*, 20:521-546.
- Woodruff RB (1997). Customer value: The next source of competitive advantage. *J. Acad. Mark. Sci.*, 25(2):139-153.
- Woodside A, Frey L, Daly R (1989). Linking service quality, and behavioral intention. *J. Healthc. Mark.* 9:5-17.
- Wu HL, Liu CY, Hsu WH (2008). An integrative model of customers' perceptions of health care services in Taiwan. *Serv. Ind. J.*, 28:1307-1319.

Appendix 1. General information on stores in study.

Firm	F-com	A-com	T-com
Nature	IJV	FDI	WOS (Domestic)
Equity	France, Taiwan	USA	Taiwan
Year of entry	1989	1999	2001
Stores in Taiwan	59	5	5
Services	Photo, Tire, Catering ATM, Car Wash	Photo, Tire, Catering ATM,	Tire, Catering, ATM, Car Wash