



Impact of relocation strategy on brand trustworthiness and word-of-mouth: Experimental vignette research on the US fashion industry

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ABSTRACT

To avoid continued global uncertainty, multinational enterprises have begun to reconsider relocating operations to emerging countries. While re-shoring has been a phenomenon that is well studied, the literature largely overlooks the customer response to far-shoring. Therefore, this research investigates the effects of different far-shoring strategies on customer trustworthiness and satisfaction from the perspective of three countries - i.e., far-shoring country (Vietnam; $N = 208$), host country (China; $N = 203$), home country (US; $N = 198$). We conduct a three-stage experiment with four far-shoring conditions (i.e., production, design, production & design, remain) with three countries' consumers. Stage 1 carries the baseline measurement of customers' established brand preference; Stage 2 measures customers' trustworthiness and satisfaction changes after far-shoring motivation; Stage 3 measures customers' trust recovery after far-shoring decision. Results show that far-shoring to Vietnam (far-shoring economy) can significantly recover purchase intention compared with remaining in China. For the host economy (China), operating in China obtained the greatest purchase intention and word-of-mouth recovery. Lastly, for the home economy (US), relocating to Vietnam does not significantly impact customers' purchase intention recovery. However, the strategy of far-shoring design will lead to higher word-of-mouth recovery. Further, building on Eclectic Theory, we examined the "cost" of relocation from customers' perspective. Actionable winning relocation strategies are identified from the perspective of the far-shoring country, host country, and home country consumers, suggesting that businesses should consider the changes in purchase intention and word-of-mouth from customers' points of view from different economies fully benefiting from relocation strategy and resource allocation.

1. Introduction

Home or away? The answers and explanations to the effectiveness of manufacturing relocation decisions are evolving along with the development of the global environment. There are three competing relocation patterns have been identified, namely (i) offshoring, (ii) re-shoring, and (iii) re-offshoring (Gao et al., 2022). With offshoring, advanced market economies migrated factory jobs from high-cost to low-cost countries (Bals et al., 2013). However, to avoid continued global uncertainty, many western manufacturers consider re-shoring their businesses. Re-shoring is bringing back earlier offshored operations to the country of origin (Fratocchi et al., 2016). For example, after the election of US President Donald Trump, the administration started encouraging US companies to re-shore their business back to America. Similarly, some

UK companies retrenched their operations and considered re-shoring after Brexit. Moreover, some companies choose to relocate the previously offshore production to a third economy, either closer to the home economy or regions that hold the cost advantages, in pursuing a shorter transportation distance or maintaining cost competitiveness, this phenomenon is collectively referred to as re-offshoring (Gao et al., 2022). Our research explicitly investigates the relocation of far-shoring, which refers to relocating business operations far from the home country and where the cost advantage can be maintained or enhanced (Hilletoft et al., 2021).

Global manufacturing has entered a new era of flux that impacts the configuration of production and global supply chain strategies, the phenomenon of enterprises constantly battling for competitive advantage warrants a re-examination of the relocation topic. Relocating

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business operations opens a new avenue for enterprises to explore and sustain a competitive edge. However, limited attention has been paid to the effectiveness of different relocating strategies from the customers' perspective. This research aims to support the global relocation decision-making for multinational enterprises (MNEs) from the perspective of customers.

In the current competitive business environment, more companies are switching business operations in search of ever-lower costs in the global supply chain. Relocation strategies have long been a topic in the worldwide supply-chain strategy literature (Stentoft et al., 2016). Recently, various relocation decisions (e.g., re-shoring, near-shoring or far-shoring) have been used as a policy for economic crisis recoveries, for example, boosting the home country's economy and increasing job opportunities (Gray et al., 2013). Several motivations have prompted the decision to relocate, such as the soaring labour costs in developing countries. Other factors include the inadequate responsiveness caused by transportation challenges, electricity shortages and excessive paperwork as well as the trade disruptions caused by health pandemics and political uncertainty (Moradlou et al., 2017).

As business relocation has gained momentum, it is important for MNEs to learn more about the advantages and consequences of relocation in the current disruptive business environment. When MNEs decide to relocate production, they realise that bringing production home is not the optimal option given the total cost (Piatanesi and Arauzo-Carod, 2019), more emerging relocation choices like near-shoring and far-shoring have become a recent phenomenon. Hartman et al. (2017) investigated the relocation decision-making process from the perspective of decision-makers by interviewing executives and senior managers, suggesting that companies should incorporate different data and factors beyond the cost into the relocation decision-making process. Although academic literature has documented the existence of re-shoring and near-shoring, scant empirical evidence is seen on the practice, and only a few studies explicitly discuss far-shoring (Piatanesi and Arauzo-Carod, 2019).

Therefore, this paper explicitly investigates the effects of different far-shoring choices on the brand's customer trustworthiness and satisfaction in the context of the US fashion industry. We designed a three-stage experiment with four far-shoring conditions (i.e., production, design, production & design, and remain), using mock-up scenarios of the US fashion company Nike. Building on Eclectic Theory, we aim to identify the winning global far-shoring strategy from the perspective of far-shoring country (Vietnam), host country (China), and home country (US), respectively. When MNEs strategically relocate their business operations from China, an important consideration might be the climbing labour cost in China. Hence, in our case of the Nike relocation decision, Vietnam has several advantages for far-shore business from China, such as lower labour and facility costs. Moreover, for MNEs, 'costs' refer not simply to the cost of properly bringing products and services to the market. Firms also should consider the cost of addressing risks of shortages in each location, such as the shortage of materials for producing masks at the beginning of the COVID-19 pandemic. Therefore, the effectiveness of far-shore operations to Vietnam is a practical question to be investigated that could offer an empirical reference for future business activities. Furthermore, we enrich the current experimental design by adding the perspective of the host and home economy in the experiment, examining the role of different countries in the re-offshoring decision-making process. Overall, 609 participants from three countries were involved in our study.

An experimental study was conducted to explore the effect of four variables on the far-shoring strategies: (i) far-shoring production activities, (ii) far-shoring design activities, (iii) far-shoring both production and design activities, (iv) remaining design and production activities. This research makes several significant contributions. First, we contribute to the literature on consumer trust from relocation choice by demystifying consumers' responses towards corporate far-shoring. Moreover, building upon prior literature about brand trustworthiness

and customer satisfaction, we introduce the measurement scales of purchase intention and word-of-mouth to understand better how customers respond to business relocation decisions. Our findings shed light on the impact of production-specific and design-specific features in manufacturing re-offshoring, offering observations on customers' points of view to help enterprises fully benefit from optimal location strategy decisions. The remainder of this research is organised as follows: section 2 reviews relevant research on relocation strategies. Section 3 comprises the research methodology, and Section 4 shows the analysis and results. Finally, we present the practical and theoretical implications of the study, discuss the study's limitations, and offer suggestions for future research.

2. Literature review

Generally, there are three competing relocation patterns: (i) offshoring, (ii) re-shoring (iii) re-offshoring (Gao et al., 2022). The story starts with offshoring - outsourcing manufacturing activities from the home economy to an undeveloped economy to achieve lower costs (Bals et al., 2013). Secondly, re-shoring refers to repatriating business operations from the host economy back to the home economy (Chen et al., 2022), which is also termed 'back-shoring' or 'home-shoring' in existing literature (Arlbjørn and Mikkelsen, 2014). Thirdly, re-offshoring refers to relocating business operations from the host economy to a third economy, which can be further breakdown into near-shoring and far-shoring (Hilletoft et al., 2021).

Near-shoring is defined as relocating manufacturing from previous offshoring countries to closer locations, not within the home country's borders (Fratocchi et al., 2016). When MNEs strategically decide to re-shore their earlier offshored operations, bringing production back to their home county is not always the optimal choice due to the disadvantages of costs, and near-shoring is an intermediate solution for companies to reduce cost, offering an alternative way to offshore production (Ancarani et al., 2015). Moreover, far-shoring is defined as relocating business operations to countries located in far regions (Di Mauro et al., 2018). Far-shoring is further defined as relocating to a third economy far from the home economy and where the cost advantage can be maintained or enhanced (Hilletoft et al., 2021). Since we use Nike as the experimental company, US is the home economy, China is the host economy and Vietnam is the far-shoring economy. Fig. 1 presents the diagram of the relocation strategies and the role of each economy within the relocation process.

Manufacturing location decisions are complex, it is difficult to find an optimal solution that is resilient over time (Hilletoft et al., 2021). In the past several decades, the enormous part of the production process absorbed by China has made it the world's factory. However, with the growing concern of quality control, increasing cost and supply chain risk, many companies have begun to question the benefits of global offshoring (Arlbjørn and Mikkelsen, 2014). The literature on relocation strategies offers insight into the key drivers for relocating operation decision-making and categorises corporates' motives into two key groups (i.e., firm-serving and extrinsic reasons) (Du et al., 2007). Furthermore, the relocation drive can be broken down to cost reductions (e.g., labour, energy, and transportation costs), resources availability (e.g., resources, skill, and knowledge accessibility), host country risks (e.g., cultural, political, geographical, and economic), local market development (e.g., market size, growth rate) (Arlbjørn and Mikkelsen, 2014; Gray et al., 2013). Generally, much attention and work have been paid to investigating the motivation for relocation.

In current disruptive business environments, where sourcing manufacturing is an important decision, and how customers respond to corporates' decisions is also essential for further business operation, MNEs should consider the attributes of more than just resource availability and transportation cost when making manufacturing location decisions. Some scholars suggest that re-shoring announcements lead to a significant positive effect on stock price, which increases customers'

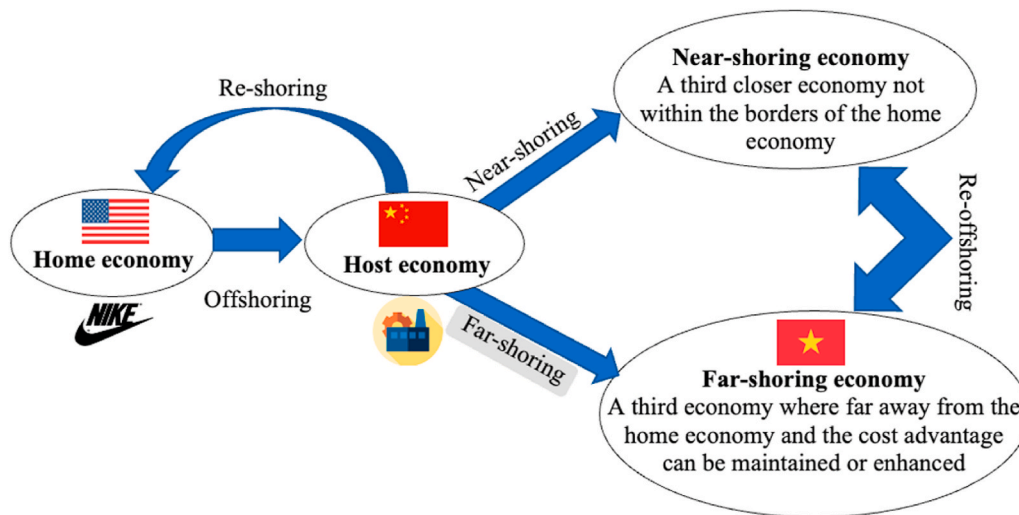


Fig. 1. The diagram of the relocation strategies (adapted from Gao et al. (2022)).

perceived value of the products and services offered by the company (Brandon-Jones et al., 2017; Woldt and Godfrey, 2022). Cassia (2020) argues that there is no increase in customers' perceived product quality from company re-shoring except for customers who both were aware of the firm's past offshoring decision and had high levels of affective ethnocentrism. There are also voices appealing to stop labour exploitation in underdeveloped countries and suggesting that re-shoring decisions will evoke ethical or moral considerations in public (Gray et al., 2013). Thus far, the literature analysing re-offshoring scenarios from the customers' perspective is somewhat limited. Irrespective of a higher or lower customer perceived value or general moral consideration on the near-shoring decision, these concerns will be associated with an improvement or damage to the customer relationship.

In Table 1, we summarise and compare this research with representative studies focusing on relocation strategies, highlighting their main features: relocation type, sector, methodology, data, theoretical framework, perspective, and findings. These works notwithstanding, several gaps can be identified.

First, as business relocation has gained momentum, it is essential for MNEs to learn the advantages and consequences of relocation in the current disruptive business environment. Notwithstanding relocation might help companies to obtain cost advantages, a marketing perspective identifies significant risks, such as the earlier case of German consumer boycotts of Swedish appliances due to the planned relocation of a Swedish appliance manufacturer's German subsidiary (Hoffmann and Müller, 2009). Moreover, international disputes and tensions may arouse consumer animosity toward the host country, affecting consumer purchase intention, company image, reputation or product quality perceptions (Grappi et al., 2020). Therefore, without our research on customer responses to MNEs' relocation strategies, the current literature lacks an understanding of the knock-on effects and negative impact caused by the far-shoring decision.

Second, a better understanding of how customers respond to company operation strategies is essential for business operations. For example, operations strategies of green design can enhance companies' public image and customer loyalty (Marchi et al., 2013), a company's information about sustainable development strategies can remarkably influence customer green purchasing intention (Shao and Ünal, 2019), and ISO-certified manufacturing companies significantly outperform the non-certified in terms of customer satisfaction (Psomas and Kafetzopoulos, 2014). Therefore, customers' perspectives play an essential role in company operation strategies, and relocation strategy is a branch of operation strategies; knowing how customers would respond to a company's relocation practices could help companies better evaluate the

pros and cons before making the location decision. However, many global location scholars review the view of the manager, decision-maker, policymaker, or shareholders (Brandon-Jones et al., 2017; Johansson and Olhager, 2018). Only a few studies, however, examine the customer perspective and assess how customers respond to corporate relocation decision-making (Grappi et al., 2015). Research has not explored how the public responds to corporates' far-shoring strategies and through which mechanisms. Furthermore, as MNEs develop their market in various countries and areas, it is crucial for global corporations to consider customers from a single economy and multiple markets involved in location decision-making.

Third, drawing from the existing research on relocation strategies, we found a large body of literature focusing only on relocation strategies in the general market, such as supply-chain relationships, sustainability performance, and stock market (e.g., Ashby, 2016; Brandon-Jones et al., 2017; Grappi et al., 2020), without explicitly considering customers' responses. Moreover, existing works also lack experience in the business practices of far-shoring. The fever among US executives to relocate production from China to alternative sourcing markets in Asia is rapidly accelerating due to several reasons, such as cost, supply chain disruption and political concerns. Therefore, far-shoring is increasingly prevalent in global supply chain management, leading to an urgent studying of this specific economic phenomenon. However, current academic attention mainly focuses on re-reshoring and near-shoring; the part of far-shoring, especially from the perspective of customers, is largely neglected.

In general, existing re-offshoring research does not adequately explain the phenomenon of far-shoring strategies and all its effects and nuances on customers' responses. To bridge this gap, we zoom into far-shoring practices and adopt the dimensions of location advantages from Eclectic Theory in the experiment to help corporate relocation decision-making by considering customers' responses.

3. Theoretical background

The decision on manufacturing location is among the most debated topics in supply chain management and international business (Jain et al., 2016). One primary theory frequently referred to explain location strategy from the perspective of global production is the Internalisation Theory (Fratocchi et al., 2016), which offers industry-level observation from a macro perspective, examining the strategic questions of location choice and costs of managing ownership in a distant location. Furthermore, based on Internalisation Theory, Dunning (2015) expounded upon the Eclectic Theory (ILO theory), developing a three-tiered evaluation framework for supporting MNEs' decision-making in the choices

Table 1
Summary of representative studies of global relocation research (compared with this research).

Author(s)	Type of relocation	Sector	Research method	Data source	Theoretical framework	Perspective	Research findings
Martínez-Mora and Merino (2014)	Re-shoring	Footwear	Interview	Corporate directors	Resource Based View	CEOs	Developed economies may host labour-intensive activities again, re-shoring is widely adopted by companies that previously offshored.
Ancarani et al. (2015)	Re-shoring	General manufacturing	Survival analysis	Secondary data	Eclectic Theory	Manager	<ul style="list-style-type: none"> • Industry, home and host country, and firm size affect the offshoring duration. • Duration and motivations for re-shoring has a significant linkage, in particular strategic assets seeking motivations.
Gylling et al. (2015)	Offshoring and re-shoring	Bicycle	Longitudinal case study	Corporate's accounting data	Time-driven activity-based costing total landed cost model	Manager	<ul style="list-style-type: none"> • Provides into how companies can overvalue the cost benefits of offshore outsourcing. • Highlighting factors to be considered and the sensitivity analysis to be carried out in evaluating such decisions.
Bailey and De Propris (2014)	Re-shoring	Automotive	Survey, interview	Manufacturing firms	Global value chain framework	Policy maker	<ul style="list-style-type: none"> • Meaning and drivers of re-shoring in the case of UK automotive sectors. • Identify the challenges of re-shoring the automotive industry back to the UK: the availability of skills and finance in the supply chain
Ancarani et al. (2019)	Re-shoring	General manufacturing	Empirical analysis	Secondary data	Transaction Cost Economics and Resource Based View	Manager	When the firm's priorities are high quality and the reduction of costs tied to non-conformance, back-shoring is associated with the adoption of Industry 4.0.
Woldt and Godfrey (2022)	Re-shoring	General manufacturing	Short-term event study	Stock price	Eclectic Theory	Shareholder	Compared with foreign firms, there is a significantly positive abnormal stock market return when U.S. firms announce to re-shore manufacturing home.
Wan et al. (2019)	Re-shoring	General manufacturing	Statistical analysis	Secondary data	International business	Home country	Highlighting how re-shoring differs across five countries.
Brandon-Jones et al. (2017)	Re-shoring	General manufacturing	Event study	Stock price	Efficient Market	Shareholder	Re-shoring announcements result in positive abnormal stock returns.
Johansson and Olhager (2018)	Offshoring and re-shoring	General manufacturing	Survey research	Swedish manufacturing	International business	Decision maker	Factors of low-cost operation, proximity market, development competences are relevant with manufacturing offshoring and back-shoring.
This research	Far-shoring	Clothing industry	Experimental research	Experimental data from three economics' consumer	Eclectic Theory	Consumers from three economies	<ul style="list-style-type: none"> • Examines the 'cost' of relocation from the perspective of customers • Identify the winning relocation strategy from the perspective of host, far-shoring, and home country consumers. • Provide dynamic observation on how far-shoring decision impact customer purchase intention and Word-of-mouth.

for national or international production.

Specifically, the Eclectic Paradigm covers three categories of advantages, namely internalisation advantages (I), location advantages (L) and ownership advantages (O). The 'I' stands for the advantage of producing a product in-house compared with contracting with a third party. 'L' refers to the comparative advantage to perform a specific operation within a particular country or area, and the 'O' refers to competitive advantages obtained from intangible assets that are exclusively owned (e.g., copyrights or trademarks). The Eclectic Theory has been frequently applied in the international production literature to study ownership advantages, location advantages and internalisation advantages in global production (Dunning, 2015), such as the ownership advantages (Dunning, 2015) suggests that firms will seek to site their

value-added activities at the most profitable points from available location choices. Moreover, Eclectic Theory has been developed and argued that the current knowledge-based global economy compels us to view location advantages dynamically rather than in a static fashion, and consider relocation decisions as a response to the deterioration of location advantages (Dachs and Kinkel, 2019).

This study applies Eclectic Theory to better understand how consumers respond to MNEs' announcements relating to locational decisions in the global supply chain. In our research, the focus is customers, however, the unit of analysis for studying internalisation advantages and ownership advantages would shift to company, which is beyond our research scope. Meanwhile, the location advantage covers several aspects (e.g., possession of resources, materials & labour cost,

policies of host governments), and another emphasis of location advantage is the market aspect, for example, developing competitive advantage from the local market by near to local customers and provide better after-sales serving (Dunning, 2015). Among the three tiers of Eclectic Theory, the location advantage is closely related to our research scope and targeted population (i.e., customers). Therefore, we use the location dimension as a theoretical lens to help us better to understand the effects of relocation practices on consumers.

Building on the location advantage drawn from Eclectic Theory, the market is a crucial element, namely customers. Notwithstanding a company might benefit from a relocation decision (e.g., labour, resource, policy), the effect of relocation on customers is also essential. Prior research on business location suggests that customers' product/service evaluations are impacted by the product/service's country-of-origin (Gürhan-Canli and Maheswaran, 2000); for example, there is lower customer satisfaction when a less-known company offshores its call centre location to another location which is a nation dissimilar to the prior country (Roggeveen et al., 2007). Moreover, in our case of far-shoring, the relocating decision might bring different impacts on three countries' customers. Therefore, to better investigate the effects of relocation decisions from customers' perspectives, this study also builds upon the research of customer trust and satisfaction, engaging the measurement scales of purchase intention and word-of-mouth as a reflection of a customer's communication, to help businesses capture and understand how customer response to business relocation decision.

Trust is a multidisciplinary construct that has been conceptualised as the willingness to depend on various trust objects, such as social life, interpersonal trust, business relationship, e-commerce, buyer-seller relationship (Chen et al., 2021). This study focuses on customer trust in brands. Based on the literature on trust developed by management and marketing scholars, trust is an essential ingredient for successful customer relationships, defined as the perceived credibility and benevolence of a trust target (Palmatier et al., 2006). Trust is recognised as a prerequisite in customer relationship establishment; building strong brand trust in the market offer many benefits to a firm, such as larger margins and more brand extension opportunities. Customers' trust in companies indicates their confidence in the quality and reliability of the services or products that corporate offer, and trust in a firm is related to anticipated future purchase intention (Palmatier et al., 2006). Moreover, existing brand equity literature also suggests that consumer-based brand values include attitudinal factors (e.g., perceived quality) and consumer behavioural factors (e.g., purchase intentions) (Bambauer-Sachse and Mangold, 2011).

Moreover, customer trust is crucial in business, especially when customers receive the signalling of the uncertainty or crisis developing in a company. Grappi et al. (2020) suggest that the offshoring decision was considered negative news and provoked customer resentment, which could negatively impact the host economy's customer perceptions of the companies and purchase intention. Therefore, when the public receives the far-shoring announcement, consumers infer that companies may experience changes in their production, drawing the concern of future uncertainty upon the people, which can impact consumer trust in the company in some ways. The far-shoring motive is likely to evoke negative emotions and damage customer trust, affecting purchase intention on companies' services and products. Purchase behaviours represent consumers' willingness to involve in actions to support the company. Therefore, we observe the change in customers' trust in brands using purchase intention as the measurement to evaluate customers' trust drop and trust recovery from the far-shoring decision-making process.

Word-of-mouth is defined as informal communication concerning evaluations of goods and services (Zhu and Zhang, 2010), of which valence may be positive, neutral or negative. For example, positive word-of-mouth can be recommendations to others; a negative word-of-mouth can be product denigration or complaining. Early research claims that word-of-mouth is more influential on customers'

behaviour than other marketer-controlled sources, which was nine times as effective as advertising at converting unfavourable predispositions into positive attitudes (Sheth, 1971), and there is a positive relationship between customer satisfaction and word-of-mouth (Zhu and Zhang, 2010). Further, the proliferation of digital media enables customers to share their shopping experiences and opinions online, thereby contributing to electronic word-of-mouth, which is also categorised as a consumer-to-consumer interaction (Yadav and Pavlou, 2014).

Researchers have demonstrated that word-of-mouth activity rises as either satisfaction or dissatisfaction increases (Zhu and Zhang, 2010). Extremely dissatisfied customers will have a greater word-of-mouth engagement than high-satisfaction customers. Therefore, we can observe changes in customer satisfaction by measuring word-of-mouth. This finding was also supported by several scholars demonstrating a significant effect of high and low satisfaction on positive and negative word-of-mouth, respectively (e.g., Matos et al., 2013). Thus, customer satisfaction is a strong driver of word-of-mouth (Szymanski and Henard, 2001). Ranaweera and Menon (2013) showed a direct, linear effect of satisfaction on word-of-mouth. Moreover, customer satisfaction positively influences customers' word-of-mouth intentions (Konuk, 2019). For example, Nam et al. (2020) examined factors that influence TripAdvisor patrons to use electronic word-of-mouth, suggesting that dissatisfaction is positively associated with unfavourable word-of-mouth online. In the study, customers encountering the motive of far-shoring, which is likely to impact customers' satisfaction with a company, ultimately affects word-of-mouth. We follow prior scholars' arguments and examine customers' satisfaction with a company in the far-shoring decision-making process by using word-of-mouth as the measure to evaluate drops and recovery of customer satisfaction.

Moreover, we collected data on three control variables: (i) foreign brand preference, (ii) share of wallet, and (iii) ethnocentrism. Consumers have different preferences for local and foreign brands, and the country-of-region may also affect customers' product evaluations (Roggeveen et al., 2007). Next, we control the share of the wallet as people might have different budgets on consuming sporter wear. Lastly, ethnocentrism is defined as "the belief among consumers that it is inappropriate, or even immoral, to purchase foreign products because to do so is damaging to the domestic economy, costs domestic jobs and is unpatriotic" (Shimp and Sharma, 1987, p281). According to Grappi et al. (2020), consumers' ethnocentrism will combine to regulate felt gratitude and righteous anger when perceiving a company's motives for re-shoring. This research engages with multiple countries' consumers in the process of far-shoring, therefore, customers' ethnocentrism should be considered and controlled.

4. Methodology

To examine the effects of different global supply chain strategies on the brand's customer trustworthiness and satisfaction, we follow the experimental vignette methodology (EVM) (Aguinis and Bradley, 2014) to develop an experimental design with four far-shoring strategy settings (i.e., far-shoring for production, far-shoring for design, far-shoring for production & design, remain production & design). There are several advantages of using EVM in this research: (i) experiment allows researchers to examine the causal relationship between variables (Harrison and List, 2004), gathering evidence about the causation between far-shoring strategies and customers' responses (i.e., purchase intention and word-of-mouth); (ii) Experiment scenario can manipulate variables and exclude potential elements (e.g., brand preference) which might impact results (Aguinis and Bradley, 2014); (iii) Experimental design allow us to measure purchase intention and word-of-mouth toward Nike as dependent variables in three stages (i.e., baseline, after far-shoring motive, after re-shoring decision).

Prior manufacturing relocation studies mainly are single country- or dual countries-focused (e.g., Di Mauro et al., 2018; Vanchan et al., 2018). This investigation collects samples from three economies to offer

a comprehensive observation of how customers from far-shoring country, host country, and home country respond to the far-shoring move. This can help MNEs to compare the ‘cost’ of far-shoring from the perspective of different customers, considering not only the potential positive response that far-shoring consumers share towards relocation but also the potential negative effects of home country customer and the host customer may have toward the relocation decision, thereby helping MNEs in the decision-making of resource priority and allocation. Fig. 2 shows the research framework of this experimental design.

4.1. Experimental design

In our experiment, respondents were randomly assigned to four different experimental conditions with the specification of far-shoring motives. First, we present respondents with a short description of a foreign brand and measure their purchase intention and word-of-mouth

on 5-point Likert scales (baseline measurement) (Van Norel et al., 2014). This is followed by introducing the scenario of far-shoring motivation, then we conduct the second measurement of purchase intention and word-of-mouth (after far-shoring motive). Lastly, we perform the third measurement with the same setting after the accomplishment of different far-shoring strategies. Fig. 2 shows the exact scenario description, the subsequent section presents the breakdown of each scenario.

4.2. Experimental stimuli

4.2.1. Scenario description—far-shoring motive

In the baseline stage, customers’ preferences toward Nike company have been measured (i.e., purchase intention and word-of-mouth). This is followed by the presence of far-shoring motivation, reporting that due to the global environment disruption, companies are exploring ways to restructure their global supply chains, and more will relocate their

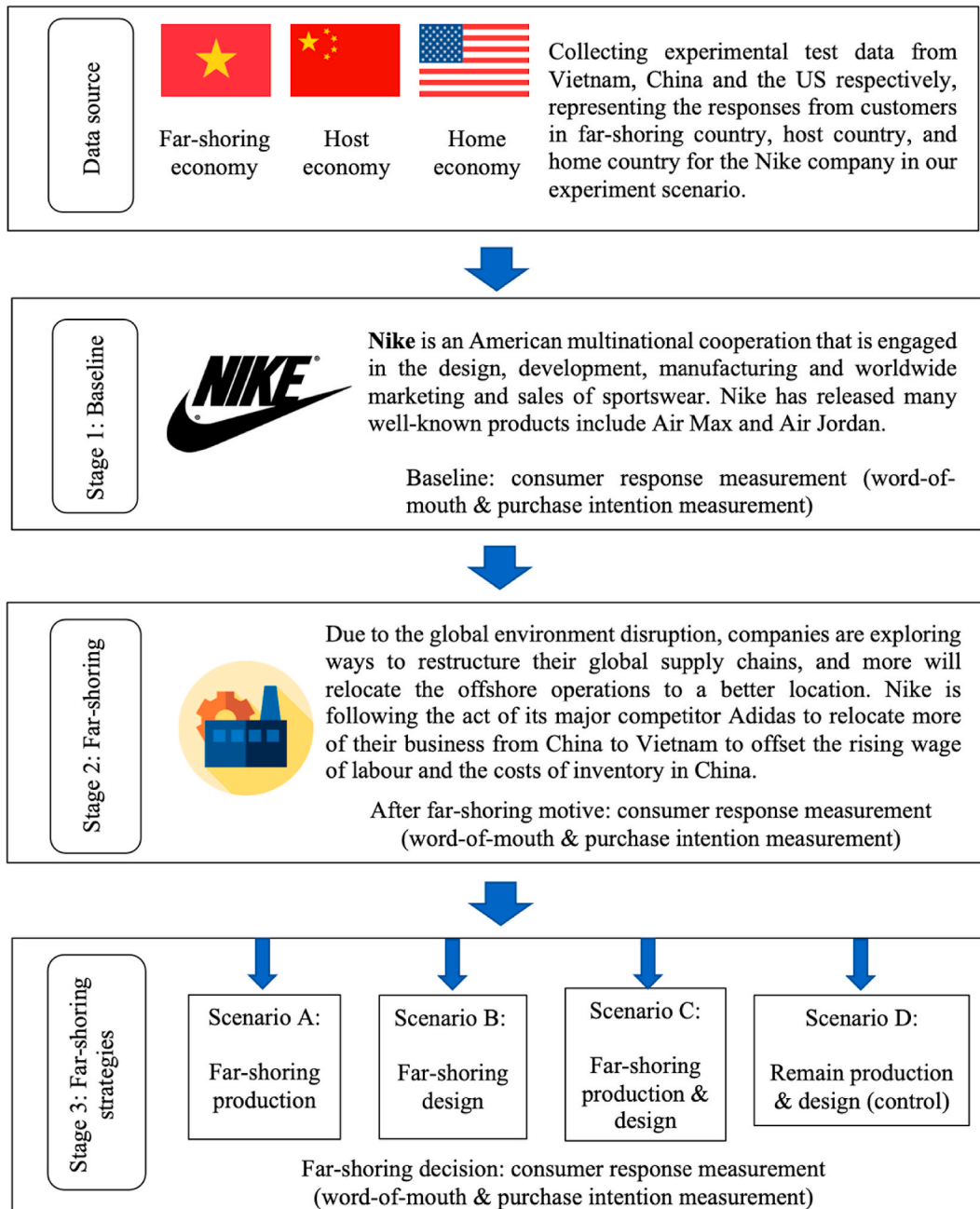


Fig. 2. Research framework of experimental design.

offshore operations to a better location. Nike is following the act of its major competitor Adidas to relocate more of its business from China to Vietnam to offset the rising wage of labour and the costs of inventory in China. We then perform the same measurement after far-shoring motivation occurs.

4.2.2. Scenario description—far-shoring decision

After the far-shoring motive and measurement of purchase intention and word-of-mouth in stage two, this is followed by the far-shoring strategies. Dunning (2015) suggests that the market competition is becoming increasingly knowledge-intensive, research and development (R&D) and innovation are increasingly important for MNEs to achieve competitive advantages. Many firms are relocating their R&D to capture costing and intellectual capital advantages, and more business activities demand skilled human capital (Nieto and Rodríguez, 2011). Therefore, we present four far-shoring strategies (i.e., remain design & production, production far-shoring, design far-shoring, production & design far-shoring) in the experiment test as follows.

- (i) Scenario A: Far-shoring production – Due to the cost-related reasons mentioned in the last scenario, Nike decided to move more production activities into Vietnam-based factories and facilities with an advanced manufacturing model, which would create more direct and indirect supply chain/service jobs in Vietnam.
- (ii) Scenario B: Far-shoring design – Due to the cost-related reasons mentioned in the last scenario, Nike decided to move its designing activities into the Vietnam-based companies, which would create more direct and indirect supply chain/service jobs in Vietnam.
- (iii) Scenario C: Full far-shoring – Due to the cost-related reasons mentioned in the last scenario, Nike decided to move more production and designing activities into Vietnam-based companies and facilities with advanced manufacturing models, which would create more direct and indirect supply chain/service jobs in Vietnam.
- (iv) Scenario D: Control condition – Regardless of the increased costs and external uncertainties, the company announces it will remain its design and production activities in China-based factories.

4.3. Data collection and measurement

The sampling frame of the experiment is a range of Vietnam, Chinese, and US customers. We collect the data via different channels to reach local customers. Specifically, we obtained Vietnam customers' responses from our local research team in Vietnam to recruit 208 Vietnam participants who volunteered for the experimental test and collected the data via *Qualtrics*. We also recruit 203 Chinese participants online from *Wenjuanxing*. *Qualtrics* and *WenJuanxing* are both online questionnaire platforms, the latter focuses on the Chinese community. Moreover, we hired 198 participants on Amazon Mechanical Turk (Mturk) from the United States. Mturk is a crowdsourcing website for requesters to hire remotely located online workers to perform discrete on-demand tasks, which has been widely adopted for online behaviour experimental tests in management research (Aguinis et al., 2021). Since our respondents were from different countries, the experimental survey was translated into Vietnamese and Chinese. After we consulted leading scholars who are native speakers of Vietnamese and Chinese, we followed the approach demonstrated by prior scholars (Brislin, 1980), the Vietnamese and Chinese questionnaires were subsequently translated back to English by a professional third-party translator to ensure that the measurement items reflect the original meanings accurately.

At different stages of the crisis (baseline, after far-shoring motivation, and after far-shoring strategies), we measured respondents' purchase intention and word-of-mouth with questionnaires consisting of 5 and 3 designed statements, respectively. Purchase intention is measured

by the following question.

- 1) If I were going to purchase an apparel product, I would consider buying this brand.
- 2) Quality of products from this brand is high.
- 3) If I were shopping for an apparel brand, the likelihood I would purchase this brand is high.
- 4) My willingness to buy this brand would be high if I were shopping for an apparel brand.
- 5) I think products of this brand are of better quality than those from local brands.

Word-of-mouth is measured by the following question.

- 1) I would recommend this brand to my friends.
- 2) If my friends were looking for buying a sportswear, I would tell them to try this brand.
- 3) It is highly likely that I will spread positive word-of-mouth about this brand.

In our experiment design, the dependent variable is the customer's purchase intention recovery and word-of-mouth recovery from the impact of far-shoring motive. To capture the trust recovery from the far-shoring decision-making process, we calculate the difference between the trust level between stage 3 (after far-shoring strategy) and stage 2 (after far-shoring motive). We follow the scale applied by Wang et al. (2021). Respondents were asked to give their opinion about the brand's trustworthiness and word-of-mouth by assessing the above descriptions three times (at baseline, after far-shoring motive, and after far-shoring decision) on 5-point Likert scales (1 = strongly disagree to 5 = strongly agree).

5. Results

5.1. Respondent details

Table 2 describes the details of respondents' details from three economics, including the breakdown of gender, age, education level and share of wallet.

5.2. Reliability check

In this study, purchase intention and word-of-mouth are measured on 5-point Likert scales, which are adapted from previous studies (Wang et al., 2021). With respect to manipulation checks, two questions are asked in a negative way in the scenario of the far-shoring announcements. As shown in Table 3, Cronbach's alpha values of two outcome constructs in three scenarios are all above the generally accepted threshold of 0.70, which is a satisfactory reliability level.

5.3. Descriptive statistics

This section presents the descriptive statistics of Vietnamese consumers (far-shoring economy), Chinese consumers (host economy) and US consumers (home economy). For the far-shoring country (Table 4), on average, the strategy for production far-shoring increased purchase intention scores from 3.15 to 3.36 (i.e., purchase intention recovery = 0.21), similarly to the strategy for design far-shoring (3.19–3.39, purchase intention recovery = 0.20). Moreover, the strategy for production & design far-shoring is less effective in purchase intention recovery (scores from 3.28 to 3.33, purchase intention recovery = 0.06). As shown in Table 4, word-of-mouth recovery is inefficient with those strategies, with just 0.14, 0.10, 0.16 of word-of-mouth recovery for production far-shoring, design far-shoring and production & design far-shoring.

For the host country (Table 5), it is not surprised that the decision of

Table 2
Profile of respondents.

Country Metric	Vietnamese consumers		Chinese consumers		US customer	
	No. Of respondents	(%)	No. Of respondents	(%)	No. Of respondents	(%)
Experimental condition						
Far-shoring production	54	25.96	51	25.12	49	24.75
Far-shoring design	52	25	51	25.12	48	24.24
Far-shoring both production and design	50	24.04	50	24.63	50	25.25
Control condition	52	25	51	25.12	51	25.76
Gender						
Male	85	40.87	89	43.84	105	53.03
Female	123	59.13	114	56.16	93	53.03
Age						
18–24	168	80.77	29	14.29	12	6.06
25–34	26	12.5	128	63.05	80	40.4
35–44	11	5.29	35	17.24	72	36.36
45–54	3	1.44	9	4.43	20	10.1
55 and older			2	0.99	14	7.07
Education level						
Less than high school diploma	10	4.81	4	1.97		
High school degree or equivalent	113	54.33	17	8.37	4	2.02
Bachelor's degree	77	37.02	141	69.46	91	45.96
Master's degree	6	2.88	34	16.75	90	45.45
Doctorate	2	0.96	7	3.45	13	6.57
Share of Wallet						
Under 20%	43	20.67	45	22.17	52	26.26
20%–39%	69	33.17	65	32.02	82	41.41
40%–59%	58	27.88	80	39.41	50	25.25
60%–79%	33	15.87	10	4.93	7	3.54
80%–99%	5	2.4	3	1.48	7	3.54

Note: cf. Men percentage in Vietnam Census: 49.77%, female percentage: 50.23%; cf. Proportion of people with university and higher degree in Vietnam Census: 9.3%; cf. Men percentage in Chinese Census: 51.24%, female percentage: 48.76%; cf. Proportion of people with university and higher degree in China Census:15%; cf. Men percentage in America Census: 49.1%, female percentage: 50.9%; cf. Proportion of people with university and higher degree in Chinese Census:37.5%.

Table 3
Results of reliability check.

Cronbach's alpha		Baseline scenario	Far-shoring announcement scenario	Far-shoring strategies scenario
Vietnamese consumers (far-shoring country)	Purchase intention	0.8483	0.7322	0.8969
	Word-of-mouth	0.8564	0.8632	0.8825
Chinese consumers (host country)	Purchase intention	0.8663	0.7539	0.8893
	Word-of-mouth	0.8525	0.8997	0.8953
US consumers (home country)	Purchase intention	0.7720	0.7237	0.8126
	Word-of-mouth	0.7311	0.7999	0.8110

remaining production and design obtained the most significant trust recovery with 0.58 and 0.62 for purchase intention recovery and word-of-mouth recovery, respectively. Additionally, the strategy of far-shoring production & design received a slight drop in purchase

Table 4
Descriptive statistics of Vietnamese consumers (far-shoring country).

		Far-shoring production		Far-shoring design		Far-shoring both production and design		Control condition	
		Mean	SD	Mean	SD	Mean	SD	Mean	SD
		Baseline scenario	Purchase intention	3.4	0.68	3.38	0.63	3.37	0.82
	Word-of-mouth	3.52	0.69	3.61	0.54	3.48	0.85	3.07	0.87
Far-shoring announcement scenario	Purchase intention	3.15	0.38	3.19	0.38	3.28	0.47	3.19	0.37
	Word-of-mouth	3.28	0.65	3.45	0.56	3.24	0.78	3.15	0.78
Far-shoring strategies scenario	Purchase intention	3.36	0.5	3.39	0.59	3.33	0.79	2.85	0.78
	Word-of-mouth	3.43	0.56	3.54	0.63	3.4	0.88	3.08	0.82
	Purchase intention recovery	0.21	0.43	0.2	0.56	0.06	0.64	-0.34	0.66
	Word-of-mouth recovery	0.14	0.64	0.1	0.73	0.16	0.48	-0.06	0.67

intention (-0.01) and word-of-mouth (-0.16).

Moreover, for the home country (Table 6), we can observe that consumers have a higher purchase intention recovery compared with word-of-mouth recovery with four far-shoring decisions, and the far-shoring design wins the highest purchase intention recovery (0.42). The decision to keep production & design in the previous offshored country led to lower word-of-mouth than the level of the far-shoring motive scenario.

5.4. Paired T-test (from baseline to far-shoring announcement)

This test aims to find out whether there are differences in the means of purchase intention and word-of-mouth after the far-shoring announcement. Results suggest that both purchase intention and word-of-mouth are lower than that before the far-shoring announcement. In addition, as shown in Table 7, there are statistically significant differences in purchase intention and word-of-mouth in two scenarios for Vietnamese consumers ($p < 0.05$, $p < 0.01$), Chinese consumers ($p < 0.01$, $p < 0.01$) and US consumers ($p < 0.01$, $p < 0.01$) which indicate that the far-shoring announcement setting effectively manipulates customers' purchase intention and word-of-mouth when respondents are

Table 5
Descriptive statistics of Chinese consumers (host country).

		Far-shoring production		Far-shoring design		Far-shoring both production and design		Control condition	
		Mean	SD	Mean	SD	Mean	SD	Mean	SD
Baseline scenario	Purchase intention	3.20	0.73	3.29	0.82	3.29	0.82	3.45	0.82
	Word-of-mouth	3.10	0.80	3.16	1.02	3.08	1.01	3.3	0.97
Far-shoring announcement scenario	Purchase intention	2.91	0.54	2.97	0.69	2.96	0.69	2.92	0.79
	Word-of-mouth	2.93	0.86	2.84	1.03	2.93	1.02	2.91	1.03
Far-shoring strategies scenario	Purchase intention	2.98	0.71	3.12	1.01	2.95	0.84	3.44	0.87
	Word-of-mouth	2.97	0.86	2.82	1.17	2.77	0.97	3.31	1.03
	Purchase intention recovery	0.07	0.58	0.15	0.57	-0.01	0.60	0.52	0.74
	Word-of-mouth recovery	0.04	0.62	-0.02	0.54	-0.16	0.57	0.4	0.73

Table 6
Descriptive statistics of US consumers (home country).

		Far-shoring production		Far-shoring design		Far-shoring both production and design		Control condition	
		Mean	SD	Mean	SD	Mean	SD	Mean	SD
Baseline scenario	Purchase intention	3.89	0.57	3.87	0.48	3.99	0.6	3.81	0.7
	Word-of-mouth	3.88	0.78	3.88	0.54	4	0.76	3.8	0.8
Far-shoring announcement scenario	Purchase intention	3.46	0.68	3.35	0.53	3.64	0.74	3.38	0.61
	Word-of-mouth	3.68	0.76	3.7	0.73	3.88	0.85	3.69	0.81
Far-shoring strategies scenario	Purchase intention	3.72	0.66	3.78	0.53	3.91	0.64	3.54	0.79
	Word-of-mouth	3.72	0.76	3.77	0.7	3.94	0.79	3.5	0.98
	Purchase intention recovery	0.26	0.6	0.42	0.49	0.27	0.46	0.15	0.74
	Word-of-mouth recovery	0.04	0.5	0.07	0.42	0.06	0.47	-0.18	0.66

Table 7
Results of paired t-test.

		t	df	p-value	Mean difference	SD difference
		Vietnam (far-shoring country)	Purchase intention	2.0966	207	0.0372
	Word-of-mouth	3.2056	206	0.0016	0.1385	0.0432
China (host country)	Purchase intention	9.3646	202	0.0000	0.398	0.6056
	Word-of-mouth	5.067	202	0.0000	0.2529	0.7111
US (home country)	Purchase intention	10.8808	197	0.0000	0.4262	0.5512
	Word-of-mouth	3.7022	197	0.0001	0.1498	0.5695

exposed to the scenario in the second stage 2.

5.5. ANOVA (different far-shoring strategies) and one-way ANOVA (different countries)

An ANOVA is performed to determine whether there are differences among three experimental groups and one control group, to further see the role played by far-shoring strategies in the recovery of purchase intention and word-of-mouth. ANOVA results support that there are significant mean differences in purchase intention recovery for Vietnamese consumers' responses, far-shoring strategies have statistically significant impact on purchase intention recovery ($F(3, 207) = 8.66, p = 0.0000$). However, there are no significant impact of far-shoring strategies on word-of-mouth recovery ($F(3, 207) = 1.45, p = 0.2297$). For Chinese customer, far-shoring strategies have statistically significant impact on both purchase intention recovery ($F(3, 202) = 7.96, p = 0.0000$) and word-of-mouth recovery ($F(3, 202) = 7.65, p = 0.0001$). Lastly, ANOVA results support that there is no statistically significant impact of far-shoring strategies on the US customers' purchase intention recovery ($F(3, 197) = 1.28, p = 0.2839$), while far-shoring strategies have effect on word-of-mouth at 5% significance level for US customers ($F(3, 197) = 2.94, p = 0.0343$).

Furthermore, groups differences in purchase intention recovery and word-of-mouth are documented in Table 8. It can be seen from the Vietnamese dataset that, compared with the control group (Scenario D), the other three far-shoring decisions (Scenario A, B & C) have a

significant impact on customers' purchase intention recovery. However, there is no statistically significant difference in word-of-mouth recovery, suggesting that when the company relocates to Vietnam, far-shoring's

Table 8
Results of group differences for purchase intention recovery and Word-of-Mouth recovery (compared to control group).

		Far-shoring production	Far-shoring design	Far-shoring both production and design
		Vietnam (far-shoring country)	Purchase intention recovery	-0.5459***
	Word-of-mouth recovery	-0.2025	-0.1603	-0.2241
China (host country)	Purchase intention recovery	0.451***	0.4706***	0.5336***
	Word-of-mouth recovery	0.3529**	0.4183***	0.5587***
US (home country)	Purchase intention recovery	-0.1083	-0.2679	-0.1151
	Word-of-mouth recovery	-0.2238	-0.2594*	-0.2431

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

customers will have a higher willingness to consume this brand, while not changes on word-of-mouth.

Moreover, in the Chinese dataset, compared with far-shoring to Vietnam (Scenario A, B & C), remaining production and design in China (Scenario D) has a significant impact on both purchase intention recovery and word-of-mouth recovery, indicating that Chinese customers prefer the company to remain in China, and this decision (Scenario D) can significantly help the company to repair the trust damage, boosting the purchase intention and word-of-mouth remarkably.

Lastly, for US customers, there is no significant purchase intention recovery difference between remaining (Scenario D) in China or relocating to Vietnam (Scenario A, B & C). Moreover, there is no significant word-of-mouth recovery difference when far-shoring production (Scenario A) or far-shoring production & design (Scenario C). Nevertheless, compared with the control group (Scenario D), the strategy of far-shoring for design has an effect on word-of-mouth at a 10% significance level for US customers. Therefore, the results suggest that the decision of far-shoring does not affect the US customers' purchase intention recovery (home country), however, far-shoring design (Scenario B) will lead to more positive word-of-mouth in US customers.

The one-way ANOVA is performed to compare the means of trust damage (stage 2- stage 1) and trust recovery (stage 3 – stage 2) between the three countries and determines whether any of those means are statistically significantly different from each other. The results of trust damage support that there was a statistically significant difference in purchase intention damage between the three countries as determined by one-way ANOVA ($F(2, 606) = 18.54, p = 0.000$), while there are no statistically significant mean differences in word-of-mouth damage between three countries ($F(2, 605) = 1.99, p = 0.1377$). Results indicate that there was a statistically significant difference in purchase intention recovery between the three countries ($F(2, 606) = 7.67, p = 0.0005$), similarly, no statistically significant mean differences in word-of-mouth recovery between the three countries ($F(2, 605) = 1.16, p = 0.3258$). Overall, there is no statistically significant difference between word-of-mouth damage and recovery among the three countries.

Table 9 and Table 10 presents the breakdown of trust damage and recovery comparison between the three countries. Generally, there is no statistically significant difference between word-of-mouth damage and recovery among the three countries. As can be seen from Table 7, from the statistical perspective, there is a greater purchase intention damage on the far-shoring country's customers (Vietnam) compared with customers from the host country (China) and the home country (US). Moreover, regarding the purchase intention recovery, there is a greater purchase intention recovery in the far-shoring country's customers (Vietnam) compared with the home country's consumers.

6. Discussion and conclusion

In our research, the effectiveness of far-shoring strategies on corporate trust recovery and satisfaction recovery was investigated. We examine the extent to which the far-shoring decision proposed by companies could cause a negative purchase intention and poor word-of-mouth and which decision is more effective in repairing that damage. Notwithstanding there is little research that specifically focuses on how

Table 9
Comparison of trust damage by Country (Bonferroni).

Row mean- Col Mean	Purchase intention damage		Word-of-mouth damage	
	Vietnam (far-shoring country)	China	Vietnam	China
China (host country)	-0.3019***		-0.114	
US (home country)	-0.3301***	-0.03	-0.0113	0.103

Note: *p < 0.1; **p < 0.05; ***p < 0.01.

Table 10
Comparison of trust recovery by Country (Bonferroni).

Row mean- Col Mean	Purchase intention recovery		Word-of-mouth recovery	
	Vietnam (far-shoring country)	China	Vietnam	China
China (host country)	-0.122		-0.015	
US (home country)	-0.0113***	0.103	-0.0855	-0.07

Note: *p < 0.1; **p < 0.05; ***p < 0.01.

customers respond to far-shoring strategies, we still can benchmark the literature on different relocation decision-making like re-shoring. We also intergrade this finding by conducting a three-stage experimental design to observe customers' trustworthiness recovery in three countries.

In general, comparing the trust damage and recovery among three countries in the far-shoring process, there was a statistically significant difference in purchase intention damage and purchase intention recovery. But there are no statistically significant mean differences in word-of-mouth damage and word-of-mouth recovery among the three countries suggesting that different roles (far-shoring, host, and home economy) in the far-shoring process impact customers' purchase intention, but do not significantly affect word-of-mouth. By looking at the results for each country, we summarise the effectiveness of different far-shoring strategies and then propose practical and actionable suggestions for corporate relocation decision making.

First, for the Vietnamese customers (far-shoring country), notwithstanding results showing that there is no effect of far-shoring strategies on word-of-mouth, the far-shoring (Scenario A, B & C) can significantly recover purchase intention compared with remaining in China (Scenario D), showing that far-shoring to Vietnam (Scenario A, B & C) is welcomed by far-shoring country's customers, which could be derived by a number of benefits (e.g., generating job opportunities, boosting the development of local upstream and downstream manufacturing, quicker access to company's products). Moreover, this finding was consistent with the prior researcher's argument that relocating business to the re-shoring country would positively affect local customers' brand trustworthiness and purchase intention (Grappi et al., 2015), and some scholars have explained this as consumer ethnocentrism (Grappi et al., 2020).

Second, regarding the Chinese customers (host country), the decision of remaining production & design (Scenario D) wins the highest trust recovery, and full far-shoring (Scenario C) leads to the lowest trust recovery. Therefore, the strategies of remaining operations in China (Scenario D) seem to be the best practice as there are significant purchase intention recovery and word-of-mouth recovery. This result is not surprising to the authors as Nike's operations have started outsourcing to China since 1981 (Harris 2021); there is a well-developed supply chain and market, and relocating to Vietnam might bring several concerns to customers (e.g., quality, price). Similarly, consumers' purchase intention and word-of-mouth could be affected by ethnocentrism (Grappi et al., 2020).

Lastly, for the home country (US), the strategies of far-shoring to Vietnam (Scenario A, B & C) do not significantly impact customers' purchase intention recovery. However, far-shoring design (Scenario B) will lead to higher word-of-mouth recovery, this might be due to the concerns about the protection of intellectual property. Although US consumers are confident in Chinese manufacturing capability and delighted that US company to keep production in China, there may be concerns about protecting intellectual property and designers' work. Vogue Business reports that "60% of designer brands said they had been plagiarised, and 25% were aware of counterfeit versions of their work" (Li, 2021). The concerns and challenges raised by intellectual property protection in the host country make the home country's consumers (US) in favour of relocating the design to another location. This might be able

to explain a strategy of far-shoring design that achieves better word-of-mouth recovery in the host country.

Overall, the results map out the 'cost', 'gain' and 'pain' of each far-shoring decision, supporting corporate in the decision-making of resource priority and global resource allocation from the perspective of consumers. For example, far-shoring to Vietnam (Scenario A, B & C) might help the company gain a higher purchase intention recovery. Still, if China is the primary market, there might be a more significant loss in Chinese customers' purchase intention. Hence, each far-shoring decision draws different impacts on three economies; companies should consider the market weight and opportunity cost of each far-shoring decision (i. e., the damage to purchase intention and word-of-mouth when choosing another decision).

This study provides valuable insight into purchase intention recovery and word-of-mouth recovery from the perspective of consumers from three economics. Results suggest that MNEs can boost customers' intention to consume their products back to the level beforehand through far-shoring strategies. Furthermore, to the best of our knowledge, this is the first research to investigate the application of various far-shoring strategies from the customers' viewpoint, which can be seen as the first step towards a better understanding of the impact of business relocation strategies on customers. Using the Eclectic Theory as a theoretical lens, the influence of relocation strategies on customer response was examined. Specifically, this study focused on the extent to which far-shoring decisions can achieve purchase intention recovery and word-of-mouth recovery and which is more effective in repairing business trust. Moreover, this research can be viewed as the first step towards a better understanding of the relocation decision for improving word-of-mouth and brand trustworthiness. Additionally, as knowledge and technique become increasingly crucial for gaining a competitive advantage in a global business, this paper offers the first attempt to strip the design relocation from the production operation and test it independently.

6.1. Theoretical implications and practical implications

This study makes important theoretical implications for Eclectic Theory and location strategies in global supply chain management. The Eclectic Theory has dominated as a framework for analysing the determinants of international production. Many scholars have adopted Eclectic Theory to investigate ownership advantages, location advantages, and internalisation advantages in global business production (Alcácer et al., 2016), while less attention has been paid to explore the impact of location decision of MNEs bring to the market and customers after the decision. We build on the existing location strategies (e.g., Boffelli et al., 2020) and customers relationship management (e.g., Palmatier et al., 2006) literature by highlighting the roles of far-shoring strategies in response to the impact of locational decisions on the host market and customers. This study further enriches the extant literature by providing evidence to show that a far-shoring for production strategy contributes to the formation of optimal trust recovery (purchase intention) and satisfaction (word-of-mouth) recovery of a brand.

Moreover, location advantage is one of the essential elements of Eclectic Theory, which assesses whether a comparative advantage exists for production within a nation before investing, in contrast to existing research which has examined public reaction to companies' relocation by using the stock price (e.g., Woldt and Godfrey, 2022). This study builds upon the brand trustworthiness and customer satisfaction literature. We use the measurement scales of purchase intention and word-of-mouth to reflect a customer's communication in the US fashion brand far-shoring.

Furthermore, this study examines the influence of different far-shoring strategies on consumers' purchase intention recovery and word-of-mouth recovery. Our finding offers an important implication for MNEs, suggesting that business relocation should consider the customers' viewpoint, thereby fully benefiting from relocation strategies.

Notwithstanding companies can win focal customers' purchase intention back after far-shoring, the damaged word-of-mouth (satisfaction) remains challenging for corporate to repair after far-shoring.

Finally, our study guides MNEs' decision-makers operating in various economies and evaluating far-shoring strategies, providing actionable suggestions for global relocation. Building on an experiment involving 609 participants from three countries, we provide evidence to support practitioners in weighing the pros and cons of relocation decisions in different economies. Our findings offer support for multinational corporations in re-offshoring from the perspective of consumers, suggesting that far-shoring can significantly recover customers' purchase intention in the far-shoring country; contrarily, continuing to operate in the host country can significantly repair customers' purchase intention damage and word-of-mouth damage simultaneously; and home country's customers seem to care less about where company relocate, but the strategies of only far-shoring production to another country can to some extent repair word-of-mouth damage. Further, we encourage companies to consider which country is the main market and compare the trust recovery effectiveness of different relocation strategies. We believe our findings can support MNEs in achieving data-driven and evident-based relocation decision-making.

6.2. Limitations and future research

We identify some limitations in our research and provide suggestions for future research. First, we chose Vietnam as the far-shoring country because Vietnam is a newly emerging market that is becoming increasingly popular for business relocation to reduce costs. However, our research samples do not cover all the cases of far-shoring, such as far-shoring from China to other Asian developing countries. When considering far-shoring locations dissimilar to Vietnam's condition, customers might respond differently. In addition, the sample limitation might cause low external validity, namely the generalisability of results from our research sample to the larger population.

Second, although we explored customer responses toward different far-shoring strategies, our research did not thoroughly investigate the reasons behind the reactions. For example, it is interesting that far-shoring production is more favourable for customers. In contrast, far-shoring production and design are not as popular as far-shoring production or far-shoring design. The reasons behind customers' reactions await further exploration.

Third, we haven't explored the company's response strategies. Existing literature has demonstrated that companies' announcements play a vital role in customer communication, which might potentially affect customers' emotions and the stock market. Therefore, we encourage future studies to involve companies' communication strategies in the firm announcement.

Lastly, studying the impact of price in conjunction with far-shoring could be developed into a future research opportunity, for example, adding price change as an additional experimental factor with different levels (i.e., price drop, price remain, price increase), combining with the current four far-shoring conditions, leading to a more complex 12 conditions experimental. This could contribute to the literature on pricing strategies in far-shoring.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

The data that has been used is confidential.

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