Master Thesis Exposé

Impact of economic sanctions on consumer ethnocentrism in Russia

Ten Ekaterina
European Master in Business Studies
Student Number (Kassel): 35392411
ABSTRACT

Title.
Impact of economic sanctions on consumer ethnocentrism in Russia.

Keywords.
Consumer ethnocentrism, domestic country bias, sanctions, multidimensional unfolding approach, Russia

Background.
This study examines how Russian consumers perceive domestic products in comparison with foreign ones after imposed sanctions of 2014 towards different product categories. Specifically, the importance of buying domestic products, attitude toward purchasing foreign-made products and general beliefs about imported products.

Purpose.
The primary purpose of this study is to understand the concept of consumer ethnocentrism, domestic country bias and COO effect within different countries and across various product categories and finally whether the sanctions influenced the product choice in Russia. Despite many research on CE there are no studies about the impact of sanctions on the foreign products' perception.

Methodology.
Consumer ethnocentrism concept will be studied along with CETSCALE measurement and Multidimensional unfolding approach to assess the preferences of Russian consumers and CETSCALE to measure CE. After data analysis whether the sanctions have an impact on product choice and perception will be studied.
The study will be done by an online questionnaire among Russian people who have been living in Russia for the last five years and who can actually feel the differences before/after sanctions. As I will also study how demographic characteristics affect CE, a survey will be conducted between different people with different educational backgrounds, at different age and gender.
# Table of contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>2</td>
</tr>
<tr>
<td>TITLE,</td>
<td>2</td>
</tr>
<tr>
<td>IMPACT OF ECONOMIC SANCTIONS ON CONSUMER ETHNOCENTRISM IN RUSSIA</td>
<td>2</td>
</tr>
<tr>
<td>KEYWORDS</td>
<td>2</td>
</tr>
<tr>
<td>BACKGROUND</td>
<td>2</td>
</tr>
<tr>
<td>PURPOSE</td>
<td>2</td>
</tr>
<tr>
<td>METHODOLOGY</td>
<td>2</td>
</tr>
<tr>
<td>INTRODUCTION AND BACKGROUND</td>
<td>5</td>
</tr>
<tr>
<td>THEORETICAL FRAMEWORK</td>
<td>7</td>
</tr>
<tr>
<td>LITERATURE REVIEW</td>
<td>10</td>
</tr>
<tr>
<td>RESEARCH QUESTION AND HYPOTHESES</td>
<td>14</td>
</tr>
<tr>
<td>METHODOLOGY AND STUDY DESIGN</td>
<td>19</td>
</tr>
<tr>
<td>PLAN OF WORK</td>
<td>21</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>22</td>
</tr>
<tr>
<td>PERSONAL AFFIRMATION IN LIEU OF OATH</td>
<td>25</td>
</tr>
</tbody>
</table>
List of Figures

FIGURE 1 CONSUMER ETHNOCENTRISM AND PROCESSING OF INFORMATION ABOUT FOREIGN BRANDS (SRINIVAS DURVASULA, J. CRAIG ANDREWS, RICHARD G. NETEMEYER, 2008) ........................................................................................................ 8
FIGURE 2 A FRAMEWORK OF CE AND RELATED CONCEPTS (MODIFIED FROM SRINIVAS DURVASULA, J. CRAIG ANDREWS, RICHARD G. NETEMEYER, 2008) ........................................................................................................ 17

List of Tables

TABLE 1 LITERATURE REVIEW ................................................. 10
TABLE 2 LIST OF HYPOTHESES ............................................. 18

Abbreviations:

CDI - Cultural Distance Index
CE – Consumer Ethnocentrism
DCB – Domestic-country Bias
GCI - Global Competitiveness Index
WBD – Willingness to buy domestic products
INTRODUCTION AND BACKGROUND

To begin with, ethnocentrism is considered to be one of the central concepts in psychology. Moreover, since nowadays international marketing is based on psychology it is interesting to study the inner motivations of consumers in order know how consumers perceive products and what are their buying intentions. All international marketers have to know how their brand/product will be perceived in the country they want to export or enter. In this case to take successful strategic decisions managers have to refer to ethnocentrism. They have to know how to properly use the COO as a tool to attract clients/buyers.

With globalization and growth of international trade, people have started seeing foreign brands and products everywhere more often, and the product choice has widened. Therefore, CE, DCB, WBD and COO effects have become significant in marketing. Especially after communist regimes in Eastern Europe and the Soviet Union the markets are full of opportunities for MNCs to operate in. For this reason, it is essential for marketers to understand how ethnocentric consumers are towards the brand's country notably after sanctions of 2014. Nowadays the role of sanctions has become critical because nuclear proliferation made the global war impossible. Therefore sanctions are essential in our geopolitics with all subsequent repercussions and impacts, including CE because it is influenced by COO. Apparently, there are a lot of Russian people who are called ‘anti-Americans,' and they prefer to stop buying products from the U.S. because of the imposed sanctions. That influences a lot the product choice. Some people would still buy expensive products from abroad because “Russians are able and willing to spend money on new or higher priced products and services” (Wagner, 2005) while others would buy a Russian alternative.

In the only one study of Durvasula, Andrews and Netemeyer (2008) it was found that “the Russians had significantly more beliefs and attitudes toward foreign products than the U.S." In this case, it would be smarter to force the idea of products' COO in order to ‘buy' customers. However, is the situation still the same? Do Russian people still believe and overvalue foreign products from the countries which imposed the sanctions? In this study, I want to discover the changes in consumer behavior and did the sanctions have an impact on the perception of products from abroad.
Some papers and researches about CE and COO that have studied in developed countries like the U.S. showed us that “consumers have a general preference for domestic over foreign merchandise, particularly when they lack information about the product” (Bilkey & Nes, 1982; Wall & Heslop, 1986). Indeed, Russian citizens differ substantially from the U.S. Based on CETSCALE “the U.S. sample had a significantly greater mean value than the Russian sample” (Srinivas Durvasula, J. Craig Andrews, 2008). They care more about their social status and consider “quality and brand reputation sequentially are the most important characteristics while choosing their luxury products” (Peshkova, Urkmez & Wagner, 2016). The reasons for this preference range from a risk-reducing bias toward merchandise made in developing countries to a patriotic bias against foreign products (Bilkey & Nes, 1982; Herche, 1992). The relationship between country-of-origin and the quality image of imported products is especially strong when CE is involved (Agbonifoh & Elimimian, 1999).
THEORETICAL FRAMEWORK

A number of studies have documented that a bias against foreign products and in favor of domestic ones does, in fact, exist (Baughn & Yaprak, 1996). This is referring to a concept of ‘consumer ethnocentrism.’ The first mentioning of CE was developed and applied in 1906 by Sumner. His concept is based on propensity in personality to feel like your group/country is superior when people tend to judge another culture based upon the values and the standards set in their own culture/country. As indicated in Summer's study “ethnocentrism is the technical name for the view of things in which one’s own group is the center of everything, and all others are scaled and rated with reference to it” (Sumner 1906). Then this term was implemented to show “the beliefs held by American consumers about the appropriateness, indeed morality, of purchasing foreign-made products” (Shimp & Sharma, 1987).

The idea of purchasing foreign brands is inappropriate because it costs domestic jobs and also hurts the economy itself, additionally, people may consider it unpatriotic (Peshkova, Urkmez, & Ralf, 2015). Lots of studies have shown that people are not evenly ethnocentric. The ones who are non-ethnocentric are called polycentric. In fact, more ethnocentric consumers are less culturally open (Shimp & Sharma, 1987), less openminded (Balabanis, Diamantopoulos, Mueller, & Melewar, 2001), are more patriotic and proud of their country (e.g., Sharma et al., 1995), are more conservative (Sharma, Shimp, & Shin, 1995), are more excessively concerned with material possessions and money-oriented (Olsen, Biswas, & Granzin, 1993), are more inclined to lay down principles as incontrovertibly true (Anderson & Cunningham, 1972), and are less educated (e.g. Nishina, 1990).

In addition to ethnocentric individuals differences, people are biased of foreignness across the product categories. For example, the same people can perceive high-quality cars from Germany but would prefer to choose the wine from France or Italy. So there are indications that DCB varies across product categories (Kaynak & Cavusgil, 1983). Obviously, there could be some gaps when assessing one country and just one industry meanwhile with other sectors the case would be completely different. Thus, consumers' favorable and unfavorable toward a product varies according to the product's specific origins (Peterson & Jolibert, 1995).
Furthermore, “high-ethnocentric consumers tended to process information about foreign brands in a top-down manner whereas low-ethnocentric consumers processed such information bottom-up” (Supphellen & Grønhaug, 2015). It was proved in the study about CE when the foreign products are better. Figure 1 shows the main differences between the two types of consumers and how they process the information. Ethnocentric people tend to overvalue the domestic products, unlike foreign ones.

When an ethnocentric person sees a foreign advertisement, he would not pay as much attention to it. Rather, “he will tend to attach a previous evaluation of the category (foreign brands) to the brand in focus” (Eagly & Chaiken, 2007). Low ethnocentric people will act in the opposite way when seeing the foreign ad. They would be highly motivated to know about the brand, product attributes and even look where to buy the product. All depends on the country: this model perfectly fits when two countries (advertisement's and consumer's) are developed. However, if the consumer is from a developing country watching an ad from a developed country is totally opposite. In this case, low ethnocentric consumers over perceive foreign brands from developed countries.

As was explained in the study by Sharma (2014) CE has a three-dimensional construct to understand why people choose domestic brands:

1) Affective reaction. That is the first dimension because CE is accompanied with dislike and cynism to other cultures or nations. Emotions come first when you have to evaluate domestic from foreign products. For example, ethnocentric people are more affected by domestic products and show antipathy to foreign before assessing rationally. It refers to "soft ethnocentrism" (Chryssochoidis, Krystallis, & Perreas, 2007).
2) Cognitive bias. Cognitive bias in the perceptions about in-group vs. out-group is an integral part of ethnocentrism (Cole, 1975). It is a critical point because it includes the feeling about group's superiority and dominance over the others. When a person thinks that the country he lives in produces the best and there is no need to import.

3) Behavioral preference. It is not just about the preferences for purchase but also influences a willingness to try, to repurchase and tell people about the product.

This approach helps to describe the perceptions and evaluations of products, its manufactures and even attitudes to different cultures as well. It is crucial because a person might have just positive thoughts about one country and that can affect the perceptions about products from this particular country. However, he/she might have strong cognitive apprehension (price, quality, features) that stops them from buying. That helps a lot to international managers to discover the differences in consumer behavior.
## LITERATURE REVIEW

Table 1 Literature review

<table>
<thead>
<tr>
<th>#</th>
<th>Title</th>
<th>Authors</th>
<th>Source, Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Domestic Country Bias, Country of-Origin Effects, and Consumer Ethnocentrism: A Multidimensional Unfolding Approach</td>
<td>George Balabanis, Adamantios Diamantopoulos</td>
<td>Journal of the Academy of Marketing Science, 2004</td>
<td>Using a multidimensional unfolding approach the study was made among U.K. consumers to reveal their preferences and how they perceive different countries and also the influence of product categories on CE.</td>
</tr>
<tr>
<td>2</td>
<td>A Cross-Cultural Comparison of Consumer Ethnocentrism in the United States and Russia</td>
<td>Srinivas Durvasula, J. Craig Andrews, Richard G. Netemeyer</td>
<td>Journal of International Consumer Marketing, 2008</td>
<td>The first research has been conducted about Ethnocentrism in both countries: Russia and the United States. CETSCALE applied with its psychometric properties and mean values between two countries. The research is based mainly on three cross-cultural issues (dimensionality, reliability, validity).</td>
</tr>
<tr>
<td>3</td>
<td>Consumer Ethnocentrism: Construction and</td>
<td>Shimp, Terence A. Sharma, Subhash</td>
<td>Journal of Marketing Research, 1987</td>
<td>The study is based on examining the CE concept and CETSCALE measurement: how the</td>
</tr>
<tr>
<td></td>
<td>Validation of the CETSCALE</td>
<td></td>
<td>scale was developed. 4 studies were conducted in order to support reliability and convergent and discriminant validity.</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------</td>
<td>---</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Building foreign brand personalities in Russia: the moderating effect of consumer ethnocentrism</td>
<td>Supphellen, Magne Grønhaug, Kjell</td>
<td>International Journal of Advertising, 2015</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Considering that there were some researches on the Western market, this study is based on the Russian market. How does the brand personality differ and what is it for Russian consumers (with the help of the Aaker brand personality scale). The concept of CE is applied to understand how consumers are influenced when buying foreign/domestic brands.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Consumer Ethnocentrism and Attitudes Towards Domestic and Foreign Products</td>
<td>John J. Watson, Katrina Wright</td>
<td>European Journal of Marketing, 2000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>This paper differs because is more about studying CE in the countries where national alternative products are not available. Moreover, the cultural similarity was studied to understand if this is a primary issue for highly ethnocentric consumers. It was cultural differences proposed by Schwartz.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Page</td>
<td>Title</td>
<td>Authors</td>
<td>Journal</td>
<td>Summary</td>
</tr>
<tr>
<td>------</td>
<td>----------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>----------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>6</td>
<td>Consumer ethnocentrism and willingness to buy domestic products in a developing country setting: testing moderating effects</td>
<td>Wang, Cheng Lu Chen, Zhen Xiong</td>
<td>Journal of Consumer Marketing, 2004</td>
<td>All the studies about ethnocentrism were made in developed countries (mainly the US) where people are more favorable to WBD. But this paper examines the situation in developing countries on the example of China. It describes how they see their domestic products and conspicuous consumption concerning consumer ethnocentrism. Managerial implications for developing countries are also discussed in the paper.</td>
</tr>
<tr>
<td>7</td>
<td>Consumer ethnocentrism and willingness to buy: Analyzing the role of three demographic consumer characteristics</td>
<td>Karpen, Alexander Josiassen A. George Assaf Ingo O.</td>
<td>International Marketing Review, 2011</td>
<td>The data for this research was collected in Australia. Demographic consumers characteristics were examined and how it influences the CE and WBD. Apart from that, authors also studied the consciousness motives</td>
</tr>
<tr>
<td>No</td>
<td>Title</td>
<td>Author(s)</td>
<td>Journal/Conference</td>
<td>Abstract</td>
</tr>
<tr>
<td>----</td>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>-------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>8</td>
<td>Consumer ethnocentrism: Reconceptualization and cross-cultural validation</td>
<td>Sharma, Piyush</td>
<td>Journal of International Business Studies, 2014</td>
<td>CETSCALE has already been researched but constructs validity, dimensionality, and cross-cultural measurement invariance was not examined thoughtfully. That lead to abstract CE through three-dimensional &quot;attitude.&quot;</td>
</tr>
<tr>
<td>9</td>
<td>Consumer ethnocentrism in the German market</td>
<td>Evanschitzky, Heiner Wangenheim, Florian Woisetschläge, David Blut, Markus</td>
<td>International Marketing Review, 2008</td>
<td>The main idea of the paper is to examine CE and DCB in the German market through the empirical study across six countries and fourteen different product categories. It is almost the same structure of the study in the U.K. with using the logit analysis and MDU approach.</td>
</tr>
<tr>
<td>10</td>
<td>Revisiting Consumer Ethnocentrism: Review, Reconceptualization, and Empirical Testing</td>
<td>Siamagka, Nikoletta-Theofania Balabanis, George</td>
<td>Journal of International Marketing, 2015</td>
<td>This new study about has been done in order to revisit the concept of CE. The author suggests an expansion of the theory extension and measurement. It proposes that CE is a comprises five dimensions, cognition,</td>
</tr>
</tbody>
</table>
Hierarchical Bayes Approach for Analyzing the Impact of Labeling on the Country of Origin Effect

Oswald Zulauf, Ralf Wagner

EMAC 2013

The paper examines the COO effect with a help of hierarchical Bayes random-effects model. The research is mainly targeted on COO, price, fair trade and organic labelling. An online questionnaire showed that a negative COO effect can be reduced by labelling or fair trade.

RESEARCH QUESTION AND HYPOTHESES

The main research question I would like to answer in this study is:

“Do the imposed sanctions have an impact on consumer ethnocentrism and product choice in Russia?”

But before answering the main problem, I would like to analyze data and answer the following sub-questions:

a) How Russian people perceive national and foreign products in general?

b) How product categories influence specific countries?

c) How the economic competitiveness and cultural similarity is dependent on CE?

d) Are demographic characteristics like age, gender, income level, education considered as moderators of CE?

On the assumption of research question and sub-questions, I will base my paper on there are several hypotheses I will either reject or support after the data analysis.
By asking, directly and indirectly, the respondents whether their behavior has changed after sanctions and whether the sanctions affect their product choice, the main research question and the first hypothesis can be either approves or rejected. Also, if the consumer intentions have changed is it because of the political situation or not. The products on the shelves have changed a lot since 2014 mainly because of trade barriers. The prices have increased enormously and some people who were used to buy foreign products, cannot afford them anymore. In this no-choice situation, some people changed their behavior and got back to Russian alternatives (e.g., French wine changed to Russian vodka). As there was no researches about the impact of sanctions on the buying intentions in Russia it could be interesting to study that especially now when it is a hot topic. Proceeding from this current situation, the first hypothesis is the following:

**H1. The sanctions have a substantial negative impact on foreign products perception in Russia**

As mentioned above, the buying intentions and consumer preferences could be analyzed using the CETSCALE. With the help of the scale, CE can explain why people buy domestic products rather than foreign or vice versa. According to Durvasula, Andrews and Netemeyer (2008) ‘the Russians had significantly more favorable beliefs and attitudes toward foreign products’. Based on the literature discussed above, it is hypothesized that:

**H2. Russian people prefer domestic products over foreign ones.**

The main difference between ethnocentrism and CE is that CE takes into account the product categories. Unlike ethnocentrism where only the culture matters most. "A country's image may vary by product category. Therefore, it is likely that the degree of consumer ethnocentrism will also vary by product category" (Jaffe & Nebenzahl, 2006). It is evident that Russian would always prefer to buy Russian products like meat, vodka, machine guns but would prefer to buy electronics from Asia and cars from Germany. This leads to the following hypothesis:

**H3. CE is increased for typical Russian products by the sanctions.**

Next two hypotheses are identified because there are two country’s peculiarities that can have an impact on CE and WBD: economic competitiveness and cultural similarity. For example, people would likely to buy products from the countries where “ability to manufacture products that require a certain level of skill and technology” (Verlegh & Steenkamp, 1999).
Apart from the economic growth of the specific country people tend to be ‘closer’ to the countries which cultures are quite similar to theirs. In this case, the more similar country's culture/economic competitiveness is, the less connection between CE and consumer preferences. So the following hypotheses are proposed:

- **H4a. Economic competitiveness inversely correlated with CE.**
- **H4b. Economic competitiveness inversely correlated with consumer preferences.**
- **H5. Cultural similarity inversely correlated with CE and consumer preferences.**
- **H6. If the consumers have a positive country stereotype, they will have higher preferences.**

Finally, the demographic characteristic is fundamental too when studying CE. It was proven in different studies that polycentric people are mainly young, better educated, from a high-income family. Also from last research, “CE is an important concept that is affected by factors such as consumer demographics, attitudes toward home country, etc.” (Sharma et al., 1995). And CE consecutively affects the perception toward domestic and imported products.

- **H7. Age, gender, income, education are the mediators in CE and WBD.**

Shankarmahesh (2006) names several studies (Balabanis et al., 2001; Han & Terpstra, 1988; Sharma et al., 1995) where was concluded that older people are more ethnocentric than youngsters and two studies (Bannister & Saunders, 1978; Schooler, 1971) which have found the opposite. So I would like to either support or prove that from my own experience among Russians.

- **H7a. Older consumers are more consumer ethnocentric than younger consumers.**

Gender must also play a role because the gender differences are usually significant when it comes to an understanding the consciousness motives or intentions as our brains work in a different way. "Women have a more favorable evaluation of products coming from abroad than men" (Caruana, 1996). However, some papers found the opposite (Bannister & Saunders, 1978) or there are no differences at all (Caruana, 1996). In general, women are likely to be more ethnocentric than men. Some researches proved that women tend more to accepted behavior or established practices; conventional. (Han & Terpstra, 1988), prefer holding to traditional attitudes and values and cautious about change or innovation, and collectively minded (Triandis, Leung, Villareal, & Clack, 1985) than men. Based on the above discussions, forwarding the following hypothesis:
**H7b. Women are more consumer ethnocentric than men.**

Income level as well as level of education is an ambiguous topic in CE. Here there are many variances across the countries. But in reality, does the increase in income or does it matter how educated you are when it comes to the impact on consumer ethnocentrism? After studying papers about that, I can say that it differs from country to country. For example, “that higher-income Czech consumers have a tendency to be more ethnocentric than lower-income consumers” (Balabanis et al., 2001). And in more developed countries like the U.S, the situation can be totally opposite. Thus, I decided to address two hypotheses in terms of the role of income and educational level on CE:

**H7c. Higher-income consumers tend to be more consumer ethnocentric than lower-income consumers.**

**H7d. Higher educated people tend to be less CE than lower educated consumers.**

![Figure 2 A framework of CE and related concepts (modified from Durvasula, Andrews, Netemeyer, 2008)](image)
Since 2014 the US and EU have started imposing sanctions against Russia because of the situation in Crimea. Mainly using the trade barriers some companies stopped exporting to Russia. Thus, the preference patterns have changed towards these countries. So, the last hypothesis would be:

**H8. Preference patterns towards countries that imposed sanctions have negatively changed because of imposed sanctions.**

To have the hypotheses in a better visual way, I put it in the table.

*Table 2 List of hypotheses*

<table>
<thead>
<tr>
<th>Hypothesis (H)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>The sanctions have a substantial negative impact on foreign products perception in Russia.</td>
</tr>
<tr>
<td>H2</td>
<td>Russian people prefer domestic products over foreign ones.</td>
</tr>
<tr>
<td>H3</td>
<td>CE is increased for typical Russian products by the sanctions.</td>
</tr>
<tr>
<td>H4a</td>
<td>Economic competitiveness inversely correlated with CE.</td>
</tr>
<tr>
<td>H4b</td>
<td>Economic competitiveness inversely correlated with consumer preferences.</td>
</tr>
<tr>
<td>H5</td>
<td>Cultural similarity inversely correlated with CE and consumer preferences.</td>
</tr>
<tr>
<td>H6</td>
<td>If the consumers have a positive country stereotype, they will have higher preferences.</td>
</tr>
<tr>
<td>H7</td>
<td>Age, gender, income, education are the mediators in CE and WBD.</td>
</tr>
<tr>
<td>H7a</td>
<td>Older consumers are more consumer ethnocentric than younger consumers.</td>
</tr>
<tr>
<td>H7b</td>
<td>Women are more consumer ethnocentric than men.</td>
</tr>
<tr>
<td>H7c</td>
<td>Higher-income consumers tend to be more consumer ethnocentric than lower-income consumers.</td>
</tr>
<tr>
<td>H7d</td>
<td>Higher educated people tend to be less CE than lower educated consumers.</td>
</tr>
<tr>
<td>H8</td>
<td>Preference patterns towards countries that imposed sanctions have negatively changed because of imposed sanctions.</td>
</tr>
</tbody>
</table>
METHODOLOGY AND STUDY DESIGN

The main methodology in this paper is based on the Multidimensional unfolding approach to study the DCB and COO effects. The main advantage of this method is that "it allows the identification of underlying structures in preference rankings (O’Connell, Borg, & Groenen, 1999). Moreover, it is also useful because it can show the data in preference maps which depicts more information in a more understandable and comprehensive way.

This study examines the preference patterns of Russian consumers towards the countries which imposed sanctions (the U.S., EU) and their products are highly perceived in the World. In order to answer the research question, such as countries like China and Brazil will also be on the list because in this case, I can study whether the sanctions affect the consumer behavior.

Along with countries to prove H3 5 industries were undertaken: food, automotive industry, fashion, electronic devices. These sectors were chosen because Russia imports a lot of those products. Furthermore, they represent a big part of Russian consumers' expenditures, and finally, Russia has alternative products to replace these categories. This is very important because Russia has its capacity and own domestic production to replace imported goods enough. The case would have been different because "if a domestically manufactured product is not available, the ethnocentric consumer will have no choice but to purchase imported goods" (John J. Watson, 2000).

First of all, respondents will rank the countries from their opinion taking into account the same product attributes and the same price. The ranking is a better method than rating because it "yields higher quality data and manifest higher discriminant validity" (Krosnick & Presser, 2010).

The CETSCALE is used to measure the CE concept. Shimp and Sharma firstly introduced this method in 1987 where they studied a 17-item measurement instrument. The scale was widely used in many studies about CE. With the help of the scale is better to study the socio-demographic information.
To study the economic competitiveness of the countries according to their Global Competitiveness Index (GCI) from the World Economic Forum 2017-2018. Ranking 137 countries, GCI 2017–2018 measures national competitiveness—defined as the set of institutions, policies, and factors that determine the level of productivity (Klaus Schwab, Xavier Sala-i-Martín, Richard Samans, 2017).

The cultural similarity is going to be measured by Cultural Distance Index (CDI) with Hofstede's four cultural dimensions: power distance, uncertainty avoidance, masculinity/femininity, collectivism/individualism (Hofstede & Bond, 1984). The formula is going to be used is:

\[
CD_j = \sum \left\{ \frac{(I_{ij} - I_{iu})^2}{V_i} \right\}/4, \text{ where}
\]

- \(CD_j\) = cultural distance from Russia
- \(I_{ij}\) = the index for the \(i^{th}\) cultural dimension of the \(j^{th}\) foreign country
- \(V_i\) = the variance of the index of the \(i^{th}\) dimension
- \(u = Russia\)
## PLAN OF WORK

<table>
<thead>
<tr>
<th>Thesis</th>
<th>MY TASKS</th>
<th>START DATE</th>
<th>DUE DATE</th>
<th>NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expose</td>
<td></td>
<td>01.09.2018</td>
<td>31.10.2018</td>
<td>Working on the theoretical framework, methodology, literature review</td>
</tr>
<tr>
<td>Research design</td>
<td></td>
<td>31.10.2018</td>
<td>15.11.2018</td>
<td>Making the questionnaire and questions for interview if needed</td>
</tr>
<tr>
<td>Data collection</td>
<td></td>
<td>15.11.2018</td>
<td>15.12.2018</td>
<td>Spreading and distributing the questionnaires</td>
</tr>
<tr>
<td>Data Analysis</td>
<td></td>
<td>15.12.2018</td>
<td>01.01.2019</td>
<td>Analyzing data with a help of Sphinx</td>
</tr>
<tr>
<td>Final thesis</td>
<td></td>
<td>01.01.2019</td>
<td>21.01.2019</td>
<td>Formatting, proof reading, preparation for defense</td>
</tr>
</tbody>
</table>
BIBLIOGRAPHY


PERSONAL AFFIRMATION IN LIEU OF OATH

“I hereby confirm that this master thesis was independently authored by myself, using solely the referred sources and support. I additionally assert that this thesis has not been part of another examination process and that it has not yet been published in any kind.”

Signature

Kassel, 24.10.2018