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How do Korean Respond to Japanese Retailers?

Young-Sang CHO¹, Ji-Bok CHUNG², Hye-Eun SHIM³

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Abstract

Purpose: Compared with the past when Japanese retailers used to hesitate to open their shops in the Korean market, because of anti-Japan sentiment, they show confidence in Korea in recent. This study, thus, aims at examining how socio-demographic factors have an impact on customer attitudes towards a Japanese retailer as a shopping destination. **Research design, data, and methodology:** After the literature review process, the authors have developed a variety of questions to verify the relationship amongst the variables like nationalism, consumer ethnocentrism, war animosity, store country-of-origin and anti-Japan sentiment. Furthermore, after collected questionnaires, the authors used confirmative factor analysis (CFA), T test and linear regression analysis to verify the 25 hypotheses developed. **Results:** Except for a household size element, it is found that gender, age, education and income levels are related to the degree of nationalism, ethnocentrism, war animosity, store country-of-origin and anti-Japan sentiment. In other words, socio-economic elements influenced Korean customer attitudes towards Japanese retailers. **Conclusions:** Korean customers tend to show different shopping attitudes towards the Japanese retailers, depending on the characteristics of socio-demographic elements. Furthermore, changing socio-demographic factors will provide positive business opportunities for Japanese retailers in the future.

Keywords : Socio-demographic Factors, Japanese Retailers, Korean Retailing, Diplomatic Conflicts, Store Country-of-origin

JEL Classification Code: F20, J11, L81, M16, M30

1. Introduction^a

With the increasing interest in the historical issues between Korea and Japan, such as territorial conflict, comfort women and war crime, it is necessary to look at how Korean customers react to the Japanese retailers who have been operating in Korea. As noted by the research conducted by Cho, Chung, Kim, and Lee (2018), it should be recognized that a huge number of Korean customers have had war animosity against Japan.

Nevertheless, like FRL Korea (UNIQLO) and Muji Korea, a few Japanese retailers have expanded their own business into the Korean market in recent. Since FRL Korea opened its first store in 2004, the number of UNIQLO store has increased to 186 in 2018, according to its homepage in

2019. Compared with the past when Japanese retailers used to hesitate to open their shops in the Korean market, because of anti-Japan sentiment, they have recently shown confidence in Korea. Amongst Japanese retailers, there are some common features. Rather than targeting older customers, they have focused on enticing younger generations. It means that Japanese companies might believe that younger customers are much less sensitive to nationalism, customer ethnocentrism, store country-of-origin, war animosity and anti-Japan sentiment. Although Japanese retailers have achieved outstanding sales performance, it should be noted that retailing academicians have not paid their attention to the effects of socio-demographic factors on the above variables.

1 First Author, Professor of Industrial Channels and Logistics, Kong-Ju National University, Korea. Tel: +82-10-4182-4664 E-mail: choyskr1@kongju.ac.kr

2 Corresponding Author, Professor of Industrial Channels and Logistics, Kong-Ju National University, Korea. Tel: +82-10-9266-5121 E-mail: jbchung@kongju.ac.kr

3 Second Author, PhD Candidate, Department of Industrial Channels and Logistics, Kong-Ju National University, Korea, E-mail: haeun9s@gmail.com

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Given that the Japanese companies which target younger customers have sustainably grown, it is worthwhile exploring how socio-demographic elements are related to shopping patterns. For example, the degree of war animosity should be influenced by gender, age, education levels, income levels, and so on.

Accordingly, the authors aim at examining how Korean customers respond to Japanese retailers as a shopping destination. Furthermore, this study explores whether they are practically related to visiting Japanese retailers or not. In the next section, we present an overview of nationalism, customer ethnocentrism, store country-of-origin, war animosity and anti-Japan sentiment, based on the previous literature, and then, develop hypotheses. By taking a right research technique, the researchers analyse the data collected with a questionnaire and suggest findings in the fourth section. Finally, the authors draw a conclusion with some implications as well as research limitations, and then, suggest future research directions.

2. Literature Review

As manufacturers move their factories from the domestic market to other countries, a large number of researchers have paid their attention to the relationship between country-of-origin and customer attitudes. Compared with the research topic concerned about product country-of-origin, however, academicians are less interested in retail store ownership, that is, how the nationality of retailers affects customer shopping patterns. As retailers enter into overseas market in recent, nevertheless, retailer country-of-origin has attracted many researcher's attention (e.g. Zarkada-Fraser & Fraser, 2002; Balabanis & Diamantopoulos, 2004; Chaney & Gamble, 2008; Anic, 2010; Maruyama & Wu, 2014). With the increasing interest in retail internationalisation, store country-of-origin is one of the most important issues from a retailer's point of view without doubt. In particular, when the retailer based on the country carried out an invasion opens its shops in its colony, war animosity is regarded as one of the most difficult things which retailers have to work out.

As pointed by Maruyama and Wu (2014), foreign retailers should not promote store country-of-origin to attract customers in host countries. In the host country in which there exists war animosity or particular nationalism, it would be expected that store nationality tends to make customers unfavourable to a foreign retailer. Consequently, rather than emphasizing its nationality, it would be better to hide store country-of-origin, as Japanese retailers have not let customers know where they are from in Korea.

First of all, as for foreign retailers, how to attract customers in host countries is one of the most difficult tasks mitigating the degree of war animosity, whilst how to be

perceived by customers is regarded as one of the most important tasks. In order to gather customers in the host countries, how to resolve war animosity or nationalism has attracted many academicians' interest. What is important is that war animosity is a much more difficult issue than simple nationalism. Before reviewing the existing literatures associated with war animosity, it is necessary to look at the meaning of nationalism, and then, the difference between consumer ethnocentrism and war animosity.

2.1. Nationalism

The term tends to be perceived by many researchers as one of similar constructs to ethnocentrism, as pointed out by Adorno, Else, Daniel, Nevitt, Betty, Maria, and William (1950). Nationalism encompasses the view that a country is greater than other countries and should be dominant. Similarly, nationalism is based on the social collectivism as well as government policies. In other words, it is expected that the customers who have nationalistic pride are more likely to show unfavourable attitudes towards foreign retailers.

Owing to nationalism, there are many cases which retailers have to change their own retail strategies when going to overseas market. As one of representative examples associated with nationalism, Walmart based on USA was not able to use its own facia after the acquisition of one of the local British retailers, ASDA. Although there is no diplomatic conflict between USA and UK, Walmart has known that British customers are so proud of their culture and further, are nationalistic. Consequently, Walmart decided to give up its own name, that is to say, used ASDA facia on behalf of Walmart one. In the same vein, Tesco Korea did not use its own store name developed in the UK until left in Korea in 2015. As one of the reasons why Tesco UK did not change its store name from the Homeplus developed by a local Korean retailer into Tesco, it can be said that Tesco believed that Korean customers are nationalistic.

When entering into overseas market, what is important is that retailers should significantly consider the degree of nationalism to succeed in host markets. Regardless of war animosity, it is witnessed that there is a various degree of nationalism over the world. Of course, it can be expected that nationalistic customers are more likely to avoid visiting foreign-owned retailers. According to the study carried by Druckman (1994), nationalistic people are more aggressive and more prejudiced towards other nations as well as ethnic groups. Furthermore, nationalist have a tendency to keep stereotypical images of other countries and ethnic group. As a consequence, when choosing a store to purchase products, it is obvious that nationalism influences customer shopping behaviours. In addition, nationalism tends to provoke trade protectionism, that is, nationalists are more likely to take

part in boycott campaign activities against foreign-owned retailers, as pointed by Sidanius, Seymour, Shana, and Felicia (1997).

However, due to the frequent entry or withdraw of foreign manufacturers as well as retailers, it should be mentioned that the degree of nationalism should be measured differently from country to country. Compared with the past when overseas travel was limited, it is natural that its degree has become weaker in recent and been affected by different socio-demographic variables. Similarly, owing to the increasing number of international tourists, it is expected that unfavourability towards foreign firms or countries should be mitigated.

2.2. Consumer ethnocentrism

Like nationalism as well as country-of-origin, when retailers go to overseas market, consumer ethnocentrism should be regarded as one of the most important elements which they have to analyse a market. Unlike nationalism, this construct should be based on a particular group or race. What is evident is that the above factors are closely related with the determinants of retail patronage. Accordingly, consumer ethnocentrism has attracted many researchers' interest for a long time as a hot domain-specific topic in marketing (e.g. Shimp & Sharma, 1987). Based on the previous studies, consequently, it is necessary to look at what consumer ethnocentrism is.

According to Sumner (1906), consumer ethnocentrism is defined as the view that one's own group must be the center of everything, when evaluating all others. In other words, all-out groups are judged with reference to it. As pointed by Lynn (1976), ethnocentrism is considered as human nature. Basically, in order to survive, a particular group needs ethnocentrism, sharing common cultures and increasing a group's solidarity, loyalty and cooperation (Catton, 1960; Lynn, 1976; Mihalyi, 1984). In addition, LeVine and Campbell (1972) stressed that ethnocentrism is to regard one's own culture, society, politics, and its way of life as greater to all others. It is a kind of belief that our group is superior to all others. Conversely, it is a tendency to view other groups as inferior, dishonest and weak troublemakers.

Without doubt, this kind of tendency makes customers unfavourable to foreign products, and then, to buying them because they think that their domestic economy should be protected (Shimp & Sharma, 1987). Similarly, customer ethnocentrism might be able to discourage consumers to visit foreign retailers, and further, might be able to boycott against them, as demonstrated by the empirical research conducted by Zarkada-Fraser and Fraser (2002). Regardless of store country-of-origin, ethnocentric customers tend to support local retailers.

Surprisingly, compared with Japanese retailers, other foreign retailers actively entered Korean market after market

liberalization in 1996. Even though Walmart USA and Carrefour France joined the Korean market and finally left in 2006, Homeplus owned by Tesco UK rapidly grew until 2015. In other words, Tesco Korea achieved outstanding sales performance before leaving the South Korean market in 2015. With respect to consumer ethnocentrism, it can be said that Korean customers do not care about foreign retailers. Similarly, it is witnessed that Japanese retailers like FRL Korea attracted Korean customers very well and achieved great growth rates before the serious diplomatic conflict between Korea and Japan from July in 2019 has occurred. What is evident is that Korean customers do not discriminate against foreign retailers, and further, against Japanese retailers. In spite of war animosity, Korean consumers do not distinguish Japanese retailers from other foreign ones until recent economic retaliation. Accordingly, it is necessary to differentiate war animosity from consumer ethnocentrism, considering that Korean customers are significantly influenced by war animosity.

2.3. War animosity

There are different types of consumer animosity, as pointed by Klein, Ettenson, and Morris (1998), Jung, Ang, Leong, Tan, Pornpitakpan, and Kau (2002). Amongst past studies, Klein et al. (1998) categorised animosity into war animosity and economic animosity, regardless of military, political, diplomatic, and economic conflicts, whilst Jung et al. (2002) suggested that animosity should be based on national animosity Vs personal animosity and stable animosity Vs situational animosity. Although there are a few animosity types, what is important is that consumer animosity tends to give rise to a negative emotional attitude towards a disliked nation or group (Klein & Ettenson, 1999). In other words, the negative attitudes as well as emotions held by customers are able to affect their buying intention towards Japanese products or brands, as demonstrated by Rose, Rose, and Shoham (2009).

Furthermore, with respect to the relationship between war animosity and consumer ethnocentricity, it should be noted that some older American customers might refuse to purchase German- or Japanese-made goods after the Second World War, because of war hostility, whilst some Japanese and German customers might boycott against American-made products for the same reason (Sharma, Shimp, & Shin, 1995). Given that Korean customers' mind is significantly damaged by several Japanese invasions, the degree of war animosity is higher than those of any other cases. First of all, despite the fact that Korea made a contribution to building up Japan as a country a quite long time ago, Japan historically invaded Korea several times in the past. The fact might be good enough to make Korean customers feel betrayed.

Unlike nationalism and consumer ethnocentrism, it is clear that war-based animosity has strongly influenced Korean consumer shopping patterns. As evidence, since Japanese government has started to regulate the Japanese companies which export the parts of semiconductor to Korea in July 2019, in an attempt to take economic retaliation against Korea, Korean customers have shown strong willingness to boycott against Japanese products and service. Given that Korean people have actively taken part in the boycott campaign activity against Japan, it should be mentioned that war-based animosity is more likely to promote a nationwide consumer boycott. In the same vein, previous researches argued that animosity has a negative effect on customer attitudes as well as buying intention on foreign products (Klein et al., 1998; Shoham, Davidow, Klein, & Ruvio, 2006).

Based on the above researches, customers are more likely to be influenced by their animosity historically accumulated, when making buying decisions. Many retailing academicians have, however, paid less attention into the relationship between the degree of animosity and foreign product judgements. Similarly, previous studies argued that animosity does not affect product quality evaluation process from a customer's point of view. Before examining product quality, indeed, customers are influenced by country-of-origin. In contrast, the research conducted by Shoham et al. (2006) found that consumer animosity has a negative impact on product judgements. It can be, therefore, said that war animosity is directly or indirectly related to the evaluation process of product quality, regardless of the effects of country-of-origin.

2.4. Store country-of-origin

Before many retail academicians paid their attention to the relationships between a retailer's country-of-origin and sales performances, the effects of country-of-origin have been studied in a manufacturing sector (e.g. Nagashima, 1970; Bilkey & Nes, 1982; Ettenson, Wagner, & Gaeth, 1988). Based on the previous research results, it should be mentioned that country-of-origin negatively or positively affects customer shopping behaviours. As pointed by Shimp and Sharma (1987), consumers are more likely to believe that domestic products are better than foreign ones. On the other hand, other customers tend to be favourable to foreign-made products, when evaluating its quality (Lin & Sternquist, 1993).

Similarly, the effects has been examined by retail academicians (e.g. Zarkada-Fraser & Fraser, 2002; Chaney & Gamble, 2008; Maruyama & Wu, 2014). In other words, researchers found that customers are influenced by retailer country-of-origin, when selecting a retail store. With regard to the relationship between retailer country-of-origin and

sales performances, many authors have highlighted that country-of-origin is closely related to their performances.

Surprisingly, since the Japanese government started to regulate Japanese firms to export their products to the South Korea in July in 2019, as part of the actions to retaliate against the Korean forced labour victims' decision of the Korean supreme court, Korean customers have started to boycott against Japanese retailers such as Uniqlo and ABC Mart. Before its regulations, they achieved outstanding sales performance. It means that Korean customers did not care about a retailer's country-of-origin. Furthermore, even though Tesco UK left the Korean market in 2015, Tesco Korea recorded unbelievable profits as well as growth rates. In other words, Korean customers supported Tesco Korea, regardless of its nationality.

All of sudden, however, Korean customers are more likely to avoid visiting Japanese firms after July in 2019. According to the late data provided by the Japanese government in 2020, Japanese firms have been struggling due to the declining sales performance. As mentioned by Cho et al. (2018), war animosity negatively influences Korean customers when choosing a retailer.

Considering that diplomatic relationship is not improved between Korea and Japan, it can be expected that Korean customers should not visit Japanese retailers on purpose. Until now, although Korean consumers are not interested in a retailer's country-of-origin, it is evident that the "No Japan campaign" which does not buy Japanese products and go Japanese retailers should be continued, unless the Japanese government show the effort to improve its relationship between both countries.

Without doubt, it is natural that the generations who have experienced the war between Korea and Japan tend to show negative customer attitudes towards Japanese retailers, rather than younger generations. It should be, thus, noted that this kind of trend is influenced by the characteristics of socio-demographic factors.

2.5. Anti-Japan sentiment

Basically, it is essential to look at the background how anti-Japan sentiment has been evolved after Japan invaded Korean peninsula quite long time ago. First of all, it is evident that the historical invasions as well as wars done by Japan should promote the anti-Japan sentiment between Korea and Japan, including the current diplomatic conflicts like territorial and historical debates. Despite the fact that Japan is the country done war crimes, the South Korea kept favorable relationships between both countries, in terms of trading. Without public heartfelt apology, thus, it can be expected that such a relationship should be damaged with ease.

According to the report provided by a BBC World Service Poll in 2014, 79% of the South Korean were

unfavourable to Japan. It means that Korean customers might hesitate to visit Japanese retailers in Korea. Nevertheless, Japanese retail firms achieved outstanding sales performances, until at least the trading conflict occurred in 2018. Surprisingly, after the trade retaliation in July 2018, a lot of Korean customers have taken part in “No Japan Campaign”. As a result, Japanese retailers like Uniqlo and ABC Mart have been struggling. Depending on the characteristics of each industrial sector, it can be said that the results of boycotting against Japanese companies must be different. It can be, furthermore, expected that socio-demographic factors should differently influence customers' shopping patterns. This kind of retail phenomena have been witnessed in recent. For example, it is reported that the Japanese retailers who target younger generations have been seriously affected, rather than other companies.

As pointed by Cho et al. (2018), there is a need to distinguish anti-Japan sentiment from war animosity, although both concepts are correlated with each other. Generally speaking, the former concept is based on the current favourability towards Japan, whilst the latter one has been emotionally accumulated by wars in the past. In other words, if there was no war between Korea and Japan in the past, it would be expected that anti-Japan sentiment might not be stronger than now.

Depending on war experience directly or indirectly, furthermore, the degree of anti-Japan sentiment and war animosity should be different. Without doubt, also, whether the final war was in recent or a quite long time ago should differently influence customers' shopping patterns. It might be said that younger customers do not care about such an anti-Japan sentiment, as demonstrated by the sales growth of Japanese retailers in Korea, until the recent diplomatic conflict.

3. Hypotheses development

Based on the previous literature, it is evident that customers should show different customer attitudes towards nationalism, consumer ethnocentrism, war animosity, store country-of-origin, and anti-Japan sentiment, when selecting a shopping destination. As noted by Schooler (1971), Wall and Heslop (1986) who found that the country-of-origin factor tends to be perceived differently by socio-demographic variables, the above elements should differently influence Korean shopping patterns. It is, nevertheless, difficult to find the researchers who explored how socio-demographic factors are related to shopping behaviours in Korea.

With respect to socio-demographic factors, this research proposes that the characteristics of gender, age, income levels, education levels, and household sizes are associated

with different shopping patterns, when selecting a Japanese retailer. In order to measure how different respondents are, moreover, the researchers divide each element into two categories like male and female group, in terms of a gender factor. In the same vein, the authors hypothesise that the younger customers are, the degree of anti-Japan sentiment should be lower than that of older generations. In other words, younger generations are not sensitive to anti-Japan sentiment over time. Considering that Japanese retailers achieved outstanding performances in Korea until recent, the authors are able to propose such a research hypothesis.

First of all, as a duty, male group has to join the military service in Korea. It can be, therefore, expected that men are relatively more loyal to their own country, rate than female group and the men who did not serve in the Korean military army. Even though there is no evidence that military service promotes patriotism, male should show different shopping patterns from those of female group.

- H 1-1:** Male has stronger nationalism than female.
- H 1-2:** Male has stronger ethnocentrism than female.
- H 1-3:** Male has stronger war animosity than female.
- H 1-4:** Male shows much more negative attitudes towards Japanese retailers than female.
- H 1-5:** Male has stronger anti-Japan sentiment than female.

Secondly, given that Japanese retailers have targeted younger customers and achieved great sales performances, younger generations are less sensitive to the above variables than older customers. As a result, the authors suggest the following hypotheses:

- H 2-1:** The younger customers are, the lower the nationalism.
- H 2-2:** The younger consumers are, the lower the consumer ethnocentrism.
- H 2-3:** The younger buyers are, the lower the war animosity.
- H 2-4:** The younger purchasers are, the lower the perception of store country-of-origin.
- H 2-5:** The younger customers are, the lower the anti-Japan sentiment.

Thirdly, it is expected that education levels affect customer shopping behaviours, when choosing a retailer. It is, therefore, essential to investigate how an education factor has an impact on selecting a Japanese retailer as a shopping destination.

- H 3-1:** The higher the education levels, the lower the nationalism.
- H 3-2:** The higher the education levels, the lower the consumer ethnocentrism.
- H 3-3:** The higher the education levels, the lower the war animosity.

H 3-4: The higher the education levels, the lower the perception of store country-of-origin.

H 3-5: The higher the education levels, the lower the anti-Japan sentiment.

Fourthly, the authors examine how a household size influences the customers' intention to visit a Japanese retailer.

H 4-1: The larger the household size, the higher the nationalism.

H 4-2: The larger the household size, the higher the consumer ethnocentrism.

H 4-3: The larger the household size, the higher the war animosity.

H 4-4: The larger the household size, the higher the perception of store country-of-origin.

H 4-5: The larger the household size, the higher the anti-Japan sentiment.

Lastly, although an income factor is closely related to education levels, it is necessary to look at how it influences customer attitudes towards Japanese retailers. Generally speaking, it can be said that higher-income customers might like to shop at foreign retailers, in order to be recognised by others.

H 5-1: The higher the income levels, the lower the nationalism.

H 5-2: The higher the income levels, the lower the consumer ethnocentrism.

H 5-3: The higher the income levels, the lower the war animosity.

H 5-4: The higher the income levels, the lower the perception of store country-of-origin.

H 5-5: The higher the income levels, the lower the anti-Japan sentiment.

4. Research methods and findings

In order to justify the research results, it is very important to choose a right research method. Based on the characteristics of hypotheses, the authors have adopted a confirmative factor analysis to check research reliability as well as validity. Furthermore, the researchers have used a few research techniques to verify whether the hypotheses proposed are adopted or not, like T test and linear regression analysis. Similarly, SPSS 25 was used to carry out the confirmative factor analysis and multiple regression analysis.

4.1. Data collection

With the finalized 30 questions accomplished by pretesting from January to February in 2020, the authors started to distribute questionnaires in Seoul, Chung-Nam

and Kyoung-Gi province. The 500 questionnaires were distributed to the acquaintances of the researchers from March to June in 2020, and then, within four months, 498 are returned, and amongst them, 494 are available, as seen in the <Table 1>. Its response rate is 99.6%.

With respect to a questionnaire structure, this study has used Likert five-position scales to measure the variables proposed. In terms of investigating customer attitudes towards foreign retailers, a Likert scale technique was frequently used. Also, the authors have developed a variety of questions to verify the relationship amongst the variables suggested, on the basis of literature review process. Furthermore, SPSS 25 was used to carry out the confirmative factor analysis and multiple regression analysis.

Table 1: Demographic Factors

Demographic Factors		Frequency	%
Age	~ 19	-	-
	20 ~ 29	89	18.0
	30 ~ 39	72	14.6
	40 ~ 49	123	24.9
	50 ~ 59	109	22.1
	60 ~ 69	63	12.8
	70 ~	38	7.7
Gender	Female	274	55.5
	Male	220	44.5
Education levels	Elementary	34	6.9
	Middle school	28	5.7
	High school	167	33.8
	Bachelor's degree	211	42.7
	Graduates or more	54	10.9
Income levels	~ 200	185	37.4
	200 ~ 299	95	19.2
	300 ~ 399	85	17.2
	400 ~ 499	55	11.1
	500 ~ 599	24	4.9
	600 ~	50	10.1
Household size	1	81	16.4
	2	43	8.7
	3	116	23.5
	4	189	38.2
	5~	65	13.2

4.2. Research reliability and validity

Confirmative Factor Analysis (CFA) was used on the collected data to evaluate the uni-dimensionality of each of the dimensions of research model and Cronbach's alpha was used to verify reliability and all of the measurement was satisfied since Cronbach alpha was higher than the recommended value of 0.6. Convergent validity is the extent to which indicators of a construct converge or share a high proportion of variance in common. All the individual factor loadings were found to be highly significant, giving support to the convergent validity. Average variance extracted (AVE) was higher than the recommended value of 0.5 except as summarized in Table 2.

Table 2: Results of Confirmative Factor Analysis

Variables	Measurement	Factor Loading	Eigen value	Variance(%)	Mean	S.D	Cronbach alpha	AVE
Nationalism	Nation3	.872	0.873	6.72	3.91	1.10	.726	.753
	Nation4	.863			3.91	1.10		
Consumer Ethnocentrism	Ethno4	.830	0.949	7.30	2.64	1.28	.668	.656
	Ethno5	.789			2.77	1.17		
War Animosity	Animo1	.825	1.481	11.4	3.92	1.22	.729	.522
	Animo2	.761			3.70	1.27		
	Animo5	.555			3.22	1.29		
Store Country of Origin	Origin1	.566	1.423	10.9	3.01	1.26	.603	.520
	Origin2	.749			2.77	1.30		
	Origin3	.822			2.76	1.23		
Anti-Japan Sentiment	Anti1	.804	4.117	31.7	3.77	1.18	.748	.600
	Anti2	.713			3.51	1.20		
	Anti5	.804			3.59	1.21		

The square root of the correlation coefficient of the individual potential variable factors was used to verify the validity. The square root of AVE (NATION=0.753, ETHNO=0.656, ANIMO=0.522, ORIGIN=0.520, ANTI=0.600) were greater than the coefficient of correlations, so it is fair to say that the discriminant validity is secured.

Table 3: Correlation and AVE Matrix

	NATION	ETHNO	ANIMO	ORIGIN	ANTI	AVE
Nationalism	1.000	.269**	.266**	.103*	.176**	.753
Consumer Ethnocentrism		1.000	.445**	.371**	.287**	.656
War Animosity			1.000	.417**	.519**	.522
Store Country of Origin				1.000	.291**	.520
Anti-Japan Sentiment					1.000	.600

NATION: Nationalism, ETHNO: Consumer Ethnocentrism, ANIMO: War Animosity, ORIGIN: Store Country of Origin, ANTI: Anti-Japan Sentiment
 **p < 0.01, *p < 0.05

4.3. Hypothesis Verification and findings

Associated with gender, the authors tested hypothesis 1, applying T test for the mean difference of two groups, as seen in Table 4.

The first hypothesis 1-1 is not supported (p=0.211), that is to say, there is no difference with nationalism between male and female. In a word, it is found that a gender element

does not influence the formation of nationalism, regardless of nationality.

By contrast, the second hypothesis 1-2 is accepted (p=0.044). Unlike nationalism, the research found that the male group shows a higher consumer ethnocentrism than female one.

On the other hand, the third hypothesis 1-3 is rejected (p=0.253). In terms of war animosity, there is no difference between male and female gender. As pointed by Cho et al. (2018), even though there is no distinction amongst two groups, both are influenced by ethnocentrism, when selecting a retailer.

Similarly, the fourth hypothesis 1-4 is not supported (p=0.142). With respect to customer attitudes towards Japanese retailers, male group is not different from female one. It should be, however, mentioned that Korean customers tend to show higher anti-Japan sentiment (Cho et al., 2018).

As noted earlier, the fifth, hypothesis 1-5 is not accepted (p=0.060). even though the difference between male and female is not found, both groups have shown stronger anti-japan sentiment (Cho et al., 2018).

Regarding an age factor, what is interesting is that all of the hypotheses 2 are accepted, as seen in the Table 5. Through the research, it has become apparent that younger generations tend to show different customer attitudes, compared with older customers.

In other words, younger customers are less nationalistic, show weaker ethnocentrism, war animosity and anti-Japan sentiment, and further, do not care about the country of origin of retailers.

Table 4: T test results for hypothesis 1

		F	p	t	d.f	p	mean difference	S.E	C.I.(95%)	
									L	U
nationalism	$\sigma_1^2 = \sigma_2^2$.025	.873	1.25	492	.211	.110	.088	-.132	.266
	$\sigma_1^2 \neq \sigma_2^2$			1.25	467.0	.212	.110	.088	-.132	.266
consumer ethnocentrism	$\sigma_1^2 = \sigma_2^2$	5.96	.015	2.02	491	.044	.193	.095	-.032	.411
	$\sigma_1^2 \neq \sigma_2^2$			1.99	443.4	.046	.193	.096	-.033	.412
war animosity	$\sigma_1^2 = \sigma_2^2$	2.03	.154	1.14	492	.253	.105	.091	-.156	.269
	$\sigma_1^2 \neq \sigma_2^2$			1.13	443.6	.258	.105	.092	-.158	.270
store country of origin	$\sigma_1^2 = \sigma_2^2$.049	.825	1.47	492	.142	.125	.085	.010	.387
	$\sigma_1^2 \neq \sigma_2^2$			1.47	472.5	.141	.125	.085	.010	.386
anti-japan sentiment	$\sigma_1^2 = \sigma_2^2$	4.14	.042	1.88	492	.060	.166	.088	-.052	.348
	$\sigma_1^2 \neq \sigma_2^2$			1.86	447.3	.062	.166	.089	-.054	.349

Table 5: Linear regression analysis for hypothesis 2

			Unstandardized		Standardized	t	p
			B	S.E	β		
2-1	1	constant	3.414	.128		26.604	.000
		age	.118	.029	.182	4.099	.000
	a. Dependent: nationalism						
2-2	1	constant	2.223	.140		15.877	.000
		age	.115	.031	.163	3.654	.000
	a. Dependent: consumer ethnocentrism						
2-3	1	constant	3.330	.135		24.639	.000
		age	.067	.030	.099	2.212	.027
	a. Dependent: war animosity						
2-4	1	constant	3.188	.125		25.417	.000
		age	-.077	.028	-.122	-2.730	.007
	a. Dependent: store country of origin						
2-5	1	constant	3.082	.128		24.042	.000
		age	.128	.029	.196	4.440	.000
	a. Dependent: anti-japan sentiment						

In order to verify the hypotheses 3, the authors adopted linear regression analysis, as seen in the Table 6. As the results of hypothesis verification, it is found that the first 3-1 (β =-0.154, p =0.001), the fourth 3-4 (β =0.217, p =0.000) and the fifth 3-5 (β =-0.114, p =0.012) are accepted, that is to say, the higher the education level, customer attitudes are not affected by nationalism, retailers’ country-of-origin and anti-Japan sentiment. As a result, it would be expected that the higher the education levels, Koran customers become more generous towards Japanese retailers.

On the other hand, the hypotheses 3-2 (β =0.033, p =0.469) and 3-3 (β =-0.064, p =0.154) are not accepted. Although the

above hypotheses are accepted, customers with higher education levels do not show lower ethnocentrism as well as war animosity. Depending on education levels, it has become evident that well-educated customers tend to show higher ethnocentrism, sensitively reacting to war hostility.

As seen in the Table 7, the authors confirmed that all of the hypothesis 4 are rejected. In other words, household size is not related to the degree of nationalism, ethnocentrism, war animosity, store country-of-origin and anti-Japan sentiment, whilst the p values of each hypothesis are over 0.05. Thus, it is not necessary to discuss the relationship between family size and variables.

Table 6: Linear regression analysis for hypothesis 3

			Unstandardized		Standardized	t	p
			B	S.E	β		
3-1	1	constant	4.428	.156		28.323	.000
		edu	-.150	.044	-.154	-3.453	.001
	a. Dependent: nationalism						
3-2	1	constant	2.585	.172		15.031	.000
		edu	.035	.048	.033	.725	.469
	a. Dependent: consumer ethnocentrism						
3-3	1	constant	3.837	.164		24.639	.000
		edu	-.065	.046	-.064	1.426	.154
	a. Dependent: war animosity						
3-4	1	constant	2.156	.150		14.416	.000
		edu	.205	.042	.217	4.936	.000
	a. Dependent: store country of origin						
3-5	1	constant	4.002	.150		25.409	.000
		edu	-.111	.044	-.114	-2.535	.012
	a. Dependent: anti-japan sentiment						

Table 7: Linear regression analysis for hypothesis 4

			Unstandardized		Standardized	t	p
			B	S.E	β		
4-1	1	constant	3.940	.121		32.606	.000
		family	-.010	.035	-.014	-.299	.765
	a. Dependent: nationalism						
4-2	1	constant	2.795	.131		21.278	.000
		family	-.027	.038	.032	.719	.472
	a. Dependent: consumer ethnocentrism						
4-3	1	constant	3.791	.125		30.229	.000
		family	-.056	.036	-.070	-1.562	.119
	a. Dependent: war animosity						
4-4	1	constant	2.799	.117		23.900	.000
		family	.020	.034	.027	.596	.552
	a. Dependent: store country of origin						
4-5	1	constant	3.730	.121		30.813	.000
		family	-.035	.035	-.045	-1.006	.315
	a. Dependent: anti-japan sentiment						

With respect to the hypothesis 5, we applied linear regression analysis, as seen in the Table 8. Amongst the five hypotheses, the second 5-2 ($\beta=0.119$, $p=0.008$) and the fourth 5-4 ($\beta=0.137$, $p=0.002$) are accepted. It means that the higher the income levels, customers are not sensitive to consumer ethnocentrism as well as retailers' country-of-origin.

Even though customers with higher income do not care about ethnocentrism and country of origin, however, the

researchers can expect that they are nationalistic, and further, have not only strong war animosity, but also anti-Japan sentiment. In spite of the increasing income levels, customers have shown negative attitudes towards Japanese retailers.

Apart from the above two hypotheses, the rest of them are rejected. Although the three hypotheses are not accepted, it cannot be said that higher income levels are not related to war animosity, ethnocentrism and anti-Japan sentiment.

Table 8: Linear regression analysis for hypothesis 5

			Unstandardized		Standardized	t	p
			B	S.E	β		
5-1	1	constant	3.957	.081		48.742	.000
		income	-.019	.027	-.032	-.708	.479
	a. Dependent: nationalism						
5-2	1	constant	2.509	.088		28.557	.000
		income	.077	.029	.119	2.654	.008
	a. Dependent: consumer ethnocentrism						
5-3	1	constant	3.659	.085		43.291	.000
		income	-.018	.028	-.030	-.665	.507
	a. Dependent: war animosity						
5-4	1	constant	2.664	.078		34.185	.000
		income	.078	.026	.137	3.072	.002
	a. Dependent: store country of origin						
5-5	1	constant	3.675	.081		45.191	.000
		income	-.022	.027	-.038	-.837	.403
	a. Dependent: anti-japan sentiment						

5. Conclusions

Through this empirical study, the research delivers several implications for retailing academicians as well as practitioners. On the basis of the research findings, furthermore, the authors can draw a conclusion that socio-economic factors, except for a household size element, are related to the degree of nationalism, ethnocentrism, war animosity, store country-of-origin and anti-Japan sentiment.

As pointed by Cho et al. (2018), it is expected that Korean customers are not favourable to Japanese retailers, because of the diplomatic conflicts between both countries. It is, nevertheless, found that the Korean customers tend to show different shopping attitudes towards the Japanese retailers, depending on the characteristics of socio-demographic elements. Even though war animosity as well as anti-Japan sentiment is more likely to discourage Korean consumers to visit Japanese retailers (Cho et al., 2018), it is evident that socio-demographic factors have differently influenced their shopping behaviours.

From retailing academicians' point of view, this research has confirmed that the degree of nationalism, consumer ethnocentrism, war animosity, the perception of store country-of-origin and anti-Japan sentiment has been mitigated over time. It can be, thus, said that this kind of trend might attract Japanese retailers in the South Korean market. From a Japanese retailer's perspective, it would be wise to focus on younger generations than older ones, as a target market.

In addition, considering that the education level of Korean people has been increased, future business

environment will have a favourable impact on Japanese retailers, compared with the past. As noted earlier, the higher education level tends to make Korean customers alleviate the degree of anti-Japan sentiment.

What is important is that changing socio-demographic factors will provide positive business opportunities for Japanese retailers in the future, if the diplomatic relationships between Korea and Japan are dramatically improved.

On the other hand, there are some research limitations like research period, small sample size and research areas. While the authors distributed questionnaires, respondents might be influenced by the export control legislation of Japan, when answering to questions. In addition, it would be difficult to say that the amount of small sample size and the limited research areas can represent customer buying patterns in Korea.

The future research should, thus, consider the above limitations. Furthermore, researchers should investigate the effects of the export control restrictions occurred by Japan on the shopping patterns of Korean customers, overcoming the limited sample size as well as research areas.

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