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Consumer Stakeholder Responses to Reshoring Strategies

Abstract

Our research provides insights into the nature of consumer reactions to corporate reshoring. We test the impact of reshoring decisions on consumer willingness to buy and willingness to pay for the products of companies implementing reshoring decisions. We conduct three experimental studies: Study 1 analyzes the processes underlying consumer reactions to reshoring from a moral psychology perspective. Results show the mediating role of positive and negative moral emotions (i.e., gratitude and righteous anger) felt by consumers. Study 2 shows the important role of consumer attribution inferences of company motives for reshoring, and ethnocentrism dispositions of consumers, highlighting boundary conditions of proposed moderating mechanisms. Study 3 tests the proposed model in the context of an actual reshoring case, extending its range of application and addressing external validity. The results improve our understanding and handling of consumer reactions to corporate reshoring.

Keywords: Reshoring, Consumer stakeholders, Willingness to pay, Attribution inferences, Ethnocentrism, Offshoring

Reshoring of once offshored activities is becoming common business practice (Fratocchi et al. 2014; Hutzler and Lippert, 2014; Kinkel 2012) and being increasingly discussed in the popular economic press (The Economist 2013a) and political circles. For example, the Obama Administration focuses on reshoring as a stimulus to growth, and the Boston Consulting Group (2012) found that many U.S.-based manufacturing companies with sales greater than \$1 billion are planning to bring production back to the U.S. from China, or at least are considering it. Even though data on reshoring are scarce, evidence shows that the practice is a significant and growing phenomenon, gaining more and more importance. France, Germany, Japan, the UK, and the U.S. are among the few countries reporting statistics on reverse investment (which includes reshoring investments), where such investments ranged from one third (Japan) to two thirds (France) of gross equity outflows in 2011 (World Investment Report 2013).

After implementing offshoring, that is, the strategic decision to transfer part or all of company activities from the home country to another country (e.g., Bunyaratavej et al. 2011; Doh et al. 2009; Robertson et al. 2010), a firm may later decide to follow a process of reverse investment, involving a reduction in activities done abroad. Several labels are used to identify this phenomenon of “come back” (e.g., backshoring, back-reshoring, onshoring, insourcing), and reshoring and insourcing activities are often confused in the popular press. In our work, in line with Ellram (2013) and Gray et al. (2013), we consider “reshoring” as the company decision to relocate its activities back to the home country regardless of the ownership of the activities relocated. Because of its recency, the practice of reshoring is relatively understudied and in need of research in order to learn more about the “true” consequences for this company strategic decision (Gray et al., 2013; Tate et al., 2014a).

The objective of our research is to study the effects of reshoring on consumer reactions so as to provide management with input on the importance of one stakeholder

constituency on demand for its products or services. Of course, the decision to reshore or not will be influenced by a variety of such factors as financial, environmental, technological, legal, and social conditions. Moreover, opportunities and constraints from multiple stakeholders must often be taken into account. Our aim in this paper is more circumscribed by focusing on one stakeholder: existing or potential consumers. Taking a consumer stakeholder perspective, we aim to integrate the drivers for reshoring, showing the positive effects of such a strategy on consumer willingness to buy and willingness to pay for the company products.

Specifically, we (1) show the positive effects of reshoring on consumer willingness to buy and consumer willingness to pay (defined below) and the psychological mechanisms (moral emotions) governing them, and (2) provide focus on (a) the specific circumstances (perceived company intrinsic vs. extrinsic motives for reshoring) and (b) the type of consumers (high vs. low in ethnocentrism) for which these effects work, using both controlled and field experiments. Our research, therefore, makes both theoretical and empirical contributions, extending our understanding of the potential advantages of company reshoring and providing a broader and deeper perspective for evaluating this corporate strategy from the point of view of consequences for consumers.

Theoretical background

Consideration of reshoring from a moral perspective

A reshoring strategy is a location decision that entails a reversion from a previous offshoring decision, expressed in the decision to bring company activities back to the home country (Ellram et al. 2013; Gray et al. 2013). Thus reshoring cannot be fully understood without considering its “starting point”: offshoring.

Offshoring is the practice of companies moving business activities beyond the borders of their countries (e.g., Bunyaratavej et al. 2011; Doh et al. 2009; Robertson et al. 2010) and

has traditionally been done by firms for purposes of achieving one or more strategic ends: *cost reduction, access to knowledge and talented people, or development of foreign markets* (Contractor et al. 2010). The occurrence of one or more of the following events may lead to the transition from offshoring to reshoring: *changes in exogenous cost drivers* (e.g., wage rates, currency, transportation costs) and/or *incidence of hidden costs* (e.g., low productivity, quality problems, cultural differences, exchange rate risk), that may lead to changes in the managerial evaluation of the true total cost of offshoring (Ellram et al. 2013; Gray et al. 2013; Leibl et al. 2011). In other words, the offshoring to reshoring path usually develops following these steps: (1) firms move activities offshore based on measurable advantages (e.g., labor cost), and (2) then decide to reshore because of changes in the same factors for which they had decided to offshore (e.g., increased labor cost), or based on new perceived benefits for reshoring in the home country (e.g., improved quality and flexibility, speed and simplicity of doing business) (Tate et al. 2014b).

Consumers become aware of, or infer, a bundle of reasons that companies use to decide to reshore, and this ultimately, through processes we study herein, results in positive effects on consumer willingness to buy and willingness to pay for the company products. In contrast with the indirect costs to firms of offshoring because of negative consumer reactions (Thelen et al. 2011), here we propose an advantage of reshoring that could represent a central driver in company decisions with respect to anticipating demand for its products.

Research to date has not discussed how consumers react to company reshoring and through which mechanisms. However, given the associations between reshoring and offshoring illustrated above, we draw on previous research on this latter phenomenon to derive our first hypothesis. Grappi et al. (2013), building on the pioneering studies by Robertson et al. (2010) and Thelen et al. (2011), show the central role of the moral emotions of righteous anger and gratitude in linking the perception of violation of moral standards

associated with offshoring strategies to specific negative consumer actions, as well as fulfillment of moral standards on positive actions. The decision to reshore, following offshoring, can be contextualized in relation to this theoretical framework.

Reshoring evokes several ethical or moral considerations in the public (Fine, 2013; Gray et al., 2013; Smith, 2014). Although attention has largely been centered on relocating jobs within the home country, there are also additional moral issues involved, such as the need to stop the exploitation of labor in underdeveloped countries or to cease taking advantage of lax environmental regulations abroad. Such positive moral considerations may lead to a favorable appraisal of reshoring and subsequent positive consumer reactions through the combined and opposite effects of felt gratitude and righteous anger. From the point of view of consumers, the change in the company's strategy can be considered in fact an admirable moral decision and will be associated with an increase in gratitude and a decrease in anger by consumers toward the company (Grappi et al., 2013).

Specifically we expect consumers, because of the company reshoring strategy, to feel a higher level of gratitude and a lower level of righteous anger toward the company, and consequently this will lead to a higher willingness to buy the company's offerings. We first consider the measure of this specific behavior because it represents consumer intentions to engage in actions toward the company in order to support it directly by buying its products. Thus, we predict that company reshoring decisions will ultimately positively affect consumer behavior in favor of the company, and will do this to the extent that the moral emotions of gratitude and righteous anger are activated as psychological mediators. Therefore, we hypothesize:

H1: Consumer perception of the company's reshoring strategy has a significant positive impact on consumer willingness to buy its products through the mediating influence of gratitude and righteous anger. Specifically,

H1a: Consumer perception of the company's reshoring strategy increases gratitude that, in turn, positively affects consumer willingness to buy.

H1b: Consumer perception of the company's reshoring strategy decreases righteous anger that, in turn, less negatively affects consumer willingness to buy.

Moderating role of consumer perceived company motives for reshoring and consumer ethnocentrism

Considering the centrality of gratitude and righteous anger in the mediation process that links the consumer perception of reshoring and consumer reactions toward the company, particular attention should be devoted to the intensity of these emotional experiences.

Positive effects of reshoring on consumer support of the company can be obtained by targeting the mediating variables that are hypothesized to be causally related to this support.

Both gratitude and righteous anger are moral emotions related to effort and perception of causal control based on the attributional approach to emotions advanced by psychologist Weiner (2006). In our context, these emotions are experienced by a consumer "observer" who witnesses actions of an agent company that can be perceived as moral or immoral (Rudolph and Tscharktschiew, 2014). Specifically, the company decision to reshore following offshoring elicits increased feelings of gratitude and reduced feelings of righteous anger, against the backdrop of the original offshoring decision.

However, causal attributions are not the only key element in the emotion process. As proposed by Weiner (1986: 296), "increasing cognitive complexity generates more differentiated emotional experiences." In our study, this might mean that additional consumer reflection on, or cognitive elaboration about, a company reshoring decision is likely to affect the intensity of the felt emotional experiences associated with it. Here, in particular, we focus on attributions consumers make about the motives underlying the company's reshoring

decision, and we suggest that they have a moderating effect on the link between consumer perception of such a decision and consumer affective reactions (i.e., increased gratitude and reduced anger).

Prior research suggests that consumers categorize company motives into two primary groups: firm-serving or extrinsic motives, which emphasize the potential benefits to the firm itself, and public-serving or intrinsic motives, which focus on the potential benefits to people outside the company (Barone et al. 2000; Du et al. 2007; Forehand and Grier 2003). The first group is negatively perceived by consumers because it denotes a self-serving or opportunistic perspective; the second group of motives is perceived favorably by consumers because it shows elements of altruism and enhanced social concern (Becker-Olsen et al. 2006).

In other words, if consumers infer a company decision to have resulted from extrinsic motives, believing that the company acted out of egoistic reasons (for example, to exclusively increase profits), then they are likely to perceive the company decision negatively and react more strongly with negative emotions. On the other hand, if consumers attribute a company decision to intrinsic motives (such as the desire to take into account the welfare of the community), then they are more likely to perceive the company decision positively and react more strongly with positive emotions.

Moreover, in a context of corporate social responsibility (CSR), recent research (e.g., Du et al., 2007; Ellen et al., 2006; Romani et al., forthcoming) suggests that motives can be attributed to both intrinsic and extrinsic categories. Therefore, in our specific context of study, stronger intrinsic and weaker extrinsic attributions about the company's motives for reshoring are likely to be associated with higher levels of gratitude and lower levels of righteous anger, respectively.

Additional support for these moderating effects of perceived company motives on gratitude and righteous anger stem from basic research done on these two specific moral

emotions. Concerning gratitude, models developed by Tesser et al. (1968) and Wood et al. (2008) suggest that the intensity of gratitude one experiences is strongly related to the perceived sincerity of the motivations of the benefactor. Empirical findings (Tsang, 2006; Weinstein et al., 2010) confirm the impact of recipient's attributions regarding benefactor motivations on recipient reactions of gratitude, with more gratitude felt toward a benefactor with benevolent motives than with self-serving or ulterior motives. Thus, stronger intrinsic and weaker extrinsic attributions about the company's motives for reshoring are likely to be associated with higher levels of gratitude.

Concerning righteous anger, Fisher and Roseman (2007) argue that a possible long term effect of anger is to positively alter an unsatisfactory relationship through reconciliation. In our specific context, we propose that the expression of righteous anger is used by consumers to motivate changes in company behavior in order to attain a better outcome. Given the success obtained with a move from offshoring to reshoring, we expect that felt righteous anger will decrease, and this reduction will be higher in the presence of perceived intrinsic motives for reshoring.

Thus, perceived company motives enhance our understanding of consumer reactions to reshoring decisions through their leveraging effect on felt gratitude and righteous anger. However, the strength of the emotional reactions may also depend on specific individual traits of consumers. As discussed by Weiner (2006), certain circumstances and/or individual difference characteristics of people can produce disparity in emotional experience, following the appraisal of a specific event.

Specifically, we propose that consumer ethnocentrism, defined as "the belief among consumers that it is inappropriate, or even immoral, to purchase foreign products because to do so is damaging to the domestic economy, costs domestic jobs and is unpatriotic" (Shimp

and Sharma 1987: 281), will affect the degree of elicitation of gratitude and righteous anger, in combination with consumer perceived company motives for reshoring.

Ethnocentrism reflects consumers' tendency to exhibit a positive predisposition toward products made in their home country, and at the same time, to avoid imported products (Elliot and Cameron 1994; Ouellet 2007; Sharma et al. 1995). Durvasula and Lysonski (2009) showed that consumers high in ethnocentrism felt that offshoring is morally reprehensible; such consumers thus oppose offshoring on moral grounds. Given the close conceptual link between offshoring and reshoring, ethnocentrism is expected to play a significant role also in explaining the mechanism of consumer reactions to reshoring, affecting the extent that consumers feel moral emotions toward reshoring. When consumers assess the appropriateness of purchasing domestic or foreign products (Acharya and Elliot 2003; Durvasula and Lysonski 2009), the intensity with which they feel gratitude and righteous anger will depend on the degree to which they can be characterized as ethnocentric in their consumption beliefs. In particular, we expect that those high in ethnocentrism will feel that reshoring is morally correct, and they will therefore react with high levels of gratitude and low levels of righteous anger, compared to those low in ethnocentrism. Further, ethnocentrism will interact with consumer evaluations of company motives for reshoring to affect consumer emotional reactions to reshoring. More specifically, we aim to examine the combined effect of consumer perceived company motives for reshoring and consumer ethnocentrism in order to identify boundary conditions modulating the effect of perceived company reshoring on felt moral emotions. In sum, we expect that perceived company motives for reshoring and consumer ethnocentrism will combine to regulate felt gratitude and righteous anger.

In our study, consumer reactions of support of the company are measured in terms of consumer willingness to pay for company products. By choosing this dependent variable, we

address a potential limitation associated with measures of intentions which are commonly used. We integrate our measure of consumer responses to reshoring by considering also actual consumer behaviors assessed through a measure of actual willingness to pay. Overall, we predict an increased willingness to pay (reshoring premium) in the case of a reshoring strategy. Specifically, we hypothesize:

H2: Consumer perception of the company's reshoring strategy will interact with both consumer perceived company motives for reshoring and consumer ethnocentrism to influence felt gratitude and righteous anger, which, in turn, will influence consumer willingness to pay. More specifically:

H2a: (a) The higher the intrinsic and the lower the extrinsic company motives for reshoring perceived by consumers, and (b) the higher the consumer ethnocentrism, the higher the felt gratitude and the lower the felt righteous anger.

H2b: The higher the felt gratitude and the lower the felt righteous anger by consumers, the higher consumer willingness to pay for company products.

Figure 1 summarizes our hypotheses. The interaction effects of the two moderators (consumer perceived company motives for reshoring and consumer ethnocentrism) are expected to affect the relationship between consumer perception of reshoring and felt emotions as represented by the two mediators (i.e., righteous anger and gratitude). The two emotions, in turn, affect consumer responses to reshoring (i.e., willingness to buy/pay for the company products). Moreover, to rule out alternative explanations, we control for the effects of the negative basic emotion of sadness and the positive basic emotion of happiness (see Figure 1). These two non-moral emotions are investigated as rival hypotheses because they exhibit the same valence as righteous anger and gratitude, respectively, but lack the same compelling rationale that moral emotions have for motivating behavior in such business

contexts (Haidt 2003). By positing explicit rival hypotheses, we hope to bolster the interpretation of the results.

--- Insert Figure 1 Approximately Here ---

Overview of the studies

Three studies were conducted to test our hypotheses. The aim is to understand the processes governing consumer reactions to company reshoring decisions using a multiple perspectives approach. As summarized in Table 1, each study builds on the previous one, to strengthen tests of hypotheses. Overall the proposed model strives (1) to explain both consumer intentions and consumer real behaviors in response to a company reshoring decision, (2) to examine both fictitious and actual reshoring company decisions, and (3) to operationalize hypotheses in both controlled and field experiments.

--- Insert Table 1 Approximately Here ---

Study 1

Study 1 considers companies' choices to reshore as broken down into a gradient, ranging from no reshoring (maintaining all its activities abroad) up to full reshoring (moving back home both phases of design and production). In this study we also consider the company decision to partially reshore, that is, to move back home only one or the other of the two phases of design and production. In this way, we consider also partial reshoring decisions that a growing number of companies now implement. For example, Siemens decided to reshore its R&D expenditures abroad (Belitz, 2010); General Electric, a pioneer in the offshoring of IT services, decided to reshore its IT activities after finding that they were slow in responding to changing technology needs (The Economist, 2013b). At the same time, the partial reshoring of manufacturing decisions deserves to be considered. For example, ET Water Systems, which builds sophisticated irrigation devices, reshored its manufacturing activities

from China because of problems arising from the distance between manufacturing and design which resulted in deterioration of product quality (Asefeso, 2014).

This study examines differences across four experimental groups with respect to consumer willingness to buy company products to verify the effects of company reshoring strategies on consumer responses, and then we move to test H1 concerning the underlying mediational process. We examined in detail the mediating role of moral emotions (i.e., gratitude and righteous anger) on the relationship between perceived company reshoring decisions and willingness to buy. As mentioned above, to rule out alternative explanations, we also control for the negative basic emotion of sadness and the positive basic emotion of happiness, as these could constitute rival hypotheses vis-à-vis our moral emotion hypotheses. Including these basic emotions provides a more demanding test of our hypotheses.

Research design

By use of experimental and control conditions, we manipulated company reshoring. The different reshoring strategies concern the decisions to bring company activities back home or to maintain all or only some of these activities abroad. Four between-subjects (three manipulations and one control) conditions were created to produce different questionnaire versions. The mediating and dependent variables were measured variables.

We followed the procedures for multicategorical mediation regression analysis proposed by Hayes and Preacher (2013). The variables in our design can be summarized as follows:

1. A categorical variable (X) indicating exposure to one of the experimental conditions. The manipulated reshoring strategies were coded as follows: FR (full reshoring): both manufacturing and design activities reshored; RP (reshoring production): manufacturing reshored and design maintained abroad; RD (reshoring design): design reshored and

manufacturing maintained abroad; and CC (the control condition): all the company activities (design and manufacturing) are maintained abroad; this condition functions as a reference group control.

2. Four continuous mediating variables (*M1*, *M2*, *M3*, and *M4*) consisting of multiple items for each emotion analyzed (i.e., righteous anger, gratitude, sadness, and happiness).
3. A continuous outcome variable (*Y*) referring to consumer willingness to buy the company products.

Stimulus materials We developed and pretested narrative versions of the experimental and control conditions. Each stimulus narrative used a fictitious corporate name and began with a thorough description of the company, its business, and its reshoring strategy. In our specific narratives, the company produces sunglasses and eyeglasses. Below is the full reshoring scenario, as an example of the scenarios used (in the partial reshoring scenarios the description was about the decision to move back to the home country only the production or the design activities. The control scenario consisted of the first paragraph only):

Company X, one of the first manufacturers in the world of eyewear, manufactures and markets each year about 50 million pairs of sunglasses and eyeglasses and promotes approximately 30 brands. Over the years, its products have been purchased by millions of consumers worldwide, maintaining a presence in 130 countries on 5 continents and in about 61,000 stores. In 2008 Company X moved both design and production of their eyeglasses outside the home country.

In late 2011, however, Company X decided to come back in the home country, moving back its design and production activities.

To ensure that consumer evaluations and reactions were only related to the concept of reshoring itself and not affected by characteristics associated to specific foreign countries (e.g., animosity toward a specific country), we structured the narrative without information about the country from which company activities were brought home.

With respect to manipulation checks, the company reshoring decision manipulation was verified in the final section of the questionnaire, wherein respondents were asked to recall and write down in which country (domestic or foreign) the product was now designed and in which country (domestic or foreign) it was now manufactured. We retained only the questionnaires where participants remembered correctly the reshoring decision in each experimental condition. Moreover, in order to ascertain whether consumers were inclined to evaluate differently the company decisions, we included a measure of participants' perception of the positivity of this decision. Respondents rated the positivity of the strategy adopted by the company in each manipulated scenario on 7-point scales.

Each participant answered only one of the different versions of the questionnaire; they took approximately 15 minutes to complete it. After finishing the questionnaire, respondents were debriefed and thanked.

Respondents and procedure Respondents were approached as they shopped in three city-center shopping areas, the first in the north, the second in the center, and the third in the south of Italy, by three different interviewers. The interviewers personally distributed the questionnaires to the population of interest, which the authors defined as individuals between 18 and 70 years of age. We asked interviewers to select respondents based on the proportion of men and women and approximate age range in accordance with data on the population, in order to enhance the representativeness of the sample relative to that population. Thus, a convenience quota sample was selected. Interviewers approached 331 individuals and disqualified 22 due to age issues. Among the remaining 309 individuals approached and screened, about 89% agreed to participate in the survey and, of them, 4.4% were disqualified for wrongly selecting the reshoring strategy implemented by the company in the manipulation check (the total sample was 263 respondents).

Of the respondents, 49.4% were men (cf. census percentage according to Statistics Italy for 2012: 49% [www.istat.it]), and the average age was 43 years. Specifically 20.2% (cf. 18.5% census) were between 18 and 29 years of age, 47.5% (cf. 43.9% census) were between 30 and 49 years of age, and the remaining 32.3% (cf. 37.6% census) were between 50 and 70 years of age. Undergraduate or higher educated respondents accounted for 39.5% (cf. 15.7% census) of the sample, followed by respondents with a high school education (42.6%) (cf. 41.1% census) or less (17.9%) (cf. 43.2 % census). This level of education is somewhat higher than the average for the entire population; however, preliminary analysis revealed no confounding effects of this socio-demographic characteristic. Overall, the sample is relatively representative of the entire adult population.

We also controlled for differences across four experimental and control groups for three variables, that is, consumer animosity, perceived risk of offshoring, and job loss. Consumer animosity was measured using three items selected from Durvasula and Lysonski (2009). A sample item is “Our country is more fair in its trade dealing with the outsourced countries than those countries are with ours” ($\alpha = .73$) ($M = 4.26$, $SD = 1.47$). Following Thelen et al. (2011) and Grappi et al. (2013), perceived risk of offshoring was measured using four items, given in response to the query, “What do you think of your purchase of a product that has been produced abroad from the company?” Sample items of the scale are “would make me feel anxious” and “would cause me to worry.” ($\alpha = .84$) ($M = 2.73$, $SD = 1.39$). The job loss variable was measured with a dichotomous item: whether respondents or their relatives had lost jobs or not due to offshoring (25.1% of the sample lost jobs or knew someone who had lost jobs because of offshoring). ANOVAs on these variables revealed no differentiation between groups (animosity: $F(3, 259) = 1.59$, $p = .19$; perceived risk: $F(3, 259) = .95$, $p = .42$; job loss: $F(3, 259) = 1.16$, $p = .33$).

Measures Participants responded to a series of multi-item measures on seven-point scales to capture the constructs studied. We adapted the items from previous research and list their sources in Table 2. An Italian marketing professor translated the English-language questionnaire into Italian, and two different marketing professors then independently translated the questionnaire back into English to verify its accuracy. Using comparisons of the original and back-translated versions for semantic equivalence, two bilingual English–Italian speakers then refined the survey. Exploratory factor analyses showed that each item loaded highly on the corresponding factor, with factor loadings ranging from a minimum of .76 to a maximum of .96, and loaded at low levels on all other factors (loadings less than .25). Measures showed adequate levels of reliability (see Table 2). Before testing our hypotheses, we assessed the convergent and discriminant validity of our measures. Using structural equation modeling (Lisrel), we ran a confirmatory factor analysis (CFA) on measures of mediators and dependent variables (i.e., righteous anger, gratitude, sadness, happiness, and willingness to buy) (see Table 2). The fit of the model was good ($\chi^2(df) = 79.59(34)$; CFI = .98; NNFI = .96; RMSEA = .07; SRMR = .05). All the average variances extracted were above the recommended threshold of .50, and the analysis of the correlations between the variables did not include the value 1 by use of confidence intervals. Given the satisfactory model fit, and high factor loadings of each item on its corresponding dimension, it is appropriate to move to tests of hypotheses. Descriptives (means and standard deviations) for all variables for the four groups are detailed in Table 2.

--- Insert Table 2 Approximately Here ---

With respect to manipulation checks, besides retaining only respondents that correctly selected the reshoring strategy of the company in the final section of the questionnaire, we also checked respondent positivity ratings of the strategy adopted by the company. Results confirmed that the conditions demonstrated significant mean differences ($M_{FR} = 4.42$,

$M_{RP} = 4.22$, $M_{RD} = 4.24$, $M_{CC} = 3.13$; $F(3, 259) = 17.09$, $p < .01$). Planned comparisons showed significant differences between groups except between the scenarios where only one or both activities were reshored (RD vs. RP, $t(129) = .14$, $p = .89$; RD vs. FR, $t(126) = -.84$, $p = .40$; $t(125) = -.92$, RP vs. FR, $p = .36$).

Results

First, we conducted an ANOVA to check if there are differences between the experimental groups in terms of willingness to buy, to validate the effects of company reshoring strategies on consumer responses. Results confirm that the four conditions demonstrate significant mean differences ($F(3, 259) = 7.02$, $p < .01$). Planned comparisons were conducted to evaluate the differences between groups (see Table 3). The no reshoring condition had significantly lower willingness to buy compared to the full reshoring condition and to the partial reshoring conditions; the full reshoring and the partial reshoring conditions had the same level of willingness to buy.

--- Insert Table 3 Approximately Here ---

Given the difference between the four experimental groups in terms of consumer responses, it is appropriate to move to tests of our hypotheses concerning the underlying mediational process. Our findings suggest that, overall, gratitude and righteous anger constitute important mediators between consumers' perceptions of company reshoring strategies and their relevant reactions, represented here in the form of willingness to buy (see Table 4). Respondents are inclined to feel gratitude toward a company that decides to reshore (i.e., partially or totally relocate its activities back to the home country), and this, in turn, motivates consumers to behave positively toward the company by increasing their willingness to buy its products. Thus, H1a is supported. At the same time, righteous anger decreases when consumers evaluate the company decision to partially or totally reshore its

activities, leading to a higher willingness to buy its product, supporting H1b. (Grappi et al. (2013) showed that righteous anger of consumers increases when firms offshore their operations.) The analysis of the direct effect of company reshoring strategies on willingness to buy showed full mediation for all the conditions considered. (See Table 4.) Findings also show that, as expected, the other non-moral emotions of sadness and happiness do not mediate the influence of consumer evaluations of company reshoring strategies on one's reactions. To conclude, these results verify the hypothesized mediational role of felt gratitude and righteous anger between exposure to learning about company reshoring strategies and one's willingness to buy the company products. (The conditional indirect effects fully support hypotheses and may be obtained from the authors.)

--- Insert Table 4 Approximately Here ---

Study 2

The aim of Study 2 is to examine the moderating effects exerted by both perceived company motives for reshoring and ethnocentrism on actual consumer behavior, that is on one's, his/her willingness to pay for company products.

Research design

In this study, we analyze the interaction effects between consumer perceived company motives for reshoring and consumer ethnocentrism in the mediation process affecting consumer behavioral responses to company reshoring decisions (i.e., consumer willingness to pay for company products).

Stimulus materials In our research, we considered consumer perceptions of company reshoring decisions, and thus we used a single scenario describing the full reshoring decision

of a fictitious company. To do this, we used the full reshoring scenario of Study 1. The moderating, mediating, and dependent variables were measured variables.

In order to ascertain whether consumers were inclined to evaluate positively the reshoring company decision, we included a measure of participants' perception of the positivity of this decision. Respondents rated the positivity of the strategy adopted by the company in each manipulated scenario on seven-point scales. After finishing the questionnaire, which took approximately 15 minutes complete, respondents were debriefed and thanked.

Respondents and procedures Respondents were approached by two interviewers as they shopped in two city-center shopping areas. We followed the same procedure used in Study 1 and the same population of interest to select a convenience quota sample. Interviewers approached 149 individuals and disqualified 9 due to age issues. Among the remaining 140 individuals approached and screened, 86% agreed to participate in the survey (N = 120), 50.8% were men, and the average age was 42 years (range of 18 to 70 years). Specifically 24% were between 18 and 29 years of age, 39.8% were between 30 and 49 years of age, and the remaining 36.2% were between 50 and 70 years of age. Undergraduate or higher educated respondents accounted for 48.3% of the sample, followed by respondents with a high school education (37.5%) or less (14.2%). As in Study 1, the level of education was somewhat higher than the average for the population; however, analyses revealed no confounding effects of education.

Measures All the variables were measured herein using the same items presented in Study 1. We also used the same procedure for item translation detailed in Study 1 for the new variables considered in Study 2. The Consumer perceptions of reshoring were measured

asking respondents to respond, on seven-point scales with “not at all” and “very much” as end-points, to three items: “thinking about the decision of the company to reshore, I evaluate it positively,” “I look favorably on this decision,” and “I negatively consider the company reshoring decision” (reverse coded). A factor analysis demonstrated that the three items loaded on one factor with loadings ranging from .78 to .95. Cronbach alpha was .87.

To measure the intrinsic and extrinsic motives associated with the company reshoring decision, we adapted the measurement scale developed by Ellen et al. (2006) to better suit our context at hand. We considered both intrinsic and extrinsic motives associated with the company reshoring strategy by consumers. Participants expressed their level of agreement or disagreement, on a seven-point Likert scale, for each of the statements measuring consumer perceived motives and introduced by the words: “express your level of agreement with the following statements regarding the company reshoring decision”. Five items assessed intrinsic motives: “I think that the company feels morally obligated to reshore its activity”, “I think that the company has a real, authentic long term interest in bringing its activities back in the home country”, “I think that the company believe in the decision to bring activities back in the home country”, “I think that the company want to make it easier for consumers who care about the “made in” to support it”, and “I think that the company is trying to give something back to its home country”. A factor analysis demonstrated that the five items loaded on one factor with loadings ranging from .67 to .95. Cronbach alpha was .85.

Four items assessed extrinsic motives: “I think that the company is taking advantage of reshoring to help its own business”, “I think that the company is taking advantage of the reshoring incentives available to help its own business”, “I think that the company, by reshoring its activity, seeks actually to get publicity”, and “I think that the company seeks just to get tax wright-off by reshoring its activity”. A factor analysis demonstrated that the five items loaded on one factor with loadings ranging from .68 to .88. Cronbach alpha was .88. A

synthetic index which summarizes consumer perceived company motives for reshoring was calculated by subtracting overall perceived extrinsic motives from the overall perceived intrinsic motives. In this way, this index is negative (positive) if the respondent evaluates the extrinsic (intrinsic) motives more strongly than the intrinsic (extrinsic) motives.

We measured the willingness to pay by asking respondents to make a decision on how much money that they would be willing to pay for a special product offered by the company (in this case, in accordance with the scenario used, the product was a pair of sunglasses) from the amount they might win as a result of participation in the experiment. Specifically, at the beginning, participants were informed that there would be a random drawing wherein they would have a 1% chance of winning 250 €; they could choose to keep the money won or they could decide to use it to purchase special and exclusive sunglasses offered by the company mentioned in the scenario. After reading the instructions, participants were asked to indicate how much of that amount they would spend on the sunglasses if any (they indicated their willingness to pay ranging from 0 to 250 €) ($M = 142.96$; $SD = 71.26$).

Consumer ethnocentrism was measured using four items (Ouellet, 2007) selected from the CETscale (Shimp and Sharma 1987). The items are “A good citizen does not buy foreign products”, “It is not right to purchase foreign products because it puts us out of jobs”, “We should purchase products manufactured in our country instead of letting other countries get rich off us”, and “We should buy from foreign countries only those products that we cannot obtain within our own country.” A factor analysis demonstrated that the items loaded on one factor with loadings ranging from .80 to .90. Cronbach alpha was .92.

Finally, as in Study 1, we asked respondents to rate the overall positivity of the company reshoring decision on seven-point scales ($M = 4.86$; $SD = 1.76$); this value is higher than the value mean of the scale (4) ($t(119) = 5.36$, $p < .01$), showing a general positive evaluation of reshoring practice by respondents.

Analytical procedures We used the Hayes's (2013) regression procedure for computing conditional indirect effects. The model analyses the effect of an independent variable (consumer perception of reshoring), X , on an outcome variable (willingness to pay), Y , where the effect passes through four mediators, $M1$ (righteous anger), $M2$ (gratitude), $M3$ (happiness), and $M4$ (sadness), and the effects of X on the M s are conditioned by a first moderator, W (consumer perceived company motives for reshoring), that interacts with a second moderator Z (consumer ethnocentrism).

As in Study 1, we controlled for the effect of consumer animosity ($M = 4.44$, $SD = 1.26$) (e.g., Durvasula and Lysonski 2009), perceived risk of offshoring ($M = 2.64$, $SD = 1.32$) (Grappi et al. 2013; Thelen et al. 2011), and job loss (27.5% lost jobs or knew someone who had lost jobs because of offshoring) (e.g., Durvasula and Lysonski 2009). Moreover, we also controlled for the consumer level of general expertise with the product category considered in the study (we used 4-items adapted from Mishra et al. 1993) ($M = 3.69$, $SD = 1.47$).

Results

Table 5 presents the results. Under the mediator variable models, we find that consumer perception of reshoring and consumer perceived company motives for reshoring interact significantly to influence gratitude ($b = .10$, $t = 2.64$) (consumer ethnocentrism had a significant main effect on gratitude); consumer perception of reshoring, consumer perceived company motives for reshoring, and consumer ethnocentrism interact significantly to influence righteous anger ($b = -.04$, $t = -2.05$). Under the outcome variable models, we find a significant effect of righteous anger ($b = -23.83$, $t = -3.06$) and gratitude ($b = 31.44$, $t = 5.55$) on willingness to pay for the company products. With respect the other emotions considered

in this analysis, we find that happiness and sadness had no significant mediating effects on willingness to pay for the company products.

Given these interactions, it makes sense to examine the indirect effects at values of the moderator variables, along with bootstrapping in order to ascertain the nature of the interaction effects (the complete bootstrapping analyses may be obtained from the authors on request). With regard to righteous anger, conditional indirect effects are significantly different from zero at $\alpha = .05$, when consumer evaluations of company reshoring motives are positive (i.e., perceived intrinsic motives are higher than perceived extrinsic motives) and consumer ethnocentrism is high, supporting H2a. In other words, for high ethnocentric consumers, the more positive their evaluation of company motives (i.e., the higher the intrinsic motive and the lower the extrinsic motive for reshoring perceived by the consumers), the lower the felt righteous anger. With respect to felt gratitude, the three-way interaction between ethnocentrism, attributions of company motives, and consumer perception of reshoring is not significant, while the interaction is significant between the two last variables. Conditional indirect effects are significantly different from zero at $\alpha = .05$ when consumer evaluations of company motives are positive (i.e., when intrinsic motives are higher than extrinsic motives). Thus, regardless of the level of ethnocentrism, the more positive consumers evaluate company reshoring motives (i.e., the higher the intrinsic and the lower the extrinsic motive for reshoring perceived by the consumers), the higher the felt gratitude. Thus, in this case, H2a is only partially supported. The analysis of the direct effect of consumer perceptions of reshoring on willingness to pay showed a full mediation. These results show how the individual characteristic of consumer ethnocentrism acts in qualifying the moderating effect of the consumer evaluations of company reshoring motives.

To conclude, results fully support H2b with respect to the influence of righteous anger and gratitude on willingness to pay. The hypothesized interaction effect between consumer

perceived company motives for reshoring and consumer ethnocentrism affecting the mediators (i.e., H2a) is fully supported for righteous anger but not for gratitude. Thus, our study largely confirms the boundary conditions of the moderation mechanisms influencing felt gratitude and righteous anger, and these moral emotions, in turn, influence consumer willingness to pay, as hypothesized.

--- Insert Table 5 Approximately Here ---

Study 3

To provide a real world test of the conditional indirect effects of perceived reshoring on consumer responses, and to test the role of consumer awareness of reshoring, we conducted Study 3. Specifically, we took advantage of a public announcement of full reshoring with the opening of a new factory made by a well-established Italian company for the production of its top quality line. This company specializes in innovative business bags, briefcases, backpacks, and stylish accessories. The aim is to demonstrate the impact of an actual reshoring decision, taking into account the key role played by consumer awareness, as suggested by research done in different contexts, for instance in the CSR literature (e.g., Sen et al., 2006; Bhattacharya and Sen, 2004). By doing so, we strengthen the validity of our findings, and highlight an additional boundary condition (consumer awareness) of the beneficial returns of a reshoring strategy.

Research design

We conducted a two-phase, web-based survey of undergraduate students enrolled at a medium-sized Italian university, approximately two weeks prior to and two weeks after a round table discussion on reshoring, where several cases were illustrated, among which was the real case considered in the survey (i.e., the focal company of this study). During the event, the audience was exposed to the announcement that the focal company was in the

process of concluding the full reshoring in Italy (with the opening of a new factory) for the production of its top quality line. From this season onwards, the top quality line would be entirely made in the home country. The sample population consisted of 689 undergraduates attending marketing courses in the business school of the university. To select the samples, the entire population was provided a link to the web survey by an email that invited participation and read:

Dear student, I am writing to request your participation in an important survey about your evaluations of several companies. Your honest, thoughtful and complete responses to this survey will be fundamental to the success of the research project.

The stimulus used consisted of the general description of the focal company, without any details concerning its reshoring decision. After finishing the questionnaire, which took approximately 15 minutes to complete, respondents were debriefed and thanked.

Details about the experimental design follow. We adopted a before-after experimental design, whereby respondents were randomly assigned to one of two groups: (1) a post-round table on reshoring (experimental group), and (2) a pre-round table on reshoring (control group). In the first phase, we assigned 350 students, chosen at random, to the control group, 101 agreed to participate (28.86% response rate). Fifteen students were dropped because of incomplete responses (i.e., they did not complete the survey). This yielded 86 responses (32.6% were men, 87.2% were between 18 and 24 and 11.6% were between 25 and 34 years old). In the second phase, we sent the invitation to participate in the experimental group both to students who had not yet received invitations and also to students who had been invited to participate in the control group but did not respond to this invitation, since the e-mail invitation to participate in the survey did not provide any potentially biasing information about the purpose of the survey. Of the 588 students invited, 125 responded (21.26% response

rate). Eighteen students were dropped because they did not complete the survey. In the end, the experimental group yielded 107 responses (42.1% were men, 89.7% were between 18 and 24 and 10.3% were between 25 and 34).

Respondents completed the questionnaire over a number of sections, separated as web pages. Respondents of the control group provided answers to a number of variables. The variables measured were attitude toward the company, willingness to buy its products, and willingness to pay. We measured the willingness to pay as in Study 2. Respondents were asked to make a decision on how much, from the 250 € that they might win as a result of a random drawing, they would be willing to pay for a product offered by the focal company (in this case, the product was a computer bag). They could choose to keep the money or to use it for the product offered by the reshoring company, indicating any value ranging from 0 to 250 €. Moreover, familiarity with the focal company was measured, along with basic demographic questions, such as gender, age, and email (for the lottery).

For the experimental group, we used the same description as in the control group. All the variables measured were the same as those of Study 2, but adapted to the characteristics of this experimental design. Specifically, the level of awareness about the reshoring decision was measured with a single item at the end of the survey, asking respondents to select where, at present, the company has decided to locate its activities for the production of its top quality line. They had seven alternatives (from 1, corresponding to “all the production activities of the company for the top quality line are located abroad”, to 7, “all the production activities of the company for the top quality line are located in Italy,” with appropriate intermediary labels for alternatives 2-6). None of the respondents selected option 1, corresponding to total absence of awareness of the reshoring company decision. The perception of reshoring followed,

measured by asking respondents to evaluate the company decisions concerning the location of its production for its top quality line as selected above. After this question we informed respondents about the reshoring strategy of the focal company, and asked them to provide their evaluations of the intrinsic and extrinsic motives of the company for reshoring. The survey ended with basic demographic questions, such as gender, age, and email (for the lottery).

Results

Before testing our model, we contrasted the experimental group's familiarity with the focal company ($M = 4.85$; $SD = 1.93$) with those of the control group ($M = 4.85$; $SD = 2.02$), where no difference was found between the two groups ($t(df) = .006 (191)$, $p = .96$). The experimental group's willingness to pay for the company product ($M = 112.48$; $SD = 70.24$) was contrasted with those of the control group ($M = 83.47$; $SD = 63.87$). The willingness to pay for the experimental group was significantly greater than that of the control group ($t(df) = 2.96 (190)$, $p < .01$), showing the importance of the company reshoring announcement in decision making.

Further examination of the effect of consumer awareness of reshoring on the willingness to pay for the company products within the experimental group confirmed the importance of this variable: (1) we divided the experimental group on the basis of the respondents level of awareness of reshoring; using the median split we found two sub-groups, that is, low awareness ($N = 45$) and high awareness respondents ($N = 62$); (2) we compared the high awareness respondent's willingness to pay for the company product ($M = 125.24$; $SD = 76.05$) with the low awareness respondents ($M = 94.89$; $SD = 57.64$) and found that the willingness to pay for the first group is significantly greater than that of the second group ($t(df) = 2.25 (105)$, $p < .05$). These results show the

importance of the respondents' awareness of the company reshoring decision on the willingness to pay for the company products. Thus, we decided to consider also consumer awareness of reshoring in our model testing our main hypotheses, controlling for this key variable.

Respondents in the experimental group were divided into two sub-groups, depending on their perception of reshoring strategy. The sub-group characterized by a more positive perception of reshoring ($N = 61$; mean-willingness to pay = 146.80; $SD = 66.84$) was compared with the sub-group characterized by a less positive perception of reshoring ($N = 46$; mean-willingness to pay = 66.96; $SD = 44.15$), using Hayes's (2013) procedure to compute conditional indirect effects hypothesized in our model (as detailed in Figure 1). In this model, we included consumer awareness of reshoring practices as a control variable, together with consumer animosity ($M = 4.08$; $SD = 1.44$) (e.g., Durvasula and Lysonski 2009), perceived risk of offshoring ($M = 2.75$; $SD = 1.24$) (Grappi et al. 2013; Thelen et al. 2011), job loss (29.5% lost jobs or knew someone who had lost jobs because of offshoring) (e.g., Durvasula and Lysonski 2009), and consumer level of general expertise in the product category ($M = 4.14$; $SD = 1.43$) (Mishra et al. 1993). Moreover, familiarity of respondents with the company presented in the scenario, was measured on a seven-point scale and included as a covariate ($M = 4.85$; $SD = 1.96$).

Results are detailed in Table 6. As in Study 2, the findings fully support H2b with regard to the influence of righteous anger and gratitude on willingness to pay. The hypothesized interaction effect between consumer perceived company motives for reshoring and consumer ethnocentrism on the mediators (i.e., H2a) was fully supported for righteous anger but not for gratitude. Thus, our study largely confirms the boundary conditions of the moderation mechanisms influencing felt gratitude and righteous anger, and these moral emotions, in turn, influence consumer willingness to pay, as

hypothesized. Moreover, an additional boundary condition was identified and shown to affect willingness to pay (i.e., level of consumer awareness of the reshoring decision by the company). (See Table 6.)

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General discussion

Our research makes important theoretical and empirical contributions, extending our understanding of the potential advantages of company reshoring and providing a broader and more comprehensive perspective for evaluating this corporate strategy. In particular, our research proposes and tests specific psychological processes through which consumers react to company reshoring strategies, and which lead to different levels of support of the company.

First, we adapted research on moral psychology theory (Haidt 2007) to study the effects of reshoring, showing that such decisions are perceived by consumers as morally commendable, and this motivates consumers to change behaviors toward the company in positive ways. Our study builds on intuitions found in research by Grappi et al. (2013), who investigated offshoring, where negative moral emotions and perceived risk governed consumer responses. Our study shows that consumer reactions to reshoring are mediated by gratitude and righteous anger, verifying that moral emotions drive consumer responses toward company reshoring strategies. These affective reactions were shown to influence positive consumer actions toward the company. Specifically, we proposed a model to explain both consumer intentions (i.e., willingness to buy company products) and actual consumer behavior (i.e., willingness to pay for company products) in response to company reshoring decisions, demonstrating its strength as applied to reshoring situations. The use of both these kinds of measures strengthens conclusions drawn from our findings. At the same time, our research examines consumer reactions to both fictitious scenario-based experiments and a

real case of company reshoring. That is, in the first case, respondents gave their reactions to a description of a reshoring company decision provided to them; in the second, reactions of respondents were collected in response to a real reshoring company case. In this way, our research addresses both internal and external validity of our model (Figure 1) in that (1) special effort was taken to construct realistic scenarios and to select actual adult consumers who responded in the field while shopping, and (2) a replication of our controlled tests was conducted on a real reshoring case.

As an additional contribution to the literature on reshoring, our study shows that the effect of consumer perceptions of reshoring strategies on their moral emotional reactions are moderated by the combined effects of consumer perceived company motives for reshoring and the level of consumer ethnocentrism. Righteous anger was produced when both perceptions of firm motives and consumer ethnocentrism interacted with perceptions of reshoring. This occurred for righteous anger but not gratitude. Gratitude was produced when perceived firm motives, but not consumer ethnocentrism, interacted with perceptions of reshoring. We thus investigated interesting and heretofore unexplored boundary conditions of the effects of perceived reshoring on moral emotions felt by consumers. In particular, we demonstrated that, for high ethnocentric consumers, the more positive their evaluation of company reshoring motives, the lower the felt righteous anger (i.e., the higher the decrease in righteous anger); the more positive the evaluation of company reshoring motives, regardless of the level of ethnocentrism, the higher the felt gratitude. In other words, considering the role of righteous anger, the moderating effect exerted by consumer perceived company motives for reshoring was further qualified by the level of ethnocentrism. By contrast, the mediating role of gratitude, between consumer perception of reshoring and willingness to pay, was affected by consumer perceived company motives for reshoring and not by ethnocentrism, highlighting different boundary conditions for positive versus negative moral

emotions. The differences between righteous anger and gratitude will be discussed more fully below when we consider future research.

These findings demonstrate the importance of consumer attribution process inferences related to reshoring and the individual difference characteristic of ethnocentrism. Specifically, the current findings not only provide further evidence of the important role played by ethnocentrism on consumer responses to company decisions (Durvasula and Lysonski 2009; Netemeyer et al. 1991; Sharma et al. 1995; Shimp and Sharma 1987), but they also add to our understanding of its role by considering the moderating effect exerted by consumer motives about company decisions: in our case, consumer motives about company reshoring decisions. This combined moderating effect on consumer reactions to company reshoring strategies provides a comprehensive perspective of reshoring from the point of view of consumer stakeholders. In other words, our study proposed and tested a new theoretical mechanism affecting consumer moral emotional reactions, advancing the literature on this topic by showing important boundary conditions of proposed mediating mechanisms. Thus, we have added to the body of knowledge documenting how moral emotions function in general, and how they operate in reshoring contexts in particular. Finally, evidence of the role of the degree of consumer awareness of reshoring on consumer reactions was provided in Study 3, showing an additional condition for the beneficial return of a reshoring strategy.

Managerial implications

Our research offers interesting implications for companies, suggesting that management consider reshoring not only from an internal firm point of view but also from the perspective of the public in the home country, to fully benefit from its proper implementation. In fact, practitioners should be aware of reshoring opportunities as a means for enhancing their overall image with consumers, and should know how to approach and

maximize consumer evaluations and consequent reactions of the sort studied herein. Of course, the decision to take consumer reactions into consideration must be balanced with other company requisites such as financial, legal, and environmental considerations.

We point out that reshoring can be implemented by companies for the occurrence of one or more events, such as changes in exogenous cost drivers, due, for example, to increasing wage rates in foreign countries or high transportation costs; or high incidence of hidden costs such as, for example, low productivity levels, quality problems, or cultural differences. All these elements may lead to changes in company evaluations of the true total cost of offshoring (Ellram et al. 2013; Gray et al. 2013; Leibl et al. 2011), resulting in the decision to reshore in the home country. Complementing these mainly economic reasons that contribute to drive companies to return their activities to the home country, our study suggests the importance of considering the consumer perspective. In fact, consumers seem to positively evaluate the reshoring decision and to be motivated to reward reshoring companies accordingly, perceiving the firm's decision as benevolently motivated. From the company point of view, these consumer reactions should be considered as positive opportunities that the reshoring decision can bring; understanding how to raise consumer awareness of reshoring and, then, how to regulate the emotional reactions of consumers to reshoring can help reshoring companies capitalize on these stakeholders responses to build sales.

Companies have to know how to develop efficient communication strategies for emphasizing positive consumer emotional (i.e., raising consumer gratitude and maximizing the decrease of righteous anger) and behavioral (i.e., increasing willingness to buy/pay for reshoring company products) reactions to reshoring. For example, consistent with what consumers feel, companies may express concern about domestic job losses or salary stagnation related to offshoring, consequences that would worsen if they continued to hold their activities abroad. This empathetic communication strategy can maximize positive

consumer responses to reshoring companies, thus capitalizing on favorable public reactions. An example of this kind of communication is the case of Natuzzi, an Italian manufacturer of sofas and chairs, which explained its decision to reshore its production activities previously located in Romania with the desire to save more than 1,000 Italian jobs (Maggi and Vergine 2014; Riva 2013).

Our research also suggests other elements that reshoring companies should consider. Consumer emotional reactions and ensuing behavioral responses are affected by perceived company motives for reshoring. This represents consumer attributions about company reshoring motives and can be affected by company communication strategies in its turn. The use of an appropriate communication strategy can instill favorable evaluations of company reshoring motives and, consequently, enhance positive emotional reactions that, in their turn, build favorable returns for the company. In order to maximize these positive effects, the company should also take into consideration the individual characteristic of consumer ethnocentrism, which the company can do little to change or affect, but can at least measure such dispositions, anticipate their effects, and adjust policies accordingly.

For example, communicating the association of the company reshoring strategy with moral motivations and intrinsic values, together with a company interest in the future of the home country (e.g., emphasizing the company's desire to take into account the welfare of its home country, instead of focusing exclusively on profits and cost reduction), can not only instill positive emotional responses (e.g., gratitude) in consumers but also minimize the effect of negative emotional reactions (e.g., anger, contempt). Some examples of this type of communication strategy are those used recently by Italian companies to communicate their decisions to reshore by saying they were doing so to enhance the "made in Italy" symbol and, thus, to identify with their home country. Gaudi, BZ Fashion, and SVB are textile brands that reshored from Eastern and Middle Europe; Safilo glasses and Azimut yachts reshored from

China and Turkey, respectively, communicating essentially the same motive (Maggi and Vergine 2014; Riva 2013).

The way in which companies give information and communicate motivation about their reshoring strategy can shape consumer reactions, and different communication strategies and tools can be crafted to best communicate reshoring decisions to consumers. Our findings suggest content to be included in communications so as to implement these choices effectively (e.g., by appealing to altruistic motives or gratitude).

Limitations and further research

Our study is one of the first to investigate an important growing phenomenon—reshoring company decisions—from the consumer stakeholder perspective. But a number of limitations and opportunities for future research should be mentioned. First of all, we found support for a three-way interaction between consumer perception of reshoring, attributions of company motives, and ethnocentrism in their effects on righteous anger, but only a two-way interaction between perception of reshoring and motives for gratitude. This suggests that positive and negative moral emotions function similarly and differently. Future research could examine how people react differently to positive and negative moral emotions, how this affects patronage decisions, and what these differences mean for communication and other marketing strategies.

Another important point to consider is the way culture can affect the experience of such moral emotions. Tests directed to evaluate the generality and cultural variation in the experience of righteous anger and gratitude—as done on basic emotions (Berry et al. 2011), on regret (Breugelmans et al. 2014), and on shame (Bagozzi et al. 2003)—could suggest how or where our findings are relevant in other cultural contexts, and to what extent the emotion words used to measure the two moral emotions are semantically and psychologically

equivalent. Such cross-cultural generalizability and applicability was beyond the scope of the present research, and although we would expect a certain degree of consistency in word meaning and word use in Western cultures, but some differences between Western and non-Western cultures, the need for further research on these specific issues remains, and we therefore call for further research in this area. Additionally, our study shows that consumers are affected differently by reshoring decisions depending on their level of ethnocentrism, highlighting the importance to consider the segmented nature of consumer responses to this company decision. Future research should further examine the nature of segmented consumer responses and its effects.

Moreover, beyond our focus on consumer intentions (i.e., willingness to buy) and actual consumer behavior (i.e. willingness to pay), future research could examine other consumer responses (e.g., positive word of mouth, consumer supporting behaviors), explaining these with the conceptual framework introduced herein. Our framework might be expanded to include additional processes and individual difference variables explaining other aspects of consumer responses to reshoring. For example, empathy (Eisenberg 2000) or promotion/prevention focus (Higgins 1997) might be useful to investigate as further moderators of consumer responses to reshoring (see Grappi et al. forthcoming). At the same time, future studies could further examine the role of other variables in explaining consumer reactions to reshoring (i.e., the level of awareness of company reshoring) to better delineate their influence on consumer responses to reshoring. Further research could also examine extensively possible effects involved with the consumer–brand relationship (e.g., brand identification, brand loyalty, brand love), and quality and/or pricing of company’s offers, on consumer reactions to reshoring. Perceived risks of reversals should also be considered with respect to the reasons for reshoring. Future research should also investigate how different company’s rationales for reshoring (e.g., high transportation costs, low productivity, quality

problems, cultural differences in offshoring venues) can affect consumer responses. This would complement our findings and refine or generalize the psychological mechanisms we developed to better explain the effects of reshoring on consumers. Another interesting area for future research concerns differences between buyers and non-buyers of a company's products. Do buyers and non-buyers react equally strongly emotionally, in moral senses, or in terms of attributions of firm motives? Last, our study took place in Italy, which is facing economic problems. The test of the proposed model under more favorable economic conditions to understand whether it is affected by economic trends, as perceived by consumers, and in what terms, can be an important research opportunity. The study of consumer evaluations of the economic situation (positive or negative) and how these affect reactions to reshoring and, if so, to what extent are promising avenues for future study.

Finally, consumer reactions and demands are only one facet of reshoring for managers to take into account. Potential conflicts between shareholder and consumer stakeholders deserve investigation, as well as conflicts among multiple stakeholders more broadly conceived (Smith 2003). At the same time, stakeholder multiplicity poses positive criteria leading to complementary and cooperative stakeholder interactions, in addition to competing ones (Neville and Menguc 2006). Although we studied aspects of the utility function of one stakeholder, consumers, the relationship of consumer stakeholders to the firm also involves issues of distributional, procedural, and interactional justice and requires consideration of a "managing-for-stakeholders" approach to achieving competitive advantage (Harrison et al. 2010). But much remains to be done reconciling stakeholder theory with moral responsibilities of business (Langtry 1994). The above topics should be considered to deepen our understanding of how consumer stakeholders relate to business decisions.

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TABLE 1**Main characteristics of the three studies**

	Aim of each study	Variables analyzed	Context
Study 1	Study 1 aims to examine the <u>mediating</u> role of gratitude and righteous anger on the relationship between company reshoring decisions and consumer willingness to buy the company products.	X: Consumer perception of reshoring Ms: Righteous anger, Gratitude Y: Willingness to buy	Fictitious case of reshoring company decision
Study 2	Study 2 aims to examine the <u>moderating</u> effects exerted by consumer evaluations of company reshoring motives and consumer ethnocentrism in the “company reshoring decisions to moral emotions (i.e., gratitude and righteous anger)” relationship.	X: Consumer perception of reshoring Ms: Righteous anger, Gratitude W: Consumer perceived company motives for reshoring Z: Consumer ethnocentrism Y: Willingness to pay	Fictitious case of reshoring company decision
Study 3	Study 3 aims to provide real world evidence of the proposed model by examining consumer behavioral responses to an actual reshoring company decision. In addition, consumer awareness of reshoring is controlled.	X: Consumer perception of reshoring Ms: Righteous anger, Gratitude W: Consumer perceived company motives for reshoring Z: Consumer ethnocentrism Y: Willingness to pay	Actual case of reshoring company decision

Y = dependent variable, M = mediator, W and Z = moderators, X = manipulation.

TABLE 2

**Results of Confirmatory Factor Analysis: Construct Indicators, Factor Loadings,
Means, and Reliability – Study 1**

	Main sources of the measures	Std. factor loading	<i>t</i> -value					
<i>Righteous anger</i>								
angry	Grappi et al. (2013)	.84	15.72***					
very annoyed		.95	18.69***					
Means		2.00						
Reliability		.90						
AVE		.82						
<i>Gratitude</i>								
thankful	Grappi et al. (2013); Romani et al. (2013)	.81	13.14***					
grateful		.64	10.40***					
Means		2.99						
Reliability		.70						
AVE		.55						
<i>Happiness</i>								
happy	Adapted from Romani and Grappi (2014)	.88	16.45***					
delighted		.86	15.83***					
Means		2.70						
Reliability		.87						
AVE		.76						
<i>Sadness</i>								
sad	Adapted from Williams and Aaker (2002); Grappi et al. (2013)	.92	17.46***					
discouraged		.82	15.17***					
Means		2.68						
Reliability		.86						
AVE		.75						
<i>Willingness to buy</i>								
It's very likely that I will buy products of this company	Adapted from Dodds et al. (1991)	.89	18.08***					
I will purchase products of this company the next time I need a product		.91	18.66***					
I will definitely try products of this company		.88	17.85***					
Means		4.57						
Reliability		.92						
AVE		.80						
<i>Fit Indices</i>								
χ^2 (df)		79.59 (34)						
CFI		.98						
NNFI		.96						
RMSEA		.07						
SRMR		.05						
Descriptive statistics for the four groups								
	No Reshoring-Control Condition (CC) (N = 70)	Reshoring Design (RD) (N = 66)		Reshoring Production (RP) (N = 65)		Full Reshoring (FR) (N = 62)		
Variables	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Righteous anger	2.81	1.85	1.80	1.23	1.80	1.29	1.49	.92
Gratitude	2.21	1.24	3.06	1.08	3.15	1.15	3.62	1.45
Happiness	1.43	.77	2.87	1.19	3.09	1.41	3.53	1.81
Sadness	3.86	1.98	2.46	1.73	2.32	1.71	1.94	1.51
Willingness to buy	3.91	1.56	4.94	1.44	4.61	1.44	4.88	1.45

* if $p < .05$; ** if $p < .01$; *** if $p < .001$.

TABLE 3**Planned Comparisons to Evaluate the Four Group's Differences for Willingness to Buy****– Study 1**

Experimental groups - Reshoring strategy		<i>t</i>	df	<i>p</i>
No reshoring	Partial reshoring/production	-2.70	133	.01
	Partial reshoring/design	-4.01	134	.00
	Full reshoring	-3.69	130	.00
Partial reshoring/production	Partial reshoring/design	-1.32	129	.19
	Full reshoring	-1.06	125	.29
Partial reshoring/design	Full reshoring	.25	126	.81

TABLE 4
Results of Multicategorical Mediation Tests Using Bootstrapping Bias-Corrected
Procedure – Study 1

MEDIATOR VARIABLE MODELS				
	Unstd. Estimates	SE	t	p-value
<i>Effects of manipulation on righteous anger</i>				
RD (in group Reshoring Design)	-.70	.16	-4.30***	.00
RP (in group Reshoring Production)	-.69	.16	-4.26***	.00
FR (in group Full Reshoring)	-.90	.17	-4.50***	.00
<i>Effects of manipulation on gratitude</i>				
RD (in group Reshoring Design)	.64	.16	4.01***	.01
RP (in group Reshoring Production)	.70	.16	4.40***	.00
FR (in group Full Reshoring)	1.06	.16	6.55***	.00
<i>Effects of manipulation on sadness</i>				
RD (in group Reshoring Design)	-.74	.16	-4.68***	.00
RP (in group Reshoring Production)	-.82	.16	-5.15***	.00
FR (in group Full Reshoring)	-1.02	.16	-6.30***	.00
<i>Effects of manipulation on happiness</i>				
RD (in group Reshoring Design)	.93	.15	6.31***	.00
RP (in group Reshoring Production)	1.07	.15	7.25***	.00
FR (in group Full Reshoring)	1.36	.15	9.05***	.00
OUTCOME VARIABLE MODEL				
	Unstd. Estimates	SE	t	p-value
Effect of righteous anger on willingness to buy	-.42	.11	-3.70***	.00
Effect of gratitude on willingness to buy	.30	.11	2.65*	.01
Effect of sadness on willingness to buy	.04	.12	.32	.75
Effect of happiness on willingness to buy	.19	.14	1.60	.11
<i>Relative direct effects</i>				
RD (in group Reshoring Design)	.40	.26	1.53	.13
RP (in group Reshoring Production)	.02	.27	.09	.93
FR (in group Full Reshoring)	.05	.29	.18	.86
Omnibus test of direct effect	$F(3, 255) = 1.23, p = .30$			
				R-square = .22

* if $p < .05$; ** if $p < .01$; *** if $p < .001$.

TABLE 5

Conditional process model for righteous anger, gratitude, happiness, and sadness as mediators, plus evaluations of company reshoring motives and consumer ethnocentrism as moderators, and willingness to pay as outcome – Study 2

MEDIATOR VARIABLE MODELS								
	<i>righteous anger</i>		<i>gratitude</i>		<i>happiness</i>		<i>sadness</i>	
	b	t	b	t	b	t	b	t
X: consumer perception of reshoring	-.09	-1.30	.24	2.42*	.44	4.55***	-.08	-.65
W: perceived reshoring motives index	.02	.66	-.44	-8.57***	-.29	-5.98***	.24	3.72***
X*W	-.05	-1.94	.10	2.64**	.03	.94	-.003	-.06
Z: ethnocentrism	-.002	-.05	.19	2.74**	.10	1.53	.12	1.41
X*Z	-.08	-1.85	.11	1.78	.10	1.67	.06	.84
W*Z	-.02	-.65	.01	.36	.03	.86	.10	2.36*
X*W*Z	-.04	-2.05*	.01	.30	-.01	-.27	.02	.69
C1: Perceived risk	.16	2.75**	-.16	-1.90	-.09	-1.05	.01	.08
C2: Animosity	-.10	-1.84	.05	.58	.09	1.14	.05	.52
C3: Job loss	-.18	-2.42*	-.27	-2.49*	-.23	-2.18*	.05	.36
C4: Expertise	.003	..08	-.07	-1.01	.07	1.15	.10	1.21
OUTCOME VARIABLE MODEL								
	b		t					
M ₁ : righteous anger	-23.83		-3.06**					
M ₂ : gratitude	31.44		5.55***					
M ₃ : happiness	-5.39		-.90					
M ₄ : sadness	1.61		.37					
X: consumer perception of reshoring	-.04		-.01					
W: perceived reshoring motives Index	1.46		.40					
X*W	.39		.20					
C1: Perceived risk	2.04		.48					
C2: Animosity	-2.48		-.57					
C3: Job loss	-5.33		-.88					
C4: Expertise	2.95		.83					

R-square = .50

* if $p < .05$; ** if $p < .01$; *** if $p < .001$. W and Z = moderators, M = mediator, X = manipulation, C = control variable. Bolded parameter estimates correspond to the focal interactions and key direct effects highlighted in the text.

TABLE 6
Model applied on an actual reshoring case – Study 3

MEDIATOR VARIABLE MODELS									
	<i>righteous anger</i>		<i>gratitude</i>		<i>happiness</i>		<i>sadness</i>		
	b	t	b	t	b	t	b	t	
X: consumer perception of reshoring	-.04	-.56	.08	.74	-.10	-.71	-.06	-1.27	
W: perceived reshoring motives Index	-.12	-2.66**	-.15	-1.59	-.16	-1.69	.02	.76	
X*W	-.07	-1.61	.20	2.41*	.01	.16	.04	1.17	
Z: ethnocentrism	-.12	-1.87	.14	1.20	-.17	-1.42	.07	1.58	
X*Z	.07	1.05	-.09	-.79	-.04	-.31	.04	.95	
W*Z	.01	.41	-.04	-.71	.01	.11	.02	.84	
X*W*Z	-.09	-3.10**	-.03	-.56	-.12	-1.88	.02	.95	
C1: Perceived risk	.12	2.22*	-.09	-.89	.02	.76	.09	2.31	
C2: Animosity	.06	1.00	.12	1.01	.10	1.81	-.04	-.83	
C3: Job loss	-.04	-.62	-.02	-.13	-.29	-1.97	.07	1.44	
C4: Expertise	.05	.92	.11	1.00	.19	1.65	-.01	-.11	
C5: brand familiarity	-.04	-1.22	.07	-.53	-.08	-1.08	.001	.04	
C6: Awareness of company reshoring strategy	-.06	-.97	.26	2.16*	.10	.76	.05	1.23	
OUTCOME VARIABLE MODEL									
	b		t						
M ₁ : righteous anger	-23.45		-2.89**						
M ₂ : gratitude	20.64		5.02***						
M ₃ : happiness	4.80		1.27						
M ₄ : sadness	-14.40		-1.17						
X: consumer perception of reshoring	29.93		5.99***						
W: perceived reshoring motives Index	3.07		.79						
X*W	.43		.17						
C1: Perceived risk	2.20		.54						
C2: Animosity	-.16		-.04						
C3: Job loss	2.41		.46						
C4: Expertise	.47		.12						
C5: brand familiarity	2.84		1.12						
C6: Awareness of company reshoring strategy	10.27		2.18*						

R-square = .65

* if $p < .05$; ** if $p < .01$; *** if $p < .001$. W and Z = moderators, M = mediator, X = manipulation, C = control variable. Bolded parameter estimates correspond to the focal interactions and key direct effects highlighted in the text.

FIGURE 1

Moderations (W and Z) of the effect of manipulation (X) on mediators (Ms), plus the effect of the mediators on outcome (Y) (Solid lines = hypothesized paths; dashed lines = additional paths analyzed to rule out alternative explanations) (See text for additional variables used as covariate controls)

