The Influence of Location of Firm Ownership on Consumers

C. Clifton Eason
University of Mississippi, ceason@samford.edu

Follow this and additional works at: https://egrove.olemiss.edu/etd
Part of the Marketing Commons

Recommended Citation
Eason, C. Clifton, "The Influence of Location of Firm Ownership on Consumers" (2014). Electronic Theses and Dissertations. 1436.
https://egrove.olemiss.edu/etd/1436

This Dissertation is brought to you for free and open access by the Graduate School at eGrove. It has been accepted for inclusion in Electronic Theses and Dissertations by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.
THE INFLUENCE OF LOCATION OF FIRM OWNERSHIP ON CONSUMERS

A Dissertation
presented in partial fulfillment of requirements
for the degree of Doctor of Philosophy
The University of Mississippi

by

CHARLES CLIFTON EASON

August 2014

Committee Members:
Chair: Scott J. Vitell
Member: Melissa Cinelli
Member: Hugh Sloan, III
External Member: John P. Bentley
ABSTRACT

An increasing number of consumers are making consumption decisions based on perceptions of a firm’s social performance. In other words, many consumers take into account a firm’s impact on society and the environment when deciding where they will spend their money. Thus, it is important for firms to understand what these consumers perceive to be important indicators of a firm’s social performance.

A potential element of social performance that has yet to be studied is local ownership as well as its influence on consumers’ store perceptions and consumption decisions. As large, national chains increasingly threaten the existence of smaller, locally-owned businesses, some consumers have shown an aversion to these national chains and “buycott” local businesses as a way of showing support for local firms and their communities.

In this research, a local shopping preference (LSP) scale that measures one’s preference for shopping at locally-owned stores is proposed, developed, validated, and shown to be strongly related to consumer social responsibility. Next, localness, as a store selection criterion, is measured alongside other, more prevalent store choice determinants to evaluate the relative magnitude of localness’s influence.

Potential antecedents of LSP are tested, and it is found that three consumer values (materialism, consumer ethnocentrism, and environmentalism) and household income are associated with the new construct. It is also demonstrated that consumers with a high LSP are willing to pay a premium over what similar merchandise would cost at a national chain. The average premium willing to be paid was 16%.
The manuscript concludes with a discussion of the results, including contributions to the theoretical understanding of the socially responsible consumer and actionable insights for managers of locally-owned stores.
DEDICATION

This work is dedicated to my parents, the late Charles H. Eason and Martha M. Eason, who instilled in me a great appreciation for lifelong learning. Their influence lives on not only in my life – but in the lives of the many others they touched.
ACKNOWLEDGMENTS

I express my sincerest appreciation to all of my committee members. My chair and advisor, Dr. Vitell, has provided consistent guidance since the inception of this work. Dr. Sloan and Dr. Cinelli have routinely provided fresh insights and valuable advice that have helped strengthen this manuscript. And Dr. Bentley has offered frequent guidance on statistics and methods – without which I would still be reading the user’s manual to a statistics program. Thanks to each of you for working with me – often remotely, helping me continually improve the quality of this product.
# TABLE OF CONTENTS

ABSTRACT .................................................................................................................................... ii  
DEDICATION.................................................................................................................................. iv  
ACKNOWLEDGMENTS .............................................................................................................. v  
LIST OF TABLES ......................................................................................................................... vi  
LIST OF FIGURES ....................................................................................................................... ix  
CHAPTER I. INTRODUCTION .................................................................................................... 1  
CHAPTER II. CONCEPTUAL DEVELOPMENT ....................................................................... 6  
CHAPTER III. HYPOTHESIS DEVELOPMENT .................................................................... 21  
CHAPTER IV. METHODOLOGY .......................................................................................... 38  
CHAPTER V. GENERAL DISCUSSION .............................................................................. 102  
REFERENCES .................................................................................................................... 107  
APPENDICES ............................................................................................................................ 117  
VITA ...................................................................................................................................... 140
LIST OF TABLES

Table 1: General Values, Definitions, and Representative Items 25
Table 2: Socially Desirable Responding Correlations 44
Table 3: LSP EFA Factor Matrix 46
Table 4: LSP Fit Statistics 48
Table 5: CnSR EFA Factor Matrix 51
Table 6: CnSR Fit Statistics 53
Table 7: Comparison of Fit Statistics of Scales: Modified CnSR v. Original SRPD 55
Table 8: LSP and CnSR Combined Model Fit Statistics 57
Table 9: LSP and CnSR Scale Descriptive Statistics 58
Table 10: Correlations, Reliability, and Discriminant Validity 60
Table 11: Demographics of Sample 1b2 65
Table 12: LSP Factor Loadings 69
Table 13: LSP Fit Statistics 70
Table 14: Store Selection Preferences Based on Locus on Ownership 72
Table 15: Reasons for Preferring Locally-Owned Stores 74
Table 16: Mean Importance of Store Selection Attributes 76
Table 17: Importance of Localness 78
Table 18: Demographics of the Study 2 Sample 82
Table 19: Study 2 Model Fit Statistics 89
Table 20: Hypothesis Testing Results 91
Table 21: Statistically Significant Mediated Paths 95
Table 22: Results of Hypothesis Testing on the Separate and Combined Scenarios 97
LIST OF FIGURES

Figure 1: Schwartz’s Model of Relations Among General Values 23
Figure 2: Conceptual Model of Relationships 37
Figure 3: Mediation Model Tested in Study 2 87
Figure 4: Study 2 Empirical Model Results 93
CHAPTER I
INTRODUCTION

Managers have long sought to understand the purchasing behaviors of consumers – from what internally motivates them to the environmental cues that firms may be able to manipulate to their advantage. As the consumer and our understanding of him/her has evolved over time, researchers have grown to increasingly appreciate the role of non-functional product attributes and non-product-related factors that influence consumption choices. One such factor that a large and growing number of consumers have begun to take into account is a firm’s social performance. That is, many consumers consider a firm’s impact on society and the environment when deciding where and on what they will spend their money. Thus, to better serve their existing customers and attract new ones, it is important for firms to understand what the growing number of socially responsible consumers perceive to be important elements and indicators of a firm’s societal impact.

While large corporations are proactively putting a greater emphasis on publicizing their social responsibility records, in the current retail environment, consumers are beginning to perceive retail behemoths like Walmart to be unhealthy additions to their communities. In recent years, both consumers and local governments alike have attempted to block the entry of Walmart and other chain mega-retailers from their neighborhoods. When these giants do open their doors, research has shown that the impact on local competitors is predominantly negative (Ailawadi, Zhang, Krishna, & Kruger, 2010; Basker, 2005). In addition to their oft-negative impact on
smaller, local competitors, large chains are often the target of complaints about the treatment of employees and poor customer service.

I propose that this confluence of consumers, their communities, locally-owned businesses, and national chains has the key elements to be an issue of consumer social responsibility (CnSR). As socially responsible consumer behavior involves the consideration of how one’s consumption-related activities impact society (Mohr and Webb, 2005; Webster, 1975), such consumers should be motivated to purchase from small, locally-owned businesses (LOBs). In other words, to the extent that one believes large chains treat their employees and/or customers poorly and have negative consequences for their communities and their smaller, LOBs, then that consumer should have an interest in the survival and success of locally-owned competitors. By buying from LOBs, the socially responsible consumer is expressing his/her values and supporting what he/she believes to be in the community’s best interests.

If consumers do, indeed, make store choice decisions based on the locus of ownership (i.e., locally owned vs. a chain based elsewhere), then it is a store choice criterion that needs to be studied. And since not all consumers will take into account locus of ownership when choosing where to shop, it is important to understand to which consumers local ownership does matter. For these reasons, I engage in research that will:

- introduce a valuable new construct to measure one’s preference for patronizing locally-owned businesses;
- more fully explain what matters to socially responsible consumers through the addition of this “localness” perspective;
• further develop the CnSR literature by suggesting an additional store attribute, local ownership or “localness,” that socially responsible consumers may use when making consumption decisions;
• bring awareness to the need for more localness research (for instance, how does it impact consumer misbehavior? Why is localness important to consumers? How can locally-owned stores grow the base of consumers to which localness is important? What are effective ways for non-local firms to compete for customers to whom localness matters?); and
• open the door to further investigation of localness for its strategic value to firms.

This research will refer to the preference for shopping at LOBs over shopping at non-local stores as a local shopping preference (LSP). If this preference for patronizing LOBs exists, it will likely vary by industry and perhaps on other dimensions as well (region, age of consumer, size of town, etc.). Accordingly, this research will introduce the LSP construct to the marketing discipline by initially testing it in narrow contexts in order to demonstrate its meaningfulness in two specific industries: retail clothiers and pharmacies. These industries were chosen for two reasons. First, both clothiers and pharmacies are types of businesses with which the average consumer is very familiar, lending greater veracity to their responses in the studies herein. Second, both of these industries are comprised of many locally-owned stores (LOSs) and national chains (NCs)\(^1\) that are recognizable to consumers. In other words, healthy competition still exists between LOSs and NCs in both of these industries – unlike many other industries where NCs have largely eliminated any viable locally owned competition in many locales.

---
\(^1\) In reference to the geographic breadth of operation of chain stores, these firms are referred to as “national chains,” although in many cases, these firms may have a scope that extends internationally.
To lay the foundation for full model testing (which seeks to identify the antecedents and
an outcome of an LSP), this research first addresses two research questions. First, is the
preference for patronizing LOSs associated with socially responsible consumption? And second,
is “localness” an important store attribute to consumers? The former question serves to confirm
LSP’s place as a behavior that is consistent with socially responsible consumption. The latter
question is addressed in a study that assesses the absolute and relative importance of local
ownership as a store selection attribute. Understanding the importance of localness will help
determine if further investigation of the concept is warranted. If localness actually holds little
value – or a great value but only to a small proportion of consumers – it may hold little
theoretical or managerial relevance.

In addition to answering these two research questions, the objectives of this research are
to: (1) develop a scale to measure one’s preference for patronizing LOSs, (2) identify the traits
of consumers for whom localness matters, and (3) determine if consumers with a strong LSP are
willing to pay a premium when shopping at LOSs.

This research is timely and responds to a number of calls for answers in the marketing
literature. In 2009, The Journal of Retailing produced a special issue titled “Enhancing the
Retail Customer Experience.” Noting that none of the articles in that issue specifically took on
location-related issues, the editors (Dhruv Grewal, Michael Levy, and V. Kumar) called for more
research addressing location issues, which they refer to as a “significant area (p. 2).” And
Paulins and Geistfeld (2003) state that “knowledge of what attributes attract customers to stores
is more important than ever” (p. 371). While subsequent research has delved into issues of
“distance to store” and location planning, none appears to have addressed the effect on
consumers of locus of ownership.
Some of the strongest implications for this research may be in the area of firm-level branding. Juntunen, Juntunen, and Juga (2011) conclude that firm-level brand equity measures built from a product brand equity measure do not work well and that corporate brand equity measures need more attention and development. This research explicitly identifies a firm-level element that may be of great value to a firm’s brand. This research contributes to small business scholarship, as well. Although interest in corporate branding is growing, corporate branding in the context of small businesses is almost nonexistent (Saraniemi, Juntunen, Niemelä, & Tähtinen, 2010).

As the conceptual foundation of this manuscript unfolds, two key themes will be repeated. The first is that well-documented product-related concepts might be extended “up” to the firm level. The second is that the localness distinction, generally conceived as national versus global (or country to country), may be translated to a more micro level of localness: one’s own town or city versus any other town or city.

**Organization**

The remainder of this manuscript is organized as follows. First, a review of relevant literature is provided in Chapter II. There, research questions that drive the remainder of the research are proffered. Next, Chapter III presents the substantive constructs of interest, which guide the development of the conceptual model and hypotheses. For each of the three studies, the methodology, results, and a brief discussion are provided in Chapter IV. Lastly, a general discussion, including implications, limitations, and future research directions, is found in Chapter V. The manuscripts concludes with references, appendices, and a curriculum vita.
CHAPTER II

CONCEPTUAL DEVELOPMENT

While this research centers on the introduction of a new construct (LSP) that will measure the importance to consumers of an as-yet unexplored store attribute (localness), this research is informed by extant literature that suggests related, relevant concepts and provides frameworks within which this research’s themes fit. Below, these areas are reviewed with emphasis placed on their relevance to the above locale-related themes.

Small and Locally-Owned Businesses

While the value of being locally owned has not been given attention in existing marketing research, the related concept of small business has been more heavily studied. In the marketing academic literature, the terms small-to-medium businesses (SMB) and small-to-medium enterprises (SME) are used rather synonymously. SME is a term found more commonly in European business journals, while Americans tend to use term “business” rather than “enterprise.” Since this research will take place in a U.S. context, SMB will be the acronym of choice.

Small Businesses

While the methodological approaches applied in this research do not require a firm definition of what constitutes a small business\(^2\), it is valuable to place parameters on the term in order to better isolate and understand the importance of small businesses to the U.S. and local

\(^2\) As will be seen in the Methods section, subjects are explicitly told a business is locally owned and do not have to infer this from other information provided.
economies. The U.S. Small Business Administration (SBA) provides definitions of small businesses that reflect the largest size a business can be and still be considered small. This standard is measured as either annual revenue or number of employees. Both the relevant measurement and the maximum size vary by sector and industry\(^3\). For instance, food manufacturing firms (NAICS subsector 311) are measured by number of employees. Firms in some food manufacturing industries (e.g., breakfast cereal manufacturers) qualify as small if they have no more than 1,000 employees while others will have a stricter limitation (e.g., 500 employees for most other sub-industries). Conversely, most firms in the retail trades are measured by a revenue standard. The subsectors of focus in this research will be clothing stores (subsector 448) and pharmacies and drugstores (44611)\(^4\), where the maximum annual revenues for being considered a small business range from $10 million to $35.5 million.

Using the SBA’s guidelines for defining small, SMBs accounted for about 65 percent of net job creation in the private-sector from 1993-2008 (Small Business Administration [SBA], 2010). Further, SMBs, representing 99.7% of all employer firms, create new jobs faster than large firms when the economy is exiting a downturn. Small businesses are generally the creators of most new jobs\(^5\), employ over half of the U.S.’s private sector workforce, and account for half of the country’s nonfarm, private gross domestic product (SBA, 2010). In retail, the vast majorities of firms are small businesses, with 77% of retail companies having fewer than ten employees and 95% of retail companies having just one location (Kroeger, 2013).

In addition to their economic importance, another reason that it is important to study SMBs is that they have received considerably less attention from marketing scholars than have

---

\(^3\) The SBA uses the North American Industry Classification System (NAICS) for Industry classification.

\(^4\) The subsector code is extended by two digits here because the broader, 3-digit code would include store types, such as optical goods and food supplement stores, that are not relevant to this study.

\(^5\) Small firms accounted for 64% of net new jobs created between 1993 and 2008.
large firms. As Storey (1994) notes, “a small firm is not simply a scaled down version of a large firm” (p. 74). Rather, SMBs have a number of attributes that are less prevalent in large companies (e.g., scarcity of or lack of access to management expertise, few or no economies of scale, less access to capital) and often operate under different competitive dynamics. For instance, Beaver and Ross (2000) note that, from a managerial perspective, small business are more inclined to adapt than to be strategically proactive. This can result in maneuvers that are targeted to achieve immediate results or short-term survival rather than long-term success (Beaver & Ross, 2000; Hankinson, Bartlett, & Ducheneaut, 1997). Considering their contribution to economies and the lack of attention they have received in scholarly research, SMB research with practical applications should be a priority.

While their importance as job creators is evident, small retailers are continually threatened by large, national/global chains (Lamb, Hair, & McDaniel, 2011) that have the benefits of greater economies of scale, specialized management expertise, and the financial means to better weather economic slowdowns. For instance, the proportion of jobs provided by small businesses in the retail sector has been declining since the late 1980s (SBA, 2010). Indeed, research has shown that when a large NC enters a new market, small, incumbent firms are tangibly impacted. Studies report that an NC entry will cause some smaller incumbent firms to go out of business while many others are forced to reduce prices (Ailawadi et al., 2010; Basker & Noel, 2007; Hausman & Leibtag, 2007).

Since they cannot consistently compete on price, small retailers may try to earn business with higher levels of customer service, unique merchandise, or some other characteristic for which their larger-scale competition may not be recognized. But after the entry of an NC, small
retailers often do resort to competing on price on a now-uneven playing field (due to the lack of scale economies). This reactive approach does not bode well for LOSs

Conceptualizing Localness

Location themes are not uncommon in marketing research. However, the conceptualization of localness is this research, while related, is distinct from the typical usage of “local” in marketing research. Before expounding on the present research’s conceptualization of local, other localness conceptualizations are briefly discussed in order to provide a background against which this manuscript’s focus can be contrasted.

At perhaps the broadest level of local, there is the distinction between global and national or between one nation and another. Accordingly, the country of origin (COO) literature presents local as one’s own country as juxtaposed against foreign nations. In studying COO effects on consumers, research has shown that consumer perceptions of products vary based on their knowledge (actual or assumed) of a product’s country of origin (Hong & Wyer, 1989; Maheswaran, 1994). This research has also demonstrated that there is sometimes a preference for products made in one’s own country (Shimp & Sharma, 1987).

Aaker (2004) takes this same macro level of distinction and applies it to firm-level branding. He proposes that one element of the firm-level brand is whether it has a local or a global frame of reference. According to Aaker, a firm with a local orientation attempts to connect with its local environment and customers. In doing so, customers of the firm may take pride in a successful local company and express their pride through purchasing from the firm. “Local,” as described here, could be at the national level (e.g., showing local pride by buying an American car) or a more micro level (e.g., shopping at a locally-owned grocery store).
The term “local” is also used in retailing research to refer to how close one shops relative to one’s home. For instance, research has investigated the nature of inshopping (shopping close to home) versus outshopping (shopping in another part of town) (Hozier and Stem, 1985; Stone, 1954). These types of studies do not take into account locus of ownership. For instance, shopping at the Walmart in one’s neighborhood (instead of a locally-owned store 20 miles away) would be considered a preference for local shopping or an instance of inshopping.

A conceptualization more similar to the one used in the present research can be found in studies in the food industry, where localness is often measured in terms of the distance of the product’s point of origin to its point of purchase. Thus, products are considered more local when they are produced close to their point of sale. In food research, localness is often associated with organic, freshness, or healthiness (Blake, Mellor, & Crane, 2010).

While the above localness conceptualizations bear some relatedness to the definition used in this research, some clear differences should be reinforced. In the case of COO, localness is perceived at a very broad level (i.e., the country); in the present research, localness is defined at the level of the town or city. In food research, associations are made between localness and food qualities such as freshness and healthiness. Thus, the set of motivations for buying local food would include attributes not relevant to store selection. Furthermore, in many of the above conceptualizations, the emphasis is on the product, whereas in the present research, the point of focus is the firm.

Despite these differences, research-supported elements of the above perspectives of localness provide the groundwork for the logic of a more micro-level, locus of ownership-driven conceptualization of localness. For instance, Aaker’s (2004) proposition that consumers express pride in local companies by patronizing them implies that consumers recognize a local
orientation and can distinguish local from non-local firms. This is a foundational premise to this research, as consumer recognition that firms differ in their localness must precede any locale-based differences in consumer attitudes toward them. Likewise, the COO literature has demonstrated that some consumers – whether due to values or demographics – are motivated to make purchase decisions based on a product’s origin. These findings lend credence to the assertion that consumers may perceive stores differently based on a local versus national distinction and that some consumers will prefer to shop at LOSs.

Just as small businesses play a vital role in the U.S. economy, local businesses have a noteworthy impact to local economies and communities. According to Writing (n.d.), local businesses provide a number of benefits to local economies that large, NCs are less likely to generate. For instance, local firms are more likely to rely on other local businesses for products and services. As examples, local firms are more likely to use local accountants, local attorneys, and the products of other local businesses in their operations than are NCs. Consistent with this assertion, a 2002 Austin, Texas case study performed by Civic Economics revealed that out of $100 spent at locally-owned bookstores, $45 remained in the local economy; on the other hand, only $13 remained in the local economy for each $100 spent at the national bookstore chain, Borders. In terms of employment, Neumark, Zhang, and Ciccarella (2008) calculate that for each person employed due a new Walmart opening, 1.4 retail jobs are lost in that area. Evidence along these lines suggests that LOBs play a valuable role in local economies.

_Distinguishing Small from Local_

While it is likely that there is substantial overlap between firms that are small and firms that are locally owned, it is important to distinguish between the two types of firms for conceptual reasons. It is possible for a small retailer to not be locally owned. For instance, a
clothing boutique in Oxford, Mississippi may be owned by someone in Tupelo, Mississippi who owns one other store there. If someone were shopping at this small business in Oxford, he/she would not be patronizing an LOS. Likewise, such a retailer may operate in a handful of relatively close towns; yet only one of these locales can be its location of ownership.

Furthermore, in some situations, LOBs are very large. For example, Chick-Fil-A, with over 1,600 restaurants and sales in excess of $4.1 billion in 2011, is family-owned and based in Atlanta, Georgia. Someone from Atlanta eating in an Atlanta Chick-Fil-A would be eating in a locally-owned restaurant. Yet clearly, such a behemoth with locations around the country loses its “localness” quite easily, no longer qualifying as the type of enterprise relevant to this research.

Based on the previously provided statistics on small businesses in the U.S., the above situations are likely to be the exception rather than the rule. Thus, for simplicity, future references to locally-owned businesses in this manuscript will imply that the LOBs are also small businesses.

The phrase “locally owned” emphasizes this research’s true dimension of interest: that of where the business is based. Ownership locale is a critical concept in this research because the proposition is that it is the localness – not the size – of the firm that influences how some customers engage with a firm. For instance, when a consumer – particularly a socially responsible one – is deciding between an Ann Taylor Loft store and a locally-owned ladies’ clothing store, it is unlikely that she will consider which individual store has the greatest annual revenue or which firm employs more people. The typical consumer is, indeed, unlikely to know these statistics for either company. But many – if not most – consumers know if a store is locally
owned or a part of a national chain. Therefore, localness is more likely to be a factor considered by a consumer than is smallness.

While localness has not been a focal point for marketing research, scholars have pointed to localness-related themes as having an impact on consumers. For instance, regarding consumer ethics, Vitell (2014) states that consumers are “much more likely to ‘harm’ a large, impersonal business than a small, local one.” Likewise, research has shown that companies’ corporate social responsibility (CSR) efforts are more successful when they are targeted more locally (Devinney, Auger, & Eckhardt, 2012; Russell & Russell, 2010). For instance, philanthropy that benefits schools in close proximity to the retail store is likely to be more successful than similar charitable efforts that benefit schools in a developing country. These examples suggest a need for a greater understanding of how localness affects consumers.

**Consumer Social Responsibility (CnSR)**

Scholars have noted an increasing awareness amongst individuals of the consequences of their consumption (Garcia-Gallego & Georgantzis, 2009; Harris, 2006; Ostrom, 2000). Their research has demonstrated that consumers do not make consumption decisions purely on the basis of direct costs and benefits. In other words, indirect costs (e.g., drive distance; lack of parking) and indirect benefits (e.g., prestige, shorter check-out lines) are often considerations, as well. Furthermore, some consumers are also known to take into account such “societal” factors as a manufacturer’s labor policies (e.g., not using child labor; paying a “living wage”) and a firm’s impact on the environment into their palette of consumption decision-making criteria. These latter consumers can be labeled socially responsible consumers.

Around this socially aware consumption phenomenon has evolved a relatively new area of consumer research: consumer social responsibility (CnSR). Devinney, Auger, Eckhardt, and
Birtchnell (2006) define CnSR as “the conscious and deliberate choice to make certain consumption choices based on personal and moral beliefs” (p. 3). While the term “moral” is in their definition, Devinney et al. (2012) emphasize that socially responsible consumption needs not have an ethical or moral component to it. Indeed, someone motivated by self-interest, such as the enhancement of one’s image, may still engage in socially responsible consumption. For instance, someone might buy fair-trade coffee – an act that is considered socially responsible – solely to be seen with the “fair trade” label on his/her coffee cup so that others might form a favorable impression of him/her. As this example reveals, one’s motivations are not relevant to the definition of socially responsible consumption.

Vitell (2014) notes that socially responsible consumers have “a responsibility to avoid societal harm and even to act proactively for social benefit…” (p. 6). Thus, the concept of CnSR implies that non-traditional and social components of a company’s products and processes are important to consumers (Devinney et al, 2006). For instance, socially responsible consumers, when deciding where to shop or what to buy, might take into account issues such as: whether or not a product was made using child labor; inequities in the compensation of minority groups; and the impact of a firm’s processes on the environment. In summary, while traditional purchase decisions are made mainly with a self-interested cost-benefit analysis, socially responsible consumption involves consideration of the societal outcomes of one’s decisions.

CnSR can be demonstrated in a number of ways, including social involvement (e.g., donating to a cause or engaging in a protest) and via one’s purchasing/non-purchasing behavior (Devinney et al., 2006). Regarding these latter behaviors, the terms boycotting and buycotting are sometimes used, where buycotting refers to purchasing a product primarily because of its socially responsible production. Mohr and Webb (2005) state that people for whom socially
responsible consumption is important will “modify their consumption behaviors in a wide variety of contexts in order to strive toward the ideal of improving society” (p. 127).

Attitudes and behaviors similar to those associated with socially responsible consumption also have been studied under different names, such as ethical consumerism, prosocial behavior, green consumption, and consumer citizenship. The definitions of these terms often have significant overlap. While definitionally distinct, these terms share a common implication: people do not behave solely in self-interested ways; they take into consideration how their behaviors affect others and understand that their consumption makes a personal statement. For instance, consumers are expressing their values and making a statement when they insist on buying products made in their own country. And in following through on this preference for domestically-made products, they recognize that they are making an impact on firms and society. The expression of oneself through consumption can be further understood with the framework of identity theory and the concept of extended self – concepts that will be further elucidated in the next section.

*Identity Theory and Extended Self*

The motivations for expressing oneself via consumption can be understood within the framework of identity theory and concept of extended self. The proposition is that individuals’ identities are reflected in and defined, in part, by what they own and consume (Belk, 1988). Much of the existing research on identity has focused on possessions (i.e., products). But Belk (1988) does assert that individuals’ sense of *extended self* can also be comprised of places – specifically, communities and neighborhoods.

---

6 Since scholars sometimes use an alternative term, such as these, when describing socially-responsible consumer behavior, this manuscript will occasionally draw on research in these related areas (e.g., ethical consumerism) when the research applies to socially-responsible consumption.
Belk (1988) also suggests that identity and extended self may explain certain consumer actions that run counter to the traditional exchange paradigm, where direct costs and benefits are highly visible and/or tangible. Belk (1988) states that recognizing that “part of one’s extended sense of self can be shared, or at least perceived as shared, with others helps to explain acts of civic responsibility, patriotism, and charity” (p. 154). Accordingly, buying from an LOS – especially when it may involve some sacrifice on the consumer’s part (e.g., higher prices, a farther drive) can be rather altruistic in nature and perceived as an act of civic responsibility or pride.

Continuing on the connection between objects and self, Belk (1988) suggests that the loss of a possession could be regarded as a loss or lessening of self. Thus, it may be that part of the desire to patronize a LOS is that the loss (i.e., commercial failure) of such a store would be perceived as a loss to the identity of the person who identifies with the LOS. In this sense, patronizing an LOS is akin to self-preservation, as the consumer does not want to lose that community-based part of his/her extended self of which the LOS is a part.

Considering these perspectives on identity and extended self, it seems reasonable to extend this largely possession-based framework to a place-based one. That is, one’s identity can be derived from not only what is bought but where it is bought. Here, “where” is defined not as much by the store’s physical location as it is by the location – or perception of the location – of store ownership. An LOS and an NC may be located side-by-side, but a socially responsible consumer, aware of the locus of store ownership, may prefer the LOS.

*Integrating Localness and CnSR*

Understanding the nature of CnSR and the types of attitudes held by socially responsible consumers, it seems logical that a socially responsible consumer might consider locus of
ownership when deciding what firms to patronize. If one understands the economic and societal value LOBs, then he/she might consider “where I buy” to be impactful just as “what I buy” is presently considered relevant to socially responsible consumers.

Ha-Brookshire and Norum (2011) point to the September 11, 2001 terrorist attacks and the 2008 U.S. economic recession as events leading to an increase in patriotism, nationalism, and/or ethnocentrism that led to the purchase of American-made products being considered socially responsible. Websites such as www.americansworking.com, www.buyamericanmart.com, and www.madeinusa.org provide anecdotal evidence that location, at the national level, is an attribute that consumers consider when deciding what goods to purchase. Taking this boycotting concept to the context of the store, boycotting would encompass selecting a store based on its contribution (or lack of harm) to society.

As noted earlier, there is evidence that socially responsible behavior resonates better with the public when its intended impact is emphasized at a local, rather than global, level (i.e., “help your local school” rather than “save the planet”) (Belk, Devinney, & Eckhardt, 2005; Devinney et al., 2012). That is, consumers are more likely to support CSR efforts when they can see its impact or know those who benefit from it.

Regarding the breadth of CnSR, Webb, Mohr, and Harris (2007) suggest that CnSR has multiple domains (e.g., treatment of employees, philanthropy). Thus, a scale that focuses too narrowly on a single domain, such as environmental issues, will fail to accurately represent the broader nature of CnSR. I propose that locus of ownership is a domain consistent with the CnSR framework in that consumers should view supporting LOBs as socially responsible to the extent that they recognize LOBs are good for their communities. Thus, I ask research question 1:
RQ1 Is the preference for patronizing local stores associated with socially responsible consumption?

Store Image / Attributes

Consumers are known to make store selections based a variety of attributes that may relate to the store’s overall image. Retailers seek to attract customers by manipulating these attributes in ways they believe consumers will find favorable. Researchers have long embarked on a quest to understand these store attribute preferences of consumers (Mokhlis, 2008). These studies often rely on the multi-attribute model of Fishbein and Ajzen (1975), which suggests that a person’s attitude toward an object is based on the sum of his/her beliefs about the object’s attributes and his/her subjective weighting of the importance of those attributes. When consumers’ perceptions of a store’s attributes are positive, they may decide to patronize it. However, if their perceptions are negative, they would be unlikely to shop at that store (Engel, Blackwell, & Miniard, 1995).

The concept that non-functional attributes of a store are relevant to consumers is deeply rooted in the marketing literature. In a seminal work, Martineau (1958) showed that there are a number of store image and other non-merchandise factors that influence where customers shop. According to Martineau (1958), “there is a nonlogical basis of shopping behavior (p. 55)” that relates to emotions, the need for socialization, environmental cues, and customers’ perceptions of non-product-related attributes and non-physical factors. More recently, in defining the customer experience in the context of retailing, Verheof et al. (2009), note the relevance of the customer’s affective, emotional, and social responses in addition to the cognitive and physical ones.

Erdem, Oumlil, and Tuncalp (1999) recognize that there is considerable variation in the combination of store attributes that researchers consider relevant in studies of store choice.
While Lumpkin, Greenberg, & Goldstucker (1985) measured respondents’ evaluations of the importance of 32 different store attributes to determine which were most valuable to store selection, most research appears to isolate 8-12 store attributes for study. And when factor analysis is undertaken, these store attributes can generally be combined into a smaller number of more general factors.

Over the years, store attribute research has covered almost every imaginable attribute – from restrooms, dressing rooms, and parking to store hours and merchandise displays. But much of the leading scholarly research has focused on a smaller number of attributes that have proven to be salient in a variety of contexts. Among these studies, Mazursky and Jacoby (1986) found that customers’ perceptions of stores were more influenced by merchandise-related attributes (e.g., price, assortment) than by service-related ones (e.g., return policy, number of salespeople). Erdem et al. (1999) found that status was the most important store selection attribute, followed by merchandise then price.

Paulins and Geistfeld (2003) state that “knowledge of what attributes attract customers to stores is more important than ever” (p. 371). This research adds to the aforementioned, oft-studied store selection attributes a factor that appears to have not been studied at all: a store’s localness (i.e., being locally-owned or not). As used here, a store has the attribute of localness if its locus of ownership is also the place (town or city) where one is presently shopping. In Martineau’s (1958) words, “all shoppers seek stores whose total image is acceptable and appealing to them individually” (p. 49). It is contended that the localness attribute is a part of this total image and, accordingly, add it to the present research to determine its importance relative to other store attributes. The second research question is, therefore, presented:

RQ2: Is localness an important store selection attribute to consumers?
An affirmative answer to RQ1 would indicate that CnSR is the appropriate domain for this localness research. Meanwhile, if it is found that localness is an important store selection attribute – at least to a sizeable portion of the overall consumer base – then its further study is warranted for both its theoretical and practical relevance.
CHAPTER III
HYPOTHESIS DEVELOPMENT

Values

Based on their review of scholarly literature, Schwartz and Bilsky (1987, 1990) conceptualize values as having five features: they (1) are concepts or beliefs; (2) pertain to desirable end states or behaviors; (3) transcend specific situations (in contrast to an attitude); (4) guide the selection or evaluation of behavior and events; and (5) are ordered by relative importance. Thus, a person may maintain numerous values, which vary in degree of importance.

Values have proven to be important in the explanation of a variety of consumer behaviors. Studied in many disciplines, values have been used to explain organic food purchasing (Grunert & Juhl, 1995), mall shopping attitude and behavior (Shim & Eastlick, 1998), attitudes toward local and global products (Steenkamp & de Jong, 2010), and attitudes toward the obese (Crandall & Martinez, 1996). Thus, it is well-recognized that values influence and are predictive of attitudes (Ajzen, 2001).

An understanding of the values of consumers can also be useful in business strategy. To the extent that specific values or combinations of values are associated with certain consumer desires, as has been demonstrated by Gutman (1990), firms can create certain product offerings to meet the demands of those consumers. Conversely, a firm might better locate the target audience for its existing products or services if it understands the values that are associated with the benefits its products/services provide.
Values are particularly germane to the study of socially responsible behavior, and a number of researchers have explored the relationship between various values and socially responsible or ethical behavior. Shaw, Grehan, Shiu, Hassan, and Thomson (2005) found that the values of ethical consumers differ from those of general consumers. And Vitell (2014) notes that values such as tradition, conformity and security are related to a consumer’s ethical evaluation of questionable consumer behaviors. The present research will evaluate two categories of values: general values and consumer values.

*General Values*

General, or personal, values are enduring beliefs that convey what is important in our lives. One of the most widely accepted typologies for the elucidation and measurement of general values is Schwartz’s (1992) theory of general values, which has been utilized on over 200 samples and more than 60 countries (Schwartz and Boehnke, 2004). Data from these studies have provided support for the: a) distinctiveness of the ten values, b) comprehensiveness of the model, and c) ordering of the values, which is seen in Figure 1.
Figure 1: Schwartz’s Model of Relations Among General Values

Adapted from Schwartz (1992)
Figure 1 displays the ten values (universalism, benevolence, conformity, tradition, security, power, achievement, hedonism, stimulation, and self-direction) in a circle where adjacent values are considered compatible, and values on the opposite side of the circle would be opposing values. Thus, conflict between values would increase with the distance between values. For example, universalism, an appreciation for the welfare of all people stands congruently with benevolence, an interest in the welfare of people with whom one is close. Conversely, universalism is on the opposite side of the circle from power, which refers to control over people and resources.

The ten general values are defined by what motivations underlie them, and the closer two values are on the circle, the more similar the underlying motivations are. Therefore, it follows that one’s attitudes and actions should be reflective of one’s values and the motivations for them. Table 1 lists each of the 10 values, their definitions, and examples of narrower values that comprise the general value.
### Table 1: General Values, Definitions, and Representative Items

<table>
<thead>
<tr>
<th>Value</th>
<th>Definition</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power</td>
<td>Social status and prestige, control or dominance over people and resources</td>
<td>social power, authority, wealth</td>
</tr>
<tr>
<td>Achievement</td>
<td>Personal success through demonstrating competence according to social standards</td>
<td>successful, capable, ambitious, influential</td>
</tr>
<tr>
<td>Hedonism</td>
<td>Pleasure and sensuous gratification for oneself</td>
<td>pleasure, enjoying life</td>
</tr>
<tr>
<td>Stimulation</td>
<td>Excitement, novelty, and challenge in life</td>
<td>daring, a varied life, an exciting life</td>
</tr>
<tr>
<td>Self-Direction</td>
<td>Independent thought and action-choosing, creating, exploring</td>
<td>creativity, freedom, independent, curious, choosing own goals</td>
</tr>
<tr>
<td>Universalism</td>
<td>Understanding, appreciation, tolerance and protection of the welfare of all people and of nature</td>
<td>broadminded, wisdom, social justice, equality, a world at peace, a world of beauty, unity with nature, protecting the environment</td>
</tr>
<tr>
<td>Benevolence</td>
<td>Preservation and enhancement of the welfare of people with whom one is in frequent personal contact</td>
<td>helpful, honest, forgiving, loyal, responsible</td>
</tr>
<tr>
<td>Tradition</td>
<td>Respect, commitment and acceptance of the customs and ideas that traditional culture or religion provide the self</td>
<td>humble, accepting my portion of life, devout, respect for tradition, moderate</td>
</tr>
<tr>
<td>Conformity</td>
<td>Restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms</td>
<td>politeness, obedient, self-discipline, honoring parents and elders</td>
</tr>
<tr>
<td>Security</td>
<td>Safety, harmony and stability of society, of relationships, and of self</td>
<td>family security, national security, social order, clean, reciprocation of favors</td>
</tr>
</tbody>
</table>

*Adapted from Schwartz (1992)*
The construct proffered in this research, local shopping preference (LSP), is likely to bear a significant, positive relationship with only certain of these ten general values. Using previous consumer-related research that incorporates these general values, this research measures only those values that are expected and hypothesized to have a positive relationship with a local shopping preference. These particular general values and their anticipated relationships to LSP are discussed below.

*Tradition*. Tradition refers to a respect for and commitment to the customs that one’s culture imposes on its members (Schwartz, 1992). As such, tradition would appear to be a value that is consistent with a favorable attitude toward supporting LOSs. Traditional consumers might see LOSs as more attuned to the culture and needs of the consumers of their specific community, and, accordingly, show a strong desire to patronize them. As such, I hypothesize:

H₁: As one’s tradition value increases, one’s preference for shopping at locally-owned stores also increases.

*Self-direction*. The self-direction value type is characterized by independent thought and action (Schwartz, 1992). Individuals high on this value would be independent thinkers who are more likely to make their own decisions than to follow the crowd. Large NCs, such as Walmart, generally rely on a large customer base whereas smaller LOSs tend to have a smaller number of customers and, perhaps, more niche markets. As NCs are more likely to rely on a mass appeal, I contend that LOS patrons are likely to exhibit the independent thought characteristics of the self-direction value. I therefore hypothesize:

H₂: As one’s self-direction value increases, one’s preference for shopping at locally-owned stores also increases.
Benevolence. As noted above, benevolence refers to a placing a high degree of importance on the welfare of those with whom one is close or in frequent personal contact (Schwartz, 1992). Regular patrons of small LOSs, which are perceived to have better customer service and more customer contact, might be more likely to develop relationships with the employees at these stores than they would the employees at NCs. Further, consumers may see patronizing an LOS as a way of showing benevolence toward a local business owner (whereas the “owner” of an NC is typically hundreds of thousands of shareholders around the country with perhaps a concentration of stock held by a few non-local executives). Accordingly, I hypothesize:

H₃: As one’s benevolence value increases, one’s preference for shopping at locally-owned stores also increases.

Consistent with Schwartz’s circular visualization of the relationships between the ten general values, the values that I propose to be positively related to are congruent to one another – although separated slightly in the case of tradition and self-direction. As for the remaining values that are not hypothesized to be positively related to LSP, these are briefly discussed below with attention to why they may be unrelated – or negatively related – to LSP. Values on the opposite side of the values circle, which may be expected to be negatively related to LSP, are not included in this research in an attempt to create a more parsimonious model.

Achievement. Achievement refers to demonstrating one’s competence and thereby obtaining social approval (Schwartz, 1992). This value was unrelated to either ALP or AGP in Steenkamp and de Jong’s (2010) research and seems to bear little relevance to one’s attitude toward shopping preferences. Therefore, it is not measured in this research.
Conformity. This value is built on motivations to refrain from actions that are likely to upset others or that are contrary to prevalent social norms (Schwartz, 1992). Thus, one who is high on the conformity value would be more likely to follow the crowd than to buck it. While Steenkamp and de Jong (2010) found conformity to be positively related to ALP, I believe the opposite will be true for LSP. Steenkamp and de Jong’s (2010) sample included respondents in 28 countries. In globally-oriented (i.e., high importing) countries, such as the U.S., buying global products might be seen as the norm, or conforming to general consumption patterns. However, in more protectionist (i.e., low importing) countries, buying global products would be quite nonconformist. As the present research’s sample will consist solely of U.S. consumers, I assert that buying from LOSs would constitute behavior that is more consistent with individualistic, nonconformist motivations. Since national chains rely on large customer bases and a mass appeal, a preference for LOSs would not be consistent with conformist values.

Hedonism. This value relates to one’s motivations for pleasure, enjoyment, and self-gratification (Schwartz, 1992). Steenkamp and de Jong (2010) found no relationships between hedonism and ALP or AGP. As it does not appear to apply to one’s attitude toward shopping at LOSs, it will not be measured in this research.

Power. Schwartz (1992) views the primary motivations behind power as the attainment of social status and control or dominance over people. Power had no significant relationship with ALP in Steenkamp & de Jong’s (2010) research, and does not have an intuitive connection with a LSP. Thus, it will not be measured here.

Security. Security refers to the motivations of safety and stability and encompasses both individual- (e.g., health, cleanliness) and collective-level (e.g., national security) interests (Schwartz, 1992). While certain aspects of security, such as social order, may have a bearing on
one’s store preferences, it is not clear that other aspects would relate to where one chooses to shop. Therefore, it will not be measured in this research.

**Stimulation.** Defined by the motivations of variety and excitement (Schwartz, 1992), Steenkamp and de Jong (2010) found that stimulation was negatively related to ALP. However, it may be that in the case of a preference for LOSs over NCs, one might find some fulfillment of the need for variety in shopping at LOSs rather than NCs, which tend to aim for the middle and appeal to the masses. Lacking evidence and without a more clear connection to LSP, a hypothesis is not offered for this value, and it is not measured in this research.

**Universalism.** As benevolence pertains to those with whom one is close, universalism applies to “the welfare of all people and for nature” (Schwartz, 1992, p. 12). Since LSP should reflect an individual’s desire to support those with whom he/she is closer, universalism may be too broad in its scope to be relevant here. However, the local focus of LSP does not necessarily run counter to the universalism value. For this reason, no hypothesis is offered for universalism, which is not measured.

**Consumer Values**

Whereas general values are broad and not context-specific, consumer values refer to those values that drive consumption attitudes and behaviors. Steenkamp and de Jong (2010) isolate the consumer values of materialism, innovativeness, nostalgia, ethnocentrism, and environmentalism as those most germane to their research. Three of these consumer values are included in this research.

**Materialism.** Materialism refers to the belief that material possessions and their acquisition are highly valued in a person’s life (Richins & Dawson, 1992). Steenkamp and de Jong (2010) found that both ALP and AGP were positively associated with this value. This may
be because their constructs were product-oriented, and that materialistic individuals could have stronger attitudes toward the consumption of products in general – whether they are local or global.

On the other hand, this research contends that LSP is an attitude consistent with the concept of CnSR and, as such, would be less consistent with materialistic, “me-oriented” attitudes. Further, as a positive relationship was hypothesized between LSP and self-direction, this research argues that one with a high LSP should be less concerned with others’ opinions of one’s material possessions. Considering this rationale, I hypothesize:

H4: As one’s value of materialism increases, one’s preference for shopping at locally-owned stores decreases.

*Consumer ethnocentrism.* Ethnocentrism refers to the belief that one’s own group is the norm and that one’s consumption efforts should be directed at the maintenance of this “in-group” (Steenkamp & de Jong, 2010). Ethnocentric consumers highly value their own culture and products – so much that they may even hold other cultures in contempt (Shimp & Sharma, 1987). Accordingly, ethnocentric consumers are generally averse to foreign products because purchasing them hurts the economy. Taking this value to the context of where people shop, it would be reasonable to expect ethnocentric consumers to show a stronger support for LOSs than stores whose locus of ownership is elsewhere. Therefore, I hypothesize:

H5: As one’s value of consumer ethnocentrism increases, one’s preference for shopping at locally-owned stores also increases.

*Environmentalism.* The environmentalism value has become increasingly visible amongst consumers. Environmentalism refers to a deep concern for the environment. As traditionally measured, CnSR has obvious elements of environmental concern. For instance, of
the 30 items initially tested in Webb et al.’s (2007) Socially Responsible Purchase and Disposal (SRPD) scale, 15 items relate to the natural environment, including 6 devoted specifically to recycling behaviors. Thus, if, as I suggest, LSP is positively related to the attitudes of socially responsible consumers, then it would follow that individuals displaying a high LSP would also be high in the environmentalism value. I therefore hypothesize:

\[ \text{H}_6: \text{As one’s value of environmentalism increases, one’s preference for shopping at locally-owned stores also increases.} \]

Two additional values measured by Steenkamp and de Jong (2010) are not included in this research. The first, consumer innovativeness is defined by Steenkamp, Ter Hofstede, and Wedel (1999) as the importance of buying new products at an early stage (as opposed to remaining with previous consumption patterns). This value was not found by Steenkamp and de Jong (2010) to be associated with ALP. Likewise, there does not appear to be a theoretical argument for associating this product-related consumer value with LSP.

The second consumer value that is not included in this research is nostalgia, which refers to a need to go back to earlier times when things were presumably better (Holbrook, 1993). Steenkamp and de Jong (2010) found nostalgia to be negatively related to ALP. As there does not appear to be an intuitive or theoretical link between nostalgia and the locus of a store’s ownership, nostalgia is not measured in this research.

**Sociodemographics**

While sociodemographic variables are generally considered less theoretically meaningful than values, sociodemographics are managerially identifiable variables and, therefore, provide

---

7 Based on the results of CFA of their Study 1 data, four items, including two that were environment-related, were removed from their scale due to poor measurement properties. Studies 2 and 3 were performed with a 26-item scale.
actionable information (Steenkamp & de Jong, 2010). For example, managers can use sociodemographic information to better target consumers whose needs align with their offerings.

Research has shown that certain behaviors related to localness may vary along sociodemographic lines. For instance, the importance of various store attributes has been shown to vary amongst consumers based on a number of personal characteristics (e.g., Bawa, Landwehr, & Krishna, 1989; Paulins & Geistfeld, 2003). Thus, including sociodemographic variables in these analyses can help identify how a preference for LOSs differs by age, region of the country, or another sociodemographic segment.

As a new construct without an obvious proxy in related literature, clear associations between LSP and sociodemographic variables are not easily inferred. However, one relationship – income – does seem somewhat intuitive. Since LOSs tend to compete on attributes other than price, they are reputed to have higher prices than NCs. As such, regular patrons of LOSs could be expected to spend more than patrons of NCs. If this is the case, a preference for LOSs could be related to one’s ability to buy more expensive merchandise. As such, I hypothesize that LSP is positively related to household income.

Stated formally:

H7: Current household income will be positively related to the preference for shopping at locally-owned stores.

Steenkamp and de Jong (2010) found that as household income increased over time, attitudes toward local products increased, as well. The logic is similar to that for income: as a household’s income increases over time, its members are more capable of affording the higher prices or more expensive merchandise of LOSs. Accordingly, I hypothesize:
H8: As one’s household income rises over time, one’s preference for shopping at locally-owned stores also rises.

**Willingness To Pay (WTP)**

As the name implies, WTP measures one’s willingness to pay for a product. Defined as the maximum amount a consumer is willing to pay for a product (Krishna, 1991), when two different types of products are compared, comparing an individual’s WTP for the two products allows one to compute a premium that one places on one product over the other. In this way, WTP has parallels with brand equity, which is the additional value that a brand bestows upon a product (Farquhar, 1989). In other words, if someone is willing to pay $2 more for a blender that is red than the otherwise-same blender that is blue, then the redness attribute of the blender has bestowed onto the blender an additional $2 of value from the perspective of the customer.

WTP is a highly useful metric when it is used to compare multiple products or attributes. When this approach is taken, researchers are able to evaluate the magnitudes of the differences in financial values that people ascribe to various products or combinations of attributes. This comparison approach to WTP has been quite informational in the study of ethical, “green,” or socially responsible consumption.

In determining if consumers’ WTP for apparel made from cotton produced through sustainable farming practices, Ha-Brookshire and Norum (2011) evaluated three types of socially responsible cotton shirts against a shirt made from cotton produced by traditional farming processes. The authors found that most respondents were willing to pay a premium for all three of the socially responsible shirts, with the shirt labeled “organic cotton” receiving the largest premium (18.6%). In studying fair-trade coffee, de Pelsmacker, Driesen, and Rayp (2005) found that consumers are willing to pay a 10% premium for this type of coffee over traditional coffee.
Studies performed by Camacho-Cuena, García-Gallego, Georgantzis, & Sabater-Grande (2004) revealed that consumers were willing to pay a premium between 14-28% for an eco-friendly table relative to a standard office table. Haytko and Matulich (2009) found that consumers who value green products are willing to pay a premium for them. Similarly, Darby, Batte, Ernst, and Roe (2006) found that there exists a noteworthy demand from U.S. consumers for locally-grown produce, and that those consumers indicate a willingness to pay a price premium for such food.

These studies are typical of WTP research in the realm of socially responsible consumption in that the focus is on the product. But it is also possible that consumers will show varying levels of WTP depending on where they make their purchases. That is, someone may be willing to pay a premium for goods, in general, at one store relative to what it would cost them at another store. In the literature review for this research, only one study was found that explored WTP at the store level. Choi (2011) reported that slightly more than half of respondents were willing to pay modestly more (1-5%) to dine at a restaurant that engaged in socially responsible business practices (versus approximately 15% who would be willing to pay a 6-10% premium).8

As noted earlier, comparative WTP carries similarities to the concept of brand equity. In addition to the existence of product-based brand equity, retailers themselves may have brand equity, as well. Ailawadi and Keller (2004) explain retailer brand equity in terms of the additional resources customers are willing to expend in order to shop with a specific retailer. This might include the direct cost of paying higher prices, but it could also include the willingness to drive farther, forgo certain perquisites of other retailers, accept a smaller merchandise selection, or bear some other inconvenience (e.g., inadequate parking, shorter operating hours).

---

8 73.32% of respondents indicated a willingness to pay at least some premium to dine at a socially-responsible restaurant.
Thus, considering this store-level conceptualization of brand equity and earlier arguments suggesting that buying from a LOS is an act of CnSR, consumers – particularly socially responsible ones – may then be willing to pay a premium at LOSs for products that they could buy less expensively at NCs. And this may be the case because of some attribute(s) that is unique to or more prevalent in the LOS. It is proposed here that localness is one such attribute. Formally hypothesized:

H9: As one’s preference for locally-owned stores increases, one’s willingness to pay a premium at locally-owned stores also increases.

**Perceived Consumer Effectiveness (PCE)**

Perceived consumer effectiveness (PCE) is the belief that one can have a positive impact on social and environmental problems (Straughan & Roberts, 1999). Originally proposed by Kinnear, Taylor, and Ahmed (1974) in the context of pollution, the construct has since been modified to include attitudes toward additional socially responsible behaviors. Indeed, marketing research has consistently found PCE to be positively associated with environmentally and socially responsible behaviors (Antil, 1984; Roberts, 1996; Webster, 1975). Consistent with these findings, I propose that the relationship between a local shopping preference and a willingness to pay a premium at locally owned stores will be moderated by PCE. Consumers who believe their actions make a positive impact on society should exhibit a greater willingness to pay a premium at locally owned stores. Formally stated:

H10: The positive relationship between a local shopping preference and one’s willingness to pay a premium at locally-owned stores will be moderated by one’s perceived consumer effectiveness, such that the higher one’s perceived consumer effectiveness, the greater one’s willingness to pay a premium at locally owned stores.
The relationships hypothesized in H1 – H10 are shown in Figure 2 below and are tested in Study 2.
Figure 2: Conceptual Model of Relationships

- Tradition
- Self-direction
- Benevolence
- Ethnocentrism
- Environmentalism
- Materialism
- Household Income
- Income Evolution

Perceived Consumer Effectiveness (PCE)

Local Shopping Preference (LSP)

Willingness to Pay (WTP)

→ indicates a hypothesized negative relationship
CHAPTER IV

METHODOLOGY

The relationships proposed in this research are investigated in three stages. The first two stages are undertaken in Studies 1a and 1b. Specifically, Study 1a develops and validates the measurement instrument for local shopping preference (LSP).

Study 1b continues the development of LSP by evaluating the importance of localness as a store selection attribute. In particular, this study analyzes localness alongside seven other store selection criteria that have been consistently identified in marketing literature as germane to the store choice decision. In the third and final stage, Study 2 deploys the LSP scale in an attempt to a) identify antecedents of the localness preference and b) determine LSP’s relationship to one’s willingness to pay a premium at local stores for merchandise that could be purchased less expensively at a national chain.

Study 1a: Scale Development

The first objective of Study 1a is to develop the LSP scale. For the scale, fifteen items were generated based on a review of related literature followed by discussions with marketing professors and doctoral students. Some items were inspired by Hozier and Stem’s (1985) local retailer shopping loyalty scale. (While similar in name, the Hozier and Stem scale actually measures one’s preference for “inshopping” vs. “outshopping.” In other words, their scale measures the preference for shopping at nearby stores regardless of the locus of ownership.) However, most items are original to this research based on feedback from the aforementioned marketing professors and doctoral students.
The second objective of Study 1a was to ensure the abridged version of the CnSR scale maintained adequate measurement properties. The 12-item scale deployed in Study 1a was adapted from the 26-item, 4-dimension Socially Responsible Purchase and Disposal (SRPD) scale developed by Mohr and Webb (2005) and later refined by Webb et al. (2007). This scale was modified to reduce the number of items needed to measure socially responsible consumer behavior and, hopefully, reduce the likelihood of survey fatigue (Burisch, 1984; Steenkamp, de Jong, & Baumgartner, 2010).

An additional bias of concern with survey data is socially desirable responding (SDR). SDR refers to the tendency of survey respondents to provide favorable responses that are in-line with prevailing social norms and standards (Nederhof, 1985). A pervasive problem in survey research, SDR threatens the validity of data by introducing extraneous variance (Steenkamp et al., 2010).

Paulhus and John (1998) categorize SDR tendencies into those that are egoistic in nature and those that are moralistic in nature. Egoistic response tendencies (ERT) are those that are based on the motivation to see oneself as exceptionally talented and socially prominent. Moralistic response tendencies (MRT), on the other hand, refer to the tendency to see oneself as an exceptionally good member of society. Steenkamp et al. (2010) recommend measuring both dimensions of SDR when assessing its presence in survey research. Accordingly, I will employ their method to test for the presence of SDR in this study.

**Sample**

The sample for Study 1a was comprised of undergraduate business students enrolled in a large university in the southeastern United States. Students were recruiting using an online system through which students taking Marketing courses can volunteer to participate in studies.
These students are awarded extra credit in their marketing course for successful participation and completion. Through this process, 393 students began the survey. After removing incomplete surveys and participants who failed to pass attention check questions, 318 surveys remained for analysis. This figure easily exceeds the 10-to-1 ratio of observations to variables that is recommended by Hair, Black, Babin, and Anderson (2010).

**Measures**

As a part of the factor analyses, Study 1a began the LSP scale development process with 15 items. The CnSR scale was begun with 12 items. Items for both scales are found in Appendix A.

Both dimensions (ERT and MRT) of SDR were measured, and this was done using the two 10-item scales employed by Steenkamp et al. (2010). The authors adapted their scales from longer versions developed by Paulhus (1991). The SDR scale items can be found in Appendix B.

**Method**

Study 1a utilized a self-administered online questionnaire created using the Qualtrics survey builder tool. The survey began with the 15 potential items of the LSP scale, followed immediately by a distraction task. The distraction task, asking participants to evaluate and rank vacation destinations, provides a temporal separation between the substantive scales of interest. This technique addresses method bias by reducing a respondent’s ability to use previously provided responses to influence subsequent answers (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The remaining scales in the survey were the ERT portion of the SDR scale (10 items), the modified CnSR scale, and the MRT portion of the SDR scale. Unless otherwise noted, items were measured on 7-point Likert-type scales ranging from Strongly Disagree to Strongly Agree.
An initial examination of the distribution of error terms revealed some departures from normality. Accordingly, maximum likelihood estimation with robust standard errors was used as the estimator in this and all subsequent analyses in this research (Yuan & Bentler, 2000). Alternatively, data could have been transformed to correct for the non-normality. However, the robust errors estimator approach was used instead since this method eliminates the need to later “un-transform” the manipulated data in order to interpret results.

Potential issues with SDR were investigated by creating latent variables in Mplus and reviewing their correlations. The impact of SDR was measured by comparing relationships between the substantive constructs of interest and the ERT and MRT scales, as per Steenkamp et al. (2010). Construct associations were evaluated by their bivariate correlations. If these correlations are not statistically significant, researchers may conclude that SDR is not a problem (Steenkamp et al., 2010).

Both principal components analysis (PCA) and factor analysis (FA) can be used to reduce a set of indicators to a more cohesive and parsimonious set. However, Widaman (1993) recommends FA when the researcher is attempting to obtain parameters for latent factors. As this was the case and confirmatory factor analysis (CFA) would be used to later assess the factor structure, FA procedures were used at this stage.

To confirm that the data were appropriate for FA, Bartlett’s Test of Sphericity and the Kaiser-Meyer-Olkin measure of sampling adequacy (MSA) were employed. Bartlett’s test assesses the presence of correlations among the variables, with significance indicating that there are significant correlations amongst at least some variables (Hair et al., 2010). The MSA index ranges from 0 to 1, with a 1 indicating that variables can be predicted perfectly from other variables (Hair et al., 2010).
Exploratory factor analysis (EFA), performed in IBM SPSS, was used to determine the most appropriate combination of items to construct a unidimensional measure one’s preference for LOSs. All 15 items were subjected to principal axis factoring with varimax rotation, an orthogonal technique. Rotation of the factors “improves the interpretation by reducing some of the ambiguities that often accompany initial unrotated factor solutions” (Hair et al., 2010, p. 112). Hair et al. (2010) posit that varimax rotation yields a clearer separation of the factors than does quartimax or other, less-common rotation methods.

The CnSR scale was modified from the 3-factor structure used by Webb et al. (2007). Specifically, the six recycling-related items that touched on specific forms of recycling (e.g., aluminum, cardboard) were condensed into one general recycling item. Other items were eliminated if they overlapped considerably in face content with an item that was retained. Following these manual item reductions, 12 items remained, with only one representing the previous Recycling factor.

Two formatting-related changes were also made to this scale so as to be consistent with the measurement of most of the other latent constructs in this research. First, each item response was scored using seven rather than the five points used in the original scale. Second, the lead-in statement for the items (“Indicate the extent to which you disagree or agree with each of the following statements”) necessitated that the scale anchors be changed from “Never True” and “Always True” to “Strongly Agree” and “Strongly Disagree.”

The CnSR scale’s measurement properties were initially evaluated with EFA to see where items would load when unrestricted. The same methods employed in the LSP EFA were used for the CnSR scale review. Lastly, both the LSP and CnSR scales were subjected to a CFA to assess their overall fit to the data.
Results

Below, Table 2 below shows the correlations between the two SDR variables and the substantive constructs of interest: LSP and CnSR. None of these correlations is statistically significant. In such a case as this, Steenkamp et al. (2010) state that researchers can proceed under the assumption that SDR in not a problem. As such, the SDR scales were not used in the subsequent studies.
Table 2: Socially Desirable Responding Correlations

<table>
<thead>
<tr>
<th></th>
<th>CnSR</th>
<th>LSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDR_ERT</td>
<td>.040</td>
<td>.005</td>
</tr>
<tr>
<td>SDR_MRT</td>
<td>.102</td>
<td>-.071</td>
</tr>
</tbody>
</table>
Regarding the appropriateness of the data for factor analysis, an MSA of .80 or greater is good, and scores of .90 or higher are considered excellent, per Kaiser’s (1970) guidance on the MSA. Both the Bartlett’s test ($X^2 = 2112.70, df = 105, p < .001$) and the MSA (.90) suggest that factor analysis is appropriate.

Reviewing both the scree plot and the eigenvalues revealed a three-factor solution for the 15 items. Of these items, six produced communalities below .5. As a communality below .5 indicates that an item has insufficient explanatory value (Hair et al., 2010), items LSP2, LSP3, LSP4, LSP13, LSP14, and LSP15 were removed from the scale.

Subsequent rounds of PAF were performed using the same criteria as in the first round, and a single-factor solution was found in which all five remaining items displayed communalities greater than .5 and factor loadings in excess of .7. It was concluded that this was the best-fitting parsimonious item set with which to conduct future analyses. The EFA factor matrix and each item’s content are found in Table 3 below.
<table>
<thead>
<tr>
<th>Item</th>
<th>Standardized Factor Loading</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSP1</td>
<td>.708</td>
<td>When similar products are offered at a local store and a national chain, I prefer to buy from the locally-owned store.</td>
</tr>
<tr>
<td>LSP5</td>
<td>.765</td>
<td>I enjoy shopping at locally-owned stores more than I do at national chains.</td>
</tr>
<tr>
<td>LSP10</td>
<td>.712</td>
<td>It makes me feel good about myself to shop at locally-owned stores.</td>
</tr>
<tr>
<td>LSP11</td>
<td>.752</td>
<td>I try to shop at locally-owned stores, knowing I may have to make some sacrifices, such as less product selection.</td>
</tr>
<tr>
<td>LSP12</td>
<td>.884</td>
<td>When possible, I prefer to shop at locally-owned stores rather than at national chains.</td>
</tr>
</tbody>
</table>
Next, these five LSP items were subjected to CFA. The measurement properties, summarized in Table 4, indicate good fit and reliability.
Table 4: LSP Fit Statistics

<table>
<thead>
<tr>
<th>Fit Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>25.49, df = 5, p &lt; .001</td>
</tr>
<tr>
<td>CFI</td>
<td>.962</td>
</tr>
<tr>
<td>TLI</td>
<td>.924</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.114 (90% CI .072 - .159)</td>
</tr>
<tr>
<td>SRMR</td>
<td>.033</td>
</tr>
</tbody>
</table>
While the \( X^2 \) statistic of 25.49 (\( p < .001 \)) would indicate an inadequate fit, the chi square statistic is known to overstate the poorness of a model’s fit due to its sensitivity to sample size, which, in this case was quite large. Therefore, more commonly accepted measures assess model fit are reviewed next.

The model has a Comparative Fit Index (CFI) (Bentler, 1990) of .962 and Tucker-Lewis Index (TLI) (Tucker & Lewis, 1973) of .924. These two indices are measured on scales from zero to one, and values close to .95 suggest good fit (Hu & Bentler, 1999). The standardized root mean square residual (SRMR) value of .033 can be interpreted as meaning that the model explains the correlations between the sample and hypothesized matrices to within an average error of .033. SRMR values of less than .05 imply a well-fitting model (Byrne, 2010). The only metric showing suboptimal fit is the root mean square error of residual (RMSEA), with a value of .11 and with a 90% confidence interval of .072 - .159.

To assess reliability, Cronbach’s alpha and average variance extracted (AVE) were calculated. The LSP scale produced an alpha of .875, exceeding Nunnally’s (1978) recommended minimum threshold of .70. Likewise, the AVE of .59 exceeds Fornell and Larcker’s (1981) standard of .50, at which point the variance explained by construct is larger than the variance due to measurement error. Taken together, the above fit and reliability figures suggest favorable measurement properties of the LSP construct. The final items used for measuring LSP are found in Appendix F.

As with the LSP scale, the CnSR data proved acceptable for factor analysis. The Bartlett’s test yielded \( X^2 = 1683.503, \text{df} = 66, p < .001 \), and the MSA was .797. Therefore, an EFA was performed, and the 12 items formed a 3-factor solution. However, many items displaying poor and/or cross-loadings. Using the process described for the LSP EFA, items were
eliminated until all remaining items loaded cleanly, at which point the data suggested a 2-factor solution would be most appropriate. In the remaining 7-item scale, four items loaded onto a factor that reflects support for philanthropic and ethical firms while the remaining three items – including the recycling item – loaded onto an environmental impact factor. The item loadings and content of the modified CnSR scale are found below in Table 5.
Table 5: CnSR EFA Factor Matrix

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNSR1</td>
<td>.731</td>
<td></td>
</tr>
<tr>
<td>CNSR2</td>
<td>.878</td>
<td></td>
</tr>
<tr>
<td>CNSR3</td>
<td>.487</td>
<td></td>
</tr>
<tr>
<td>CNSR4</td>
<td>.842</td>
<td></td>
</tr>
<tr>
<td>CNSR7</td>
<td></td>
<td>.516</td>
</tr>
<tr>
<td>CNSR8</td>
<td></td>
<td>.890</td>
</tr>
<tr>
<td>CNSR9</td>
<td></td>
<td>.745</td>
</tr>
</tbody>
</table>
Next, a CFA was performed on the 7-item, 2-factor CnSR model. Again, model fit proved acceptable, and the fit statistics are summarized in Table 6 below.
Table 6: CnSR Fit Statistics

<table>
<thead>
<tr>
<th>Fit Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>$43.457, df = 13, p &lt; .001$</td>
</tr>
<tr>
<td>CFI</td>
<td>.953</td>
</tr>
<tr>
<td>TLI</td>
<td>.924</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.086 (90% CI .058 - .115)</td>
</tr>
<tr>
<td>SRMR</td>
<td>.047</td>
</tr>
</tbody>
</table>
These statistics actually compare quite well to the fit statistics of the original SRPD scale. A side-by-side comparison of the fit statistics that were both reported by Webb et al. (2007) and produced in the Mplus output for the CnSR scale is found in Table 7 below.
Table 7: Comparison of Fit Statistics of Scales: Modified CnSR v. Original SRPD

<table>
<thead>
<tr>
<th>Fit Statistic</th>
<th>Modified CnSR</th>
<th>Original SRPD</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMSEA</td>
<td>.086</td>
<td>.10</td>
</tr>
<tr>
<td>CFI</td>
<td>.953</td>
<td>.87</td>
</tr>
</tbody>
</table>
Additionally, the two factors of the CnSR scale produced AVEs of .60 and .56 while Cronbach’s alphas were .832 and .756. These suggest favorable construct reliability.

Next, the three factors of the two scales that have been developed and refined (LSP and CnSR) were evaluated together in a single CFA in order to assess overall model fit as well as discriminant validity. Again, the combined model shows good fit, as shown in Tables 8 and 9 below.
Table 8: LSP and CnSR Combined Model Fit Statistics

<table>
<thead>
<tr>
<th>Fit Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>109.229, $df = 51$, $p &lt; .001$</td>
</tr>
<tr>
<td>CFI</td>
<td>.957</td>
</tr>
<tr>
<td>TLI</td>
<td>.945</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.06 (90% CI .044 - .075)</td>
</tr>
<tr>
<td>SRMR</td>
<td>.044</td>
</tr>
</tbody>
</table>
### Table 9: LSP and CnSR Scale Descriptive Statistics

<table>
<thead>
<tr>
<th>Construct &amp; Items&lt;sup&gt;9&lt;/sup&gt;</th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Standardized Loadings</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Shopping Preference</td>
<td>4.72</td>
<td>1.15</td>
<td></td>
<td>0.88</td>
<td>0.59</td>
</tr>
<tr>
<td>LSP1</td>
<td></td>
<td></td>
<td>0.706</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LSP2</td>
<td></td>
<td></td>
<td>0.765</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LSP3</td>
<td></td>
<td></td>
<td>0.708</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LSP4</td>
<td></td>
<td></td>
<td>0.755</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LSP5</td>
<td></td>
<td></td>
<td>0.886</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CnSR, Factor 1</td>
<td>4.88</td>
<td>1.03</td>
<td></td>
<td>0.85</td>
<td>0.59</td>
</tr>
<tr>
<td>CnSR1</td>
<td></td>
<td></td>
<td>0.760</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CnSR2</td>
<td></td>
<td></td>
<td>0.896</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CnSR3</td>
<td></td>
<td></td>
<td>0.541</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CnSR4</td>
<td></td>
<td></td>
<td>0.840</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CnSR, Factor 2</td>
<td>4.37</td>
<td>1.24</td>
<td></td>
<td>0.79</td>
<td>0.56</td>
</tr>
<tr>
<td>CnSR5</td>
<td></td>
<td></td>
<td>0.559</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CnSR6</td>
<td></td>
<td></td>
<td>0.873</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CnSR7</td>
<td></td>
<td></td>
<td>0.783</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>9</sup> At this point, the retained LSP and CnSR items were renumbered from the item numbers that had been originally assigned in Study 1a so as to eliminate numbering skips. However, their sequence remains the same.
As an assessment of the discriminant validity of the factors in the two scales, the AVEs of each construct were compared to the squared correlations between constructs. As shown in Table 10 below, the AVEs exceeded the squared correlations, which demonstrated discriminant validity.
Table 10: Correlations, Reliability, and Discriminant Validity

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>X1</th>
<th>X2</th>
<th>X3</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>LSP</td>
<td>4.72</td>
<td>1.15</td>
<td>0.59</td>
<td>0.25</td>
</tr>
<tr>
<td>X2</td>
<td>CnSR, factor 1</td>
<td>4.88</td>
<td>1.03</td>
<td>0.50</td>
<td>0.59</td>
</tr>
<tr>
<td>X3</td>
<td>CnSR, factor 2</td>
<td>4.37</td>
<td>1.24</td>
<td>0.29</td>
<td>0.40</td>
</tr>
</tbody>
</table>

Average Variance Extracted is shown in bold on the diagonal. Correlations are shown on the lower matrix while squared correlations are shown on the upper matrix.
To this point, a scale to measure one’s preference for shopping at LOSs has been created, and a modified version of the CnSR scale has been devised. Further, the reliability and discriminant validity of the scales have been demonstrated. By now measuring the association between the LSP and CnSR constructs, as measured by these scales, RQ1, “Is the preference for patronizing local stores associated with socially responsible consumption?” can be answered. With a statistically significant correlation of .60, it can be concluded that LSP and CnSR are, indeed, related constructs.

Discussion

Study 1a had two major objectives: (1) establishing a scale for measuring one’s preference for shopping at LOSs and (2) creating a shorter CnSR scale based on the existing, larger SRPD scale. Both objectives were met, with a 5-item LSP scale showing good measurement properties and the 2-factor, 7-item CnSR scale displaying fit metrics equal or better to those of the scale from which it was adapted.

These were important first steps toward demonstrating the validity of a proposed scale for measuring the local shopping preference. First, it was desirable to have shorter scales that would be less prone to contributing to survey fatigue when used in studies containing additional scales. Second, as a new construct with little theory to guide it, a complementary scale was needed to assist with the assessment of construct validity. Having succeeded in accomplishing the Study 1a objectives, Study 1b was designed to further validate the LSP scale.

Study 1b: LSP Scale Validation

In Study 1b, the development of the LSP scale continues with a thorough validation process. This action is taken to help ensure that the factor analysis results obtained in Study 1a were not mere chance due to idiosyncratic elements of that sample (Churchill, 1979). Beyond
statistical validation, Study 1b also serves to establish the relevancy of the construct for marketing research. Specifically, respondents will rate the importance of localness in store selection criterion as well as seven other store attributes. For the purposes of this study, the context of local shopping was clothing stores.

Samples

Two samples were used for Study 1b. The first sample (Sample 1b1) would be analyzed only as a part of the assessment of criterion validity. Sample 1b1 consisted of undergraduate business students recruited in the same way as those in Sample 1a. Study 1b took place in a subsequent semester to Study 1a, so there should have been no overlap in respondents. However, the two respondent lists were compared to ensure no one took both surveys, as this could bias results on Study 1b. The review confirmed there were no students who took both surveys.

Sample 1b1 originally consisted of 121 respondents. Upon reviewing the data, two questionnaires were largely incomplete, and one was completed in 24 (whereas the median response time was 2:19). These three questionnaires were removed from the sample. Therefore, the 120 responses were analyzed from Sample 1b1.

The second sample (Sample 1b2) for Study 1b was used for all other analyses in Study 1b. Sample 1b2 was obtained from Amazon Mechanical Turk (MTurk), an online labor market that has become an increasingly popular source of survey respondents for behavioral research (Mason & Suri, 2012). MTurk is effectively a crowdsourcing tool providing access to a pool of workers who can complete microtasks for relatively low pay (Mason & Suri, 2012). In Sample 1b2, workers were paid $0.50 for an accurately completed questionnaire.
The validity of MTurk as a sample source for academic research has been demonstrated by a number of researchers, including Buhrmester, Kwang, and Gosling (2011); Horton, Rand, and Zeckhauser (2011); and Paolacci, Chandler, and Ipeirotis (2010). Mason and Suri (2012), following a review of research that has employed MTurk, conclude that “evidence that Mechanical Turk is a valid means of collecting data is consistent and continues to accumulate” (p. 4).

In addition to a low cost per respondent, MTurk offers several other benefits as a source of survey participants. First, it provides much greater pool diversity than many other methods. MTurk workers are all over the globe (see Mason & Suri (2012) for more details of the diversity of the subject pool). However, for the purposes of this research, respondents were restricted to those living in the United States.

Second, MTurk offers a quick turnaround time. A researcher can get hundreds of surveys completed with a day. In the case of this study’s sample, all responses were collected in just over 24 hours. A third benefit is MTurk’s online payment systems, which allows requesters (those who hire workers) to review work before payment is submitted. Thus, a researcher does not have to pay a respondent who fails to complete the survey due to an incorrect response to an attention or manipulation check.

Sample 1b2 began with the 459 MTurk workers who began the survey. Of those, 46 failed to correctly answer an attention check question and were not allowed to complete the remainder of the survey. Seven more were eliminated because they indicated they averaged spending $0 per month on clothing, rendering their responses about clothing store attributes and the role of localness of little value. Lastly, two respondents were eliminated because the speed with which they completed the survey (60 seconds or less versus a median completion time of
3:23) calls into question the veracity of their responses. For Sample 1b2, this left 404 respondents (88% of the respondents who attempted the survey). The sociodemographic profile of the sample is summarized in Table 11.
Table 11: Demographics of Sample 1b2

<table>
<thead>
<tr>
<th>Category</th>
<th>Mean or Mode*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>Male (n = 226; 56.2%)</td>
</tr>
<tr>
<td>Age</td>
<td>30.99</td>
</tr>
<tr>
<td>Race</td>
<td>White (n = 312; 77.2%)</td>
</tr>
<tr>
<td>Education Level</td>
<td>College Graduate (n = 161; 39.9%)</td>
</tr>
<tr>
<td>Income</td>
<td>$25,000-$49,999 (n = 134; 33.2%)</td>
</tr>
<tr>
<td>Monthly Spending on Clothing</td>
<td>$135.66</td>
</tr>
</tbody>
</table>

*the mode is presented for categorical or ordinal data.
Measures

The sole purpose of Sample 1a1 was to provide a means for assessing criterion validity, the primary measure was LSP, which was measured with the 5-item scale developed in Study 1a. The check question against which LSP scores were compared is found in Appendix C.

Eight store attributes are measured to determine their importance in store selection. Six of these attributes were chosen based on a review of extant retailing literature. Those attributes, customer service, store atmosphere, shopping convenience, store reputation, price, and merchandise, have consistently proven to be the most salient to retailer consumers in a variety of contexts (e.g., across cultures and demographic variables).

These attributes were measured using scales adapted from those deployed by Erdem et al. (1999) and Seock and Lin (2011). In addition to these six attributes, an attribute that is gaining increased attention in marketing literature was also included: the presence of a loyalty program. Lastly, the attribute of “localness” (i.e., being locally-owned as opposed to a part of a national chain) was included for the express purposes of this study. All eight items were measured by displaying to respondents a store attribute name followed by examples of that attribute in parentheses. Respondents assessed the value of each of the eight attributes on 7-point Likert-type scales ranging from “Not important at all” to “Extremely important.” To control for sequence effects, the order of the presentation of these attributes varied by participant, using Qualtrics’s randomization feature.

While a more exhaustive set of store attributes could have been utilized, concerns of survey fatigue was a primary motivator of the use of a more parsimonious set of store attributes. The full set of attributes and their examples are found in Appendix D.

Again, LSP was measured using the scale that was developed in Study 1a.
Method

The first step in this validation process was to perform a CFA on the LSP scale using the adult sample, Sample 1b2. The factor analysis methods explicated in Study 1a were repeated here.

Next, the content (face), criterion, and construct validity of LSP were evaluated. Content validity refers to how well a scale’s items represent the construct’s conceptual definition (Ping, 2004). In other words, the observable items of the scale should provide an accurate proxy for measurement of the unobservable construct, as described in its conceptual definition. Thus, the items in the final LSP scale were reviewed to ensure they appeared to align with the conceptual definition proffered in the Introduction section of this manuscript.

Criterion validity refers to whether a measure behaves as expected (Brunk, 2012). It is best assessed by ensuring that the newly-developed measure corresponds with a standard measure of the same concept (Ping, 2004). However, Ping (2004) notes that when an entirely new construct is being developed a suitable criterion measure may not be available. Such is the case in this research. In lieu of such a criterion, this research used a simple, single question asking each respondent to select which of four statements best describes his/her attitude toward choosing where to shop. The four possible answers included preferring to shop at NCs, preferring to shop at LOSs, having no preference between NCs and LOSs, and not knowing if one’s preferred stores are NCs or LOSs. Once one of the four answers was chosen, the respondent saw a follow-up question asking why he/she chose that answer. If the LSP scale possesses criterion validity, respondents who scored highly on the LSP scale should be most likely to respond that they prefer shopping at LOSs and least likely to respond with a preference for shopping at NCs on the criterion question.
Per Ping (2004), construct validity “is concerned in part with a measure’s correspondence with other (i.e., different noncriterion) constructs” (p. 131). In other words, it should bear relationships with other constructs with which it is theoretically related. As suggested in RQ1, LSP should be related to CnSR.

Next, the means of the eight store selection attributes will be reviewed to determine their relative importance to consumers. As localness is not asserted to be meaningful to all consumers, the correlation between this attribute and LSP will be produced to determine if the importance of localness increases with one’s LSP.

As a final evaluation of the relationship between localness and LSP, a median split will be performed on the localness attribute. The two resulting groups’ scores on the LSP variable will be compared to determine if the high localness group scores more highly on LSP than does the low localness group.

Results

The CFA revealed that the LSP scale held excellent measurement properties. Factor loadings and fit statistics are summarized in the Tables 12 and 13 below.
Table 12: LSP Factor Loadings

<table>
<thead>
<tr>
<th>Item</th>
<th>Standardized Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>LSP1</td>
<td>.827</td>
</tr>
<tr>
<td>LSP2</td>
<td>.871</td>
</tr>
<tr>
<td>LSP3</td>
<td>.795</td>
</tr>
<tr>
<td>LSP4</td>
<td>.835</td>
</tr>
<tr>
<td>LSP5</td>
<td>.932</td>
</tr>
</tbody>
</table>
Table 13: LSP Fit Statistics

<table>
<thead>
<tr>
<th>Fit Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square</td>
<td>6.047, df = 5, p = .30 (n.s.)</td>
</tr>
<tr>
<td>CFI</td>
<td>.999</td>
</tr>
<tr>
<td>TLI</td>
<td>.998</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.023</td>
</tr>
<tr>
<td>SRMR</td>
<td>.009</td>
</tr>
</tbody>
</table>
Content validity was assessed by a review of the five LSP items and their correspondence to the proposed construct’s domain. This subject was discussed with colleagues, and it was agreed upon that the items’ content accurately reflects the conceptual definition of the construct.

For the LSP scale to demonstrate criterion validity, it should identify people who are more likely to choose an LOS over an NC. To determine if this is the case, a number of analyses were performed on the data generated by Sample 1b2. First, the average LSP score was reviewed for each of the four answer choices. These results are summarized below in Table 14.
Table 14: Store Selection Preferences Based on Locus of Ownership

<table>
<thead>
<tr>
<th></th>
<th>Prefer NCs</th>
<th>No Preference</th>
<th>Prefer LOSs</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number (%)</td>
<td>16 (13.6%)</td>
<td>53 (44.9%)</td>
<td>42 (35.6%)</td>
<td>7 (5.9%)</td>
</tr>
<tr>
<td>LSP Average</td>
<td>3.54</td>
<td>4.30</td>
<td>5.60</td>
<td>4.46</td>
</tr>
</tbody>
</table>
As would be expected if the LSP demonstrated criterion validity, LSP scores were highest for the respondents who stated a preference for shopping at LOSs. Further, LSP scores were lowest amongst respondents who indicated a preference for shopping at NCs. These results suggest that the LSP scale correctly identifies people who have a preference for shopping at LOSs. Thus, criterion validity is present.

Of further note, of the 42 respondents who indicated a preference for LOSs, 29 (69%) noted that at least part of the reason was that they liked knowing they were supporting a local businessperson. This finding lends credence to the assertion that, at least for some people, shopping at LOSs is an act of consumer social responsibility.

The answers to the “Why do you prefer to shop at locally-owned stores?” question are summarized in Table 15 below. Respondents could select as many answers as were applicable.
### Table 15: Reasons for Preferring Locally-Owned Stores

<table>
<thead>
<tr>
<th></th>
<th>Service</th>
<th>Support Local Businessperson</th>
<th>Unique Merchandise</th>
<th>Carry What I Like</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>30</td>
<td>29</td>
<td>23</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Percentage</td>
<td>71.4%</td>
<td>69.0%</td>
<td>54.8%</td>
<td>16.7%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>
The final validity check was for construct validity. Construct validity was assessed in Study 1a and addressed by RQ1. Study 1a found that there is a strong, positive correlation between LSP and CnSR ($r = .60$). Together with the finding that 69% of respondents in Sample 1b1 who indicated a preference for LOSs were motivated by a desire to support a local businessperson, strong support has been found for construct validity.

While the LSP construct has been validated, it remains to be known how important localness is to consumers. An analysis of the data provided by Sample 1b2 will provide insights into this issue, the subject of RQ2.

The relative importance of the eight store selection attributes is shown below in the Table 16.
Table 16: Mean Importance of Store Selection Attributes

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices</td>
<td>6.41</td>
</tr>
<tr>
<td>Merchandise</td>
<td>6.01</td>
</tr>
<tr>
<td>Convenience</td>
<td>5.54</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>5.29</td>
</tr>
<tr>
<td>Customer Service</td>
<td>5.23</td>
</tr>
<tr>
<td>Reputation</td>
<td>4.75</td>
</tr>
<tr>
<td>Loyalty Program</td>
<td>3.65</td>
</tr>
<tr>
<td>Localness</td>
<td>3.28</td>
</tr>
</tbody>
</table>
As seen above, the most important attribute to the sample was price while the least important was localness. At 3.28 on a 7-point scale, this indicates relative unimportance of localness to the broader sample. Of the 404 respondents, 112 (27.7%) indicated that localness was at least somewhat important (i.e., rated localness “5” or higher on the scale). The distribution of importance ratings of the localness attribute are found in Table 17.
Table 17: Importance of Localness

Please rate the importance of the following store characteristic when determining where you shop for clothing: Locally-owned (the store is a locally-owned store as opposed to a national chain).

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>73</td>
<td>85</td>
<td>63</td>
<td>71</td>
<td>72</td>
<td>31</td>
<td>9</td>
</tr>
<tr>
<td>Percentage</td>
<td>18.1%</td>
<td>21.0%</td>
<td>15.6%</td>
<td>17.6%</td>
<td>17.8%</td>
<td>7.7%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

I indicates “not at all important” while 7 represents “extremely important.”
On the LSP scale, 40.8% of the respondents scored a 5 or greater. And as expected, there was a strong positive relationship between LSP scores and localness ratings ($r = .67$). This association was further supported via the median split test. The median response for the importance of localness was 3. As such, respondents were split such that those responding with a 1 or 2 were place in a “low localness” group (LO), and those responding with 4 through 7 were placed in the “high localness” group (HI). As expected, the mean of the LSP scores for the LO group was 3.58 while the mean for the HI group was 5.36 – a statistically significant difference ($F = 119.42, p < .001$).

Discussion

The purpose of Study 1b was to further develop the LSP scale by assessing various measurement properties on new samples. The adult sample (Sample 1b2) provided evidence of a good-fitting model in the CFA. All fit statistics were in an exemplary range, suggesting the data were a good fit to the 5-item measure of LSP. Together, the two samples in this study provided solid evidence of criterion and construct validity.

While the LSP scale showed excellent measurement properties, it would lack meaningful, practical value if it did not measure an attribute that is relevant to or an attitude that is prevalent amongst consumers, as RQ2 asks. On the surface, the average rating of 3.28 for localness would seem to indicate that localness carries little value. However, localness was not asserted to be important for consumers across the board. Just as recycling is not important to everyone, localness will only be important to certain consumers. Over one-fourth of Sample 1b2 indicated localness was at least somewhat important (i.e., rated localness “5” or higher on the scale) as a store selection criterion. That figure, extrapolated to the U.S. consumer base, represents a substantial number of people. Furthermore, 40.8% of the sample scored 5 or higher on LSP. It
can therefore be concluded that localness is an attribute that many Americans recognize and use as a store selection criterion.

**Post-Hoc Analysis**

One might question whether the high scores on the localness attribute came from people who were prone to mark *all* attributes highly. If this were the case, the absolute importance of localness would appear spuriously high while its relative importance would be unremarkable. To control for this possibility, in a follow-up analysis, attribute scores were standardized across attributes. That is, each attribute score for an individual was standardized relative to the same individual’s scores on the other seven attributes.

Respondents whose standardized rating of localness was greater than zero (indicating they ranked localness more highly than their average rating of all eight attributes) ($n = 45$) were extracted from the dataset for a separate analysis. These respondents’ average standardized rating of localness was .63 (placing it as the 2nd-most important store selection attribute behind price at .80). The two least important attributes were reputation (-.36) and loyalty program (-1.18). This wide range of standardized scores suggests that respondents who rated localness highly were not rating all attributes highly. As such, it can be concluded that these respondents were not “yea-saying,” or answering all questions at a similar level.

**Study 2: Model Testing**

Studies 1a and 1b developed and validated a scale for measuring one’s preference for shopping at LOSs. Study 1b went on to demonstrate that localness is an important store selection criterion for a sizable portion of the American consumer base. With affirmative answers to the two research questions, this research continues with an exploration of potential antecedents of LSP and an evaluation of the extent to which it influences consumers’ willingness
to pay a premium at LOSs. Study 2 assesses these relationships within two separate shopping contexts: clothing stores and pharmacies.

Sample

As with Study 1b, the questionnaire for Study 2 was posted in MTurk and was offered at a pay rate of $0.50 per completed survey. Using filters available in MTurk, respondents who had participated in Study 1b or who were outside the United States were prevented from participating in this study.

The survey was begun by 715 workers. Check questions placed in the questionnaire were used to ensure participants were at least 19 years of age and were paying adequate attention to survey items. Respondents were also eliminated if they indicated that they did not spend money in their scenario context10.

As the median survey completion time was 6 minutes 45 seconds, respondents were removed from that dataset if they completed the survey in a time that was considered too fast for quality results (less than 2 minutes 15 seconds). Lastly, respondents who indicated a willingness to pay more than 50% or less than 50% of the national chain store price were removed. Following Osborne and Overbay’s (2004) guidance that researchers use their “training, intuition, reasoned argument, and thoughtful consideration” (p. 4), the investigator deemed a willingness in excess of 50% to be extreme, given the scenarios presented. After the above removals, 624 useable surveys remained. Table 18 contains a demographic profile of the Study 2 respondents.

---

10 Respondents were eliminated if they indicated they spent less than $5 per month at that type of retailer.
Table 18: Demographics of the Study 2 Sample

<table>
<thead>
<tr>
<th>Category</th>
<th>Mean or Mode*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td>Female (n = 339; 54.3%)</td>
</tr>
<tr>
<td>Age</td>
<td>33.5</td>
</tr>
<tr>
<td>Education Level</td>
<td>College Graduate (n = 246; 39.4%)</td>
</tr>
<tr>
<td>Income</td>
<td>$25,000 – 49,999 (n = 200; 32.1%)</td>
</tr>
</tbody>
</table>

*the mode is presented for categorical or ordinal data.
Measures

Antecedents. Predictors of LSP are divided into three categories: general values, consumer values, and demographic. The three general values measured are tradition (TRAD), self-direction (SELF), and benevolence (BENEV). These general values were measured using the items (herein referred to as value items) and guidelines suggested by Schwartz (1992). The lead-in question instructs respondents to rate each value item as a guiding principle in their lives on a scale ranging from –1 to 7 where -1 equals “opposed to my values,” 0 equals “not important,” 3 equals “important,” and 7 equals “of supreme importance. After each value item, a short description was placed in parentheses (e.g., “SELF-RESPECT (belief in one’s own worth”). The general values scale is found in Appendix F.

The three consumer values were measured using existing scales from three sources. Specifically, materialism (MATER) was measured with Richins’s (2004) 6-item, short version of the Richins and Dawson (1992) material values scale. Consumer ethnocentrism (ETHNO) was measured with a 4-item short version of the Shimp and Sharma (1987) consumer ethnocentrism scale, as adapted by Klein (2002). The scale’s language is product-oriented and measures attitudes toward American-made versus foreign products. Lastly, environmentalism (ENVIRO) was measured by a 3-item scale adapted from Grunert and Juhl (1995). All consumer values items will be measured on 7-point scales anchored by “Strongly disagree” and “Strongly agree.” These consumer values scales can be found in Appendix F.

Sociodemographics. As managerially identifiable variables, sociodemographics can provide actionable information. Therefore, while relationships with LSP were hypothesized for only two sociodemographic variables, income (INC) and income evolution (INCEVO) this study included
measurement of a number of other sociodemographic variables so that post-hoc research could
determine if other relationships with LSP exist.

INC was measured with a single question asking respondents to select the range within
which their annual household income falls. INCEVO is a measure of the strength and directional
change of one’s income from five years ago to today. Per Steenkamp and de Jong (2010),
respondents were given five response options ranging from “has gone down a lot” to “has gone
up a lot.” The full text of these two measures are found in Appendix F.

Focal Construct (and Mediator). Local Shopping Preference (LSP) was measured using the five
items derived from Study 1a, which are found in Appendix F.

Moderator. Perceived Consumer Effectiveness (PCE) was measured by a 4-item scale adapted
from Webb et al. (2007), who based their scale one the works of Straughan and Roberts (1999)
and Ellen (1994). The four items used in this research are found in Appendix F.

Marker Variable. A scale measuring intrinsic motivation was inserted into Study 2 as a
theoretically unrelated construct that would later be used for the testing of common method bias.
This construct was measured with a 4-item scale, found in Appendix F, adapted from Tierney,

Dependent Variable. There are two primary ways willingness to pay (WTP) has been measured:
a contingent approach and an auction method (Voelckner, 2006). In the contingent approach,
respondents are asked to directly state the maximum price they would be willing to pay. The
auction approach relies on bidding to derive one’s WTP and, thus, is not an accurate reflection of
the actual decision making processes that consumers use for most retail purchases. As such, this
research will use the contingent (i.e., open ended) method, which Miller, Hofstetter, and Zhang
(2011) concluded was useful for providing managerial guidance for pricing decisions.
To measure one’s WTP at a LOS, respondents will be presented with one of two WTP scenarios, found in Appendix E. The questionnaire uses an open-ended format for both the WTP response and – if one expresses a willingness to pay a premium – to elicit the reason for that willingness. By providing a “benchmark” price for an item at an NC, the premium one is willing to pay can be calculated by subtracting the benchmark from each respondent’s stated WTP figure.

Method

Study 2 employed a between subjects design in which respondents were randomly assigned to either a Clothing Store or a Pharmacy scenario. Each scenario measured one’s willingness to pay a premium for merchandise at an LOS within that context.

Because this study relies solely on self-report surveys for its data, common method bias (CMB) was a concern. Podsakoff, MacKenzie, and Podsakoff (2012) suggest that survey responses are more likely to be influenced by method bias when respondents are unable to provide accurate responses (due to their own abilities or the difficulty of the task) or when they are unwilling to provide accurate responses (due to low motivation). For this reason, a marker variable was introduced to assess the presence of this bias (Lindell & Whitney, 2001; Williams, Hartman, & Cavazotte, 2010).

Many techniques for determining if CMB exists have been utilized and critiqued in academic literature, and there appears to be no consensus on the most appropriate technique to use (Podsakoff et al., 2012). Despite the lack of consensus on the subject, CMB effects were investigated using the rigorous confirmatory factor analysis (CFA) marker method suggested by Williams et al. (2010). In this approach, a marker variable that is expected, \textit{a priori}, to be
theoretically unrelated to the substantive constructs in the model is included in measurements in order to ascertain CMB’s presence.

The Williams et al. (2010) technique involves creating, measuring, and comparing various models in order to assess the degree of presence of method effects. During this process, a comparison of a baseline model (in which the marker is identified but forced to be unrelated to other variables and items in the model) with a constrained model (in which all of the items of the substantive variables load onto the marker variable at the same fixed value). The comparison of models is made using a chi-square difference test. However, since an estimator with robust errors was used, difference testing required using a scaling correction factor (Muthén & Muthén, 1998-2012). The scaling and conversion process outlined at [http://www.statmodel.com/chidiff.shtml](http://www.statmodel.com/chidiff.shtml) was employed for this comparison. The chi-square difference tests evaluates the null hypothesis that the substantive factors’ items load onto the marker variable at a value of zero. The difference in the two models’ chi-squares was 3.83 – just shy of the .05 chi-square critical value for one degree of freedom (3.84). Thus, the null hypothesis is not rejected, and it is inferred that CMB is not a substantive issue.

Next, the applicability of PCE in the model was investigated. That is, the presence of moderated mediation was investigated. Specifically, regression was used to determine if PCE had a statistically significant influence on WTP – either directly or as a part of an interaction with LSP. Accordingly, WTP was regressed onto LSP, PCE, and an interaction term calculated as the product of the two variables. This test indicated no support for the presence of PCE in the model (WTP → PCE, β = .32, n.s.; WTP → LSPxPCE, β = -.10, n.s.). As such, PCE was eliminated from the model and not included in further testing.

After the removal of PCE, what remained was a mediation model, shown in Figure 3.
Figure 3: Mediation Model Tested in Study 2

- Tradition
- Self-direction
- Benevolence
- Ethnocentrism
- Environmentalism
- Materialism
- Household Income
- Income Evolution

Local Shopping Preference (LSP) → Willingness to Pay (WTP)

Indicates a hypothesized negative relationship
After the aforementioned variable and data point removals, structural equation modeling (SEM) with Mplus was used to simultaneously measure the relationships between the remaining variables. Initially, the dataset was tested in its entirety (i.e., both retailing contexts were included). Next, the sample was split based on the scenario presented, and the model was retested for each of the two scenarios.

Results

The mediation model was reviewed for its fit with the Study 2 data. The results, summarized in Table 19 below, indicate good fit. While the CFI and TLI are below the desired levels, the RMSEA is under the recommended .06 benchmark. As opposed to incremental fit indices (e.g., CFI and TLI) that compare the hypothesized model with a more restricted, nested baseline model, RMSEA, an absolute fit index, RMSEA assesses “the extent to which an a priori model reproduces the sample data” (Byrne, 2012, p. 70). Thus, RMSEA is perhaps a better representation of the fit by which to assess the mediation model.
Table 19: Study 2 Model Fit Statistics

<table>
<thead>
<tr>
<th>Fit Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-square</td>
<td>2256.071, df = 777, p &lt; .001</td>
</tr>
<tr>
<td>CFI</td>
<td>.862</td>
</tr>
<tr>
<td>TLI</td>
<td>.847</td>
</tr>
<tr>
<td>RMSEA</td>
<td>.055 (90% CI: .053 - .058)</td>
</tr>
<tr>
<td>SRMR</td>
<td>.059</td>
</tr>
</tbody>
</table>
Hypotheses 1 through 3 predicted that specific general values would be positively associated with LSP. The data do not support these hypotheses using a two-tailed test of statistical significance. It may be noteworthy, however, that self-direction does show a relatively strong positive relationship with LSP ($\beta = .543, p < .10$ using a one-tailed test), as posited in H2.

Hypotheses 4 through 6 propose relationships between LSP and consumer values. Hypothesis 4 predicted that materialism would be negatively related to LSP. This hypothesis is supported by the data ($\beta = -.137, p < .01$). The results also indicate positive relationships between LSP and consumer ethnocentrism ($\beta = .151, p < .05$) and between LSP and environmentalism ($\beta = .406, p < .001$). Thus, hypotheses 5 and 6 are also supported. In summary, LSP appears to be related, in the predicted directions, to all three of the consumer values investigated.

Regarding sociodemographic antecedents, it was hypothesized that both income and income evolution would be related to LSP. Whereas income was found to be positively related to LSP ($\beta = .065, p < .10$), providing support for H7, income evolution was not associated with LSP ($\beta = -.023, n.s.$). Therefore, H8 was not supported.

Hypothesis 9 predicted that LSP and WTP would be positively related. Indeed, this relationship is found in the data ($\beta = 1.197, p < .001; R^2 = .196$). 65.2% of the sample indicated a willingness to pay at least some premium over the prices at an NC. The average premium willing to be paid at clothiers was $5.82 (16.6%) while the premium at pharmacies was $5.40 (15.4%). The overall average premium was $5.60 (16.0%).

As noted previously, PCE was not found to be have a meaningful effect on WTP. As such, H10 was not tested as a part of the structural model. However, it can be inferred that this hypothesis would not have been supported.
## Table 20: Hypothesis Testing Results

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: As one’s tradition value increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H2: As one’s self-direction value increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H3: As one’s benevolence value increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H4: As one’s value of materialism increases, one’s preference for shopping at locally-owned stores decreases.</td>
<td>Supported</td>
</tr>
<tr>
<td>H5: As one’s value of consumer ethnocentrism increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>Supported</td>
</tr>
<tr>
<td>H6: As one’s value of environmentalism increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>Supported</td>
</tr>
<tr>
<td>H7: Current household income will be positively related to the preference for shopping at locally-owned stores.</td>
<td>Supported</td>
</tr>
<tr>
<td>H8: As one’s household income rises over time, one’s preference for shopping at locally-owned stores also rises.</td>
<td>Not supported</td>
</tr>
<tr>
<td>H9: As one’s preference for locally-owned stores increases, one’s willingness to pay a premium at locally-owned stores also increases.</td>
<td>Supported</td>
</tr>
<tr>
<td>H10: The positive relationship between a local shopping preference and one’s willingness to pay a premium at locally-owned stores will be moderated by one’s perceived consumer effectiveness, such that the higher one’s perceived consumer effectiveness, the greater one’s willingness to pay a premium at locally owned stores</td>
<td>Not supported</td>
</tr>
</tbody>
</table>
The results of hypothesis testing are also found in Figure 4 below.
Figure 4: Study 2 Empirical Model Results

Standardized paths shown. Solid lines represent statistically significant paths (2-tailed tests at $\alpha = .10$) while dashed lines represent nonsignificant paths.
Next, mediated paths were analyzed to determine if the effect of the antecedents is transmitted to WTP through LSP. Such mediated, indirect paths were statistically significant for consumer ethnocentrivity, environmentalism, materialism, and income. Thus, LSP mediates the paths between four antecedents and WTP. Table 21 summarizes the results of the statistically significant paths.
Table 21: Statistically Significant Mediated Paths

<table>
<thead>
<tr>
<th>Indirect Effect</th>
<th>Completely Standardized Estimate</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ETHNO → LSP → WTP</td>
<td>.051</td>
<td>.017</td>
</tr>
<tr>
<td>ENVIRO → LSP → WTP</td>
<td>.103</td>
<td>.001</td>
</tr>
<tr>
<td>MATER → LSP → WTP</td>
<td>-.045</td>
<td>.004</td>
</tr>
<tr>
<td>INC → LSP → WTP</td>
<td>.023</td>
<td>.095</td>
</tr>
</tbody>
</table>
The tests above were also run on each shopping scenario (clothing and pharmacy) separately. Results were nearly identical, with statistical significance observed at the same levels. These results are summarized in Table 22.
### Table 22: Results of Hypothesis Testing on the Separate and Combined Scenarios

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Scenario Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Combined</td>
</tr>
<tr>
<td>H1: As one’s tradition value increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>n.s.</td>
</tr>
<tr>
<td>H2: As one’s self-direction value increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>n.s.</td>
</tr>
<tr>
<td>H3: As one’s benevolence value increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>n.s.</td>
</tr>
<tr>
<td>H4: As one’s value of materialism increases, one’s preference for shopping at locally-owned stores decreases.</td>
<td>***</td>
</tr>
<tr>
<td>H5: As one’s value of consumer ethnocentrism increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>**</td>
</tr>
<tr>
<td>H6: As one’s value of environmentalism increases, one’s preference for shopping at locally-owned stores also increases.</td>
<td>***</td>
</tr>
<tr>
<td>H7: Current household income will be positively related to the preference for shopping at locally-owned stores.</td>
<td>*</td>
</tr>
<tr>
<td>H8: As one’s household income rises over time, one’s preference for shopping at locally-owned stores also rises.</td>
<td>n.s.</td>
</tr>
<tr>
<td>H9: As one’s preference for locally-owned stores increases, one’s willingness to pay a premium at locally-owned stores also increases.</td>
<td>***</td>
</tr>
</tbody>
</table>

* significant at $\alpha = .10$, ** significant at $\alpha = .05$, *** significant at $\alpha = .01$

Shading indicates a significant mediated path ($\alpha = .05$) in addition to the direct effect.
Discussion

It was hypothesized that general values would be related to one’s preference for shopping at LOSs. Hypothesis 1 proposed a positive relationship between the general value of tradition and LSP. It was suspected that people with traditional values would place a greater value on retail institutions that were more closely associated with their locales. It may be that this contention, at a broad level, is true. However, it could be that some NCs have had longstanding relationships with local communities and have become a part of the fabric and traditions of those communities. For instance, it may be that a NC department store based elsewhere has been in a particular locale for decades and employs many of its residents. If so, traditionalists may see the NC as as much a part of their community as LOSs – particularly if the LOSs have had a shorter history. Therefore, tradition may have less to do with the actual location of ownership and more to do with the length of the association with the locale.

Likewise, no support was found for H2, which posited a relationship between self-direction and LSP. It was proposed that individual, independent thinkers would be less swayed by the bigger advertising budgets of NCs, which may rely on higher volumes and larger customer bases. In attracting “the masses,” NCs may appeal less to the individualistic person, who, in turn, might find the personal touch or more unique merchandise of an LOS to be a better fit. It could be that truly independent thinkers show no consistent preference for either LOSs or NCs. Instead, they may express their independence by shopping wherever best fits their situational needs. That may be a preference for LOSs at some times and NCs at others. In the absence of a consistent “leaning” toward one or the other, self-directed individuals might show no consistent preferences.
Benevolence, a concern for the welfare of others, was expected to be positively related to the LSP. However, no support was found for this association. Perhaps benevolent individuals are not inclined to make distinctions about businesses based on where they are located as much as they do on more personal criteria, such as how they treat their employees. Due to their size and scale, NCs may be able to offer better benefits packages, such as health insurance, retirement benefits, and paid maternity leave. Benevolent individuals may perceive NCs such as these as better employers and, accordingly, show their preferences on these or other factors unrelated to localness.

It was also proposed that LSP would be related to three different consumer values. Materialism was expected to have a negative relationship with LSP, as “me”-centered, materialistic consumption attitude would not be consistent with the more community-minded localness preference. Indeed, support was found for this negative relationship. It may be that materialistic consumers search for products and brands that are highly recognizable for their value. NC chains, by definition, will have broader name recognition than small LOSs. As such, it makes sense that a materialistic person may prefer shopping at a retailer with a recognizable brand – as long as that brand’s image does not conflict with the individual’s image.

Regarding the two income-related variables, only income was found to have a statistically significant, positive relationship with LSP. Many LOSs, particularly those that compete directly with one or more NCs (such as hardware stores), cannot compete with their larger competitors on price. Thus, patrons of these LOSs will be paying more for merchandise. Considering, the price disparity, it makes sense that consumers with higher incomes would be more prone to shop at LOSs.
On the other hand, it was found that a localness preference did not increase as one’s income rose over time. It may be that a 5-year period is too short of a time for the change in one’s income level to affect localness-based consumption choices. Instead, it may be more likely that the mix of products that are purchased changes more than the place at which those products are bought.

Regarding the values and demographic variables that were found to be positively related to LSP, a challenge for the owners of LOSs is to identify customers with these antecedent characteristics in order to more efficiently target the right consumer segments. Regarding advertising, managers should seek out media that would be consumed by people high in ethnocentrism and/or environmentalism. For instance, ethnocentric individuals might be more interested in local rather than national news. If so, advertising during the local television newscast or in the local news section of the newspaper or website might be wise placements. Likewise, there are associations and organizations that cater to environmentalists. Such groups could be quite amenable the message of an LOS. Likewise, considering the relationship between LSP and CnSR, any place where socially responsible consumers are found is a place that may be prime for promoting an LOS. Lastly, regarding the relationship with household income, managers might seek to promote their LOBs – if not locate them – in places where higher-income individuals are more likely to congregate.

There was a strong positive relationship between LSP and WTP. In other words, the stronger one’s preference for patronizing LOSs, the greater the premium one is willing to pay at an LOS. Furthermore, over 65% of the respondents indicated that they were willing to pay a premium at LOSs – a significant premium of 16% over the NC’s prices. This is an interesting and positive finding for LOS owners. It is promising that consumers appear to understand that
LOSs will often have higher prices, and they are willing to pay them – at least to a point. All else equal, as long as owners of LOSs don’t let their price premiums get too large, they will still be patronized by a large proportion of the overall consumer base.

It was also found that the hypothesized relationships supported in the broad sample did not vary significantly by the shopping context that was presented. This suggests that LSP is at least somewhat robust to context and may generalize well to other types of retailers.
CHAPTER V
GENERAL DISCUSSION

The goals of this research were to: (1) develop and validate a scale to measure a consumer’s preference for patronizing locally-owned stores, (2) determine the antecedents that relate to this measure, and (3) assess the degree to which consumers with a local shopping preference will pay more for merchandise at LOSs than they would at NCs. All three goals were accomplished, generating substantive theoretical contributions to the study of consumer social responsibility while also providing meaningful insights to managers.

From a theoretical perspective, this research highlights the importance of localness and the LSP as themes that are strongly related to CnSR. As-yet unincorporated into the study of CnSR, LSP may prove to be a dimension of socially responsible consumption that can more fully explain this consumer phenomenon. As the attitudes and behaviors of this type of consumer become more prevalent in society, it becomes even more important to understand what these consumers value in a firm. This research suggests that localness is an attribute worthy of further study and provides a rigorously validated scale to measure its importance to consumers.

Understanding LSP has a number of practical implications, as well. The preference for patronizing LOSs was found to be aligned with CnSR attitudes. As such, localness, as a store attribute, could be a natural strategic advantage for LOSs. If socially responsible consumers perceive LOSs to be more socially responsible than NCs, then managers of LOSs should target this consumer segment, as it may be a base that it more easily attracts than the general consumer.
Further, if localness is an asset for firms, then LOSs should attempt to capitalize on it as they would any other resource that could lead to competitive advantage. Devinney et al. (2012) state that firms need to help create the socially responsible consumer. In other words, rather than solely seeking out him/her, firms that benefit from socially responsible consumption attitudes should put efforts into developing customers and prospects into socially responsible consumers. Indeed, firms are known to be able to realign consumer preferences around their strengths (c.f., Arnold, Handelman, & Tigert, 1998). Accordingly, managers should attempt to educate individuals on the value of LOSs to local economies and generate a stronger LSP amongst consumers.

Unlike other attributes that small retailers attempt to emphasize (e.g., customer service), localness cannot be replicated by NCs. For instance, a well-heeled NC that serves a higher-end customer, such as Brooks Brothers, could likely add staff and engage in the kind of employee training that could result in service levels similar to that of a locally-owned haberdashery. But localness and its influence on consumers cannot be perfectly mirrored. Accordingly, localness provides a form of competitive advantage (over NCs) that is more sustainable.

While the localness distinction was studied in this research from the perspective of the LOS, implications may exist for NCs, as well. It was shown that a preference for patronizing LOSs does exist amongst a significant proportion of U.S. consumers. Therefore, NCs should want to determine how they can best combat this threat – particularly if LSP and CnSR attitudes are on the rise. For instance, NCs may want to assess if there is a way to make them appear more local. What can NCs do to improve their CnSR profiles amongst socially responsible consumers? A better understanding of what consumers value in local firms could help NCs manage this threat and better assimilate new stores into local markets.
Limitations and Future Research

This research is a first step toward bringing attention to local ownership as a factor that individuals consider when making consumption decisions. As is often the case with first steps, there are limitations that should be addressed in future research that builds on this foundation. For instance, in the absence of behavioral data, this research concludes at the intentions stage of consumer behavior. Future research should employ a behavioral variable to determine the extent to which attitudes and intentions translate to actual behaviors.

While this research suggests that LSP is consistent with CnSR attitudes, it does not test the LSP scale as a factor within the multidimensional CnSR scale. Therefore, future research should measure the LSP scale alongside the other dimensions of CnSR, assess this more comprehensive scale’s measurement properties, and deploy it with other variables to determine if LSP functions better as a stand-alone variable or if it more comprehensively measures CnSR attitudes than do current scales.

From a scale development perspective, it can be asserted that the use of student samples at two different points weakens the overall veracity of the development process. While student samples were used in contexts with which they likely would have been intimately familiar (shopping, as opposed to managerial decision-making), the restriction of range in age and experience is noteworthy. Thus, this is a limitation that could be addressed in future testing of the LSP construct.

It is also possible that other reasons – besides the values and sociodemographics measured here, lead to LSP. If so, a more fully specified model of LSP could and should be developed. Future research should attempt to identify additional antecedents that can help explain a greater amount of variance in LSP scores. For instance, it may be that variations along
the lines of the population of a locale or the length of time an LOS has been in business may influence people’s attitudes toward their support for LOSs.

As these studies were conducted within the contexts of clothiers and pharmacies, future studies should attempt to measure LSP and its influence in other industries. Furthermore, WTP was the only dependent variable in our model. It may be that LSP influences other intentions and behaviors, and these should be included in future research.

Research should also be undertaken to discover how LSP works at broader definitions of localness. For instance, does a chain enjoy a stronger LSP from consumers in its home state than it does in other states (i.e., state-level rather than city-level localness)? Do consumer perceptions of a chain’s localness dissipate as it operates farther from its locus of ownership (e.g., is the LSP for Chick-Fil-A stronger in South Carolina than it is in Texas)? Furthermore, how is localness perceived and what is its influence in the realm of online shopping?

Lastly, a number of research questions could be addressed from the perspective of NCs. For example, what strategies could NCs use to cause consumers to perceive them as more local? Conversely, could NCs effectively reduce the influence of LSP or the number of people who possess it?

**CONCLUSION**

Consumer social responsibility is a relatively new concept that has grown into a significant area of marketing interest – both from scholars and practitioners – in the past 15 years. As such, this consumer attitude and its dimensions have yet to be fully explored; and its dynamic nature suggests that research will be needed to keep our understanding of CnSR in line with the changing attitudes and expectations of consumers.
A major purpose of this research was to expound on an understudied element of socially responsible consumption: consumers’ perceptions of a business being locally owned and the potential influence on individuals’ consumption intentions. The studies undertaken in this research: (1) demonstrated that local ownership is a quite relevant store selection attribute to a significant segment of consumers, (2) developed a measure to quantify one’s preference for patronizing locally-owned stores, (3) identified certain values that are related to the preference, and (4) delivered support for the contention that consumers who have a local shopping preference are more willing to pay a premium at locally-owned stores. In doing so, this research underscores the practical relevance of local ownership to managers while contributing to the theoretical understanding of localness, its association with CnSR, and how it influences consumers’ attitudes and intentions toward businesses.

Additionally, this research opens new avenues for future localness-related research. Next steps in the elucidation and measurement of the impact of localness should be to engage in further inquiries into its realm of influence. Many new questions will arise on this subject, and researchers can address these by studying localness from other perspectives, such as strategy, consumer behavior, and the many other contexts in which the local shopping preference may manifest itself.
LIST OF REFERENCES


LIST OF APPENDICES
APPENDIX A

FACTOR ANALYSIS ITEMS ASSESSED IN STUDY 1A
Local Shopping Preference (LSP)

Indicate the extent to which you disagree or agree with each of the following statements:

1) When similar products are offered at a local store and a national chain, I prefer to buy from the locally-owned store.
2) I shop for products at national chains only when locally-owned stores do not have what I want.
3) I do not care if a store is locally-owned or a part of a national chain. (r)
4) I shop wherever I think I can get the lowest price. (r)
5) I enjoy shopping at locally-owned stores more than I do at national chains.
6) When I buy from a locally-owned store, I feel like I am supporting my community more than if I were buying from a national chain store.
7) I would likely pay more for products at a locally-owned business even if I could buy them for less at a national chain.
8) I would drive farther to patronize a locally-owned store even if a national chain is closer.
9) When shopping, I tend to go to national chains before I consider shopping at locally-owned stores. (r)
10) It makes me feel good about myself to shop at locally-owned stores.
11) I try to shop at locally-owned stores, knowing I may have to make some sacrifices, such as less product selection.
12) When possible, I prefer to shop at locally-owned stores rather than at national chains.
13) Locally-owned stores are better for the local economy than are national chains.
14) I avoid shopping at national chain stores when there is a locally-owned store that also carries the products that I like.
15) I feel a greater loyalty toward national chain stores than I do toward locally-owned stores. (r)

(r) indicates a reverse-coded item
Consumer Social Responsibility (CnSR)

Indicate the extent to which you disagree or agree with each of the following statements:

1) I try to buy from companies that help the needy.
2) When given a chance to switch to a brand that gives back to the community, I take it.
3) I avoid buying products made using child labor.
4) When given a chance, I switch to a brand where a portion of the price is donated to charity.
5) I avoid buying from companies that discriminate against certain classes of employees in terms of hiring or compensation.
6) I make an effort to buy from companies that pay all of their employees a living wage.
7) I recycle plastic, paper, and/or other household items.
8) I avoid purchasing products or services that cause environmental damage.
9) I avoid buying from companies that pollute the air or water.
10) I buy the highest quality product, regardless of its impact on the environment. (r)
11) When I am shopping, I buy the highest quality product regardless of the working conditions in the manufacturer’s factory. (r)
12) I buy the lowest priced product, regardless of its impact on the environment. (r)

Adapted from Webb, Mohr, and Harris (2007)

(r) indicates a reverse-coded item
APPENDIX B

SOCIALLY DESIRABLE RESPONDING ITEMS
Self-Deception Enhancement Items (ERT)

Indicate the extent to which you disagree or agree with each of the following statements:

1) My first impressions of people usually turn out to be right.
2) It would be hard for me to break any of my bad habits.
3) I have not always been honest with myself.
4) I always know why I like things.
5) Once I've made up my mind, other people can seldom change my opinion.
6) It's hard for me to shut off a disturbing thought.
7) I never regret my decisions.
8) I rarely appreciate criticism.
9) I am very confident of my judgments.
10) I don't always know the reasons why I do the things I do.

Impression Management Items (MRT)

Indicate the extent to which you disagree or agree with each of the following statements:

1) I sometimes tell lies if I have to.
2) I never cover up my mistakes.
3) I always obey laws, even if I am unlikely to get caught.
4) I have said something bad about a friend behind his or her back.
5) When I hear people talking privately, I avoid listening.
6) I have received too much change from a salesperson without telling him or her.
7) When I was young I sometimes stole things.
8) I have done things that I don't tell other people about.
9) I never take things that don't belong to me.
10) I don't gossip about other people's business.
APPENDIX C

CRITERION CHECK QUESTIONS
Select which one of the following 4 statements best represents your attitude toward choosing where to shop:

1) I prefer to shop at stores that are a part of a national chain.
   • I prefer to shop at national chains because:
     o they have better prices.
     o they have better selection.
     o they offer better service.
     o they are more likely to have what I like.
     o other (please write your reason): ____________________.

2) I have no preference between locally-owned stores and national chains.
   • I have no preference because:
     o my priority is getting the best value for my money.
     o my priority is going wherever I get the best service.
     o my priority is convenience.
     o other (please write your reason): ____________________.

3) I prefer to shop at locally-owned stores.
   • I prefer to shop at locally-owned stores because:
     o they have more unique merchandise.
     o they offer better service.
     o they are more likely to have what I like.
     o I like knowing I’m supporting a local businessperson.
     o other (please write your reason): ____________________.

4) I have no idea if the stores where I shop are locally-owned or a part of a national chain.

[NOTE: Bullet-point responses are not seen until a respondent chooses an initial response.]
APPENDIX D

STORE SELECTION ATTRIBUTES
Please rate the importance of the following items when determining where you will shop for clothing.

- Customer service (attention from employees; questions are answered promptly and accurately; problems are handled fairly)
- Locally-owned (the store is a locally-owned store as opposed to a national chain)
- Store atmosphere (attractiveness and cleanliness of the store)
- Shopping convenience (short check-out lines, convenient shopping hours, easily accessible location)
- Store reputation (reputation for fashion; reputation of clientele typical of the store)
- Loyalty program (the store has a program that rewards customers for their patronage with discounts, exclusive sales, etc.)
- Price (overall level of prices; getting a good value for my money)
- Merchandise (uniqueness and/or quality of merchandise; brands and sizes carried)

[NOTE: The above items are anchored on a 7-point scale from “Not important at all” to “Extremely important.”]
APPENDIX E

WILLINGNESS TO PAY (WTP) SCENARIOS
**Clothier Scenario**

You have found a long-sleeved dress shirt that you are interested in buying. At a clothing chain with locations around the country, the shirt is priced at $35. What would you be willing to pay for the same shirt at a locally-owned clothing store?

*Open-ended response*

- *If $35 or less, no further questions in the scenario.*
- *If > $35:*
  - Why would you be willing to pay more for the same shirt at a locally-owned clothing store?

*Open-ended response*

**Pharmacy Scenario**

You have a list of items (aspirin, cough syrup, bandages, etc.) that you intend to buy from a pharmacy. At a pharmacy chain that has locations around the country, the cost of these items totals $35. What would you be willing to pay for the same basket of products at a locally-owned pharmacy?

*Open-ended response*

- *If $35 or less, no further questions in the scenario.*
- *If > $35:*
  - Why would you be willing to pay more for the same merchandise at a locally-owned pharmacy?

*Open-ended response*
APPENDIX F

SELECTED CONSTRUCTS
<table>
<thead>
<tr>
<th>Construct</th>
<th>Conceptual Definition</th>
<th>Operationalization</th>
<th>Source(s)</th>
</tr>
</thead>
</table>
| Consumer Ethnocentrism            | The belief that one’s own group is the norm and that one’s consumption efforts should be directed at the maintenance of this “in-group.” | Measured on a 7-point scale, anchored by Strongly Disagree and Strongly Agree.  
Please indicate your level of agreement with each of the following statements:  
1) It is not right to purchase foreign products, because it puts Americans out of jobs.  
2) A real American should always buy American-made products.  
3) We should purchase products manufactured in America instead of letting other countries get rich off of us.  
4) Americans should not buy foreign products, because this hurts American business and causes unemployment. | Shimp and Sharma (1987)  
Klein (2002)                         |
| Consumer Social Responsibility (CnSR) | The conscious and deliberate choice to make certain consumption choices based on personal and moral beliefs | 2-factors comprised of 7 items, measured on 7-point scale  
Please indicate your level of agreement with each of the following statements:  
[Items measuring Factor 1]  
1) I try to buy from companies that help the needy.  
2) When given a chance to switch to a brand that gives back to the community, I take it.  
3) I avoid buying products made using child labor.  
4) When given a chance, I switch to a brand where a portion of the price is donated to charity.  
[Items measuring Factor 2]  
5) I recycle household items (plastic, paper, etc.).  
6) I avoid purchasing products or services that cause environmental damage.  
7) I avoid buying from companies that pollute the air or water. | Devinney, Auger, Eckhardt, and Birthness (2006).  
Adapted from Webb, Mohrn, & Harris (2007) |
<table>
<thead>
<tr>
<th>Construct</th>
<th>Conceptual Definition</th>
<th>Operationalization</th>
<th>Source(s)</th>
</tr>
</thead>
</table>
| Environmentalism | A deep concern for the environment. | Measured on a 7-point scale, anchored by Strongly Disagree and Strongly Agree.  

*Please indicate your level of agreement with each of the following statements:*  

1) *I would be willing to stop buying products from companies guilty of polluting the environment, even though it might be inconvenient for me.*  
2) *I do not believe the government is doing enough to control pollution.*  
3) *When I think of the ways industries are polluting the environment, I get frustrated and angry.* | Grunert and Juhl (1995) |
<table>
<thead>
<tr>
<th>Construct</th>
<th>Conceptual Definition</th>
<th>Operationalization</th>
<th>Source(s)</th>
</tr>
</thead>
</table>
| General Values | Enduring beliefs that convey what is important in our lives.                            | Measured on a 5-point scale with the following point lables: opposed to my values, not important, somewhat important, very important, and of supreme importance.  

Please evaluate each of the following items regarding how important it is as a guiding principle in your life.  

**[Items measuring Tradition]**  
Respect for tradition (preservation of time-honored customs)  
Detachment (from worldly concerns)  
Moderate (avoiding extremes of feeling and action)  
Humble (modest, self-effacing)  
Accepting my own portion in life (submitting to life's circumstances)  
Devout (holding to religious faith and belief)  

**[Items measuring Self-Direction]**  
Freedom (freedom of action and thought)  
Self-respect (belief in one's own worth)  
Creativity (uniqueness, imagination)  
Independent (self-reliant, self-sufficient)  
Choosing own goals (selecting own purposes)  
Curious (interested in everything, exploring)  

**[Items measuring Benevolence]**  
A spiritual life (emphasis on spiritual, not material matters)  
Meaning in life (a purpose in life)  
Mature love (deep emotional and spiritual intimacy)  
True friendship (close, supportive friends)  
Loyal (faithful to my friends, group)  
Honest (genuine, sincere)  
Helpful (working for the welfare of others)  
Responsible (dependable, reliable)  
Forgiving (willing to pardon others) |

Schwartz (1992)
<table>
<thead>
<tr>
<th>Construct</th>
<th>Conceptual Definition</th>
<th>Operationalization</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>One's present annual household income.</td>
<td>Please select the band within which your annual household income falls: $0 - 24,999 $25,000 - 49,999 $50,000 - 74,999 $75,000 - 99,999 $100,000 - 124,999 $125,000 or more</td>
<td>Steenkamp and de Jong (2010)</td>
</tr>
<tr>
<td>Income Evolution</td>
<td>The strength and directional change of one's income from five years ago to today.</td>
<td>Compared to 5 years ago, how has your household income changed? It has dropped considerably. It has dropped a little. It is about the same. It has risen a little. It has risen considerably.</td>
<td>Steenkamp and de Jong (2010)</td>
</tr>
<tr>
<td>Intrinsic Motivation [Marker Variable]</td>
<td>The motivation necessary for individual-level creativity.</td>
<td>Measured on a 7-point scale, anchored by Strongly Disagree and Strongly Agree. Please indicate your level of agreement with each of the following statements. 1) I enjoy finding solutions to complex problems. 2) I enjoy engaging in analytical thinking. 3) I enjoy creating new ways of doing things. 4) I enjoy improving existing processes or products.</td>
<td>Tierney, Farmer, and Graen (1999)</td>
</tr>
<tr>
<td>Construct</td>
<td>Conceptual Definition</td>
<td>Operationalization</td>
<td>Source(s)</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------</td>
</tr>
</tbody>
</table>
| Local shopping preference (LSP) | The preference for shopping at locally-owned businesses over shopping at non-locally-owned businesses. | Measured on a 7-point scale, anchored by Strongly Disagree and Strongly Agree.  
*Please indicate your level of agreement with each of the following statements:*  
1) When similar products are offered at a locally-owned store and a national chain, I prefer to buy from the locally-owned store.  
2) I enjoy shopping at locally-owned stores more than I do at national chains.  
3) It makes me feel good about myself to shop at locally-owned stores.  
4) I try to shop at locally-owned stores, knowing I may have to make some sacrifices, such as less product selection.  
5) When possible, I prefer to shop at locally-owned stores rather than at national chains. | Original                      |
| Materialism                | The belief that material possessions and their acquisition are highly valued in a person’s life. | Measured on a 7-point scale, anchored by Strongly Disagree and Strongly Agree.  
*Please indicate your level of agreement with each of the following statements:*  
1) I admire people who own expensive homes, cars, and clothes.  
2) The things I own say a lot about how well I’m doing in life.  
3) Buying things gives me a lot of pleasure.  
4) I like a lot of luxury in my life.  
5) My life would be better if I owned certain things I don’t have.  
| Localness                  | An attribute a store has if its locus of ownership is the town/city where one is shopping. | Measured on a 7-point scale, anchored by Not important at all and Extremely important.  
*Please rate the importance of the following store characteristics when determining where you shop for clothing. Each term is followed in parentheses by examples of the store attribute.*  
Locally-owned (the store is a locally-owned store as opposed to a national chain). | Original                      |
<table>
<thead>
<tr>
<th>Construct</th>
<th>Conceptual Definition</th>
<th>Operationalization</th>
<th>Source(s)</th>
</tr>
</thead>
</table>
| Perceived Consumer Effectiveness (PCE) | The belief that one can have a positive impact on social and environmental problems. | Measured on a 7-point scale, anchored by Strongly Disagree and Strongly Agree.       | Adapted from Straughan and Roberts (1999)  
Originally proposed by Kinnear, Taylor, and Ahmed (1974) |
| Willingness to pay (WTP)           | The maximum price one is willing to pay for a product/service.                         | Open-ended response to scenario                                                     | Adapted from Bechwati (2011)                                              |
APPENDIX G

HYPOTHESES
| H1: As one’s tradition value increases, one’s preference for shopping at locally-owned stores also increases. |
| H2: As one’s self-direction value increases, one’s preference for shopping at locally-owned stores also increases. |
| H3: As one’s benevolence value increases, one’s preference for shopping at locally-owned stores also increases. |
| H4: As one’s value of materialism increases, one’s preference for shopping at locally-owned stores decreases. |
| H5: As one’s value of consumer ethnocentrism increases, one’s preference for shopping at locally-owned stores also increases. |
| H6: As one’s value of environmentalism increases, one’s preference for shopping at locally-owned stores also increases. |
| H7: Current household income will be positively related to the preference for shopping at locally-owned stores. |
| H8: As one’s household income rises over time, one’s preference for shopping at locally-owned stores also rises. |
| H9: As one’s preference for locally-owned stores increases, one’s willingness to pay a premium at locally-owned stores also increases. |
| H10: The positive relationship between a local shopping preference and one’s willingness to pay a premium at locally-owned stores will be moderated by one’s perceived consumer effectiveness, such that the higher one’s perceived consumer effectiveness, the greater one’s willingness to pay a premium at locally owned stores. |
APPENDIX H

FREQUENTLY USED ACRONYMS
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Term/Phrase</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGP</td>
<td>attitude toward global products</td>
</tr>
<tr>
<td>ALP</td>
<td>attitude toward local products</td>
</tr>
<tr>
<td>CnSR</td>
<td>consumer social responsibility</td>
</tr>
<tr>
<td>LOB</td>
<td>locally-owned business</td>
</tr>
<tr>
<td>LOS</td>
<td>locally-owned store</td>
</tr>
<tr>
<td>LSP</td>
<td>local shopping preference</td>
</tr>
<tr>
<td>NC</td>
<td>national chain</td>
</tr>
<tr>
<td>PCE</td>
<td>perceived consumer effectiveness</td>
</tr>
<tr>
<td>SDR</td>
<td>socially desirable responding</td>
</tr>
<tr>
<td>WTP</td>
<td>willingness to pay (a premium)</td>
</tr>
</tbody>
</table>
VITA
C. CLIFTON EASON

EDUCATION
Ph.D. (Business Administration with emphasis in Marketing), University of Mississippi (expected August, 2014)
M.B.A., University of Alabama at Birmingham (1997)
B.S. (Major: Finance), University of Alabama (1994)

RESEARCH INTERESTS
Firm-level branding, corporate/consumer social responsibility, small business, nonprofits

DISSERTATION
Title: The Influence of Location of Firm Ownership on Consumers.

Committee Members: Dr. Scott Vitell (chair), Dr. Melissa Cinelli, Dr. Hugh Sloan III, Dr. John Bentley.

PUBLICATIONS AND SUBMITTED MANUSCRIPTS


RESEARCH PROJECTS IN PROGRESS
Status: Data analysis.

Status: Data analysis.

Status: Data collection.

CONFERENCE PROCEEDINGS


TEACHING INTERESTS

Marketing Research, Marketing Strategy, Sales
TEACHING EXPERIENCE

Samford University (2013 – Present)

Marketing Research (MARK 414)
This course provides a practical, hands-on approach to marketing research. An emphasis is placed on gaining a fundamental understanding of both qualitative and quantitative research, including the application of different research techniques and methods of analysis. Students apply the knowledge they have gained through various exercises, cases, and group-based research projects.
Fall, 2013
Spring, 2014

Marketing Strategy (MARK 541)
This course covers the planning and execution of marketing strategies that are designed to facilitate the exchange of goods and services in a global environment. Through case study, lecture, and team-based projects, students examine marketing management issues that arise due to cultural, economic, political, legal, financial, and technological differences among nations.
Fall, 2013
Spring, 2014
Summer, 2014

Professional Selling (MARK 418)
This course examines the professional selling process. Students learn how to be a successful salesperson through understanding and demonstrating the professional selling process as well as communication skills essential for success today. Ethical issues in today’s business and cultural environment and an understanding of the steps to begin a sales career are also be discussed.
Fall, 2013

Retailing (MARK 402)
This study of retailing presents the requirements for successful retail store management, careers in retailing, structures of the retail organization, retail personnel management, buying and pricing of merchandise, customer services, and retail store control.
Spring, 2014

University of Mississippi (2011 – 2013)

Principles of Marketing (MKTG 351)
This introductory course covers basic principles and practices of marketing, including: the scope of marketing and its environment, social responsibility and ethics in marketing, the elements of the marketing mix, how consumers make decisions, and how to research and identify target markets.
Summer, 2011 (overall student evaluation: 4.5/5.0)
Summer, 2013 (evaluations forthcoming)

Marketing Research (MKTG 525)
Guest lecturer, Spring, 2013
Professional Selling and Relationship Marketing (MKTG 354)
Guest lecturer, Fall, 2012

Jefferson State Community College (2002)
Personal Finance, Spring, 2002

SERVICE TO THE UNIVERSITY AND ACADEMIC COMMUNITY
Faculty Advisor to campus chapter of the American Marketing Association. 2014.
University of Mississippi Associated Student Body. Senator representing the Graduate School. 2010-11.

PROFESSIONAL AFFILIATIONS & MEMBERSHIPS
American Collegiate Retailing Association
American Marketing Association
American Marketing Association – Birmingham, AL Chapter
   Board of Directors, 2014
   Collegiate Relations Committee – Co-Chair, 2014

PAST EMPLOYMENT
Lincoln Financial Advisors  1998 – 2010
   Financial Planner  1998 – 2010
   Develop and implement strategic financial plans for high net worth individuals.
   Specialist in Investment Planning and Estate Planning.

   Regional CFO / Senior Finance Manager  2002 – 2005
   Responsible for the budget, expenses, and financial statement preparation & analysis for the 7 offices in the Southeastern U.S. and the region’s “roll-up.”
   Leader in the development of nationwide systems to improve operational efficiencies. Additional responsibilities included compliance roles as a Registered Principal of the firm.
Strategic Advisor to the SVP & National Dir. of Planning Offices 2002 – 2005
Coordinated finance-related projects and provided analysis and recommendations to the senior management team of LFA. Created new systems for gathering, analyzing, & reporting financial/statistical data. Produced e-newsletter to communicate both financial and non-financial information to executive management.

AmSouth Bancorporation (now Regions Financial Corp.) 1994 – 1998
Equity Analyst / Portfolio Manager 1994 – 1998
Responsibilities included the analysis of publicly traded companies falling in the Retail, Transportation, and Consumer Durables sectors of the U.S. economy; making buy/sell recommendations and managing the three aforementioned industry sectors of the AmSouth Value Fund.

DOCTORAL COURSEWORK
Marketing Courses
- Consumer Behavior Dr. Nitika Garg
- Customer Relationship Management Dr. Stephanie Noble
- Marketing Management Dr. Douglas Vorhies
- Theoretical Foundations of Marketing Dr. Scott Vitell

Methods Courses
- Applied Longitudinal Modeling Dr. John Bentley
- Applied Multivariate Analysis Dr. John Bentley
- General Linear Models Dr. John Bentley
- Qualitative Research Methodology Dr. Stacey Britton
- Research and Experimental Design Dr. Douglas Vorhies
- Research Methods Dr. Walter Davis
- Statistical Methods Dr. Xin Dang
- Structural Equation Modeling Dr. Douglas Vorhies

REFERENCES
Scott Vitell, Ph.D.
Professor of Marketing
Department Chair and Phil B. Hardin Chair
325 Holman Hall
University, MS 38677
svitell@bus.olemiss.edu
662.915.5468
Melissa Minor Cinelli, Ph.D.
Assistant Professor of Marketing
Holman Hall
University, MS  38677
mcinelli@bus.olemiss.edu
662.915.5820

Hugh J. Sloan, III, Ph.D.
Associate Professor of Marketing
234 Holman Hall
University, MS  38677
hsloan@bus.olemiss.edu
662.915.7414

John P. Bentley, Ph.D.
Professor of Pharmacy Administration and Research Professor in the Research Institute of Pharmaceutical Sciences
235 Faser
University, MS  38677
phjpb@olemiss.edu
662.915.7114