ASPECTS OF CHINESE CONSUMER BEHAVIOR IN BUYING FOREIGN BRANDED PRODUCT: A CASE STUDY OF DOVE CHOCOLATE, AT CR VANGUARD HYPERMARKETS IN XI’AN CITY, SHAANXI PROVINCE, CHINA

Rui Wu¹

Abstract: As Chinese consumers seem to have an increasing demand for foreign-branded products the purpose of this study is to contribute to the existing literature on this issue by examining the purchase intention of Chinese consumers for a specific foreign-branded product; Dove chocolate. It uses a questionnaire to survey 400 respondents who have bought Dove chocolate at ten CR vanguard hypermarkets in Xi’an city, Shaanxi province, China. The data was analyzed using Pearson Correlation Coefficient. The results show some trends of particular interest to China-based marketing managers working for foreign food product companies and, to some extent, to those working for foreign firms selling foreign products as they help them better understand Chinese Consumers’ perception and attitudes towards chocolate items and foreign brands in general.

Keywords: Consumer Behavior, Foreign Branded Product, Willingness to buy.

1. Introduction

In the past decades, the Chinese economy has grown at an extremely rapid pace causing a huge increase in the number of foreign enterprises entering the Chinese market. With a population of 1.3 billion and the world’s fastest rate of economic growth, China stands as a gigantic marketplace; one which no multinational corporation (MNC) can ignore, all the more as China is now a member of the World Trade Organization (WTO) (it became a member in 2001). As more opportunities are opening up for foreigners to enter the Chinese market, the number of foreign organizations doing business in China keeps increasing. Because of this foreign influx, people’s values and attitudes toward consumption have changed as many tend to have certain traits in common. And with Chinese consumers’ income rising, their spending patterns are changing. They tend to buy more discretionary and non-local products, for example, foreign fast-food (Pizza Hut, Haagen-Dazs ice cream) or garment products (Zara or HM to name a few). They are also easily tempted by small luxury items and status symbols; highly recognized brands such as, Hennessy, Louis Vuitton, and Gucci (Wong & Ahuvia, 1998)

For the purpose of this study, foreign-branded products mean products that are foreign-made and foreign-branded or products domestically made and foreign-branded. This category also includes original equipment manufacturer products sold in China (http://wiki.mbalib.com/wiki国外品牌, retrieved August 06, 2009).

With the population steadily increasing, and consumers’ wealth and purchasing power growing, China offers new market opportunities to foreign organizations whose foreign-branded products have, in many cases, reached the maturity stage and are highly competitive in their own market. Numerous such foreign brands have flooded the Chinese market, covering a whole range of products and a large array of sectors.

In an effort to better understand the reasons why Chinese consumers buy foreign-branded products, this study focuses on one foreign-branded product in particular: Dove Chocolate. This study seeks to examine the reasons why a large section of Chinese consumers choose to buy foreign-branded products, as opposed to domestic ones. To do so, it analyzes the relationship among the factors selected to conduct this research. In other words, by analyzing Chinese consumer patterns with respect to one foreign-branded product (Dove chocolate), the researcher seeks to draw some more general conclusions regarding the psychology of Chinese consumers in the city of Xi’an when they make the decision to buy foreign-branded products.

After defining some key concepts, articulating the conceptual framework, and

¹Rui Wu recently graduated from Assumption University, Graduate School Business. This research was completed under the supervision of Dr. Aaron Loh.
outlining the methodology used, this article will analyze the findings and infer some general principles with regard to the consumption of foreign products in that particular urban center.

2. Theoretical Perspective and Review of Literature

- Basic Consumer Behavior

Consumer behavior can be defined as “the behavior that consumers display in searching for purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs” (Schiffman & Kanuk, 2004). Consumer behavior pays attention to people’s consumption-related activities and explores the reasons and the forces that impact the choice, purchase, use, and disposition of goods and services, so as to satisfy individual’s needs and wants (Hanna & Wozniak, 2001). It is influenced by consumers’ internal processes in terms of choices and tendencies, for instance, their own thinking, feelings, and desires. It is also affected by some environmental factors, for example, social forces, economic, situational, retail, and promotional considerations.

- Willingness to Buy

Dodds et al. (1991) defined the willingness to buy as the probability linked to a purchaser’s intent to purchase a product. Purchase intention is thus synonym with willingness to buy, since it is, as Dodds et al. (1991) and Grewal et al. (1998) pointed out, the willingness of a consumer to buy a particular product. Purchase intention can be defined as a consumer’s intention to purchase a product or service. It relates to one’s purchase behavior even though it does not necessarily lead to consumers purchase behavior (Chandon et al., 2005; Fitzsimmons & Vicki, 1996; Morrison, 1979; Morwitz et al., 1993). It is considered the best predictor of individual behavior as it reflects a consumer’s purchase probability, independently of other relevant factors that could influence consumer behavior and decisions (Young et al., 1998).

- Perceived Value for Money

When consumers make a purchase decision about one foreign-branded product, they not only consider the price of the products, but also the product characteristics, quality and perceived value (Smith & Sparks, 1993; Omar, 1995; Burt & Sparks, 1995). Consumer demonstrates an anticipation of expected or purchase perceived value from the purchase of a foreign product or service based on future benefits and sacrifices. These purchase sacrifices expectations include purchase, use, repair and psychological costs. It also includes the time to purchase, use and repair, at the time of the consumer’s purchase. Some of these costs can be evaluated, and some will be unknown (Spreng et al., 1993). It can be argued that in so doing, the consumer perceives the value for money. As Tsai et al. (2004) indicated, the perceived value of products will have a positive impact on the willingness to buy. Numerous leading companies are now fully aware that the creation of outstanding consumer value is the only secure way to achieve sustainable financial and market success (Coopers & Lybrand, 1998). Monroe (1990) considered perceived value to be an antecedent to a person’s willingness to buy. It is also the result of perceived product quality and perceived sacrifice.

- Country Image

Academics studying consumers’ willingness to buy foreign-branded products have paid much attention to the influence of country image on a product (e.g. Amine et al., 2005; Hsieh et al., 2004; Laroche et al., 2005; Lee & Ganesh, 1999; Mossberg & Kleppe, 2005; Peterson & Jolibert, 1995; and Pereira et al., 2005). Consumers tend to have a favorable attitude toward products made in foreign countries. And many of them base their evaluations of products on the country image factor.

Pereira et al. (2005) pointed out that country-of-origin is rooted in the country image construct. Country image can be defined as “the total of all descriptive, inferential, and informational belief about a particular country” (Martin & Eroglu, 1993). It refers to information pertaining to where a product is made. In addition, as Bone and France (2001) argued, graphical representations have a significant and long-term influence on product beliefs and purchase intentions, even if extremely tangible verbal information is used. Country image can refer to “country of manufacture”, “country of assembly” and “country of design” (Han & Terpstra 1988; Hamzaoui & Meruka 2006; Ahmed & Astous 1996; Bilkey & Nes 1982; Klein et al., 1998). It is considered a cue capable
of summarizing information on products, brands and companies from different countries

- Product Beliefs

Product beliefs with respect to a given origin are considered to have a positive effect on consumers’ willingness to buy products of foreign origin (Hsieh et al., 2004; Laroche et al., 2005; Orbaiz & Papadopoulos, 2003). Typical – and somehow stereotyped - reactions to foreign products include: ‘German, Swedish and Japanese cars are excellent’ (Jaffe & Nebenzahl, 2001); ‘French wines are superb’; and ‘Japanese home electronics are reliable’ (Liefeld, 1993), which are quite different from the perception and evaluation say of Russian cars (unreliable and outdated), Brazilian electronics (unsafe and flimsy), or Israeli fashion (unglamorous) (Baughn & Yapark, 1993; and Verlegh & SteenKamp, 1999). In addition, a positive country image could result in positive beliefs about the country’s products, and positive beliefs could result in positive willingness to buy, product beliefs in a given origin is regarded to have positive effects on one’s willingness to buy products of origin (Hsieh et al., 2004; Laroche et al., 2005; Orbaiz & Papadopoulos, 2003).

- World-Mindedness

As the global market is embedded in broadly shared values and practices that reflect global social needs, all the world’s people share the benefits of globalization. World-mindedness helps consumers know and accept foreign brands. Today’s global awareness means the global market is embedded in broadly shared values and practices that reflect the effects of globalization (Mushkat, 2003).

Consumers around the world are developing a common taste and desire for international brands, which on the other hand seek to establish some uniformity of taste among consumers through their marketing and advertising campaigns. World-mindedness can be defined as a mixture of cultures with an appreciation for world sharing and common well-being (Sampson & Smith, 1957).

As Barnes and Curlette (1985) argued, realistic patriotism and a global perspective are not diametrically opposed. Most Chinese consumers have a greater tendency to tolerate other cultures. Their consumption tends thus to be open and does not limit itself to domestic products, all the more as consumers do travel more and more, experiencing thereby attitudes and lifestyles in other countries directly. And through global media and the internet, consumers’ awareness of the others and interest in other cultures are growing; hence, today’s greater cultural openness and adaptability as well as a willingness to try unfamiliar products typical of other cultures’ lifestyles. According to Rawwas et al. (1996), consumers with high levels of world-mindedness tend to give higher quality ratings to foreign branded products.

3. Conceptual Framework

As the literature review suggests, many variables can impress a shopper’s willingness to buy and modify his/her behavior. All of variables presented in the conceptual framework in this study are based on the theoretical frameworks from the two previous studies previously reviewed. The main relationships between the variables operate as follows: value for money directly affects willingness to buy (Szybillo & Jacoby, 1974); and product beliefs are strongly influenced by country image (Chao 1998; Erickson et al., 1984; Tsai et al., 2004). In the meantime, product beliefs in a given source have a constructive influence on one’s willingness to buy products of origin (Hsieh et al., 2004; Laroche et al., 2005; Orbaiz & Papadopoulos, 2003). If customers have high levels of world-mindedness, they are inclined to give higher quality ratings to foreign products (Rawwas et al., 1996). The conceptual framework developed for this study is shown in Figure 1.1 below.

Figure 1.1 - Conceptual Framework

Source: created by the author for this study
The researcher seeks to draw some general conclusions regarding the psychology of Chinese consumers in the city of Xi’an when making the decision to buy foreign-branded products. This research aims to analyze the factors affecting these consumers’ purchase intentions.

The research questions which this study seeks to answer are as follows:
1) Is there any relationship between perceived value for money and willingness to buy?
2) Is there any relationship between country image and product beliefs?
3) Is there any relationship between product beliefs and willingness to buy?
4) Is there any relationship between world-mindedness and willingness to buy?

The research objectives derived from these quests are as follows:
1) To analyze the relationship between perceived value for money and willingness to buy.
2) To identify the relationship between country image and product beliefs.
3) To investigate the relationship between product beliefs and willingness to buy.
4) To examine the relationship between world-mindedness and willingness to buy.

This study includes three independent variables: perceived value for money, product beliefs, and world-mindedness. Country image is the intervening variable and willingness to buy, the dependent variable. The target respondents in this study are individual customers who have bought Dove chocolate at any of the ten selected CR Vanguard Hypermarkets at least once. The following four hypotheses were developed:

H1. There is no relationship between perceived value of money and willingness to buy foreign-branded products.
H2. There is no relationship between country image and product beliefs.
H3. There is no relationship between product beliefs and willingness to buy foreign-branded products.
H4. There is no relationship between world-mindedness and willingness to buy foreign-branded products.

4. Research Methodology

This research uses the descriptive method which accurately describes a person’s view, occurrences or situations (Robson, 2002). The self-administered questionnaire was distributed to the target population associated to the research objective (Zikmund, 2004), in this case, people who purchased Dove chocolate products in CR vanguard hypermarkets in Xi’an city, Shaanxi province, at least once. In short, people who have experienced the factors selected in this research. A non-probability sampling is used (judgment sampling, quota sampling, and convenience sampling).

The questionnaire, designed on the basis of the conceptual framework, was initially written in Chinese and subsequently translated into English.

The primary data for this study was obtained through the distribution of the questionnaires at ten CV Vanguard hypermarkets in Xi’an urban area. Secondary was collected through several sources such as, for example, journals, online database, text book, articles.

5. Results and Analysis

The majority of the respondents are females. Accounting for 54.2% of the respondents, they are between 21 and 30 years old and have a monthly income between 2001 RMB and 3000 RMB. Most of them hold a bachelor degree (48% of the total respondents).

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Result</th>
<th>Significance Level</th>
<th>Correlation Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>There is no relationship between perceived value of money and willingness to buy foreign-branded products.</td>
<td>0.000</td>
<td>0.202</td>
</tr>
<tr>
<td>2</td>
<td>There is no relationship between country image and product beliefs.</td>
<td>0.000</td>
<td>0.431</td>
</tr>
<tr>
<td>3</td>
<td>There is no relationship between product beliefs and willingness to buy foreign-branded products.</td>
<td>0.000</td>
<td>0.311</td>
</tr>
<tr>
<td>4</td>
<td>There is no relationship between world-mindedness and willingness to buy foreign-branded products.</td>
<td>0.000</td>
<td>0.612</td>
</tr>
</tbody>
</table>

Table 1.1 Summaries of Hypotheses Testing
The result of hypothesis one testing indicates that there is a positive relationship between perceived value for money and willingness to buy foreign-branded products. This finding is consistent with that of Wang and Zhou’s (2005) whose study focuses on consumers’ motivations for the consumption of foreign products in the People’s Republic of China. It is also in-keeping with Dodds, Monroe, and Grewal’s (1991) research in which they showed the significance of perceived value for money with regard to the creation of willingness to buy. The Pearson Correlation 0.202 indicates a low positive relationship between perceived value for money and willingness to buy Dove chocolate.

As to the result of hypothesis two testing two, it shows that there is a positive relationship between country image and product beliefs, which is in line with the findings of Laroche et al., (2005), who identified a significant relationship between country image and product beliefs with respect to consumers’ evaluations of foreign products. This is also consistent with Lee and Chen (2008) who studied the purchase behavior of Taiwanese consumers and their willingness to buy from neighboring countries and found that country image had a positive impact on Taiwanese consumers’ product beliefs towards buying a product from neighboring countries.

As the result of hypothesis three testing points out, there is a positive relationship between product beliefs and willingness to buy foreign-branded products. This means that higher product beliefs will lead consumers to have stronger purchase intentions towards foreign-branded products. This result is consistent with the findings of Cannon and Attila (2002), Hsieh, Pan, and Setiono (2004), and Orbaiz and Papadopoulos (2003), respectively, who determined that consumers’ purchases intention is positively correlated with products beliefs.

Hypothesis testing four finding indicates that there is a positive relationship between world-mindedness and willingness to buy foreign-branded products, a result consistent with the findings of Rawwas, Rajendran and Wuehrer (1996) and Lee and Chen (2008) who showed that there is a positive relationship between world-mindedness and purchase intentions. These studies and this research suggest that the level of consumers’ world-mindedness can influence their willingness to buy foreign-branded products.

6. Conclusion and Recommendations
Enhanced perceived value for money can lead to a stronger willingness to buy foreign-branded products (H1). As to hypotheses two and three, they suggest that there is a significant associative link between country image, product beliefs, and purchase intention. In other words, country image has a direct influence on consumers’ willingness to buy goods on the basis of product beliefs, which are found to influence consumers’ willingness to buy foreign-branded products.

Additionally, world-mindedness strongly influences Chinese consumers’ willingness to buy (H4). It also shows that the consumers’ level of world-mindedness directly influence their purchase preferences despite their cognitive beliefs. This means that Chinese consumers’ with a high level of world-mindedness will be more willing to buy foreign branded products.

The findings of this research have significant implications for foreign investors as they help explain the purchase behaviors of Chinese consumers with regard to foreign-branded products. The following recommendations may help foreign managers implement their brands in the Chinese market:

First, the research findings show that for foreign-branded products, perceived value for money is a significant factor for Chinese consumers in terms of determining their purchase intentions. The research in this field has highlighted a trend among Chinese consumers, namely, a preference for foreign products over domestic ones because of the superiority of foreign products in terms of product characteristics, quality, perceived value and status. Most Chinese consumers consider that domestic products are of poor quality. Chinese consumers welcome products of foreign origin, and the perceived better quality and value for money of these products. The greater the perceived value for money gap between the local and foreign brands, the more Chinese consumers are sensitive to foreign brands.

Second, the findings provide useful insights
into how the country of origin affects product evaluation. Country images in the market context are provided to consumers in a variety of ways and from numerous sources, including education, the media, travelling, and from marketing cues such as origin associations, which may be created through made-in labels, brand names, advertising and packaging, and other parts of the marketing mix.

Third, as the results of hypothesis three show, perceived beliefs are important issues with regard to Chinese consumers’ willingness to buy foreign brands. As Kapferer and Laurent (1992) mentioned, the belief in the differences between brands is the main determinant of sensitivity to brand. Marketing is primarily the marketing of differences. This is consistent with the findings of Keller (1993), who argued that high equity brands with a high level of brand recognition and recall are strongly associated with a set of favorable beliefs in consumers’ memories. Chinese consumers today are looking for brands capable of performing not only sensory characteristics but also preconceived ideas about the product’s properties and give them greater importance.

Finally, the research found that world-mindedness is an influential factor with regard to Chinese consumers purchase intentions of foreign-branded products. Since international trading and globalization are both being highly developed in China today, consumers’ attitudes toward world-mindedness is noteworthy. This finding is in line with the growing population of migrant workers and the gradual increase of China-foreign marriages in China. World mindedness is exerting a positive influence on the purchasing of foreign brands.

References


International Marketing Review, 21(1), 102-120.


**INTERNET SOURCES**


