Understanding Brand Trust in the Context of Consumer Reshoring Sentiment: An Experimental Study

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Abstract

This study focuses on the demand-side effects of reshoring and an experimental study was conducted to understand the mediator role of consumer reshoring sentiment among consumers’ ethnocentric orientation and brand trust under the conditional effects of perceived motives and category country image. In addition, the model has been tested for partial and full reshoring conditions. The findings exhibit consumers’ ethnocentric orientation interacts with perceived motive, generates a reshoring sentiment, which intersect with the category image of the offshored country, ultimately produces brand trust accordingly.

Keywords

Consumer Reshoring Sentiment, Consumer Ethnocentrism, Brand Trust, Perceived Motive, Category Country Image

Özet

Bu çalışma, şirketlerin üretim faaliyetlerini kendi ülkelerine döndürmeleri (reshoring) kararının talep-yönli etkilerine odaklanmaktadır ve şirket geri dönüş niyetinin algılanışı ve kategori ülke imajının koşulu etkileri altında, şirketin üretim faaliyetlerini kendi ülkelerine döndürmeleri kararı ile oluşan tüketici duyarlılığının etnosentrik yönetim ve marka güveni arasındaki araci rolünü ölçmek amacıyla deneySEL bir çalışma yürütülmüştür. Buna ek olarak, belirtilen model kısmi ve tam reshoring uygulanması durumları açısından da ele alınmıştır. Bulgular, tüketici etnosentrik yönetimlerinin algılanan geri dönüş niyetine göre şirketlerin üretim faaliyetlerini kendi ülkelerine döndürmelerine yönelik bir duyarlılık oluşturdüğunu, bu duyarlılığın geri dönüş yapılmış ülkenin ilgili ürün kategorisindeki imajının moderatör etkisi altında marka güveni oluşturdüğunu ortaya koymaktadır.

Anahtar Kelimeler

Reshoring Duyarlılığı, Tüketici Etnosentrizmi, Marka Güveni, Algılan Niyet, Kategori Ülke İmajı

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Introduction

Offshoring as an important value chain phenomenon has gathered pace since 1980s (Bals et al., 2016: p.104). Although offshoring offered low labor costs and easy access to raw materials (Wiesmann et al., 2017: p.15), triggering factors for companies to re-configure global supply chain operations in 21st century is well dominant (Ocicka, 2016: p.103). Even if offshoring is still a sort of sourcing and location strategy (Backer et al., 2016: p.4), reshoring, moving value chain activities back to home country (Fratocchi et al., 2016: p.56), has come to the agenda in over last decades as one of emerging trends (Fjellström et al., 2017: p.79).

Prior researches on reshoring mostly focused on firm-sided effects, whereas changes in global economic, social and political environment lead the rising tendency towards relocation strategies by companies also triggers the demand side (Śtepień & Młody, 2017: p.204). A few studies focused on consumer-centric effects of reshoring (Cassia, 2020: p.1101) and consumer responses toward reshoring (Grappi et al., 2015: p.456; 2018: p.204; 2019: p.87); however, solely on the basis of European or US based companies. To this end, ascertaining the demand-side effects of reshoring in an emerging country will fulfill a research gap. In addition, placing consumer ethnocentrism as the starting point of generating consumer reshoring sentiment, incorporating country image of previously offshored country in terms of specific product category, and examining the effects of reshoring in terms of consumer-brand relationship will encapsulate the disparate strands of themes into an integrative framework.

In line with the literature emphasizing the improved customer-perceived quality, in addition to leveraging made-in-effect by reshoring, consumers are expected to be stimulated based on their level of ethnocentric orientation. Thus, reshored brands are expected to generate a better relationship with consumers, which in turn builds trust. In this context, objective of this research is analyzing the effects of consumer ethnocentrism and consumer reshoring sentiment on brand trust based upon the company reshoring decision in the context of reshoring strategies, perceived company motives and category country image of host-country. In short, adding the demand-side perspective on reshoring by associating it with ethnocentrism and brand trust will be expected to contribute value chain researches and practitioners.

Literature Review

Reshoring

Reshoring is simply defined as a relocation of production wholly or partially from a foreign location (Fratocchi et al., 2014: p.56) regardless of ownership (Fjellström et al., 2017: p.81). It is a must for a company to make an offshoring in the past (Ancarani et al., 2015: p.142), which turns the phenomenon from a standard location decision into a strategy or an organizational learning (Gray et al, 2013: p.29). Gray et al. (2013: p.28) framed a typology consisting of constant location directions (from offshore to home country) with variations in terms of different governance modes (insourcing vs. outsourcing) as follows: (1) in-house reshoring, (2) reshoring for outsourcing, (3) reshoring for insourcing, and (4) outsourced reshoring. Fratocchi et al. (2013: p.9) made a binary distinction as partial reshoring which refers to keeping a part of the value chain activities in overseas, and full reshoring which refers to returning whole of the value chain activities back to home country. Furthermore, a demand-sided study of Grappi et al. (2015: p.458) distinguished reshoring strategies into three: (1) full reshoring, manufacturing and design activities are reshored together; (2) reshoring production, only the manufacturing activities are reshored but design activities are remained abroad; (3) reshoring design, the design activities are reshored but manufacturing activities are remained abroad.

Besides, drivers behind reshoring have been got the attention of many scholars in literature. Ellram et al. (2013: p. 14) emphasized volatile energy prices, changing cost structure in offshore countries, growing concern related to environmental issues, unforeseen currency fluctuations, increasing concerns about intellectual property theft, being fast to market effect being an agility and responsiveness indicator and supply chain disruption risks as the important factors for companies to rethink their global sourcing and location strategies. Additionally, “made-in-effect” was obtained as an important
motivation behind reshoring (Fratocchi et al., 2016: p.99) deriving mostly as a result of perceived quality. Within this framework, customer perceived value related to reshoring motivations leads consideration of reshoring decision as a source of value creation for customers. Correspondingly, there is a few studies, which reminds company’s reshoring decisions also affects consumers attitudes (Grappi et al., 2015, 2018, 2019; Stepien & Mlody, 2017; Cassia, 2020).

**Consumer Reshoring Sentiment**

Leading an unforeseen value creation (Grappi et al., 2018: p.204) reshoring decision constitutes the positive and cognitive evaluations in consumers’ minds, and, it is defined in Grappi et al. (2018) as “Consumer Reshoring Sentiment” (CRS) consisting of six different dimensions (Grappi et al., 2018: p.201).

(1) “Superior Quality of Reshored Production” is defined as the perception of consumers in the host country that the products produced in home country are superior to the products whose production has been relocated abroad by offshoring in the past (Grappi et al., 2018: p.198). (2) “Greater Ability to Fulfill Needs” refers consumers belief that offshored products, especially in relatively less developed countries, are less oriented to meet their needs compared to the products produced in their own countries (Grappi et al., 2018: p.196). (3) “Government Support” refers consumers belief that governments should favor companies that return back home in order to struggle against unemployment and other negative socio-economic impacts caused by offshoring (Grappi et al., 2018: p.198). Besides, consumers feel a sense of pride that the products of companies which decide for reshoring are now produced in their own countries, which generates (4) “made-in effect” sentiment. Home country consumers believe reshoring will affect the domestic production positively, since they think local employees are better than foreigners (Grappi et al., 2018: 198), thus generate (5) “Competency Availability” sentiment. Lastly, since the relocation of the production processes in the global supply chain brings many ethical concerns both on environmental sustainability (Gray et al., 2013: p.30) and working conditions (Locke et al., 2007: p.3), reshoring comes into prominence as a solution to many social issues caused by offshoring (Grappi et al., 2015: p.454), thereby generating (6) “ethical issues” as a sentiment (Grappi et al., 2018: p.196).

**Theoretical Framework**

**Consumer Ethnocentrism as a Predictor of Consumer Reshoring Sentiment**

Effects of consumer ethnocentrism, referring to the preference of consumers towards domestic products deriving from moral considerations and patriotic sentiments (Sharma et al., 1995: p.26), have been studied in both offshoring (e.g., Durvasula & Lysonski, 2009) and reshoring (e.g., Grappi et al, 2015; 2018) literature.

Since high ethnocentric consumers perceive foreign products to cause a damage in domestic economy, they are likely to produce a negative attitude towards offshoring (Durvasula & Lyonski, 2009: p.28). On the other hand, consumers with high levels of consumer ethnocentrism show higher levels of gratitude and lower levels of anger towards the reshoring decision, which in turn affects willingness to buy (Grappi et al., 2015: p.468). Further, Cassia (2020: p.1111) found that cognitive ethnocentrism (i.e., Disposition to prefer domestic products with regard to their objective superiority over foreign products as a result of better workmanship) has no effect, while affective ethnocentrism (i.e., Customer pride, admiration and emotional attachment to home country products) has an impact on perceived product quality of reshored products. In this regard, consumer ethnocentrism is expected to explain consumer reshoring sentiment such that consumers who believe purchasing domestic products is morally and rationally appropriate, thus appreciate reshoring decision (Grappi et al., 2015: p.456), which will in turn generate higher consumer reshoring sentiment. To sum up, the following hypothesis is proposed:

**Hypothesis 1:** Consumer ethnocentrism positively predicts the consumer reshoring sentiment.
**Mediating Role of Consumer Reshoring Sentiment Between Consumer Ethnocentrism and Brand Trust**

Trust is considered to play a critical role, especially in relation to marketers' desire to build long-term sustainable relationships (Doney & Cannon, 1997: p.35). Chaudhuri and Holbrook (2001: p.82) defined brand trust as the consumer's confidence in the ability of a brand to deliver the function it promises. Accordingly, consumers believe about reliability, safety and trustworthiness are all substantial elements of building trust to a brand.

Fournier (1998: p.344) asserted consumers and brands have a dyadic relationship as a result that consumers attribute any positive or negative outcomes to brands as a partner. On the other hand, risks and vulnerabilities as the core elements of trust come up in situations of global sourcing or managing supply chains (Christopher et al., 2011: p.67) originating from environmental issues, quality concerns, length of supply chains, which of all may cause supply chain disruptions or decreased agility and responsiveness (Ellram et al., 2013: p.14). Since consumers give attention whether brands realize what they promise (Chaudhuri and Holbrook, 2001: p.82), it makes sense for consumers to attribute reliability, integrity or benevolence of the offshored or reshored brands accordingly. Herewith, consumer reshoring sentiment, which comprises of the consumers’ beliefs as superior quality and greater ability of reshored products to fulfill needs and competency availability arising from the more competent labor force, is likely to produce more trust to reshored brands. To this end, consumer reshoring sentiment is likely to predict brand trust by grounding on the literature on reshoring and brand trust.

Additionally, consumers, who have strong sentiment towards reshoring, are expected to show a bias in favor of domestic products given by their national belonging deriving from the “domestic country bias” (Balabanis & Diamantopoulos, 2004: p.80). This bias is explained also by consumer ethnocentrism (Fischer & Zeugner-Roth, 2014: p.476). Although consumer ethnocentrism mostly represents economic concerns of consumers (Zeugner-Roth et al., 2015: p.25), it may affect consumers’ sentiment towards a reshoring decision affectively. Since the patriotic orientation is likely to enhance affective behavior (Moon & Jain, 2002: p.120), individuals tend to justify national decisions in situations of feeling strong national identification (Feather, 1981: p.1026). Thus, purchasing behavior of highly ethnocentric consumers is conducted by a disposition to national-ingroup given the sense of belonging (Brodowsky, 1998: p.97). Consistently, consumers feel a sense of pride deriving from the made-in effect sentiment as framed by Grappi et al. (2018: p.198).

In sum, existent researches both on consumer ethnocentrism and brand trust reveal the mediation links of consumer reshoring sentiment. This sentiment mostly derived from ethnocentric tendencies, even normative or affective. Specifically, this study proposes, consumer ethnocentrism indirectly predicts brand trust towards reshored companies through the consumer reshoring sentiment. Therefore, the following hypothesis is proposed:

**Hypothesis 2:** The relationship between consumer ethnocentrism and brand trust is mediated by consumer reshoring sentiment.

**Moderators Along the Mediation**

Although there are few studies that investigated the interaction effects of consumer ethnocentrism, perceived company motives (see. Grappi et al., 2015) or consumer animosity (see. Grappi et al., 2019), consumer reshoring sentiment’s central role still needs investigating. Within the purpose of the study, perceived company motive is considered in the first-stage of the mediation, and category country image is examined in the second-stage of the mediation as moderators in line with the past researches. In addition, different type of reshoring strategies’ effects is examined under the hypothesized conditions.

Company motives are categorized mostly with regard to the self-centered and others-centered dual distinction, such as firm-serving and public serving (Becker-Olsen et al., 2006: p.48). Accordingly, Grappi et al. (2015: p.463) found that high ethnocentric consumers feel lower righteous anger and higher gratitude towards company reshoring when they perceive the reshoring motive more public serving
rather than firm-serving. Thus, it is expected to observe an interaction of consumer ethnocentrism and perceived company motives which enhances the consumer ethnocentrism and consumer reshoring sentiment relationship. Therefore, the following hypothesis is suggested:

**Hypothesis 3a:** Perceived company motive of reshoring positively moderates the relationship between consumer ethnocentrism and consumer reshoring sentiment.

Additionally, this study focuses to the reshored business functions with a binary categorization as full or partial in line with the literature (Fratocchi et al., 2013: p.2). Accordingly, full reshoring refers to relocating whole of value chain activities, and partial reshoring refers to returning solely the manufacturing to home country while keeping other activities such as design, R&D, sourcing etc. in abroad. Consequently, this study questions whether the examined moderated mediation effect proposed with Hypothesis 3a is varying among full reshoring and partial reshoring strategies of companies. Therefore, the following hypothesis is proposed:

**Hypothesis 3b:** Moderation effect of perceived company motive of reshoring on the relationship between consumer ethnocentrism and consumer reshoring sentiment differs among full reshoring and partial reshoring situations.

Consumer ethnocentrism is likely to intersect with country of origin specific beliefs (Balabanis & Diamantopoulos, 2004: p.87), and affect consumers’ evaluations (Pharr, 2005: p.36). National stereotypes such as perceived competence also affect country of origin specific evaluations (Chattalas et al., 2008: p.62). In this regard, country image, arising from the origin effect (Pappu et al., 2007: p.727), is defined as the association of images, reputations or stereotypes developed for a country by consumers (Nagashima, 1970: p.68). As Gurhan-Canli and Mahaswaran (2000: p.316) emphasized, the effect of country image may vary depending different product categories, since consumers evaluate product quality in accordance with the country’s expertise in this product class or overall image (Essoussi & Merunka, 2007: p.412).

Papadopoulos et al. (1990: p.285) coherently underlined that consumers would not prefer the products from the countries with lower level of industrial development than their own countries. Even if a country produces high quality of one sort of product, this positive image is not able to be generalized or attributed to the relevant country (Gurhan-Canli & Mahaswaran, 2000: p.316). In this regard, this study asserts that product evaluations of consumers are affected with regard to the category country image (Andènh et al. 2015: p.227) on the basis of global manufacturing or sourcing locations (Li et al., 2000: p.122). Consumers are expected to process the category country image of the previously offshored country as a clue, which is built on the reshoring sentiment level they exhibit, then generate a certain outcome such as brand trust. Specifically, higher the category country image, lower the brand trust is expected, or vice versa. Thus, following hypothesis is suggested:

**Hypothesis 4a:** Offshored country’s image for a certain category (category country image) negatively moderates the effect of the consumer reshoring sentiment on brand trust towards reshored company.

Following the same assertion with the development of Hypothesis 3b, the following hypothesis is suggested with regard to the role of different reshoring strategies:

**Hypothesis 4b:** Moderation effect of category country image on the relationship between consumer reshoring sentiment and brand trust differs among full reshoring and partial reshoring situations.

Consumers’ individual characteristics such as ethnocentric orientation entails consumers to generate consumer reshoring sentiment towards a company reshoring decision. Besides, consumers with a certain level of reshoring sentiment again involve in a relationship with the reshored company. This relationship comes with an outcome, which is a market response or a reaction in general. However, this time, arisen dyadic relationship is expanded with the involvement of the countries. Whether the company reshored its value chain activities fully or not, consumers existing sentiment towards company reshoring will likely to interact with the country image (i.e., host country or previously offshored country), which is attributed considering a certain product category, thus, will produce an outcome accordingly.
As stated in Vedel et al. (2012: p.4), if two situations interconnect with each other, solely a dyadic approach is not enough. Therefore, this study asserts the image as a party. Grounding on Aaker (1997: p.347)’s brand personality and brand image (Aaker, 1991: p.101) definitions, country image may be conceptualized as a set of human characteristics associated in a meaningful way to a country. This depiction of country image is consistent with Nagashima’s definition (1970: p.68). In just the same way as every individual has a personality, brands have their own personality with a set of associations (Aaker, 1991: p.113). Accordingly, country image also represents a personality, thereby might be considered as a party.

Herewith, beyond the consumer and company relationship, this study emphasizes the involvement of previously offshored country into this relationship as a party arising from its image in a given product category in reshoring context. As though supporting this view, Delgado-Ballester (2004: p.575) referring to Barber (1983) emphasized that building trust follows two paths: first, partners put other’s interests before their own interest, thereby deliver their obligations in this regard; second, partners be sure about other parties’ competencies and performance to deliver the given promise. Consistent with this structuring, we assert that consumers first evaluate whether the given reshoring decision is originated with a firm-serving or public-serving intention, and then process their existing sentiment with regard to category country image, which provides more certain insights on whether the company will be able to deliver its technical offerings with a better performance or vice versa.

Both drawing upon the past researches and referenced theories detailed above, the indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment is expected to be conditional upon the perceived company motive, such that perceived public-serving motives will strengthen the indirect relationship in the first-stage of the sets of dyadic relations. Besides, this indirect effect is expected to be conditional upon category country image of previously offshored country, such that a lower image will enhance the relationship between the consumer and brand, thereby more brand trust will be generated. Through this approach, consumers will involve in a relationship both with the brand and the country image, which will provide a more robust process to enlighten demand-side effects of reshoring. To sum up, following hypotheses are proposed:

**Hypothesis 5a:** The indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment is conditional upon the perceived company motive of reshoring

**Hypothesis 5b:** The indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment is contingent upon the category country image of offshored country.

**Hypothesis 5c:** Perceived motive of reshoring and category country image moderates the indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment such that the indirect effect strengthens when perceived motive is higher (public serving) and category country image is lower.

![Figure 1: Conceptual Model](image-url)
Based on the above discussion, the conceptual framework illustrated in Fig. 1 will be drawn to examine the role of ethnocentrism on brand trust with the mediating role of consumer reshoring sentiment with the moderator effects of perceived company motives and category country image under the condition of different reshoring strategies (full vs. partial reshoring).

**Research Design and Methodology**

The research methodology is a scenario-based experimental design in this study. It was run an experiment with a 2 (category country image of previously offshored country- low vs. high image) × 2 (perceived motives of reshoring- firm vs. public serving) × 2 (reshoring type/strategy-partial vs. full reshoring) between-subjects, thus, eight vignettes were designed. A fictitious company under the name of “Company A” operating in white goods industry was used in vignette. Fictitious name was preferred to avoid any bias regarding acquired experiences (Lim & Shim, 2019: p.17). White goods category was determined, since it is a sector where global Turkish companies exist, as well as Turkey is the world's second largest white goods manufacturer after China, and is Europe's largest manufacturer (White Goods Industrialists Association of Turkey, 2020: p.4). It was stated at the beginning of the stimuli that the situation given was real, although the company name was fictitious. One of the vignette examples which contains the full reshoring decision from a low-image country with a firm-serving motive is presented below:

“A” is a Turkish company, which has been manufacturing white goods for more than 75 years, and whose products are sold all around the world. In 2002, company “A” started manufacturing in China. However, in 2020, in order to increase the profitability in the face of rising costs in operations carried out in China, company “A” decided to terminate the manufacturing operations in China, and moved all back to its home country Turkey.

One of the eight vignettes was presented to respondents coincidently. In the questionnaire, consumer reshoring sentiment was measured using the eighteen items of Grappi et al. (2018: p.200); while brand trust was measured using four items adapted from Chaudhuri and Holbrook (2001: p.87). As recommended by Batra et al. (2000: p.90), a refined subset of CETSCALE (Shimp & Sharma, 1987: p.282) with four items from Klein (2002: p.363) measured consumer ethnocentrism. Perceived motives were formed from Becker-Olsen et al. (2006: p.49) and measured with three items. Category country image (of the previously offshored country) measured using three items adapted from Andéhn et al. (2015: p.233). Country brand loyalty3 was included as a control variable, and measured using two items from Zeugner Roth et al. (2008: p.588) adapted based on Yoo and Donthu (2001). 7-point Likert scales were used in this study. Participants also responded manipulation check questions regarding the category country image, perceived motives of reshoring and reshoring type/strategy.

Since the consumers sentiment against a Turkish company's reshoring decision was the focus of the study, population was defined as ‘males’ or ‘females’, over 18 years of age, Turkish citizens and users of the products in the relevant category (white goods). Data was gathered through both online and hard copied questionnaires, and respondents were selected through convenience sampling method. The data were collected from 413 participants between 17.11.2020 - 30.11.2020. 19 respondents who gave incorrect answers to the control question were eliminated. Finally, the data set contained (N = 394) respondents for eight groups, which constitutes the sample size of the study.

**Manipulation Check**

First, respondents were asked to write down whether Company A reshored fully or partially from given country. It was preserved only the questionnaires where respondents answered correctly. Second, respondents rated their level of agreement on statements given (Becker-Olsen et al., 2006) by considering company A’s reshoring motive. Results of independent-samples t-test showed significant

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3 It expresses the tendency to be loyal to a country's products or brands (Zeugner-Roth et al., 2008: p.583).
mean differences for perceived motive for reshoring \[M_{\text{Firm-Serving Motive}}= 2.20 \text{ (SD}= 1.51), M_{\text{Public Serving Motive}}= 4.18 \text{ (SD}= 1.52; t (392) = -12.993, p= 0.000, p<0.05]\]. Lastly, respondents rated their level of agreement on category country image scale (Andén et al., 2015) based upon the country from where Company A returned back (China or Germany). Results of independent-samples t-test demonstrated significant mean differences for ‘category country image’ \[M_{\text{Low Country Image}}= 3.04 \text{ (SD}= 1.35), M_{\text{High Country Image}}= 5.38 \text{ (SD}= 1.31), t (392) = -17.172, p = 0.000, p < 0.05\]. These results suggest all the manipulations were verified.

**Findings and Discussion**

**Reliability and Validity Assessment**

Prior to reliability assessment (Dunn et al., 1994: p.162), all constructs were confirmed to be unidimensional\(^4\) by conducting exploratory factor analyses (EFA). Besides, Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) values were valid, and above 0.50 (Kaiser, 1974: p.35) as well as factor loadings \((\geq 0.50);\) Hair et al., 2010: p.116). Item-to-total correlations were above 0.30, supporting the scales’ reliability (Dunn et al., 1994: p.159). According to Cronbach’s \(\alpha\), measures showed good levels of internal reliability ranging from 0.71 to 0.95.

Since Malhotra and Dash (2011: p.718) stated that a second-order model offers more parsimonious settling than a first-order model as it includes fewer paths, a second-order overall measurement model, in which the consumer reshoring sentiment was introduced to collect the five dimensions - without the "government support" factor\(^5\) of CRS under one higher-order factor and along with all other hypothesized variables were tested by running a confirmatory factor analysis (CFA) to assess construct, convergent and discriminant validity. The results showed that factor loadings were above 0.50 (Hair et al., 2010: p.116), except one item (0.47). However, it was decided as no need to eliminate it considering the sample size (i.e., N=150, \(\geq 0.45\); Hair et al., 2010: p.116). Thus, the final model showed a very good model fit: \(\chi^2 (df)= 839.406 (413), CFI=0.953, TLI=0.947, GFI=0.874, NFI= 0.912, SRMR=0.068, RMSEA=0.051\) (Hu & Bentler, 1999: p.27; Kline, 2016: p. 270–278).

In addition, the model was assessed by means of reliability, convergent validity and discriminant validity. Accordingly, composite reliability (CR) of all measures ranged from 0.79 to 0.94 \((>0.60);\) Fornell & Larcker, 1981: p.47), indicating a good reliability (Hair et al., 2010: p.680). The average variance extracted (AVE) values ranged from 0.64 to 0.81 for all the constructs, and above 0.50 cut-off, except consumer reshoring sentiment which was 0.44, and below 0.50 (Fornell & Larcker, 1981: p.46). However, CR is sufficient solely to reason convergent validity (Lam, 2012: p.1331), since the average variance extracted is a more conservative measure to validate a measurement model (Fornell & Larcker, 1981: p.46; Malhotra & Dash, 2011: p.714). Thus, convergent validity is verified. Discriminant validity was assessed using both Fornell-Larcker criterion (1981) and HTMT method (Henseler et al., 2015: p.115–135), which demonstrated each AVE value's square root was greater than the cross-construct correlations, and HTMT values were below 0.85 (Henseler et al., 2015: p.128), thus supported the discriminant validity.

**Multi-Group CFA and Measurement Invariance Tests**

A multi-group CFA was applied to assess measurement invariance to clarify whether the same construct is measured in equivalence across groups or not (Bryne & Stewart, 2006: p.287). Following the multi-group analysis guidelines (Byrne, 2016: p.230–289) the final measurement model was established as a

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\(^4\) Since the consumer reshoring sentiment was developed as a multi-dimensional (six dimensions) scale (Grappi et al., 2018: p.199), EFA statistics of each dimension examined separately, and also observed as unidimensional.

\(^5\) "Government support" has not been included to further analyses, since it had demonstrated a low factor loading (0.45) in the initial CFA of second-order measurement model and the ability of a higher-order model to explain covariances between the first-order model was higher for the consumer reshoring sentiment variable without the "government support" factor (i.e., 0.840 > 0.678; 0.902 > 0.761) as a result of target coefficient test (Marsh, 1987: 37).
baseline for two groups varied upon the reshoring type: (1) full reshoring (n = 209); (2) partial reshoring (n = 185).

Since there are additional steps exist for the higher-order models (Chen, 2005: p.475), this study looked for equivalence across groups at each level (Byrne, 2006: p.294). In accordance with the objectives of this study, three forms of invariance, which are configural, metric and scalar, were assessed (Steenkamp & Baumgartner, 1998: p.82). Since the sensitivity of chi-square difference test to sample size is known (Chen, 2007: p.466), we followed the procedure suggested by Cheung and Rensvold (2002: p.251), and accepted as there is no significant deterioration between the models, if CIF changes wasn’t greater than 0.01 (∆CFI ≤ .01).

Table 1: Measurement Invariance Assessment

<table>
<thead>
<tr>
<th>Model</th>
<th>χ²</th>
<th>df</th>
<th>∆χ²</th>
<th>Δdf</th>
<th>CFI</th>
<th>∆CFI</th>
<th>RMSEA</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Configural Invariance</td>
<td>1343.68</td>
<td>826</td>
<td>0.944</td>
<td>0.040</td>
<td>0.075</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First-Order Metric Invariance</td>
<td>1380.55</td>
<td>847</td>
<td>36.871</td>
<td>21</td>
<td>0.942</td>
<td>0.002</td>
<td>0.040</td>
<td>0.075</td>
</tr>
<tr>
<td>First- and Second-Order Metric Invariance</td>
<td>1392.99</td>
<td>852</td>
<td>12.44</td>
<td>5</td>
<td>0.941</td>
<td>0.001</td>
<td>0.040</td>
<td>0.076</td>
</tr>
<tr>
<td>First-Order Scalar Invariance</td>
<td>1466.00</td>
<td>875</td>
<td>73.016</td>
<td>23</td>
<td>0.936</td>
<td>0.005</td>
<td>0.042</td>
<td>0.077</td>
</tr>
<tr>
<td>First- and Second-Order Scalar Invariance</td>
<td>1428.98</td>
<td>877</td>
<td>37.023</td>
<td>2</td>
<td>0.940</td>
<td>0.004</td>
<td>0.040</td>
<td>0.077</td>
</tr>
</tbody>
</table>

Based on ∆CFI criterion, measurement invariance results confirmed that the hypothesized scales have identical dimensionality and factor structure across two groups, in addition that the respondents answered questions in the same manner. Besides, differences across groups in latent means and observed means are consistent.

Later, Harman’s (1976) one-factor test was conducted with an unrotated factor solution to detect common method bias (Podsakoff et al., 2003: p.879; Fuller et al., 2016: p.6). The test showed an explained variance of 29.28%, which was significantly less than the threshold of 50% suggested by Podsakoff et al. (2003: p.879).

Hypothesis Testing

Since simple linear regression was used to test Hypothesis 1 and appropriate models of PROCESS (V3.5) (Hayes, 2018) were conducted, assumptions of multivariate regression analysis were all undertaken primarily, thereby there was no violation observed. All continuous variables were centralized (x – M) at time of conducting the analysis by PROCESS macro. In addition, country brand loyalty (home country) was included as a covariate in all hypotheses tests in order to control its effects on the conceptualized relationships.

First, a simple linear regression was utilized to test Hypothesis 1. As a result, consumer ethnocentrism significantly predicted consumer reshoring sentiment, b = .477, t (392) = 10.75, p < .001, pr²=.22. The regression coefficient indicated that every one unit of change for consumer ethnocentrism corresponded, on average, to a change in consumer reshoring sentiment of 0.47. Consumer ethnocentrism also explained a significant proportion of the variance in consumer reshoring sentiment, F(1, 392) = 115.684, p < .001, R²=.22, R² adjusted=.22. Thus, Hypothesis 1 is supported.

Using PROCESS Model 4 (5000 bootstraps, 95% CI; Hayes, 2018: p.91) revealed a statistically significant indirect positive effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment (IE = 0.0831; CI [0.0457, 0.1292]), thereby supported Hypothesis 2.

Through PROCESS Model 1 (5000 bootstraps, 95% CI; Hayes, 2018: p.238), results revealed a statistically significant interaction effect of perceived company motive on the relationship between
Consumer ethnocentrism and consumer reshoring sentiment, $b = 0.031$, $t$ (389) = 2.03, $p < 0.05$. Consumer ethnocentrism also explained a significant proportion of the variance in consumer reshoring sentiment by interacting perceived company motive, $F(4, 389) = 36.66$, $p < .001$, $R^2 = 0.27$. Addition of the interaction was a significant change to the model, $F(1, 389) = 4.14$, $p = 0.004$, $R^2_{\text{change}} = 0.0077$. Thus, Hypothesis 3a is supported. Interaction term was further probed by using the pick-a-point approach (Hayes, 2017: p.14) conditioned on the 16th, 50th, and 84th percentiles of the distribution for perceived company motive. The simple slopes revealed that consumer ethnocentrism significantly predicted consumer reshoring sentiment at all three levels of perceived company motives. As depicted in Figure 2, results indicated a significant positive interaction effect for the firm serving motive ($b = 0.144$, $t$ (389) = 2.63, $p = 0.008$); for the medium levels of perceived company motive (i.e., neither perceived firm serving nor public serving) ($b = 0.207$, $t$ (389) = 5.16, $p = 0.000$); and for the public serving motives ($b = 0.269$, $t$ (389) = 5.93, $p = 0.000$). Accordingly, neutral to public serving perceived motives more strongly generated consumer reshoring sentiment than did comparably firm serving perceived company motives, supporting Hypothesis 3a.

![Figure 2: Moderation of Consumer Ethnocentrism on Consumer Reshoring Sentiment by Perceived Company Motive](image)

Furthermore, results (PROCESS Model 1, 5000 bootstraps, 95% CI) indicated no moderation in the full reshoring sample ($N = 209$), $b = 0.02$, $t$ (204) = 0.90, $p = 0.37$, while a moderation was observed ($b = 0.04$, $t$ (180) = 1.92, $p = 0.05$) in the partial reshoring sample ($N = 185$). Thus, Hypothesis 3b is supported.

We further observed (PROCESS Model 1, 5000 bootstraps, 95% CI) a statistically significant negative interaction effect of category country image on the relationship between consumer reshoring sentiment and brand trust, $b = -0.07$, $t$ (389) = -2.77, $p = 0.0058$. Consumer reshoring sentiment explained a significant proportion of the variance in brand trust by interacting category country image, $F(4, 389) = 28.52$, $p < .001$, $R^2 = 0.22$. Addition of the interaction was a significant change to the model, $F(1, 389) = 7.70$, $p = 0.0058$, $R^2_{\text{change}} = 0.0153$. Thus, Hypothesis 4a is supported. Interaction was further probed by using the pick-a-point approach. The simple slopes revealed that consumer reshoring sentiment significantly predicts brand trust at all three levels of category country image. As depicted in Figure 3, results indicated a significant interaction effect for the low levels of category country image ($b = 0.517$, $t$ (389) = 6.86, $p = 0.000$); for the medium levels of category country image ($b = 0.367$, $t$ (389) = 6.19, $p = 0.000$); and for the high levels of category country image ($b = 0.218$, $t$ (389) = 2.57, $p = 0.01$). Accordingly, low to medium levels of category country image more strongly generated brand trust than did comparably high levels of category country image. In addition, consumers with high levels of consumer reshoring sentiment produced a stronger level of brand trust when category country image is low, while consumers with low to average levels of consumer reshoring sentiment produced a stronger level of brand trust when category country image is high.
Furthermore, results (PROCESS Model 1, 5000 bootstraps, 95% CI) revealed no moderation, $b = -0.07$, $t (204) = -1.877$, $p = 0.06$ for the full reshoring sample ($N = 209$); but, a statistically significant interaction effect was observed for the partial reshoring sample ($N = 185$), $b = -0.08$, $t (180) = -2.009$, $p = 0.04$. Thus, Hypothesis 4b is supported.

Hypotheses 5 were analyzed in a hierarchical procedure as depicted in Figure 4. Results of PROCESS Model 7 (Hayes, 2015: p.9) revealed that the indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment is not conditional upon the level of perceived company motive, $b = 0.011; 90\%$ CI [-0.0002, 0.0233]. Thus, Hypothesis 5a is not supported.

**Figure 3: Moderation of Consumer Reshoring Sentiment on Brand Trust by Category Country Image**

**Figure 4: Results of the Moderated Moderated Mediation Effect of Consumer Reshoring Sentiment by Perceived Company Motive and Category Country Image in a Hierarchical Procedure**

**Note(s):** $b$ refers to unstandardized regression coefficient generated by PROCESS Macro (V3.5), Bootstrap resamples = 10000, %90 CI; $n = 394$. 

11
For PROCESS Model 14 (Hayes, 2015: p.10), results revealed that the indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment is conditional upon the level of category country image, \( b = -0.017; 90\% \text{ CI } [-0.0302, -0.0055] \). Pick-a-point approach of conditional effects revealed that all three conditional indirect effect were significant (at 16th percentile, \( \text{IE} = 0.11; \text{CI} = [0.072, 0.170] \); at 50th percentile, \( \text{IE} = 0.08; \text{CI} = [0.051, 0.120] \); at 84th percentile, \( \text{IE} = 0.05; \text{CI} = [0.015, 0.086] \)). Thus, Hypothesis 5a is supported.

We finally observed (PROCESS Model 21; Hayes, 2017: p.22; Hayes & Rockwood, 2019: p.19) that the moderation of the indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment by perceived company motive did not depend on the category country image, \( b = -0.002, 90\% \text{ CI } [-0.0054, 0.0000] \), which means there was no definitive evidence of moderated moderated mediation. Along with these, the slopes, which show how the indirect effect is moderated by perceived company motive and category country image together, revealed that the indirect effect was strongest when the perceived motive was public serving and the offshored country was perceived to have a lower category country image (\( b = 0.1376, 90\% \text{ CI } [0.0801, 0.2001] \)) among all other lines of the slopes. However, moderators were unable to produce differential effects in the results, Hypothesis 5c is not supported.

**Conclusion, Implications and Limitations**

This study was conducted to better understand the role of consumer reshoring sentiment on brand trust in a comprehensive perspective. Including both the supply chain management and marketing lenses, this study offers several theoretical and managerial insights by extending the understanding of reshoring through disengaging its focus to firm-side perspective, which considers it solely as a company decision, instead, evaluating the concept through the eyes of consumers.

First, consumer ethnocentrism is a predictor of consumer reshoring sentiment. As this study asserted, consumer ethnocentrism leads consumers to justify national decisions through national identification in itself. Consumers who believe in the rationality of purchasing domestic products and have an emotional attachment to home country products as well, generate stronger sentiment towards reshoring decision. This finding is consistent with the relevant theories including national identification and intergroup bias (Feather, 1981; Brewer, 1999; Hewstone et al., 2002; Verlegh, 2007) as well as the literature (Grappi et al., 2015; 2018).

However, consumers don’t evaluate a subject through the ethnocentric lenses solely. As suggested building on the attribution theory (Heider, 1958; Kelley, 1967) and existent literature (Forehand & Grier, 2003; Becker-Olsen et al., 2006; Grappi et al., 2015), consumers look for causal explanations of company actions and reshoring decision is questioned whether it is public-serving or firm-serving. Our findings proved that perceived public-serving motives attracts consumers, thereby enhances the consumer ethnocentrism and consumer reshoring sentiment relationship.

Second, the findings revealed that consumer reshoring sentiment mediates the relationship between consumer ethnocentrism and brand trust as proposed. Consistent with the literature indicating consumers question whether a brand is able to fulfill their needs by delivering what it promises (Chaudhuri & Holbrook, 2001: p.82) and the perceived reliability and intentions of a brand yield brand trust (Delgado-Ballester, 2004: p.574), the findings brought out that higher the consumer reshoring sentiment, higher the views on reshoring as a way for paying regard to consumers’ expectations, thereby higher the brand trust. Besides consumer reshoring sentiment is mostly derived from ethnocentric tendencies, since consumer reshoring sentiment includes the sense of pride deriving from the made-in effect (Grappi et al., 2018: p.198).

Third, category country image negatively interacts with consumer reshoring sentiment, thereby strengthens the relationship between consumer reshoring sentiment and brand trust. As suggested drawing upon the information processing (Hong & Wyer, 1989) and categorization (Cohen & Basu, 1987; Sujan, 1985) theories, the findings supported that consumers process their past experiences with regard to a country by categorizing product specific knowledges, thus evaluate the products of that country in accordance with its expertise in the relevant product category. In line with the literature
(Chaudhuri & Holbrook, 2001: p.83; Fetscherin et al., 2014: p.80), product-category specific knowledge affects brand-level specific outcomes as well. If the company returning from a country with higher category country image, brand trust is lowered or vice versa. In sum, we extended the binary relations between the consumer and company by designating country image as a part of the relationship by following a triadic approach.

Furthermore, through drawing upon Grappi et al. (2015), we aimed to reveal whether the examined effects differ among full reshoring and partial reshoring settings. The findings supported a difference in terms of the observed interaction effects. While the moderating effects were both significant in partial reshoring situation, they were not in full reshoring. This is almost consistent with the findings of past research (i.e., Grappi et al., 2015) that they had observed a significant difference only in reshoring for design, which is a kind of partial reshoring. We infer that in case the companies return all their production activities (full reshoring), consumers both generate high reshoring sentiment and higher brand trust, regardless of any condition.

Finally, although we asserted that consumers would first evaluate the given reshoring decision in terms of perceived firm-serving or public-serving motives, and then process their reshoring sentiment with regard to the category country image, the findings revealed that the dependency between the perceived company motive and the strength of the mechanism by which consumer ethnocentrism influences brand trust through consumer reshoring sentiment do not differ as a function of category country image. In addition, the indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment was not found to be conditional upon perceived company motive. Accordingly, perceived company motive was observed to increase only the intensity of the outcomes in the first-stage moderation. However, it was unable to produce a differential effect in the findings.

On the other hand, indirect effect of consumer ethnocentrism on brand trust through consumer reshoring sentiment was found to be conditional upon category country image. An interesting finding was found and the results showed that the indirect effect was not significant only for high country image condition in partial reshoring, while it was significant for the low image condition in partial reshoring as well as for all the conditions in full reshoring situation. Grounding on this finding we infer that partial reshoring from a country with higher category country image does not affect the relationship between consumer reshoring sentiment and brand trust, since consumers believe that this company is already keeping some of its value chain activities still in that country, thereby keep their trust to this brand.

In summary, our findings highlight that consumer reshoring sentiment cannot be fully understood or is not been able to generate an outcome (i.e., brand trust), without considering its starting points, namely consumer ethnocentrism and previously offshoreed country. We respond to the recent calls to examine the effects on the basis of consumer-brand relationship (Grappi et al., 2015; 2019) as well as the call with regard to the country from where the production is reshored (Cassia, 2020). In addition, to the best of our knowledge this is the first study to date has empirically addressed the consumers’ reactions towards a company relocation decision in a developing country. Overall, this study contributed to the literature by providing an integrated and expanded view, which was built on previous researches.

Managerial Implications
This study also allows us to gather several managerial insights. The findings suggest practitioners in international business that reshoring should not be taken into account as simply a firm-sided location decision. Marketing and supply chain managers alike should be aware that reshoring is a strategic decision, which also affect consumers responses accordingly. In this context, practitioners who face with lowered quality problems in offshore settlings or image-specific concerns of consumers, are advised to use reshoring marketing communication strategies to leverage their brand trust.

Furthermore, marketing managers ought to acknowledge about the home-country consumers’ ethnocentric orientations. More ethnocentric orientation of consumers generates higher consumer reshoring sentiment, which means managers can capitalize on a reshoring decision. In terms of the consumer-brand relationship, companies should develop an efficient communication strategy in order to sustain brand trust. Besides, consumer reshoring sentiment offers some insights for supply chain
managers, since it includes a belief on the capability of reshored companies to fulfill consumers needs better. Through reshoring, companies may leverage their supply chain agility and responsiveness, which are important elements of value creation for the consumers. From this standpoint, marketers may utilize reshoring within the communication tools they designed to stir consumers’ sentiment.

However, marketing managers should be aware that perceived company motives can influence the generated reshoring sentiment of consumers. More clearly, our findings suggest to hesitate emphasizing firm-serving oriented motives in their communication. Press releases or similar declarations of companies that include reasons for reshoring such as increased costs in offshore countries will lead consumers to infer that the reshoring decision is directly self-interested. As a result, consumer reshoring sentiment will be offset. In addition, a positive level of consumer reshoring sentiment does not always generate more trust to brands, since the country from where the company is returning back has also an importance. Moreover, supply chain managers should recognize that implementing a reshoring strategy also requires an evaluation on the basis of the different business functions.

Limitations and Future Research
This study has several limitations. First, the implementation of convenience sampling allows only narrow generalization of the results. Further, future research should consider testing the proposed relationships by using multiple sets of data of the same subjects over a period of time, which will offer scholars to observe different effects (e.g., risk aversion of consumers). For example, after the COVID-19 outbreak, consumers are likely to want to avoid risk and turn to local products. In this respect, these or different risk situations may affect the consumers’ reshoring sentiment. Besides, this study only examined a specific product category, thus we are unable to infer our findings for all product classes. Further research should consider analyzing consumer reshoring sentiment and brand trust relationship for different product categories.

Furthermore, different brand-specific outcomes might be considered by including additional processes and variables. Finally, this study was designed on the basis of home-country consumers. However, since companies run their business in many different country or regions around world, different market reactions may be arisen towards reshoring of a company. Future research might be expanded accordingly. For example, how a Turkish brand’s decision to reshoring will be positioned in the eyes of consumers in foreign markets may present an interesting area for further research.

References


