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The effects of reshoring on customer behavior

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Abstract (English)

The returning of parts of the value chain back to a company's home country is becoming increasingly important. The phenomenon known as reshoring is gaining ground in practice. Until now, research has mostly focused on the entrepreneurial effects of reshoring and the consideration of the customer perspective is still largely underrepresented. This thesis provides an unprecedented insight into the effects of reshoring on buyer behavior. Two experiments were conducted, and a total of two hundred people were surveyed to determine the reasons for the effects. The analyses found a significant positive reshoring effect compared to other domestically produced products for the variable of willingness to buy and determined additionally significant differences in customer behavior depending on how the reshoring decision was communicated. For this purpose, respondents were confronted with three scenarios, whereby the two scenarios that used environmental and societal motivations for the reshoring process performed significantly better than the scenario that used internal company motivations as a signal. It was also found that there were significant differences in the combinations between scenario and product type. This means that certain products work particularly well in certain scenarios, while other products work well in other scenarios. Companies must therefore choose their marketing signals with particular care and adapt them to their product and brand. Businesses can then use the insights generated in this paper to extract maximum value from their strategic decisions to reshore and generate added value. However, due to its scope, this thesis only deals with a fraction of the possible cases in the open market and thus leaves much room for further subsequent research.

Abstract (Deutsch)

Die Rückverlagerung von Teilen der Wertschöpfungskette in das Heimatland eines Unternehmens gewinnt zunehmend an Bedeutung. Das als Reshoring bezeichnete Phänomen setzt sich in der Praxis immer mehr durch. Bislang hat sich die Forschung vor allem auf die unternehmerischen Auswirkungen von Reshoring konzentriert und die Berücksichtigung der Kundenperspektive ist noch weitgehend unterrepräsentiert. Die vorliegende Arbeit gibt einen bisher nicht dagewesenen Einblick in die Auswirkungen von Reshoring auf das Käuferverhalten. Es wurden zwei Experimente durchgeführt und insgesamt zweihundert Personen befragt, um die Gründe für die Auswirkungen zu ermitteln. Die Analysen ergaben einen signifikant positiven Reshoring-Effekt im Vergleich zu anderen im Inland produzierten Produkten für die Variable Kaufbereitschaft und stellten zusätzlich signifikante Unterschiede im Kundenverhalten fest, je nachdem wie die Reshoring-Entscheidung kommuniziert wurde. Zu diesem Zweck wurden die Befragten mit drei Szenarien konfrontiert, wobei die beiden Szenarien, in denen ökologische und soziale Beweggründe für den Reshoring-Prozess herangezogen wurden, signifikant besser abschnitten als das Szenario, in dem unternehmensinterne Beweggründe als Signal verwendet wurden. Es wurde auch festgestellt, dass es signifikante Unterschiede in den Kombinationen zwischen Szenario und Produkttyp gab. Das bedeutet, dass bestimmte Produkte in bestimmten Szenarien besonders gut funktionieren, während andere Produkte in anderen Szenarien besser funktionieren. Die Unternehmen müssen daher ihre Marketingsignale mit besonderer Sorgfalt auswählen und sie an ihr Produkt und ihre Marke anpassen. Unternehmen können die in dieser Arbeit gewonnenen Erkenntnisse nutzen, um den größtmöglichen Nutzen aus ihren strategischen Entscheidungen zu reshoren zu ziehen. Aufgrund ihres Umfangs befasst sich diese Arbeit jedoch nur mit einem Bruchteil der möglichen Fälle auf dem freien Markt und lässt daher viel Raum für weitere Untersuchungen.

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List of Acronyms

COO	Country of Origin
PQ	Perceived Quality
WTB	Willingness to Buy

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1 Introduction

1.1 Problem and Objectives

Reshoring is a growing trend in international business. Different companies are applying this strategic approach to relocate their offshore production steps back to the companies home country, trying to gain a competitive advantage (Dikler, 2021). Following a report by the management consultancy Kearny, reshoring offers an opportunity to master and manage today's challenges of a changing value chain and is therefore also becoming increasingly popular with managers (Patrick Van den Bossche et al., 2023). This trend is not just an American phenomenon, but has also been a focus of attention on the European market for some time with the earliest reshoring cases already systematically documented in 2014 (Eurofound, 2018a).

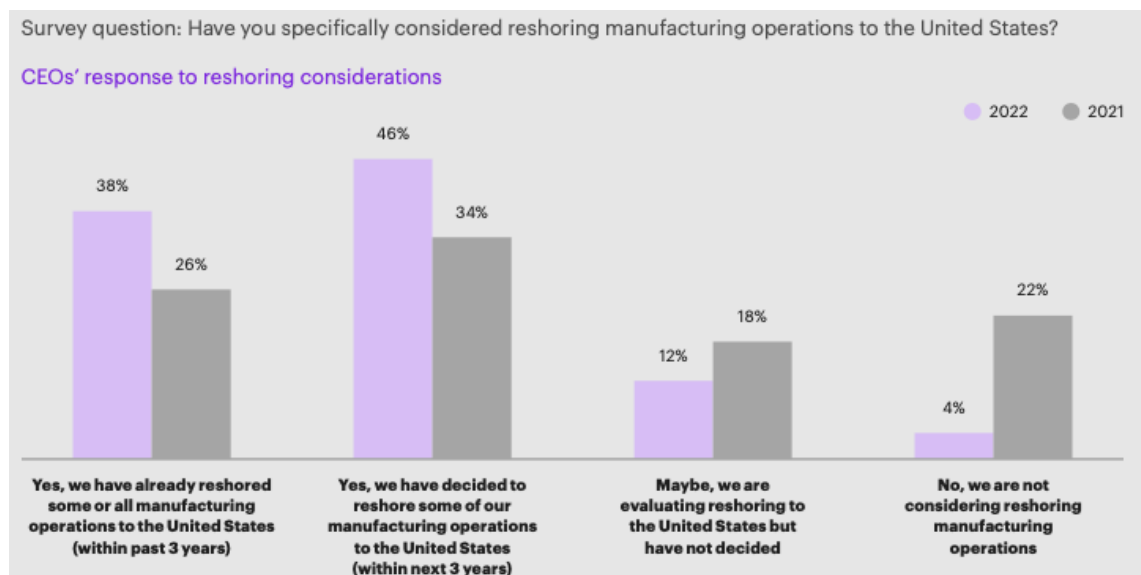


Figure 1: CEOs positive reshoring outlook (A.T. Kearney, 2023)

While most studies so far have analyzed the internal effects of reshoring, this thesis aims to dive deeper into the effects reshoring creates on customer perception. The analysis conducted here is intended to create a basis that can provide a more comprehensive picture for the general discourse on the topic of reshoring. By looking at the effects of reshoring processes on the customer side, more parameters are considered and an assessment for or against the decision can be made more validly. A special focus of this paper will be on the effects different reshoring drivers (which will be explained at a later stage)

create for the customer. To provide a corresponding research result, this thesis deals with the following research question:

RQ: To what extent does the strategic decision to reshore impact customer behavior, and to what extent does the utilization of diverse signals in reshoring drivers contribute to variations in this effect?

By answering this question, the consequences of reshoring in the customer relationship should be better foreseeable. The aim is to find out what creates a positive effect on the customer and what causes a negative effect. In this way, more valid decisions can be made in future.

1.2 Structure of the Work

This master's thesis is divided into eight chapters. After the brief introduction, the second chapter looks at the theoretical background, an overview of the current state of research on reshoring and the effects of reshoring, as well as the baseline of signaling theory, which will form the theoretical basis of this thesis will be given. Following up on the theoretical background will chapter three, which provides insights into the process of hypotheses development. In the following chapter, the experimental setup and the methodology is described in detail and then the results obtained are analyzed in the fifth chapter. In chapter six, the results are then discussed and placed in a thematic context. In chapter seven, the results of the work are then summarized in a conclusion and finally the work is concluded with an outlook on possible further research and subsequent steps in chapter eight.

2 Theoretical Background

2.1 Reshoring Definitions

Various papers have tackled the topic of reshoring in recent years. However, a clear definition cannot be easily conducted. Most researchers describes the topic of reshoring as the movement of offshore production back to its previous location (Wiesmann et al., 2017). At first read this vague definition admittedly leaves space for interpretation. To being able to understand the concept, a clear differentiation towards underlying concepts in international business and supply chain management needs to be conducted first.

In the discussion of reshoring and supply chain mechanisms the concept of offshoring is fundamental to understand as it is the underlying basis of further processes. Offshoring can be defined as the transnational relocation or dispersion of a firm's value chain activities (Mukherjee et al., 2023). It can therefore be understood as the prerequisite as well as opposite of reshoring. Another concept which regularly occurs in the research field of reshoring is the concept of outsourcing. Outsourcing can be described as the decision to shift activities on the supply chain to external contract partners instead of fulfilling those activities internally within the structure of the company. Fulfilling the activities internally is referred to as insourcing (Ishizaka et al., 2019). Offshoring is therefore a locational decision, where activities of the value chain should be resolved, whereas outsourcing is the decision whether to fulfill the activities internally or externally. Both concepts can interact with each other and are not dependent on each other. Therefore a process can be outsourced and reshored at the same time as well as offshored and insourced (Dikler, 2021; Kinkel & Maloca, 2009). In this thesis however, the focus will rely mainly on the locational decisions and not on the ownership structure of a firm. Therefore, the process of offshoring will be more discussed as it is the fundamental basis for any reshoring decision.

For a further treatment of the subject area, a definition of the reshoring process can be used after the underlying global economic processes have been explained. For a clear definition I use the definition provided by the Cambridge Dictionary where reshoring is defined as: *“the practice of moving a business or part of a business that was based in a different country back to its original country.”* (Cambridge Dictionary, 2023) In the further course of this thesis, the scope of the analysis will be tightened and I will increasingly deal with the reshoring of formerly offshore production processes of manufacturing companies back to the home country.

Most researchers are using the term “reshoring” in the context of relocating activities back or near to the companies country of origin (Cassia, 2020; Dikler, 2021; Ellram et al., 2013a; Grappi et al., 2018; Wiesmann et al., 2017), whereas others refer to the phenomenon as “backshoring” (Kinkel & Maloca, 2009) in this thesis the term “reshoring” will be used.

2.2 Literature Review

Although reshoring is a phenomenon of increasing importance it has not nearly been studied as much as offshoring. Furthermore, has the research mainly been on the focus of developed economies such as the United States of America or Europe (Dikler, 2021).

In the research already carried out, the focus lies mainly on the companies themselves. Most studies focus on external factors such as labor costs, material costs and governmental subsidies (Xie et al., 2023), and internal factors like the company’s supply chain organization, transportation costs and organizational costs (Yu & Kim, 2018).

However, with rising importance, different papers have already discussed the topic of reshoring in a general perspective. Initially it has been found in the discourse of offshoring that the reduction of labor costs is the most important motive for companies to offshore production, but it also has been recognized that most offshoring activities are accompanied by reshoring activities in the following four to five years. In the primary instance, quality deficiencies and the vulnerability of global value chains, which outweigh the labor cost advantage were identified as reasons for the reshoring activities of companies (Kinkel & Maloca, 2009). But also other drivers, like governmental subsidies, political instability, technological advancement and customer perception can be identified (Ellram et al., 2013a; Foerstl et al., 2016; Wiesmann et al., 2017). Reshoring is gaining a lot of interest as it benefits from the current trends on the world market. On the company side, the increasing risks of complex international value chains, driven by geopolitical developments such as climate change, and the growth of unequal wealth distribution represent a steadily growing uncertainty while rising automation and new sustainable production methods promote domestic manufacturing. From the customer's perspective, the desire for more individuality in the products, as well as a steady increase in socio-ecologic concerns in western consumers’ minds, is making production at home more and more attractive (Cassia, 2020; Wiesmann et al., 2017).

Initiatives like the European Reshoring Monitor and the US based Reshoring Initiative have been founded to keep track of the developments on reshoring and act as a guidance

and information hub for companies. The European Reshoring Monitor initiative, active from January 2015 to December 2018, aimed to collect and analyze data on reshoring instances in Europe. It gathered information from various sources, organizing it in a secure online database regularly updated. The initiative also maintained a database of reshoring reference materials, including research papers, reports, media articles, and quantitative analyses. The focus was on two types of reshoring: Companies bringing previously offshored activities back to their EU home country and companies relocating offshored activities to any EU country. Part of the larger Future of Manufacturing in Europe research, the European Reshoring Monitor aimed to identify and summarize evidence on reshoring trends, managed by Eurofound as per the European Commission's directive (Eurofound, 2018a). In its active time the European Reshoring Monitor tracked 250 cases of reshoring activities. From this database it can be seen that 86,4% of all tracked reshoring activities reshored the business function of production. This is not surprising and can be attributed to the prevalent offshoring activity, primarily centered around labor-intensive production processes, making it the most favored form of offshoring. However, this unmistakably highlights the significance of production in the ongoing reshoring discourse. It can furthermore be determined from the dataset that most offshored processes which were getting reshored were offshored to China (29,6%). This can be explained by the initial labor cost advantages that promotes China as an offshoring destination as the same counts for second and third placed India and Poland. Additionally, the database indicates the high degree of internationalization by providing 43 different offshoring countries from which reshoring activities were tracked (Eurofound, 2018b).

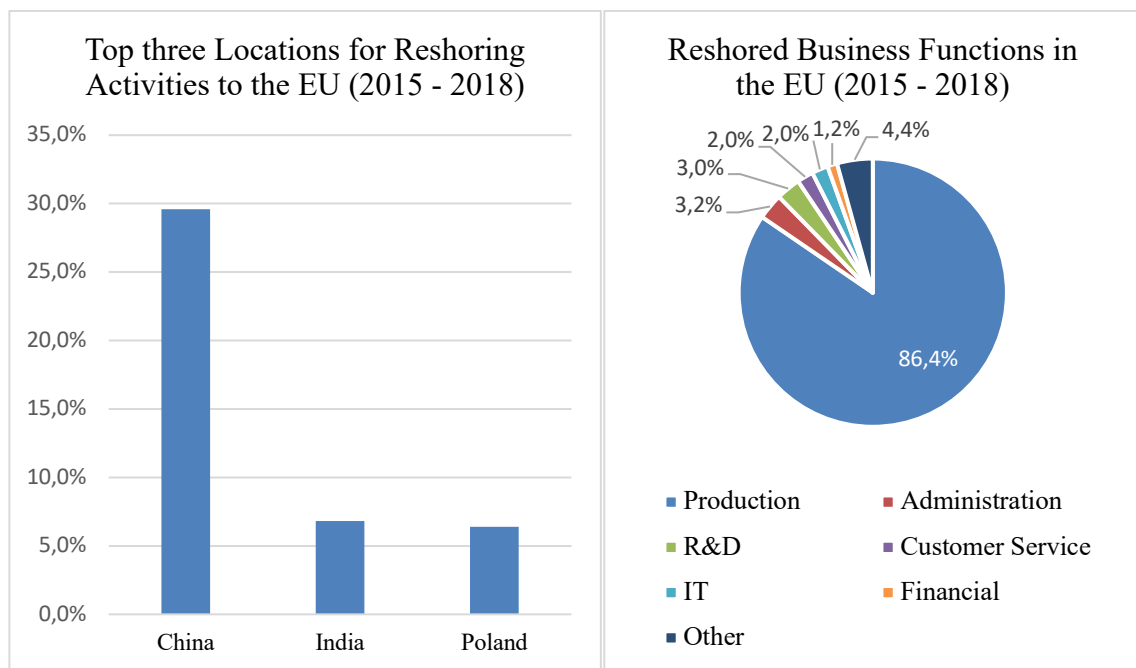


Figure 2: Top three locations for reshoring activities (Eurofound, 2018b)

Figure 3: Reshored business functions (Eurofound, 2018b)

The increasing presence of reshoring processes also increased the general interest in understanding the full-scale effects and consequences of reshoring activities. In 2022 Karatzas et al. published a paper in which they wanted to understand under which circumstances the market perceives reshoring as potentially more (or less) value-creating. By analyzing 64 reshoring instances from 2009 to 2015 they found that certain factors influence investors' confidence in a company's future cash flow prediction. Reshoring under the motives of cost reduction were found out to be more attractive to Investors than customer perceived value seeking. Other points which increased to attractiveness to investors furthermore are, the lack of non-state or governmental investments involved, the communication of reshoring as a "plan" and the investment of production activities in the home market, a "kept from offshoring" instead of actual relocation of activities (Karatzas et al., 2022).

Regarding the effects on customers not a lot of research has already been conducted. From a general perspective, the literature indicates that reshoring has a positive impact on customer perception. This is promised at least by the western literature in a perspective in which reshoring processes mean shifting parts of the supply chain back to the home country, back to a western industrialized nation. The reason for this is among others that it avoids the negative influences that offshoring processes bring with them, for example reduced quality and socio-ecological concerns. Furthermore, positive effects have been

identified, which are achieved by the presence of the company on site, such as the “Made-in- and COO effects (Boffelli et al., 2020; Cassia, 2020).

However, limitations to the positive effects of reshoring have also been recognized. The work of Fabio Cassia (2020) shows that the positive effects of reshoring only occur when consumers have a high degree of ethnocentrism, which means when they consider the work of domestic productions to be of higher quality than foreign productions. In a comparison between near-shoring and far-shoring, contributed by Colamatteo et al. (2022), it was found that the location of production has a significant impact on customer perceived quality and purchase intention. Customers evaluated products higher and were more likely to buy them when they were near-shored, but this effect was only recognizable when brand familiarity was low. With high brand familiarity no difference between near- and far-shoring could be made. In the further course of this thesis, the effects of reshoring on the customer will be discussed in more detail.

Regarding the future viability of reshoring activities, there are varying forecasts. The unreliability of global supply chains is seen as a rising motive for companies to reshore but on the other hand it is also argued that studies have not yet shown that reshoring is able to create a significant amount of jobs in domestic countries and that increased unreliability, showcased by the Covid-19 Pandemic, actually shut down domestic production and with that increased the reliance of offshored imports, especially in times when countries where in different stadiums of the Pandemic (Dikler, 2021).

When looking at the current state of the literature, two topics stand out in particular, for which there are still few or no scientific studies and observations. First and foremost, this is the consideration of reshoring activities in developing countries and emerging markets. Since most of the research comes from western industrialized nations and preceding offshoring and potentially following reshoring processes also primarily originate from Western companies, the research here is still very incomplete and requires further investigation. However, this thesis will deal with the second topic that has not yet been sufficiently analyzed and that is the effect of reshoring on the customer. There is already an assessment of the general effect of reshoring on customer perception, and some studies have already identified limitations. However, more detailed knowledge is needed, especially to understand the mechanisms behind the effects. For this purpose, it is necessary to analyze in more detail how different reshoring drivers affect customer behavior.

2.3 Signaling Theory

To understand and explain the effects which will be determined by this master thesis the theory of signaling will be used. I borrow this theory and terminology from Michael Spence who referred to the signaling theory in his 1973 paper “Job Market Signaling”, published in “The Quarterly Journal of Economics” in the context of Job market discussions (Spence, 1973). Spence explains the theory as an asymmetry between two parties in a decision-making process. In his paper he refers to it in the context of job market decisions and job interviews. The process of hiring someone is a process of certain uncertainty as the hirer cannot be completely aware of the complete skillset the person to be hired is. The person who gets interviewed knows for a fact more about its own skills and of course also flaws, than the hirer can find out. Therefore a certain mismatch of information occurs in the discussion (Spence, 1973). Since Akerlof, Spence and Stiglitz won the Nobel Prize in economics for their work on the signaling theory, the theories popularity increased over a variety of business areas, like marketing, management or finance (Friske et al., 2023).

In the discussion of job interviews Spence differentiates between two kinds of observable characteristics. Unalterable attributes like gender or race, called *indices* and characteristics which are possible to get manipulated by the individual itself, like education for example, which are referred to as *signals*. (Spence, 1973) In signaling theory there are a total of five fundamental elements: *signalers*, the individuals that send out the signal, the *signal* itself, which is the changeable characteristic, *receivers*, in the above mentioned example the hirer, the *feedback*, what receivers send back to the signalers after receiving the signal and the *signaling environment* (Friske et al., 2023; Galvagno et al., 2022). Signals are possible to get changed or manipulated, but this change often comes at certain costs. Staying in the example of Job interviews education can be seen as a signal which can be manipulated by an individual but only at a certain cost, as the education takes time and possibly costs additional money. The costs of changing a signal are referred to as *signaling costs*. Because of this cost and the very limited amount of information the receiver receives, it is fundamental that the sender chooses the signal intelligently and with foresight to create an advantage for himself (Galvagno et al., 2022; Spence, 1973)

Signaling theory can be applied in the underlying topic of this thesis, the study of the effects of different reshoring drivers on the customer perception. In commodity trading there is also an information asymmetry, comparable to the situation described by Spence in a job interview. The customer does not know as much about a product as the producer

does. Detailed factors of the manufacturing process remain hidden from the customer (Taoketao et al., 2018). Reducing knowledge asymmetry is what companies should strive for with signaling. With increased distance between buyer and producer, also due to increasing shares of online purchases, the customer's knowledge gap is largened and well-chosen signals can then in turn help customers make more accurate judgments about the quality of products, making it easier for customers to make purchasing decisions. Which in turn helps companies to achieve better sales (Al-Adwan et al., 2022).

In examining the drivers of reshoring, I designate the companies opting for reshoring as signalers, as they possess the relevant information. The signal, in this context, refers to any communication directed towards the end customer in a marketing strategy. In my approach to this subject, I analyze the various drivers that motivated companies to choose reshoring as the signals. The investigation delves into how these signals influence customer attitudes towards a product in a reshoring scenario. The signals have the potential to reduce information asymmetry between customers and vendors, but the receiver's interpretation of the used signal is subjective and may differ depending on the individual. Signaling theory therefore emphasizes the importance of ensuring that receivers interpret the signal as intended by the signalers. Hence, companies must be mindful of how the information they convey and the signals they project are perceived by potential customers who lack the comprehensive information available to the signalers. In this scenario, potential customers act as receivers. Feedback, in the form of information sent back to the signaler, plays a pivotal role in making the signaling effect identifiable and measurable. It can be viewed as the company's success or, more specifically, the customers' willingness to buy and perceived quality (Friske et al., 2023; Galvagno et al., 2022).

Whether a signal is effective depends on three factors: observability, cost of imitation and credibility. Observability should be given as companies try actively to approach their customers with the signals and is therefore dependent on the range of a marketing campaign. The cost of imitation must be considered from both sides in the context presented here. It is associated with high costs if one considers the act of reshoring itself, but if it is only a matter of communicating this step that has already been taken, then it is rather negligible, as it is then only a matter of communicative elements. Credibility, on the other hand, is the biggest component in this context to ensure the effectiveness of the signal. Companies must ensure that the message they present is credible and does not appear too implausible. Especially given the increasing skepticism of stakeholders and the growing awareness against greenwashing and other comparable phenomenon (Friske et al., 2023).

2.4 Reshoring Drivers

There are various reasons for companies to take the strategic decision of reshoring. In the following we will focus on reshoring drivers for the reshoring of production activities. Based primarily on the works of Wiesmann et al. (2017) and Foerstl et al. (2016) I try to summarize the different drivers in the following, categorizing them into four different groups which shall now be explained in more detail. When considering this, it must be borne in mind, that many of the motivational factors mentioned in the following section cannot be clearly assigned to just one group and that there are floating boundaries between them.

Environmental Uncertainty

Global markets are filled with factors of uncertainty. Being flexible and able to adapt as a company, is therefore an important factor for generating an advantage against competitors. In the category of environmental uncertainty, I conduct all the drivers which influence the factors of company flexibility. Mainly subdividing them into supply chain complexity and global competitive dynamics. (Foerstl et al., 2016; Wiesmann et al., 2017)

Supply Chain Drivers

Supply Chain Drivers emerge from ever more complex worldwide supply chains, which, if too complex, form a risk and can also create an additional cost factor. Those costs can ultimately outweigh the labor costs advantage of the host-country and generate in total a negative result for the offshoring process. Well known examples for Supply Chain Drivers are therefore the risk of disruption and high coordination costs (Wiesmann et al., 2017).

Apart from the higher coordination costs caused by the extended supply chain, other drivers occur. With longer distances between different steps in the supply chain, communication and synchronization of business functions becomes increasingly difficult. Challenges in matching production to demand rise, as decision-making and change processes become slower. With an increased distance to manufacturing other departments, which normally interact highly with the production, like innovation, research and development suffer, causing a potential lack of competitiveness. The case of Otis Elevator's can here be seen as an example. The company reshored its formerly offshored production facility in Mexico back to their home market in the United States after the side caused problems, running into a production backlog, causing significant order cancellations. According to the

company's managers, specialized customer knowledge is thoroughly ingrained within the sales, production, and R&D divisions in the United States. Insufficient communication with the Mexican facility regarding customer-specific details led to revisions and significant tied-up capital. Consequently, the increasing transaction expenses provided validation for their decision to initiate reshoring (Patrick Van den Bossche et al., 2023; Wiesmann et al., 2017).

With extended supply chains and especially the case of Otis Elevators, another risk of offshore production becomes apparent. The reliance on foreign partners creates a dependency of the main company on the foreign supplier, which increases depending on the degree of integration of the supplier into the processes of the producing company. This dependency allows suppliers to position themselves in a dominant role and determine, prices, but also the availability of resources and know-how, on which the offshoring company is highly dependent. To get out of this unequal relationship, companies can use reshoring initiatives to regain more control over their own processes. As an illustration, Hubbardton Forge, a company that produces lamp fixtures, decided to bring back the sourcing of components from China to the U.S. This decision was driven by concerns about relying heavily on suppliers who controlled essential resources, along with their capacity to set prices for specialized materials (Foerstl et al., 2016). The growing logistical demand for worldwide connected supply chains is furthermore causing shortages on the market and prices increase. It additionally increases the risk of complete supply chain failures and bottlenecks, as seen for the Covid Pandemic as well as the Suez Canal Blockade (Wiesmann et al., 2017).

Global Competitive Dynamics

A further driver for reshoring decisions are global competitive dynamics. As global competitive dynamics general movements in the world economy and in world markets can be understood, Changes in the Global economy can therefore be seen as an example for this driver. The dynamics of the market are not a subject to any predictable rhythm or system. The advantages or disadvantages resulting from these dynamics for certain locations are consequently part of continuous change (Ellram et al., 2013b). Macroeconomic changes like the rise or downfall of economies and the availability of raw materials add to environmental uncertainty. Additionally the growing demand of customers for individualization and customization drives the manufactures back to their home market (Ellram et al., 2013b; Wiesmann et al., 2017).

Location advantages can furthermore be highly influenced throughout political decisions. Countries with less stable political system pose higher risk for companies as changes can accrue more unexpectedly. As an example, Lemken GmbH & Co.KG made the decision to transfer the assembly of their agricultural machinery from a wholly owned subsidiary in Russia to a reliable supplier located in their native Germany. This move was influenced by the growing political instability, fluctuating costs of materials and energy, and the ongoing logistical uncertainties stemming from unpredictable export regulations (Foerstl et al., 2016). Tax rates and labor cost are directly affected by political decisions and are therefore part of the political risk, but also exchange rates can be affected. Instable exchange rates can be extremely disadvantageous for internationally operating companies as with changes in the exchanges rates a lot of money can be lost in a very brief amount of time without any further influence (Wiesmann et al., 2017). The appeal of specific countries or regions is influenced by alterations in institutions and regulations, spanning aspects like subsidies, policy modifications, labor market regulations, tax frameworks, and political stability. These factors have progressively evolved into substantial sources of uncertainty. Adjustments in governmental commitments to ensuring security, including safeguards for intellectual property, can similarly exert an influence on the decision-making process, particularly favoring choices towards reshoring (Ellram et al., 2013a; Grappi et al., 2018). Following this line of reasoning, Caterpillar opted to relocate the manufacturing of compact engines from Japan to Victoria, Texas. This strategic move was prompted by the erratic and progressively unfavorable tax policies, as well as the diminishing level of intellectual property protection in the host country (Foerstl et al., 2016).

The variables already mentioned function primarily as drivers that influence a decision towards reshoring. However, barriers to reshoring can also be identified in global competitive dynamics. First and foremost, there are major differences in the availability of resources and the economic situation of locations which might be unfavorable for a reshoring process back to the home country. But also fluctuating exchange rates can potentially be seen as a barrier towards reshoring, as the home currency might be disadvantageous. These factors can lead companies not to move their production activities back to their home country and to remain in an offshoring system (Foerstl et al., 2016; Wiesmann et al., 2017).

Host Country Drivers

There are also factors in the host country where the economic activities were offshored to that can strongly influence the reshoring decision. The most visible is that due to different standards in the host country, the quality of the products might suffer. This can be due to the lack of trained staff, but also to the fact that quality control is massively limited due to the distance between the production steps, which can have a negative impact on the outcome of the work process. The local separation of production activities can also lead to a lack of motivation among the workers. They have no contact with the origin of the company or the product they produce. The lower motivation also creates the risk of high employee turnover and the risk of intellectual property theft, especially in countries where patent laws are less strictly enforced (Wiesmann et al., 2017).

The escalation in complexity is intertwined with cultural and psychological disparities, thereby introducing a certain level of risk. Within this framework, western purchasing firms' emphasis on environmental and social considerations might encounter varying degrees of indifference across different regions. Due to cultural, social, or economic disparities between home and host countries, the perspective on socio-ecological factors in production may differ. These differences and a violation of the standards according to the perspective of Western customers, can, if brought to the outside, lead to poorer customer perception and a damaged brand image. Moreover, monitoring and adjusting both perspectives to the same standards can be costly and time-consuming. The case of Margarete Steiff GmbH illustrates this, as the company found reshoring more appealing upon recognizing the substantial expenses linked to verifying and ensuring labor and environmental standards with their Chinese suppliers. Due to the long history and vast experience of the company in domestic production, the Steiff case, furthermore indicates how a firm's internal competencies and prior experiences play a role in shaping decisions related to reshoring (Foerstl et al., 2016).

Yet here as well, there are barriers that prevent companies from leaving the country to which the offshore activities have been relocated. For example, the presence of the product in the host country market may suffer because of the company withdrawal from the host country. Furthermore, access to important raw materials and supplier parts may be lost if they are only available, or at an advantageous price, in the host country. Finally, the initiation of the offshoring process may have taken place a long time ago, so through historical partnerships and joint process optimization and development, long-term contractors and suppliers based in the host country may have some valuable knowledge that

would be lost by withdrawing from the country (Ellram et al., 2013a; Gray et al., 2013; Wiesmann et al., 2017)

Home Country Drivers

In the origin country, several elements can serve as catalysts for reshoring. Typically, the home countries of offshoring companies belong to the category of developed Western industrial nations. These countries can be attractive for companies, especially with high quality standards and well-trained personnel. Furthermore, in these highly developed countries, automation and technological progress are often already well advanced. This is an advantage for companies, as it allows them to operate production facilities with a higher degree of automation, which increases productivity. The advances in production technology, driven by the introduction of Industry 4.0, allow for a more efficient way of working with reduced people requirements. As a result, the labor cost advantages of the host country become less important and other aspects such as quality and sustainability can be brought to the fore. As an example, the reshoring process of NCR, a producer of ATMs, who moved its production from India to Hungary to be closer to its European headquarters can be used. NCR benefited from the reshoring process due to the optimized production processes and additionally saved on coordination costs due to shorter distances between production steps (Foerstl et al., 2016; The Times of India, 2013). With increasing automation and more advanced working methods, the aspect of sustainability, which is becoming more and more important for companies, especially in the brand presentation and in the perception of the customer, can also be better considered. Increased awareness towards sustainability allows companies additionally to better comply with increasingly stringent environmental regulations. Furthermore, production close to the origin of the company strengthens the motivation of workers and their morale, as they can identify more strongly with the product. The reshoring process is also beneficial to the external image of the company. By using the Made-In and COO (Country of Origin) effect marketing advantages can be achieved and customers interest in the product can be raised. Finally, the home countries themselves are naturally interested in companies settling in them again, as this promises economic growth. Therefore, many countries lure with attractive investments, which usually represent a strong incentive for companies in a monetary form (Karatzas et al., 2022; Sadiq Sohail, 2005; Yu & Kim, 2018).

In the case of home countries, however, we also look at the barriers they pose to the reshoring process. For example, home countries can be less attractive for companies due

to stricter regulations, especially environmental regulations. Furthermore, factors such as a lack of raw materials, as well as a general shortage of labor can have a negative impact on companies' decisions. In addition, of course, the higher labor costs underlying the whole process must be considered.

Firm Specific Drivers

In addition to the general factors that apply equally to all companies, there are also variables that act as drivers or barriers to the reshoring decision for each individual company. The driver of the reshoring decision is, first and foremost, the company's misjudgment of the preceding offshoring process. For example, an overhasty decision to relocate the production site, which is linked to a miscalculation of the possible savings and thus results in extra costs. Such a hasty decision can have serious consequences and generate a high monetary loss. Once the production steps have been relocated, a miscalculation can also lead to the company no longer having enough resources and means to restore the processes, as this process becomes more and more expensive the longer one remains in the host country. This represents a company-specific reshoring barrier. An unthought-out reshoring process, as well as a lack of internal competencies, can also be named as barriers in this context (Wiesmann et al., 2017).

Additionally, also internal changes within the company, like personal changes in a management team can have their effects, as another manager can result in a new company wide management style and maybe in a new strategy benefitting reshoring practices. Such a new strategy was also the underlying reason in the Case of Varta Microbattery GmbH in which the company changed its approach, entering the market for micro batteries, instead of formerly mass produced heavy industrial batteries. To effectively manage the brief product lifecycles within this category, Varta needed a tight integration of product development and manufacturing, both situated at their headquarters in Germany. For Varta a change in management caused a change in strategy which put reshoring in an advantages position (Foerstl et al., 2016).

In conclusion it needs to be said, that most reshoring decisions taken in real business do not rely on one driver alone but are the sum of a number of factors and individual circumstances which led the company to take the decision to reshore.

If I now summarize the established reshoring drivers by using primarily the guidelines of Wiesmann et al. (2017) and Foerstel et al. (2016) I conduct the following frame, which can be seen in Table 3.

Environmental Uncertainty Drivers	Supply Chain Drivers	- High coordination cost - Risk of disruption - Growing demand for and shortages of accessible transportation - High Co2 emissions and coherent costs - Innovation and R&D suffers due to the distance to manufacturing - Dependency on suppliers
	Global Competitive Dynamics Drivers	- Changes in global economy - Increased demand on customization - Political risks - Instability in exchange rates
Host Country Drivers		- Theft of intellectual property - Lack of trust and commitment among staff or suppliers - Disparities on socio-ecological standards between host and home country - Cultural differences towards home country
Home Country Drivers		- Political incentives - Promote community - Access to qualified personnel - Increased degree of automation - Higher productivity and work morale - Increased focus of sustainability and environmental impact - Strengthen brand image through “Made-In Effect”
Firm-Specific Drivers		- Miscalculation of the outcome of reshoring decision - Lack of knowledge about the host country during offshoring process - Internal changes of strategy and/or personnel

Table 1: Reshoring Drivers (own representation after Wiesmann et al. 2016 & Foerstl et al. 2017)

3 Hypotheses Development

3.1 Effects of Reshoring on the Customer

Since the initial decision to reshore requires, by definition, an offshoring process as a precursor, it is essential to first address the effects that offshoring decisions have on consumers. This is the initial situation from which reshoring decisions are made. In this way, it should be understood what effects reshoring decisions can have on consumer behavior. Due to the fact that previous research in the field of offshoring and reshoring has mostly neglected the customer perspective, there are currently very few well-founded sources and statements regarding the effects on customers. The available literature shows that offshoring tends to have a negative effect on customers. Customers mostly associate offshoring activities with the exploitation of foreign workers, severe environmental pollution, and violations of human rights. Offshoring companies are therefore often perceived as willingly shifting away responsibilities while trying to benefit from unethical practices.

In signaling theory, the signals that companies transmit to customers, whether intentionally or inadvertently, can have a detrimental impact on customer perception. This is akin to a job applicant disclosing a criminal history during an interview, potentially influencing the employer's perception negatively. (Colamatteo et al., 2022; Grappi et al., 2018). Previous studies argue that especially the perceived quality as well as the willingness to buy are negatively affected by the decision to offshore mainly due to the customers perception of that signal in a way that the company tries to benefit from unethical procedures while attempting to decouple from these procedures by shifting the responsibility away from the eye of the consumer. These actions create a mismatch between the claims and actions of most companies what influences consumers negatively and furthermore increases perceived information asymmetry. Customers perceive the inconsistency in companies corporate social responsibility claims and their actual actions what results in a drastic decrease of purchase intention and of the customers attitude towards the company and its products (Ginder et al., 2021). Moreover, are many offshoring suppliers, by the perception of the costumer, connected to child labor, environmental pollution, and human rights infringements. This rises ethical considerations in the customers' mind, resulting in a negative representation of the offshoring company and its products (Colamatteo et al., 2022; Grappi et al., 2018; Ramesh et al., 2019). Colamatteo et al. (2022) clarify in their study however that these effects are not homogenous across all companies and customers, but also heavily depend on the level of brand familiarity. In their study they conduct that brand familiarity can act as a buffer that secures companies and products from

the negative effects caused by offshoring. Therefore companies with a low brand familiarity are significantly more threatened by the effects of offshoring (Colamatteo et al., 2022).

In the discourse of offshoring- and reshoring effects, on the customer perspective, the country of origin (COO) or the “Made-In” effect takes a prominent role. The effect describes how the country of origin of a company or a firm, or at least what is presumed in the customers mind as the country of origin, effects the customers attraction towards a product and can therefore be used as a helpful tool to develop advantages and favorable positions in marketing strategies. Depending on the orientations and associations, consumers are likely to associated superior or inferior product quality depending on the COO. Those effects are often unrationed and taken on an emotional basis but can have a significant impact on the consumers decision making process. Therefore the COO or Made-In effect is a very potent marketing- and strategy tool which can form the customer perception of a company (Wegapitiya & Dissanayake, 2019).

Companies have been using the COO or “Made-In” effect for a long time especially with western European COOs. Companies benefit from the prejudices and associated signals customers attribute to these countries. Especially with technical and high quality products, for example in the automotive sector a “Made-in- Germany” effect was established and often used (Sadiq Sohail, 2005). COO effects have also been seen as a mayor motivator for western companies to undergo reshoring strategies in an effort to overcome the poor publicity associated with offshoring and to benefit from “Made-In” effects. With further research however, limitations to the COO effects in the context of reshoring strategies have been found. Fabio Cassia conducted in his 2020 study “*Manufacturing is coming home*”: *does reshoring improve perceived product quality?* two key variables which needed to be true so that customers perception towards a product or a company would be influenced positively by reshoring. Cassia constructed an experiment, asking Italian probands about their perceived product quality of an Italian fashion product after its reshoring process from Romania to Italy. It was found that reshoring in fact increased the level of perceived product quality for the customers, but only for those customer who knew about the previous offshoring activities of the company and had high levels of affective ethnocentrism (Cassia, 2020). This clarifies two things: First, companies must be aware of their communication strategies, while reshoring. If customers are not aware of their past offshoring activities the communication of a reshoring process might not be of a positive effect as it does not bring new good information in the perception of the customer, but rather bad publicity as the customer might have assumed that there were no

underlying offshoring activities. Secondly, the topic of ethnocentrism is fundamental in the discourse of reshoring effects on the customer perspective.

The concept of ethnocentrism was first introduced by Shimp and Sharma in 1978 and more recently reconceptualized by Sharma (2015) to the construct of customer ethnocentrism. This concept can be understood as a negative judgment bias of customers against foreign-made products. Customer ethnocentrism explains the belief that domestic products are objectively superior to foreign products due to a higher evaluation of home workmanship than offshore workmanship. Conceptualized in the United States of America this concept can also be applied to most western, industrialized nations and is in agreement with COO effects. In short terms customer ethnocentrism can be understood as the prescription of domestic manufacturing superiority (Cassia, 2020; Sharma, 2015). Cassia tested in his experimental approach for active ethnocentrism and found that only for those with high levels of ethnocentrism, so in his case for those who thought about Italian manufacturing as the superior one, reshoring had positive effects. This finding can be taken into further discussions as it clarifies that reshoring is only beneficial if the domestic country is seen by the customer as the superior manufacturing destination.

Concluding we can say that the available literature indicates that reshoring has a positive effect on customers perception. However, there are also variables that limit the effects intended by reshoring. Additionally, it must be taken into account that most research so far analyzed the effect of reshoring compared to offshore production. Since the positive effect of domestic production has been proven several times, it is not surprising that the reshoring cases perform better in this comparison. To gain new insights, this thesis will analyze the reshoring effect separately from natural COO effects. The reshoring cases are therefore not compared with foreign production but with domestic production, only without the knowledge of previous offshoring activities. While the current research lacks precision and fails to offer definitive predictions for this comparison, the prevailing literature generally anticipates a positive impact of reshoring in contrast to domestic production. The recent relocation of production is likely to exert a more significant influence on the customer, given its impulsive nature. Based on the Signaling Theory, it can be assumed that the active use of reshoring as a signal to the customer triggers a positive effect, the knowledge disparity between customer and company is reduced and also triggered with the positive signal that reshoring in combination with COO effects generates. This, coupled with the perceived additional expenditure associated with this change, is expected to surpass the general effect of domestic production (Cassia, 2020; Grappi et al., 2018;

Wegapitiya & Dissanayake, 2019). With the limitations and findings highlighted by Colamatteo et al. (2022) and Cassia (2020) I therefore conduct the first two hypotheses (H1 & H2).

H1: Reshoring has a positive effect on (a) perceived quality and (b) willingness to buy.

H2: Active consumer ethnocentrism will accentuate the positive relationship between (a) reshoring and perceived quality and (b) reshoring and willingness to buy.

The analysis of these specific hypotheses is intended to provide a basic understanding of the effect of reshoring on the general customer. I use the two dependent variables of perceived quality (PQ) and willingness to buy (WTB) in line with the experiments already conducted in this area and to be able to establish a clear distinction between rational perception of quality (PQ) and actual, possibly emotionally driven, purchase intention (WTB). I do this primarily against the background of the findings that reshoring is a highly emotional subject area (Grappi et al., 2018) The hypotheses are formulated specifically according to the limitations of Colamatteo et al. and Cassia to sort out side-effects and to create a clear analyzable effect of the reshoring process. Furthermore, the results of these two hypotheses form the basis for further discussions for the varying effects of different reshoring drivers on the customer, which are to be investigated in a following step. In the further investigation, the result from H1 & H2 can be identified as a new neutral value, from which the different reshoring drivers can have positive or negative expressions. This must now be investigated further.

3.2 The Effects of Different Reshoring Drivers on the Customer

The strategic decision of a company to reshore parts of the value chain can be based on different reasons or drivers. By communicating these drivers to the outside and using the resulting signaling effect, potentially different effects could be generated by different drivers. These variations should be considered in the following.

Based on the preliminary examination of the effects of reshoring, it can be summarized that based on the current state of knowledge, the supposed positive effects of reshoring on the customer, when comparing against former offshoring activities are primarily in the areas of quality enhancement and socio-ecological improvement. Under the assumptions of Cassia, (2020) and a high level for ethnocentrism in western European markets,

consumers connect reshoring with an improvement in quality for the final product, based on the supremacy of domestic manufacturing. Furthermore do customers connect offshoring activities negatively with environmental pollution and violation of human- and labor rights (Colamatteo et al., 2022; Grappi et al., 2018; Ramesh et al., 2019). The reshoring initiative contrasts the negative connotations and reverses them as a positive signal. The customer's perception of the product and the company benefit therefore from reshoring in terms of the socio-ecological perspective (Cassia, 2020). This brings me to the solution that the environment- and society related drivers and signals emphasize the positive effects reshoring has on the customers by thematically taking the previous negative effects that customers associate with offshoring and transforming them into a positive impact. Furthermore, due to the development of the western customer base, environmental and social issues are receiving increased attention and are currently very popular. This suggests that the effect of those signals particularly influences customers, as it closes the knowledge gap in a field that is currently of great interest and contributes significantly to the purchasing decisions (Zhang & Dong, 2020). With this argumentation some could generalize that reshoring creates a greater positive effect, if it consciously uses signals negatively associated with offshoring and which are currently of particular interest to the customer base.

It can be deduced from the list of different reshoring drivers given earlier that, in addition to environmental and social motives that motivate companies to engage in reshoring activities, there are also several motives that are merely due to business motivation. For example, the saving of high coordination costs or previous miscalculations during the offshoring activity. It can be assumed that these drivers and signals do not have a particular strong effect on the impact of reshoring on customer perception. Additionally companies can also be guided by other drivers that are less prominent in customer communication, such as supply chain factors or exchange rate advantages (Ellram et al., 2013a; Foerstl et al., 2016; Wiesmann et al., 2017).

If this is put into the context of signaling theory, it can be expected that environment and social related drivers have a more positive effect on the dependent variables than company related drivers. Signaling theory is based on the idea that signalers deliberately send the right signals to receivers in order to achieve a more positive outcome. In the context of reshoring companies, this is the case. Not only do the social and environmental signals have a positive effect on the customer, which counteracts the prevailing negative connotations of offshoring and turns them into positive ones, but also the shift to the home

market and the communication of a justification closes the knowledge gap further from the customer's perspective and perceived quality and willingness to buy are expected to increase. When communicating company-related rivals, on the other hand, the aforementioned is not activated. No prevailing negative connotations are taken up and transformed into positive ones with the corporate factors, and no concrete knowledge gap is reduced due to the not directly tangible topic of corporate factors. Customers are usually aware of what is happening within a company. Justifying a decision on the basis of internal company motives therefore does not provide any added value in the overall context of reducing the knowledge gap.

Based on the summary of the potential effects of the various reshoring drivers presented, Hypothesis 3 can be formulated as follows:

H3: Environment- and society-related drivers will accentuate the positive relationship between (a) reshoring and perceived quality and (b) reshoring and willingness buy.

In examining this hypothesis, I will investigate the diverse impacts that various reshoring drivers and their distinct signals can have on the customer.

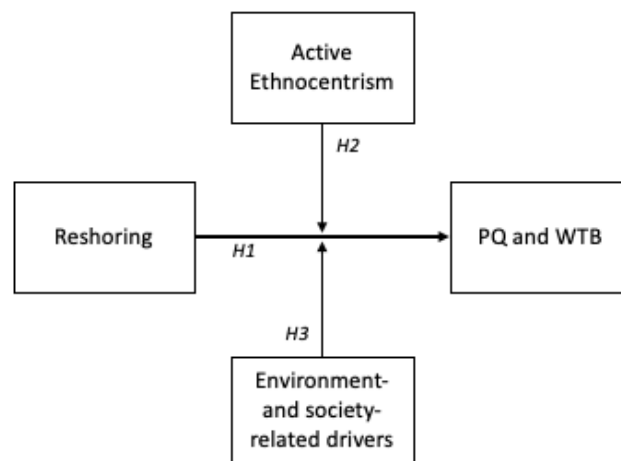


Figure 4: Conceptual model of the developed hypotheses

4 Methodology

4.1 Context of the Experiment

The focus of this thesis lies on the effects of reshoring drivers on consumers' willingness to buy (WTB) and the perceived quality (PQ). Like the approach taken by Colamatteo et al. (2022) I analyze the topic using a laboratory experiment. This approach adds another methodological perspective to the academic discussion of reshoring as it is one of the first to compare the effects of reshoring with general domestic production and furthermore analyzes the differences between the effects of certain reshoring drivers on the customer. To analyze these two discussion points two separate experiments are used which together assemble the full-scale experimental approach of this master's thesis. In both cases participants will be confronted with a product and some additional information on which's bases they are asked to evaluate the product on the two dimensions of PQ and WTB. I choose these two factors as dependent variables in line with existing research on this topic. Besides, I use the factor of PQ since the quality issue in the reshoring discourse is a factor that should not be neglected, but whose influenceability by reshoring scenarios and in comparison, to conventional domestic production still needs to be verified. In addition, these two variables give me the opportunity to perceive rational quality assessments of customers, based on PQ and allow me to include possible irrational factors in the WTB. I do this primarily because of the fact that purchasing behavior is guided by strong emotional drives, especially in relation to reshoring topics (Grappi et al., 2018). Furthermore, does WTB act as a direct measurement of potential sales and resulting profits for the companies. By incorporating this variable, I can identify potential secondary effects arising from various reshoring drivers. These effects may improve perceived quality (PQ) without necessarily translating into a purchasing intention. This provides a clear understanding of how the strategic choice to reshore, influenced by specific reshoring drivers, impacts a company's outcomes, particularly in terms of sales figures. Additionally, it can illuminate the mechanisms influencing customer purchase decision-making.

4.2 Subjects

A total of 200 test subjects took part in the full-scale experiment. Of these 200, 188 completed the experiment in full and provided usable answers. A total of 88 answers were cast for the first sub-experiment, which aimed to investigate the relevance and impact of upstream reshoring information on customers and their behavior. These 88 participants were distributed among the countries in which the individual lives in the following

proportions: 56% Germany 43% Austria and 1% another country (Portugal). Slightly more females than males took part in the experiment (53% to 47%) and none of the respondents felt they belonged to a third or neither gender. Regarding the age structure of the participants, an average age of 32.9 years results when calculating the mean value based on the medians of the intervals, although this value is imprecise and should be viewed with caution as there are disparities here due to the unequal distribution within the intervals. However, it is easy to see that the 20 to 29 age group is clearly the most strongly represented.

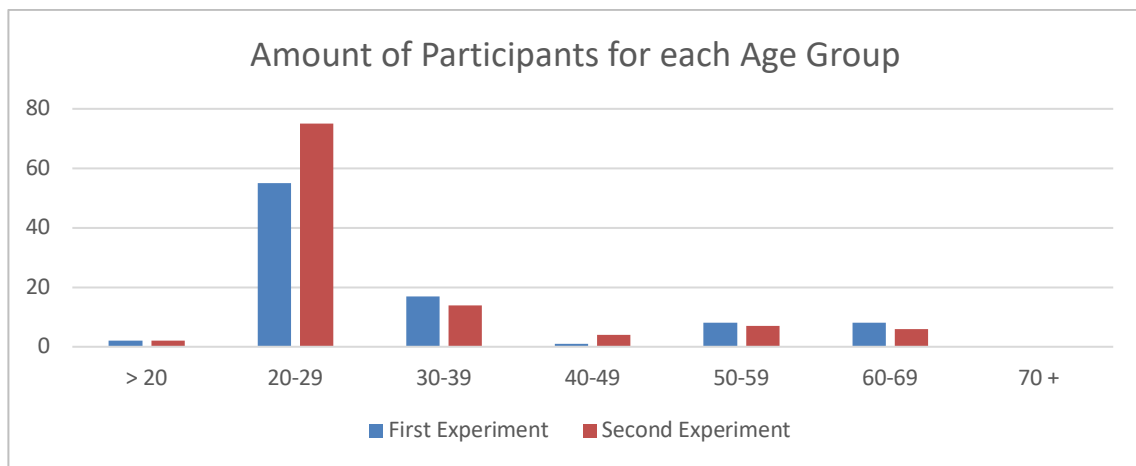


Figure 5: Age structure of the experiment participants

A total of 100 individuals completed the second sub-experiment, which was designed to investigate the differences that the use of different reshoring drivers and signals cause in the customer's choice of behavior. The distribution of the individuals resulted in a distribution in relation to the center of life of 47% Germany, 51% Austria and 2% another country (once Portugal and once the Netherlands). Slightly more men than women took part in this data collection, resulting in a gender distribution of 51% male to 47% female, with two percent of respondents not answering the gender question. The present age structure is very similar to the data collected in the first sub-experiment. The age category of 20 to 29 years is clearly the most strongly represented with a share of 69% of the total mass. The medians of the intervals result in an average age of 30.9 years.

In summary, it can be said that the respondents for this study are generally very evenly distributed in terms of gender and that the distribution of places of residence between Germany and Austria is also balanced. Only in the area of age there is a strong tendency towards the group of 20–29-year olds.

4.3 Experimental Design

4.3.1 Study 1

The design of the experiment is divided into two blocks, which are considered separately from each other to obtain valid results for the different hypotheses. To conduct the experiment, I use an experimental online survey with the help of the website Qualtrics.

To check for hypotheses H1 & H2 a first experimental design is used in which two groups, the experimental group and a control group are being used. In both groups, participants are randomly assigned to one of two products. For this experimental approach, two products are used to test product category. Both products are priced the same and as standard as possible to introduce as few confounding factors as possible into the experiment. Products from fictional companies are presented to avoid the brand awareness factor. The product categories to be represented for this experiment should reflect leading industries that are attractive for reshoring. Therefore, one product will be from the textile sector and the other will be an electronic product, as these two industries are among the most popular industries for reshoring practices (Dikler, 2021; Moore et al., 2018). The control group will then receive a picture of the assigned product, together with a short product description and a price. First the participants will be asked for a controlling question to check for the standardization of the product and the averageness of the price.

Following, the interviewees are then asked to evaluate the product based on the two dependent variables PQ and WTB on a six-point Likert Scale. Both groups, the experimental- and the control group will receive the information that the product is being produced in Austria and Germany. The experimental group will go through the same treatment but will additionally receive the reshoring information for the given product, therefore the information that the product has previously been produced in a different location, meaning that production was offshored and has now recently been reshored. To avoid country-specific connotations, the upstream offshoring destination is referred to as several countries rather than one. This is intended to break up possible negative or positive associations of the customer with a specific country and to minimize influences that could distort the result of the experiment. In this context, countries that are among the leading export nations for textiles and electronic goods are named as former offshoring destinations. As the leading import nations for the equivalent industries can be seen in figure 5 and 6 both products will be fitted for the experimental group with the information that previous production was taken part in China, Poland, Japan, Bangladesh, and Turkey.

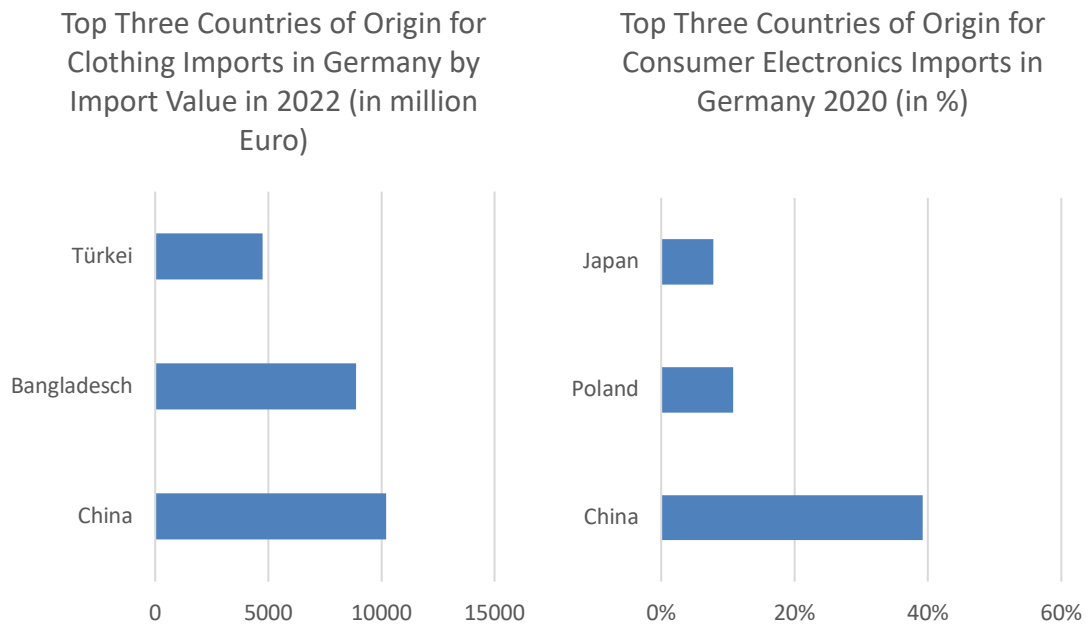


Figure 6: Top three countries of origin for clothing imports to Germany (BMWK, 2023)

Figure 7: Top three countries of origin for consumer electronics imports to Germany (BMWK, 2023)

In line with previous studies and to verify H2, both groups will additionally be checked for active ethnocentrism. For this purpose, respondents are asked whether they consider domestic production to be superior to foreign production and are then asked to indicate their agreement with this statement on a six-point Likert Scale. This experiment aims to showcase the general effects of reshoring on the customer and tries to filter out the effect of reshoring and examine it separately alongside the general advantages of domestic production. It represents in the following stages a point of comparison from which it can be determined whether certain drivers, which will be analyzed in the second experiment have a relatively positive or negative effect on the consumer. The experimental design results in the 2x2 matrix design showcased in table six.

	Textile Product	Electronic Product
1. Experimental Group	Experimental Condition	Experimental Condition
2. Control Group	Control Condition	Control Condition

Table 2: 2x2 experimental design

4.3.2 Study 2

To check for Hypothesis H3 a further experimental design is used in which I compare the effects of different reshoring drivers for their effects on customer perception. For the analysis, I use the reshoring drivers mentioned in chapter 2.4 together with drivers taken from real life reshoring scenarios and categorize them into three scenario groups: *1. Environmental-related*, *2. Societal-related* and *3. Company-related*. Each group is fitted with three specific drivers which create in the following the comprehensive reshoring scenario which is then shown to the participants. To check for variety and to be able to offer well-founded results the participants of the experiment are provided for each case with a scenario that includes multiple case related drivers. These scenarios are based on a combination of real reshoring cases to offer a realistic and transferable environment and have the same setup across the board creating no major differences apart from the reshoring driver and therefore the signal communicated towards the customer. All scenarios also have the same very minimalist scope and are therefore aimed at being able to determine only the differences in the effect of the signal, without any deviating distractions.

1. Environmental	Reduction of CO2 emissions (Grappi et al., 2018; Wiesmann et al., 2017)
	Increased focus on sustainable production (Cosimato & Vona, 2021; Moore et al., 2018; Rauner, 2022)
	Environmental regulations (Dikler, 2021; Ginder et al., 2021; Wiesmann et al., 2017)
2. Societal	Promotion of community (Karatzas et al., 2022; Rauner, 2022)
	Human and labor rights awareness (Mukherjee et al., 2023; Ramesh et al., 2019; Wiesmann et al., 2017)
	Employee motivation and loyalty (Grappi et al., 2018; Rauner, 2022; Wiesmann et al., 2017)
3. Company Related	Reduction of coordination cost (Ellram et al., 2013b; Gray et al., 2013; Wiesmann et al., 2017)
	Miscalculations in offshoring activities (Wiesmann et al., 2017; Xie et al., 2023)
	Internal strategic corporate decisions (Foerstl et al., 2016; Wiesmann et al., 2017)

Table 3: Reshoring drivers and their exemplary motives

The participants of the second experiment will, same as for the first experiment, be randomly assigned to one of the two products and will additionally now be also assigned to one of the subdivided scenarios. The participants will than again be asked to evaluate the product now with the additional factor of the reshoring scenario and the associated signal. This design aims to extract the differences between the various reshoring drivers and their signals on customer perception.

Driver	Textile Product (T)	Electronic Product (E)
1. Environmental	Experimental Condition	Experimental Condition
2. Societal	Experimental Condition	Experimental Condition
3. Company Related	Experimental Condition	Experimental Condition

Table 4: 2x3 experimental design

This second experimental design results in a 3x2 matrix factorial structure, with the different reshoring scenarios X textile or electronic product (see Table 4). Following the execution of the experiment, a meticulous analysis is conducted employing a group comparison methodology. This analytical approach aims to discern specific distinctions in the impact of individual reshoring drivers, product types, and the combinations of both. Through this method, a focused evaluation of the effectiveness of signals can be ascertained, contributing to a nuanced understanding of their respective contributions. By structuring the experiment in two blocks, it is then possible to first discuss the hypotheses H1 & H2 and the general effect of reshoring, and secondly to analyze the influence of different reshoring signals on customer behavior with the analysis of H3.

4.4 Experimental Procedure

4.4.1 Study 1

When conducting the experiment, the experimental approach must be divided into two parts. Although the structure is very similar in both cases, the content of the questions asked, and the hypotheses tested differ from a certain point onwards. The implementation of the first part of the experiment can be divided into the following points:

1. The Participants are thanked for their participation and asked for some general information about themselves, like age, gender and in which country they are living in.
2. In a second step, the interviewees are provided with a set of information to serve as a basis for their subsequent assessment. A total of four different variants were possible here, which were randomly distributed among the respondents. The four variants resulted from the two different products (electrical & textile) and the distinction between whether the reshoring process was clearly mentioned in the description or not. The two variants in which reshoring was not mentioned in the information text represent the control group and the two respondent groups that were confronted with the process of reshoring represent the experimental group.
3. In a third step, the respondents are then confronted with the questions most relevant to the experiment, in which they are asked to rate the product for which they had received the information in the previous step on a six-point scale based on the factors of PQ and WTB. These questions were the same for all respondents, but the results were recorded and stored differently for each group according to the distribution of the information provided.
4. In the last step, the control questions were processed, whereby all respondents were first asked about their assessment of the products presented according to their standardization and then about active ethnocentrism. Both, again on a six-point scale. In the analysis of active ethnocentrism, respondents were asked to answer whether they believe that domestic production is superior to foreign production. Finally, the participants were thanked for their participation in the experiment.

4.4.2 Study 2

In the second study, which is concerned with analyzing the effects of the different reshoring drivers Points 1, 3 & 4 are the same as in the first sub-experiment, but there is a difference in point 2 of the evaluation, as the combination of the three different scenarios with the two respective products results in a total of six scenarios, which are randomly distributed among the participants and individually evaluated in the following process.



Figure 8: Graphical illustration of experimental procedure

4.5 Selected Products

To configure the experimental framework, it is essential to select representative products that underwent the initial phase of offshoring followed by a subsequent reshoring process, leading to its reintroduction in the domestic market. To better present the product to the test persons and thus achieve clearer values in terms of PQ and WTB, the products are provided with a short description and a price. The description and price are based on similar products to represent a product that is as average as possible.

Drawing inspiration from the case of Cassia (2020), I have chosen one product from the textile and fashion sector. Within this industry, significant instances of offshoring have been observed, and noteworthy instances of reshoring actions, exemplified by C&A's decision to shift production back to Germany, have also come to the forefront (Rauner, 2022). To create as little variation as possible in customer perception and purchase intention through the choice of product, I use a simple white cotton T-shirt as the product for this purpose. This product should exert by its simplicity, gender neutrality and universal use for all subjects a similar attractiveness. The T-Shirt will be priced at 20€ and the following description will be added:

Basic shirt made of 100% cotton. Minimalistic design fitted with round neck cutout.

Factors such as size and gender will not be named as the individuals should think in the experiment of the product as perfectly fitting for them individually.



Figure 9: The basic white T-Shirt used for the experiment

As a second product for the experimental approach an electronic product will be used. To be more specific a USB-C Cable. Electronic devices and components are among the most reshored products (Calignano & Mercurio, 2023). The USB-C cable is particularly suitable for the experimental approach used here, as it will be the standard charging cable for mobile phones and other electronic devices from autumn 2024, according to an EU decision (European Parliament, 2022). This makes it a very standardized product, which should have a similar appeal for almost every respondent.



Figure 10: The USB-C cable used for the experiment

The USB-C cable will also be priced at 20€ and the following description will be added:

1 m long woven charging cable with USB-C connections at both ends for charging, synchronizing and transferring data between USB-C devices.

By selecting these two products, which are as close as possible to the standard and have the same price, the aim is to achieve the same level of attractiveness for the respondents. The choice of two different product categories is also intended to investigate whether reshoring has different effects on customers in different product segments. In other words, whether reshoring the production of textile goods has a different effect on the customer compared to the reshoring of an electronic product.

4.6 Scenarios

4.6.1 Study 1

There will be different scenarios used throughout this experimental approach. For the first experiment, which tackles H1 and H2 the participants will be provided with a picture of the product its price and a product explanation as mentioned in the section above. The participants will also be informed that the product is being produced in Germany and Austria. The experimental group will additionally receive the reshoring information. Therefore, the information that the product has previously been offshored and that its production has recently been moved back to Germany and Austria. The information will be provided through a simple informational sentence which will be minimized as much

as possible to not dig deeper into the reasons for the reshoring process. The sentence will be formulated as follows and used for both types of products:

The company has previously produced this product in offshore locations like China, Poland, Japan, Bangladesh, and Turkey. Last year, big part of its production was brought back to Austria and Germany.

4.6.2 Study 2

For the second study three different scenarios are needed (environmental, societal and company-related) When creating these various scenarios, I use the real reshoring examples, mentioned in advance as a guideline and try to combine the most common factors to adapt them to the different drivers. I also try to present the scenarios as comprehensively as possible while keeping the degree of information provided for each scenario as close as possible. The scenarios will then also be used simultaneously for both products and only the products- name will be changed. In each case it will first be explained that the shown product has previously been produced in offshoring destinations like China, Poland, Japan, Bangladesh, and Turkey and is now getting reshored to the companies' countries of origin Austria and Germany. Then, the specific scenarios start to differ in terms of the motivation for the reshoring process, which are explained in more detail in the respective scenarios.

Environmental Driven Scenario

In this scenario, it should be made clear to the participants of the experiment that the corporate motivation that led to the reshoring process is mainly based on environmental factors. The reshoring process is undertaken to improve the company's environmental performance and to reduce its environmental impact. In the upstream investigation of the individual reshoring drivers, I have assigned three primary reshoring drivers to the area of environmental sustainability. The drivers I would therefore like to limit myself to in this scenario and on which the scenario should be based on are: The reduction of CO₂ emissions, an increased focus on sustainable production, and stricter environmental regulations. The information the participants are therefore provided with will be formulated as follows:

After producing the product in offshoring destinations like China, Poland, Japan, Bangladesh, and Turkey until recently, the company has now decided to move big parts of its

production back to the company's home countries of Austria and Germany. The company reasons this decision by its will to reduce its overall CO2 emissions, which were driven up by the relocation of production to distant locations and the associated transport routes. The company states that it is taking this path for the sake of sustainability and to protect the environment. Furthermore, the company also communicates that it wants to place a greater focus on sustainable production. This can be better achieved in Austria and Germany due to the technical possibilities, infrastructures, and the better controllability on site. Lastly, it is also announced that stricter environmental regulations were a further motivator for the company to reshore production.

Societal Driven Scenario

In the second scenario, the focus is on the social factors that lead the company to shift the production process back to the home country. Here, it should be made clear to the respondents that social inequalities between the conditions in the host country and the company's attitude, as well as an improvement in the social situation in the home country, have motivated the relocation process. Three main drivers for the social aspects were also defined in advance. These were: the promotion of the local community in the home country, the consideration of human and labor rights, and greater employee motivation and loyalty in the home country. From these three main drivers, the following scenario is created and presented to the participants of the experiment:

After producing the product in offshoring destinations like China, Poland, Japan, Bangladesh, and Turkey until recently, the company has now decided to move big parts of its production back to the company's home countries of Austria and Germany. The company justifies its decision by saying that it does not approve of the unclear and uncertain human and labor rights situation in different offshoring countries and that with local production it can be assured that labor and human rights are ensured. Moreover, the company seeks to invigorate the local job market in its home region through local production, while anticipating elevated levels of enthusiasm and allegiance among local employees. This anticipation stems from the deeper connection that local workers have with a domestic product and company.

Company Related Scenario

In the third scenario, company-related factors should be at the forefront. The interviewer should be adequately informed that the reshoring process is initiated because of internal decision-making processes and possible past misjudgments of the company. In this case, the three predetermined causal drivers are: the reduction of coordination cost respectively the improvement of cross-process communication skills, a misjudgment in the original offshore decision, and internal shifts in strategy and/or personnel that necessitate a change in strategy. These motivations result in the following experimental scenario.

After producing the product in offshoring destinations like China, Poland, Japan, Bangladesh, and Turkey until recently, the company has now decided to move big parts of its production back to the company's home countries of Austria and Germany. The company explains its decision by the fact that communication to the different company departments was difficult due to long distances and that the company now wants to reduce its high coordination costs which arose due to this. Additionally, the company argues that it initially thought the offshoring process would in total be more beneficial than it actually turned out to be and lastly that a change in the management structure of the company resulted in a change of strategy which included the relocation back to the home country.

With these three different scenarios, the aim is to identify whether and which differences in customer perception are achieved when companies justify their reshoring processes with either environmental, social, or company-related motivations. The scenarios should summarize the most relevant motivations in these areas as compactly as possible and provide comparable information input. Through the experiment it shall be seen which signal in the communication of reshoring influences the customer in which way and which differences can be recognized.

4.7 Model specification

4.7.1 Study 1

I use various models to test the different hypotheses of this thesis. For the investigation of hypothesis *H1: Reshoring has a positive effect on (a) perceived value and (b) willingness to buy*, I use a regression with a dummy variable to examine the influence of reshoring on PQ and WTB. The model is displayed in equation (1) a and b.

$$(1) \text{ a) } \quad \mathbf{PQ} = b_0 + b_1 * \mathbf{Reshoring} + \varepsilon$$

$$\text{b) } \quad \mathbf{WTB} = b_0 + b_1 * \mathbf{Reshoring} + \varepsilon$$

PQ and WTB are the dependent Variables and *Reshoring* is the independent dummy variable used (1 for provided Reshoring information in the experimental group and 0 for the control group). The equation shows the estimated influence of reshoring on PQ and WTB, taking into account other possible influencing factors. This influence is represented by the coefficient b_1 . If b_1 is positive and significant, this indicates that reshoring has indeed a positive effect on perceived value and willingness to buy. The term ε represents the error term.

To test my second hypothesis *H2: Active consumer ethnocentrism will accentuate the positive relationship between (a) reshoring and perceived value and (b) reshoring and willingness to buy*. I add the moderator variable of active ethnocentrism to the regression which results in the following equation (2) a and b.

$$(2) \text{ a) } \quad \mathbf{PQ} = b_0 + b_1 * \mathbf{Reshoring} + b_2 * \mathbf{Active Ethnocentrism} + b_3 * \mathbf{Reshoring} * \mathbf{Active Ethnocentrism} + \varepsilon$$

$$\text{b) } \quad \mathbf{WTB} = b_0 + b_1 * \mathbf{Reshoring} + b_2 * \mathbf{Active Ethnocentrism} + b_3 * \mathbf{Reshoring} * \mathbf{Active Ethnocentrism} + \varepsilon$$

Additionally, to equation (1) the coefficient of b_2 is added representing the main effect of active ethnocentrism together with b_3 which represents the coefficient for the interaction term between reshoring and active ethnocentrism that shows how the effect of reshoring on PQ and WTB changes with different levels of active ethnocentrism. The equation shows the relationship between the dependent variables PQ and WTB, and the independent variable reshoring information and the moderator active ethnocentrism.

4.7.2 Study 2

To test the third Hypothesis *H3: Environment- and society-related drivers will accentuate the positive relationship between (a) reshoring and perceived value and (b) reshoring and willingness buy*. I use group comparison and to be more specific a 2X3 ANOVA to identify differences in the effects for the environmental, societal and company related scenarios. For this analysis I use the second part of the experiment in which the 2X3 ANOVA consists of the 2 different kinds of products, electric and textile X the three

scenario groups environmental, societal and company related. This analysis identifies the different effects the individual scenarios and products have on the dependent variables. By calculating the variation in the dependent variables and splitting them into different components it can be determined whether the differences between the groups are significant. The F-value is calculated to check whether there are significant differences between the groups. Furthermore, the 2x3 ANOVA also checks for possible interaction effects between the independent variables. An interaction could indicate that the effect of an independent variable on the dependent variable depends on another independent variable (e.g. whether the effect of the scenarios on the dependent variable depends on the type of product). The aim of this analysis is to determine whether there are significant differences between the groups (product type and scenarios) and whether there are interactions between them that could influence the dependent variables.

To be able to calculate the above-mentioned models and to enable a significant evaluation of the data set, the data obtained is considered pseudo-metric. This common practice gives me the opportunity, in combination with the use of the Likert Scale, to consider the ordinal scaled data, which I obtain via the experiment, as metric data and to carry out corresponding analyses (Völkl & Korb, 2018, P.19 ff).

5 Analysis

5.1 Preliminary Analysis

Prior to the deeper experimental analysis and the testing of the hypotheses, it is necessary to discuss whether the assumed facts and factors used in the experimental design are correctly used and do not mislead the participants to a biased evaluation. To keep the values, such as the prices indicated for the products presented, within a reasonable range that most participants would consider realistic, several pre-tests were carried out in the run-up to the actual experiment. These pre-tests resulted in the values used for the experiment.

In addition to the pre-tests the control variables of product standardization as well as active ethnocentrism were also directly included in the experimental questions. Therefore, it was possible to control results and answers individually. With those control variables it is investigated whether the selected products corresponded to the standard in terms of price and presentation according to the customer's assessment, or whether there was a different assessment by the interviewees which led to a distorted representation of the underlying visitation data. Furthermore, it is checked whether there is active ethnocentrism among the interviewees, which according to Cassia (2020) is a prerequisite for an effect of reshoring. The result of the control questions used for this purpose within the experimental approach used led to the following result:

Variable	Obs	Mean	Std. dev.	Min	Max
rev_Stand	188	4.638298	1.265343	1	6
rev_Ethno	188	4.340426	1.50616	1	6

Table 5: Preliminary analysis

I used Stata17 for the statistical analysis of my experiment. Table 5 shows the preliminary analysis of the control variables of standardization and active ethnocentrism for all 188 received answers. These values were collected in the experiment on a Likert scale from one to six, with one representing the highest level of agreement with the statement that the product corresponds to the standard, and for the other control question with the statement that domestic production is superior to foreign production. However, to facilitate comparison of these values with the other values in the overall context, the scales were reversed during processing, resulting in the upper end of the scale, namely the six,

describing the maximum level of agreement for standardization (rev_Stand) and active ethnocentrism (rev_Ethno). This alignment of the scales for the values of ethnocentrism and standardization is maintained throughout the analysis.

Since each value of the possible scale was indicated at least once, the minimum and maximum values reflect the extremes of 1 and 6 defined in the questionnaire. Both mean values, the mean value for standardization at ~ 1.265 and the value for active ethnocentrism at ~ 1.506 , are well above the mean value of the scale of 3.5. This means that the majority of respondents view both the presentation and price of the products and scenarios as "in line with the standard", which is an indicator for good data quality and allows me to use the dataset for further analyzation. Furthermore, the value for ethnocentrism shows that most people have active ethnocentrism and view the domestic production of goods as superior to foreign production. Following Cassia (2022) this should also indicate that the effects of reshoring will be present for those participants.

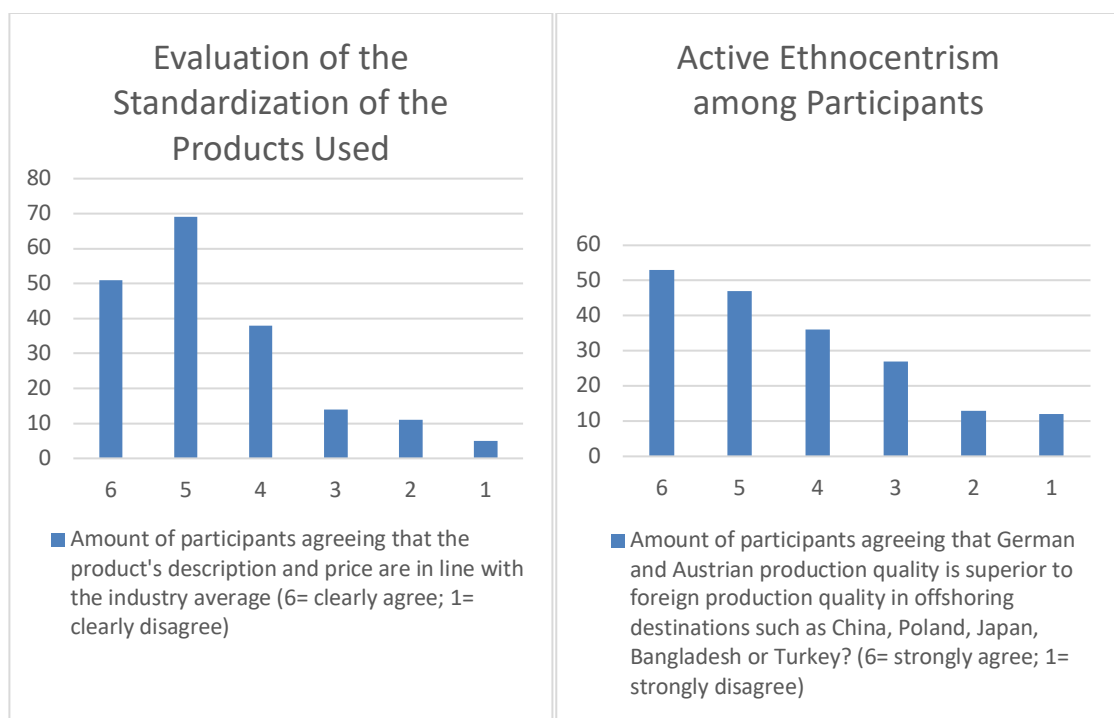


Figure 11: Evaluation of the standardization of the products used

Figure 12: Active ethnocentrism among participants

When analyzing the individual images, the picture becomes even clearer. Regarding the degree of standardization, 84% of those surveyed see the product as more in line with the standard than not (values 6-4). This result allows me to use the data set for further analysis. Regarding ethnocentrism, however, the curve is flatter. Here, only 72% of

respondents tend to agree with the statement that domestic production is superior to foreign production (values 6-4). This will be considered in the further course of the data analysis.

5.2 Results

5.2.1 Study 1

The first part of the analysis will examine the underlying effect of reshoring on the customer. According to the assumptions made based on the literature research, a result is expected in which reshoring has a generally positive influence on WTB and PQ as long as active ethnocentrism can be detected for the certain individual. This should be tested with the first experiment. The following picture emerged:

-> Reshoring = 0

Variable	Obs	Mean	Std. dev.	Min	Max
PQ	44	4.522727	1.372295	1	6
WTB	44	4.136364	1.759901	1	6

-> Reshoring = 1

Variable	Obs	Mean	Std. dev.	Min	Max
PQ	44	4.613636	1.16571	1	6
WTB	44	4.522727	1.372295	1	6

Table 6: Mean values for the first experiment

When conducting the experiments, the subjects had to indicate their PQ and WTB on a 6-point Likert scale, where number 6 corresponds to very high PQ or a very high WTB and value 1 corresponds to the equivalent bottom of the scale. When analyzing the groups separately, the control Group without reshoring information (Reshoring = 0) averaged a PQ of ~4,52 and a WTB of ~4,14. The experimental group which received the underlying reshoring information averaged a PQ of ~4,61 and WTB of ~4,52. From a first glimpse it can directly be detected that the experimental group slightly outperforms the control group in both variables and that perceived quality reaches a higher valuation than

likeliness to buy for both cases. Furthermore, it can also be seen that the standard deviation is higher for the control group than for the experimental group.

Source	SS	df	MS	Number of obs	=	88
Model	.181818182	1	.181818182	F(1, 86)	=	0.11
Residual	139.409091	86	1.62103594	Prob > F	=	0.7385
				R-squared	=	0.0013
				Adj R-squared	=	-0.0103
Total	139.590909	87	1.60449321	Root MSE	=	1.2732

PQ	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
Reshoring	.0909091	.271447	0.33	0.739	-.4487096	.6305278
_cons	4.522727	.191942	23.56	0.000	4.141159	4.904295

Table 7: Regression PQ

Source	SS	df	MS	Number of obs	=	88
Model	3.28409091	1	3.28409091	F(1, 86)	=	1.32
Residual	214.159091	86	2.49022199	Prob > F	=	0.2540
				R-squared	=	0.0151
				Adj R-squared	=	0.0037
Total	217.443182	87	2.49934692	Root MSE	=	1.578

WTB	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
Reshoring	.3863636	.3364401	1.15	0.254	-.2824571	1.055184
_cons	4.136364	.237899	17.39	0.000	3.663436	4.609291

Table 8: Regression WTB

However, when analyzing the data with the model mentioned in the previous chapter using a regression analysis it can be determined that in both cases reshoring has no significant influence on the dependent variable. When looking at the t-test for the regression of PQ on the independent variable, the t-statistic value for the coefficient of reshoring is 0.33 with a p-value of 0.739. For the regression of WTB, the t-statistic value is 1.15, and the p-value is 0.254. In both cases the p-values for the coefficient of reshoring are much greater than 0,05, which indicates that the coefficient is not statistically significant, and that there is therefore no significant effect of providing the reshoring information to the variables of PQ and WTB. The R-square values result for the regression of PQ in 0,13% and for WTB for 1,5%. To conclude, this analysis shows that *H1: Reshoring has a*

positive effect on (a) perceived value and (b) willingness to buy, can with this simple regression analysis in fact, not be statistically verified. However, the lack of significance in this experiment cannot completely disprove the hypothesis either and the mean values of the reshoring groups still outperform the control group in both cases with both coefficients being positive. In the next steps more variables will be included into the perspective to enlighten the topic further while investigating the following hypotheses H2 & H3.

For the analyzation of the second equation, I include the moderating factor of active ethnocentrism, as well as the interaction of the variables.

Source	SS	df	MS	Number of obs	=	88
Model	1.59305999	3	.531019997	F(3, 84)	=	0.32
Residual	137.997849	84	1.64283154	Prob > F	=	0.8085
				R-squared	=	0.0114
				Adj R-squared	=	-0.0239
Total	139.590909	87	1.60449321	Root MSE	=	1.2817

PQ	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
Reshoring	.6301997	.9059409	0.70	0.489	-1.171363	2.431763
rev_Ethno	.141791	.1565882	0.91	0.368	-.1696018	.4531839
Reshoring_rev_Ethno	-.1180433	.197345	-0.60	0.551	-.5104855	.2743989
_cons	3.884668	.7306603	5.32	0.000	2.431669	5.337666

Table 9: Regression PQ with active ethnocentrism

Source	SS	df	MS	Number of obs	=	88
Model	27.6378697	3	9.21262322	F(3, 84)	=	4.08
Residual	189.805312	84	2.25958705	Prob > F	=	0.0094
				R-squared	=	0.1271
				Adj R-squared	=	0.0959
Total	217.443182	87	2.49934692	Root MSE	=	1.5032

WTB	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
Reshoring	2.804843	1.062473	2.64	0.010	.6919993	4.917687
rev_Ethno	.5970149	.1836442	3.25	0.002	.2318184	.9622115
Reshoring_rev_Ethno	-.5325567	.2314431	-2.30	0.024	-.9928067	-.0723068
_cons	1.449796	.8569067	1.69	0.094	-.2542565	3.153849

Table 10: Regression WTB with active ethnocentrism

The two regressions analyze the the variables of given reshoring information (Reshoring), active ethnocentrism (rev_Ethno), the interaction between the two variables

(Reshoring_rev_Ethno) and ultimately their effect on subjects' evaluation of PQ and WTB. As a reminder, the variable of active ethnocentrism is showed as "rev_Ethno" because the scale of the variable was reversed to match the scales of the other variables. This means that a high value for "rev_Ethno" now also results in a high degree of active ethnocentrism. In this way effects can easier be conducted without distorting the results.

The first regression, which had PQ as the dependent variable, showed a non-significant model, as confirmed by the low F-value (0,32), a high p-value (0,8085) and the negative adjusted R-squared value (- 0,0239). Neither the coefficient for reshoring, active ethnocentrism nor the interaction is significant, as their p-values are all consistently high (all > 0.05). This suggests that these variables individually or in combination cannot adequately explain PQ.

In contrast, the second regression with the dependent variable WTB showed a significant model, confirmed by the higher F-value (4,08), a significant p-value (0,0094) and a positive adjusted R-squared value (0,0959). This concludes that the used independent variables have a significant influence on the dependent variable WTB. The coefficient for reshoring is significant (p-value = 0.010) and positive, which indicates that an increase in reshoring is accompanied by an increase in WTB. The coefficient for active Ethnocentrism is also significant (p-value = 0.002) and positive, indicating that an increase in active ethnocentrism results in an increase in WTB. The coefficient for the interaction of the two variables is negative and significant (p-value = 0.024), suggesting that the relationship between reshoring and WTB weakens with higher degrees of active ethnocentrism. This is conclusive, since in our experimental scenario we only deal with domestic products which already achieve high values for WTB with increasing ethnocentrism, resulting in a weaker general effect of the reshoring information. This is supported by the mean values for active ethnocentrism shown in Table 11, where it can be seen, that while the mean value for WTB rises with the agreement level on active ethnocentrism consistently, the value for PQ remains fairly the same.

In summary, this indicates that reshoring and active ethnocentrism have a significant positive influence on WTB, whereby this positive effect is mitigated by the interaction of the variables.

		Mean
rev_Ethno = 6	PQ	4,86
	WTB	5,14
rev_Ethno = 5	PQ	4,44
	WTB	4,32
rev_Ethno = 4	PQ	4,44
	WTB	3,69

Table 11: Mean values for active ethnocentrism

By extending the regression model, H1(b) can now be supported, whereas there are indicators that hypothesis H2 must also be considered separately. The analysis has shown that H2(a) can be dropped due to a lack of significance and also due to the unverifiability of H1(a), whereas H2(b) shows a significant correlation, but a negative one against prediction of the hypothesis. Indicating that active consumer ethnocentrism actually reduces the positive relationship between reshoring and willingness to buy.

To summarize, it can be said that the combination of given reshoring information, active ethnocentrism and their interaction has different effects on PQ and WTB. While they cannot significantly explain PQ, they show a significant impact on WTB. By extending the analysis and including the variables of active ethnocentrism, as well as the interaction of the variables, a positive effect of given reshoring information on the respondent's WTB can indeed be determined, thus confirming the effect of reshoring, which is consistent with the observation of the mean values. However, the positive influence that was attributed to active ethnocentrism as a moderator in this relationship turned out to be negative. But it must be considered that, in the given domestic experimental scenario, ethnocentrism itself has a significant positive influence on the WTB what results therefore in a reduced general reshoring effect.

5.2.2 Study 2

For the analyzation of the effects of different scenarios underlying the reasoning behind the company's decision to reshore and its effect on the customer in combination with the kind of product a deeper look on the certain experimental groups needs to be taken. For this examination the subjects and data from the second part of the experiment is used. In table 14 the mean value as well as the standard deviation can be seen for each group resulting in a 3x2 matrix with the equivalent of the three scenarios x the two different

kinds of products. Additionally, a row and a column have been added to showcase the total of each scenario and respectively each kind of product.

Scenario	Textil			Electro			Total		
Environmental		Mean	Std. dev.		Mean	Std. dev.		Mean	Std. dev.
	PQ	4,71	0,85	PQ	4,59	1,06	PQ	4,64	0,95
	WTB	4,71	0,99	WTB	4,88	1,32	WTB	4,79	1,15
Social		Mean	Std. dev.		Mean	Std. dev.		Mean	Std. dev.
	PQ	4,72	1,07	PQ	4,27	0,96	PQ	4,52	1,03
	WTB	5	0,97	WTB	4,07	1,03	WTB	4,58	1,09
Company		Mean	Std. dev.		Mean	Std. dev.		Mean	Std. dev.
	PQ	3,88	0,93	PQ	4,06	0,77	PQ	3,97	0,85
	WTB	3,29	1,26	WTB	4	1,1	WTB	3,64	1,22
Total		Mean	Std. dev.		Mean	Std. dev.		Mean	Std. dev.
	PQ	4,44	1,02	PQ	4,31	0,95	PQ	4,38	0,98
	WTB	4,35	1,3	WTB	4,33	1,21	WTB	4,34	1,25

Table 12: Group comparison for the second experiment

An initial look at the table reveals certain differences in the characteristics of the individual groups. The lower right-hand field, the combination of all groups, shows the mean value and the standard deviation for the total mass of all respondents in this part of the experiment. On average, the respondents rated the PQ of their respective attributed product with a value of 4.38 with a standard deviation of 0.98 and the WTB this product with 4.34 with a standard deviation of 1.25. The first thing that becomes clear from this is that all products tended to be rated as rather good, as the average value for both variables is more than a whole point above the mean value of the scale (3.5) additionally when comparing it to the mean value of the first experiment it can be seen that the values are very similar, only with a slight decrease for PQ, what allows to use these values as a solid point of comparison. Further, it can also be seen that the respondents' opinions on WTB differ more from each other than on PQ, as the values are therefore closer together.

When looking at the scenarios, a clear difference between them can be seen. The mean values from the environment-related scenario and the social-related scenario are all above average, while the values for the company-related scenario are well below average with a value of 3.97 for PQ and 3.64 for WTB. By using a one-way ANOVA the effects of the different scenarios can be examined in more detail. The ANOVA for PQ shows statistically significant differences between the different scenarios ($F(2, 97) = 4.79$, $p = 0.0104$). The R-squared value of 0.0898 indicates that about 8.98% of the variance in PQ is explained by the different scenarios. The p-value of 0.0104 indicates that there is at least a significant difference between the scenarios. For WTB a similar picture approaches, the

ANOVA also shows significant differences between the scenarios ($F(2, 97) = 9.45$, $p = 0.0002$). The R-squared brings up a value of 0.1631, which shows that around 16.31% of the variance in WTB can be explained by the different scenarios. As it is the case for PQ, a p-value of 0.0002 for WTB indicates that there is at least one significant difference between the scenarios. The results of the ANOVA show that the different scenarios have indeed statistically significant influence on both PQ and WTB, which is well fitting to what could already been detected by the analyzation of the median values taken above.

When looking at the influence of the different product types, an initial analysis of the mean values does not reveal any particularly large difference, although the mean values for the textile product are slightly higher than for the electrical product. Nevertheless, the influence that the product type exerts on PQ and WTB is also tested using a one-way ANOVA. As already assumed, the analysis shows that the type of product has neither a statistically significant influence on PQ ($F(1, 98) = 0.43$, $p = 0.5120$) nor on WTB ($F(1, 98) = 0.00$, $p = 0.9594$).

In both cases, for PQ and WTB, the ANOVA results show that the type of product has no statistically significant influence. This means that the different types of products (coded as numerical values) do not appear to cause any differences in consumers' PQ or WTB.

When looking at the individual experimental groups in Table 15, the picture from the two one-way ANOVAs in the previous section can be recognized. It can be seen that the groups that were confronted with environmental and social scenarios achieved significantly higher mean values than the two experimental groups that were confronted with the company-related scenario. In the overall assessment, there also appears to be no significant difference between the products. However, if one looks at the groups with the same scenario and different products, certain differences can be observed in some cases.

In the environmental scenario, the differences are the smallest; all mean values here are clearly above average and for the textile product even the same values appear for PQ and WTB at 4.71. There is a slight disparity between the variables for the electronic product, resulting in the electronic product achieving a lower value for PQ (4.59) and a higher value for WTB (4.88) than the textile product. The first major differences can be seen for the socially related scenario, where the textile product performed significantly better than the electronic product in both variables and, with a value of 4.72 for PQ, it is well above average and, with a value of 5 for WTB, even achieves the highest group average value of the entire experiment which means that the combination of textile product and socially related scenario, measured on the basis of the mean values, also represents the best

performing group. In contrast, the results for the electronic product are below average ($PQ = 4.27$; $WTB = 4.07$), whereby the strong difference of 0.93 scale points between the two product types for the average value of WTB is particularly striking.

The picture is again mirrored for the company-related scenarios. All values here are below the representative average value for the entire experiment. But here the electronic product, with a value of 4.06 for PQ and 4 for WTB, achieves a higher value in both cases than the textile product, which only achieves a value of 3.88 for PQ and 3.29 for WTB. Again, with a difference of 0.71 scale points, there is a particularly large difference in WTB between the two products. This means that the combination of the company-related scenario and the textile product is also the weakest performing group in the overall analysis.

To check for the actual significance of the correlations between scenario and product type and their effect on the dependent variables, I use the 2x3 ANOVA explained in the previous chapter.

Number of obs = 100					
R-squared = 0.1116					
Root MSE = .950329					
Adj R-squared = 0.0644					
Source	Partial SS	df	MS	F	Prob>F
Model	10.666291	5	2.1332582	2.36	0.0457
Product_n~c	.42772908	1	.42772908	0.47	0.4930
Scenario_~c	8.3265824	2	4.1632912	4.61	0.0123
Product_n~c#Scenario_~c	1.6613071	2	.83065357	0.92	0.4022
Residual	84.893709	94	.90312457		
Total	95.56	99	.96525253		

Table 13: 2x3 ANOVA PQ

The analysis based on the dependent variable PQ results in a statistically significant overall model ($F(5,94) = 2.36$, $p = 0.0457$). It can therefore be concluded that at least one of the independent variables or the combination of variables has an influence on perceived quality in the respondent. A closer look at the individual predicates reveals the same picture as from the previous single ANOVA. It can be seen that the scenario exerts a significant influence on PQ ($F(2,94) = 4.61$, $p = 0.0123$), whereas the type of product alone cannot generate a significant effect ($F(1,94) = 0.47$, $p = 0.4930$). In addition it can now be recognized that the interaction between the two independent variables scenario and product type is also examined, but no significant influence on the dependent variable can

be determined here either ($F(2,94) = 0.92$, $p = 0.4022$). The R-squared value of the model is 0.1116, which means that only around 11.16% of the variance in PQ can be explained by the two independent variables product type and scenario

Number of obs = 100					
R-squared = 0.2375					
Root MSE = 1.11926					
Adj R-squared = 0.1970					
Source	Partial SS	df	MS	F	Prob>F
Model	36.683137	5	7.3366275	5.86	0.0001
Product_n~c	.0071956	1	.0071956	0.01	0.9397
Scenario_~c	24.054152	2	12.027076	9.60	0.0002
Product_n~c#Scenario_~c	11.494869	2	5.7474343	4.59	0.0126
Residual	117.75686	94	1.2527326		
Total	154.44	99	1.56		

Table 14: 2x3 ANOVA WTB

As for PQ, the 2x3 ANOVA for WTB shows an overall model that is statistically significant ($F(5,94) = 5.86$, $p < 0.0001$). Again, this is in line with the previous analyses, which is covered by the results that the scenario variable has a significant influence on the dependent variable ($F(2,94) = 9.60$, $p = 0.0002$), whereas the product variable cannot generate a significant influence ($F(1,94) = 0.01$, $p = 0.9397$). What is interesting to note, however, is that the combination of the two variables scenario and product type together again exerts a significant influence on WTB ($F(2,94) = 4.59$, $p = 0.0126$). In addition, the R-squared value in this model is slightly higher than in the model for PQ and is now 0.2375, which indicates that around 23.75% of the variance for the willingness to buy can be explained by the two independent variables.

Overall, it can therefore be said that this analysis confirms, on the one hand, that the variable of the different scenarios has as well a clear influence on PQ as on WTB. It further confirms that the kind of product does not significantly interfere with the dependent variables from a general perspective. As a new insight however, it showcases that only for the variable of WTB the interaction between scenario and product has a significant impact on the outcome. This is very much in line with the first analyzation of the median values based on table 14 and indicates that customers tend to influence their WTB on the combination of product and scenario and are therefore more willing to buy a certain

product in a specific scenario whereas another product would be preferred in a rather different scenario.

To conclude this section of the analysis, I will now look back at the last remaining hypothesis, H3: *Environment- and society-related drivers will accentuate the positive relationship between (a) reshoring and perceived value and (b) reshoring and willingness to buy*. This hypothesis can indeed be verified, as the data provides a clear significant difference for the impacts of the different scenarios. Both the environmental and society-driven scenarios generated significantly higher values for both variables than the remaining company-related scenario. The reshoring groups were always able to generate higher average values than the respective control groups. By introducing environmental- and society-related signals to the context of reshoring, clear effects can be generated.

6 Discussion

6.1 Interpretation of Results

Previous research has already looked at many facets of reshoring. Most research, however, has focused on business factors such as cost efficiency, production processes and the impact on the economy. The analysis of the effects of reshoring on the customer has received little attention so far. The works of Cassia (2020) and Colamatteo et al. (2022) were among the few studies that looked at the reshoring process from the perspective of the end customer and investigated how reshoring affects customer behavior. These studies mostly examined the basic effects of reshoring against offshoring or, as in the case of Colamatteo et al. (2022), the different effects that can be recognized when comparing reshoring against nearshoring. This study, on the other hand, is one of the first to take a more differentiated look at the effect of reshoring on the customer. It examines how different reshoring drivers and scenarios, as well as the use of two different products, change the effects on the customer. These different effects are to be examined primarily in this work and serve as new insights for the marketing and communication of products. As a theoretical basis, this work uses the signaling theory (Spence, 1973), whereby the different scenarios and motives that motivated a company to decide to reshore are understood as the signals that can influence the recipients, the end customers in this case, differently. From the analysis of the conducted experiment and in combination with existing research, the following points can be explored.

Reshoring has a Positive Effect on WTB

Care must be taken when considering the effect of reshoring. Evaluating the impact of reshoring solely on the customer becomes intricate due to its typically concomitant nature with alterations in other variables like delivery time, product quality, and pricing. However, these effects should be disregarded in this analysis to focus solely on the change brought about by the entrepreneurial decision to reshore. A further distinction must be made here, as the effects of reshoring are not the same as the effects of the COO or “Made-in” effect. The COO effect denotes the influence on customer perception arising from the distinction between domestic and foreign production. (Wegapitiya & Dissanayake, 2019). Although this is also an extremely important factor in the discussion of reshoring, the effect of reshoring should nevertheless be considered more broadly. This is about the comparison of how a company and its product or service are perceived by the customer when it shifts parts of the value chain back to the home country. A previous offshoring

process is therefore assumed. It is therefore necessary to compare this relocation of production with general domestic production to try and analyze a visible effect. This is precisely what was attempted in the first experiment. Previous research has already been able to establish that reshoring can have a demonstrable effect on customers' WTB and PQ, when compared against Offshoring. Among other things, it was recognized that the decision to reshore evokes gratitude and reduces anger towards the company. This in turn has a positive effect on the WTB the company's products (Grappi et al., 2015). Furthermore, it was also found that reshoring can also positively influence the PQ of customers, provided that they were aware of the previous offshoring activities and have active ethnocentrism (Cassia, 2020). There were also several other studies that predicted positive effects of reshoring in relation to the customer (Fratocchi et al., 2014).

In this study, the first experiment examined the effect of two groups, both of which were provided with the same products and the same product information. In both cases, the products were produced domestically, only the experimental group received the preceding information that the product shown had previously been produced offshore and was therefore based on a reshoring circumstance. Although the experimental group slightly outperformed the control group in their mean values of WTB and PQ in both cases, at first no statistically significant effect was found. This is in line with the findings of Cassia (2020), who found that the majority of the customers he surveyed did not experience any significant effect from reshoring in their PQ of a product, which led him to question, at least in part, the motivation of companies to strive for reshoring processes. He concluded that although other studies cited an improvement in PQ as one of the biggest motivating factors for reshoring, only a minority actually experienced any effect at all (Cassia, 2020). This thought can be supported by the results given here.

By enriching the analysis with the variables of active ethnocentrism and the relationship of the variables to each other, this thesis could also be confirmed for PQ. When considering WTB, however, the more detailed model yielded significant findings. In addition to the foreseeable positive effect of ethnocentrism on WTB, a significant positive effect of reshoring was also found. This means that reshoring does indeed have a positive influence on the purchase decision of the customer. This is in line with current research and confirms the thesis of Grappi et al. (2015) that reshoring has a positive emotional effect, more than a rational one, which may explain the different effects for PQ and WTB. This shows that with a detailed analysis even in a domestic scenario reshoring can have a superior effect on customer WTB.

Active Ethnocentrism Decreases the Positive Effect of Reshoring on WTB in a Domestic Scenario

Ethnocentrism is a fundamental part of the discussion surrounding reshoring. Ethnocentrism refers to the end customer's view that domestic production is superior to foreign production. This principle is therefore also very much part of the effects of COO and is often used as one of the reasons for preferring domestic products. It is an effect that increasingly occurs in western industrialized nations due to the feeling of superiority over other production locations (Fernández-Ferrín et al., 2015), and is therefore also suitable for the experimental setup used here. Due to the preference for domestic products, ethnocentrism has also become the focus of the reshoring discussion. Ethnocentrism creates a clear effect, preferring domestic products and thus also reshoring products over foreign production among customers who have active ethnocentrism. However, whether the effect can also be recognized looking solely on the effect of reshoring compared to other domestic production, as described above, needs to be explained here. In addition, not everyone has active ethnocentrism, and if they do, it does occur at different levels (Sharma, 2015).

After including all relevant variables, the analysis showed a positive effect of reshoring on WTB. However, this effect is weakened with increasing levels of active ethnocentrism. This may sound confusing and inconsistent at first glance, but it makes sense and is in line with the scientific research. Throughout the study, the positive effect of ethnocentrism on customers' purchasing decisions predicted by the literature was demonstrated. As this study works with domestic scenarios, the information on WTB from respondents with high active ethnocentrism was therefore already very high, so no major difference could be established compared to the cases with reshoring information. In this way, active ethnocentrism in the domestic context reduces the underlying reshoring effect due to its own strong positive effect. However, it must be said that the experiment becomes uncertain here due to the small number of respondents which are fitting to this specific case and that any results or indications must be considered carefully.

Social and Environmental Reshoring Signals have a Positive Effect on the Customers

The added value of this thesis lies specifically in the analysis of how different reshoring scenarios influence the customer. This should be checked with H3. This hypothesis can be confirmed. The analysis of the experiment clearly showed significant differences between the different scenarios. The scenarios relating to social and environmental motives created a clear positive effect for customers both in terms of PQ and WTB.

These effects can be explained by the signaling theory and the associated reduction in knowledge disparity. Customers' awareness of social and environmental aspects, conveyed by the reshoring signals, leads to a higher PQ and WTB. Signaling theory enables an in-depth analysis of the mechanisms by which reshoring signals reduce knowledge disparity and thus influence customer perception. The clear communication of social and environmental motives through reshoring signals acts as a cognitive amplifier that deepens customers' understanding of the ethical aspects of production relocation (Al-Adwan et al., 2022; Grappi et al., 2018). This conscious transfer of information helps to reduce uncertainty and asymmetric information, which in turn strengthens customer trust and makes it easier for customers to make verified purchasing decisions. Furthermore, do the scenarios based on social and environmental signals take up the general negative connotations towards offshoring and now revive them in the form of reshoring as positive arguments, this creates an improvement of the as-is situation in the buyer's understanding. The increased PQ and WTB can therefore be interpreted as the result of reduced uncertainty and an improved information base (Al-Adwan et al., 2022; Taoketao et al., 2018).

The decision to reshore can have very differentiated reasons and sharing these reasons may not always have a positive effect on the customer. For example, as recognized in the experiment presented here, internal company motivations such as strategy change and previous miscalculations are not nearly as good as a signal to the customer as social or environmental signals and even have a negative overall effect. Even if the decision is therefore based on several reasons, companies can utilize the effect of reshoring signals if they act cautiously when choosing the signals, they communicate

Some Products Work Better in Certain Scenarios than Others

In addition to working on the hypotheses mentioned above, this work was able to generate new knowledge that was not previously apparent. When looking at the analyses, significant differences emerged in relation to the effects of the scenarios in combination with certain products. For example, it was found that the textile product performed well for the WTB variable, especially in a context with a social scenario, whereas the electronic device performed above average in the company-related scenario. In the environmental scenario, both products performed above average. This leads to the following conclusion: Due to the growing awareness of climate change and the broad attention in society, it can be assumed that the environmental protection signal is received positively by most people

and that there is no bias towards any of the specific products presented here. It therefore generally works well as a signal.

A contrary picture has emerged for the company-related scenarios. The scenario does not work well as a signal, but the electronic product performs better here than the textile product. One plausible explanation for this phenomenon is rooted in the nature of the electronic product, exemplified by the charging cable in this instance, which typically serves a utilitarian purpose with minimal emotional attachment. These items are acquired primarily for their functionality, and consumers may envision them as being mass-produced by machines in factories, detached from considerations about production conditions, the individuals involved in manufacturing, or the product itself. Consequently, the susceptibility to external influences appears diminished in this context, as individuals tend to adopt a relatively "indifferent" stance towards the product.

The situation is different with textile products. The relationship with a T-shirt is completely different. Most people would claim to have a favorite T-shirt in which they feel particularly comfortable. The same can hardly be said about a charging cable. In addition, a more emotional and deeper relationship can be established with the product, and above all, the production conditions of textile products are much more widely represented in society. Documentaries about sweat shops in Asia and pictures of seamstresses have already been in the news several times. There is a basic awareness of the poor working conditions in the textile industry, which is why customers are particularly receptive to social signals when it comes to textile products. The customer has prior knowledge of the poor conditions and therefore reacts positively towards a betterment in this regard.

To conclude the analysis of this master's thesis, reference can ultimately be made to the research question posed at the beginning: *To what extent does the strategic decision to reshore impact customer behavior, and to what extent does the utilization of diverse signals in reshoring drivers contribute to variations in this effect?* The analysis carried out showed that the strategic decision to reshore can in fact influence customer behavior. In a comparison with domestic production and with the inclusion of all variables a significant positive reshoring effect on customers WTB could be detected. While the analysis was unable to find an effect for PQ the direct purchase intention seems to be more affected from reshoring, highlighting the more emotional than rational concept of the signal. Additionally it became clear that the use of different signals based on the reshoring driver causes significant differences in customer behavior, especially regarding WTB. It was found that social and environmental factors have a more positive influence, whereas

company-related signals have a negative effect. In addition, it was newly recognized that particularly strong effects can be achieved with the combination of certain signals and products

6.2 Practical Implications

My results provide several implications for practice. Reshoring is a constantly growing topic with more and more practical cases in which companies rely on reshoring (Butollo, 2021; Dikler, 2021). This can have various reasons. However, communicating the motivations behind the reshoring process will continue to be an increasingly important lever for companies to generate full marketing potential from their reshoring decision, to target their customers and to generate growth and increasing sales figures.

This work has added value to the discussion on reshoring by focusing on a topic that has been little discussed so far. It was about how different reshoring motivations influence the behavior of end customers. The effect that reshoring has on the customer has already been studied in previous research, but it is difficult to consider individually, as other effects such as COO are often involved in the decision-making process.

Companies can draw from this analysis that they should communicate clear signals in order to create added value. As we have seen, environmental and social signals are much more likely to have a positive effect than company-related scenarios. Companies should take advantage of this and emphasize these topics in their communication with customers and in their marketing strategies.

It was also found that customers react differently to different product-scenario combinations. Companies must therefore plan their communication carefully and deliberately to maximize the effect. It is necessary to analyze in advance what customers associate with certain industries and products. As in the example of the textile product, a suitable scenario must then be found, which is presented to the customer as motivation and justification, so that the customer labels the company's motives as positive and thus builds up a more positive relationship with the product and the company. This can generate added value and advantages over the competition. In view of current global economic developments, the number of reshoring cases is expected to increase in the future (Butollo, 2021; Dikler, 2021; Xie et al., 2023). With the knowledge gained here, companies can carefully plan the strategic changes they will face in the context of marketing and communication and thus take advantage of this strategic economic change.

6.3 Theoretical Implications

The findings of this study have profound implications for signaling theory, particularly in the context of buyer-seller relationships and information asymmetry. One key theoretical implication of this study is the validation of signaling theory in the context of reshoring. By demonstrating that reshoring signals can influence customer perceptions, the study confirms the fundamental premise of signaling theory, the fact that information transmitted between parties can shape their behavior or attitudes. Specifically, the study highlights how reshoring signals serve as cues that customers use to evaluate the quality and ethicality of products, thereby influencing their willingness to buy.

Moreover, the study sheds light on the role of information asymmetry in signaling processes. Information asymmetry occurs when one party possesses more or better information than the other party, leading to imbalances in decision-making power. In the context of reshoring, companies possess insider knowledge about their production processes and motivations, while customers may lack access to this information. However, the study demonstrates that reducing information asymmetry through clear and transparent reshoring signals can benefit customer perception. This suggests that initiatives to increase transparency and information sharing between buyers and sellers can lead to more favorable customer outcomes.

In addition to the effects and impacts of signaling theory already known in a broader context, the effect of opposite signals was also discovered in this study. On the basis of study 2, it was possible to recognize that the signals in a product sector in particular generate positive results which are in contrast to the prevailing negative connotations in this economic segment. For the signaling theory, this means that with a close examination of the target group, current negative preconceptions can be absorbed and can be fueled with positive signals to create a more positive overall picture. This insight brings a new perspective and expands the discussion in the field of signaling.

Overall, the study contributes to the advancement of signaling theory by providing empirical evidence of its applicability in the context of reshoring decisions. Furthermore, it enriches our understanding of how information asymmetry and opposite signaling mechanisms influence buyer-seller interactions and customer perceptions. By elucidating these dynamics, the study offers valuable insights for scholars and practitioners seeking to navigate the complexities of signaling in marketing and business strategy.

6.4 Limitations

When considering the analysis presented here and the resulting findings, several limitations must be considered and addressed. In the first instance, the experimental design and sample representativeness can be mentioned here. Due to the fact that this experiment was generated within the scope of a master's thesis, it is possible that the sample size used for the experiment is too small and therefore not representative enough. The experiment was distributed through my personal, work and university network and therefore may not reflect an average picture of the overall social masses. In addition, due to the composition of my network, the respondents were not evenly distributed in terms of age but had a strong bias towards 20–29-year old's, which also led to a distorted picture, as other age groups were underrepresented.

In addition, the experiment was mainly conducted with respondents from Germany and Austria. Research has already shown that reshoring can produce different effects depending on which country you are in (Boffelli et al., 2020; Ellram et al., 2013b). Conducting the same experiment in other countries and cultures might have produced a completely different picture. It should also be mentioned that the experiment was extremely limited due to the given framework. Only the effect of two different products and three different signals were examined. To obtain differentiated results, significantly more product groups and reshoring scenarios would need to be analyzed.

The factor of causal inference should also be mentioned. Due to the experimental design and the set-up in a laboratory experiment, laboratory conditions were created that may differ from those in the open market. Respondents were aware that they were part of a study, which may have influenced their evaluation and led them to act differently than if they had been in a real-life situation. Furthermore, no definite causality can be established between the dependent and independent variables. It is possible that other factors not considered may have had an influence on the observed results.

Regarding the reshoring effect, the comparative means must be kept in context. There is no clear definition of a "reshoring effect", the term is fluid and not clearly delineated. It is possible that other authors interpret it differently from the way it was done here. This can lead to major disparities.

In terms of the scenarios and the further experimental structure, it should also be mentioned that the formulation or presentation of the products may have different effects than those examined here. The survey instrument itself, i.e. an online survey with a 6-point rating scale, may also have caused differences, as may the timing of the survey.

Lastly it must be mentioned that the factor of brand familiarity has completely been excluded from this thesis. Previous work has shown that brand familiarity prevents or restricts any kind of reshoring effect (Cassia, 2020). This factor was completely ignored for the purposes of this study. However, in real reshoring scenarios and purchasing decisions, this factor will occur regularly and should therefore be considered further in future research.

These limitations should be emphasized so that the results of this work are presented in an understandable context for the reader.

7 Conclusion

The global economy is in a constant state of flux. Many factors are now prompting companies to relocate their once outsourced production facilities back to the company's home country. As a result, the topic of reshoring is gaining more and more ground in general discussions and research (Dikler, 2021; Ellram et al., 2013a; Patrick Van den Bossche et al., 2023). It is likely that more and more companies will be faced with the decision to reshore their once outsourced parts of the value chain in the future. It is therefore important to be well informed about the effects and outcomes of this strategic move so to not be surprised by the results. Reshoring can be used as a valuable marketing tool. In western industrialized nations, reshoring from offshoring destinations usually has a positive effect on the customer anyway due to the COO effect. However, this work has also shown more through its analysis, namely how companies can benefit from reshoring with the usage of the right signals to ensure positive results.

Two experiments were initially conducted. In the first experiment, the underlying reshoring effect was to be demonstrated. Participants were shown products from domestic production. For the experimental group, the information that the products were previously produced in offshoring destinations was added. When looking at the results at first, no significant difference was found between the results. However, all groups performed very well, which could indicate a positive trend towards domestic products, but there is no comparison group for this. In a second step, the factor of active ethnocentrism was included in the experimental design. With this adaption to the analysis a significant positive effect of reshoring on WTB was able to be determined. This brings new additional knowledge to the discussion while showing that even in a domestic scenario, compared to other domestically produced products, reshoring has a significant positive effect on WTB. Additionally, it was confirmed that active ethnocentrism has a positive influence on customers' WTB, which makes sense if one considers that active ethnocentrism represents the qualitative overestimation of domestic production compared to foreign production. There was also a significant interaction between ethnocentrism and reshoring, reducing the effect of reshoring on WTB, what can be explained by the already strong positive effect of active ethnocentrism making the reshoring effect appear less pronounced.

Additionally, where this thesis was able to generate, further new knowledge is in the consideration of what influence different reshoring scenarios have on the customer. The analysis is based on the signaling theory (McIvor & Bals, 2021; Spence, 1973) and the knowledge disparity between buyer and producer and the question with which signal the

customer can best be addressed. Therefore, three scenarios with different signals were compared in a second experiment. Each scenario described a different motivation for the company to take the step towards reshoring. From this comparison, it became clear that scenarios that use environmental and social signals have a more positive effect on customers than scenarios that use internal company factors as a signal. This affirms that the way reshoring is conveyed to the customer, as well as the specific signal transmitted to the recipient, produces distinct outcomes and responses.

Initially, in both experiments the respondents were divided into two groups and confronted with either a textile or an electronic product. In the comparison of the different combinations of scenario and product, significant differences were able to be recognized, which led to the conclusion that different products in different scenarios evoke particularly positive reactions. In the analysis carried out here, it was therefore determined that the combination of a textile product and a social scenario elicited the highest WTB for the subjects. Notably, the variable of WTB exhibited significant variation primarily in response to alterations in the scenario-product combination, rather than the PQ factor, which remained relatively stable with no significant fluctuations. This implies that the customer's assessment of the products is influenced more by emotional rather than rational considerations prompted by the interplay between the scenario and product. This confirms the results of Grappi et al. (2018) according to which reshoring primarily triggers emotional effects in the customer and of Cassia (2020) who was not able to identify a general impact of reshoring on the customers PQ.

With the knowledge gained from this thesis, companies can now consciously use upcoming reshoring measures as a marketing opportunity. In doing so, they must be aware of their customers, their product, and their industry. It is therefore important to pick up on associations that customers have with these products or industries and to use them as an advantage by skillfully choosing the right signals. In this way, added value can be created and the effect of reshoring can be optimally utilized.

8 Outlook

In my analysis, I have only combined three scenarios with two different products. In addition to a general increase in the sample size to validate my results, further studies should also compare more product categories with more differentiated scenarios. From the results of my study, it can be concluded that industries that are confronted with particularly large prejudices regarding their environmental compatibility, such as the food industry, would achieve the best results by using environmental signals and reshoring scenarios. This should be checked. Research could also look at how these results can be adapted in other countries and other cultures. As well as the question of what role the price factor plays in this discussion. In my analysis, I have focused on very standard, inexpensive mass-produced goods, so it remains to be seen what effects can be achieved with more expensive luxury goods, as well as the extent to which brand familiarity can limit the effects. In the discussion of reshoring there remain therefore much more potential to study subjects which could help understand the phenomenon more and help company's to utilize their strategic decision to reshore.

This brief overview already shows that in the discourse on reshoring, there exists considerable untapped potential for exploring subjects that could enhance the comprehension of the phenomenon and thereby assisting companies in optimizing their strategic decisions to reshore.

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Appendix

Appendix A: Query for General Information

Vielen Dank für die Teilnahme an diesem Experiment!

Die Bearbeitungszeit wird sich auf höchstens 3 Minuten belaufen.

Um das Ergebnis im Nachhinein statistisch auswerten zu können, bitte ich Sie um die Eingabe einiger persönlicher Daten.

In welchem Land befindet sich Ihr Lebensmittelpunkt?

Deutschland

Österreich

Ein Anderes

Welchem Geschlecht fühlen Sie sich zugehörig?

Männlich

Weiblich

Divers

Keine Angabe

Wie alt sind Sie?

<20

20-29

30-39

40-49

50-59

60-69

70+

Im weiteren Verlauf dieses Experimentes werden Sie mit einem Produkt und dazugehörigen Informationen konfrontiert. Ich bitte Sie dieses Produkt anhand der Ihnen dargelegten Informationen zu bewerten.

Appendix B: Presentation of the Textile Product

Produktinfo: Basic-Shirt aus 100% Baumwolle. Minimalistisches Design mit Rundhalsausschnitt. Das Produkt wird in Deutschland & Österreich produziert.



Preis: 20€

Größe: Bitte betrachten Sie die Größe als optimal für Sie passend.

Hinweis: Zuvor hat das Unternehmen dieses Produkt an Offshore-Standorten wie China, Polen, Japan, Bangladesch und der Türkei hergestellt. Im vergangenen Jahr wurde ein großer Teil der Produktion nach Österreich und Deutschland zurückverlagert.

Appendix C: Presentation of the Electronic Product

Produktinfo:

Ein 1m langes Ladekabel mit USB-C-Anschlüssen an beiden Enden zum Laden, Synchronisieren und Übertragen von Daten zwischen USB-C-Geräten. Das Produkt wird in Deutschland & Österreich produziert.



Preis 20€

Hinweis: Zuvor hat das Unternehmen dieses Produkt an Offshore-Standorten wie China, Polen, Japan, Bangladesch und der Türkei hergestellt. Im vergangenen Jahr wurde ein großer Teil der Produktion nach Österreich und Deutschland zurückverlagert.

Appendix D: Environmentl Related Scenario for the Second Experiment

Hinweis: Nachdem das Produkt bis vor kurzem in Offshoring-Ländern wie China, Polen, Japan, Bangladesch und der Türkei produziert wurde, hat das Unternehmen nun beschlossen, große Teile der Produktion zurück in die Heimatländer Österreich und Deutschland zu verlagern. Das Unternehmen begründet diese Entscheidung mit dem Willen, seine gesamten CO₂-Emissionen zu reduzieren, die durch die Verlagerung der Produktion an entfernte Standorte und die damit verbundenen Transportwege in die Höhe getrieben wurden. Das Unternehmen gibt an, diesen Weg im Sinne der Nachhaltigkeit und des Umweltschutzes zu gehen. Des Weiteren teilt das Unternehmen mit, dass es einen stärkeren Fokus auf eine nachhaltige Produktion legen will. Dies kann in Österreich und Deutschland aufgrund der technischen Möglichkeiten, der Infrastrukturen und der besseren Kontrollmöglichkeiten vor Ort leichter erreicht werden. Schließlich wird auch mitgeteilt, dass die strengeren Umweltvorschriften ein zusätzlicher Grund für das Unternehmen sind, die Produktion zurück zu verlagern.

Appendix E: Social Related Scenario for the Second Experiment

Hinweis: Nachdem das Unternehmen bis vor kurzem in Offshoring-Ländern wie China, Polen, Japan, Bangladesch und der Türkei produziert hat, hat es nun beschlossen, große Teile der Produktion zurück in seine Heimatländer Österreich und Deutschland zu verlagern. Das Unternehmen begründet seine Entscheidung damit, dass es die unsichere Menschen- und Arbeitsrechtssituation in verschiedenen Offshoring-Ländern ablehnt. Durch die lokale Produktion kann es sicherstellen, dass Arbeits- und Menschenrechte gewährleistet sind. Darüber hinaus will das Unternehmen durch die Produktion vor Ort den lokalen Arbeitsmarkt in seiner Heimatregion fördern und rechnet mit einem höheren Maß an Motivation und Loyalität bei den heimischen Mitarbeiter:innen. Diese Erwartung basiert auf der stärkeren Verbundenheit der örtlichen Arbeitnehmer:innen mit einem Produkt und einem Unternehmen aus der Region.

Appendix F: Company Related Scenario for the Second Experiment

Hinweis: Nachdem das Unternehmen bis vor kurzem in Offshoring-Destinationen wie China, Polen, Japan, Bangladesch und der Türkei produzierte, hat es nun beschlossen, große Teile der Produktion zurück in die Heimatländer Österreich und Deutschland zu verlagern. Das Unternehmen begründet seine Entscheidung damit, dass die Kommunikation zwischen den verschiedenen Abteilungen aufgrund der beträchtlichen Entfernungen erschwert wurde. Es strebt nun an, die hohen Koordinationskosten, die daraus entstanden sind, zu reduzieren. Zudem argumentiert das Unternehmen, dass der ursprünglich angenommene Gesamtvorteil des Offshoring-Prozesses nicht realisiert wurde. Schließlich führte eine Änderung in der Managementstruktur des Unternehmens zu einem Strategiewechsel, der die Rückverlagerung ins Heimatland einschloss.

Appendix G: Query of PQ and WTB

Welche Qualität würden Sie dem Produkt anhand der erhaltenen Informationen zuschreiben? Bewerten Sie dies anhand einer Skala von 1-6, wobei 1 sehr schlechter Qualität zuzuordnen ist und 6 sehr guter Qualität.

1	2	3	4	5	6
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Wie wahrscheinlich ist es, dass Sie anhand der dargelegten Informationen dieses Produkt kaufen würden? Bewerten Sie dies anhand einer Skala von 1-6, wobei 1 das unwahrscheinlichste Kaufszenario beschreibt und 6 das wahrscheinlichste.

1	2	3	4	5	6
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Appendix

Appendix H: Query for Product Standardisation

Stimmen Sie der Aussage zu, dass das Produkt in seiner Beschreibung und mit dem angegebenen Preis dem branchenüblich Durchschnitt entspricht? (1= stimme klar zu; 6= stimme klar nicht zu)

1	2	3	4	5	6
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Appendix I: Query for Active Ethnocentrism

Würden Sie der Aussage zustimmen, dass deutsche und österreichische Produktionsqualität ausländischer Produktionsqualität in Offshoring Destinationen wie z.B. China, Polen, Japan, Bangladesh oder der Türkei überlegen ist? (1= stimme klar zu; 6= stimme klar nicht zu)

1	2	3	4	5	6
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Appendix J: Mean Values for Participants with Active Ethnocentrism (rev_Ethno > 3)

-> Reshoring = 0

Variable	Obs	Mean	Std. dev.	Min	Max
PQ	34	4.5	1.502523	1	6
WTB	34	4.352941	1.756069	1	6

-> Reshoring = 1

Variable	Obs	Mean	Std. dev.	Min	Max
PQ	29	4.689655	1.25651	1	6
WTB	29	4.551724	1.548875	1	6

Appendix

Appendix K: Regression Analysis for Participants with Active Ethnocentrism (rev_Ethno > 3)

. reg WTB Reshoring

Source	SS	df	MS	Number of obs	=	63
Model	.61843588	1	.61843588	F(1, 61)	=	0.22
Residual	168.93712	61	2.76946098	Prob > F	=	0.6382
				R-squared	=	0.0036
				Adj R-squared	=	-0.0127
Total	169.555556	62	2.73476703	Root MSE	=	1.6642

WTB	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
Reshoring	.198783	.4206583	0.47	0.638	-.6423753	1.039941
_cons	4.352941	.2854028	15.25	0.000	3.782243	4.923639

.
. reg PQ Reshoring

Source	SS	df	MS	Number of obs	=	63
Model	.562944718	1	.562944718	F(1, 61)	=	0.29
Residual	118.706897	61	1.9460147	Prob > F	=	0.5926
				R-squared	=	0.0047
				Adj R-squared	=	-0.0116
Total	119.269841	62	1.92370712	Root MSE	=	1.395

PQ	Coefficient	Std. err.	t	P> t	[95% conf. interval]	
Reshoring	.1896552	.3526183	0.54	0.593	-.5154487	.8947591
_cons	4.5	.2392399	18.81	0.000	4.02161	4.97839