

Is the grass greener on the other side? Consumer xenocentrism in Paraguay

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■ ABSTRACT

Consumer xenocentrism, the belief that the foreign is preferred over the local, is a relatively new construct in the broader country of origin literature. We extend the study of consumer xenocentrism to Paraguay (South America), an often bypassed and understudied emerging market. Through a purposive survey of 397 middle- and upper-class Paraguayans in 2022, we uncover the existence of consumer xenocentrism and model its relationship to product judgment of regional powers (Argentina and Brazil) and economic superpowers (China and the United States). Our results indicate a positive and significant relationship between Paraguayan consumer xenocentrism and product judgments of Argentina, Brazil, and the United States, but not for China. Managerial and public policy implications of our findings are discussed.

Keywords: consumer xenocentrism, Paraguay, South America

Gusta lo ajeno, más por ajeno que por bueno: el xenocentrismo del consumidor en Paraguay

■ RESUMEN

El xenocentrismo del consumidor, como creencia de que se prefiere lo extranjero a lo local, es una construcción relativamente nueva en la literatura más amplia sobre el país de origen de los productos. Se extiende el estudio del xenocentrismo del consumidor a Paraguay (Sudamérica), un mercado emergente a menudo ignorado y poco explorado, en términos de investigación de mercados. A través de una encuesta intencional aplicada a 397 paraguayos de clases media y alta en 2022, se descubre la existencia del xenocentrismo del consumidor y se modela su relación con el juicio sobre los productos de las potencias regionales (Argentina y Brasil) y las superpotencias económicas (China y Estados Unidos). Los resultados indican una relación positiva y significativa entre el xenocentrismo del consumidor paraguayo y los juicios sobre los productos de Argentina, Brasil y Estados Unidos, pero no aquellos de China. Se discuten las implicancias gerenciales y de políticas públicas de los hallazgos.

Palabras clave: xenocentrismo del consumidor, Paraguay, Sudamérica

Introduction

Xenocentrism views foreignness as superior to the domestic. Xenocentrism is a watershed belief that what is foreign is better than what is domestic and utilizes the foreign, not the domestic, as the referent for comparison. Kent and Burnight (1951, p. 256) suggest xenocentrism is characterized by “individuals who prefer a society other than their own and rate and scale everything in reference to it and not their own.” Extending xenocentrism to consumerism, Mueller et al. (2015, p. 74) define a xenocentric

consumer as “a person who prefers products from a country (or region) other than their own and who rates and scales products in reference to the foreign country and not their own.” In short, foreign products are the best; domestic products are the worst. This is the essence of consumer xenocentrism.

As a belief system, consumer xenocentrism is not absolute but resides on a continuum (low to high). It is grounded in social identity theory, where the attitudinal disposition of in-groups and out-groups are explored and defined (Tajfel, 1982). The feeling of consumer xenocentrism may be intensified in emerging markets where product judgments may reflect upon the weaknesses associated with the source country of the product. This article explores the relationship between consumer xenocentrism and product judgment in Paraguay.

Paraguay is a small, understudied (especially through a marketing lens), upper-middle-income country located in South America between the continent’s regional powers of Argentina and Brazil. In 2022, we surveyed 397 adult Paraguayans as to their level of consumer xenocentrism. We also asked these same Paraguayans to assess the product quality of goods originating from three middle-income emerging economies—Argentina, Brazil, and China¹—and one developed (high-income) economy—the United States (U.S.). As global economic powers, the United States and China are reputationally known to Paraguayans (Pisani & Masi, 2022). Argentina and Brazil are neighboring countries and very familiar to Paraguayans.

These elements form the backdrop for our research questions. What level of consumer xenocentrism do Paraguayan consumers hold? Does consumer xenocentrism in Paraguay impact the product judgments of select developing and developed economies? Our contribution to this study adds breadth to the consumer xenocentrism research stream through the addition of Paraguay and adds depth through the specific consideration of foreign

¹ While China is a middle-income country, it is a global economic superpower because of its size and global economic influence, especially international trade.

product judgments. We are further motivated to undertake this investigation to call attention to consumer behavior in mostly forgotten or overlooked economic spaces such as Paraguay. These often contested yet unexplored spaces may add to our general business knowledge base and reveal new theory and model development opportunities, including replication and extension studies. To accomplish this, these less studied spaces merit active research initiatives and engaged publication outlets.

The remainder of this article is organized as follows. Section two reviews the pertinent literature, contextualizes the study environment, and offers our hypotheses and conceptual model. Section three provides an account of the data, descriptive statistics, and methodology. Section four reports and discusses the results. The last section concludes the article.

Literature Review, Paraguayan Context, and Conceptual Model

This section presents the associated literature, the Paraguayan context, and the conceptual model with corresponding hypotheses.

Consumer Xenocentrism

The literature associated with consumer xenocentrism is derived from the larger country-of-origin literature. Schooler (1965) first introduced the foundational country-of-origin literature in his study of consumer product bias in Central America. From this beginning, continued interest in the bias associated with national product origins mushroomed. The work by Bilkey and Nes (1982) was important in this development, who found that manufactured goods originating from developing economies were less desirable than manufactured products from developed countries. Attitudes associated with national product attributes followed. Most prominent are consumer ethnocentrism, focused on the morality of buying foreign-made goods (Balabanis & Siagmagka, 2022; Shimp & Sharma, 1987), and consumer animosity, centered on hostile binational relations and how such hostility impacts cross-national purchase intentions (Klein et al., 1998; Shoham et al., 2016).

Against this backdrop, consumer xenocentrism has emerged as a recent complementary and distinct perspective within the country-of-origin literature (Balabanis & Diamantopoulos, 2016). Consumer xenocentrism is an inward-associated attitude that seeks to understand consumer preferences valuing foreignness in relation to one's home country. In brief, foreign is preferred over domestic. A consumer xenocentric attitude is not explicitly tied to another country but is more generalized as publicly cherishing foreignness over the inadequacy and shortcomings of the domestic. In the literature, consumer xenocentrism is defined as "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). This foundational study was conducted with random samples of two community-specific Greek consumers (i.e., Athens, Kalamata), finding Greek consumers exhibiting higher levels of consumer xenocentrism saw their own country in a negative light and sought out foreign products from Germany and the United States in place of and superior to Greek products.

Mueller et al. (2015) argue that consumer xenocentrism is universal (e.g., found in all cultural contexts). Hence this consumer attitude should be present and relevant in studying Paraguayan consumer behavior. So, a consumer xenocentric Paraguayan would perceive products made outside Paraguay as better than products made inside Paraguay. The operationalization of consumer xenocentrism is accomplished through a 10-question psychometric scale (Balabanis & Diamantopoulos, 2016). The compiled scale then measures the degree of consumer xenocentrism. As a new construct in the country-of-origin literature, only a handful of studies of consumer xenocentrism exist.² Two such studies utilize the original Balabanis and Diamantopoulos (2016)

² An April 2023 search for "consumer xenocentrism" in the Proquest One Business database returned 15 published articles. Some articles deviate substantially from the original scale developed to study consumer xenocentrism in this new field. We follow the foundational article published by Balabanis and Diamantopoulos (2016).

scale. Both studies were conducted with purposive samples of Russian consumers (Diamantopoulos et al., 2019) and Brazilian consumers (Mueller et al., 2020), replicating the scale's reach across national borders. At this time, the work of Balabanis and Diamantopoulos remains foundational, and a synthesis of this research stream awaits a future where many more studies have been executed.

Product Judgment

The literature surrounding product judgment and country of origin rarely defines product judgment; instead, it assumes product judgment as understood. Essentially, product judgment refers to consumers' assessment of goods and services. This assessment is typically wrapped conceptually within product quality, product value for the money, and product innovation (Fernández-Ferrín et al., 2015; Gineikiene & Diamantopoulos, 2017). Product judgment is commonly used in country-of-origin studies as a predictor or moderating variable associated with consumer attitudes and purchase intentions (Dholakia et al., 2020; Diamantopoulos et al., 2017; Sharma, 2011). In essence, generic product judgments are extrinsic consumer behavior cues related to product origin (Suh & Kwon, 2002). Product judgment may follow assessments based on the economic development reputation of a nation (Bilkey & Nes, 1982), familiarity with product origins (Li & Wyer, 1994), and rivalry (Hong & Kang, 2008).

For example, Kunst (2019) shares the 2017 made-in-country index,³ a perceived quality and country of origin ranking derived from over 40,000 global consumer respondents that report the United States as high ($81/100$), Argentina ($42/100$) and Brazil ($42/100$) as low-middle, and China ($28/100$) one spot from the bottom in perceived product quality based on product country of origin. Such country-of-origin product judgments may likely influence consumer attitudes and purchase intentions, particularly in asso-

³ The index is calculated between 0 and 100, with 100 being the highest score and 0 being the lowest (Kunst, 2019).

ciation with consumer ethnocentrism, consumer animosity, and consumer xenocentrism.

Paraguayan Context

Paraguay is a small, developing market economy located in the heart of South America. The 21st century has been much kinder to the people of Paraguay than the preceding centuries, dominated by colonial isolation in the Spanish Empire (1530-1811), post-independence dictators, a crushing war with neighboring Argentina, Brazil, and Uruguay (The War of the Triple Alliance, 1864-1870), and a victorious war to settle Paraguay's northern boundary with Bolivia (The Chaco War, 1932-1935) (Rhis Sausi & Oddone, 2010). Nascent democracy came late to Paraguay, emerging in 1989 (Borda & Masi, 2021). However, Paraguay in the 21st century has achieved remarkable economic, though unequal, growth based upon agro-exports (e.g., soy, beef), hydroelectric power (e.g., Itaipú Dam), and incipient industrialization (e.g., maquiladoras) (Borda & Caballero, 2020; Cantero, 2015; Mandl, 2021).

Today, Paraguay is home to just over seven million people in a country the size of California (or 406,752 square kilometers or 157,048 square miles). Roughly one-third of the population lives in the metropolitan capital area of Asunción. As one of two landlocked nations in South America, Paraguay is nestled between Argentina to the west and south, Brazil to the east, and Bolivia to the north. Paraguay's most important communities—greater Asunción, Ciudad del Este, and Encarnación—are situated along borders with Argentina and Brazil. These border entrepôts facilitate dynamic cross-border market exchange (both regulated and unregulated), primarily with Argentina and Brazil, and exacerbate a long-running external dependency (Vázquez, 2006).

A per capita income of \$5,400 inserts Paraguay as an upper middle-income country with a young workforce (median age is 27 years) and voracious consumers.⁴ The challenges of modernization abound, weak infrastructure (e.g., insufficient roads,

⁴ Per capita income adjusted for purchasing power parity was \$13,967 in 2021. Actual per capita income is as reported.

transportation bottlenecks, inadequate education, lack of sewage treatment), widespread informal employment, entrenched public corruption, porous borders fostering contraband trade, lack of public planning, weak public health system (exposed by Covid-19), and so on (Mandl, 2021). Nevertheless, Paraguay is a nation on the move with a stable currency and relatively sound macroeconomic policies, membership in Mercosur (the South American trade pact), and a population eager to accept the modernization challenge (Mandl, 2021).

Paraguay is unique among Latin American nations in that an indigenous language, Guaraní, is the most widely spoken language in the country. While not absolute, Guaraní is the first language of rural Paraguay and the working class; Guaraní, along with Spanish, are the official languages of Paraguay. High rates of bilingualism—Spanish and Guaraní—are typical among Paraguayans. Spanish is the dominant language for the educated class and is extensively used in the Asunción metropolitan area. The use of Guaraní at home is also connected to lower household incomes and economically vulnerable and price-sensitive households (Pisani & Ovando Rivarola, 2019).

Of note, diplomatically, Paraguay recognizes Taiwan instead of mainland China. Paraguay is the only country in South America with this diplomatic stance (Svampa & Slipak, 2015) and one of a handful of nations maintaining diplomatic recognition of Taiwan. Consequently, Paraguayan products are prohibited from direct export to mainland China, but Chinese products are not barred from entering Paraguay directly.

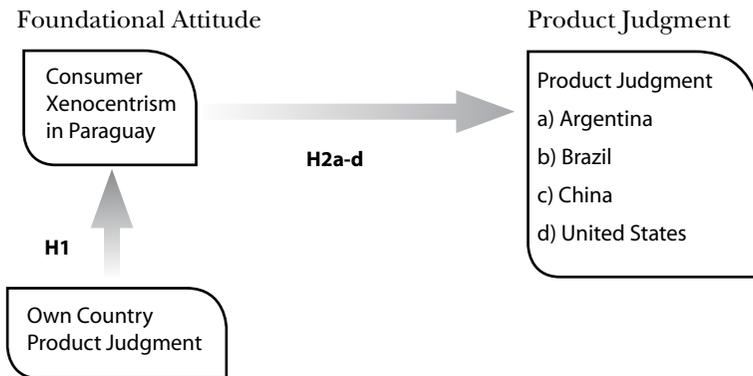
This brief background sketch allows us to place our study of consumer xenocentrism within the broader Paraguayan context. In doing so, our research questions focused on the level of Paraguayan consumer xenocentrism and Paraguayan consumer product judgments of select foreign countries may be better understood. Paraguayans have historically looked inward and only have only recently engaged with the outside world more broadly. Our study of consumer xenocentrism is a small step forward as a timely measure of Paraguayan connection regionally and globally.

Conceptual Model

We propose that the foundational attitude of consumer xenocentrism is directly connected to foreign and domestic product judgment. That is consumer xenocentric feelings impact product assessment by country of origin. As Paraguayan consumers are the basis for our study, how Paraguayans judge their products directly influences their foundational consumer xenocentric attitude (see Figure 1). Once formed, we propose that consumer xenocentric attitudes influence the judgment of foreign products. As the literature suggests, there may be some nuance in product judgment based upon the level of economic development of the country of manufacture; we introduce four countries into the model representing middle-income, Argentina, Brazil, and China, and a high-income nation, the United States (United Nations, 2022). Argentina and Brazil are neighbors with a long history of interaction and trade with Paraguay; China and the United States represent present-day global economic superpowers. The rise of China’s influence is more recent in Paraguay, while the United States has been connected to Paraguay since the 1850s (Pisani & Masi, 2022). In many respects, both pairs—Argentina/Brazil and China/United States—are natural rivals, both outside and inside Paraguay.

Figure 1

Model of Consumer Xenocentrism and Product Judgment in Paraguay



Source: Authors’ conceptual framework

Considering the amalgamation of consumer xenocentrism and product judgment literature in confluence with the Paraguayan context, we offer the following hypotheses. The first hypothesis addresses the connection between one's own country's product judgment and the development of consumer xenocentrism. Paraguayans that are more nationalistic in outlook consider Paraguayan products in a more positive light (Pisani et al., 2022), thus, impacting perceived product judgment. Hence,

H1: A higher assessment of Paraguayan product judgment lessens Paraguayan consumer xenocentric attitudes

The following hypotheses address the connection between consumer xenocentrism and specific country judgments across a continuum of economic development, familiarity, and rivalry. Paraguayans have a neutral to a positive view of Argentine and Brazilian products due to product familiarity, cross-border experience, foreign direct investment, and recognition of a higher degree of economic development (Masi, 2016; Vicchi, 2019).⁵ Paraguayans have a neutral to negative view of Chinese products because of a national reputation of uneven quality and familiarity with Chinese products. This familiarity partly stems from the large flow of cross-border Chinese goods through Ciudad del Este and the tri-border area of Argentina, Brazil, and Paraguay, often associated with contraband, including counterfeit goods (Tucker, 2020). Paraguayans have a generally positive view of U.S. products because of the national reputation of reliable quality and strong brand value, high economic development, and product familiarity. This is in line with Gaur et al. (2015), who considered such a connection theoretically, suggesting Latin American consumers

⁵ See also binational chambers of commerce, Cámara de Comercio Paraguay Brasil (<https://www.ccpb.org.py/index.php>), Cámara de Comercio Paraguayo Argentina (<https://www.campyarg.org.py/>), and Cámara de Comercio Paraguayo Americano (<http://amcham.com.py/es/inicio/>). As Paraguay does not have diplomatic relations with mainland China, there is no binational chamber of commerce between Paraguay and mainland China.

have relatively higher levels of consumer xenocentrism accentuating their desire for U.S. products.

Hence,

H2a: Marginally higher levels of Paraguayan consumer xenocentrism shall be associated with positive product judgments of Argentine products.

H2b: Marginally higher levels of Paraguayan consumer xenocentrism shall be associated with positive product judgments of Brazilian products.

H2c: Lower levels of Paraguayan consumer xenocentrism shall be associated with negative product judgments of Chinese products.

H2d: Higher levels of Paraguayan consumer xenocentrism shall be associated with positive product judgments of U.S. products.

Descriptive Statistics and Methodology

Data

The data for this study derives from completed surveys of 397 Paraguayan consumers⁶ located primarily (86.1%) in the metropolitan capital (Asunción) area from early 2022.⁷ Several Paraguayan higher education institutions with graduate programs, alumni groups, and organizations facilitated the

⁶ In all, 486 respondents attempted the survey, and 395 completed the survey in its entirety. Fully incomplete responses were eliminated. 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).

⁷ The remainder of the respondents live outside the capital. No other location comprised more than 2.9% of the respondent total.

recruitment of survey respondents.⁸ The targeted respondent group was middle class, graduate students, and professionals to reflect a mature and representative urban middle-class consumer willing and able to complete a lengthy survey. It is this group in Paraguay, about one-quarter of the population (Galeano et al., 2021), that has the greatest potential numerical interaction (by population size, maturity, and purchasing power) with foreign products and the decision and capability to judge products (Bartley et al., 2015). While our sample is a purposive one, this is the first academic study to explore the impact of consumer xenocentrism in Paraguay.

The survey was administered in person and online using the Qualtrics online platform to record responses. The survey instrument was constructed in English and translated into Spanish by a bilingual researcher and back-translated as instructed by Brislin (1980), utilizing various validated country-of-origin scales. It included questions focused on the Paraguayan consumer environment and demographic information. A small pilot test in early 2022 permitted minor adjustments for wording clarification. The survey generally took respondents about 20-25 minutes to complete.

Two psychometric scales were utilized in this study. The original 10-question C-XENSCALE developed by Balabanis and Diamantopoulos (2016) was employed and adapted to the Paraguayan context and serves as the foundational attitude for consumer xenocentrism. The C-XENSCALE was answered using a 7-point Likert-type scale (1 = strongly disagree, 7 = strongly agree, translated as 1 = totalmente en desacuerdo, 7 = totalmente de acuerdo), with a possible score range of 10 to 70. The C-XENSCALE is

⁸ Specific universities, groups, and organizations included: Asociación de Graduados de INCAE-Paraguay, Centro de Análisis y Difusión de la Economía Paraguaya, Escuela de Administración de Negocios, Education USA-Paraguay, Fulbright Association of Paraguay (in partnership with the US Embassy), Fundación MAE – UC, Instituto Desarrollo, Unión Industrial Paraguaya, Universidad Americana, Universidad Autónoma de Asunción, Universidad Católica “Nuestra Señora de la Asunción,” Universidad Columbia, and Universidad Paraguayo Alemana.

comprised of two sub-constructs of five questions each: perceived inferiority⁹ and social aggrandizement.¹⁰

A second 4-question scale focused on product judgments was adapted from Fernández-Ferrín et al. (2015) for Argentina, Brazil, China, Paraguay, and the United States. Illustrating Paraguay as the exemplar, the four-question scale included the following questions: products made in Paraguay are carefully produced and have fine workmanship; products made in Paraguay show a very high degree of technological advancement; products made in Paraguay are usually quite reliable and seem to last the desired length of time, and products made in Paraguay are usually a good value for the money.¹¹ A similar adaptation of the product

⁹ The perceived inferiority subscale is comprised of the following five questions, presented in both, English and a Spanish translation: 1) There are very few domestic products that are of equal quality to foreign products. (Muy pocos productos locales son de la misma calidad que los productos extranjeros.); 2) I cannot think of any domestic brands that are as good as the foreign ones I purchase. (No puedo pensar en alguna marca local que sea igualmente buena que las extranjeras que compro.); 3) I trust more foreign than domestic companies because they are more experienced and have more resources. (Confío más en las empresas extranjeras que en las locales porque tienen más experiencia y más recursos.); 4) In most product categories, foreign brands outperform domestic ones. (Las marcas extranjeras son mejores que las locales en la mayoría de los productos.); and 5) I trust foreign products more than the domestic ones. (Confío más en las marcas extranjeras que en las marcas locales.)

¹⁰ The social aggrandizement subscale is comprised of the following five questions, presented in both, English and a Spanish translation: 1) Using foreign products enhances my self-esteem. (Usar marcas extranjeras mejora mi autoestima.); 2) People that buy domestic products are less regarded by others. (Las personas que compran productos nacionales son consideradas inferiores por los demás.); 3) I prefer foreign to domestic brands as most of my acquaintances buy foreign brands. (Prefiero las marcas extranjeras por sobre las locales como la mayoría de mis conocidos compran marcas extranjeras.); 4) Buying foreign products makes me trendier. (Si compro productos extranjeros, estoy más de moda.); and 5) I purchase foreign brands to differentiate myself from others. (Compro marcas extranjeras para diferenciarme de los demás.)

¹¹ The Spanish translation follows for product judgment of Paraguayan goods: 1) Los productos hechos en Paraguay están cuidadosamente producidos y tienen buena calidad; 2) Los productos hechos en Paraguay muestran un alto grado de avance tecnológico; 3) Los productos hechos en Paraguay son usualmente bastante confiables y aparentemente duran la cantidad de tiempo deseada, and 4) Los productos hechos en Paraguay usualmente tienen una buena relación precio-calidad.

judgment scale was undertaken for questions focused on Argentina, Brazil, China, and the United States. The product judgment scale was answered using a 5-point Likert-type scale (1 = strongly disagree, 5 = strongly agree), with a possible score range of 4 to 20 across the five countries judged.

Descriptive Statistics

By household income, our survey respondents generally reflect Paraguay's urban middle and upper classes, with more than 85% of respondents residing in such households.¹² By design, the average age of respondents is 32.5 years, or middle-aged in a country where the median age is 27 years of age. The average number of years of education of the survey respondents is 18.7, matching our target of sampling graduate students. Women are somewhat overrepresented, as expected, but not overly so, comprising 56.9% of all respondents. In Paraguay, women have higher rates of tertiary school completion than men (Banco Mundial, 2020). Lastly, as the majority of respondents are students, most also are single (58.2%), though 37.8% are married or living together, and the remainder are divorced, separated, or widowed.

The descriptive statistics for the variables in the conceptual model appear in Table 1. The variables are derived from the psychometric scales answered by our survey respondents. Scale reliability is confirmed by the Cronbach alpha score of each scale and is within acceptable parameters (Hair et al., 1995). The mean C-XENSACLE score for respondents is 33.0, just below the 35 midpoint of the consumer xenocentrism scale. The product judgment means indicate a definite order, with China ranked lowest and the

¹² Most survey respondents (85.3%) lived in households earning at least three minimum wages. 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 ranged from \$10 to \$50 per day (Galeano et al., 2021).

United States highest. Paraguayans rank their own products below that of Argentina and Brazil but ahead of products from China.

As C-XENSCALE is established in the literature, a confirmatory factor analysis of the C-XENSCALE was undertaken using the Amos module in SPSS 28. The factor loadings for the perceived inferiority sub-construct ranged between .72 and .82 and between .76 and .81 for the social aggrandizement sub-construct. These factor loadings are within acceptable ranges and higher than the initial validation studies completed by Balabanis and Diamantopoulos (2016).¹³ We also undertook confirmatory factor analysis for the country product judgment scales adapted from Fernández-Ferrín et al. (2015). Overall factor loadings were acceptable in this less replicated scale.¹⁴

Table 1

Descriptive Statistics

Variable	<i>M</i>	<i>SD</i>	Cronbach's α	N
Consumer Xenocentrism (C-XENSCALE)	33.0	11.4	.869	397
Product Judgment - Paraguay	12.5	2.9	.764	397
Product Judgment – Argentina	14.0	2.7	.792	396
Product Judgment – Brazil	13.9	2.9	.840	396
Product Judgment – China	11.7	3.0	.734	395
Product Judgment – United States	15.9	2.8	.853	396

Source: authors' calculations.

Methodology

We utilize statistical procedures to assess the relationship between variables presented in Figure 1. We estimate H1, the relationship between product judgment of Paraguayan products with consumer xenocentrism, through an analysis of variance

¹³ Model fit was also acceptable, with a χ^2 of 300.3, $df=44$, and $p=.000$.

¹⁴ The individual factor loadings for the product judgment scales adapted from Fernández-Ferrín (2015) are as follows: Argentina, .62-.78, Brazil, .64-.89, China, .42-.84, Paraguay, .50-.79, and the United States, .60-.90.

(ANOVA). The same procedure is used to estimate H2a-d. The coding of each variable is the summation of the answers to the questions in each psychometric scale.

Results and Discussion

Results

The results of our statistical tests are reported next. The first hypothesis sought to estimate the initial relationship between product judgment of Paraguayan products with consumer xenocentrism among Paraguayans. A one-point increase in the product judgment scale for Paraguayan products results in a 1.143-point decrease in the C-XENSCALE (see H1, Table 2). As Paraguayans heighten their view of Paraguayan products, they lessen their overall feeling of consumer xenocentrism. Product judgment of Paraguayan goods significantly impacts consumer xenocentric feelings. Model diagnostics are all acceptable; the adjusted R^2 value indicates that this model explains 8.3% of the relationship (variance) between product judgment and consumer xenocentrism. Hence, H1 is supported.

The second hypothesis posits the relationship between consumer xenocentrism (C-XENSCALE) and product judgment of goods from four countries: Argentina, Brazil, China, and the United States. The analysis is undertaken one country at a time. Significant results are as follows: a) a one-point increase in the C-XENSCALE results in the .034 increase in the product judgment scale of Argentine goods; b) a one-point increase in the C-XENSCALE results in the .038 increase in the product judgment scale of Brazilian goods; and c) a one-point increase in the C-XENSCALE results in the .019 increase in the product judgment scale of U.S. goods. These results explain 1.2%, 1.3%, and 0.9% of the positive relationship (variance) between the C-XENSCALE and product judgments for Argentina, Brazil, and the United States, respectively. Hence, H2a, H2b, and H2d are supported. The results for China are not significant (though directionality is opposite than hypothesized). H2c is not supported.

Table 2

ANOVA Regression Results		C-XENSCALE ^A = Dependent Variable		
Hypothesis	Unstandardized β Coefficients	Std. Error	t-statistic	Significance
H1				
Constant	47.228	2.409	19.605	.001
Product Judgment - Paraguay	-1.143	.188	-6.082	.001
Diagnostics: ANOVA, F=36.995, df=1, p=.001, R ² =.086; Adj. R ² =.083				
		Product Judgment, Argentina = Dependent Variable		
Hypothesis	Unstandardized β Coefficients	Std. Error	t-statistic	Significance
H2a				
Constant	12.902	.410	31.493	.001
C-XENSCALE	.034	.012	2.925	.004
Diagnostics: ANOVA, F=8.558, df=1, p=.004, R ² =.021; Adj. R ² =.019				
		Product Judgment, Brazil = Dependent Variable		
H2b	Unstandardized β Coefficients	Std. Error	t-statistic	Significance
Constant	12.675	.436	29.044	.001
C-XENSCALE	.038	.013	3.064	.002
Diagnostics: ANOVA, F=9.388, df=1, p=.002, R ² =.023; Adj. R ² =.021				

Hypothesis	Product Judgment, China = Dependent Variable			
H2c	Unstandardized β Coefficients	Std. Error	t-statistic	Significance
Constant	11.075	.457	24.217	.001
C-XENSSCALE	.019	.013	1.430	.153
Diagnostics: ANOVA, F=2.046, df=1, p=.153, R ² =.005; Adj. R ² =.003				
Hypothesis	Product Judgment, United States = Dependent Variable			
H2d	Unstandardized β Coefficients	Std. Error	t-statistic	Significance
Constant	14.982	.430	34.826	.001
C-XENSSCALE	.027	.012	2.179	.030
Diagnostics: ANOVA, F=4.746, df=1, p=.030, R ² =.012; Adj. R ² =.009				

^ C-XENSSCALE = consumer xenocentrism.
 Source: Authors' calculations.

Discussion

Clearly, middle- and upper-class Paraguayans in this research sample connect the judgment of local products with the judgment of products from their important regional neighbors and the global economic superpowers. When considered separately, Paraguayans surveyed judged products from Argentina, Brazil, and the United States better than their own products. When considering products from China, surveyed Paraguayans judged local products superior to those from China. Hierarchically ordered, Paraguayans in our sample viewed U.S. products first, then Brazilian, Argentine, local, and Chinese products last (in high to low product judgment). This preference for Brazilian products over Argentine products may be related to the “pendulum policies” adopted by Paraguay since the 1940s. Throughout much of Paraguay’s existence, the only connection with the rest of the world was through the Río de la Plata, controlled by Argentina. Consequently, it was up to Argentina to decide when and how Paraguay might engage in foreign trade. The dominant influence of Argentina in Paraguay in the first part of the 20th century was rebalanced with Brazil beginning in the 1960s with the building of the Friendship Bridge between Ciudad del Este,¹⁵ Paraguay, and Foz do Iguaçu, Brazil. The construction of the massive Itaipú Hydroelectric Dam in the 1970s and 1980s and the substantial immigration of Brazilian farmers into Paraguay realigned the balance of influence of Brazil regarding Argentina in Paraguay (Birch, 1992).

However, when viewed from the continuum of consumer xenocentrism, Paraguayan respondents higher in consumer xenocentric feelings also judged products from Argentina, Brazil, and the United States higher. If foreignness is preferred, such a positive spillover effect toward goods produced outside the country concerning negatively viewed local products completes the logic stream. Middle- and upper-class Paraguayans have ready access to Brazil and Argentina in business relations and educational op-

¹⁵ Ciudad del Este was known as Puerto Presidente Stroessner at the bridge’s opening. The city changed names in 1989 with the ouster of Stroessner.

portunities; this group often vacation at neighboring Argentine and Brazilian beaches and cities. Travel statistics for the pandemic year of 2021 show that the number one foreign destination for Paraguayans is Argentina (50.7% of foreign travel), followed by Brazil (13.6% of foreign travel), and the United States (12.9% of foreign travel) (Dirección Nacional de Migraciones, 2022). Many Paraguayans also have migrant work experience in Argentina and some in Brazil, mainly to provide remittances back to family in Paraguay (Arrúa & Bruno, 2018). The United States is a more upscale (and perhaps aspirational) destination, with Disney, East Coast cities, and California among the coveted locations.

The result for China was not significant (but directionality held as in the previous country results). The view of China is more complicated in Paraguay for a couple of reasons. Chinese goods have flooded local marketplaces and displaced some local products over the past decade. This has improved consumer choice, enhanced access to agro-industrial inputs, and lowered some prices at the expense of local producers and job holders (Pisani & Masi, 2022). Additionally, Paraguay is one of only a handful of countries that recognizes Taiwan and not mainland China. Such a diplomatic stance prohibits Paraguayan products from directly accessing Chinese markets, but not the reverse.

Several managerial implications flow from our findings. For Paraguayan producers targeting middle- and upper-class Paraguayans, competition against Chinese goods may receive a more positive reception if couched within the product markers of quality workmanship and reliability while avoiding an emphasis on price. For all Paraguayan producers, an emotional appeal to patriotism and buying local campaigns encased in consumer nationalism may help to overcome the initial bias against local products. One such movement from the Unión Industrial Paraguaya¹⁶ (UIP) youth group is the *Paraguayo Como Vos* [Paraguayan Like You] campaign that strives to raise public awareness of the quality, competitiveness, and economic benefits of purchasing local prod-

¹⁶ The UIP was founded in 1936 and is the primary trade association representing the industrial sector in Paraguay.

ucts, especially local employment.¹⁷ Paraguayo Como Vos is partnered with major supermarket chains and is present and visible in more than 100 stores in the capital area. Policymakers may urge further collaboration among retailers and encourage private and public sector alliances to further develop, elevate, and promote the branding of Paraguayan-made products nationwide.

As the consumer xenocentrism construct is general in outlook, more targeted appeals in specific market niches and products where Argentine, Brazilian, and the United States are prominent may have the ability to redirect consumer focus in the direction of locally made products. This may also include local product bilingual labeling that enhances and emphasizes Portuguese and English scripts suggesting foreignness; such labeling may actively elicit and play upon consumer xenocentric feelings (though this is a deceptive marketing practice). More transparent and ethical are organizational partnerships between Paraguayan and Brazilian/American firms that boast and promote best practices from each that enable an honest approach toward bilingual labeling.

If the goal is to support local business, public policy may seek to advance Paraguayan goods through procurement efforts, a more robust entrepreneurial ecosystem (Pisani et al., 2020), and expansion and preferential treatment in Mercosur to enhance the stature of local products vis-à-vis Mercosur partners. Paraguay is also a founding member of Mercosur, whereby its weak relative economic position among members may be used as a point of preference to strengthen its internal economy with a positive spillover to the larger integration grouping and its preference within the European Union (Lasagabaster & Signoret, 2022).

A larger market allows industry to generate economies of scale beyond that possible in Paraguay alone and thus become more productive and efficient. It follows that public policy to improve the quality of Paraguayan products should focus on access to

¹⁷ Vestí Paraguay is a recent movement to coordinate the textile sector in Paraguay with Paraguayan consumers to encourage the consumption of locally made textile products. While sector-specific, its aims are similar to the UIP (see <https://instagram.com/vestiparaguay?igshid=MzRIODBiNWFIZA==>).

this larger Mercosur market, including the promotion of competition. The free competition encourages firm-level continuous improvement, particularly for quality enhancements and innovation pathways. Hence, current Mercosur membership allows the Paraguayan industry larger market access. However, the trade pact's present interregional framework, dominated by Argentina and Brazil, manifests restrictions to competition and reduced institutional coordination, limiting Mercosur's greater economic potential (Doctor, 2015). Focused Paraguayan public policy and diplomacy may help move the trade group toward more shared governance, greater openness, competitive markets, and enhanced economic opportunities.

Current government efforts to develop and formalize the entrepreneurial ecosystem are encouraged. The government of Paraguay is a large institutional buyer that may advance local business through preferential procurement. However, such efforts should avoid the appearance of personal favoritism, a challenge in contemporary Paraguay. Institutions such as the *Ministerio de Industria y Comercio* (Ministry of Commerce and Industry), *Asociación de Emprendedores de Paraguay* (Entrepreneurs Association of Paraguay), *Ministerio de Trabajo, Empleo y Seguridad Social* (Ministry of Labor, Employment and Social Security), *Unión Industrial Paraguaya* (Paraguayan Industrial Union), financiers, and others should continue their efforts to promote the entrepreneurial ecosystem.

Conclusions

Consumer xenocentrism reflects an attitude that the “grass is greener on the other side.” In the present case for sampled middle- and upper-class Paraguayan consumers, it suggests that foreign products are chosen over local products because it is felt that foreignness is not only better but also preferred. Indeed, foreign is the referent point to judge the local, not vice-versa. This attitude may be reinforced by class membership where Tajel (1982, p. 24) argues “that part of” an “individuals' self-concept” derives

“from their knowledge of their membership of a social group (or groups) together with the value and emotional significance of that membership.” Continuing with the metaphor, the grass is assumed to be greener abroad in an environment where actual observation is not verifiably required or desired. The grass is simply greener outside Paraguay for consumer xenocentric Paraguayans.

In this article, we empirically illustrate consumer xenocentrism in the middle- and upper-class Paraguayans and the relation consumer xenocentrism attitudes have on the product judgment of local, regional (Argentina and Brazil), and global economic powers (China and United States). Higher-end Paraguayan consumers associate foreign product judgments higher than their own, except for Chinese products. This attitude intensifies with greater levels of consumer xenocentrism. Nonetheless, our analyses explain only a portion of the relationships examined. Adding demographic and other variables may enhance the connections with and our understanding of consumer xenocentrism. We seek to build upon this present research in such an endeavor.

We contribute to the international consumer behavior literature by extending the consumer xenocentrism construct to the Paraguayan market environment. We add depth to the literature by examining consumer xenocentrism and product judgment from middle-income and upper-income countries. Our targeted and purposive sample is also a study limitation, as our results only pertain to those surveyed. However, further research may extend such analyses to the full spectrum of consumers as well as regional consumers in large, diverse economies (e.g., Puerto Ricans in the United States) and specific product classes. Additional consideration of China and consumer xenocentrism in emerging markets is also warranted.

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