“Made in Paraguay”, but is it preferred by Paraguayans?

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“Made in Paraguay”, but is it preferred by Paraguayans?

A Brief Report of Consumer Patriotism, Consumer Animosity, and Consumer Xenocentrism[1]

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Abstract

From April to early July 2022, 486 mostly urban middle- and upper-class Paraguayan consumers shared their views concerning consumption preferences for imported versus domestic products. This brief report highlights the results of three areas of exploration: consumer ethnocentrism, consumer animosity, and consumer xenocentrism. In short, Paraguayan consumers are relatively open to foreign made products, less so than Brazilians but more so than Peruvians. Paraguayan consumers are not exceedingly hostile to products made in Argentina, Brazil, China or the USA. However, in relative comparison, products from China and the USA carry less animus for Paraguayan consumers than products from Argentina or Brazil. Additionally, Paraguayan consumers may discount the value of local-origin goods (consumer xenocentrism) vis-à-vis foreign goods due to a believed inferiority of goods produced in Paraguay.

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1. Introduction

This brief report highlights the findings of our study conducted in the Paraguayan fall and winter of 2022. We surveyed 486 Paraguayans, mostly early to mid-career urban professionals, to better understand their views of, preferences for, and purchase intentions toward domestic and foreign-made products. This research is the first of its kind in Paraguay.

Our findings in this brief report cover three broad tracks: **consumer patriotism, consumer animosity, and consumer xenocentrism.** Consumer patriotism, also called consumer ethnocentrism, seeks to measure the consumer attitude of buying locally Paraguayan-made products in relation to foreign-made products. This is a broad concept with moral overtones. Consumer ethnocentrism is defined in the literature and re-contextualized for Paraguay as "the beliefs held by" Paraguayan "consumers about the appropriateness, indeed morality, of purchasing foreign-made products," as well as "an understanding of what purchase behavior is acceptable or unacceptable" for Paraguayans regarding products produced outside of Paraguay (Shimp & Sharma, 1987, p. 20).

Consumer animosity explores a very specific attitude of consumer preference between country pairs (e.g., Paraguay and Brazil). Essentially, it is the distaste for a particular country that forms the essence of the animosity concept of product consumerism. Consumer animosity is defined as "the remnants of antipathy related to previous or ongoing military, political, or economic events" impacting consumers' willingness to buy foreign-made products (Klein, Ettenson & Morris, 1998, p. 90). Specifically, consumer animosity measures the degree of individual-level hostility, both latent and overt, in the purchase perception of specific bilateral national pairings (Klein, Ettenson & Morris, 1998). The bi-national pairs considered in this report are Paraguay-Argentina, Paraguay-Brazil, Paraguay-China, and Paraguay-USA.

Consumer xenocentrism is an inward associated attitude that seeks to understand consumer preferences valuing foreignness in relation to one's home country (e.g., a Paraguayan who perceives products made outside Paraguay must be better than products made inside Paraguay). A consumer xenocentristic attitude is not specifically tied to another country, but more generalized as publicly cherishing foreignness over the inadequacy and shortcomings of the domestic. In the literature it is defined as "a consumer's internalized belief of the inferiority of domestic products and a corresponding propensity to prefer foreign products for social aggrandizement purposes" (Balabanis & Diamantopoulos, 2016, p. 61). Consumer xenocentrism is also found to be distinct from consumer ethnocentrism and not considered an opposite to consumer ethnocentrism (Balabanis & Diamantopoulos, 2016), but rather another instructive construct in the country-of-origin literature.

Contextually, the Paraguayan consumer, particularly urban middle-class consumers, is situated in a shopping bazaar of choices. The economy of Paraguay is a very open one toward the global economy, where the sum of exported and imported goods as a percentage of GDP in 2021 was 85.7% (Banco Central de Paraguay, 2021). The balance of trade has been in surplus since the final years of Stroessner's government through the latest reporting year (1987-2021) providing the wherewithal (e.g., hard currency) to finance imported goods. The Paraguayan penchant for imports and the country-of-origin of imports are developed further in this brief report. First, we present an overview of the survey methodology, sample selection, and respondent profile (Part 2) and next provide generalized findings (Part 3) in the following sections below. The brief report ends with a concise conclusion.

2. Methodology in Brief.

While our sample is a purposive one, this is the first study to explore these topics in Paraguay. The anonymous sample was obtained through a network of universities, associations, and professional contacts with the goal of matching an urban middle class consumer profile. [9] As such, students in graduate programs (e.g., MBA, DBA), bridge programs (e.g., diplomados) between undergraduate completion and graduate studies, and advanced undergraduate students and Paraguayan professionals were the primary targets to answer the survey. It is this group in Paraguay that has the greatest potential numerical interaction (by population size, maturity, and purchasing power) with imported products and the decision and capability to buy local versus foreign products.

A recent working paper from the Ministerio de Hacienda in Paraguay calculated that the middle class in Paraguay in 2017 represented 26.2% of the population or nearly two million people (Galeano et al., 2021). A typical profile of a middle-class household included a male head of household, about 50 years of age with 10 years of schooling, living in a home he owned in an urban area with two other family members. Per capita earnings in the average middle-class household

[9] The survey was not supported by any commercial interests and the information collected is only used for academic purposes. Anonymity is guaranteed for survey participants.

ranged from $10 to $50 per day (Galeano et al., 2021).[10]

The following institutions and associations were contacted and participated in the survey: AGI - Asociación de Graduados de INCAE (Instituto Centroamericano de Administración de Empresas)-Paraguay, CADEP (Centro de Análisis y Difusión de la Economía Paraguaya), EDAN (Escuela de Administración de Negocios), EducationUSA-Paraguay, Fulbright Association of Paraguay (in partnership with the US Embassy), Fundación MAE – UC (Maestría en Administración de Empresas – Universidad Católica), Instituto Desarollo, UIP (Unión Industrial Paraguaya), Universidad Americana, Universidad Autónoma de Asunción, UCA (Universidad Católica "Nuestra Señora de la Asunción"), Universidad Columbia, and Universidad Paraguayo Alemana. We thank them for their willingness to meet, help, and facilitate the survey. We also sincerely appreciate the time and forthrightness of the respondents to answer the survey.

The survey was administered in person and through an online platform from April 8 through July 1, 2022. The actual survey was created and made available through Central Michigan University and Qualtrics. The in-person survey sessions were given the opportunity to explore the research foundation of the survey after survey administration. As such, some classes participated in a one- to two-hour post-survey presentation and discussion. The survey instrument was constructed in English utilizing various validated country-of-origin scales and translated into Spanish by a bilingual researcher and back-translated as instructed by Brislin (1980). A small pilot test in early 2022 permitted minor adjustments for wording clarification. The survey instrument is composed of 153 questions arranged in 22 short sections covering consumer ethnocentrism, consumer animosity, consumer xenocentrism, the Paraguayan consumer environment, purchase intentions by product array, and demographic information. The survey generally took respondents 25 to 30 minutes to complete.

In all, 486 respondents attempted the survey and 396 completed the survey in its entirety for our results described in this brief report. Where sections of the survey were completed, the responses are kept intact and left missing when incomplete. In a few cases where one or two questions are missing from a multi-item scale, imputed missing values were entered. Imputed values were rare and fewer than five responses per reported scale were adjusted accordingly (or less than one percent per scale). Fully incomplete responses were eliminated from this report. Over the length of the survey, there was a decline in respondent participation. A base profile of survey respondents in comparison to national data appear in Table 1.

[10] Extrapolated income by month for the middle class is $350-$1,500; this translates to $3,650-$18,250 per year (at an exchange rate of 5,571 Gs. to $1 for 2017). The same working paper indicated that the upper class represented 1.3% of the total Paraguayan population with per capita incomes above $50 per day (Galeano et al., 2021). Adjusting the 2017 base year of analysis to mid-2022 for Paraguayan inflation of 24.9% results in the following monthly household income range for the middle class: $437 to $1,874. Average midpoint exchange rate during the general survey time-period (April 1-July 1, 2022) was 6,854 Gs. to $1.

Table 1: Study Sample and Country Demographics

Variable	Sample	Paraguay*	Variable
Gender (%)	---	---	Gender (%)
Male	43.1	50.4	Male
Female	56.9	49.6	Female
Age (average years)	32.4	26.9	Age (average years)
Civil Status (%)	---	---	Civil Status (%)
Married/Living Together	37.9	59.6	Married/Living Together
Separated/Divorced/Widowed	4.1	7.5	Separated/Divorced/Widowed
Single	58.0	32.9	Single
Education (average years)	18.7	9.7	Education (average years for adults)
Residence (%)	---	---	Residence (%)
Urban	97.4	62.9	Urban
Rural	2.6	37.1	Rural
Earned Household Income Range (Monthly)	---	---	Earned Household Income Quintile Average (Monthly)
Gs 2,289,324 < (menos de un salario mínimo^)	0.8%	20.0%	Gs. 1,610,000 (poorest 20%)
Gs 2,289,324 - Gs 4,547,648 (1-2 salarios mínimos)	4.7%	20.0%	Gs. 2,521,000 (next 20%)
Gs 4,578,648 - Gs 6,867,972 (2-3 salarios mínimos)	9.3%	20.0%	Gs. 3,559,000 (next 20%)
Gs 6,867,972 - Gs 11,446,620 (3-5 salarios mínimos)	18.7%	20.0%	Gs. 4,955,000 (next 20%)
> Gs 11,446,620 (5+ salarios mínimos)	66.6%	20.0%	Gs. 9,330,000 (richest 20%)

Sources: *Paraguay national data is for years 2021 or 2020, depending upon data availability (EPCH, INE, OEC). Also authors' calculations.
Note: Minimum wage increase discussions took place in Paraguay during the undertaking of this survey. It has risen 11.4%, to Gs. 2.550.307 since July 1, 2022.

Our sample is generally split between women and men with a few more women proportionately than in Paraguay. The average age of our sample is above the national median age by design as we sought to survey Paraguayans that were somewhat older and building careers. Because we utilized primarily higher education institutions in and around Asunción to obtain our respondents, our sample has a higher incidence of singles and is predominately urban as compared to the national population. Purposefully, our survey respondents generally hailed from the middle-class and higher at a rate much greater than the general population.

3. Initial Findings

In this section, we report the findings for three scales operationalized in the survey: consumer ethnocentrism, consumer animosity, and consumer xenocentrism based upon our survey of Paraguayan consumers.

3.1 Consumer Ethnocentrism in Paraguay

Based on a foundation of a 17-item psychometric scale, the composite average consumer ethnocentrism (CETSCALE) score for our 480 survey respondents is 56.1.[11] The CETSCALE utilizes a 7-point Likert response choice supporting a possible score range between 17 and 119. For score interpretation, the lower the score, the lower the level of consumer ethnocentrism, and the higher the score the higher the level of consumer ethnocentrism. This is the first time that a consumer ethnocentrism score has been calculated for Paraguay.

The literature for CE is vast and permits a somewhat overgeneralized comparison of national scores. This is because some studies in this listing are national in scope, others are more localized, and very few studies use randomized samples or general population samples. Nevertheless, while score comparison may be more aspirational than absolute, CETSCALE scores do provide some guidance as to the relative positioning of consumer patriotism across countries. A recent meta-analysis of 45 peer reviewed journal articles reporting CETSCALE means allow for contextualization by country (Balabanis & Siamagka, 2021). In relation to other studied national contexts, consumer ethnocentrism in Paraguay is generally low and very similar to that found in Hong Kong and Taiwan. Of the studies undertaken in the Americas, consumer ethnocentrism in Paraguay ranks below the average and lower than the stereotypically open United States market (see Table 2).

Table 2: National CETSCALE scores in the Americas

Country	CETSCALE Score
Brazil	52.0
Canada	53.1
Colombia	55.2
Paraguay	56.1
United States	60.8
Chile	61.1
Mexico	71.5
Belize	76.9
Peru	85.4
Average	**63.6**

Source: Adapted from George Balabanis and Nikoletta T. Siamagka (2021), "A Meta-analysis of Consumer Ethnocentrism Across 57 Countries," International Journal of Research in Marketing, Michael J. Pisani, 2010), "Imports and Consumer Ethnocentrism in Belize: Competing or Complementary Propositions?" Journal of Belizean Studies, and authors' calculations for Paraguay.

[11] The Cronbach alpha for the respondents in the survey reliability is .921, indicating a very high degree of reliability in the survey responses for the CETSCALE (Cronbach, 1951).

3.2 Consumer Animosity in Paraguay Among Four Country Pairs

Based on a foundation of a 9-item psychometric scale (using a 7-point Likert response choice), the composite average score for consumer animosity for our survey respondents for each country pair is reported in Table 3. Possible scores range from 9 to 63. For score interpretation, the lower the score, the lower the level of consumer animosity, and the higher the score the higher the level of consumer animosity. The number of respondents and reliability coefficients are also reported in Table 3.

As consumer animosity is unique to specific country pairs, no corresponding consumer animosity values from the literature are appropriate for comparison. Nonetheless, comparisons within country pairs inclusive of Paraguay is permitted. Our results suggest that Brazil has the highest level of consumer animosity of Paraguayans of our four country pairs. Both the USA and China fare similarly from the perspective of Paraguayan consumers and appear at the low end of the four country pairs. Argentina falls in between Brazil and China and the USA. Only for the Paraguay-Brazil country pair is the consumer animosity score more than the midpoint of the possible scale score (34.9 > 31.5). As the first to study consumer animosity in Paraguay, our findings benchmark consumer animosity for the country pairs studied.

Table 3: Consumer Animosity for Four Country Pairs

Country Pair	Consumer Animosity Score	Number of Respondents	Cronbach Alpha
Paraguay-Argentina	30.1	454	.860
Paraguay-Brazil	34.9	438	.890
Paraguay-China	28.6	426	.893
Paraguay-USA	28.4	414	.873

Source: Authors' calculations.

3.3 Consumer Xenocentrism in Paraguay

Based on a foundation of a 10-item psychometric scale (using a 7-point Likert response choice), the composite average score of consumer xenocentrism (C-XENOSCALE) in Paraguay for our 396 survey respondents is 32.9.[12] The possible score range is 10 to 70 with a lower score indicating a lower level of consumer xenocentrism and vice-versa. Consumer xenocentrism is a relatively

[12] The Cronbach alpha for the respondents in the survey reliability is .869, indicating a very high degree of reliability in the survey responses for the C-XENSCALE.

new construct with very few established studies.[13] Three studies do report consumer xenocentrism scores for purposive samples in Greece, Russia, and Brazil. In the first study establishing the C-XENOSCALE, respondents from Greece scored 26.2 (Balabanis & Diamantopoulos, 2016). A study of Russian consumers focused on shoe brands reported a C-XENOSCALE score of 40.6 (Diamantopoulus, et al., 2019). Closer to Paraguay, a study centered on various local wines in Brazil reported C-XENOSCALE scores of 26.2 and 28.1 for Brazilian consumers (Mueller et al., 2020). So comparatively, Paraguayan consumers score higher than consumers in Greece and Brazil, but lower than Russian consumers. This reveals in some ways the Paraguayan consumer preference for foreign goods based upon the assumption that domestic goods are inferior.

[13] A few studies have utilized an alternative consumer xenocentrism scale, the X-Scale (Rojas-Méndez & Chapa, 2020), but the X-Scale utilizes a different set of questions than the first established C-XENSCALE.

4. Conclusion

This brief report provides a foundation for understanding consumer ethnocentrism, consumer animosity, and consumer xenocentrism in Paraguay. Essentially, the urban, middle- and upper-class consumer in Paraguay is relatively open to foreign-made products. While Paraguayan consumers do not carry much hostility to foreign-made goods generally, Paraguayans are more hostile to products produced in Brazil than products produced in China or the USA. Consumers in Paraguay may also disparage locally made goods often believing that foreignness is preferred to localness.

Beyond this brief report, we seek to explore the survey results in granular detail through the development of academic research articles based on robust statistical procedures. This includes the linking of demographic data to stated beliefs and purchase intentions within an international consumer behavior context. Additionally, we seek to explore managerial and policy implications of our advanced findings. As these are published, we will add links to this report for further reading on this topic.

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