



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

By
Ms. Rui Wu

A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Business Administration
Graduate School of Business
Assumption University
Academic Year 2011

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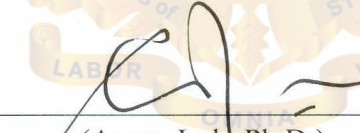



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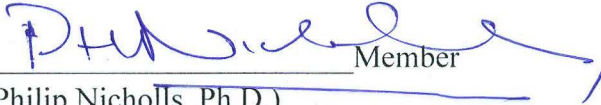
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ABSTRACT

Globalization presents considerable challenges and opportunities for all international marketers. As the current economic environment become more competitive in China, masses of foreign brands gained access to Chinese markets. Consumers in China seem to possess an increasing demand for the purchase of foreign-branded product. This study seeks to examine the willingness to buy of Chinese consumers for foreign-branded products in China. Specifically, the purpose of this study is to contribute to existing literature by examining the purchase intentions of Chinese consumers for a foreign-branded product, Dove chocolate. The research used a questionnaire to survey 400 respondents who have bought Dove chocolate from ten CR vanguard supermarkets in Xi'an city, Shaanxi province, China. Pearson Correlation Coefficient analyses were used to analyze the data obtained from the research.

The result of this research provides insights into the significance of positive impact in the perceived value for money on consumer's willingness to buy, product beliefs has a positive relationship with willingness to buy, and world-mindedness has a stronger relationship with willingness to buy. In addition, foreign country image has a positive relationship with product beliefs. The results of this research are reported along with significant implications for foreign enterprises marketing managers. The information will help them to have a better understanding about Chinese Consumers' perception and attitudes towards foreign brands. Meanwhile, local brands companies must find new strategies to increase their awareness and competitiveness with foreign brands.

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CHAPTER 1

GENERALITIES OF THE STUDY

This chapter provides an overview of the background to this study on the consumption patterns of foreign-branded products in China. The chapter starts with an introduction of the study followed by a discussion of foreign-branded products in the Chinese market. It then continues to discuss a specific foreign-branded product used in this study. In part four of the chapter statement of the problem is introduced, the following section further sets out the research objectives and have the research scope defined.

1.1 Introduction of the Study

In the past decades, the Chinese economy has grown at an extremely rapid pace resulting in a huge increase in the number of foreign enterprises entered in the Chinese market. As a country with the second largest world's economy, China has achieved a gross domestic product (GDP) growth at 9.7 percent in the first quarter of 2011. With an average quarterly GDP growth rate of 9.31 percent over the period 1989-2010 (<http://www.tradingeconomics.com/china/gdp-growth>, retrieved April 15, 2011). China has become an exciting and unavoidable market.

With a population of 1.3 billion and the world's fastest rate of economic growth, China stands as a gigantic marketplace and one which no multinational corporation (MNC) can ignore, all the more so since China's accession to the World Trade Organization (WTO) in 2001. More opportunities are opening up for foreigners to enter the Chinese market. With the opening up of the retail sector phased over a period of five years under the WTO's Accession Protocol, many foreign companies have been eager to cash in on the explosive growth in the consumer goods sector and have established a presence there. Indeed, the likes of Coca Cola, Pepsi, Nestle, Wal-Mart and have been investing heavily in China in an effort to tap into its huge market(<http://www.thomaswhite.com/explore-the-world/spotlight/2010/china>

retail.aspx, -retail.aspx, retrieved July 21, 2010).

China's rise to prominence has benefited its consumers and led to a fast-paced urbanization and improvements in the standards of living. In accordance with this rise people's values and attitudes toward consumption tend to share certain traits in common. As Chinese consumers' incomes rise, their spending patterns change. 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).

Due to China's rapid economic growth, Chinese consumers can afford to buy foreign brands which they are more than willing to buy to start with. All the more as Chinese consumers can now enjoy a wider selection of foreign-branded products at more affordable prices thanks to tariff reductions. Thus, for all these reasons, it is important to reconsider Chinese consumers' attitudes and behaviors under a new light.

There is a particular lack of research in relation to the variables: perceived value for money; country image; product beliefs; and world-mindedness; which may moderate the relationship with Chinese consumer's willingness to buy foreign-branded products in Xi'an, Shaanxi province, China. This study focuses on one specific foreign-branded product: Dove chocolate, in an attempt to show that the reasons why Chinese consumers buy this particular product are not different from the reasons that they buy other foreign-branded products. It examines the relationship between selected product cues and the consumers' decision to purchase foreign-branded products. In other words, by analyzing Chinese consumer patterns with respect to this product, the researcher can draw general principles regarding the role of consumers' psychology in terms of their decisions to buy foreign-branded products.

1.2 Foreign-Branded Products in the Chinese Market

For the purposes of this study, foreign-branded products mean products

foreign made and foreign-branded or products domestically made and foreign-branded, It also includes original equipment manufacturer products sold in China (<http://wiki.mbalib.com/wiki/国外品牌>, retrieved August 06, 2009).

Liberalized era for foreign investment in retail, the relaxation of trade policies in China has contributed to the expansion of foreign brands in the country. Statistics from China’s Ministry of Commerce show from year 1994 to 2004, foreign manufactures’ market share went up to 31%, quadrupling in the course of 10 years. As Table 1.1 below indicates, the market share of foreign products in the garment and footwear sectors in China has grown to 50% as of 2010, domestic furnishing enjoys a robust 51% of the market share, and that of IT and services products has reached ever higher to 82%.

Table 1.1: Market Share of Foreign Products in China in 2010

Industries	Market share
Textiles, Garment and Footwear	50%
IT products and services	82%
Domestic furnishings	51 %

Source: Adapted from “http.com/story/china, economy-expected-to-grow-9-5-in-2010/19403484” retrieved March 17, 2010.

With the population still growing and steadily increasing consumers’ wealth and purchasing power, China offers new a 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. Thus, numerous foreign brands have flooded the Chinese market covering a whole range of products and a large array of sectors. Table 1.2 shows, foreign brands not only dominate the apparel, home appliances, food and beverage sectors where catering to local tastes is critical, it is also present in the banking and telecom industries.

Table 1.2: Examples of Foreign Brands in the Chinese Market per Sector

SEGMENT	BRANDS		
Food Restaurant	KFC	McDonald's	Pizza
Sportswear	Adidas	Nike	Puma
Car	Benz	Audi	Toyota
PC	IBM	HP	Dell
Search Engine	Google	Bing	Yahoo
TV	TCL	Philips	Samsung
Mobile	Nokia	Motorola	Apple
Camera	Canon	Olympus	Panasonic
Skin Care	OLAY	L'Oreal	Shiseido
Supermarket	Carrefour	Wal-Mart	Metro
Clothing(non-sports)	Zara	MNG	Lee
Banking	Citibank	BNP Bank	Deutsche Bank

Source: Adapted from “China’s Top 100 Consumer Brands”, retrieved from:
[http:// seekingalpha.com/article/ 165926 -china-s-top-100-consumer-brand](http://seekingalpha.com/article/165926-china-s-top-100-consumer-brand), November
09, 2010.

Foreign companies enjoy a strong brand advantage. From government procurement to private consumption, foreign brands dominate the competition with the many joint venture brands set up all over. It is difficult for some domestic brands to compete with these brands. The Chinese government for example in car procurement, even though domestic brands like Geely and Chery produce upscale cars quite suitable for public officials, typically, the brands ranked on top of the government procurement list are foreign ones, like Audi, Honda and Toyota just to name a few. Foreign products have gained the upper hand in Chinese government's procurement for a long time, through which Chinese and foreign enterprises compete on the same platform (<http://english.peopledaily.com.cn/90001/90778/90857/90861/>, retrieved July 01, 2009).

This strong government’s attraction to foreign brands has been facilitated by the appreciation of the Chinese currency, which has made the purchase of foreign goods less expensive than before.

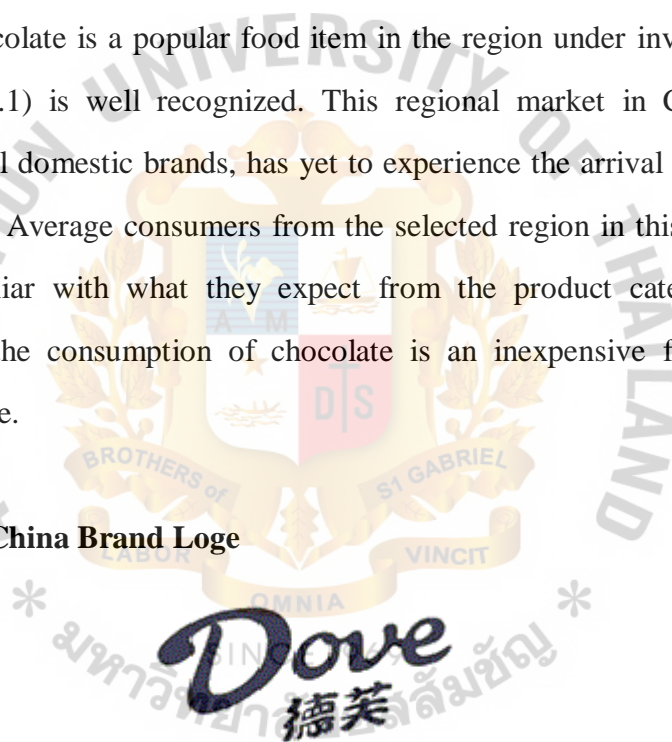
By providing a new, more and more Chinese consumers are turning away from Made-in-China labels, largely because of product quality and safety issues. As domestic producers are losing their appeal with consumers, foreign-made products are gaining ground. In short, the consumption of foreign-branded products is on the rise.

1.3 The Foreign-Branded Product Considered in this Study

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.

Several considerations guided this choice of this particular product. First, the selected Dove chocolate is a popular food item in the region under investigation and its logo (Figure 1.1) is well recognized. This regional market in China, to date occupied by several domestic brands, has yet to experience the arrival of any foreign branded chocolate. Average consumers from the selected region in this study should be generally familiar with what they expect from the product category such as reasonable price, the consumption of chocolate is an inexpensive food item that people usually serve.

Figure 1.1: Dove China Brand Loge



Source: <http://www.dovechocolate.com.cn/>, retrieved March 27, 2011.

Secondly, food products generally carry social and cultural meanings in China as well as in many other countries (Chee, 2000 ; Veeck, 2000), among the urban population, an increasing number of consumers do not like the Made-in China label for reasons that may have primarily to do with prestige and social status. Third, Dove chocolate enjoys large volume of sales and has been steadily gaining market shares in China, Fourth, it benefits from the image most foreign brands have in China. In this

respect, Dove chocolate products can be a good indicator motivating Chinese consumers to purchase foreign-branded products.

On average, DOVE chocolate products cost almost the same as domestic chocolate products. They can be bought in any regular market in China. “DOVE chocolate hard backed” for example, sells at RMB 65 (US\$9.9) for 168g; and RMB 85 (US\$12.9) for 240g respectively.

(1RMB = US\$6.55, retrieved from: <http://www.boc.cn/sourcedb/lswhpj>, March 7, 2011) (<http://www.dovechocolate.com.cn/>, retrieved March 27, 2011).

These prices are comparable to those of Golden Monkey, China’s biggest chocolate producer and Dove’s main competitor. Clearly, price is not the issue when it comes to accounting for the strong infatuation with DOVE products. With these numbers in mind, the economic power of the potential buyers of this foreign- branded product can be considered.

Dove chocolate is created in 1950s by a Greek-American founder Leo Stefanos who is a Chicago candy store owner. He refines the recipe of a hand-dipping ice cream into a premium chocolate, named DOVEBAR. It became an instant success. By the late 1970s, over one million DOVEBAR were sold in a single year. But in 1986, Dove has been acquired by Mars Company, which treats Dove as the crown jewel of their company. Mars Company refined Dove Chocolate’s purity and taste before introducing the now very famous milk and dark chocolate bars in the 1990s (<http://www.dovechocolate.com/about.html>, retrieved April 27, 2011).

Mars, Incorporated, is one of the largest food manufactures in the world, and they operate in six business segments including: Chocolate, Pet care, Wrigley Gum and Confections, Food, Drinks and Sym bioscience. The company’s annual revenue is more than \$30 billion. Their global brands includes: Dove, M&M’S, SNICKERS, MARS, ORBIT, EXTRA, PEDIGREE, WHISKAS, ROYAL CANIN, UNCLE BEN’S, FLAVIA, and CIRKUHEALTH (<http://www.mars.com/global/who-we-are/>, retrieved March 29, 2011).

As one of the largest foods manufacturer company in the world, Mars Company operates in over 100 countries and employs around 300,000 people. The Mars Group started investing in China since 1989 with Cadbury and Hershey's, and has now captured about 70% of the Chinese chocolate market (<http://ezinearticles.com/?Chinas-Chocolate-Market-Dominated-by-ForeignBrands&id=1013918>, retrieved February 27, 2008). Table 1.3 shows that, the top ten brands Chocolate and market shares in China.

Table 1.3: Chinese Chocolate Market Share of Top Ten Brands

Rank	Brand Name	Market Share
1	Dove	38.61%
2	Cadbury	13.22%
3	Le Conte	11.12%
4	Nestle	9.49%
5	Hershey	5.52%
6	Golden Monkey	2.94%
7	Ferrero Rocher	2.32%
8	M&M's	2.1.%
9	Jinsha (Ferrero Rocher)	1.89%
10	Shen Feng	1.58%

Source: Adopted from report “2009-2012 中国巧克力市场开拓的策略”，and translated in English as “2009-2012 Chinese chocolate market development strategy”, retrieved from: <http://www.chinabgao.com/freereports/27190.html>, March 11, 2009).

All the foreign brands cumulatively take about 90% of the Chinese chocolate market share, through which Dove, Cadbury, and Le Conte accounted for nearly 2/3 of total market share. There is strong competition in this market share. The domestic brands only have Golden Monkey and Shen Feng, and that the cumulative market shares of these two brands are less than 5% (<http://www.chinabgao.com/freereports/>

27190. html, retrieved March, 11, 2009).

Dove China offers a wide range of chocolate products. These chocolate products use different names, such as: 63% Sliky Smooth Dark Chocolate Promises, Silky Smooth Dark Chocolate-Almond, Silky Smooth Milk Chocolate-Blue berry Almond, and so on (<http://www.dovechocolate.com.cn/>, retrieved March, 27, 2011).

1.4 Statement of the Problem

For a number of reasons considered at the beginning of this chapter, foreign products have gained big market shares in China and more and more global companies are entering the Chinese market. As a result, Chinese domestic products have faced enormous challenges, all the more as the demand for foreign-branded products has been on the rise as well; not a surprise given the steady increase of Chinese consumers market and its growing purchasing power.

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, by analyzing 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 making the decision to buy foreign-branded products.

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?

1.5 Research Objectives

Thus, the main objective of this research is to explore how the consumer behaviorism of Chinese consumers impacts its decision to choose to buy foreign-branded products in China and analyze the factors affecting these consumers' purchase intentions

The research objectives 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.

1.6 Scope of Research

Based on the context of this study, there are three independent variables: perceived value for money, product beliefs, world-mindedness, and country image is the intervening variable and willingness to buy one the dependent variable. A survey questionnaire is used to collect the data from ten Chinese vanguard hypermarkets in the urban area of Xi'an in the province of Shaanxi, China. 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.

1.7 Limitations of the Research

Firstly, the research only focuses on Chinese consumers in one large city. Thus, the result of this research cannot represent the other consumers and it is carrying out in one area of the city only, its findings cannot be applied to all Chinese consumers across the country. Indeed, people living in different regions and from various backgrounds may have differed purchase decisions.

Moreover, the conceptual framework of this research was developed from previous studies, thus, the research does not include all the possible factors

influencing willingness to buy. Only some common variables have been analyzed.

Finally, this study is conducted in a very limited time frame, from September 2010 to April 2011. Therefore, the findings cannot be generalized to other time periods. They only represent the situation for that period of time.

1.8 Significance of the Study

Since the purchase power of the quickly-increasing Chinese consumers, many of the global companies pay attention on serving Chinese consumers. Therefore, the results of this research may provide give useful information to foreign organizations that are considering entering in the Chinese market in terms of how to adapt and position oneself in China.

The research findings can also serve as a conceptual guide for Chinese local companies and help them gain a better understanding of why Chinese consumers in China are willingness to buy foreign-branded products and may thus help them improve their competitiveness.

Finally, company marketing managers could learn some marketing elements and therefore come up with new marketing activities to increase the local product sales. They will learn about how to offer better customers serviced in order to make customers become loyal to their products. Therefore, they can enhance their total product competitiveness.

1.9 Definition of Terms

Country Image: “the total of all descriptive, inferential, and informational belief about a particular country” (Martin & Eroglu, 1993).

Foreign-Branded Products: Means products foreign made and foreign-branded or products domestically made and foreign-branded, It also includes original equipment manufacturer products sold in China (<http://wiki.mbalib.com/wiki/国外品牌>, retrieved August 06, 2009).

Original Equipment Manufacturer: Refers to manufactured products or components that are purchased by a company and retailed under the purchasing company's brand name (<http://dictionary.reference.com/browse/original+equipment+manufacturer>, retrieved, April 29, 2011).

Perceive Value for Money: A “customer’s assessment of the utility of a product based on perception of what is received and what is given” (Zeithaml, 1988).

Product Beliefs: Are moderated by socio-demographic and national cultural characteristics (Hsieh et al., 2004).

Willingness to Buy: The probability that purchaser intends to purchase the product (Dodds et al., 1991).

World-Mindedness: A mixture culture with an appreciation for world sharing and common wellbeing (Sampson & Smith, 1957).

CHAPTER 2

LITERATURE REVIEW AND RELATED STUDIES

This chapter discusses theories and literature related to this research, including some general concepts and variables used in this study. It consists of three parts. The first part reviews some of the characteristics of these variables. In the second part, the related literature is considered and the last part looks at previous studies related to this research.

2.1 Variables: General Concepts

2.1.1 Basic Consumer Behavior

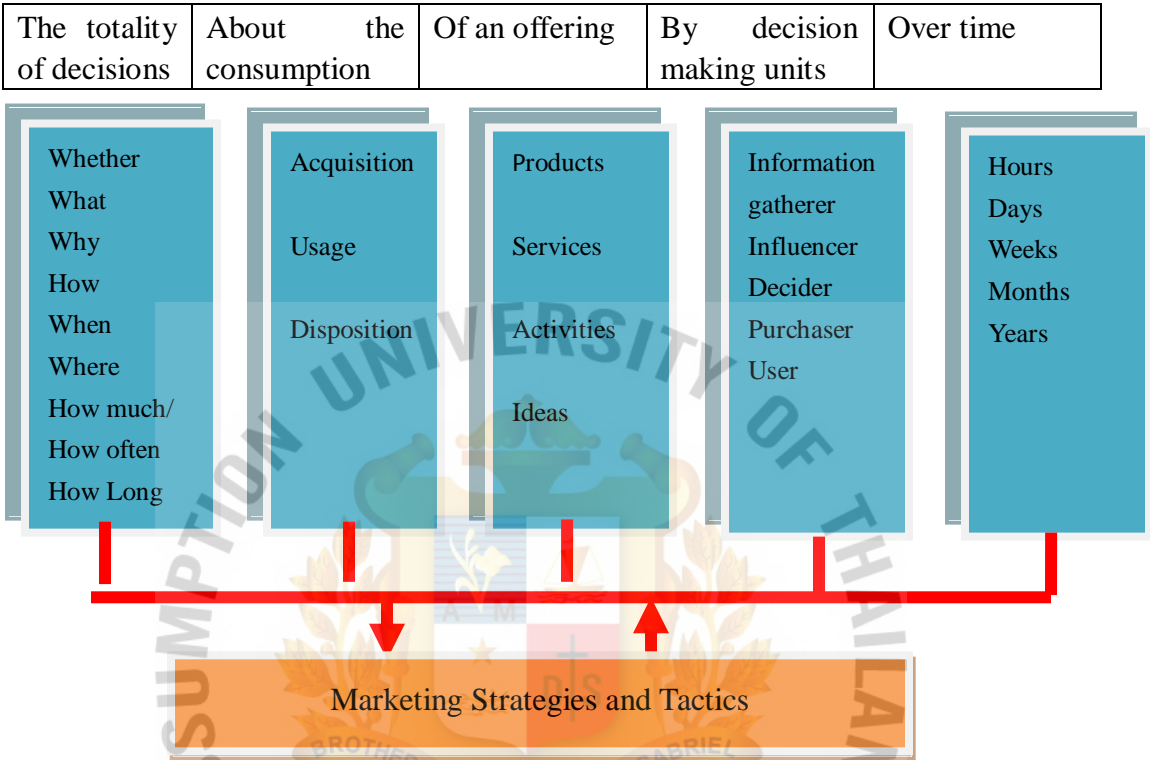
Consumer behavior can be defined as “the behavior that consumers display in searching for purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs” (Schiffman & Kanuk, 2004). More specifically, consumer behavior investigates the way individuals choose, purchase, and dispose of goods and services in order to satisfy personal or household needs. It is also a subset of a big set of activities consisting of all human behaviors. It comprises everything that occurs as prospective customers for products and services become actual customers (Bennett, 1995).

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.

Consumer behavior “reflects the totality of consumer’s decisions with respect to the acquisition, consumption, and disposition of goods, services, time, and ideas by (human) decision-making units” (Hoyer & MacInnis, 2009). As Figure 2.1 shown next page indicates, consumer behavior involves numerous considerations and decisions by

decision-making units over time. And, as it also makes it clear, understanding consumer behavior is critical to articulate a marketing strategy.

Figure 2.1: Consumer Behavior Reflects



Source: Hoyer, W. D., & MacInnis, D. J. (2009). *Consumer Behavior-fifth edition*. Mason, OH: South-Western.

2.1.2 Willingness to Buy

Dodds et al. (1991) defined the willingness to buy as the probability a purchaser intends 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 behaviors even though it does not necessarily lead to consumers purchase behaviors (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).

However, the measurement of purchase intention may result in different predictions of purchase behaviors. Even though consumers do not intend to purchase, they still buy. One reason is that they sometimes have no choice. For example, they do not want purchase electricity from local utility companies but they have to. And there times when they really do intend to purchase but end up not doing it.

Thus, in this research, consistent with Baker's et al. (1992) research findings, willingness to buy is measured by where a patron does most of his or her shopping, his or her preference to shop there, and his or her recommending the shop to others. These three items will be used as separate indicators of the customer behavior construct in this study.

2.1.3 Perceived Value for Money

When consumers make a purchase decision about one foreign-branded product, they are not only considering 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 would include purchase, use, repair and psychological costs. It also includes the time to purchase, use and repair, at the time of consumer's purchase. Some of these costs could be evaluated, and some will be unknown (Spreng et al., 1993). It can be argued that in so doing, the consumer perceive the value for money. This can be further demonstrated as in the case of a consumer buying a foreign-branded food product. The consumer will consider the price of the product and the food technology involved. Therefore, perceive value for money is an important factor which can affect consumers purchase intention.

Perceived value can be described as “the customer's assessment of the utility of a product based on perceptions of what is received and what is given.” As Hogan (1996) pointed out, most consumers have a budget in mind before they set out to shop.

Still, price is not the only consideration when making a purchase decision. Consumers may also consider the product quality, practical applicability, packaging, fulfillment of expectations and future benefits. Generally, purchasers go through a list of considerations about the perceived value of a product or service before they make a purchase, rather than just the mere price. Sometimes, even though they would not purchase a product if they found the price too high, but may end up buying it after considering the quality, packaging, advertising, taste/scent use, psychological cost, or timeliness of purchase. All these considerations can be summarized as the consumers' perceived value for money.

Bearing in mind that price is not the only factor to be taken into account, food retailers have invested heavily in food technology and product development (Burt & Davis, 1999). Such investments are meant to address consumers' perceived value for money with regard to their products.

In short, perceived value for money is considered by many researchers to be one of the most important marketing strategies in differentiation and is a significant factor in maintaining corporate competitiveness (e.g. Treacy & Wiersema, 1993; Heskett et al., 1994; Raval & Gronroos, 1996).

2.1.4 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. As Parameswaran et al. (1994) indicated, marketers are predominantly interested in the

perceived image associated with the country of origin. The country of origin image represents “the overall perception consumers’ form of products from a particular country, based on their prior perceptions of the country’s production and marketing strengths and weaknesses” (Roth & Romeo, 1992). Country image is one element of a brand that leads consumers to identify the company with the country-of-original domicile even though the product under evaluation was not manufactured there (Ahmed et al., 2004; Thakor & Kohli, 1996; Jin et al., 2006).

Country image is considered to be one of many extrinsic cues of products origins such as, for example, brand name and price. It can become part of a product's total image (Eroglu & Machleit, 1989). Country image also functions as an indicator of product quality and includes long-established identities (Anholt, 2000; Baughn & Yaprak, 1993; Papadopoulos, 2000).

Country image can be approached in terms of a cross-national comparison of people’s dissimilar perceptions of country image (Knight et al., 2003). Adopted from Orbaiz and Papadopoulos (2003), the country image construct is measured by using five variables on a five-point bipolar adjective scale. This study will use these same five variables: living standards, technology standards, education level, political stability, and economic level.

2.1 5 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 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 & Yaprak, 1993; and Verlegh & Steenkamp, 1999).

Hsieh et al. (2004) argued that product beliefs can be moderated by socio-demographic and national cultural characteristics. When consumers contemplate buying a product, their perception of the product is not only based on the sensory characteristics of the product, it is also biased by preconceived ideas about the product's properties and is influenced by the consumer's judgmental frame of reference. If these preconceived ideas concern what the products is, they are called perceptual or analytical expectations, also referred to as product beliefs (Schiffenstein, 2001). Thus, high equity brands with a high level of brand recognition and recall are strongly associated with a set of favorable beliefs in consumers' memories (Keller, 1993). Such brands hold a high level of product beliefs.

According to Orbaiz and Papadopoulos (2003), product beliefs, like country image (see above) can be measured by four-factors on a five-point bipolar adjective scale. These same four factors will be used for this research. They are: product quality, product reliability, product craftsmanship, and overall evaluation.

2.1.6 World-Mindedness

As the global market is embedded in broadly shared values and practices that reflect global social needs and that 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.

With growing immigration, the proliferation of adopted foreign children into many societies, the increase in multinational marriages and the constant transformation of the world by technologies that render distances irrelevant, a new culture is being created daily within many countries (Weiner, 1994). This culture has been labeled world-mindedness. And with the latest technological advances this trend has gathered momentum.

World-mindedness can be defined as a mixture of cultures with an appreciation for world sharing and common well-being (Sampson & Smith, 1957). Though it has been used in many disciplines, apart from marketing, for example, in political sciences, sociology, organizational sociology, or social psychology, in this research world-mindedness is only related to marketing.

According to Beckmann et al. (2001), and Cannon and Attilla, (2002), “world-minded consumers are characterized as those who orient themselves beyond their local community and thus perceive themselves as citizens of the world rather than the nation.” And Hannerz (1990) defined a world-minded person as someone who reflects both “cultural openness” such as acceptance of ideas, customs, and products from other cultures; and “cultural adaptability” as adaptation to local habits and customs when in another country.

2.2 Review of Related Literature

2.2.1 Perceived Value for Money and Willingness to Buy

According to Ruiz et al. (2007), perceived value is mostly influenced by service quality, brand image and confidence benefits and far less by product quality. Lovelock (2000) argued that it is strongly affected by comparing perceived benefits and perceived costs. Many researchers considered perceived value to be one of the most important marketing strategies in differentiation, and a significant factor in maintaining corporate competitiveness (e.g. Treacy & Wiersema, 1993; Heskett et al., 1994; Ravald & Gronroos, 1996).

As Tsai et al. (2004) indicated, the perceived value of products will have a positive impact on 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.

According to Teas and Agarwal, (2000); and Dodds et al., (1991), a customer’s purchase decision is directly and considerably affected by his/her

perceptions of value. Zeithaml's (1998) study confirms that perceived value is influenced by perceived service quality, and correlates positively with purchasing decisions. Analyzing the retailing industry, Swait and Sweeney (2000) identified the influences on customer selection behavior. Their study shows that group selection behavior is altered by perceived value. Salter (1997) and Parasuraman (1997) also found perceived value to be important in understanding customer purchasing behavior.

2.2.2 Country Image and Product Beliefs

Many studies show that the country-of-origin image (country image) has a direct influence on product beliefs (e.g. Chao, 1998; Erickson et al, 1984; Teas & Agarwal, 2000; Tsai et al., 2004; Verlegh & Steenkamp, 1999).

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.

The impact of country image information versus other product attributes with which to evaluate product quality (for example, brand name, price and warranty) on the decision-making process is significant, especially since before customers buy a product, they collect product information (Agrawal & Kamakura, 1999; Tan et al., 2001; Thorelli et al., 1989; Bilkey & Ness 1982). Product quality is one of factors associated with the product beliefs construct.

In other word, the country of origin is found to have a significant effect on the perceived quality and the product (Teas & Agarwal, 2000). The country-of-origin image has a greater impact on perceived quality than on purchase intention (Verlegh & Steenkamp, 1999). Image plays a mediating role between country image and product evaluation (Bhuan & Kim, 1999; Lee & Ganesh, 1999).

2.2.3 Product Beliefs and Willingness to Buy

As consumers make a purchase decision in a real-life situation, their product perception is influenced by their judgmental frame of reference, and is usually biased by preconceived ideas about the product properties. If these preconceived ideas concern what the product is, that is called product beliefs. According to Orbaiz and Papadopoulos (2003), product beliefs consist of four-factors: product quality, product reliability, product craftsmanship, and overall evaluation. Those four-factors are considered to be the main elements having an impact on the consumer judgmental frame of reference when they collect product information before buying that product.

And according to Knight et al. (2000), the cognitive process of country image and culture are an important force in one's purchase decision. 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).

2.2.4 World Mindedness and Willingness to Buy

In the Chinese marketplace, not all products are produced domestically, and not all Chinese consumers are nationalists when it comes to buying these products. And even for consumers who have the spirit of nationalism, this does not affect their purchase of foreign branded products. Nationalism and world mindedness are not really opposite.

Barnes and Curlette (1985) stated that 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.

2.3 Previous Studies

The objective of Lee and Chen's (2008) study of the "country image effect on Taiwanese consumers' willingness to buy from neighboring countries" were to develop an integrated model of Taiwanese consumers' willingness to buy from China, Japan, South Korea, and Taiwan. To conduct this study, the researchers used 284 completed questionnaires collected in six districts of Tainan city, Taiwan. No specific product was mentioned in the questionnaire. The results show that country image has an indirect influence on Taiwanese consumers' willingness to buy in terms of product beliefs, but has no direct influence on Taiwanese consumers' willingness to buy. In addition, the results also suggest that consumers' levels of world-mindedness influence their purchase preferences directly despite their cognitive beliefs. In other words, Taiwanese enterprises have to pay more attention to products which are made in China. Lee and Chen (2008) argued that those enterprises, which have established manufacturing bases in China, should prominently feature their Taiwanese brand names and designs rather than their production origins in order to build up positive images and generate higher willingness to buy from Taiwanese consumers. It was also suggested that future studies should collect information in other regions or from specific groups so that a more generalized conclusion could be drawn.

Laroche et al. (2005) focused on 'the influence of country image structure on consumer evaluations of foreign products.' Their study aimed to expand the knowledge of the cognitive process of country of origin cues by refining the concept of country image and investigating its role in product evaluations. To collect data, questionnaires were distributed to 23 municipalities of a large North American metropolitan area. A total of 470 questionnaires were returned. The findings show that product evaluations are influenced by both country image and product beliefs in spite of the consumers' level of familiarity with a country's products. They also points to

the fact that the structure of the country image affects product evaluations both directly and indirectly through product beliefs. The research was limited by the relatively poor psychometric properties of some items. In a future study, using more than two countries of origin and distinct products and country measures and a relatively large sample of consumers would expand its scope.

In their study entitled, ‘Consumer ethnocentrism and willingness to buy domestic products in a developing country setting: testing moderating effects,’ Wang and Chen (2004) investigated the moderating roles of quality judgment of domestic products and conspicuous consumption with regard to the relationship between consumer ethnocentrism and willingness to buy domestic products in the People’s Republic of China. Their findings indicate that when consumers judge domestic products as being of lower quality or when consumers hold higher conspicuous consumption with respect to values, the effect of ethnocentrism on consumer willingness to buy domestic products turns out be weaker. The total sample size for this study was 800 and was collected from consumers in four major city in China; Beijing, Shanghai Guangzhou, and Chengdu. It is suggested that further research should investigate the difference in magnitude of such interaction across nations with different levels of economic and technological development.

Kaynak and Kara (2002) investigated the product-country image, lifestyles and ethnocentric behavior of Turkish consumers. To conduct their study, entitled “Consumer perception of foreign products: an analysis of product –country images and ethnocentrism,” the researchers collected data from 240 actual customers in Konya, the fourth largest city in Turkey. The results show that Turkish consumers had considerably dissimilar perceptions of product attributes with respect to products coming from countries of different levels of socio-economic and technological development. The research mentioned that if the products from Japan, the USA, and Western Europe were perceived to be associated with very similar attributes, e.g. well known brand names, Turkish consumers would like to buy these products more.

Wang and Zhou (2005) in their study on “Consumers’ motivations for consumption of foreign products: an empirical test in the People’s Republic of China” aim to examine the purchasing motives of young Chinese consumers for foreign products in China. The sample consisted of 400 respondents recruited across four major campuses in a large, major university in Zhejiang, China. The findings showed that perceived value has a greater effect on purchase intention for conspicuous foreign products. The research results also indicated that perceived prestige has a greater effect on purchase intention for conspicuous foreign products while perceived quality has a greater effect on purchase intention for inconspicuous foreign products. The research suggests that purchasing motives for foreign brands varied by product category as well as by consumers’ susceptibility to social influences.

Ergin and Akbay (2010) focused on “Consumers’ purchase intentions for foreign products: An empirical research study in Istanbul, Turkey”. The objective of the study is to analyze the purchase intentions of urban, Turkish consumers for foreign products in three specific categories (apparel, chocolate and personal care products). A field study was carried out at three major shopping malls in Istanbul, with the participation of 600 urban, Turkish consumers. The result shows that perceived value, perceived quality, perceived prestige and influence of others as the four independent variables have a significant impact on Turkish consumers purchase intention of foreign products.

CHAPTER 3

RESEARCH FRAMEWORK

This chapter introduces the modified conceptual framework related to the objectives of this research. Theoretical frameworks from previous studies are first identified in an approach to form a comprehensive conceptual framework of this research based. The research hypotheses, which aim to investigate whether or not there is a relationship between two variables, are then considered.

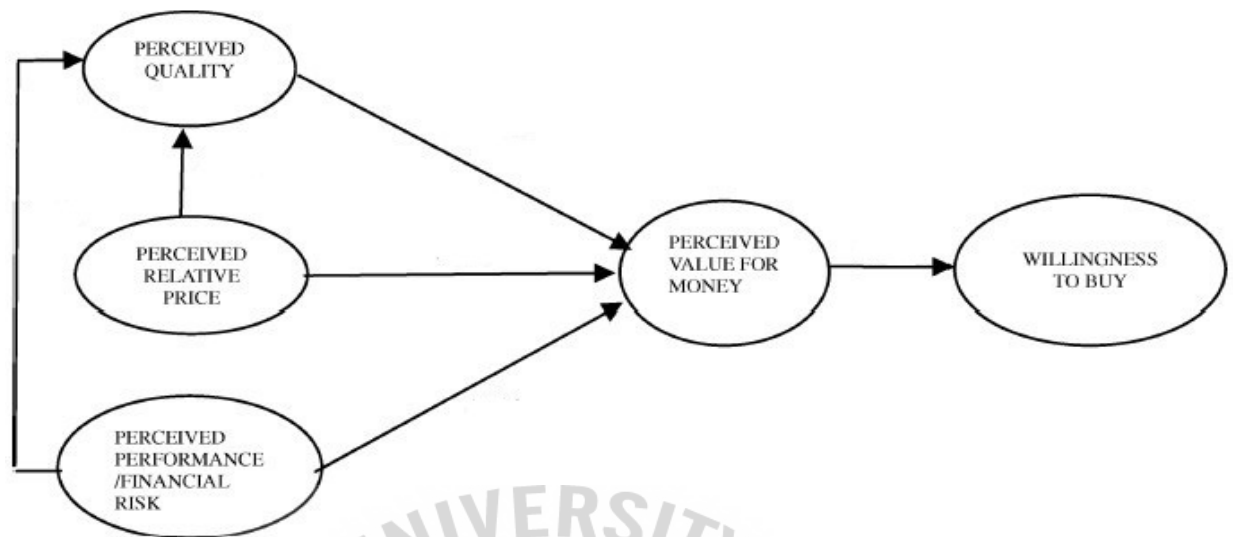
3.1 Theoretical Frameworks

A theoretical framework is a collection of interrelated concepts, which can guide research, define the different variables and determinate what things a researcher would like to measure, and what statistical correlation he or she aims to study. The main two studies contributing to this research are explained in detail as followed. The first model was developed by Lu and Shiu (2006); the second model was developed by Lee and Chen (2008), both of which deal with customers in Taiwan.

(i) Lu and Shiu (2006)

In their study, entitled “Customers’ behavioral intentions in the service industry: an empirical study of Taiwan spa hotels,” Lu and Shiu aimed to identify how in the highly competitive spa hotel business in Taiwan customers choose a particular hotel for spa services. They also sought to find out about the key issues that influence consumers’ behavior or purchasing decisions. The results indicate that in the service industry, perceived product and service quality greatly influence a customer’s perceived value for money. Figure 3.1 below illustrates how these variables interrelate.

Figure 3.1: Conceptual Model of Perceived Value

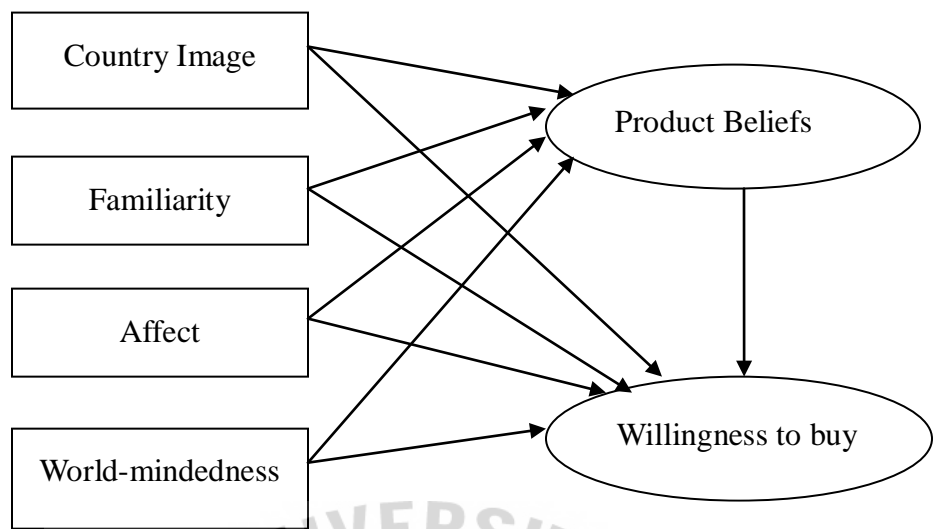


Source: Lu, Y.I., & Shiu, Y.J. (2006). Customers’ Behavioral Intentions in the Service Industry: An Empirical Study of Taiwan Spa Hotels, *the Asian Journal on Quality*, 10(3), 73-85
doi 10.1108/1598268091102120

(ii) Lee and Chen (2008)

Entitled “County image effect on Taiwanese consumer’s willingness to buy from neighboring countries,” this study has as its purpose to develop an integrated model of Taiwanese consumers’ willingness to buy products from China, South Korea, Japan, and Taiwan. The outcome indicates that whereas country image has no bearing on Taiwanese buyers’ willingness to buy but, country image has a strong influence on product beliefs which in turn determine a customer’s willingness to buy. While world-mindedness is an important factor influencing Taiwanese buyer’s willingness to buy, it has less influence on product beliefs. Their conceptual framework below in Figure 3.2 summarizes these various relationships.

Figure 3.2: Lee and Chen’s Country Image Effects on Consumers



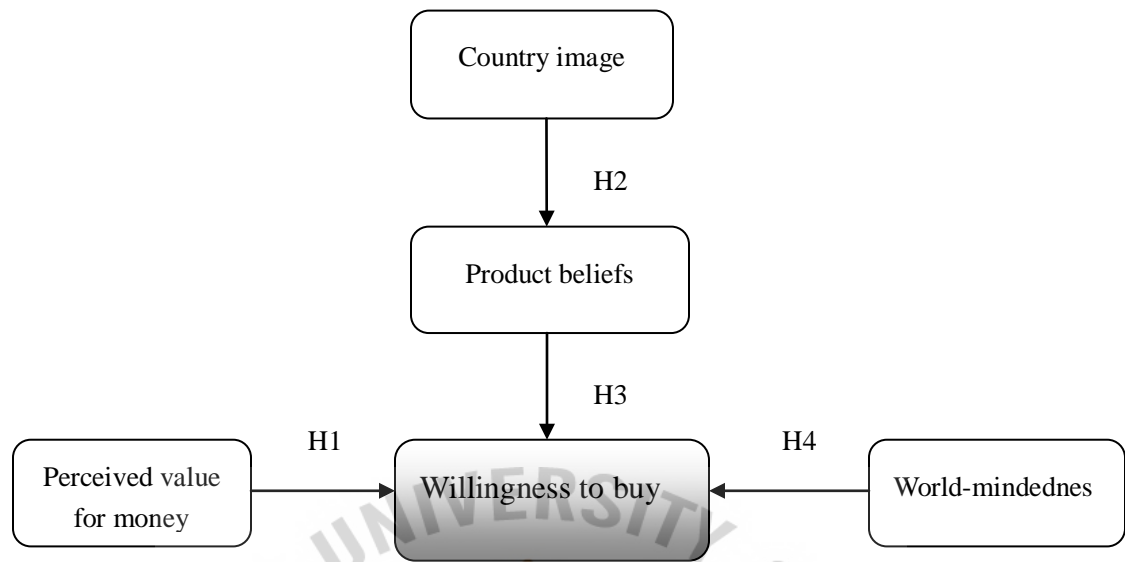
Source: Lee, S.T., & Chen, F.F. (2008). County image effect on Taiwanese consumer’s willingness to buy from neighboring countries. *International Journal of Commerce and Management*, 18 (2), 166-183. doi: 10.1108/10569210810895249

3.2 Conceptual Framework

As indicated in the preceding chapter, many variables can impress a shoppers’ willingness to buy and modify their behavior. All of variables presented in the conceptual framework in this study are based on the theoretical frameworks from the two previous studies considered above. The main relationships between the variables used in this study 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).

This study’s conceptual framework as modified is shown in Figure 3.3 below. It is designed to analyze the factors influencing Chinese consumers’ willingness to buy foreign-branded products and understand which factors are the most important in the formation of these consumers’ willingness to buy.

Figure 3.3: Conceptual Framework of Willingness to Buy



3.3 Research Hypotheses

A hypothesis is a rational deduction, a sensible conjecture, an educated assumption (Leedy & Ormrod, 2001). It provides an unsure elucidation for a phenomenon under diagnoses. Based on the research objectives of this study, six hypotheses have been formed:

Hypotheses 1

H1_o: There is no relationship between perceived value of money and willingness to buy foreign-branded products.

H1_a: There is a relationship between perceived value of money and willingness to buy foreign-branded products.

Hypotheses 2

H2_o: There is no relationship between country image and product beliefs.

H2_a: There is a relationship between country image and product beliefs.

Hypotheses 3

H3_o: There is no relationship between product beliefs and willingness to buy foreign-branded products.

H3_a: There is a relationship between product beliefs and willingness to buy foreign-branded Products.

Hypotheses 4

H4_o: There is no relationship between world-mindedness and willingness to buy foreign-branded products.

H4_a: There is a relationship between world-mindedness and willingness to buy foreign-branded products.

3.4 Operationalization of Variables

Table 3.1 shows the operationalization of the variables.

Table 3.1: Operational Definition of Dependent and Independent Variable

Variables	Concept of variable	Operationalizing components	Measurement scale
Willingness to buy	The probability that a purchaser intends to purchase the product (Dodds et al., 1991).	<ul style="list-style-type: none">• I ever got good experiences of buying Dove chocolate products, therefore, I m willing to repurchase them• .Even though Dove chocolate products are a little pricier than other brands, I will still buy them.• I’m willing to buy Dove	Interval

		<p>chocolate products</p> <p>because they will give me better taste buds which other brands may not provide.</p> <ul style="list-style-type: none"> • Dove chocolate products give more product information to customers than other brands. • I will recommend Dove chocolate products to my friends. 	
Perceived value for money	<p>A “customer’s assessment of the utility of a product based on perception of what is received and what is given” (Zeithaml, 1988).</p>	<ul style="list-style-type: none"> • I consider Dove chocolate products to be a good deal. • The Dove chocolate I have had was very good value for money. • The price I paid for the Dove chocolate was very reasonable. • When I purchase Dove chocolate products, I feel I get more than what I pay for. • When I purchase Dove chocolate products I don’t have to worry. 	Interval
Country image	<p>“The total of all descriptive, inferential,</p>	<ul style="list-style-type: none"> • The living standards in America are higher than in 	Interval

	and informational belief about a particular country” (Martin & Eroglu, 1993).	<p>China.</p> <ul style="list-style-type: none"> America -made machines have better engineering capability than Chinese-made ones. America students receive a better education than Chinese students. The Gross Domestic Product in America is higher than in China. The current political situation in America is stable. 	
Product beliefs	Are moderated by socio-demographic and national cultural characteristics (Hsieh et al., 2004).	<ul style="list-style-type: none"> I always trust the quality of Dove chocolate products. Dove chocolate products are hygienic and safe. Dove chocolate products are trendy and popular. Dove chocolate products convey prestige and novelty. 	Interval
World-mindedness	A mixture culture with an appreciation for world sharing and common wellbeing (Sampson and Smith, 1957).	<ul style="list-style-type: none"> I find foreign-branded products are more desirable. I prefer to be a citizen of the world than of any particular country. 	Interval

		<ul style="list-style-type: none"> • My life quality would improve if more imported goods were available. • The production location of a product does affect my purchase decision. • My government should allow foreigners to immigrate here. 	
--	--	--	--



CHAPTER 4

RESEARCH METHODOLOGY

The purpose of this chapter is to explain the methodologies adopted in this study. Scientific methods and tools are used to analyze the collected data and carry out the research objective. The sections in this chapter will thus cover the research methodology; target respondents and sampling procedures; research instrument; pre-testing; data collection; and statistical treatment of data.

4.1 Research Methodology

This research uses the descriptive method. Descriptive research can accurately describe a person's view, occurrences or situations (Robson, 2002). It is also considered to be statistical research as it pertains to the data and characteristics of the population or the phenomenon being studied. Descriptive research answers the questions 'who, what, where, when and how' (Zikmund, 2003).

The research technique used in this research is the survey method. The researcher distributed a self-administered questionnaire to collect the data for this research. A self-administered questionnaire is defined as a technique of primary data collection in which the questions are completed by respondents who read and answer the questions by themselves (Saunders et al., 2007).

4.2 Respondents and Sampling Procedure

4.2.1 Target Population

The target population is associated to the research objective (Zikmund, 2004) which, in this case are people who purchased Dove chocolate products in CR vanguard hypermarkets in Xi'an city, Shaanxi province, at least once as they will have experienced the factors selected in this research.

This research was conducted in the city of Xi'an. Xi'an, the largest city in the northwest and one of the Four Great Ancient Capitals of China, is the capital of

Shaanxi province. About five million people live within the urban area itself. (<http://en.wikipedia.org/wiki/Xi'an>, retrieved September 28, 2010).

Figure 4.1: Xi'an Map



Source: <http://www.theperpetualglobetrotter.com/tag/west-china-cement/>, retrieved August 23, 2010.

The city is enjoying a healthy growth and witnessing the rise of an opulent and growing urban population that has acquired a taste for anything foreign and find itself in an ever better position to afford them as the Xi'an nominal GDP per capita keeps rising. According to the latest reports available, Shaanxi's nominal GDP for 2009 was RMB818.7 billion (US\$112 billion) while the GDP per capita was RMB21, 729 (US\$43,179), ranking 14th in the PRC (<http://markschinablog.blogspot.com>, retrieved September 16, 2010).

Table 4.1:Xi'an Economy at a Glance:

Population	8.2 million	--
Value-Added Industrial Output	RMB 49.4 billion	=US\$ 7.6 million
Fixed-Asset Investment	RMB 106.7 billion	=US\$ 16.4 million
Total Retail Sales of Consumer Goods	RMB 77.6 billion	=US\$ 11.6 million
Total Foreign Trade	US\$ 4.15 billion	--
Exports	US\$ 2.73 million	--
Foreign Direct Investments	US\$ 825 million	--
Tourism Income	RMB 20.4 billion	=US\$ 3.44 million

Source: GAIN report. (2009). *China-Peoples Republic of Xi'an market report* (Report No: CH9420). USDA: Global Agricultural information network.

1RMB = US\$6.55 (<http://www.boc.cn/sourcedb/lswhpj>, retrieved March 07, 2011)

According to a report on Xi'an hypermarket issued by GAIN report (2009), a marketing research company, on December 30, 2009, there were 63 supermarkets in Xi'an city, either foreign or Chinese owned. As Table 4.2 below shows, most of them boast Chinese ownership (81%).

Table 4.2: Major Retailers in Xi'an at a Glance:

Retailer	Ownership	Type	Outlets
Carrefour	France	Hypermarket	1
Vanguard	Guangdong	Hypermarket	22
Wal-Mart	United States	Hypermarket	3
Metro	German	Cash-Carry	1

Source: GAIN report. (2009). *China-Peoples Republic of Xi'an market report* (Report No: CH9420). USDA: Global Agricultural information network.

Given the overwhelming presence of vanguard hypermarkets throughout the area as compared to other hypermarket companies operating locally, the researcher

decided to choose Vanguard Hypermarket to be the location for the survey.

China Resources vanguard shop (CR vanguard) is a flagship supermarket chain whose parent company is based in Honk-Kong where it is the third largest supermarket chain (<http://www.crvanguard.com.cn>). CR vanguard is a well recognized brand in most of China where its logo (see Figure 4.2 below) is familiar to many consumers.

Figure 4.2: China Resources Vanguard Brand



Source: <http://www.crvanguard.com.cn/main/>, retrieved September 23, 2010.

CR vanguard operates more than 450 stores in China located in various areas (e.g. in Guangdong, Zhejiang, Hong Kong, or Beijing Tianjin). In 2010, it realized sales of RMB 71.8 billion (US\$10.936 billion). Food products are by far their largest source of income, representing 3/4 of their sales (GAIN report, 2009).

In China, as of 2010, CR vanguard has opened 60 large supermarkets and 9 high-end supermarkets under the brands of Ole' and Blt. It also owns 1 shopping mall (Fu2 Shopping Mall) and 70 care stores (CR care stores). The company plans to open over 400 new outlets in 2011, including 70 to 80 large supermarkets and 10 high-end supermarkets in some cities where it has not been operating at all such as, for example, in Hubei province (<http://www.chinaretailnews.com/>, retrieved January 17, 2011).

In Xi'an, with 22 stores, accounting for 53 percent of the hyper markets in the city, CR vanguard dominates the hyper market sector. The company also has established an advanced distribution center in Xi'an and a frozen food distribution center with a capacity of 1.500 tons that started operations in early 2010. In short, CR vanguard presence in the city is well entrenched.

Figure 4.3: Location of 22 CR vanguard hypermarkets in Xi'an



Source: Adopt from <http://maps.google.com/maps?hl=en&tab=ll>”, retrieved October 15, 2010.

Figure 4.3 exhibits the current 22 CR Vanguard hypermarkets in Xi'an. These hypermarkets are mainly located in Xi'an city, except that CR Vanguard Xian yang branche(17) and CR Vanguard Chang'an branch(11).

4.2.2 Determining Sample Size

In this study, the sample size is determined by estimating a population proportion. The formula of absolute precision is as follows:

$$n = \frac{Z^2 \pi (1 - \pi)}{H^2}$$

Explanations: n = Sample size

Z = degree of confidence

π = proportion

H = Standard error of the proportion

In this study, the researcher used 50 percent as a population proportion with 95 percent confidence ($Z=1.96$) and 5 percent of stranded error of the proportion. The reason for this choice is that 50 percent of the population is an appropriate percentage to calculate the sample size (Vanichbancha, 2000). Thus, the total sample size in this research was calculated as follows;

$$\begin{aligned} n &= \frac{Z^2 \pi (1 - \pi)}{H^2} \\ &= \frac{(1.96)^2 (0.5) (1-0.5)}{(0.05)^2} \\ &= 384.16 \text{ samples} \\ &\sim 385 \text{ samples} \end{aligned}$$

Based on this calculation, the sample size is equal to 385. The researcher thus decided to use a sample size of 400 in this research. The aim is to be more reliable and avoid errors.

4.2.3 Sampling Procedure

Given the objective of this research, a non-probability sampling is used by the researcher. As Sekaran (2003) mentioned, a non-probability sampling means design sampling for the reason that since the population's elements are unknown or predetermined, the elements may be chosen as sample subjects. Therefore, (i) judgment sampling, (ii) quota sampling, and (iii) convenience sampling are used in this research,

(i) Judgment Sampling

Judgment sampling or purposive sampling is a non-probability sampling technique, which means it involves an experienced individual’s selection of sample based on his or her own judgment about some appropriate characteristics required of the sampling members (Zikmund, 2004).

Thus, in keeping with judgment sampling, the researcher chose ten CR Vanguard Hypermarkets in the Xi’an urban areas. The reason for selecting these hypermarkets is that Vanguard Hypermarkets in this area covers most of the retail share in Xi’an as shown in an aerial view of the area (see Figure 4.4). In addition, these ten hypermarkets located in the urban area of Xi’an with their urban consumers represented the required characteristics needed for this study (access to foreign brands on a wide basis). For data collection purposes, this area is therefore a sensible sample representative of the whole situation.

Figure 4.4: The Map of Ten Selected CR Vanguard Hypermarkets in Xi’an Urban Areas



Source: <http://maps.google.co.th/maps?hl=en&tab=wl>, retrieved October 15, 2010.

Table 4.3: The Ten Selected CR Vanguard Hypermarkets

A	Xi'an Technology Road Branch
B	Fengyun Lanwan(Vanguard-Xi'an keji Road Diandong)
C	Vanguard Chaoyang Branch
D	Vanguard(Northwest to Zhangjian clinic)
E	Vanguard (Beiguan center street)
F	Vanguard(Fenxiang Alley)
G	Vanguard Lianhu Branch
H	Vanguard(weiyang Road)
I	Vanguard
J	Vanguard(Chang'an South Road)

(ii) Quota Sampling

The research used Quota Sampling to dispense the 400 questionnaires to the ten chosen CR Vanguard Hypermarkets. According to Zikmund (2004) quota sampling is a non-probability sampling procedure that makes sure certain characteristics of a population sample will be described to the exact extent that the research needs. This procedure is used to elucidate a subgroup that is based on a portion of the subclass in the population (Black, 2008). With a total of 400 questionnaires distributed among 10 CR vanguard hypermarkets selected in Xi'an urban area, which means every hypermarket got 40 questionnaires. Table 4.4 lists the 10 hypermarkets selected.

Table 4.4: Hypermarkets to Collect Sampling for this Research

Hypermarket Name	Number of respondents
Vanguard	40 respondents
Vanguard Lianhu Branch	40 respondents
Vanguard (Beiguan center street)	40 respondents
Vanguard(weiyang Road)	40 respondents
Vanguard(Chang'an South Road)	40 respondents
Xi'an Technology Road Branch	40 respondents
Vanguard Chaoyang Branch	40 respondents
Vanguard(Northwest to Zhangjian clinic)	40 respondents
Fengyun Lanwan(Vanguard-Xi'an keji Road Diandong)	40 respondents
Vanguard(Fenxiang Alley)	40 respondents
Total	400 respondents

(iii) Convenience Sampling

Convenience sampling refers to the procedure carried out to obtain information from people who are most conveniently available (Zikmund, 2000). Most researchers typically use the Convenience sampling method because it is quick and economical (Davis, 2005).

The research used a “Convenience Sampling” procedure to directly distribute the questionnaire to individual purchasers at the entrance of the ten CR Vanguard hypermarkets which selected for this study. The researcher distributed a total of 400 questionnaires between 10:00 am to 4:00 pm during each weekend in the period of February to April at 2011. These respondents had purchased Dove chocolate and were conveniently available to complete the questionnaire.

4.3 Research Instrument

A questionnaire helped the researcher collected the necessary information from the targeted population. In this research, the questionnaire was designed on the

basis of the conceptual framework. All the questionnaires are in Chinese and were subsequently translated into English. The questionnaire consists of five parts:

Part I: screening question: The purpose of this part is to find out whether the targeted population qualifies to answer the whole questionnaire for this study. Since this study focuses on customers who have purchased Dove chocolate at least once, the screening question is used to identify such customers who have bought the said product at least once.

Part II: It includes the factors affecting the purchaser's willingness to buy, which are perceived value for money, product beliefs, and world-mindedness. This part consists of fourteen questions. All the questions use the Interval Scale for the respondents to indicate their choices. The score on a five-point Likert Scale ranges from: 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree.

Part III: This part includes five questions designed to measure how country image affects product beliefs. An Interval Scale is used and a five-point Likert Scale ranging from 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree.

Part IV: This part seeks to find out how likely and willing respondents are to buy Dove chocolate at CR vanguard. It includes five questions measured by a five-point Likert scale ranging from 1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree.

Part V: This part concerns the demographic factors and seeks to determine the respondents' background. These factors consist of gender, age, monthly income and education level. All the questions use a five –point Likert scale to measure the respondents' personal information, in order to segment the target

group population into groups based on their demographics as stipulated above.

4.4 Collection of Data

In this study, the researcher used both primary and secondary data.

Primary data: Gilbert and Dawn (2005) stated that primary data is the information collected or observed first-hand by the researcher. It is the information which is collected for the main purpose of the study (Zikmund, 2000). The primary data for this study was obtained through the distribution of questionnaires at ten CV Vanguard hypermarkets in Xi'an urban area. The SPSS program was used to analyze all the data from the 400 questionnaires.

Secondary data: Secondary data consists of information already collected by other researchers for the same or different purpose (Zikmund, 2004). Compared to primary data, secondary data can be more effective in helping the researcher save time and cost (Davis, 2005). Secondary data for this research was collected through several sources such as, for example, journals, online database, text book, articles.

4.5 Pretest

As part of a study's procedure, a researcher has to make sure all the questions in the questionnaires are easy to understand and reliable before distributing them to respondents. Pretesting is the pilot distribution of a questionnaire to a small group of respondents in order to find ambiguity or bias in the questions (Zikmund, 2004).

In order to conduct the pretest, the researcher used Cronbach's Alpha Test. According to Vanichbancha (2000), the size of the pretest samples should consist of at least 25 cases. The researcher collected 50 questionnaires among respondents from five CR Vanguard hypermarkets selected for this purpose (C, D, G, E, and H) on February, 2011. The acquired data was then processed by using the Statistical Package for Social Science (SPSS) program to determine the reliability of the test. The results of the reliability are shown in Table 4.5.

Table 4.5: Reliability Analysis-Scale (Cronbach’s Alpha Coefficient)

Operational Variables	Cronbach’s Alpha
Perceived value for money	0.726
Product beliefs	0.808
World-mindedness	0.752
Country image	0.801
Willingness to buy	0.849

As Table 4.5 indicates, the results, the coefficient of all the variables in this study is greater than the minimum recommended value of 0.6. According to Sekaran(1992), if the reliability value is greater than 0.6, it can be considered reliable. As can be seen from the results, all the variables in this study can thus be considered reliable.

4.6 Statistical Treatment of Data

This research mainly adopted the SPSS program to analyze the collected data from the questionnaires, including the descriptive analysis and the Pearson Product Moment Correlation Coefficient.

4.6.1 Descriptive Analysis

The purpose of descriptive analysis is to transform the raw data into a form that will make the data easy to understand and interpret (Zikmund, 2004). It is normally the first form of analysis and as such as includes tabulation, percentage, mean, average, etc. In the present study, descriptive analysis was used to analyze the demographic profile of the respondents.

4.6.2 Pearson Product Moment Correlation Coefficient

Pearson Product Moment Correlation Coefficient is the most popular measurement of correlation. Its purpose is to evaluate the closeness of linear relationships between two variables. According to Marchal and Wathen (2005), the

correlation coefficient (r) ranges from -1.00 to +1.00. An ‘r’ value of -1.00 or +1.00 indicates that there is a perfect negative linear relationship or a perfect positive linear relationship between two quantitative variables, as Table 4.6 shows.

Table 4.6: R-Value and Corresponding Strength of Association

Correlation(r)	Interpretation
1	Perfect positive linear association
0	No linear association
-1	Perfect negative association
0.99to 0.99	Very high positive correlation
0.70 to 0.89	High positive correlation
0.4 to 0.69	Medium positive correlation
0 to 0.39	Low positive correlation
0 to -0.39	Low negative correlation
-0.40 to -0.69	Medium negative correlation
-0.70 to -0.89	High negative correlation
-0.90 to -0.99	Very high negative correlation

Source; Hussey, J., & Hussey, R. (1997). *Business research: A practical guide for undergraduate and post graduate students*, London: Macmillan Press Ltd, pp. 227.

The Pearson Product Moment Correlation Coefficient formula is as follows:

$$r_{xy} = r_{yx} = \frac{\sum (X_i - \bar{X})(Y_i - \bar{Y})}{\sqrt{\sum (X_i - \bar{X})^2 \sum (Y_i - \bar{Y})^2}}$$

- Where: r_{xy}, r_{yx} = The correlation coefficient between X and Y
 X_i, Y_i = The individual’s scores on the X and Y variable
 \bar{X}, \bar{Y} = Sample Means of X and Y

4.6.3 Hypotheses Testing

Zikmund (2003) explained that a hypothesis is a specific statement of prediction. Hypotheses are important to guide and support the determination of a sample size and design for the study, and the significant level is a critical probability in choosing between the null and alternative hypotheses and the significant level can be set at 0.01 or 0.05. In this study the researcher defines the significant level as 0.01. If P-value is less than 0.01, the null hypothesis will be rejected, which means that there is a significant relationship between the two variables; if the P-value is greater than 0.01, the null hypothesis would be failed to be rejected, which means that there is no significant relationship between the two variables. Hence, the hypotheses in this study as indicated in table 4.7.

Table 4.7: Summary of Hypothesis Testing and Statistical Analysis

Hypothesis	Statistical Treatment	Result
H1 _o : There is no relationship between Perceived value of money and willingness to buy foreign-branded products. H1 _a : There is a relationship between Perceived value of money and willingness to buy foreign-branded products.	Pearson Correlation	Reject Ho
H2 _o : There is no relationship between Country image and product beliefs. H2 _a : There is a relationship between Country image and product beliefs.	Pearson Correlation	Reject Ho
H3 _o : There is no relationship between product beliefs and willingness to buy foreign-branded products. H3 _a : There is a relationship between product	Pearson Correlation	Reject Ho

beliefs and willingness to buy foreign-branded products.		
<p>H_{4o}: There is no relationship between World-mindedness and willingness to buy foreign-branded products.</p> <p>H_{4a}: There is a relationship between World-mindedness and willingness to buy foreign-branded products.</p>	<p>Pearson</p> <p>Correlation</p>	<p>Reject Ho</p>



CHAPTER 5

PRESENTATION OF DATA AND DISCUSION OF RESULTS

This chapter considers all the results from this research and analyzes the data collected through the questionnaire. This chapter consists of three parts. The first part concerns itself with the descriptive analysis of the demographic characteristics of the respondents and the second part with the descriptive analysis of the variables. The third part presents the result of the hypothesis test.

5.1 Descriptive Analysis of Demographic Factors

Zikmund (2003) mentioned that descriptive statistics are used for describing or recapitulating information about a population or a sample. In this study, descriptive statistics were applied to analyze the demographic characteristics of Dove chocolate customers; gender, age level, income level, and education level. The respondents' demographic information in this study is as follows:

Table 5.1: Analysis of Gender by Using Frequency and Percentage

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	183	45.8	45.8	45.8
	Female	217	54.2	54.2	100.0
	Total	400	100.0	100.0	

As shown in Table 5.1, the majority of the respondents were females (217 respondents, 54.2%), almost 10 percent more than males (183 respondents, 45.8%). The results indicate that female consumers play a greater part in purchasing this particular foreign-branded product: Dove chocolate.

Table 5.2: Analysis of Age Level by Using Frequency and Percentage

		Age			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 or below	11	2.8	2.8	2.8
	21-30	193	48.2	48.2	51.0
	31-40	139	34.8	34.8	85.8
	41-50	43	10.8	10.8	96.5
	51 or above	14	3.5	3.5	100.0
	Total	400	100.0	100.0	

As shown in Table 5.2, out of a total of 400 respondents, the highest group of respondents is those aged between 21 and 30 years old (48.2%, 193 respondents), followed by those aged between 31 and 40 (34.8%, 139 respondents). 43 respondents (10.8%) were aged between 41 and 50 and 14 (3.5%) were aged between 51 or above. Respondents aged 20 or below had the lowest percentage (2.8%) with 11 only respondents.

Table 5.3: Analysis of Monthly Income by Using Frequency and Percentage

		Monthly Income			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1000 or below	7	1.8	1.8	1.8
	1001-2000	44	11.0	11.0	12.8
	2001-3000	132	33.0	33.0	45.8
	3001-4000	119	29.8	29.8	75.5
	4001-5000	66	16.5	16.5	92.0
	5001 or above	32	8.0	8.0	100.0
	Total	400	100.0	100.0	

As Table 5.3 shows, respondents earning between 2,001 and 3,000 RMB take the highest percentage (33%) with 132 respondents, followed by those earning between 3,001 and 4,000 RMB (119 respondents, 29.8%). 66 respondents earn 4,001 to 5,000 RMB (16.5%) and 1001 to 2000 RMB (11%). 32 respondents earn more than 5001 RMB (8%). The respondents with the lowest percentage are those earning less than 1000 RMB (1.8 %, 7 respondents).

Table 5.4: Analysis of Education Level by Using Frequency and Percentage

		Education level			Cumulative Percent
		Frequency	Percent	Valid Percent	
Valid	High school or lower	10	2.5	2.5	2.5
	College graduate	87	21.8	21.8	24.2
	Bachelor degree	192	48.0	48.0	72.2
	Master degree or higher	111	27.8	27.8	100.0
	Total	400	100.0	100.0	

As Table 5.4 shows, the level of education of most of the respondents is a bachelor degree, 192 respondents (48%). 111 respondents (27.8%) have a master degree or a higher degree. 87 respondents (21.8%) have a college degree and the respondents with the lowest percentage are those who graduated from high school or failed to finish high school (2.5%, 10 respondents only).

5.2 Descriptive Analysis of Variables

This part presents the outcomes of the mean and standard deviation of each variable included in the conceptual framework. The following is a detailed presentation of the results of the descriptive analysis of each of these variables.

Table 5.5: Analysis of the Mean and Standard Deviation of Perceived Value for Money

Descriptive Statistics			
	N	Mean	Std. Deviation
I consider Dove chocolate products to be a good deal.	400	4.08	.634
The Dove chocolate I have had was very good value for money	400	3.53	.819
The price I paid for the Dove chocolate was very reasonable	400	3.61	.874
When I purchase Dove chocolate products, I feel I get more than what I pay for.	400	3.52	.683
When I purchase Dove chocolate products I don't have to worry.	400	3.97	.786
MeanPVFM	400	3.74	.478
Valid N (listwise)	400		

As shown in Table 5.5, the highest perceived value for money mean is 4.08 and pertains to the statement “I consider Dove chocolate products to be a good deal” with the standard of deviation equals to 0.634. The lowest mean is 3.52 with a standard deviation equals to 0.883 and pertains to the statement “When I purchase Dove chocolate products, I feel I get more than what I pay for”. The mean of all the questions about perceived value for money is 3.74, which falls between 3 (Neutral) and 4 (Agree), with the standard deviation equals to 0.478, which means the respondents slightly agree with the questions about perceived value for money.

Table 5.6: Analysis of Mean and Standard Deviation of Product Beliefs

Descriptive Statistics			
	N	Mean	Std. Deviation
I always trust the quality of Dove chocolate products	400	3.96	.707
Dove chocolate products are hygienic and safe.	400	3.92	.702
Dove chocolate products are trendy and popular.	400	3.94	.833
Dove chocolate products convey prestige and novelty.	400	3.86	.785
MeanPB	400	3.92	.546
Valid N (listwise)	400		

As shown in Table 5.6, the highest mean of product beliefs is 3.96 with a standard deviation equals to 0.707 with respect to the statement “I always trust the quality of Dove chocolate products.” The lowest mean is 3.86 with a standard deviation equals to 0.785 pertaining to the statement “Dove chocolate products convey prestige and novelty.” The mean of all the questions about product beliefs is 3.92, which falls between 3 (Neutral) and 4 (Agree) with a standard deviation equals to 0.546, which means the respondents slightly agree with the questions about product beliefs.

Table 5.7: Analysis of Mean and Standard Deviation of World-Mindedness

Descriptive Statistics			
	N	Mean	Std. Deviation
I find foreign- branded products are more desirable.	400	4.05	.724
I prefer to be a citizen of the world than of any particular country	400	3.53	.892
My life quality would improve if more imported goods were available.	400	3.70	.857
The production location of a product does affect my purchase decision.	400	3.78	.881
My government should allow foreigners to immigrate here	400	3.85	.848
MeanWM	400	3.78	.482
Valid N (listwise)	400		

As shown in Table 5.7, the highest mean of world-mindedness is 4.05 with a standard deviation equals to 0.724 in respect of the statement “I find foreign-branded products to be more desirable”. The lowest mean is 3.53 with a standard deviation equals to 0.892 which pertains to the statement “I prefer to be a citizen of the world than of any particular country.” The mean of all the questions about product beliefs is 3.78, which falls between 3 (Neutral) and 4 (Agree), with a standard deviation equals to 0.482, which means the respondents slightly agree with the questions about world-mindedness.

Table 5.8: Analysis of Mean and Standard Deviation of Country Image

Descriptive Statistics			
	N	Mean	Std. Deviation
The living standards in America are higher than in China	400	4.35	.650
America-made machines have better engineering capability than Chinese-made ones	400	4.12	.767
America students receive a better education than Chinese students	400	4.06	.790
The Gross Domestic Product in America is higher than in China.	400	4.23	.705
The current political situation in America is stable.	400	3.89	.854
MeanCI	400	4.13	.376
Valid N (listwise)	400		

As shown in Table 5.8, the highest mean of country image is 4.35 with a standard deviation equals to 0.650, in respect of the statement “The living standards in America are higher than in China”. The lowest mean is 3.89 with a standard deviation equals to 0.854 pertaining to the statement “The current political situation in America is stable”. The mean of all the questions about product beliefs is 4.13, which falls between 4 (Agree) and 5 (Strongly Agree) with a standard deviation equals to 0.376, which means the respondents slightly agree with the questions about country image.

Table 5.9: Analysis of Mean and Standard Deviation of Willingness to Buy

Descriptive Statistics			
	N	Mean	Std. Deviation
I ever got good experiences of buying Dove chocolate products, therefore, I m willing to repurchase them.	400	4.04	.729
Even though Dove chocolate products are a little pricier than other brands, I will still buy them	400	3.71	.788
I'm willing to buy Dove chocolate products because they will give me better taste buds which other brands may not provide.	400	3.58	.852
Dove chocolate products give more product information to customers than other brands	400	3.81	.767
I will recommend Dove chocolate products to my friends.	400	4.09	.745
MeanWTB	400	3.85	.493
Valid N (listwise)	400		

As shown in Table 5.9, the highest mean of willingness to buy is 4.09 with A standard deviation equals to 0.745, in respect of the statement “I will recommend Dove chocolate products to my friends”. The lowest mean is 3.58 with a standard deviation equals to 0.852 which pertains to the statement “I’m willing to buy Dove chocolate products because they will give me better taste buds which other brands may not provide.” The mean of all the questions about product beliefs is 3.85, which falls between 3 (Neutral) and 4 (Agree) with a standard deviation equals to 0.493, which means the respondents slightly agree with the questions about willingness to buy.

5.3 Hypotheses Analysis

This part discusses the results of hypothesis testing. There are four hypotheses examined in accordance with the requirement of this research. The Pearson Correlation Coefficient is applied to test the relationship between each independent and dependent variable in this study.

Hypotheses 1

- H1_o: There is no relationship between perceived value for money and willingness to buy foreign-branded products.
- H1_a: There is a relationship between perceived value for money and willingness to buy foreign-branded products.

Table 5.10: Analysis of the Relationship between Perceived Value of Money and Willingness to Buy Foreign-Branded Products

Correlations			
		MeanPVFM	MeanWTB
MeanPVFM	Pearson Correlation	1	.202**
	Sig. (2-tailed)		.000
	N	400	400
MeanWTB	Pearson Correlation	.202**	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 5.10, the result from the Pearson Correlation Coefficient test indicates that the significance level is 0.000 which is less than 0.01($0.000 < 0.01$). This means that the null hypothesis is rejected. Therefore, it can be concluded that there is a significant relationship between perceived value for money and willingness to buy at the significance level of 0.01. In addition, the Pearson Correlation is 0.202, which means that there is a low positive correlation between perceived value for money and willingness to buy.

Hypotheses 2

- H2_o: There is no relationship between country image and product beliefs.
- H2_a: There is a relationship between country image and product beliefs.

Table 5.11: Analysis of the Relationship between Country Image and Product beliefs

Correlations		MeanCI	MeanPB
MeanCI	Pearson Correlation	1	.431**
	Sig. (2-tailed)		.000
	N	400	400
MeanPB	Pearson Correlation	.431**	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 5.11, the result from Pearson Correlation Coefficient test indicates that the significance level is 0.000 which is less than 0.01($0.000 < 0.01$). This means that the null hypothesis is rejected. Therefore, it can be concluded that there is a significant relationship between country image and product beliefs at the significance level of 0.01. In addition, the Pearson Correlation is 0.431, which means that there is a medium positive correlation between country image and product beliefs.

Hypotheses 3

H3_o: There is no relationship between product beliefs and willingness to buy foreign-branded products.

H3_a: There is a relationship between product beliefs and willingness to buy foreign-branded Products.

Table 5.12: Analysis of the Relationship between Product Beliefs and Willingness to Buy

Correlations		MeanPB	MeanWTB
MeanPB	Pearson Correlation	1	.311**
	Sig. (2-tailed)		.000
	N	400	400
MeanWTB	Pearson Correlation	.311**	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 5.12, the result from Pearson Correlation Coefficient test indicates that the significance level is 0.000 which is less than 0.01(0.000<0.01). This means that the null hypothesis is rejected. Therefore, it can be concluded that there is a significant relationship between country image and product beliefs at the significance level of 0.01. In addition, the Pearson Correlation is 0.311, which means that there is a low positive correlation between product beliefs and willingness to buy.

Hypotheses 4

- H4_o: There is no relationship between world-mindedness and willingness to buy foreign-branded products.
- H4_a: There is a relationship between world-mindedness and willingness to buy foreign-branded products.

Table 5.13: Analysis of the Relationship between World-Mindedness and Willingness to Buy

Correlations			
		MeanWM	MeanWTB
MeanWM	Pearson Correlation	1	.612**
	Sig. (2-tailed)		.000
	N	400	400
MeanWTB	Pearson Correlation	.612**	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

As shown in Table 5.13, the result from Pearson Correlation Coefficient test indicates that the significance level is 0.000, which is less than 0.01(0.000<0.01). This means that the null hypothesis is rejected. Therefore, it can be concluded that there is a significant relationship between world-mindedness and willingness to buy at the significance level of 0.01. In addition, the Pearson Correlation is 0.612, which means that there is medium positive correlation between world-mindedness and willingness to buy.

Table 5.14: Summary of Hypothesis Test

Null Hypothesis Statement	Significance Level	Correlation Coefficient	Result
H1 _o : There is no relationship between perceived value for money and willingness to buy foreign-branded products.	0.000	0.202	Reject Ho
H2 _o : There is no relationship between country image and product beliefs.	0.000	0.431	Reject Ho
H3 _o : There is no relationship between product beliefs and willingness to buy foreign –branded products.	0.000	0.311	Reject Ho
H4 _o : There is no relationship between world-mindedness and willingness to buy foreign-branded products.	0.000	0.612	Reject Ho

As indicated in Table 5.1 4, all the null hypotheses in this research are rejected, which means that there is a positive relationship between each independent and dependent variable.

CHAPTER 6

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter provides a summary of the research result. It consists of four sections. The first section discusses the research findings in terms of descriptive statistics and hypothesis testing and the second one presents the conclusion and implication of this study. The third section includes some recommendations and the last one, suggestions for further studies.

6.1 Summary of Findings

The primary objective of this study was to investigate the relationship among perceived value for money, product beliefs, world-mindedness and willingness to buy as well as the relationship between country image and product beliefs. The research analyzed all these relationships by collecting data from Dove chocolate purchasers in the city of Xi'an using SPSS program. The following is the summary of findings regarding the demographic factors and the results of the hypothesis testing.

6.1.1 Summary of Demographic Factors

The researcher distributed the 400 questionnaires between February and April 2011 at ten selected CR vanguard hypermarket in Xi'an city, in the Shaanxi province. Four demographic factors were taken into consideration in this research; gender, and age, income, and education levels. All the details are summarized in Table 6.1:

Table 6.1: The Summary of Findings of Demographic Factors

Consumer Profile	Variables	Frequency	Percentage (%)
Gender	Female	217	54.2
Age Level	21-30 years old	193	48.2
Monthly Income	RMB2001-3000	132	33
Education Level	Bachelor Degree	192	48

As Table 6.1 indicates, the majority of the respondents were females, who account for 54.2% of the respondents, and were aged between 21 and 30 years, the group with the highest percentage among all respondents (48.2 %). Respondents with a monthly income between 2001 RMB and 3000 RMB represented the group with the highest percentage (33% of all the respondents). In addition, the education level of most of the respondents shows that most of them hold a bachelor degree (48%).

6.1.2 Summary of Hypothesis Testing

Based on the research objectives and research questions in this study, four hypotheses were set for testing. The statistical technique used for analyzing the data was the Pearson Correlation Coefficient

Table 6.2 Summary of Hypotheses Testing

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

As Table 6, 2 shows, all four null hypotheses were rejected, which means that there is a significant relationship between the various variables at the 0.01 significance level.

6.1.3 Discussion and Implication of the Research

Based on the hypothesis testing outcomes in this study, the results indicate that all null hypotheses are rejected. The following is a discussion of the four hypotheses:

Hypothesis one (H1): The result of analysis shows that there is a positive relationship between perceived value for money and willingness to buy foreign-branded products.

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. It can be interpreted as showing that perceived value for money has a positive impact on consumer's willingness to buy foreign-branded products, it is indicated that the better perceived value for money can lead to stronger purchase intentions, which means that consumers with a better sense of foreign-branded products, perceive that it offers good value for money will have strong purchase intentions, thus increasing the value of the brand. The result is consistent with the findings in Wang and Zhou's (2005) study of consumers' motivations for the consumption of foreign products in the People's Republic of China. And 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. Both studies suggest that foreign brands are likely to improve consumers' perceived value for money of these products and thus strengthen their purchase intentions towards these products. In this case Dove chocolate, although the Pearson Correlation is 0.202, indicated a low positive relationship between perceived value for money and willingness to buy Dove chocolate. In other words, if the spending of Dove Chocolate is higher, such as spending of foreign Luxury products, consumers will consider that the products have a better perceived value for money.

Hypothesis two (H2): The result of the analysis shows that there is a positive relationship between country image and product beliefs.

The result of hypothesis two testing two indicates 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. This study suggests that foreign brands can use the country image of a product original country to affect customers' products beliefs in terms of purchasing their products. Foreign brands can thus use their good images to help to launch their products in the Chinese market.

Hypothesis three (H3): The result of the analysis shows that there is a positive relationship between product beliefs and willingness to buy foreign-branded products.

The result of the hypothesis testing indicates that there is a positive relationship between product beliefs and willingness to buy foreign-branded products, which in turn means that higher product beliefs will lead consumers to have stronger purchases intentions towards foreign-branded products. This result is consistent with the findings of Cannon and Attilla (2002), Hsieh, Pan, and Setiono (2004), and Orbaiz and Papadopoulos (2003), respectively, who determined that consumers' purchases intention is positively correlated with products beliefs. In other words, when foreign brands hold a high level of product beliefs, consumers will be more willing to buy them. What these studies and this research suggest is that foreign brands can improve their brand recognition, product quality, product reliability, product craftsmanship, and overall evaluation in order to set favorable beliefs in consumers' memories about their products; which can directly affect consumer willingness to buy.

Hypothesis four (H4): The result of the analysis shows that there is a positive relationship between world-mindedness and willingness to buy foreign-branded products.

The result of hypothesis testing four indicates that there is a positive relationship between world-mindedness and willingness to buy foreign-branded products, which means that, for consumers who are more world-minded, their world-mindedness will positively affect their purchase intentions towards foreign branded products. This implies that world-mindedness can strongly affect consumer willingness to buy foreign-branded products. This result is in keeping 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 consumers' world-mindedness level can influence their willingness to buy foreign-branded products. This can be interpreted as showing that consumers with a higher level of world-mindedness have stronger purchase intentions towards buying foreign-branded products.

6.2 Conclusions

This research examined the influence of perceived value for money, country image, product beliefs and world-mindedness on Chinese consumers' willingness to buy foreign-branded products, in this case, Dove chocolate, in Xi'an city, China. 400 questionnaires were collected from ten selected CR vanguard hypermarkets in that city.

The results of the demographic analysis indicate that the majority of respondents were females aged between 21 and 30 years, who earn a monthly income between 2001RMB and 3000RMB and have a bachelor degree.

All the four hypotheses in this study were tested by using SPSS. According to the outcomes of hypothesis testing, world-mindedness has a relationship with the respondents' willingness to buy foreign-branded products, with a Pearson Correlation of 0.612, followed by product beliefs (0.311), and perceived value for money (0.202). Also, the results show that there is a positive relationship between country image and products beliefs, which is a Pearson Correlation of 0.431.

In accordance with the result of hypothesis one, it can be concluded that a enhanced perceived value for money can lead to a stronger willingness to buy

foreign-branded products. Hypotheses two and three suggest that there is a significant associative links between country image, product beliefs, and purchase intention. In other words, the results indicate that country image has a direct influence on consumers' willingness to buy through product beliefs which are found to influence consumers' willingness to buy foreign-branded products.

Additionally, the result of hypothesis four testing indicates that world-mindedness strongly influences Chinese consumers' willingness to buy. It also shows that consumers' level of world-mindedness directly influence their purchase preferences despite their cognitive beliefs, which means that Chinese consumers' who hold a high level of world-mindedness will be more willing to buy foreign branded products.

6.3 Recommendations

The major objective of this study is to investigate the direct relationships between the three most exploratory constructs of consumer behavior (perceived value for money, product beliefs and world-mindedness) and Chinese consumers purchase intentions towards foreign-branded products. Additionally, this research also considers some indirect relationships, namely, whether relations between country image and willingness to buy foreign branded products are mediated by products beliefs.

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, which is a preference for foreign products to domestic products because of the superiority of foreign products in terms of product characteristics, quality and perceived value. 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, based on the findings of hypotheses two (H2), country image can positively affect foreign-branded products beliefs. While many previous studies on the problem of country of origin have considered the influence of this concept on consumer preferences, the researcher in this study focuses on understanding how consumers may use that image in assessing products. The research results show that when a country's image has a strong cognitive component, it has a direct influence on product beliefs. The findings provide useful insights into the role of country-based affects on product evaluations. Country images in the market context are provided to consumers in a variety of ways and from numerous sources, including education, the media, travel, 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. Foreign brands managers should understand what consumers think and feel when they are exposed to product origin country information, how they form their country images, and how they may use them in their marketplace behaviors. Foreign brand managers should prominently feature their product names and designs rather than local brands in order to build up positive images and a higher willingness to buy from Chinese consumers.

Third, as the results of hypothesis three (H3) show, perceived beliefs are important issues for Chinese consumers' willingness to buy foreign brands. Kapferer and Laurent (1992) mentioned that 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 from 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. As a result, it is suggested that foreign businesses emphasize their products technology and product performance in order to enhance the marketing of foreign- branded products.

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, which 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. Foreign investors should thus capitalize on Chinese consumers' preference for foreign brands, integrate the characteristics of Chinese culture to manage the perception of Chinese consumers on their products, target specific segments of consumers, and take into account competition. In short, in order to attract Chinese consumers increasingly sensitive to foreign brands, companies should adjust their marketing strategies to adapt to the Chinese culture. Meanwhile, local brands companies must find new strategies to increase their awareness and competitiveness with foreign brands.

6.4 Further Studies*

Based on the research, the following are suggestions for further research:

First, the research considered only five variables, thus, other variables which can influence consumer willingness to buy could be explored. They include perceived prestige and brand loyalty. These two variables could be included in future studies to achieve a more comprehensive framework for analyzing consumer purchase intention on a foreign-branded product.

Second, this research only collected data in one district in the city of Xi'an which may not cover the whole population in that city. Hence, a further study could investigate other areas of the city or other provinces. This may provide a better and more precise analysis of the research.

Third, this study focuses on only one foreign-branded product, Dove chocolate. So further studies should involve other types of foreign-branded products, or should explore some representative foreign-branded product, such as, for example, luxury products.

Finally, the evolution of the perception of foreign brands in China takes place at a very rapid pace. This can create significant differences between groups of people more or less susceptible to the effects of the opening up the country. Therefore, further studies also could focus on different segments of Chinese consumers who may be more sensitive to brands.



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APPENDIX A
QUESTIONNAIRE IN ENGLISH VERSION



QUESTIONNAIRE

With China's steady economic growth in recent year, national income increasing, more and more Chinese customers are choosing to purchase foreign- branded products. The purpose of this survey is to solicit your opinions about the purchase of foreign branded products. Though the result of this survey, we hope to obtain much more information and a better understanding of this new market phenomenon. The success of this survey depends on your participation and kind responses. Please spend a few minutes to answer all the questions in this questionnaire. Thank you for your assistance and cooperation.

Part 1: Screening question:

Have you ever bought any Dove chocolate product? (Please mark ✓ in the black)

Yes _____ (Please proceed to help with following questionnaires)

No _____ (Thank you for your time)

Part 2: Factors that influence the Purchaser's willingness to buy: Please indicate your agreement on the following questions about each variable. (Mark ✓)

(1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree)

Variables	1	2	3	4	5
Perceived value for money					
I consider Dove chocolate products to be a good deal.					
The Dove chocolate I have had was very good value for money.					
The price I paid for the Dove chocolate was very reasonable.					
When I purchase Dove chocolate products, I feel I get more than what I pay for.					
When I purchase Dove chocolate products I don't have to worry.					
Product beliefs					

I always trust the quality of Dove chocolate products.					
Dove chocolate products are hygienic and safe.					
Dove chocolate products are trendy and popular.					
Dove chocolate products convey prestige and novelty.					
World-mindedness					
I find foreign- branded products are more desirable.					
I prefer to be a citizen of the world than of any particular country.					
My life quality would improve if more imported goods were available.					
The production location of a product does affect my purchase decision.					
My government should allow foreigners to immigrate here.					

Part 3: Country image affect the Product beliefs: please indicate your agreement on the following questions about each variable. (Mart✓)

(1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree)

Country image	1	2	3	4	5
The living standards in America are higher than in China.					
America-made machines have better engineering capability than Chinese-made ones					
America students receive a better education than Chinese students.					
The Gross Domestic Product in America is higher than in China.					
The current political situation in America is stable.					

Part 4: Willingness to buy: please indicate your agreement on the following questions about each variable. (Mart✓)

(1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree)

Willingness to buy	1	2	3	4	5
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I ever got good experiences of buying Dove chocolate products, therefore, I m willing to repurchase them.					
Even though Dove chocolate products are a little pricier than other brands, I will still buy them.					
I'm willing to buy Dove chocolate products because they will give me better taste buds which other brands may not provide.					
Dove chocolate products give more product information to customers than other brands.					
I will recommend Dove chocolate products to my friends.					

Part 5: Demographic Factors

1. Gender

- ☐ Male
- ☐ Female

2. Age

- ☐ 20 or below
- ☐ 21-30
- ☐ 31-40
- ☐ 41-50
- ☐ 51 or above

3. Monthly Income (RMB)

- ☐ 1000 or below
- ☐ 1001-2000
- ☐ 2001-3000
- ☐ 3001-4000
- ☐ 4001-5000
- ☐ 5001 or above

4. Educational level

- ☐ High school or lower
- ☐ College graduate
- ☐ Bachelor degree
- ☐ Master degree or higher



调查问卷

您好，本问卷为泰国易三仓大学(Assumption University of Bangkok, Thailand)企业管理研究的学术性研究计划。随着中国经济的稳定增长，国民收入的提高，越来越多的中国消费者选择购买外国的产品。本问卷以德芙巧克力为研究案例，目的主要是探讨这一新的市场现象。您的宝贵意见与想法将会对本研究提供莫大的帮助。本问卷采用匿名作答的方式，研究结果仅供学术研究之用，绝无其他利益用途，请您放心作答，恳请您花费一点时间，回答问卷中的各项问题，非常感谢您的协助和配合。

第一部分:

您是否曾经购买过德芙巧克力?

是 (请继续回答以下的问题)

否 (谢谢您)

第二部分: 请根据你的个人意见，并以以下提示作答。

1=强烈不同意； 2=不同意； 3=一般； 4=同意； 5=强烈同意。

物有所值	1	2	3	4	5
1. 我认为德芙巧克力具有很好的品牌形象。					
2. 德芙巧克力可以提供很好的客户服务。					
3. 我可以从德芙巧克力中得到很好的味觉享受。					
4. 当我购买德芙巧克力的时候，我感到物有所值。					
5. 当我购买德芙巧克力的时候，我不用为这个产品感到担心。					
产品的信誉	1	2	3	4	5
1. 我一直都很相信德芙巧克力的质量。					
2. 德芙巧克力是健康和安全的。					
3. 德芙巧克力是很受欢迎的。					
4. 德芙巧克力很有声誉，产品的种类也很新颖。					
世界观	1	2	3	4	5
1. 我觉得进口的产品很受欢迎。					
2. 相对于特定国家，我更偏好做一个世界公民。					
3. 更多进口产品的供应，将会提高我的生活质量。					
4. 产品的原产地会影响我的购买决定。					
5. 我国政府应该允许更多的外国人来中国。					
原产地印象	1	2	3	4	5
1. 美国的生活水平比中国高。					
2. 美国的机械精工要比中国较好。					
3. 美国的教育体系比中国先进。					
4. 美国的国民收入要高过中国。					
5. 美国当前的政治体制是稳定的。					
购买意愿	1	2	3	4	5
1. 我有过购德芙巧克力的良好经验，我愿意再次购买。					

2. 即使德芙巧克力的价格比其他品牌要高一点，我还是会选择购买它。					
3. 我愿意购买德芙巧克力，因为它的口味比一般巧克力要好。					
4. 德芙巧克力为客户提供了更多的产品信息。					
5. 我愿意介绍德芙巧克力给我的朋友。					

第三部分，个人资料

1. 性别
- ☐ 男 ☐ 女
2. 年龄
- ☐ 20 岁以下

☐ 21-30 岁

☐ 31-40 岁

☐ 41-50 岁

☐ 51 岁以上
3. 月收入（人民币）
- ☐ 1000 元以下

☐ 1001-2000 元

☐ 2001-3000 元

☐ 3001-4000 元

☐ 4001-5000 元

☐ 5001 元以上
4. 教育程度
- ☐ 高中或以下

☐ 大专

☐ 本科

☐ 研究生或以上



APPENDIX C
SPSS OUTPUTS



Reliability of Variables

1 Perceived Value of Money

Reliability Statistics

Cronbach's	
Alpha	N of Items
.726	5

2 Product Beliefs

Reliability Statistics

Cronbach's	
Alpha	N of Items
.808	4

3 World-mindedness

Reliability Statistics

Cronbach's	
Alpha	N of Items
.752	5

4 Country Image

Reliability Statistics

Cronbach's	
Alpha	N of Items
.801	5

5 Willingness to buy

Reliability Statistics

Cronbach's	
Alpha	N of Items
.849	5

Descriptive Analysis

1. Frequency Table

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	183	45.8	45.8	45.8
	Female	217	54.2	54.2	100.0
	Total	400	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 or below	11	2.8	2.8	2.8
	21-30	193	48.2	48.2	51.0
	31-40	139	34.8	34.8	85.8
	41-50	43	10.8	10.8	96.5
	51 or above	14	3.5	3.5	100.0
	Total	400	100.0	100.0	

Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1000 or below	7	1.8	1.8	1.8
	1001-2000	44	11.0	11.0	12.8
	2001-3000	132	33.0	33.0	45.8
	3001-4000	119	29.8	29.8	75.5
	4001-5000	66	16.5	16.5	92.0
	5001 or above	32	8.0	8.0	100.0
	Total	400	100.0	100.0	

Education level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid High school or lower	10	2.5	2.5	2.5
College graduate	87	21.8	21.8	24.2
Bachelor degree	192	48.0	48.0	72.2
Master degree or higher	111	27.8	27.8	100.0
Total	400	100.0	100.0	

2. Mean Score and Standard Deviation

Perceived Value for Money

Descriptive Statistics

	N	Mean	Std. Deviation
I consider Dove chocolate products to be a good deal.	400	4.08	.634
The Dove chocolate I have had was very good value for money	400	3.53	.819
The price I paid for the Dove chocolate was very reasonable	400	3.61	.874
When I purchase Dove chocolate products, I feel I get more than what I pay for.	400	3.52	.683
When I purchase Dove chocolate products I don't have to worry.	400	3.97	.786
MeanPVFM	400	3.74	.478
Valid N (listwise)	400		

Product Beliefs

Descriptive Statistics

	N	Mean	Std. Deviation
I always trust the quality of Dove chocolate products	400	3.96	.707
Dove chocolate products are hygienic and safe.	400	3.92	.702
Dove chocolate products are trendy and popular.	400	3.94	.833
Dove chocolate products convey prestige and novelty.	400	3.86	.785
MeanPB	400	3.92	.546
Valid N (listwise)	400		

World-Mindedness

Descriptive Statistics

	N	Mean	Std. Deviation
I find foreign- branded products are more desirable.	400	4.05	.724
I prefer to be a citizen of the world than of any particular country	400	3.53	.892
My life quality would improve if more imported goods were available.	400	3.70	.857
The production location of a product does affect my purchase decision.	400	3.78	.881
My government should allow foreigners to immigrate here	400	3.85	.848
MeanWM	400	3.78	.482
Valid N (listwise)	400		

Country Image

Descriptive Statistics

	N	Mean	Std. Deviation
The living standards in America are higher than in China	400	4.35	.650
America-made machines have better engineering capability than Chinese-made ones	400	4.12	.767
America students receive a better education than Chinese students	400	4.06	.790
The Gross Domestic Product in America is higher than in China.	400	4.23	.705
The current political situation in America is stable.	400	3.89	.854
MeanCI	400	4.13	.376
Valid N (listwise)	400		

Willingness to Buy

Descriptive Statistics

	N	Mean	Std. Deviation
I ever got good experiences of buying Dove chocolate products, therefore, I m willing to repurchase them.	400	4.04	.729
Even though Dove chocolate products are a little pricier than other brands, I will still buy them	400	3.71	.788
I'm willing to buy Dove chocolate products because they will give me better taste buds which other brands may not provide.	400	3.58	.852
Dove chocolate products give more product information to customers than other brands	400	3.81	.767
I will recommend Dove chocolate products to my friends.	400	4.09	.745
MeanWTB	400	3.85	.493
Valid N (listwise)	400		

3. Pearson Correlation Coefficient Analysis

Perceived Value of Money and Willingness to Buy

Correlations

		MeanPVFM	MeanWTB
MeanPVFM	Pearson Correlation	1	.202**
	Sig. (2-tailed)		.000
	N	400	400
MeanWTB	Pearson Correlation	.202**	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

Country Image and Product Beliefs.

Correlations

		MeanCI	MeanPB
MeanCI	Pearson Correlation	1	.431**
	Sig. (2-tailed)		.000
	N	400	400
MeanPB	Pearson Correlation	.431**	1
	Sig. (2-tailed)	.000	
	N	400	400

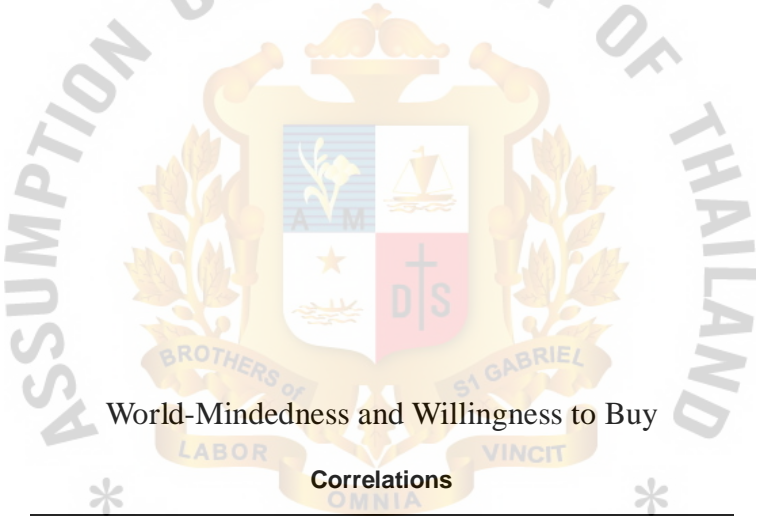
** . Correlation is significant at the 0.01 level (2-tailed).

Product Beliefs and Willingness to Buy

Correlations

		MeanPB	MeanWTB
MeanPB	Pearson Correlation	1	.311**
	Sig. (2-tailed)		.000
	N	400	400
MeanWTB	Pearson Correlation	.311**	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).



World-Mindedness and Willingness to Buy

Correlations

		MeanWM	MeanWTB
MeanWM	Pearson Correlation	1	.612**
	Sig. (2-tailed)		.000
	N	400	400
MeanWTB	Pearson Correlation	.612**	1
	Sig. (2-tailed)	.000	
	N	400	400

** . Correlation is significant at the 0.01 level (2-tailed).

