

## **CHAPTER 1 INTRODUCTION**

### **1.1. BACKGROUND**

China's open door policy ushered in by the late Chinese patriarch Deng Xiaoping in the late 1970s has brought in significant changes. Most significantly it has shifted from a centrally planned economy to that of a market-driven economy (Luo and Park, 2001). Opening the floodgates of China's economy resulted in an unprecedented influx of multinational enterprises into China. This in turn initiated an exponential growth in the amount of foreign direct investment (FDI) to China since 1979. From a humble yearly FDI of less than US\$1 billion in the early 80s, it jumped up to nearly US\$86 billion in 2007 (EIU Country Commerce, China n.d.; Zhang, 2006). By 2006, China surpassed U.S.A. by becoming the single largest recipient of FDI in the world (Shah, 2009). In 2007, China stabilised as the largest recipient of FDI among the emerging markets taking 6 per cent of global total FDI (EIU world investment prospect 2007). This trend of FDI remained at a high level with US\$92 billion in 2008 and US\$90 billion in 2009 (China Statistic Yearbook 2009 & 2010).

The accumulative inflow of FDI from 1985 to 2005 amounted to a whopping US\$622 billion (Zhang, 2006), which led China to develop into a major manufacturing powerhouse (Choe, 2006). Fuelled by foreign joint-venture (Li and Wang, 2004; Wang and Liu, 2000) and by mid- 1990s, China turned into one of the largest manufacturers and exporters of consumer goods globally. In 2003, China produced 4.4 million vehicles, the fourth producer in the world after the U.S.A., Japan and Germany (Zhao, 2005). China now produces more than 50 per cent of the world's cameras, 30 per cent of air-conditioners, 30 per cent of television sets, 25 per cent of washing machines and 20 per cent of refrigerators (Leggett and Wonacott, 2002; Ge and Ding, 2005) and is the single largest producer as well as exporter of textiles and garments in the world (Chen and Shih, 2004). In terms of foreign trade, it grew 56 times from the year 1978 to 2004, with annual growth rate reaching 16.8 per cent. In the year 2004 alone, foreign trade amounted to US\$1.1 trillion. In contrast, during the same period, world trade has only grown 6.4 times

with an annual growth rate of 6.6 per cent (BBC Monitoring Asia Pacific. London: Dec 30, 2004 p.1). The yearly foreign trade has since gradually grown from US\$1.4 trillion in 2005 to a high of US\$2.5 trillion in 2008 and US\$2.2 trillion in 2009 (China Yearbook 2010).

Majority of the FDI during the period of 1997 to 2008 were in the manufacturing sector and this has enabled China to expand its domestic economy. Side by side, Chinese economy also moved from a low technology industry to a high-tech manufacturing environment (Liu and Daly, 2011). Among the thousands of manufacturers in China, some names which were unheard of a couple of decades ago have now grown to become large multinationals that produce anything from agricultural products to high end products such as computers and DVDs (Leggett and Wonacott, 2002). Some of the big names include companies such as Haier (refrigerators), TCL and Changhong (television sets), Chunlan and Gree (air-conditioners) and Galanz (microwave) have carved out a significant market share domestically and a niche market abroad (Chen, 2004; Ge and Ding, 2005). At the same time, in the domestic market, some joint-ventures such as Panasonic and Sony with a foreign collaborator have seen their market share eroded by local Chinese manufacturers such as Chang Hong (market leader) and TCL (Chen, 2004).

One of the reasons for foreign collaborators losing out to indigenous manufacturers could have been due to the local brand manufacturer's ability to keep down prices (Leggett and Wonacott, 2002). In response to the above development, foreign brand owners started to form joint-ventures with local brand owners to capture the domestic as well as the global market. One such example is the merger between local manufacturer TCL and European company Thomson, which effectively moulded them into a winning combination and eventually a market leader in the global television industry (Chen, 2004).

According to business internationalisation theory, a company would explore and invest in foreign country to search for relatively low cost factor endowments to gain competitive edge. The company's motivation for FDI rests on the following factors:

- Ownership advantages such as acquiring of intangible assets and technological

capacities

- Internalisation advantages such as the ability to coordinate or manage firm's activities in the value added chain
- Locational advantages such as institutional and productive factors, which exist in certain geographical areas (Dunning, 1998; Galan and Gonzalez-Benito, 2001; Whitelock, 2002).

The influx of foreign brand products manufactured locally have resulted in a blurring of consumer distinction between imported and domestic brands and a dissonance due to incongruence of information (Ettenson, 1993; Chao, 2001) Furthermore, the development and phenomena of local brands' ability to surpass foreign global brands in sales pose a new challenge to our understanding of the Chinese market and its consumer buying behaviour.

In marketing literature, consumption of products does not rely solely on economic pricing. Consumers utilise a range of attributes in their product evaluation and decision-making. These attributes can be separated into extrinsic cues such as brand name, country of origin (COO), region of origin (ROO), price, warranty; and intrinsic cues. There are some attributes that are adhered to the physical characteristics of the product and cannot be experimentally manipulated or changed such as, style, taste, and ingredients (Olson and Jacoby, 1972; Olson, 1978; Szybillo and Jacoby, 1974; Huber and McCann, 1982; Zeithaml, 1988; Roa and Monroe, 1989; Dodds and Monroe and Grewal, 1991; Richardson, Dick and Jain, 1994; Lee and Lou, 1995; Forsythe, Kim and Petee, 1999; Teas and Agarwal, 2000).

In the cue utilisation theory, especially for imported or foreign brand product, consumers may utilise COO cue as a pointer towards the quality of the product. The effect of the COO has been well researched (Tan and Farley, 1987); there is vast literature on COO effect on product quality evaluation and intention to purchase (Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999) as well as the effect of consumer ethnocentrism on product evaluation and decision-making (Shankarmahesh, 2006). The early COO studies mainly investigated the "made-in" effect in the 60s (Reierson, 1966; Schooler, 1965;

Schooler and Wildt, 1968); the COO studies have since covered a vast array of topics, which include the studies of hybrid products and consumer ethnocentrism (Bilkey and Nes, 1982; Al-Sulaiti and Baker, 1998). The hybrid product literature mainly studies the consumer association to the country of manufacture of the product, which may be different from the country of brand origin and the interactive effect between them (Han, 1986; Johansson and Nebenzahl, 1986; Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Ahmed and D'Astous, 1993; Chao, 1993; Insch and McBride, 1998; Tan and Leong, 1999). The consumer ethnocentrism literature is mainly concerned with consumer ethnocentric tendency affecting consumer product quality evaluation and purchase choice, that is, consumers with a high ethnocentric tendency would prefer to buy domestic products and stay away from foreign goods even though they may perceive the foreign product to be of higher quality (Shimp and Sharma, 1987; Good and Huddleston, 1995; Watson and Wright, 2000; Huddleston, Good and Stoel, 2001; Orth and Firbasova, 2003; Balabanis and Diamantopoulos, 2004; Shankarmahesh, 2006; Thelen, Ford and Honeycutt, 2006)

In the COO literature, consumer products are studied from the international trade perspective where products are considered being trade (import and export) across countries. This means that the product in COO literature is considered a product produced in a nation rather than specifically in a region or a place within the country. On the other hand, there are agricultural products or foodstuff that are traditionally associated with certain regions of a country or which may be protected under the product geographical indications law. For this type of products, the use of ROO cue was evident (Van Ittersum, 2001). The ROO cue for these regional products (for example, Parma ham or Champagne) would trigger consumers' previously embedded association with a region, solely, upon which they based their evaluation of the product (Delamont, 1995; Van de Lans et al., 2001). In practice, there were signs that consumer durable manufacturers were aware of the benefit of ROO cue and applied for geographical indication. In 2006, the Shanghai Bicycle Association applied for GI registration for their members to impress on the market that bicycles made in Shanghai are of high quality (Kenji, 2007).

The studies of Region of origin (ROO) did not extend to consumer goods (Van Ittersum, 2001). Furthermore, in the COO literature, little attention has been paid to the existence of inter-regional trade and disparity of the regions within nations especially the ones within the Big Emerging Market (BEM) like China, Brazil, Indonesia and India, which have attracted substantial FDI in the last few decades. The regions within these countries are distinctive from each other in their culture, language, economic development as well as consumer characteristics and form a submarket within the nations (Cui and Liu, 2000; Varinder, 2002; Prahalad and Liebertal, 2003; Gouvea, 2004). From a critical review of past studies of the COO literature, there was an acknowledgement of the importance of sub-national cross-cultural studies; however, most cross-cultural studies were actually cross-national studies (Heslop, Papadopoulos, and Bourk, 1998).

There remains a lack of sub-national regional perspective in the areas of consumer product evaluation, purchase decision and consumer ethnocentrism. There are very few studies explaining consumer buying behaviour of big emerging markets such as China, which is flooded with foreign brands, hybrid products as well as emergence of local brand products. It is worthwhile to study the China market from smaller clusters or sub-markets in the regional context rather than be viewed as one singular, contiguous market.

## **1.2. RESEARCH PROBLEM**

The lack of published literature on consumer product evaluation, purchasing decision and consumer ethnocentrism in the sub-national level in Big Emerging Markets suggests that there is a persisting need to conduct research on these topics.

Due to influx of foreign direct investment (FDI), the current situation of China is marked by many hybrid products of foreign brands manufactured locally or local brands manufactured in different regions affecting consumer product evaluation and decision. Furthermore, with the diverse regional environment such as culture, language, economic development and consumer characteristics, consumers may have predetermined concepts or stereotype the product produced in different regions and there are also those regioncentric consumers who project loyalty with preference for local region's products.

All this would definitely affect consumer product quality evaluation and purchase decision.

The aim of this research is to address how the consumers in China evaluate hybrid products and whether the ROO attributes and other attributes have any impact on consumer product evaluation and purchase decision. Furthermore, the study also evaluates if Chinese consumers of different regions are predisposed to regioncentric tendencies, and if they do, how far does it affect their product evaluation and purchase decisions.

Essentially, the researcher argues that for hybrid products where the place of manufacture is different from the place of brand origin, the ROO cue would affect Chinese consumers in their product quality evaluation and intention to purchase. It is expected that products produced in economically advanced regions will positively affect a consumer's overall evaluation of the product and intention to purchase. Consumers' regioncentric tendencies would affect consumers' product evaluation and decision in that those with high regioncentric tendencies would favour locally manufactured products.

In this connection, this study initially critically reviews the contextual issues of China for regional variation and the definition of region appropriate for it. Next, a historical review of the use of ROO and COO in product marking and development is done. A literature review of the COO revealed the major trends from using single attribute techniques to multi-attributes, evolving of hybrid products, and consumer ethnocentrism in affecting consumer product evaluation and decision. In each case, consumer utilisation of product cues as signal of product quality is evident. Based on these, a conceptual framework was designed and hypothesis developed from a sub-national level perspective.

There is no "natural" or "definite" region. The definition of region and that of regionalism depends on the problem or question under research. However, the study of region and regionalism is often based on factors such as i) social cohesiveness such as

cohesiveness in ethnicity, language, religion, culture, history and common heritage; ii) economic cohesiveness such as trade pattern and economic complementarities; iii) political cohesiveness such as nature of regime and ideology; and iv) organisational cohesiveness such as existence of formal regional institutions (Fawcett and Hurrell, 1995; Evered, 2005).

As will be demonstrated in Chapter two, there are many perspectives in defining region in China. Consumers in their daily interaction are well aware of a spatial hierarchy in descending order of administration from a nation to provincial level, prefecture-level city, county level, and, lastly, at the township level (Shu and Zhou, 2003). Furthermore, regions can be viewed in general geographic terms as coastal and inland regions or be further subdivided into nine regions: the Northeast region, Yunan-Quizhou region, upper Yangtze region, middle Yangtze region, lower Yangtze region, Lingnan region, southeast coastal region and northeast coastal region (Deng, 2003). As China is undergoing rapid urbanisation, definition of region from the perspective of urban development was adopted and categorised into 12 regions (Leman, 1998) in this study.

From a marketing perspective, there is an inherent regional economic disparity that has a direct bearing on the demographics, psychographics, lifestyle activities, and consumption patterns among the consumers of the different regions in China (Cui and Lui, 2000). Therefore, it is expected that their attitude toward their own region and their consumption behaviour in quality evaluation and purchase decision of products manufactured in different regions in China would vary. People in different regions in China may portray an ethno-nationalist feeling, which is the secondary sentiment of identity with one's own ethnic group or region (Ng-Quinn, 1993).

This feeling is translated into consumer region-centrism, where consumers prefer local products over non-local products out of loyalty and association with the region. The longer a person resides in a particular region, the higher the sense of community attachment and social participation marked by residents eventually developing

ethnocentrism feelings toward the region and fellow residents (Kasarda and Janowitz, 1974; Sampson, 1988; Van Ittersum, 2001). Therefore, consumers with high regioncentric tendencies would prefer local products (Van Ittersum, 2001). The theoretical construct of consumer regioncentric tendency and its measurement is based on the consumer ethnocentrism construct developed by Shimp and Sharma (1987). The consumer regioncentric boundary is sub-national at regional level whereas consumer ethnocentric boundary is at national level.

In the case of consumer product quality evaluation and choice, the cue utilisation purports that consumers use a set of extrinsic and intrinsic attributes in their evaluation and choice decision. In this study, the extrinsic cues include brand, price, warranty and ROO while the intrinsic cues include sensory/organoleptic attributes and value/function attributes (Olson and Jacoby, 1972; Olson, 1978; Bearden and Shimp, 1982; Rao and Monroe, 1988; Zeithaml, 1988; Caswell, 2000). Chapter Three, of this study is concerned with inquiry into the ROO and consumer region-centrism effects on consumer vis-à-vis the hybrid products. This is elaborated in respect to their practical application and developments of ROO cue in product markings from a historical perspective to the use of COO cue in products markings. The markings that indicate the ROO performed the function of identifying place of manufacture, ownership, and indication of quality of the products (Liu, 1996; Mollerup, 1998; Zuo, 1999). With the increase in international trade and protectionism measures by Western countries, laws were enacted requiring importing countries to indicate to consumers the product's COO (Neuburger and Stoke, 1979; Morello, 1984, 1993). The use of ROO for consumer product has been becoming less important and is now only referred to agricultural products.

In the COO literature, according to the congruity principle, given a choice, a consumer would prefer to buy products or services from more advanced and economically better off countries than from less advanced countries (Osgood and Tannenbaum, 1955; Choa, 2001). Consumer products manufactured or services offered by advanced countries may create positive association. Therefore, the country of origin of the product or service does



matter in consumer evaluation (Ahmed et al., 2002). However, this might not be the case for food and handcrafted products. The evaluation of agricultural products may be based on region of origin cue where consumers placed importance on their experience of the product or association with the product with specific region.

For example, certain regions in France or Spain are considered to be traditionally producing high quality wine. Consumers in these countries use geographical indicator in their evaluation of the quality of the product. However, these regions are agriculture intensive and are not advanced in terms of economic development (Henchion and McIntyre, 2000). Similarly, Kuznesof, Tregear and Moxey (1997) suggested that product such as regional foods are linked to a particular lifestyle associated with traditional means of employment. Cornish pasties are considered as a premium product originated from a mining town in a poorer region. Therefore, consumers may evaluate the quality of the product and eventually their buying decision based on their ethnicity (Deshpande, Hoyer, and Donthu, 1986) and affiliation to a particular region rather than the economic development of that region (Van Ittersum, 2001).

Recent developments of globalisation and trade liberalisation, as well as the evolving of large urbanisation areas within a country, have led to advocating of regionalism. Savitch and Kantor (1995) as well as Kresl and Singh (1999) have suggested that there is a need for a paradigm shift in economic policy where more attention should be given to region and cities as national policy would not be able to cover the benefits of the regions. For a big emerging market such as China's with vast regional disparity in culture, language, economic development and consumer characteristics, inundated with foreign brand products manufactured locally, the study of consumer behaviour from a regional perspective is important and necessary.

Based on the points of research inquiry on whether consumers in China portray any regioncentric tendencies, and the attributes they prioritise in product quality evaluation and purchase decision, this study seeks to find out:

- Among the extrinsic and intrinsic cues, do consumers utilise the region of origin cue in their product quality evaluation and product choice of a hybrid product in the regions of study?
- Do consumers in different regions in China project consumer regioncentric tendency?
- To what extent does regioncentric tendency affect consumers' product quality evaluation and purchase intention?

To correspond with the research questions, the hypotheses generated are explicated in chapter four. The main themes are to investigate:

1. The effects of extrinsic cues (including region of origin) and intrinsic attributes on product quality evaluation and consumer intention to purchase.
2. The regioncentric tendency.
3. The association between regioncentric tendencies with preference of product from own region of residence in terms of product quality evaluation and intention to purchase.

Furthermore, in terms of the research methodology and measurement instruments, conjoint analysis was used to test the effect of extrinsic and intrinsic cues and Analysis of the Variance to test the interaction effect of the extrinsic and intrinsic cues will be performed. A modified 10-item CETSCALE is used to measure the regioncentric tendency. Reliability test, test for unidimensionality, test of model fit of the CETSCALE, test of factor, component matrix and validation of the factor analysis will also be tested.

### **1.3. JUSTIFICATION FOR THE RESEARCH**

The effect of country-of-origin has been the most researched in the international aspect of consumer behaviour (Tan and Farley, 1987). As shall be described in chapter three, from a historical perspective, since early studies in the 60s by Reiersen (1966); Schooler (1965); Schooler and Wildt (1968) that investigated the “made-in” effect where stereotyping of foreign products was present among consumers and they showed the

preference for goods based on their COO. The COO literature has covered a wide range of issues such as evaluation of products, stereotyping, effects of demographics on consumers' perceptions of imports, perceived risk, COO effects on services, consumer ethnocentrism, country of design and country of manufacture, consumer animosity, and COO effect on hybrid product (Al-Sulaiti and Baker 1998; Bilkey and Nes, 1982).

In consumer product evaluation and choice, meta-analysis of COO literature done by Peterson and Jolibert (1995) suggests that quality perceptions and purchase intention need to be studied separately because they are context dependent, whereas Verlegh and Steenkamp (1999) confirmed that the COO has a larger effect on perceived quality than on purchase intention.

In the last few decades, international trade and international marketing issues have been dominated by phenomena like large flow of FDI to big emerging markets such as China, Brazil, Indonesia and India (Varinder, 2002; Gouvea, 2004). FDI also increased the production of hybrid products, which caused domestic and importing countries' consumers to evaluate the products differently (Han, 1986; Johansson and Nebenzahl, 1986; Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Ahmed and D'Astous, 1993; Chao, 1993; Insch and McBride, 1998; Tan and Leong, 1999).

Unlike smaller countries, these large countries are geographically diverse and have regions with economic disparity. As shall be elaborated in chapter two, the regions within these countries form a submarket within the nations and the regions are distinctive from each other in their culture, language, economic development as well as consumer characteristics (Cui and Liu, 2000; Prahalad and Liebertal, 2003).

Many of the country-of-origin and ethnocentrism studies in China have assumed the Chinese market to be a single homogenous entity (King and McDaniel, 1989; Ettenson and Mathur, 1995; Cui and Lui, 2000; Taylor, 2003). This treatment of China as a single market might be useful for products that are generic and commodity in nature, but is inadequate for consumer products that require differentiation in capturing different

markets within a country as well as disregarding the existence of regional trade within a vast country (Cui and Liu, 2000). The COO studies were mainly in the national context concerned with international trade, though there was acknowledgement of the importance of sub-national cross-cultural study in the COO literature. However, most of cross-cultural studies were actually cross-national studies (Heslop, Papadopoulos, and Bourk, 1998).

The research on large countries with Big Emerging Markets from a sub-national perspective is lacking. Furthermore, with large urbanised areas formed and renewed interest in looking at regional economic policy (Kresl, 1992), there is a need to take a sub-national perspective to study the regional markets on consumer products such as hybrid product, their variations, consumer characteristics and the consumer buying behaviour of these countries.

On hybrid products in China, consumer durables markets that were dominated by foreign brands have seen the emergence of domestic brands such as Haier, TCL, Changhong, Chunlan and Gree. The domestic brands have now carved out a significant market share locally and abroad (Chen, 2004; Ge and Ding, 2005). Foreign joint-ventures such as Panasonic and Sony, which used to dominate the television make market, have seen their market share eroded by local Chinese manufacturers such as Changhong and TCL (Leggett and Wonacott, 2002; Chen, 2004).

On the other hand, inroads have been made by foreign brands such as Lipton for tea, in the agricultural products market. Faced with a hybrid product, consumers in a regional setting may either select products manufactured from more advanced regions or where a consumer portrays a high regioncentric tendency, buy a product made in region of residence.

Therefore, consumer quality evaluation and purchase choice of hybrid products needs to be studied from a sub-national regional level for companies and marketers to better formulate their entry strategy as well as marketing strategy.

This study therefore contributes to a body of knowledge for COO studies through original investigation at a sub-national perspective firstly, by examining the effects of ROO and consumer regioncentric tendencies in consumer product quality evaluation and purchase intention on hybrid products. This study can be replicated in countries where regional inequality and differences exist such as U.S.A., Russia, Canada, India, Brazil, Germany and France.

Secondly, the ROO study adds to the international trade theories by providing a market factor approach, where the ROO may be one of the factors in deciding the location of the manufacturing bases of foreign companies since the market size of the product may be determined by positive attitude of the consumer towards certain region or the region-centrism effect which determine the consumer product preference.

Thirdly, the study will provide several implications to companies in their marketing approach and managerial approach in China. It enables foreign and domestic companies and marketers to consider a marketing strategy that utilises the positive effect of a ROO cue for packaging, advertising message and promotion. Understanding the effect of region-centrism would enable companies to identify segments that will purchase or reject the regional products.

#### **1.4. METHODOLOGY**

To answer the research problem and questions set forth in the preceding sections, the research approach of this study includes an initial review of the contextual issues in China such as regional economic inequality, definition of region and regional identity and stereotype to set the grounds for study at a sub-national regional level. A historical review of the use and definition of region of origin, the review of trademark and geographical indication usage and review of COO literature is given. This leads to designing the conceptual framework and hypotheses that addresses the ROO effect and

region-centrism effect on consumer product evaluation and purchase intention of hybrid products in a sub-national level of inquiry. A pilot study was conducted prior to the actual full-scale survey. Subsequently a statistical analysis of the information gathered from the survey is made.

Methodologically, to study the effect of region of origin, the cue utilisation theory was applied and a multi-attribute approach was adopted. Two product categories: television sets and tea were used in this study. Extrinsic cues for these products included brand, price, warranty and ROO and the intrinsic cues were sensory/organoleptic attributes and value/function attributes (Olson and Jacoby, 1972; Olson, 1978; Bearden and Shimp, 1982; Rao and Monroe, 1988; Zeithaml, 1988; Ettenson, 1993; Xia, 1994; Ettenson and Mathur, 1995; Caswell, 2000). The multi-attributes approach is more appropriate as previous studies of similar nature based on single cues show biased result as consumers only rely on information of a single cue (Bilkey and Nes, 1982; Johansson, Douglas, and Nonaka, 1985). The statistical technique conjoint analysis was used to test the effect of extrinsic and intrinsic cues in this study. The ROO together with other attributes were tested (Ettenson, Wagner, and Gaeth, 1988; Louviere, 1988; Ettenson and Mathur, 1995). The experimental design for each of the products category was a 4x4x3x2x2x2 full factorial design with a total of 384 profiles. The profiles were orthogonally designed and the final number of profiles was reduced to 20 using fractional factorial plan to ensure the research to be workable and the respondents were not overburdened with too many profiles. A subsequent analysis of variance method was employed to test the interactive effect between the extrinsic cues (Ettenson and Mathur, 1995; Acharya and Elliot, 2003).

For research question 2, a modified 10-item CETSCALE initially developed by Shimp and Sharma (1987) were adapted as the measurement instrument for regioncentric tendency. Changes were made to the wordings in the items of the questionnaire to reflect the sub-national meaning of region. The modified 10-item CETSCALE were tested for reliability and validity and has proved to be reliable. Further testing showed the CETSCALE consisted of 2-factor structure. However, the items in the two-factor structure remain the same in this study. Recent studies by Thelen (2003) found that the

effectiveness of the modified 10-item CETSCALE was inconsistent when applied across the different Russian society. Subsequent study by Thelen, Ford and Honeycutt (2006) in their study of consumer ethnocentrism across Russian sub-cultures found that the CETSCALE to be not unidimensional but multi-factored.

Confirmatory analysis was used to test the unidimensional of the modified CETSCALE, Reliability analysis and principal component analysis was used to test the psychometric properties of the CETSCALE (Shimp and Sharma, 1987; Good and Huddleston, 1995; Thelen, 2002; Acharya and Elliot, 2003) and validity tests were performed.

The region with regioncentric consumers was further tested for their tendency to prefer products from their own region of residence. The utilities estimates from conjoint analysis of the region were compared with the respondents' preference in product quality evaluation and product choice.

Operationally, a pilot study was employed to examine the appropriateness of the questionnaires and conjoint profiles. In the main study, data was collected using mall interception method where interviews in the major shopping malls in Dalian, Suzhou and Guangzhou were conducted. For data analysis, SPSS 15 for Conjoint Analysis and SPSS 15 AMOS were utilised. Results showed consumers in the three regions in China considered the effect of ROO to be salient in their product quality evaluation and purchase choice. Regioncentric tendencies varied between regions and only participants in Suzhou showed higher regioncentric tendency.

Further details and justification of research approach, research design, data collection method and data processing methods are discussed in Chapter 5 and 6.

## **1.5. CHAPTER OUTLINE**

There are a total of eight chapters in this thesis. The structure of the thesis follows the guidelines suggested by Perry (1994), which fulfils the requirement of a doctoral thesis.

Chapter 1 introduces the background in China context, the basic research problem which addresses the region of origin effect and the regioncentric tendency and its effect of consumer buying behaviour and decision making process. It continues to provide justification to the study, the methodology used, a general outlines of the structure of the thesis, discussed about the boundary of the study and finally the conclusion.

Chapter 2 describes the contextual issue in which this research is conducted. Specifically, the methodology of defining what constitutes a region and the unit of region from sub-national to supra-national levels is discussed. Detailed elaboration of the variations in the regions in China is studied from different perspectives. These include political, economic, weather, farming, linguistic, urban development, and marketing perspectives. The notion of national identity, nationalism, binarism in identity, co-existence of regional identities, regionalism and the evolution of China economic development as well as the pattern of urbanisation process from cities to an extended metropolitan region, which leads to regional economic inequality and disparity in development are discussed.

This chapter provides the background information that enables us to understand the psychic of the Chinese consumer from a sub-national perspective. It serves as the prelude to the justification to take a sub-national view in consumer quality perception, purchase choice and ethnocentrism that lead to eventual formulation of the conceptual framework in the following chapter.

Chapter 3 focuses on previous literature on region of origin (ROO), product markings, country of origin (COO), consumer ethnocentrism and hybrid products leading to the formulation of research questions, conceptual framework and development of hypothesis based on the research problem of this thesis.

Operationally, markings of products by imprinting the region's name enables consumers to identify the place of manufacture and ROO and thus by referring to region of origin, identify the ownership or quality of the product. The development of product markings in western countries as well as China was discussed. The international law regarding agricultural and food products such as geographic indication were discussed.



As trade between countries increase, the markings using region name was replaced by country name. From the early development of application tariff law to most recent discussion of the COO effect and its relevancy were discussed. The measurement instrument of consumer region-centrism, the hybrid product and its definition were studied and discussed and finally a conclusion of the chapter was presented.

Chapter 4 starts with addressing the research objectives and research questions that were identified in the previous chapters. Conceptual framework linking the cue utilisation theory to consumer product quality evaluation and product choice was presented. Specifically, cue utilisation where consumers rely on extrinsic and intrinsic cues as the signal of product quality evaluation and choice (Olson and Jacoby, 1972). Hypothesis was developed and each of the extrinsic cue and intrinsic cue were discussed in detail. Region-centrism and the relevant theory were discussed and linked in forming the conceptual framework. Finally, the chapter end with a conclusion.

Chapter 5 states the methodology of this thesis. On the study of region of origin, justification of research paradigm and methodology were presented. The limitation of single cues study and advantages of multi-attribute approach were discussed. The conjoint method was used in the research of the extrinsic cues and intrinsic cues. Design of the conjoint analysis using profile cards and steps such as identify problem, setting objective, choosing the conjoint methodology, designing the stimuli, selection of model, data collection, assumption, overall fit, interpreting of result, validation, analysis of variance were described in detail. Justification of the product chosen, the product attributes, study design and profile generation were presented.

On the methodology used to test the regioncentric tendency, the research instrument and the method in testing of the research instrument of CETSCALE was discussed, These included the reliability test, validity test, confirmatory factor analysis and principal component analysis.

Chapter 6 covers the data collection method, the pilot study and the main research. Data was collected using mall interception method in the major shopping malls in Dalian, Suzhou and Guangzhou. In the pilot study, initial questionnaire design, questionnaire sequence and the reverse translation of the questionnaire were described. Students were interviewed and their view was sought after they completed the survey. Based on the interviewee feedbacks, improvements were made to questionnaire.

In the main study, the sampling plan, data collection method, training of the interviewers using video as well as role play, method of reducing the non-response rate, location selection, timing of mall interception, interview process were described in detail. Other issues such as sampling size, ethical issues, processing of data were each presented.

Chapter 7 presents the findings of the study. These include a summary of the respondents' profile. The findings were presented in a report format according to the sequence of the hypothesis. The findings suggested that region of origin cue was one of the major indicators utilised by the consumers in their product quality evaluation as well as product choice. Of the three regions in the study, only Suzhou's respondents show regioncentric tendency and for those regioncentric respondents, they would buy product from their own region of residence although they may view the product from own region to be of lesser quality.

Chapter 8 provides the summary, implication and direction of the study. The summary revisits to the topics of the thesis which includes the purpose of the study, contextual issues, the dependent and independent variables, the review of literature, importance of the study, the hypothesis tested, research samples, research instrument, research findings and discussion. The discussion dwelt into the findings of the research questions of the study, compared and contrast findings of previous studies of the topics, therefore provides insights into the research questions that form the basis for the implications and direction for future research. The implication describes the benefits of the studies where the region of origin contributed to marketing theory by adding a sub-national level perspective to the consumer buying behaviour in terms of market segmentation, target marketing and the

uses of measurement instrument for determining regioncentric tendency. In the international trade theory, the study added an additional dimension to the firm's location specific advantage. In the managerial implication, the study provided manager with options to use the research instrument in this study in their marketing strategy to concentrate on the positive effect of region of origin as well as consider the impact of region-centrism. Finally, the future direction call for using broader category of products, replication of the study in more cities in each region in China, investigate how to enable a product to enhance its localness, investigate the linguistic of brand name in relation to the geographic indication, the impact of geographic brand name on region of origin cue, the module fit of the modified CETSCALE and the investigate firm entry strategy from a sub-national regional perspective.

## **1.6. DEFINITION**

**Definition of region of origin.** The ROO is defined as the region where a product is originated or manufactured. The region as defined by Ittersum (2002) includes an area situated within one or more countries that share the same tradition, culture and scenery. In this study, definition of region from an urban development perspective in China as identified by Leman (1998) was adopted.

The 12 regions identified are Yangtze Delta region, North China region, North-Eastern region, Beijing-Tianjin region, the Middle Yellow River region, Shanxi region, Shandong Peninsula region, Middle Yangtze region, Western Yangtze region, Fujian region, Southern coastal region and Taiwan. Operationally, in this study, four regions were chosen in the research experiment, they are Yangtze Delta Region, North-eastern Region, Western Yangtze Region and Southern coastal Region.

The ROO for consumer product refers to product or durables originated or produced in the region as defined above.

For agricultural and foodstuff products such as tea, the ROO refers to the tea farming region where the regions are traditionally famous for and synonymous with production of certain types of tea as opposed to the geographical region used for statistical purposes.

These regions are the South-Western, the South China, the Jiangnan and the Jiangbei Regions. The ROO for tea therefore refers to tea originated or produced in the traditional tea farming regions.

**Definition of Consumer Regioncentrism.** The term consumer regioncentrism was applied in the sub-national regional level and is based on Shimp and Sharma's (1987) definition of consumer ethnocentrism where consumers with high ethnocentric tendency would consider buying foreign goods to be wrong as it would cost loss of jobs and hurt the country's economy.

According to Ittersum (2002), consumers who perceived themselves as members of a regional group and attached value to this membership would invoke regioncentric feelings. The greater the sense of belonging to a regional group, the higher the probability of these regioncentric tendencies to become salient. Consumers with high tendencies of regioncentrism would have positive attitude towards products made in the region of residence, at the same time portray a negative relationship for products made in other regions.

**Definition of Hybrid Product.** The hybrid product is a product manufactured in one country but branded by a company in another country that is, Country of Brand Origin (COB) from where the brand originated and Country of Manufacture (COO) where the product is actually manufactured (Han and Terpstra, 1988; Ettenson 1993; Kim and Pysarchik, 2000). Other definitions include Country of Design (COD) where the product is designed and Country of Assembly (COA) where the product is finally assembled (Chao, 1993; Tan and Leong, 1999; Acharya and Elliot, 2001), or Country of Manufacture (COM) where the product is manufactured (Hamzaoui and Merunka, 2006).

In this study, a hybrid product is a product where the brand originates either in a foreign country and manufactured in local regions in China, or for domestic brand, the product may be manufactured in a region other than where it originated.

## **1.7. DELIMITATION**

The survey of this study was conducted in three cities: Dalian, Suzhou and Guangzhou. Care was taken to ensure that the cities chosen are representative of those cities in extended metropolitan regions with large urban population that are becoming common in China. These evolving cities and the surrounding areas, which undergo rapid urbanisation, resulted in population with high household incomes that demand considerable consumer durables. The result of this study and its interpretation is applicable only to consumers in the urbanised metropolitan region and does not extend to those consumers in rural counties or townships, the characteristics of which might be different from the urban population.

Past researches have shown that consumer product evaluation and choice can be product specific. In this study, there were only two product categories being used, namely television which represents consumer durables and tea which represents non-durable food and agricultural products. Trade-off needs to be made between the comprehensiveness of the research and the complexity of the research, which may add extra burden to the respondents. Too many product categories may lead to overstretching the respondents and this might largely reduce the accuracy of the results that reflect actual consumer behaviour.

The attention, participation and the effort that the respondents put in answering the survey has always been of concern in research studying consumer behaviour. In a mall interception method, tactics such as inducement of gifts was employed to ensure response rates. However, possibility of respondents not putting most effort in revealing their true opinion or actual behaviour cannot be ruled out.

Despite these delimitations, this research was conducted conscientiously and provided much valuable insight to scholars, practitioners and consumers. More importantly, this research fills the gap in the existing literature with respect to study of consumer product evaluation and choice decision in term of ROO effect and consumer regioncentrism. It also suggests an extra dimension in terms of demand side consideration in the market entry theory of the international trade theory.

## **1.8. CONCLUSION**

This chapter provides a brief description as well as setting the foundation of the thesis. It identifies the gap in past research and established the research problems, which are needed to study consumers' regioncentrism, their evaluation and choice of hybrid product at a sub-national regional level. Subsequently, the research questions and hypothesis were developed.

The research was justified to the extent it provides a new theoretical outlook toward consumer product evaluation and buying behaviour from a sub-national level as well as practical implication for scholars and practitioners alike. The definitions that will be applied in the entire thesis were presented and the methodology and the methods used were justified. Outlines of each chapter were presented for the ease of reader understanding and delimitations were provided. Based on these foundations, the thesis proceeds with comprehensive description of the research in the subsequent chapters.

## **CHAPTER 2 CONTEXTUAL ISSUE AND DEFINITION OF REGION**

### **2.1. INTRODUCTION**

Scholarly inquiry into the country-of-origin effect can be traced to the work by Schooler (1965) and since then it has been most researched for the international aspect of consumer behaviour (Tan and Farley, 1987). A number of such studies were mainly concerned with how consumers in developed Western countries viewed imported goods of foreign origin. However, research on large countries with emerging economies from a sub-national perspective is lacking.

During the last few decades, Big Emerging Markets (BEM) such as China, Brazil, Indonesia and India have attracted substantial FDI (Varinder, 2002; Gouvea, 2004). Common characteristics of the BEM are that they are vast countries with geographical diversity and economic disparity. The regions within these countries tend to form a submarket within the nations, which are distinctive from each other in their culture, language, and economic development as well as their consumer characteristics (Cui and Liu, 2000; Prahalad and Liebertal, 2003). Some of these BEM countries such as Brazil, Russia, India and China (BRIC) have successfully attracted much investment from multinational corporations (Johansson and Leigh, 2011) and their respective economies are in high growth despite slow down in U.S.A. and Europe.

The country-of-origin and ethnocentrism studies in China have mostly assumed that the Chinese market is a homogenous entity (King and McDaniel, 1989; Ettenson and Mathur, 1995; Cui and Liu, 2000; Taylor, 2003). However, this treatment of China as a single market has its limitation in the sense that it may apply to commodity type of product or to company adopted standardisation strategy in its product offering. It disregards the sensitivity of consumer who demands differentiation in product and different consumer types in different regions. It also disregards the disparities between the country's regions (Cui and Liu, 2000). Instead, to be more realistic, there is a need to take a sub-national

perspective to study the regional markets, their variations, consumer characteristics and buying behaviour.

This chapter, therefore, intends to provide information on China's geography, culture, and the country's transition in terms of its political and economic development in the past decade from a regional perspective. First, defining what constitutes a region and the unit of region from a sub-national to supra-national level is discussed. Next, China's geography is elaborated upon for variations in the regions from different perspectives. These include perspectives ranging from political, economic, weather, farming, linguistic, urban development, and marketing. Lastly, the notion of national identity, nationalism, regionalism and the evolution of Chinese economic development and urbanisation process, which has led to economic inequality and disparity in development, are discussed. Ultimately, this chapter aims to introduce the justification for taking a sub-national view in consumer quality perception, purchase choice and ethnocentrism.

## **2.2. DEFINITION OF REGION**

The word and the meaning of region are rather loosely defined. Sir Roger Stevens, a British academic, diplomat and civil servant, in his opening speech on "Regional Policies for the 1970s" remarked that:

"I am tempted to ask myself what regions are and what regionalism means. I suggest that regionalism is rather an omnibus word which means different things to different people. It seems to me that to the politician it is a polite word, for Scots and Welsh, nationalism; to the economist it is a euphemism for what used to be called depressed areas; to local government it is a sinister threat; to the planner a convenient term of reference; and to the sociologist, and I suspect also to the ordinary Englishman, it is, if not actually a non-event, at least a rather mystical concept." (Stevens et al., 1974 p.231).

Attempts to define and delineate regions "scientifically" have produced little clear results.



The study of region or regionalism is often based on factors such as social cohesiveness, which includes ethnicity, language, religion, culture, history and common heritage; economic cohesiveness which includes trade pattern and economic complementarity; political cohesiveness which includes regime type and ideology; and organisational cohesiveness which includes the existence of formal regional institutions (Fawcett and Hurrell, 1995). The definition of region can therefore range from a geographic continuum of sub-national definition such as neighbourhoods, villages, towns, cities, and provinces to that of a supra-national definition of blocks of countries.

In addition, fundamental geographical concepts like place, space, and region are constantly being redefined. This means that there is no “natural” or “definite” region per se. The definition of region and regionalism would therefore very much depend on the problem or question under research or investigation (Fawcett and Hurrell, 1995; Evered, 2005).

Mennes, Tinbergen and Waardenburg (1969) proposed a hierarchical spatial unit from a world economy down to the village. His spatial division is based on the size of economy and the order of division. These are first order sub-divisions where several space units are distinguished and where there is no hierarchical ordering between these units: for example, a closed economy such as the world or an open economy such as a country. There is also a second order sub-division, which is where one space is subdivided into a number of smaller units: for example, the world is subdivided into continents and continents into a few groupings that comprise nations. The third subdivision is where the smaller subdivision is further sub divided into even smaller units, such as, for example, a country subdivided into regions (refer to Diagram 1 and Table 1 for more details).

On the other hand, in classical economics theory, regions are conceptualised into three types: homogenous, nodal and planning regions (Richardson 1979; Casellas and Galley 1999).

Homogenous regions consider unifying characteristics such as economic characteristics (for example with similar per capita income, dominant industry sector and unemployment rate); geographic characteristics (which could be similar topography, climate and a common natural resources); and social and political characteristics (such as common historical development or allegiance to a common political ideology). This definition of regions implies that differences within the region is less important and can be ignored, whereas more attention is given to inter-regional relations.

Meanwhile, nodal regions consider functional links, like the flow of people, factors, goods and communication between heterogeneous nodes such as cities, town, villages and sparsely populated rural areas. Each region will have one or more dominant nodes (regional metropolises) and will be surrounded by peripheral towns and areas.

Planning regions or administrative regions, in contrast, consider the implementation of economic and political policy as the sole unifying force. This is mainly applied in planned economies such as Socialist economies where the country is divided into several administrative regions as a basis for implementing national policy (Richardson, 1979; Markusen, 1987; Casellas and Galley, 1999).

Other than the subdivision from a geographic continuum, the subdivisions of region from other perspectives are elaborate in Appendix J. The following sections focus on the subdivision of region from the economic, linguistic, urbanisation and marketing perspective. These sections provide the general information on the variations in different regions in the Chinese market as well as understanding the variations in the consumer behaviour and their purchasing power.

### **2.3. SUBDIVISION OF CHINA FROM AN ECONOMIC PERSPECTIVE**

A subdivision from an economic perspective represents the zoning of continuous space with homogenous characteristics. This zoning into regions can be viewed as a heterogeneous space, each with coherent characteristics, where these heterogeneous spaces complement each other and the exchange of goods and services can be established.

The common economic characteristics of a spatial space that define a region are normally per capita income, dominant industry sector, and unemployment rate (Richardson, 1979). Given that China has adopted a planned economy system with a socialist doctrine, the running of the country's economy and its economic policies depends very much on an administrative lead rather than relying on the workings of a free-market economy. In the Chinese economic context, the subdivision of China into regions is by clustering the provinces and cities into different regions. Economic data was categorised according to region: the Eastern Region, the Central Region and the Western Region where each region consists of a group of provinces as shown in Table 3 below (Song, Chu and Chao, 2000; Shu and Zhou, 2003). This grouping of provinces into a region was first announced in 1986 as part of China's Seventh Five Year Plan (Leman, 2000).

**Table 1.** Division of Regions by Provinces/Cities

<b>Eastern Region</b>	<b>Central Region</b>	<b>Western Region</b>
<u>Provinces/cities</u>	<u>Provinces/cities</u>	<u>Provinces/cities</u>
Beijing	Shanxi	Sichuan
Tianjin	Nei Mongol	Guizhou
Hebei	Jilin	Yunnan
Liaoning	Heilongjiang	Xizang
Shanghai	Anhui	Shaanxi
Jiangsu	Jiangxi	Gansu
Zhejiang	Henan	Qinghai
Fujian	Hubei	Ningxia
Shandong	Hunan	Xinjiang
Guangdong		
Guangxi		
Hainan		

Source: Leman (2000)

This broad zoning methodology bringing provinces and cities together to form regions perhaps has more political implications than economic ones. Nevertheless, since the economics and politics are intertwined in enabling policy makers to deliver and implement national or regional economic policy, this definition of regions has been widely accepted and adopted by economic scholars. In the China Statistical Yearbook,

these three regions were further expanded into six regions, namely the Northern, Northeast, Eastern, Central-South, Southwest and Northwest regions.

Over the years, the subdivision of regions definition has been revised to meet the needs of economists or policy makers to formulate macro and micro policy. For instance, according to Deng (2003), the common subdivision of regions in China can be defined as follows:

- 1) Coastal and inland regions;
- 2) Three major regions: the Eastern, Central and Western Regions;
- 3) Six major regions: the North, Northeast, Coastal, Southeast, South and West;
- 4) Seven major regions: the West, North inland, South inland, Central, North coastal, East coastal and South regions;
- 5) Nine major regions: the Northeast, Yunan-Quizhou re, Upper Yangtze, Middle Yangtze, Lower Yangtze, Lingnan, Southeast coastal and Northeast coastal regions;
- 6) Provincial level, autonomous region and municipal cities; and
- 7) Administrative units including province, autonomous regions, municipalities, prefectures, counties, township, district.

The geographical subdivisions of regions definition has been used by scholars and party officials in charting national and regional strategies, whereas the administrative regions definition is used in referring to the implementation of governmental policy in China. These used of these regional definitions were manifested in the reporting of China's economic and other data (China Statistical Yearbook 2007, 2010; Deng, 2003).

Beyond these economic administrative divisions as shown in earlier sections there is also a need to subdivide regions according to weather due to China's wide variation in terrain from a sub-arctic to sub-tropical climate. This is portrayed in the following section.

## **2.4. SUBDIVISION OF CHINA'S REGIONS FROM A LINGUISTIC PERSPECTIVE**

There are 56 sub-ethnic groups officially recognised by the Chinese government. With

China's overall population of 1.314 billion, the largest sub-ethnic group is the Han, which accounts for 92% of the total population. According to the 2000 census, the other ethnic minorities with a population of over one million are the Zhuang (16 million), Manchu, Miao, Uygur, Yi, Tujia, Mongolian, Tibetan, Bouvei, Dong, Yao, Korean, Bai, Hani, Li, Kazak and Dai. Those ethnic minorities with a population of between one hundred thousand and one million are the She, Lisu, Gelao, Iahu, Dongxiang, Va, Sui, Naxi, Qiang, Tu, Xibe, Mulam, Kirgiz, Daur, Jiangpo, Salar and Maonan. Those with populations between ten thousand and one hundred thousand are the Blang, Tajik, Primi, Achang, Nu, Ewenki, Gin, Jino, Deang, Ozbek, Russian, Bonan, Monba, Orogen, Derung, Tatar, Hezhen, Gaoshan and Lhoba. The Lhoba being the smallest ethnic group has a population of 2,965. With the exception of the Hui and Manchu, each of these ethnic minority groups have their own languages and 22 also have their own scripts (Fifty-six ethnic groups n.d.).

In terms of these languages, the largest group of all, the Han Chinese is connected by languages that relate all Han Chinese to each other and are often referred to as the 'Chinese language'. All languages within this context are termed Sinitic languages. There is a universal written character (ideograph) for the Han Chinese, however, its spoken language or dialect differs (Campbell, n.d.).

The Chinese language can be geographically divided into North and South. The official language of Mainland China is Putonghua (Mandarin) which is the language commonly spoken in the Northern Region of the country. Mandarin and its varieties cover three-fourths of China, from the Northern to the Northwest and Southwest Regions. The Chinese non-Mandarin dialects of the South covers the areas extended from south of the Yangtze River to the South China Sea (Ramsey, 2002).

The Northern Mandarin dialect, spoken by 70% of the Chinese Han population, has four subgroups. These are:

- i) Northern Mandarin spoken by the population in Beijing, Tianjin, Hubei, Henan, Shandong, the Northeast Region and Inner-Mongolia;
- ii) Northwestern Mandarin spoken by the population in Shanxi, Shaanxi, Gansu, Qinghai,

- Liaoning, Inner-Mongolia and Xinjiang;
- iii) Southwestern Mandarin spoken in Sichuan, Yunnan, Guizhou, Hubei, north of Hunan and north of Guangxi; and
  - iv) Eastern or lower Yangze Madarin spoken in Anhui, Zhejiang, Jiangsu, Nanjing and north and south of Yangze River.

The Southern dialects, which are not easily understood by Mandarin speakers, include the Wu, Yue, Min, Hakka, Xiang, and Gan dialects. The Wu dialect is represented by the Shanghai dialect and is spoken by 8.4% of the Chinese Han population in Shanghai, in the South of Jiangsu and Zhejiang. The Yue dialect, represented by the Cantonese dialect, is spoken by 5% of the Chinese Han population in Guangdong, in the South of Guangxi, Hong Kong and Macau. The Min dialect has two sub-groups:

- i) The South Min dialect, represented by Xiamen, which is spoken by 3% of China's Han population in the South of Fujian, part of Hainan and Taiwan; and
- ii) The North Min dialect, represented by Fuzhou dialect, which is spoken by 1.2% of China's Han population in the North of Fujian and part of Taiwan.

The Hakka dialect, represented by Mui County dialect, is spoken by 4% of the Chinese Han population in the Northeast of Guangdong, Northwest of Fujian, in the South of Jiangxi, part of Sichuan, part of Hunan and part of Taiwan. The Xiang dialect, which is represented by the Hunanese dialect, is spoken 5% of the Chinese Han population in Hunan, with the exception of the Northwest part of the province. The Gan dialect, represented by Nanchang dialect, is spoken by 2.4% of the Chinese Han population in Jianxi (except the East and Southeastern areas of the province) and Southeastern part of Hubei (Ramsey, 2002; Yao, 2006).

The above classification of the various Chinese languages and dialects is widely used and referred to in scholarly writing. However, a more exhaustive subdivision methodology of language and dialect can also be undertaken by subdividing the dialects found in counties, cities and villages, by identifying features of phonology, vocabulary, (grammar, syntax

and tone in each dialect. One such piece of work has been done by James Campbell who, by referring to *Hanyu Fangyan Da Cidian*, subdivided the dialects by comparing the common language spoken in different cities and counties in China, and as a result was able to record 1500 different dialects (Campbell, n.d.).

From a linguistic perspective, the dialect spoken in each county or even each city could have a slight variation. For example, in the past each clan would tend to speak their distinctive dialect due to the immobility of the population, particularly within China's rural population, and also due to the government's strict urban household registration (*hukou*) policy. However, with the liberalisation of the market in recent decades, rapid urbanisation has been witnessed throughout China and the situation has changed somewhat. Regions can now be defined as a collection of large urban cities.

Therefore, in the next section, the formation of large metropolitan region and the definition of region from an urban development perspective is discussed.

## **2.5. SUBDIVISION OF CHINA FROM AN URBAN DEVELOPMENT PERSPECTIVE**

China, being an economy in transition, has seen unprecedented rapid urbanisation in the past decades. Urban and rural cities, together with their industrial and science parks, have been formed to capture much of the FDI that has flowed into the country. As a result, the traditional geographical regional demarcation and definition is insufficient to address this phenomena, and therefore there is a need to look at definition of region from an urban development perspective.

With the economic boom and rapid development that has taken place in China, villages were replaced by industrial zones, traditional townships were replaced by urban regions and cities expanded into mega-cities. McGee referred to this “*desakota*” phenomena as “*rural-urbanisation*” in China. Given the vast size of China, the rate of urbanisation has differed in the North and the South. For example, the urbanisation rate in Guangdong province in the South was 36.7%, whereas that in the Yunnan province was 14.6% in

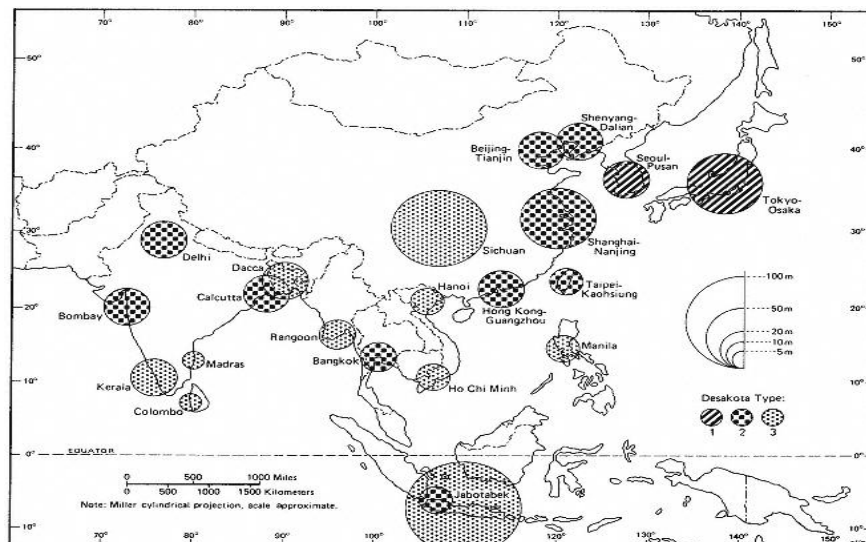
1991 (Guldin, 1996). As shown in Table 6, in the three regions that experienced the fastest urbanisation, Beijing-Tianji-Tangshan, the Yangtze Delta and the Pearl River Delta, the rate of urbanisation was as high as 50.7% as compared to 22.2% for the national average, while the population density was as high as 734 persons per square kilometre against 12.3% of national average (Wu, 1997).

The Chinese version for megalopolis or desakota is either termed as mega-city region, extended metropolitan region or metropolitan interlocking region.

Ginsburg, Koppel and Mcgee (1991) studied the cluster of China regions, and identified six Coastal Metropolitan Interlocking Regions. These are:

- 1) Nanjing – Shanghai- Hangzhou Region
- 2) Hong Kong – Guangzhou – Macau Region
- 3) Beijing – Tianjin – Tangshan Region
- 4) Shenyang – Dalian Region
- 5) Shandong Peninsula
- 6) Fujian Seaboard

**Diagram 1.** Types of Desakota



Source: Ginsburg, Koppel and Mcgee (1991).



**Table 2.** Rate of Urbanisation

Socio-economic characteristic	Beijing-Tianjin-Tangshan	Yangtze Delta	Pearl River Delta	Total of regions	National level
Total population (millions)	26.11	73.08	25.16	124.35	1,185.17
Non-agricultural population (millions)	41,585	99.53	61,580	202,695	96,000,000
GNP (billion yuan)	21,260	51,050	13,71	86,020	142,652
Level of urbanization (percentage)	50.7	34.2	38.3	38.5	22.2
Population density per sq.km	628	734	409	61.3	12.3
GNP per capita (yuan)	6,492	6,877	9,622	7,352	2,648

Source: Wu (1997)

Based on the work of McGee, Sit (2005) identified three Extended Metropolitan Regions (EMRs), which are considered as more advanced and modern in the coastal regions. Together, these three regions accounted for 30.7% of the national GDP and absorbed 73% of total FDI in China. These three EMRs are (see Table 7 for details):

- 1) The Beijing EMR, which includes Beijing, Tianjin, Tangshan and Langfang;
- 2) The Shanghai EMR, which includes Shanghai, Jiangsu, Huzhou, Suzhou and Nantung; and
- 3) The Hong Kong EMR, which includes Hong Kong, Macau and Guangzhou

**Table 3.** Extended Metropolitan Regions (EMRs)

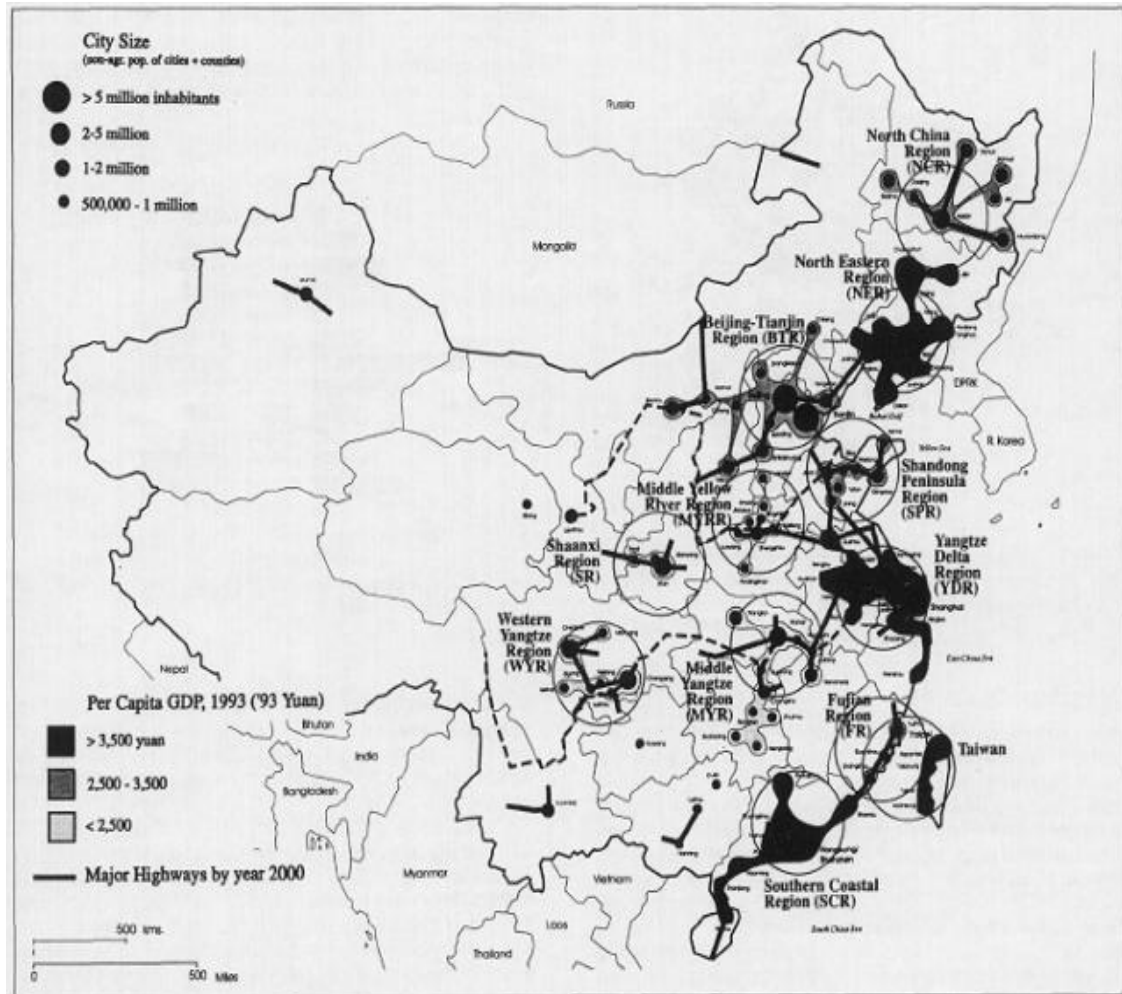
<b>Beijing EMR</b>			
Core	Beijing Urban districts, Chaoyang	Tianjin Urban districts	Hebei
Inner Ring	Haidian, Shijingshan, Fengtai, Mentougou, Changping, Shunyi, Fangshan	Near suburbs coastal districts	
Outer Ring	City-administered		Tangshan, Qinwangdao, Langfang
<b>Shanghai EMR</b>			
Core	Shanghai Urban districts (Puxi, Pudong)	Zhejiang	Jiangsu
Inner Ring	City-administered counties, suburbs		Suzhou
Outer Ring		Huzhou, Jiaxing	Wuxi, Changzhou, Nantong
<b>Hong Kong EMR</b>			
Core	Hong Kong Hong Kong	Macau Macau	Guangdong
Inner Ring			Shenzhen, Guangzhou
Outer Ring			Rest of Pearl River Delta (24 municipalities and three counties)

Source: Sit (2005)

In categorising different metropolitan areas based on population density, concentrations of cities, topography, highways, roads and land uses, Leman (1998) identified 12 regions in China. These are (Depicted in more detail in Diagram 4 which follows):

- 1) Yangtze Delta Region – Shanghai, Jiangsu, Zhejiang and Anhui Provinces
- 2) North China Region – Heilongjiang Province
- 3) North-eastern Region – Jilin and Liaoning Provinces
- 4) Beijing - Tianjin Region – Hebei and part of Shanxi Provinces
- 5) The Middle Yellow River Region – Henan
- 6) Shanxi Region
- 7) Shandong Peninsula Region
- 8) Middle Yangtze Region – Hubei and part of Hunan
- 9) Western Yangtze Region – Chengdu Plain in Sichuan Province
- 10) Fujian Region
- 11) Southern Coastal Region – Guangdong, Hainan and Hong Kong
- 12) Taiwan

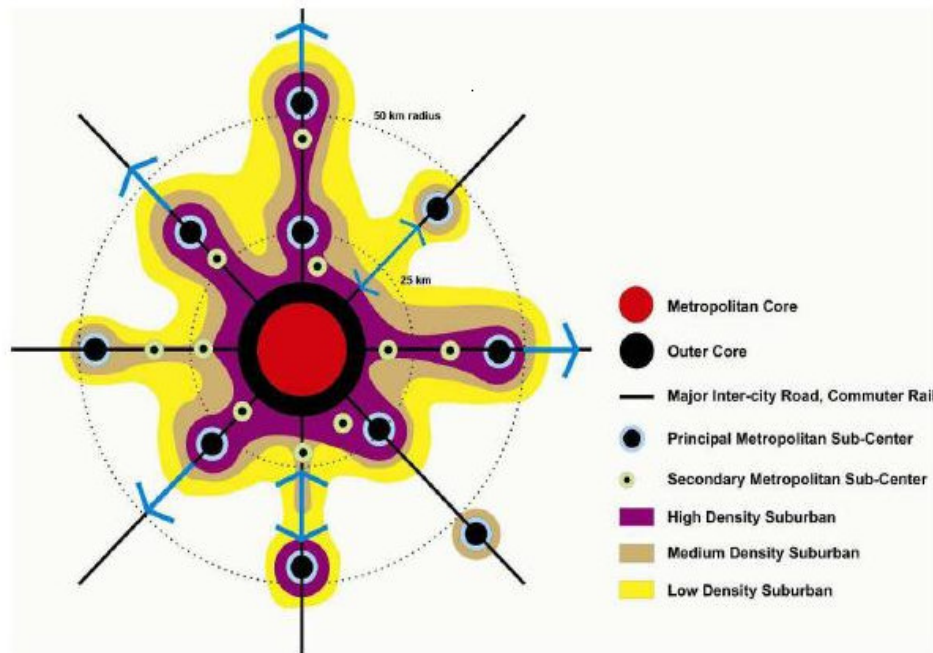
**Diagram 2. Metropolitan Regions**



Source: Leman (1998)

In 2005, Leman further developed 53 metropolitan regions based on a standard European framework. This metropolitan region's spatial structure included a metropolitan core, a concentric outer core, principal metropolitan sub-centres, metropolitan sub-centres, high and medium density suburban areas and low density suburban clusters as depicted in Diagram 5 below.

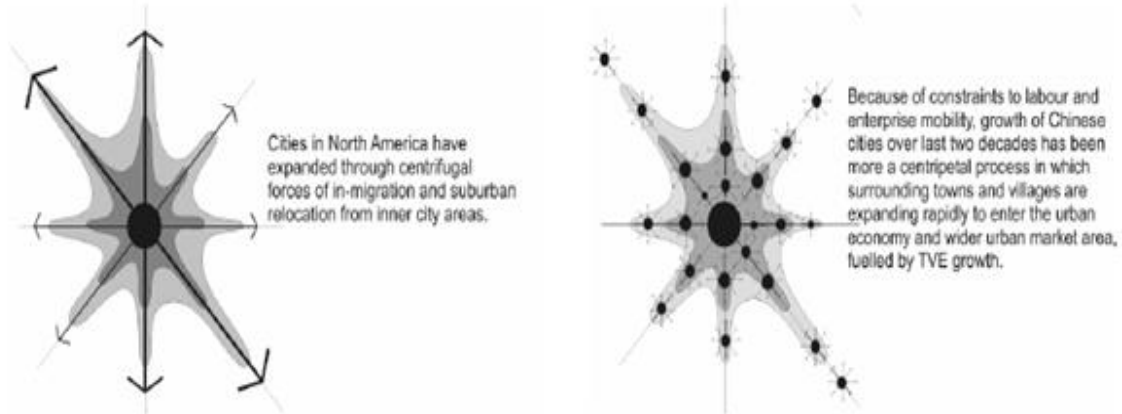
**Diagram 3.** Structure of Metropolitan Regions



Source: Leman (2005)

One of the features of Chinese metropolitan regions which is dissimilar to the European and American ones was the growth of the metropolitan region in China has been centripetal (refer to Diagram 6), similar to the centripetal pattern of other metropolitan regions elsewhere in Asia. The underlying reasons for this type of urban growth were due to administrative constraints imposed on the mobility of labour with the urban household registration status (*hukou*), limited capital movement, property rights, the distribution system, the land market and inter-jurisdictional trade (Guldin, 1996). However, outward centrifugal pressure (refer to Diagram 6) will be the future pattern because of government efforts to reduce population density resulting in the relocation of industry away from the central core. Furthermore, allowing of private investment in industrial parks along with the freeing of the movement of migrants would also have the same effect. This pattern resembles the type I urbanisation of Desakota (Ginsburg, Koppel and Mcgee, 1991; Wang, 1995; Mao and Jin, 1997; Leman, 2005).

**Diagram 4.** Centrifugal and Centripetal Growth Patterns



Source: Leman (2005)

The urban development perspective enables us to understand the development of China and how large metropolitan regions came to be formed. This process of rapid urbanisation not only changes a city's or region's landscape, the pattern of the population and there lifestyle characteristics also changes correspondingly. This critical review of urbanisation provides us with a contemporary view of present-day China and the dynamism of the economic and social changes that the country is experiencing. In the next section, the changes in demographic and psychographic characteristics within the regions in China will be investigated.

## **2.6. SUBDIVISION OF CHINA FROM A MARKETING PERSPECTIVE**

### **2.6.1. Segmentation of Region by Market Potential**

Segmentation of the market can be approached by looking at two broad sets of consumer characteristics: the segmentation by geographic, demographic and psychographic characteristics or by looking at consumer response, such as benefit sought, occasions of product use or brand preference (Kotler, 2006).

The contention that China is an attractive market with 1.3 billion consumers and companies should not lose the opportunity to invest is based on an assumption of a mass-marketing product strategy, where the segmentation of markets is less essential. Though,

surely for other non mass-marketing products, subdivision or segmentation of some sort is necessary to effectively target these consumers. Cui and Lui (2000) attempted to segment China geographically into seven regions by grouping the country's provinces and studying the demographic and psychographic characteristics of each region. Though the framework used to define these regions was similar to the official definition, the composition of provinces within these regions was slightly different (Refer to Diagram 7).

The South and East Regions were considered “growth markets”. The average household income for these two regions was about 20,000 RMB. The South Region, which includes Guangdong, Fujian and Hainan provinces, is outward-oriented to attract foreign investment under China's “open-door policy”. The recent formation of the Pearl River Delta that includes Guangdong, Hong Kong and Macau has developed into an extended metropolitan region with a combined GDP of over US\$100 billion (Sit, 2005). Local dialects are used widely in these regions while the Min-Yue culture that exists here has traditionally emphasised mercantile entrepreneurship.

The East Region consists of Zhejiang and Jiangsu, where the core of the Yangtze River Delta is the city of Shanghai. This region is considered the powerhouse of China as it counts for 30% of China's industrial output. In this region the Hai-Pai culture is dominant, and its admiration for the best of products and amenities for better living has resulted in a region where the populations are industrious and innovative in thinking. Similar to the population in the South region, they are more cosmopolitan in thinking and, to a certain extent, more advanced in fashion trend-setting fashion and lifestyle in China (Cui and Lui, 2000).

The North, Central and Southwest regions are considered “emerging markets”. The North Region includes Beijing, Tianjin, Hebei and Shandong provinces. Beijing, being the capital of China, represents the Jing-pai culture that has adhered to the Confucian teaching of hierarchy, stability and control. The consumers here emphasise intrinsic satisfaction and are relatively conservative compared to consumers in the coastal regions. The Central Region includes Anhui, Henan, Hebei, Hunan and Jiangxi. These interior

areas are agro-based with diverse local cultures. The consumers in these areas are considered less sophisticated and tend to follow the trends set by the coastal regions in the East. The Southwest region includes Yunnan, Guangxi and Sichuan. The region is densely populated and rich in natural resources, however it is less accessible, and therefore relatively isolated from other regions in China. The culture in this region is diverse with a slower pace of life (Cui and Lui, 2000).

The Northeast and Northwest regions are considered “untapped markets”. The Northeast region includes Liaoning, Jilin and Heilongjiang provinces with Dalian as the main port city. The economy is slow-paced in comparison to the other regions and is largely dependent on state-owned enterprise in heavy industry such as shipbuilding, mining and machinery. The Northwest region includes Tibet, Qinghai, Xinjiang, Ningxia, Gansu, Inner Mongolia, Shaanxi and Shanxi. This region covers a vast area of barren land with limited agricultural and industrial output. It is sparsely populated, considered poor and backward. The culture is diverse with its many ethnic minorities such as Tibetans, Mongolians, and Urghir (Cui and Lui, 2000).

#### **2.6.2. Comparison of Demographics, Psychographics and Lifestyle Information by Region**

Utilising the 1997 data surveyed from 3,727 households by Gallup Company Limited (China), Cui and Lui (2000) investigated and discovered that there was a significant difference in the demographics, psychographics, lifestyle activities, and consumption patterns among the consumers of the seven different regions of China. These differences are consistent with the economic performance of the relevant regions. As Table 8 below illustrates, those from poorer regions such as the Northwest (67.1%) and Northeast region (44.2%) felt more strongly about wanting to “work hard and get rich” than those from richer regions such as South (33.3%) and East (31.6%). While consumers in the coastal regions (South 36.4%, East 27.5%, and Northeast 28.1%) favoured foreign brands compared to those from inland regions (Central 24.1% and Southwest 19.6%).

**Diagram 5.** The Seven Regions of China



Source: Cui and Lui (2000)

Consumers in the more affluent regions were shown to enjoy an active lifestyle and have more leisure time for listening to music (South 75%, East 62.5%, North 42.4%) and travelling (South 45.5%, East 47.5%, North 42.1%), whereas consumers from poorer regions spent more time pursuing less costly activities. A similar pattern was observed in the ownership of household items such as television sets, washing machines and video recorders. The purchase of traditional consumer products such as tea was similar across the regions, though the consumption of Western products in affluent regions was higher compared to those in less affluent region. As shown in Table 8, consumers in affluent regions were more susceptible to new and innovative products such as instant coffee (South 25%, East 46.2%, and North 17.2%) in affluent regions. This was not surprising given that cities in these regions are more outward looking and their populations are generally more cosmopolitan. This type of data and information illustrates that there is a wide gap in economics and lifestyles of people from the seven different regions in China.



**Table 4.** Lifestyle Data

Region	South China	East China	North China	Central China	Southwest China	Northeast China	Northwest China
Household income (RMB)	27,481	24,659	12,993	13,831	14,008	8,683	7,770
Work hard and get rich (%)	33.3	31.6	30.7	34.6	42.3	44.2	67.1
Favour foreign brands (%)	36.4	27.5	22.2	24.1	19.6	28.1	35.7
Listening to music (%)	75.0	62.5	42.4	50.0	43.6	35.6	36.6
Travelling (%)	45.5	47.5	42.1	42.0	38.2	37.6	16.9
Washing machine (%)	90.9	87.5	77.6	87.2	74.1	78.7	34.3
Colour TV (%)	100.0	97.5	90.8	85.4	79.0	87.3	44.3
VCD (%)	41.7	28.2	10.2	6.7	9.6	5.3	0.0
Private Phone (%)	75.5	80.0	59.2	47.9	40.5	27.9	8.5
Tea (%)	91.7	97.4	95.8	98.1	86.5	92.9	85.7
Instant Coffee (%)	25.0	46.2	17.2	10.2	9.6	8.0	4.2

Source: Cui and Lui (2000)

Recent data in Table 9 using four regions shows that this trend remains the same until today where in terms of per capital income and ownership of household durable products, the coastal (Eastern) regions were more affluent compared to Central, Western and North-eastern regions.

Given the large regional disparity in affluence, questions arise on how the population of each of these regions views themselves, in terms of being part of a larger nation. In other words, does the population within each region attach themselves to the sentiment of regionalism? In the next section, the evolution of nationalism and regionalism of China is discussed from a historical perspective.

**Table 5.** Ownership of Household Durables

Item	Eastern Region	Central Region	Western Region	North-eastern Region
Per Capital Annual Income (Yuan)	23,315	15,539	15,523	15,842
Durable goods per 100 urban household				
Colour television set	150	129	126	117
Computer set	82	53	57	56
Mobile Phone set	195	162	179	171
Durable goods per 100 rural household				
Colour television set	126	103	97	109
Computer set	16	4	2	6
Mobile Phone set	147	118	110	128

Source: China Statistics Yearbook 2010

## **2.7. CHINA'S NATIONAL IDENTITY, NATIONALISM, REGIONAL IDENTITY AND STEREOTYPES**

### **2.7.1. Nationalism and Ethnonationalism**

Political scientist Michael Ng-Quinn has distinguished between the terms nationalism and ethnonationalism, where nationalism denotes an ultimate emotional identity (and loyalty) to the state, and ethnonationalism is the emotional identity with one's own ethnic group in one state or across many states. Ethnonationalism is a secondary sentiment, and possessing it does not imply a rejection of the state's sovereignty. The nation state being the core territory of all states is occupied by an organised, centralised and stratified core population that exercise's sovereign control over the state. In maintaining the sovereignty of the state, nationalism may be invoked and patriotic emotions may be evoked where the population may accept sacrifices to protect the interest of the state (Ng-Quinn, 1993).

From the first documented dynasties of Hsia, Shang, Chou, Chin (centralised imperial system), Han, Three Kingdoms, Tin, Sui, Five Dynasties, Tang, Sung, Yuan (Mongols), Ming and Qing (Manchu) to the era of the People's Republic of China (modern China), the country has witnessed the separation and reunification of its various states and

territories. Through these historical periods, regardless of whether China's disintegration was due to its internal struggle or invasion by external forces as in the Yuan (Mongols) and Ching (Manchu) dynasties, there has been an embedded unifying source of acceptance or existence of a concept of a centralised state among the Chinese population (Watson, 1993).

Nationalism relies on the preservation of the centre and the identity it represents, which in China is mediated by numerous local contexts. In addition, regions can have their own character and co-exist in the same nation and this need not contradict the notion of a unitary national character (Sun, 2002).

The traditional view is that China's identity and civilization was originally dominant in the Yellow River basin (now the Henna and Shanxi provinces) in North China bearing the Lung-shan and Yang-shao cultures of the Shang dynasty (Ng-Quinn, 1993). However, other views suggest that China was changed by its encounters with other forms of societies. In fact, archaeological evidence shows that there was a thriving civilization in Southern and Southwest China in the states of Chu and Shu-Ba (now called Hunan and Sichuan provinces) during the Warring States era and that its longevity rivalled that of the North (Blum and Jensen, 2005). Chinese civilization therefore, came not from only one source but was formed by mutual influences and the blending of cultures from different regions. The civilization of the Yangtze River basin just as much represented the Chinese civilization as the civilization of the Yellow River did (Friedman, 2002).

### **2.7.2. China Binarism in Identity**

The pre-modernists contended that in the Chinese pre-modern era (until the Ming dynasty), a strong national identity associated with Confucian feudalistic thinking and a sense of unity to the centre had remained intact despite internal conflicts due to differences at the ethnic, local, factional or individual level (Ng-Quinn, 1993). The post-modernists, on the other hand saw China as being divided by North-South identity in terms of culture and topography. From a historical perspective, the consensus was that in ancient times, China's centre was in the North, but that this centre had shifted to the

South. The Southward migration of population in the Jin dynasty to escape from the barbarian invasion in the North led to a decline in the North's economy and a thriving economy in the South, especially during the Ming and Qing dynasties where Jiangsu-Zhejiang, a much richer area compared to the North, became the centre of the country (Sun, 2002).

The proponents of the North-South identity school of thought attributed the North-South division to the variation in China's topography, its environment and its racial mix. Geographers and geneticists of the early 20th century such as Jin Qisan, Ellworth Huttington and Pan Guandan maintained that the superiority of the Northern race was degenerating and that the Southern race was purer. According to this perspective, the prevalence of intermarriage with nomadic conquerors had left the Northern race impure, while the Han in the South had not integrated with the aborigines thus remaining Chinese. During the late Qing dynasty, the anti-Manchu revolutionaries held the ruling elite to be an inferior race, who was responsible for the weakness and ailments of China that existed during this period (Sun, 2002; Dikotter, 2005).

This North-South binarism challenged the notion of a unitary national identity. It provided an alternative view to the understanding of Chinese civilization, the shifting of its centre and evolution of its identity.

### **2.7.3. Regional Identity and Stereotype**

In recognition of the diversity of origin of culture and identity within China, in 1919 Kan Baiqing from the China Youth Society began to study Chinese "temperament". Dividing China into nine regions, he studied the differences in human types in each region through physiological features and connecting the observable physical characteristics with personality. Each region and its population were therefore stereotyped. Woflfram Eberhard in 1965 further reinforced China's regional stereotype and described the "Northern type" in the Shandong-Hebei area as "straight and honest, simple and enduring"; the "Yangtze Valley type" in the Jiangsu-Zhejiang area as "clever and sharp,

cunning businessmen”; and the “Southwestern type” in Hunan and Southern Henan as “emotional with violent temper” (Sun, 2002).

Modern Chinese have placed identity with culture: Han and minority areas, North and South, coastal and inland. Within the coastal areas, there is the “Guangdong-Fujian culture”, “Jiangsu-Zhejiang culture”, “Shanghai Culture”, “Shandong Culture”, “Beijing-Tianjing Culture”, “Taiwan Culture” and “Hong Kong-Macau culture” (White and Cheng, 1993).

Cui and Lui (2000) segmented China into seven regions and differentiated the regions by studying the economy, culture and quality of life of these regions. They described the culture of the South China as one that emphasises materialism and conspicuous consumption, East China with cosmopolitan and innovative thinking, North China as rather conservative, yet open to new product ideas, Northeast China as conservative and less susceptible to outside influence, Central China with diverse local cultures, Southwest China with many minority cultures, Northwest China with Mongolian and Muslim cultures and Western China with Tibetan culture.

As culture is affected by the interaction between humans and their environment, these regional differences in culture can be related to the historical evolution and economic environment in these regions. Therefore, understanding regional economic status and economic development is of crucial importance in order to understand consumer behaviour and the buying pattern of the Chinese consumer.

## **2.8. REGIONAL ECONOMIC INEQUALITY**

### **2.8.1. Data on Gross Regional Product (GRP)**

The data on Gross Regional Product (GRP) were compiled by dividing China into 6 regions. As illustrated in Table 10, there was uneven income distribution in the six

**Table 6.** Gross Regional Product by Expenditure Approach (2005, 2010)

Northern Region		Northeast Region		Eastern Region		Central-South Region		Southwest Region		Northwest Region	
<b>Beijing</b>		<b>Liaoning</b>		<b>Shanghai</b>		<b>Henan</b>		<b>Chongqing</b>		<b>Shaanxi</b>	
2005	6970	2005	8047	2005	9248	2005	10587	2005	3468	2005	3934
2009	12153	2009	15212	2009	15046	2009	19480	2009	6530	2009	8170
<b>Tianjin</b>		<b>Jilin</b>		<b>Jiangsu</b>		<b>Hubei</b>		<b>Sichuan</b>		<b>Gansu</b>	
2005	3906	2005	3620	2005	18599	2005	6590	2005	7385	2005	1934
2009	7522	2009	7279	2009	34457	2009	12961	2009	14151	2009	3388
<b>Hebei</b>		<b>Heilong-jiang</b>		<b>Zhejiang</b>		<b>Hunan</b>		<b>Guizhou</b>		<b>Qinghai</b>	
2005	10012	2005	5514	2005	13418	2005	6596	2005	2005	2005	543
2009	17235	2009	8587	2009	22990	2009	13060	2009	3913	2009	1081
<b>Shanxi</b>				<b>Anhui</b>		<b>Guang-dong</b>		<b>Yunnan</b>		<b>Ningxia</b>	
2005	4231			2005	5350	2005	22557	2005	3462	2005	613
2009	7358			2009	10063	2009	39483	2009	6170	2009	1353
<b>Inner Mongolia</b>				<b>Fujian</b>		<b>Guangxi</b>		<b>Tibet</b>		<b>Xinjiang</b>	
2005	3905			2005	6555	2005	3984	2005	249	2005	2604
2009	9740			2009	12237	2009	7759	2009	441	2009	4277
				<b>Jiangxi</b>		<b>Hainan</b>					
				2005	4057	2005	898				
				2009	7655	2009	1654				
				<b>Shandong</b>							
				2005	18367						
				2009	33897						
<b>Region total</b>		<b>Region total</b>		<b>Region total</b>		<b>Region total</b>		<b>Region total</b>		<b>Region total</b>	
2005	29023	2005	17181	2005	75593	2005	51213	2005	16569	2005	9628
2009	54009	2009	31078	2009	136345	2009	94397	2009	31205	2009	18269

Value terms in this table are calculated at current prices (100 million Yuan)

Source: China Statistics Yearbook (2010)

regions of China. Among the six regions, referring to the 2005 yearly GRP, the Eastern region (7,542 billion Yuan) and Central-south region (5,095 billion Yuan) are the highest and within these two regions, at the provincial level, Guangdong (2,237 billion Yuan), Shandong (1,852 billion Yuan), Jiangsu (1,831 billion Yuan) and Zhejiang (1,344 billion Yuan) have a GRP over the 1000 billion Yuan mark. In comparison, the GRP in the Southwest region (1,624 billion Yuan) and the Northwest region (936 billion Yuan) is relatively low with provinces such as Qinghai, Ningxia and Tibet having a GRP at less than the 100 billion Yuan marks each. The GRP of the Eastern region was 4.5 times larger than the Southwest Region. Referring to the 2009 yearly GRP, Eastern region (136,345 billion Yuan) was 7.5 times larger than the Southwest Region (18,268 billion

Yuan). The data showed the disparity between the richest and the poorest region getting wider.

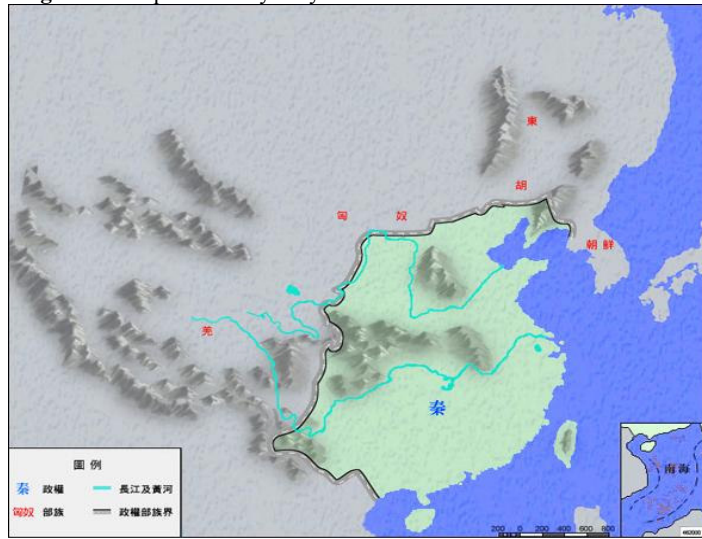
### **2.8.2. Regional Economic Disparity Due to Geographic Constraints**

There has been an abundant amount of scholarly effort put in to explaining the inequality in regional income and its effect on development. Many have attributed these inequalities to the spatial selection of multinational companies in their FDI in China. However, this explanation can only partially explain the inequalities in the regional income and development. To have a thorough understanding of these regional inequalities, there is a need to study China's geographical diversity in landscape and her history.

Regionally, China's geographical formation is as follows: the Northwest consists of high plateaus and arid desert, the Western and Southern regions of high plateaus surrounded by a mountain range, and the Eastern region is covered with hills, plains and river deltas. For over 3000 years, this natural geographic landscape has protected China from foreign invasion, but at the same time has isolated the country from the outside world. In fact, the only trading route in ancient China was the Silk Road that began in Xian and led to Central Asian countries by crossing desert and inhabitable areas (Chen and Tang, 2005; China information and History n.d.).

With the exception of the Yuan (Mongol) and Qing (Manchu) dynasties, where the geographical territory resembled the territorial landscape of China today, in most of the other dynasties China's territorial landscape since the Xia dynasty have been located in Eastern China within the extended regions of the Yellow and Yangtze Rivers. This can be more clearly understood by comparing the maps of three different dynasties in Diagram 8, 9 and 10 below.

**Diagram 6.** Map of Chin dynasty

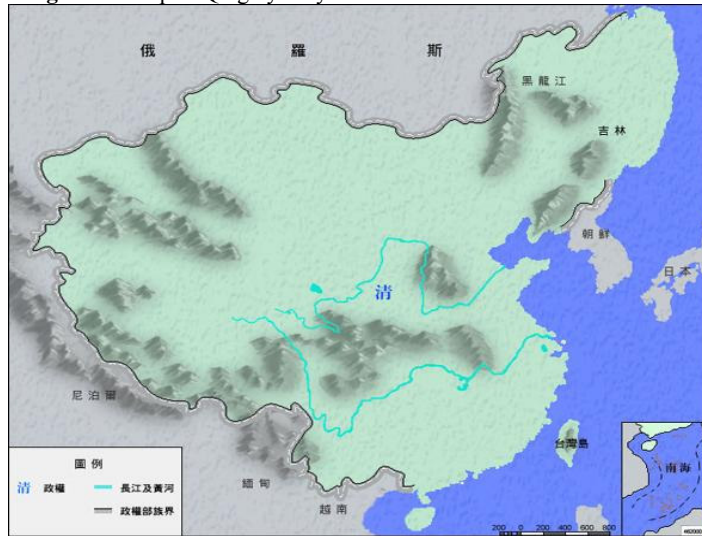


Source: China culture (n.d.)

Most of the arable land is situated in the extended areas of the Yellow and Yangtze Rivers in the Eastern region of the country, and, therefore, most dynasties built their capitals in this region. Up until the Qing Dynasty, economic activities were primarily agro-based in this region throughout the dynasties. As a result, in comparison to the economic development of the Western and Northern regions of China, economic activities and development in the Eastern region has been thriving since ancient times. Therefore, the current disparity in income and economic development between the different regions might be geographical and historical in making (China culture n.d.).

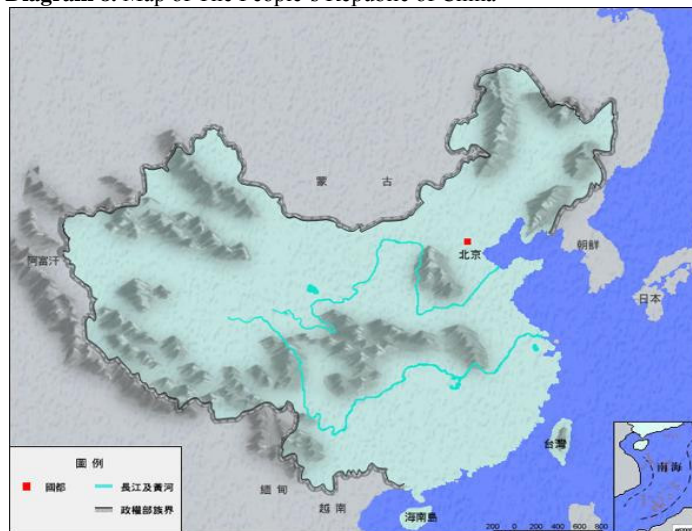


**Diagram 7. Map of Qing dynasty**



Source: China culture (n.d.)

**Diagram 8. Map of The People's Republic of China**



Source: China culture (n.d.)

### 2.8.3. Regional Economic Disparity Due to Government Policy

#### 2.8.3.1. The Pre-reformation and Reform Era

In 1949, at the time of the formation of The People's Republic of China, the population was 5420 million with 4840 million living in rural areas. The means of production were mainly agricultural, which accounted for 91.5% of the national human production means. Of the total national output (GDP) of 5580 RMB, 58.5% came from the agricultural

sector and 25.1% from the industrial sector. A total of 70% of the factories and industries in China were concentrated in the 12% landmass in the coastal region in the Northeast and Southeast regions of China, including cities such as Shanghai, Tianjin and Guangzhou. As a result, the disparity of economic development was severe and regionally concentrated. For example, in 1936, cities such as Shanghai, Tianjin, Qingdao, Guangzhou, Beijing, Nanjing and Wuxi accounted for 94% of the total national industrial output (Zhang, 2000; Yao and Zhang, 2001; Liu and Li, 2006).

During the early years of The People's Republic of China, politically and economically, the regions in China were separated into a coastal region and an inland region. The inland region was further divided into Central and Western regions. The coastal region included provinces such as Liaoning, Hebei, Tianjin, Shandong, Jiansu, Zhejiang, Fujian, Guangdong, Guangxi and Hainan and cities such as Beijing and Shanghai. Meanwhile, the coastal (inland) region included Shanxi, Inner Mongolia, Heilongjiang, Guizhou, Henan, Hebei, Anhui, Jilin, Hunan, Hubei, Jiangxi, Shaanxi, Yunnan, Gansu, Ningxia, Qinghai, Sichuan, Guangxi and Tibet (Li and Liu, 2006).

During the Pre-reform Period of 1949-79, the Chinese central government put most of the country's resources and efforts into developing the infrastructure and transportation of the inland region, which led to the development of new industrial cities such as Xian, Taiyuan, Zhengzhou, Luoyan, Chongqing and Chengdu. Skilled workers and intellectuals from the Eastern region were encouraged to move inland and to the Western region, leading to some progress in education and ensuring a more even distribution of intellectuals and skilled workers within the coastal and inland regions. In the first 30 years of the Reform Era, China's policy of industrialisation and heavy investment in the inland and Western regions reduced the uneven distribution of economic wealth that had been concentrated in the Eastern region before the formation of the People's Republic of China. However, apart from the policy of the Great Leap Forward Movement (1958-61) and the Cultural Revolution (1966-76), this planned economic model of equal development in all regions suffered a series of policy failures. Instead of elevating China's economy, it dampened the economic development of the Eastern region, and by

the 80s in comparison to other cities in Asia, cities like Shanghai and Tianjin were still using equipment bought in the 20s and 30s ( Zhang and Cheng, 2000; Liu and Li, 2006).

The Reform Period, which began in 1978, heralded a new era where China embraced the market-oriented economic reform policy. The Reform, started by Deng Xiaoping with the Open Door and Reform Policy, was initially tried out in the agriculture sector with an experiment of the household responsibility system, which was introduced in Anhui in 1979. Under this system, the production team (under the collective farming system) contracted out some of the land and output quotas to individual households and had great success in increasing total farm production. By 1983, this model of agriculture reform allowed the farmers to retain a proportion of the farming outputs and had spread nationwide. The success of this type of agricultural reform in the late 70s led to other major reforms in the 1980s, such as banking reform, industrial reforms, price reforms and fiscal reform (Lin, 1988; Zhang et al, 2004; Liu and Li, 2006).

In the Pre-reform Era, the centralisation of fiscal policy meant that the central government dictated the distribution of income in the provinces, whereas in the Reform Era, a decentralisation of fiscal policy was adopted. In the period of 1980 - 1993, a taxation policy was set up where the local and central government would set an income target, the local government would receive all the income within the target, and any income above this target would be split between the central government and the local government. In 1994, a new policy was adopted where the central government would keep 75% and the local government 25% of the valued added tax and consumer tax. The central government would then redistribute the tax surplus to the local government according to previous arrangement of splitting of income.

This method of re-distribution of income was meant to ensure an even sharing of income between the different regions, where a richer region contributed more and a poorer region contributed less to the central government coffers. However, the implementation of this policy led to those developed provinces in the Eastern region getting a much larger proportion of income in relative terms, when compared to poorer provinces in Central

and Western regions. Unfortunately, this reformation of fiscal policy had in fact aggravated the uneven income distribution between the coastal regions with the inland regions (Zhang, 2000).

In the Reform Era, following China's leader Deng Xiaoping's ideology of allowing some people and regions to become rich first, the strategy was to gradually open up the coastal areas to outsiders and foreign investments by focusing the country's resources in developing a few growth centres. Once these growth centres had proven successful, this model would then be introduced to other regions. Furthermore, the goal was for the development and success of the growth centres to spill over to outlying areas, such as to the surrounding suburban and rural areas, to other provinces, and eventually to the whole country (Yao and Zhang, 2001).

#### **2.8.3.2. Development Zone and Preferential Policy**

The central government's strategy was to experiment with the creation of a development zone with regional preferential policy (e.g. tax incentives) to attract foreign capital, technology, management skills and trade. These development zones included:

- i) Special Economic Zones which provided FDI companies with the exemption of income tax in the first two profitable years and half of the tax liability in the following three years;
- ii) High/New Tech Development Zones comprising of Industrial Parks which allowed foreign joint-ventures in heavy and light industry and Science Parks encouraging foreign investment in research and development. FDI in these categories were provided with a tax incentive of 10-15% income tax;
- iii) Free Trade Zones which allowed foreign companies a tax deduction of 15% and an exemption from circulation tax on productive business;
- iv) Economic and Technological Development Districts with 15-30% income tax and exempted local added-value tax and tariffs;
- v) Export Processing Zones were exempted from value-added tax; and

- vi) Border Economic Cooperative areas, Tourism Zones and Taiwan Investment Zones.

(Wang and Liu, 2000; Li and Wang, 2004)

The introduction of these development zones occurred in three stages. The first stage was in the late 1970s to 1980s with the creation of Export-oriented Industrial Zones in Shekou, Guangdong in 1978, and subsequently in the 80s the setting up of four Special Economic Zones (Shenzhen, Zhuhai, Shantou and Xiamen) in Guangdong and Fujian provinces. After the Southern tour by paramount leader Deng Xiaoping in 1984, the central government (state council) decided to further open up the coastal regions and set up Economic-technological Development Zones in cities like Dalian, Chingdao, Yantai, Linbao, Guangzhou, Zhenjiang, Tianjin, Lianyungang and Nantong. Then in 1988 the state council approved the setting up of the high-tech park, “Zhongguanchun” in Beijing.

The second stage began in the 1990s with the setting up in 1992 of four Economic-technological Development Zones and four Taiwan Investment Zones in Xiamen. In 1993, these development zones were extended to Dongshan, Harbin, Changchun, Zhenyang, Hangzhou, Wuhu, Wuhan, Choangqing, Siushan, Kunshan, Daya Bay, and Nanshaand, in 1994, in Beijing and Urumqi. By 1997, Economic-technological Development Zones existed in nearly all provinces with the exception of Tibet, Qinghai and Ningxia.

The third stage occurred in the time period from 2000 to the present, with the central government’s (state council) thrust of development into the Western region beginning in 2000. It conferred the status of Economic-technological Development Zone in Hefei, Xian, Chengzho, Chengdu, Changsha, Kunming, Quiyang, Nanchang, Shehetze, Fuhekaode and Xining, and in 2001, Nanning, Taiyuan, Yinchuan and Lhasa were added (Li and Wang, 2004). In 2006, further approval was given to the national development zone in Chengdu, Chongqing, Wuhan, Changsha area, and Tainjin Binhai area to attract investment and growth in these region to balance the regional development disparity between coastal, western and central regions (Li and Sun, 2009).

China's national strategy was to gradually open up the country, starting from the coastal region of the Southern and Eastern regions with the creation of development zones to attract FDI in the late 70s. The opening up of cities and development zones in the North-eastern and Central regions only began in the 1990s, as it was the government's hope that the Eastern region would get rich first, and this then would create a spill over effect to the inland regions. The result was remarkable in some respects: within a period of 20 years, the Chinese GDP had quadrupled and the population's living standards had improved significantly. However, the spillover effect during this period was not able to transfer to the inland regions, and there was no sign that the disparity in income would converge between these two regions (Lee, 2000; Yao and Zhang, 2001). With President Jian Zemin government's push for revitalising the central and western region with "Grand Western Development Scheme", "Revitalising Northeast Strategy" and "Rising of the Central Region Programme", the share of the foreign direct investment in the central region has been increase from 10.18 % in year 2003 to 17.08% of national total for year 2007. While the share of the coastal region reduced slightly form 85% and declined since 2004 to 78.93% in the year 2007 (Li and Sun, 2009). This policy was followed by President Wu Jintao's slogan of "common prosperity" which continued to address the disparities of regional development as well as urban rural development in the eleventh five-year plan (Fan, 2006).

### **2.8.3.3. The Regional Economic Gap**

As described above, the inland region had lost out in China's national reforms. In the inland provinces, e.g. Gansu, per capita income had fallen from 84% of national average in 1980 to 56% in 1999, and the disparity in income had widened rather than converged (Ogutcu and Taube, 2002). The reason for this fall in income in the inland region was due to the fact that there had been a high rate of economic growth in the 1990s that led to a reduction in the demand for farm products compared to other manufactured goods, and the inland region being more agriculturally intensive, had seen its income contract compared to the capital intensive coastal region. Furthermore, the prohibitive migration policy in the 1990s had not only kept the rural population immobile, thus limiting their

chances of getting better employment, but also curbed the rural population's migration to urban areas which was necessary to attract foreign investment looking for lower cost of factor inputs ( Lin, Wang and Zhao, 2004).

By the late 90s, the disparity in regional income was so severe that the central government decided to promote the development of the Western region in 2000, and local government, state and private enterprises were encouraged to invest and develop the West at the same time these development zones were conferred to major cities of the inland and Western regions to spur foreign investment (Yao and Zhang, 2001).

However, there remained a long road for the income and economic development of the inland region to converge with the coastal region. The reasons for the coastal provinces being more advanced economically was due to their ability to use more capital intensive and productive inputs, utilise domestic bank loans and ability to attract FDI. Whereas the low economic growth of the inland region was attributed to the use of less productive labour intensive inputs, state appropriations, self-raised funds and the reliance on investment by domestic firms. Ultimately, central government policy of giving priority to developing the coastal region before the inland region contributed to the widening gap in economic development and disparity of income between the coastal, Central and Western regions (Zhang et al, 2004; Wu, 2005; Liu and Li, 2006). The Chinese government through various policy in the tenth 5-year plan in 2000 and eleventh 5-year plan in 2006 has tried to reduce the regional wealth gap and rural- urban wealth gap. This had at least succeeded in increasing the per capital income of the population and reducing the gap in FDI between the coastal region and the central and western regions (Fan, 2006; Li and Sun 2009). Nevertheless, despite an average increase of two times in the Gross Regional Product within a span of 4 years from 2004 to 2009 among the various regions in China, the GRP of the richest region was 7.5 times larger than the poorest region. The inequalities in wealth till this date between the regions remain very wide.

## **2.9. CONCLUSION**

The above discussion provides the background to the research questions of this study; namely, to investigate the consumer evaluation, purchase intention and consumer ethnocentric tendency from a sub-national perspective. In this connection, contextual issues such as the definition of region from China's perspective were presented. A detailed analysis into the various perspectives of region such as administrative, political, economic, weather, farming, linguistics, urban development and marketing have also provided insights to the variation in the characteristics of the respective regions in China. Definitely, there are poor regions that resemble third world countries, developing regions with characteristics that resemble the developing nations and those cities such as Shanghai and Beijing in coastal regions that are comparable to the advanced cities such New York, London and Tokyo.

Furthermore, this research has included an investigation into Chinese nationalism, formation of its national identity, co-existence of regional identities, regional stereotypes and regional economics. It also dwells into inequalities from a historical evolutionary perspective as well as government policy towards regional economic development, which would help us to appreciate the complexity of China as an economy in transition, the Chinese market consumer behaviour and its purchasing power.

This background information is crucial as it enables us to understand the psychology, behaviour and purchasing power of the Chinese consumer from a sub-national perspective. In fact, classifying the consumers across China as being homogenous in their behaviour should be avoided, but rather should separate the market according to their regions. This principle of variation of regions in a sub-national level provides the foundation for formulating the theoretical framework in Chapter 4 regarding the effect of region-of-origin and consumer regioncentric tendency in the different regions in China.



## **CHAPTER 3 LITERATURE REVIEW**

### **3.1. INTRODUCTION**

In the previous chapter, the definition of region, the variation in regional characteristics, and the affiliation of consumers towards a region in the context of a large country such as China were discussed. The objective of this study is to gain insights into the role of region of origin (ROO) in consumer decision-making and purchase intention. When making decisions on product choices, consumers may utilise the information on where the product came from as a cue for determining product quality (Olson and Jacoby, 1972). By knowing where the product originated, two situations occur, on one hand, under the Principle of Congruity, consumers may decide to buy the product that is congruent to their knowledge or experience. For example, consumers would buy an American branded product that is made in U.S.A. and will not buy the same branded product made in a less advanced country such as Mexico (Chao, 2001). Consumers would prefer congruence information in buying decision making because incongruent information would create dissonance (Osgood and Tannenbaum, 1955). On the other hand, ethnocentric consumer would either choose or decide to boycott the product because of their loyalty to a country or region. These kind of ethnocentric consumers consider buying non-local or foreign products as damaging to local employment, and, hence, a disloyal acts (Shimp and Sharma, 1987).

By distinguishing the cues of a product's region or COO, consumers are not only able to differentiate between foreign and local products, but also differentiate between domestic products with different place of production. There are products where the brand names are synonymous with the place or the region's name, and these types of products are protected under their geographical indication (Van Ittersum, 2001). ROO for this type of product is automatically stereotyped in the mind of the consumer. However, the term "region of origin" may not always be used as reference to a product's origin. Another definition of "region of origin" includes a reference to human place of origin. This chapter, therefore, starts by initially looking at the definition of region of origin, and its

uses by the American versus European agent from a historical perspective. Typically, the American study of ROO has mainly been concerned with human subjects and the place or region they came from, whereas in the European context this was limited to agricultural products and foodstuffs, mainly concentrated on the application of protection of geographical indication (PGI) and product designation of origin (PDO).

Next, attention is turned to the ROO used as markings of products, which enables consumers to identify the place of manufacture and region of origin. Historically, whether in a Western country or Eastern one, markings on products by imprinting the region's name of origin have been widely used. Artefacts from ancient times have provided evidence of the usage of region of origin. The markings were used to identify ownership or product quality by referring to region of origin. In Britain, the Merchandise Marks Act of 1887 required the imported article's origin to be identified, which led to marking of product showing COO (Neuburger and Stokes, 1979). As trade between countries increased in the early Twentieth Century, and as the U.S.A. raised its protectionist policies by way of Tariff Acts in the 1930s which required foreign products to mark their place of origin using the country name. Similarly, as trade between countries increased, other countries that adopted protectionist policies began requiring that non-national products mark their place of origin using the country name. Undoubtedly, with the common use of country name as the reference for the product's source of origin, marketing research into consumer buying behaviour would consider the country name as an indicator for product quality and product choice. Hence, the study of COO effect by researchers and marketers became prevalent since the early research by Schooler (1965). In the past few decades, COO has been one of the most widely researched topics in international marketing (Tan and Farley, 1987; Roth and Diamantopoulos, 2009)

The review of the country of origin literature from historical perspective was presented. Recent development in international trade environment has led to evolving of hybrid product where a brand name product from one country is manufactured in a host country. The country of origin effect which refers to product that are manufactured in the country

with the brand name origin has led to doubt in its relevancy in the consumer buying behaviour and decision making (Usunier, 2006).

At the same time, the study of region of origin, which was much neglected, has seen resurgence in its interest (Kres, 1992) especially in the Western Europe especially in the area of protection of geographic indication for agricultural product and foodstuffs. However, literature on region of origin was limited. Since the study of region of origin was on sub-national level and is a subset of the country of origin, literature on the consumer ethnocentrism, the measurement instrument of consumer ethnocentrism, the hybrid product used in the research were reviewed and discussed. The relationship between the hybrid product and regional product, the consumer regioncentrism and adapting the measurement instrument CETSCALE to measure the regioncentric tendency were also reviewed and discussed.

### **3.2. REGION OF ORIGIN**

#### **3.2.1. American Usage of Region of Origin – A Sub-national Definition**

A search of the region-of-origin literature found that early studies on ROO were mainly conducted by American scholars, and these were particularly related to human population. ROO was used to determine the origins of particular persons or the region in which they had previously resided. Frequent topics of study were regional population migration, income distribution, immigration or migrant origin, political affiliation and population healthcare. In most of these studies, the ROO definition was from the sub-national perspective.

The phrase “region of origin” appeared in the article, “Marriage and Family Living” by sociologists Carle Zimmerman and Carlfred Broderick, where they studied family group formation and investigated the families in North-eastern regions of the U.S.A., where the authors identified regions of origin such as Pacific Coast, Rocky Mountains, Midwest, Southwest, South and East. The study found that families had a higher tendency for selecting spouses and friends from the same ROO (Zimmerman and Broderick, 1954).

Beals, Levy and Moses (1967) studied the income differential in origin region and their relation to interregional migration in Ghana. Long (1970) studied the fertility rates of migrants (e.g. those who were born in the South and reside in the Northeast region in U.S.A.) and non-migrant, in relation to ROO in the U.S.A. and Canada. Rollwagen (1971) studied the rural –urban population migration in Mexico from their region of origin. Cutright (1974) studied the probability of regional and intraregional migration by race (white and black American) and by region of origin. Perkins (1974) studied the relationship between a migrant's ROO and their affiliation to certain political parties. Hill (1975) studied the ROO impact on migrant and non-migrant earning differentials in the U.S.A. Kasnakaglu (1978) investigated the relationship between ROO and the earnings differentials of urban males in Turkey. Stump (1984) studied the religious commitment of migrants from different regions of origin and confirmed the adaptation model that the surroundings did affect people's religious commitment. Courgeau and Baccaini (1988) proposed the use of ROO variable in studying the interregional flow and migration in Norway. Yu (1990) studied the inequalities of migrants from different regions of origin in Korea. All the above studies were related to research on population migration and their region of origin

Other recent studies included (Tur et al, 2003) who researched the alcohol consumption of Spanish adolescents with demographic variables such as ROO and Scott et al (2005) studied the relationship of US-military recruit immunisation against Hepatitis B with their ROO.

### **3.2.2. A Supra-national Definition**

The ROO also can be defined from the supra-national perspective. In the study of the US immigration policy in relation to the immigrant's ROO by Jasso (1998), and the study of the voting behaviour of population of different ROO in the U.S.A. by Bass and Casper (2001), the ROO referred to those people who originated from Asia, Latin America, the Caribbean and Africa. Wasser et al (2004) studied the possibility of assigning elephant

DNA to its region of origin. Again, in this study, the ROO meant those elephants from different countries in the African continent.

### **3.2.3. European Usage of Region of Origin – Inter-nations Definition**

Other than the American studies that mainly referred to its population's origin, ROO studies across the Atlantic in Europe were mainly concerned with regional products such as food and handicraft products from the sub-nation, as well as from the international perspective. In the European context, regions included an area situated in one or more countries that share the same local tradition, culture and/or scenery. ROO was usually used to refer to the origin of an agriculture product or foodstuff (Van Ittersum, 2001).

Regional imagery acts as a source for quality differentiation (Henchion and McIntyre, 2000) as well as invoking a consumer's affective feeling and sense of belonging towards the ROO (Van Ittersum, Meulenberg and Van-Trijp, 2002; Van Ittersum, Candel, and Meulenberg, 2003). There is an increasing consumer interest in product of native region and recognition of the commercial value of the regional imagery attached to a product (Alvensleben and Schrader, 1998; Henchion and McIntyre, 2000). In fact, most European studies on ROO were related to the legal protection that safeguards the right to use the trademark and name of a region in marketing their products. There are many well-known products such as Stilton cheese, Eccles cakes, Champagne and Parma Ham, which have long been associated with particular geographic ROO (Marjorie, 1994; Mohammed, 2004). Not only the ROO identification provide product differentiation and price differentiation among products of different regions, the regional identification can be protected by property rights laws that govern its usage (Moran, 1993; Skuras and Vakrou, 2002).

In the European Community in 1992, law and regulation such as Protection of Geographical Indication and Designations of Origin for Agricultural Products and Foodstuffs were enacted to safeguard the denomination of these regional products. Since 1992, there were more than 500 protected denominations in Europe (Marjorie, 1994; Bonetti, 2004).

### **3.2.4. European Studies of Region of Origin Cue and Its Effect on Regional Product**

Compared to country of origin, study on impact of ROO on consumer preference and product evaluation is in its initial stages, and there have been mixed evidence as to consumer attitudes toward ROO cues and regional products. Alvensleben and Schrader (1998) investigated consumer attitudes toward regional food products and found that consumers were willing to pay more for products from their own region, and they interpreted that there was an image transfer between the region and the product. Skuras and Vakrou (2002) reported similar findings, which showed that Greek wine consumers were willing to pay double the price for a bottle with a label that indicated place of origin. But Ribeiro and Santos (2002), who studied Portuguese consumers, found that ROO generally had low importance and did not have a significant impact on price. A more recent study by Santos, Blanco and Fern Ndez (2006), however, found that ROO played an important role when purchasing wine for those consumers with higher degree of knowledge about the appellation of origin.

Van Ittersum, Meulenberg and Van-Trijp (2002) study showed that consumers' sense of belonging to the ROO increased with the regional product identified in the pre-purchase stage of the purchase decision process. Van Ittersum, Candel, and Meulenberg (2003) found that ROO had a product-specific influence (for example, potatoes) on preference of product and this preference was significantly affected by the perceived product's specific regional image. Fotopoulos and Krystallis (2003) found that ROO was affected by a social demographic variable, where Greek consumers of upper social and income groups were willing to pay more for the Zagora apples that originated from the Zagora region.

Van der Lans et al (2001) studied Italians consuming olive oil, and found that the ROO cue and PDO certification were social-demographic related. While ROO was found to have direct influence on those consumers who resided in the product's region of origin, it was found that there was no direct effect of PDO labels on product preference. This suggested a certain degree of consumer regional ethnocentrism. Perrouy, d'Hauteville and Lockshin (2006) found that the moderation effect of ROO cue by other wine

attributes to be more important for those consumers who considered themselves to have more expertise in the knowledge of wine. This suggested that those who are less knowledgeable in wine would mainly depend on the ROO indicator. Henseleit, Kubitzki and Teuber (2007), on the other hand, found that for German consumers, affective and social-demographic variable did not have a significant role, but, rather, cognitive and normative factors such as regional food considered to have met higher food safety standards were significant and were important determining factors

The difference in the usage of the ROO by Americans and Europeans can be traced to historical factors. The ROO was used to identify the makers of the products, either for social identity, ownership, insurance purposes or as an indication of quality. In the next section, we will look at the evolution of product markings and ROO.

### **3.3. HISTORICAL OVERVIEW OF PRODUCT MARKINGS AND REGION OF ORIGIN**

#### **3.3.1. The Use of Markings in Identifying Region of Origin: The European Context**

The marking of products can be traced back to the Stone Age period, at around 5000 BC, where pottery and animal marks were used to identify ownership. In ancient Egypt (3200 BC), potter marks served as the function to help identify the maker; building stones were marked with symbol in order to identify the masons or quarry who prepared them; bricks and roof tiles were stamped with the maker's names; and more. In the Roman civilization, the maker's marks or seals were used in everyday products, such as wine, lamps, cheese, ornaments, ointment, medicine, clothes, building stones, glass vessels, tiles and bricks. The function of markings on products was to identify the ownership of the goods or the origin of the goods (maker or the place of manufacture). The markings of ownership, such as heraldry marks and monograms represented not only ownership, but also the social status of those bearing the marks.

In the middle Ages, (12<sup>th</sup> Century onwards), throughout Europe, merchants were not allowed to advertise. Consequently, to ensure the standard and product quality that the

guilds promised to customers, a trademark was used to identify the product's manufacturer. Merchant marks were widely used instead of maker's marks from the 14<sup>th</sup> Century to the 17<sup>th</sup> Century, as merchants may have received their products from a number of sources. The use of merchant mark in continental Europe was there to establish property in goods and to identify the ownership of the goods that had been lost through shipwreck, piracy or other mishaps during their transportation between countries.

**Table 7.** Marks and their Function

<b>Types of Marks</b>	<b>Description</b>	<b>Function</b>
<b>"Merchant Marks"</b>		
Heraldry	Insignia or sign that was used by knights to identify themselves.	Social identity
Monograms	Something written or drawn in outline	Social identity
Branding	Marking of livestock with burning iron	Ownership
Earmarks	Clipping on the ears of animals, especially in U.S.A.	Ownership
Farm marks	Marks on animals used by Northern European farmers	Ownership
<b>"Production Marks"</b>		
Ceramic marks	Marks on vase, bricks, oil lamps etc.	Origin –Place of manufacture, building contractor, origin of the clay.
Stonemasons' marks	Non-alphabetical marks on stones and buildings	Origin – stonemason
Hallmarks	Stamps of gold, silver and platinum	Origin – place of manufacture, maker
Printers' marks	Markings on books	Origin – identify the publisher and printer
Watermarks	Translucent, permanent watermarks impressed in the paper	Origin – identify the paper manufacturer
Furniture marks	Labels or Makings with manufacture name.	Origin - identify the manufacturer

Source: Mollerup (1998)

In England, as a function of identifying ownership, an insurer's fire brigades would only put out a fire at a property of the insurance policyholder by identifying the metal stakes or other marks in on the property. The maker's mark has also been called the production marks, and these serve to indicate the source of origin and for identifying the maker, which sometimes was a liability to the maker. The production mark in the guild system serves as a mark of quality to show the genuineness and to trace the origin of the products. This way, bad craftsmanship could be identified and the maker of the product could be held responsible (Humbert, 1972; Foster and Shook, 1993; Schecter, 1999).



The marking of a product and, therefore, the trademark exhibited the function of identifying the social identity, ownership and origin of the product. Some of the markings, for example the monogram, branding, printer's marks and furniture marks, which were used since time immemorial, are still prevalent today. It is evident the marks that solicited the place or ROO of the product displayed name of the region or city in which the product were made. Refer to the Table 9 and Diagram 11 below for a pictorial depiction, summary of the description of marks and their functions (Mollerup, 1998).

**Diagram 9.** Example of product markings



Source: Mollerup (1998)

### **3.3.2. The Use of Markings in Identifying Region of Origin: The Oriental Context**

#### **3.3.2.1. Markings in Ancient China – Names Indicating Region of Origin**

According to archaeological findings, there was evidence of a market-system barter trading of handicraft products such as linen, clothing, jade, ship and others, more than seven thousand years ago in China. Goods were mainly produced for own consumption. Therefore, there was no need for product marking. However, Xia and Shang Dynasties' (21-11 Centuries, B.C.) markings on bronze and pottery products were found and they were mainly for commemoration and worshiping purposes. In the Zhou dynasty (770 A.D. to 256 A.D.) due to advances in production techniques, markings on products became prevalent and the markings usually bore the name of the product's owner and its uses; for example, swords owned by the Wu king. Bronze and pottery containers of this period bore the marks of the imperial court stating the region of origin, place of manufacture and quality indication (Liu, 1996). Archaeological findings in Shandong provinces found a large number of Han Dynasty's (220 B.C. to 6 A.D.) agricultural tools to have product markings that indicated the surname of the manufacturer. Excavations from Shaaxi and Chengzhou provinces in the same period found that farming tools were marked with the ROO and the maker's name. Mirrors from Yangzhou in the Han Dynasty and from Wuzhou Sung Dynasty have markings that mentioned the period of manufacture, ROO, maker's name and wordings that mentioned the quality of the products (Diagram 12). Markings in the Sung Dynasty (1127 B.C. to 960 B.C) not only used wordings that showed the place of manufacture, but also claims of superior product quality. Furthermore, trademarks using animal drawings (for example, rabbits) were evident. In the Yuan Dynasty (1368 B.C. to 1206 B.C.), the products and markings were more sophisticated with packaging and detailed wordings, stating the region of origin, manufacturer's address, exclusive selling, description of product, and usage (Liu, 1996; Zou, 1999).

The Ming Dynasty (from 1368 to 1644) and Ching Dynasty (from 1644 to 1911) periods had trademarks and brand name products. Most of the products were known to the local population by the name of the manufacturer. With the passing of time, the expansion of

trade and the high quality of these products, these names slowly became well-known brand names and trademarks. In the middle of the Ching Dynasty (1830), in the Chiang-Su region, the owner of a flour trading shop used five cylinders to package the flour in a unique way, and placed this sample cylinder in the shop to inform customers that they were the only sole seller to avoid counterfeit. Thus, these five cylinders eventually became the trademark for the shop. In 1904, the first modern laws on trademarks were drafted by Emperor Kwang Si. The trademarks in China in these periods therefore were mainly related to items or pictures of local regions and could be easily identified with a specific region (Zuo, 1999).

#### **3.3.2.2. Markings in Modern China- Name, Logo and Trademark**

In modern China (the People's Republic of China, PRC), the first trademarks office was set up in 1923 in Shanghai, and, subsequently, the first trademark publication was published in 1928. From the period of 1928 to 1948, there were more than 50,000 trademarks registered. Most of the trademarks featured during these times included, region of origin, address of manufacturer, product descriptions, drawing of product and logos (refer to diagram 12). In 1949, with the formation of the PRC, a new trademark office and trademarks publication was set up. Trademarks in this period was dominated by names of mountains, rivers, lakes, buildings; names that portrayed happiness, longevity, prosperity; and names that reflected the symbol of socialism such as the national flag, victory, and workers (Zuo, 1999).

The development of the trademark in the PRC can be separated into three periods, from 1949 to 1962, 1963 to 1978 and 1979 onwards. In 1950, the trademarks law "Temporary Trademarks Registration Regulation" implied that unregistered trademarks were legal to use, but did not have exclusive rights. Other changes in later years included forbidding the use of Western "degrading" wordings like Hollywood, Newlife and Nightclubs. In 1956, the market economy system was discarded and in its place, communal production systems and cooperatives were introduced, which adopted a planned production and production quota system. This led to the trademark and its function of identifying the source of origin and ownership becoming irrelevant as under the communal system,

products were public goods and private ownership was not allowed. Registration for trademark during this period declined drastically (Zheng, 1997).

Diagram 10. Chinese Markings



Source: Adopted from Zuo (1999)

In 1963, the trademark legislation stipulated a uniform registration code for the whole country: all firms were to register their products with the trademarks offices and trademarks were an indicator of quality. The 1963 regulation only specified the duties of the registered firm and did not confer ownership or exclusive use of the trademarks by

the firm. Furthermore, from 1966 to 1976 during the Cultural Revolution, trademark registration was not enforced as the country was in turmoil. However, in the period prior to 1979, product names were mainly related to the place or region; for example, markings that stated linen manufactured by the second factory, Shanghai (Zheng, 1997).

The year of 1979 marked a turning point, with the opening up policy, influx of foreign investment, foreign joint venture firms, introduction of household responsibility system and private ownership marked by thriving economic and market activities. Furthermore, the 1979 Civil Law Article 127, which stipulated that forging others' trademarks was illegal and punishable by a fine or prison term, implied the recognition of private ownership of trademarks by the government. In 1994, the trademarks office allowed the introduction of private trademarks agencies and representatives throughout China (Zheng, 1997). According to the China Trade Mark Office, by 2004 there were more than 2.2 million registered trademarks. Due to different systems adopted by the China administration regarding trademarks, there were situations where the trademark and geographic indication were confused, which will be discussed in section 3.4.7.

### **3.4. DEVELOPMENT OF PRODUCT MARKING FROM INDICATING REGION OF ORIGIN TO COUNTRY OF ORIGIN**

#### **3.4.1 Trading between Nations: from Mercantilism to Free Trade**

Merchant or production markings indicated the product to be from a certain place, city or region. In Europe's Ancient and Middle Ages, the markings performed the function of ensuring consistent quality to the consumer, as well as legal protection to the producer. These markings transformed into product trademarks and later evolved into branding of the product. The period 1765 to 1900 saw Britain experience an industrial revolution, where mass production of goods was prevalent and expansion of markets for goods reached an unprecedented international scale. Britain adopted a free trade model, which moved away from previous mercantilism, protectionism and trade restrictions (Zuo, 1999; Seyoum, 2000).

According to Chang (2007), the rise in neo-liberalism in Europe between 1860 and 1880 led to the European nations substantially reducing their tariff and import duty, thus increasing trade between these nations. The rest of the world, such as the Latin American Countries, China, Thailand, Iran, Turkey and others were forced to open up to free trade through colonialism. Furthermore, the migration of population from the countries in the old world to countries of the new world, such as the U.S.A., Australia, Argentina, Brazil and Canada have brought about new markets and are sources of import and export for the countries in the old world bringing an increase in international trade (Seyoum, 2000).

During this period, other than the rapid opening up of international markets, the change in American trademark law has ensured wider protection of trademark and evolvement of branding of consumer products. Other industry specific factors, such as improvement in mass production techniques, product packaging, distribution channels, printing (lithography) technology, coupled with social factors such as industrialisation and urbanisation, have led to a new consumption pattern of buying branded everyday consumable goods. For example, by 1906, Colgate was producing more than 2,000 different types of day-to-day necessity products (Low and Fullerton, 1994).

### **3.4.2. Mandatory Marking of Product's Country of Origin**

The Merchandise Marks Act of 1887 required the origin of import article to the U.K. to be identified, and, thus, the practical effect was to stamp the product (example, as 'Made in Germany') (Neuburger and Stokes, 1979). One of the aims of the Merchandise Marks Act 1887 was to ensure fair trade and curb false trade description by misrepresenting the origin of the product. However, in the interwar period (after the First World War), the 'Made in Germany' mark was imposed by the victor countries to the loser countries, for identification purposes of their formal enemy (Morello, 1993).

In the U.S.A., marking a product using COO can be traced back to the Tariff Act of the 1930s (Smoot-Hawley Act), where the U.S.A. unilaterally announced a huge tariff increase for all import products to U.S.A. and, operationally, sub section 304 of the Act

required all products to mark their COO. This unilateral decision was then reversed, as the protectionist measure backfired and a reversal of the Tariff Act (Reciprocal Trade Agreement Act) was introduced. This will be elaborated in section 3.5.1 (Cattaui, 1999; Hamby, 2007).

### **3.4.3. Diminishing Importance of Mark as Indicator of ROO**

There were few reasons that led to diminishing importance of ROO in product marking. Firstly, it was because of the mandatory requirement of Merchandise Marks Act of 1887 that origin of import article to U.K. Secondly, it was due to the protectionism measure as witnessed in the 1930s in the U.S.A., which were discussed in previous sections. A third reason was that due to the rapid expansion of trade in merchandise goods between countries, there necessitated a system to differentiate the nationality of products either for preferential or non preferential treatment of the importing countries.

The marks and trademarks as indicator of ROO and guarantee of quality slowly diminished with the mass production of manufactured goods and proliferation of brands and merchandise goods. The trade between nations was no longer limited to raw materials and basics commodities. For example, after World War I, Japan's exports of textiles, yarns, food products and rubber toys to European countries and the U.S.A. have been thriving (Depreciation of the Yen n.d.). Later, in the post-World War II period, Japan embarked into an export-oriented economy. Japan's export of heavy machinery and high-tech electronic goods to U.S.A. and Europe increased (Hollerman, 1982) due to the active involvement of the Ministry of International Trade and Industries in promoting trade,

The merchandise exports from the U.S.A. grew by 61 times, from 12 billion USD in 1948 to 777 billion USD in 2000. Imports grew 171 times, from 7 billion USD in 1948 to 1,244 billion USD in 2000 (Green and Lutz, 1980; Donnelly, 2001). The increase in imported products was partly due to the imports enjoyed by U.S.A. multinationals from subsidies in foreign countries (Kravis and Lipsey, 1992). This development of international and global trade had created a need to govern and identify the trade flows of

products between nations. Hence, this growth in international trade created the need to mark the goods to identify which nation the goods originated from.

Before the creation of The World Trade Organisation in 1995, the international trade between countries was governed by the General Agreement on Tariffs and Trade (GATT), which was formed in 1948 after the Second World War with a mission to promote free trade, enhance transparency and reduce trade restrictions between countries. Before the formation of GATT, the League of Nations – formed in 1919, after the First World War – was the international organisation to settle disputes between countries. GATT was formed with an agenda to reduce tariff and increase trade. During the League of Nations reign, there was no consensus on multilateral agreement on trade. Countries could enact rules and laws unilaterally that could enhance or reduce trade (Understanding the WTO n.d.; Footer, 1996; Gorman, 2005).

#### **3.4.4. Harmonisation Systems for Consumer Products and Durables**

The systems that identify where the product was made were governed by the “rules of origin”, which is the criteria in the GATT system to determine the nationality of the products. There was no rule or regulation that required countries to mark their products by COO in the League of Nations, and within GATT before 1953. The definition of nationality of the goods was rather loose, as a product may originate in one country and be assembled in another. The first effort to harmonise the rules of origin were made in 1953, when it was recommended that the contracting nations to GATT adopt a uniform definition for determining the nationality of manufactured goods. However, there was no consensus to this initiative throughout the Kyoto Convention, Uruguay Round and to the present. It was controversial, as countries did not use a uniform method in their treatment of goods from different countries, harmonisation would remain an inefficient device as long as different treatments persisted. In fact, in the inter-war period, contracting nations to GATT were free to determine their own rules of origin (Hironori, 1993; LaNasa, 1996).

For an individual country, the rules of origin were used to compile trade statistics, such as export and import figures by identifying the ‘Made in ...’ labels attached to the product,



and by providing certificates of origin. For the preferential rule of origin, certain countries were identified and their products received preferential treatment, such as low tariff or zero tariffs under the most-favoured-nation (MFN) status. The non-preferential rule of origin was used to differentiate domestic from foreign made products to establish anti-dumping and countervailing duties (CVDs); and safeguard measures that included ensuring product safety, setting quotas, tariff and government's decision on procurement of foreign products (Rule of Origin n.d.; Estevadeordal and Souminen, 2003; Souminen, 2004).

#### **3.4.5. Agricultural and Food Products: Protection under Geographic Indication**

For agricultural and food products, other than the certificate of origin or label that had country names, indication of the ROO was more often prevalent, as most of the agricultural and food products were distinguished for the region in which they were produced rather than the country in which they were produced. In fact, in recent times, the European council passed regulation on the protection of Geographical Indication and Designations of Origin for agricultural products and foodstuff (Marjorie, 1994). There are indications that the European Union intended to expand the list of products protected under the geographical indication (Boyarki et al, 2001).

The 1992 regulations created three types of regionally identified products, such as the Product of Denominated Origin PDO, Product of Geographic Indication PGI and Guaranteed Traditional Specialty GTS products. The purposes of the regulation were to protect product names from imitation and misuse, as an indicator of quality by providing information of origin of the product, and to encourage diversity in agricultural production. It applied to all products except wines, which were under the denominations of Appellation d'origine Contrôlée AOC and Appellation d'origine Protégée AOP (Lans et al, 2001; Skuras and Vakrou, 2002).

This type of classification of product, which takes into account the ROO and its characteristics, is not new. It has been widely used by OECD, where the classification of products is based on the utilisation and identification with the region's natural resources,

culture, heritage, tradition, environment and amenity. In the U.K., similar products have been protected by certification of trademarks and appellations of geographic origin (Marjorie 1994; Skuras and Vakrou, 2002).

#### **3.4.6. International Law on Protection for Product Region of Origin**

In the international context, historically, the protection of products under geographical indication can be traced to the Paris Convention for Protection of Industrial Property in 1883. Subsequently, in the Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods in 1891, where “All goods bearing a false or deceptive indication ... place of origin shall be seized on importation.” (Article 1 n.d.)

Later, the Lisbon Agreement in 1958 defined the appellation of origin as “the geographical name of a country, region, or locality, which serves to designate a product originating therein, the quality and characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors.” (Article 2 n.d.)

In 2005, the World Trade Organisation (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Geographical Indication was defined as:

“A product’s quality, reputation or other characteristics can be determined by where it comes from. Geographical indications are place names (in some countries also words associated with a place) used to identify products that come from these places and have these characteristics.” (Geographical Indication n.d.)

The Geographical indication is protected under the TRIPS article 22 to avoid misleading the public and to prevent unfair competition. Article 23 prevents misuse of geographical indication and Article 24 stipulates that protection is limited when a name has become common and generic (Overview: the TRIPS Agreement n.d.)

### **3.4.7. The Application of Geographical Indications in China**

The concept of geographical indication was introduced to China in the 1980s. In 1986, China joined the “Paris Convention for The Protection of Industrial Property”, which stipulated protection of the usage of product ROO and geographical indication by its member countries. An indication of China abiding to such a treaty was evident when in 1989, PRC Administration of Industry and Commerce required foreign joint ventures and local firms to stop using the word “Champagne” in their drink products (Cui, 2006; Feng, 2007).

However, the decree on the use of Geographical Indication was not clear, as there was contradiction in the use of name of Administration Region as a trademark with that of protection of the use of geographical name. The revision of the Trademark law in 1993 stipulated that the use for commercial purpose of geographical name of administrative region at the county level and above was disallowed. However, this did not include a region that was below the county level, such as the name of a town or a place and those registered as GI before 1993. China did not enact any specific law of geographical indication such as practiced by the European Union. Instead, until 2005, for interpreting and the enforcement of the protection of geographic indication of a product, China still relied on and considered different laws such as trademark law, unfair competition law, custom protection of intellectual property rights, protecting consumers' rights and interests, laws on product quality, provisions on the protection of geographical indication, and general requirements for products of designation of origin or geographical indications (Feng, 2007).

There existed a discrepancy in the application of the trademark law and protection of geographical indication. China adopted the designation of Geographical Indication as defined in TRIPS and the trademark law in China did not distinguish geographical indication from appellant of origin (Yang, 2005). This resulted in confusion, as in the case of Jinhua Ham where the defendant claimed under the appellant of origin the geographical name Jinhua did not belong to an individual but was collectively owned, although the plaintiff claimed under the trademark law of private ownership, the verdict

was in favour of the defendant. There exists many fraudulent cases and misuse of GI by enterprises and individuals alike. Without proper resolution of the issue, it may lead to detrimental effects on the economic wellbeing of a region (Li, 2005; Feng, 2007).

Nevertheless, there is every indication that more enterprises are applying for GI and the application for GI is not restricted to agricultural and food products. In fact, as recent as 2006, the Shanghai Bicycle Association applied for GI registration for their members to impress the market and their customers that the bicycle made in Shanghai is of high quality (Kenji, 2007). This leads to one of the major research questions of this study, that is, whether ROO cues plays a role in consumer product evaluation and choice for consumer goods and hybrid products.

Research on the effect of ROO for consumer goods is limited. In the next section, we turn our attention to the practical applications of COO and studies on COO. The historical review of the COO study would provide insights into the theoretical background of consumer product evaluation and choice, where COO is one of the cues.

### **3.5. DEFINITION AND FRAMEWORK OF COUNTRY OF ORIGIN LITERATURE REVIEW**

#### **3.5.1. Definition of Country of Origin**

Despite having more than 400 academic (peer reviewed) articles and over 1000 publication (Usunier, 2006; Roth and Diamantopoulos, 2009) about the topic, the study of country of origin and its definition remain a diverse one. Rather to search for unitary definition, it would be logical to approach the study and definition of COO from a category of definitions. Early study of COO focused on COO effect where the country a product is “made-in” will affect the consumer product evaluation and their buying preference. This category of COO studies has later shifted from national origin to more complex study of the image of the countries concerned (Roth and Diamantopoulos, 2009). In the study of the COO Image, the main concern is about the consumer association of

the product with the COO's status, authenticity and exoticness (Batra et al., 2000). Later, the literature shifted to definition of COO that related to consumer emotions, identity, pride, autobiographical memories as well as nationalism (Shimp and Sharma, 1987; Verlegh and Steenkamp, 1999).

Verlegh and Steenkamp (1999) study provided summary of definitions of COO effect from the sequence and perspective of cognitive, affective and normative mechanism as portrayed in Table 12, the framework of this review followed Verlegh and Steenkamp (1999) perspective and from a chronological sequence.

**Table 8.** Summary of COO Definition.

Mechanism for COO effects	Description	Major Areas of Findings
Cognitive	COO as a cue of product quality	COO used as "signal" for overall product quality and quality attributes such as reliability and durability
Affective	COO has symbolic and emotional value to consumers	COO as image attribute that link the product to symbolic and emotional benefits, including social status and national pride
Normative	Consumers relate social and personal norms to COO	Purchasing domestic product may be regarded as a "right way of conduct", because it supports the domestic economy

(Adapted from Verlegh and Steenkamp 1999)

In the following sections, a chronological approach to detail the various definitions of COO effects as purported by Verlegh and Steenkamp (1999) will be adopted.

### **3.5.2. Early Application of Country of Origin - Labelling and Tariff Law**

In U.K., the Merchandise Marks Act of 1887 required the origin of import article to U.K. to be identified while in U.S.A., the first law enacted to require imported products to label COO was the Smoot-Hawley Act which raised U.S. tariff on an average of 53% overnight. The so called Tariff Act (Smoot-Hawley Act) of 1930 was enacted to protect farm and textile products from foreign competition (Cattai, 1999). This "beggar thy neighbour" policy provoked other countries, especially Britain and other European countries to be engaged in a vicious circle of retaliation by increasing tariffs of their countries. Within a year, U.S. imports fell 29 per cent and worse, exports fell 33 per cent

as reported in The Wall Street Journal (28 April 1989 p.1). In 1932, Canada followed suit, as stated in the newsletter “Canadians want to know more about the eggs they eat. New regulations require that the words ‘produce of,’ followed by the name of the COO, must appear on both ends of all cases of eggs imported for domestic consumption.” (Chips from the Editor's Work-Bench 1923, p.61).

This protectionist measure has deepened the economic crisis. Rather than solving the problem, it caused severe depression and threatened to prolong economic hardship. To reduce the impact of hostility and tit-for tat action by other countries, the U.S.A. passed the Reciprocal Trade Agreement Act (a reversal of the Tariff Act) which empowered the president to reduce by half, the tariff rate set in 1930 in return for those countries to have similar reduction in foreign duties on U.S. products. However, by this time, it was too late and the U.S. economy was heading for the Great Depression of the 30s. This Reciprocal Act as a gesture toward free trade was implemented lackadaisically and did little for either the U.S. or world recovery (Wall Street Journal, 28 April 1989 p.1; Hamby, 2007).

Operationally, section 304 of the Smoot-Hawley Act 1930 required “all articles of foreign origin, or their containers when the article per se are exempt from marking while imported to the United States must be legibly, permanently and conspicuously marked to disclose the country-of-origin to an ultimate purchaser of the United States” (Ross, 1992). Following section 3.3, where evidence showed that early marking of products were usually the place or region where the product was manufactured, it seems that, at least in North America, the labelling or marking of the product using the COO classification stemmed from the labelling law in 1930.

### **3.5.3. Early Literature on Country of Origin**

One of the earlier discussions on the possible effect of COO was an article by Furnas (1953) relating that West African country consumers showed loyalty to products and brands from Britain. Consumers from the former British and French colonies would stick to the products from their former master and that from Western countries, such as the

U.S.A. The products mentioned as examples were whisky and bicycles from Britain, and oats from the U.S.A. These West African consumers would rather stop consuming those products that are discontinued and would not substitute them with modified substitute products made locally or made in another country.

The first scholarly inquiry into the effect of country of origin can be traced to the work by Schooler (1965) which he conducted an empirical study of Guatemalan students. The finding was that Guatemalan students have lower evaluations to products made in El Salvador and Costa Rica in comparison to the domestic and Mexican products. One of the reasons for this bias was found to be related to a general negative attitude by the Americans towards people from these two countries. Based on his findings, Schooler concluded that the product's COO could have an effect on a consumer's perception and opinion of the product.

#### **3.5.4. Country of Origin Studies in the 60s – Empirical Study of COO Effect**

Studies in the 60s by Reiersen (1966); Schooler (1965); Schooler and Wildt (1968) have common characteristics of using students as their research subjects and investigate the intention to purchase the foreign goods to look at the COO effect. Schooler (1965) found that COO did affect consumer preference for products. Reiersen (1966) concluded among American students, stereotyping of foreign products existed; and Schooler and Wildt (1968) found that American consumers showed bias towards Japanese products.

#### **3.5.5. Country of Origin Studies in the 70s – The ‘Made in...’ Effect and Image of Home Country**

Studies in the 70s were dominated by investigations of COO definition of product “Made-in” effect and two broad measures of evaluation. These were the intentions to purchase as well as attitude and consumer perception of product quality toward the product.

Research by Nagashima (1970); Krishnakumar (1974); Lillis and Narayana (1974); Nagashima (1977); Baumgartner and Jolibert (1978) was related to the measure of evaluation such as intention to purchase, whereas research by Schooler (1971); Gaedeke (1973); Dornoff, Tankersley and White (1974); Etzel and Walker (1974); Abdul-Malek (1975); Darling and Kraft (1977); Yaprak (1978); Bannister and Saunders (1978); White and Cundiff (1978); Chasin and Jaffe (1979); White (1979) was mainly on perception toward the product quality and attitude toward foreign products.

Nagashima (1970) found that the “Made in” image was strongly influenced by availability and familiarity of the country's product. Schooler (1971) found that products from Germany and the U.S. were rated better than those from other countries.

Dornoff (1974) found that consumers rated Japanese product better than those from Germany and the U.S. and those with higher education rated foreign product better. Etzel and Walker (1974) study found that besides the COO attribute, other product attributes also affect consumer preference. Krishnakumar (1974) study found that consumer from developing countries rated less favourably to ‘Made in...’ image of their home country's products. Furthermore, in his findings, Americans were found to be favouring Japanese products. Lillis and Narayana (1974) found that consumer in the U.S.A. and Japan did portray different perception toward products that are produced in different countries.

Darling and Kraft (1977) studied the attitude of Finnish consumers towards imported products and their findings supported that COO affected consumer attitude towards the product. Nagashima (1977) found that product image of the U.S.A. had deteriorated and image of countries like France had improved. This further suggests the importance of country image. Yaprak's (1978) study found that the country and product attribute could affect purchase intentions. Bannister and Saunders (1978) found that U.K. consumers did have stereotypical views on imported products, product image of domestic product, and those from Germany and Japan were viewed more favourably than those from France, Italy, U.S.A. and Russia. Chasin and Jaffe (1979) found that among industrial buyers, Eastern European products were perceived to be of inferior quality than those from



Western Europe, which supported COO effect. White and Cundiff's (1978) findings supported that there was a relationship between perception qualities with country of manufacture. White's (1979) findings further supported an earlier study contended that there was country stereotyping by American industrial buyers.

### **3.5.6. Country of Origin Studies in the 80s – The Use of Multi-Cue Research**

Most of the studies in the 60s and 70s had found COO to be a salient cue among buyers of consumer goods or industrial goods. However, those studies had been biased towards a single product cue that is, the COO cue methodology. Bilkey and Nes (1982) suggested that a product possess intrinsic as well as extrinsic cues. Therefore, when researchers did their survey using only the COO cue, it was the only information provided to respondents on which they based their evaluation. Methodologically, this would have resulted in a bias toward the single cue (COO) and thus overestimated the effect of the COO cue. It was unavoidable that the findings by earlier researchers using single cue would have resulted in the direction of detecting positive COO effects. Later studies done by Johansson, Douglas and Nonaka (1985) concurred with Bilkey and Nes (1982) findings and as with Bilkey and Nes (1982), suggested to take a multi-cue approach. Johansson, Douglas and Nonaka (1985) took the "multi-attribute attitudinal mode analysed by means of a system of simultaneous equation".

In the 80s, the advancement of more powerful statistical models as well as statistics software has enabled researchers to investigate using sophisticated software and thus there were more studies using multi-cue approaches. Computer software to analyse complicated situation utilising statistical methods such as regression, factor analysis, structural equation, and conjoint analysis had enabled researchers to study the effects of country of origin more rigorously and with better accuracy (Hair et al, 2006).

Most of the studies from the 80's onward were an extension of the research done in the 60s and 70s where purchase intention, perception of quality and attitude toward country image were the measures of evaluation. However, with the advance in information technology and software, more complicated studies involving multiple cue were

manageable, which led to researchers such as Erickson, Johansson and Chao (1984); Johansson, Douglas and Nonaka (1985); Johansson and Thorelli (1985); Wall and Heslop (1985); Darling (1987); Parameswaran and Yaprak (1987); Ettenson, Wagner and Gaeth (1988); Han and Terpstra (1988); Chao (1989) and Han (1990) to adopt the multiple attributes approach whereby other than the COO cue in the multiple cue models, the effect of the other intrinsic and extrinsic cues were also widely studied in their research. The use of multiple cues led to results showing a much lesser role of COO in influencing consumer product evaluation. The results were not surprising, technically speaking, with more cues to choose from, the impact of each cue would be lessened due to averaging out effect. Therefore, the impact of a single cue, such as COO, could be expected to reduce in influencing consumer product evaluations. The use of multiple cue models was well accepted by scholars, as the model was more valid and reliable since it represented the actual situation when consumers engaged in buying decision. By the 90s, most research studies working on COO were using multiple cue models.

At the same time, the study of the impact of transnational (hybrid) product taken root in the 80s (Han, 1986; Johansson and Nebenzahl, 1986), and study in the impact of hybrid product were getting prominent in the 90s. Johansson and Nebenzahl (1986) provided a framework to investigate the impact of domestic brand products that are manufactured in foreign countries and evaluated whether relocation of plant caused damage to the brand. Han (1986) examined the COO effect for hybrid product and concluded that for a bi-national product, the country image had an impact in product evaluation. A later study by Han and Terpstra (1988) reconfirmed the earlier findings that for bi-national products, sourcing country stimuli has greater effects than brand name on consumer attitudes.

### **3.5.7. Country of Origin Studies in the 90s – Evolves of Hybrid Product**

By the 90s, most study on hybrid concentrated on whether the different source of country of manufacture from either the brand or design would affect consumer evaluation of the products in term of overall quality. Ettenson and Gaeth's (1991) study showed consumers were "blurred" by the existence of hybrid products with different brand origin and place of manufacture. Ahmed and D'Astous (1993) found that Canadians were positive towards

Ford automobiles made in Japan. However, for Belgium, the Japanese made Ford was less positively evaluated. This suggested the effect of COO was consumer-specific. Chao's 1993 study pinpointed a contemporary situation where products became complex involving multiple country affiliation and there existed a problem of evaluation, which was unlike the national product. Insch and McBride (1998) found that, for the hybrid product category, COO did affect the U.S.A. and Mexican consumer perception in design quality, manufacture quality and overall quality. Tan and Leong (1999) investigated the effect of warranty in influencing consumer evaluation of hybrid products and concluded that there was negative effect on consumer product evaluation for products that moved their place of manufacture (transplant) to a less reputable country.

By the end of 90s and the dawn of the 21<sup>st</sup> century, COO study has concentrated on the study of purchase intention of hybrid products. Kim and Pysarchik (2000) studied the purchase intention of consumers on bi-national products using multi-cue method. Chao (2001) examined the COO for parts, design and assembly effect on consumer attitude and purchase intention and found that Americans were more positive in attitude and intention to purchase products that were assembled in U.S.A. Hamzaoui and Merunka (2006) found that consumers from developing countries were more sensitive to the country of design for automobiles than for television sets, suggesting a product specific effect.

At the same time, the development of Consumer Ethnocentric Tendencies Scale (CETSCALE) by Shimp and Sharma (1987) back in the late 80's has ushered researchers to study the COO effect in the direction of consumer ethnocentrism, and by the millennium onwards, there were increase in the study of consumer ethnocentrism outside the U.S.A.

### **3.5.8. Country of Origin Studies in the 2000 Onwards – Consumer Ethnocentrism**

Other than the use of multiple cue methodology of the eighties and the hybrid product of the nineties, another line of inquiry involved the study of ethnocentric tendencies and its impact on COO. Levine and Campbell (1972) provided a comprehensive inquiry into the population ethnocentric tendency. Shimp and Sharma (1987) CETSCALE

provided a framework for research in the 90s onward to study the COO effect with that of ethnocentrism. Furthermore, unlike earlier studies, the study of COO in terms of ethnocentrism no longer centred on U.S.A., but became more international.

Subsequent to the studies in the 80s, Festervand and Sokoya (1994) studied in a Nigerian context and found that consumers despite having ethnocentric tendency did not portray negative feelings towards foreign imports. Durvasula, Andrews and Netemeyer (1997) found that for those consumers having ethnocentric tendency, the Russians consumers have a more positive attitude toward foreign imports than the Americans. Klein, Ettenson and Morris (1998) showed that Chinese consumers showed animosity toward products from Japan.

In the consumer ethnocentrism studies in the 2000s, most were mainly done in countries outside U.S.A., other than study the impact of consumer ethnocentrism on product evaluation and preference. Other studies also involved the testing of the validity of measure scale (CETSCALE) outside the U.S.A. Watson and Wright (2000) found that where domestic substitutes are not available, ethnocentric consumers would prefer products from countries culturally similar to theirs. Supphellen and Rittenburg (2001) found that Polish did not display ethnocentrism when faced with superior foreign brands. Acharya and Elliot (2003) also found that for Australian consumers, ethnocentrism had little impact on consumer purchasing choice. However, Orth and Firbasova (2003) found that ethnocentrism did affect consumer product evaluation for consumers in the Czech Republic. Balabanis and Diamantopoulos's (2004) study indicated that consumer ethnocentrism did affect product preferences. Wang and Chen (2004) found that for Chinese consumers, if the product were judged as inferior in quality, ethnocentrism would not affect product preference. Hamin and Elliot (2006) found that COO was more important than other cues for consumers showing either high or low consumer ethnocentrism. Thelen, Ford and Honeycutt (2006) study indicated a strong bias toward domestic consumable products but the effect was less for durable products. Chryssochoidis, Athanassios and Panagiotis (2007) study based on food products found that the COO effect was product specific on the product type for those consumers having

ethnocentric tendency and product attribute (attribute-specific) for non-ethnocentric consumer.

It is evident that in the various studies about consumer ethnocentrism, the contention that there was a negative relationship between consumer ethnocentrism and consumer preference for foreign imports (Shimp and Sharma, 1987) was inconclusive. At one extreme, consumers did portray animosity toward foreign imports, as in the case of Chinese attitude toward Japanese products. However, this was country-specific and cannot be generalised to all foreign imports (Klein, Ettenson and Morris, 1998). On the other hand, for those countries that do not have domestic substitutes and where foreign brands were perceived to be superior, consumer ethnocentrism would have little impact on consumer product evaluation and choice (Watson and Wright, 2000; Supphellen and Rittenburg, 2001).

The study of COO effect was mainly based on the contention of domestic made product versus foreign made product. However, given the changes of the pattern of production and proliferation of world trade, the line is blurred as studies have suggested consumer view of product from a bundle of benefits, which include its brand, country of assembly, country of manufacture and country of design. Furthermore, as the world embraces liberalisation of labelling systems along with trade and service, the effect of “made-in” as discussed in earlier section seems to be diminishing (Usunier, 2006). With the creation of World Trade Organisation to promote free trade, the global harmonisation of rules of origin has been created and accelerated. Operationally, the custom of the member country only need the source of origin of the product mentioned in the custom document and not necessarily on the product of merchandise itself. Origin labels such as “Made in...”, “Made in Europe” and “Assembled in U.S.A.” propping up led to ambiguity. Effectively, this has led to disappearance of “made-in” label as a systematic element of product labelling (Samiee 1994, Usunier, 2006).

Based on this background, it would be natural to view the COO effect with suspect (Samiee, Shimp and Sharma, 2005). Furthermore, the relevancy of the COO effect on

consumer was in doubt, given the changes in manufacturing configuration due to reduced transportation costs that lead to a global sourcing strategy by multinational corporations. Consumer would find it hard to evaluate a product using the COO cue due to many of the products being not manufactured in one country with the product's components sourced from different countries. Furthermore, with the evolution of transnational (hybrid) product, each of the product country of design, country of manufacture and the country of the brand name would be from different countries and not from a single country (Chao, 1993; Ahmed and d'Astous, 1996; Chao, 1998; Insch and McBride, 2004; Hamzaoui and Merunka, 2006).

With the exponential growth of the use of internet, consumers are well versed in product information and they would have better access to information of the source of production of the products or services. The literature on the COO has been based on products produced from a country of national definition. There was a gap in the literature to address products that were produced from a sub-national definition e.g. products manufactured in different regions of a large nations such as China, Russia, India and Brazil. Recently, there seem to be resurgence in the study of ROO and its effect; however, most studies were either based on agricultural products or studies from the European context (Ittersum, 2002).

### **3.6. THE PRODUCT USED AND MEASUREMENT INSTRUMENT IN COO STUDIES**

#### **3.6.1. The Product Use in the COO Studies**

Given the COO studies centred on consumer evaluation and preference of the product, it is therefore necessary to discuss the product used in these studies. The products used in Schooler 1965 were juice products and fabric in which physically a 'Made in...' label can be printed into the products. Since then the COO studies proliferated to include a barrage of products which ranged from tangible consumer products of daily usage such as cooking oil (Yavas, 1988) as well as intangible consumer products such as life insurance

(Baumgartner and Jolibert, 1978) and airline (Kaynak, 1994). It also included industrial goods such as forklift (White and Cundiff, 1978).

Due to technology advancement which led to reduction in transportation cost and the changes in multinational corporation production and marketing strategy, a single product was no longer necessarily produced in one country, but become a synergic effort of a few countries. Business operations, especially multinational enterprises, have sought to expand their production (transplant) in countries that have lower production costs. The reduction in transportation costs has enabled enterprises to source parts from different countries to be assembled in a designated host country which eventuated in a “hybrid” product where it had brand origin from one country and manufactured or assembled in another (Han, 1986; Johansson and Nebenzahl, 1986).

Han (1986) and Han and Terpstra (1988) studies have cited the contemporary phenomena existence of bi-national (hybrid) product such as General Electric TV where it carried US brand name but was made in Taiwan and Japanese car Honda Civic that was made in U.S.A. There were no previous empirical studies on COO effect and brand name effect as a cue concerning bi-national (hybrid) products. COO studies prior to Han (1986) were mainly concerned with either purely domestic product or purely foreign product. The study of consumer perception and evaluation of Hybrid products is thus important as it not only reflects the contemporary reality of the world trade and marketing strategy, but it would shed light on the effects of brand name and source of manufacture of the product on consumer evaluation and preference of the product. Study by Johansson and Nebensahl (1986) suggested that consumer perception of the same product might vary depending on where the products were made.

In this research, the products used were Television and Tea with either local or foreign brand name and produced in different regions in China. The hybrid product definition is from a sub-national perspective in terms of place of production. This is significant as there were no prior studies of consumer evaluation and preference of the hybrid product

from a sub-national perspective. A detailed discussion on Hybrid product and Hybrid product in the regional context can be found at section 3.9

### **3.6.2. Measurement Instruments – Conjoint Analysis and CETSCALE**

As mentioned in previous section, the advancement of information technology has enabled researchers to use sophisticated statistical tools in applying multi-attributes research of to investigate the COO effect. One of these statistical methods was the conjoint analysis.

Conjoint Analysis is a type of statistical research technique based on the concepts of psychology of decision-making and econometric choice theory. The major developers for the conjoint family of analysis were Paul Green for the traditional conjoint analysis (Green, 1971), Jordan Louviere for the choice-based conjoint analysis (Louviere, 1988) and Rich Johnson for the adaptive conjoint analysis (Green and Srinivasan, 1990).

According to Green and Srinivasan (1990), conjoint analysis has been widely received by academic and industrial users as a major set of techniques that measure buyers' trade-offs among the multi-attribute products and services. Wittink and Cattin (1989) surveyed the commercial use of conjoint technique in the period between 1981 and 1985 and found that of the 400 studies yearly, almost 60 per cent of the application was for commercial goods. In the 90s, the use of conjoint analysis increased tremendously with the introduction of sophisticated software. Today, researchers can access software packages either through personal computers or deploying conjoint studies online (Stevens, 2000; Hair et al., 2006).

In the COO studies, Conjoint Analysis was mainly used to test the effects of extrinsic cues and intrinsic cues where COO is considered to be the extrinsic cue (Ettenson, Wagner and Gaeth, 1988; Louviere, 1988; Ettenson and Mathur, 1995). The detailed usage of Conjoint Analysis to study the effect of extrinsic and intrinsic attributes and its application in the context of ROO study can be found in sections 5.3 and 5.4.



Another research instrument, CETSCALE which was developed by Shimp and Sharma (1987) has enabled proliferation of the study of COO effect in the perspective of consumer ethnocentrism. As Shimp and Sharma (1987) put it, the consumer ethnocentrism “represent the beliefs held by American consumers about the appropriateness, indeed morality, of purchasing foreign-made products...purchasing imported products is wrong because, in their minds, it hurts the domestic economy, causes loss of jobs, and is plainly unpatriotic.” (Shimp and Sharma, 1987 p. 281) The CETSCALE therefore was developed to measure consumer ethnocentric tendencies, which “captures the more general notion of a disposition to act in some consistent fashion toward foreign products in toto.” (Shimp and Sharma, 1987 p. 281)

The questionnaire in the CETSCALE were developed based on 7 facets of consumer orientation towards foreign products, namely 1) consumer ethnocentric tendencies, 2) price-value perceptions 3) self-interest concerns 4) reciprocity norm 5) rationalisation-of choice 6) restrictions-mentality and 7) freedom-of choice views. Operationally, initial pool of 255 items of statement was reduced to 180 items, which covered all the 7 dimensions. Subsequent purification study reduced these items to final 17-item CETSCALE. Other than the 17-item CETSCALE, at the same study, a reduced form using 10-item CETSCALE were found to be as valid as the 17-item CETSCALE (Shimp and Sharma, 1987). A detailed Usage of CETSCALE to study the consumer ethnocentrism and its application to study the regioncentric tendency will be discussed in sections 3.8, 5.8 and 5.9.

### **3.7. RESURGENCE OF REGIONAL IMPORTANCE**

The effect of COO on product evaluation has been well researched (Tan and Farley, 1987; Al-Sulaiti and Baker, 1998; Usunier, 2006; Roth and Diamantopoulos, 2009). Most of the COO studies either took a supra-national or national perspective in their research. Given the contemporary environment where large nations such as China, Brazil, Russia and India are emerging in trade and development, intra-trade between provinces and regions of these countries have become prominent. Furthermore, where a region portrays a high

level of autonomy or devolution from the central power, there exists a situation where a region may trade with other countries or regions from other countries. However, many of the studies described as cross-cultural studies were actually cross-national studies. They were studies of sub-cultural characteristics between countries and not regional or sub-national study per se. In these studies, cross-cultural and the cross-national terminologies were used interchangeably (Heslop, Papadopoulos and Bourk, 1998).

On an economic note, according to Kresl and Singh (1999), traditional economic theory which focused on the theory of firm and national economies in trying to improve the economic wellbeing of ordinary people was inadequate. In the US context, although US is one of the world's most advanced economies, the national economic policy has had little effect on the regional economic wellbeing, for example, the downfall or revival of the economies of "rust belt", the "sun belt", or the "upper mid-West" had little to do with national policy. A Study by Kresl (1992) showed that rather than depend on the central government, cities and regions within a nation nowadays compete directly and internationally for export markets, FDI and other means for economic development.

With the thrust for globalisation and trade liberalisation, regions nowadays are no longer protected by national tariff and non-tariff means. Sub-national regionalism and large urbanisation (sometimes these regions and urban areas are larger than some countries) is on the rise, as national policy has not covered the benefit of individual region. Advocates of regionalism such as Savitch and Kantor (1995) and Kresl and Singh (1999) suggested that there was a paradigm shift in economic policy toward attention being given to region and cities in a globalised world. Faced with this new environment, studies of sub-national diversity among consumers are essential (Heslop, Papadopoulos and Bourk, 1998).

Current European studies on ROO are mainly focused on food and agricultural products in the domain of protected designation of origin as discussed in section 3.2.4. For example, Henchion and McIntyre (2000) identified the use of regional imagery in a European context and confirmed the roles of ROO used by consumers in inferring the quality of products from certain regions. Van Ittersum (2001) studied the ROO as product

cues for consumer satisfaction in the consumer purchase decision process (from information search stage to the action stage) on European food products. However, the shortcomings of these studies are that the findings cannot be generalised as the empirical researches were conducted largely on food products and in a European context.

There remains a gap in the COO and ROO literature where in the sub-national level, areas such regional ethnocentrism, consumer evaluation of consumer products and hybrid products has not been researched.

Therefore, there is a need to address the characteristics of intra-nation trade and consumer behaviour in evaluation of products within a sub-national level. This sub-division into sub-national perspective of investigation would perhaps provide a better understanding of consumer buying behaviour and trends in those nations that have vast land mass and great number of consumers. One most common and logical sub-division would be to cluster the consumers in a regional context, which has been discussed extensively in earlier sections. The corresponding COO cue from sub-national perspective would be the ROO cue.

In the following section, consumer ethnocentrism, the sub-national level consumer regioncentrism and the use of CETSCALE in measuring consumer ethnocentrism will be discussed in detail.

### **3.8. CONSUMER ETHNOCENTRISM, CONSUMER REGIONCENTRISM AND THE USE OF CETSCALE AS MEASUREMENT INSTRUMENT**

#### **3.8.1. Ethnocentrism**

The term consumer ethnocentrism was adapted by Shimp and Sharma (1987) from the general concept of ethnocentrism introduced by Sumner in the year 1919. The original definition of ethnocentrism was “the technical name for this view of things in which own group is centred to everything, and all others are scaled and rated with reference to it... Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities, and looks with contempt on outsiders...” (Sumner, 1979:13) The concept of

ethnocentrism manifests where people view their own group as centre of the universe, interpret other social units from the perspective of their own group and blindly accept those who are culturally similar to themselves and reject those who are not. This type of behaviour implied a strong territorial component and a bound rationality. Sumner (1979) provided illustration where the Papuans of New Guinea were separated into village units that were kept separate by hostility, cannibalism, divergence of language and religion. However, integration within each village was by adhering to its own religion, language and interests.

Levine and Campbell (1972) in investigating the different interpretations of ethnocentrism in various social science theories have included:

- i) the psychological level explanation of ethnocentrism by frustration-aggression-displacement theory which was proved inadequate;
- ii) the realistic-group-conflict theory which views group conflict as rational behaviour of groups competing for scarce resources which contrasts with psychological theories that consider inter-group conflict as projective expression of problems that are intra-group in nature;
- iii) the sociological theory of reference group with empirical evidence that individuals in some African societies regard themselves as members of several groups simultaneously. These findings refuted Sumner's assumption of ethnocentrism syndrome being universal;
- iv) the evolutionary theory which views ethnocentrism as a struggle of a group due to environment adaptation for survival;
- v) the problem in the assumption of ethnic boundaries where interaction across ethnic groups, trade, labelling were investigated;
- vi) inter-group relations on group narcissism, self esteem, projection, authoritarian personality and compensatory masculinity were studied; and
- vii) cognitive congruity theories that look at inter-group relations.

The conclusion of the study was that ethnocentrism is more likely phenomena in a modern world that is politically centralised, socially stratified, and economically differentiated (Levine and Campbell, 1972).

### **3.8.2. Consumer Ethnocentrism as a Construct**

Over the years, on the basis of various social science theories, ethnocentrism has been used in explaining a wide range of discriminatory behaviour such as ethnic conflict, war, voting and recently, study of consumer behaviour (Hammond and Axelrod, 2006). The meaningful usage of ethnocentrism together with a measurement instrument of the degree of ethnocentrism portrayed by the consumer in the context of consumer buying decision was first developed by Shimp and Sharma (1987) where they termed the ethnocentrism construct as “consumer ethnocentrism”. The term was used “to represent the beliefs held by American consumers about the appropriateness, indeed morality, of purchasing foreign-made products” (Shimp and Sharma, 1987 p.280).

Ethnocentric consumers therefore would consider buying imported goods to be wrong because such buying behaviour would lead to loss of jobs and hurt their own country's economy. Furthermore, buying foreign products is deemed to be unpatriotic for those highly ethnocentric consumers. Products from foreign countries (out groups) are considered objects of contempt. Therefore, although the COO is considered in the evaluation of the product, it is the act of perceived social appropriateness that drives product decision (Huddleston, Good and Stoel, 2001). For non-ethnocentric consumers, foreign products are evaluated on their own merits and where the product is manufactured is not considered.

This construct of consumer ethnocentrism is therefore consistent with the study in psychology and anthropology that empirically and casually differentiates the in-group favouritism (ethnocentrism) with out-group hostility (xenophobia) (Hammond and Axelrod, 2006).

### **3.8.3. Effects of Consumer Ethnocentrism**

Recently, Shankarmahesh (2006) did a review of consumer ethnocentrism and categorised the research on consumer ethnocentrism into four broad categories of antecedents, namely, socio-psychological, economic, political and demographic.

In the domain of socio-psychological, it was found that cultural openness where people were more willing to interact with people from other cultures and worldviews would have less consumer ethnocentrism tendencies. People who were conservative, collectivist, materialistic, salient and dogmatic tended to demonstrate consumer ethnocentrism tendencies, while results on patriotism and animosity were mixed (Shankarmahesh, 2006). In a similar vein, Supphellen (2003) showed that Russians with a high tendency towards consumer ethnocentrism did not favour western celebrities. When their country does not have particularly good products, consumers with high tendency of consumer ethnocentrism would prefer to get that product from countries that have cultural similarities with their own (Watson, 2000).

In the economic domain, developing countries are less inclined towards consumer ethnocentrism (Shankarmahesh, 2006). This may be due to a developing country, not having a competing domestic product against the foreign product. On the other hand, consumers tend to support push for international cooperation in commerce (Festervand, 1994). In a situation where the foreign brand is superior to the domestic brand, consumers tend to portray high ethnocentric tendency towards the domestic brand (Supphellen, 2001).

In the political domain, countries that had been colonised and suffered oppression tended to have higher consumer ethnocentrism tendencies. In the demographic domain, the results on education, income, gender, age, race/ethnic group and social class tendencies toward consumer ethnocentrism were found to be mixed (Shankarmahesh, 2006).

Studies by Wang and Chen (2004) found that consumers with high consumer ethnocentrism would not buy domestic products if these were perceived to be of lower quality. Balabanis and Diamantopoulos (2004) studied U.K. consumers and found that

consumer bias toward a domestic product is dependent upon the specific COO and the particular product category. Evanschitzky (2005) did a similar study in Germany which supported Balabanis findings. Thelen, Ford and Honeycutt (2006) evaluated consumables and durable products in the Russian context and found that consumer ethnocentrism was positively related to consumable products but not to durable ones.

### **3.8.4. CETSCALE as a Measurement of Consumer Ethnocentrism**

#### **3.8.4.1. Definition of CETSCALE**

The CETSCALE was first developed by Shimp and Sharma (1987) to measure the consumer ethnocentric tendency. The Scale was developed using factor analysis to reduce initial 255 items to a 17-item CETSCALE. A further reduced 10-item CETSCALE was tested and was found to be as valid. The CETSCALE by measuring the consumer ethnocentrism effectively are measuring consumer perception of whether buying foreign product is an acceptable or unacceptable act.

The CETSCALE had a respond format of a 7 point Likert-type scale (strongly agree = 7, strongly disagree =1) and range of scores from 17 to 119 and were put to confirmatory factor analysis using samples from Detroit, Denver, Los Angeles, and Carolinas. The Scale was found to be unidimensional with high internal consistency and reliability (coefficient alpha over 0.95) (Shimp and Sharma, 1987)

The 17 questions with 7 point Likert type scale are: 1) American people should always buy American-made products instead of imports. 2) Only those products that are unavailable in the U.S. should be imported. 3) Buy American-made products. Keep America working. 4) American products, first, last, and foremost. 5) Purchasing foreign-made products is un-American. 6) It is not right to purchase foreign products, because it puts Americans out of jobs. 7) A real American should always buy American-made product. 8) We should purchase products manufactured in America instead of letting other countries get rich off us. 9) It is always best to purchase American products. 10) There should be very little trading or purchasing of goods from other countries unless out

of necessity. 11) Americans should not buy foreign products, because this hurts American business and causes unemployment. 12) Curbs should be put on all imports. 13) It may cost me in the long run but I prefer to support American products. 14) Foreigners should not be allowed to put their products on our markets. 15) Foreign products should be allowed to be taxed heavily to reduce their entry into the U.S. 16) We should buy from foreign countries only those products that we cannot obtain within our country. 17) American consumers who purchase products made in other countries are responsible for putting their fellow Americans out of work (Shimp and Sharma, 1987).

#### **3.8.4.2. Using CETSCALE in Estimate Consumer Regioncentrism Tendency**

Recent studies of consumer ethnocentrism and animosity in the past decades has mostly utilised the CETSCALE in their investigation of consumer ethnocentrism as discussed in earlier section 3.5.10. From Shimp and Sharma's (1987) initial study of consumer ethnocentrism and using CETSCALE in measuring the consumer ethnocentric tendency until date, most of the studies of consumer ethnocentrism have been in a country or national context, there are little studies of consumer ethnocentrism on a sub-national level. Consumer ethnocentrism is "adapted from a general concept of ethnocentrism introduced more than 80 years ago by Sumner (1906)" (Shimp and Sharma, 1987 p. 280) Sumner's (1909) unit of study was a group of villages in Papua New Guinea which suggested a tribal in-group behaviour. The subdivision was at local regional level as opposed to national level.

In the empirical testing of the CETSCALE, Shimp and Sharma (1987) collected questionnaires from metropolitan areas such as Los Angeles, Detroit, Denver and "Carolinas". Aggregate test and disaggregate tests were performed and test for reliability. This suggested that the CETSCALE could be applied in a sub-national level to identify consumer ethnocentric tendency of a particular region.

Methodologically, Levine and Campbell (1972 p.23) suggested that ethnocentrism could be studied comparatively at several levels of variation:



- (1) Across the cultural groups of the world;
- (2) Among the groups of a given region, and then across regional units;
- (3) Among the diverse out-group attitudes and relations of a given in-group; and
- (4) Across dyadic unit of inter-group relationship, that is two groups in relation to each other.

Accordingly, Ethnocentrism can be studied at a regional level utilising Levin and Campbell's (1972) proposition of second level inquiry termed as intra-cluster correlations approach, where relationship of a group within a region is computed. In the same token, CETSCALE can be utilised to study the consumer ethnocentrism from a sub-national and regional context.

As mentioned chapter 2, in a vast country context in which each region is considered unique, the variation such as social, political, technical and economic development as well as the size of the regions qualify them to be considered as a "nation" on its own (Cui and Lui, 2000). In estimating the regioncentric tendency, the CETSCALE can be modified and applied in a regional context.

Other than the U.S.A., the application of CETSCALE has been proven to have a high degree of reliability and validity in countries outside U.S.A. The CETSCALE is found to be a good measurement of consumer ethnocentrism and can be applied in other countries if it shows a high degree of discriminant validity and nomologic validity (Good and Huddleston, 1995). Other than the validity and reliability test, the factor structure invariance and unidimensionality test can be established to support the transferability and usage of CETSCALE in other countries.

CETSCALE has proved to be robust and applicable across a diverse geographic boundary with different political, economic, social and cultural settings. It has been found to have high reliability and validity, thus, as a good estimator of Consumer Ethnocentric tendency in Australasia such as Australia and New Zealand (Watson and Write, 2000; Archaya and Elliot, 2001); in European countries such as Spain and Greece (Luque-Martinez, Ibanez-

Zapata and Barrio-Garcia, 2000); in Eastern Europe countries such as Russia, Poland, Czech Republic (Durvasula, Andrews and Netemeyer, 1997; Huddleston, Good and Stoel, 2001; Supphellen and Rittenburg, 2001; Thelen, Ford and Honeycutt, 2006); and in East Asia such as Japan and China (Netemeyer, Durvasula and Lichtenstein, 1991; Wang and Chen, 2004).

Shimp and Sharma (1987) found that an alternate 10-item version of CETSCALE also portrayed high degree of internal consistency, which suggested high validity and reliability for the shortened version. Balabanis and Diamantopoulos's (2004) study in the U.K. concurred with Shimp and Sharma's (1987) findings. The 10-item CETSCALE was used by Klein, Ettenson and Morris (1998) to test the Chinese consumer ethnocentric tendencies and animosity toward Japanese products and Klein and Ettenson (1999) used similar scales to study the US consumers' ethnocentrism and animosity toward Japanese products.

However, more recent studies on the consumer ethnocentrism using 10-item CETSCALE by Lindquist, Vida, Plank and Rairhurst (2001) in Czech Republic, Hungary and Poland found that CETSCALE was not universally "good fit" or the model was not unidimensional. Instead they found that a good fitting of 7-item model for Czech Republic, 5-item model for Hungary and 6-item model for Poland. Based on the study of Netherlands consumer ethnocentrism, Susan, Douglas and Nijssen (2003) cautioned that one need to be diligent in the usage of "borrowed" scales in cross-national and multi-country studies, especially in the examination of construct equivalent in different countries. Saffu and Walker (2005) found that in the case of Canada and Russia, they found the CETSCALE to be reliable in both countries, but a "good fit" for Canada and not for Russia. Thelen (2003) and Thelen, Ford and Honeycutt (2006) sub-cultural studies and regional affiliation in Russia found that the CETSCALE were not unidimensional when applied in the regional context. Discussion on the robustness of the CETSCALE will be elaborate in section 4.5.8.

From the previous studies, it is evidence that the Shimp and Sharma (1987) CETSCALE has been widely used by researchers to study consumer ethnocentrism where it is

purported that domestic buyers who demonstrate high consumer ethnocentric tendency would favour domestic products over foreign products. The usage of CETSCALE was tested to be reliable in both national, cross national, multi-country and in sub-national regional context. However, as Susan, Douglas and Nijssen (2003) cautioned on the usage of “borrowed” scale and Thelen, Ford and Honeycutt (2006) showed despite the CETSCALE being reliable and appropriate to use in a regional context, extra care need to be taken as the CETSCALE has shown not to be universally fit for all situations. In this study, the use of CETSCALE will be at the regional level (intra-cluster correlation approach of inquiry) to investigate the consumer regioncentrism. The consumers who show tendency of preferring products produced in their local region against products of other regions are termed “consumer regioncentrism” (Van Ittersum, 2001). The examination of consumer regioncentrism construct will be discussed in detail in the Hypothesis Development section (section 4.4). However, in order not to confuse the terminology regioncentrism with regioncentrism, their meanings are discussed in the next section.

### **3.8.5. Differences between Regioncentrism and Regiocentrism**

The term regiocentrism can sometimes be mistaken for regioncentrism. They are in actual fact two different terminologies with it own concepts.

Perlmutter (1969) in his study on the multinational organisation development and the globalisation trend of the multinational companies identified three types of management attitudinal mind-set toward a globalisation orientation. The orientation from an ethnocentric approach that is domestically inclined to a polycentric approach of the host country and finally a geocentric approach, which is a world-oriented approach, were observed. Extending Perlmutter’s work, Wind, Douglas and Perlmutter (1973) examined the Ethnocentrism, Polycentrism, Regiocentrism and Geocentrism (EPRG) framework and its application to international marketing environment and its associated strategies.

In the EPRG framework, corporations that are ethnocentric oriented viewed overseas operation as secondary to domestic operation. Operations in host country would strictly

follow the strategies, plans, policies and procedures developed in the home country. Polycentric oriented corporations would set up foreign subsidiaries and these subsidiaries would have autonomy in their management, strategies and policies that corresponded to the host country environment (Wind, Douglas and Permultter, 1973).

In the regiocentric stage, corporations would take a supra-national view in their operation, and organize their operation on a regional (grouping of countries for example, Middle East region) basis (Shahid, 1999; 2000). In practice, regiocentric orientation in strategies is when corporations in a region (group of countries) adopted a uniform business strategy, such as the strategy adopted by a European tour group. However, in recent studies, the strategy for a regiocentric approach can be in the form of collection of individual markets (think regional and act local) or as a homogeneous region (Roper, 2005; Schuh, 2007).

The final phase of geocentric orientation is where corporations take a worldwide view (global approach) and management of the subsidiary and product strategies are highly standardised (Wind, Douglas and Permultter, 1973; Littler and Schlieper, 1995).

In summary, there is a stark difference in the construct of regioncentrism and regiocentrism and their approach. The former assumed a sub-nation approach of ethnocentrism where locality and allegiance to local region products supersede the patronage for national or international goods and products, whereas the latter assumed supra-national approach or grouping of nations where corporations adopt uniformity in their policies, procedures, strategies and business orientation. In the next section, we will review the literature on the hybrid product and regional product, their applications in the large country context in China and the impact of ROO on hybrid products.

### **3.9. HYBRID PRODUCT, REGIONAL PRODUCT AND THE USE OF REGION OF ORIGIN**

#### **3.9.1. Definition of Hybrid Product**

Traditionally, it is assumed that a product involves only a single country for manufacture. These products that are either entirely domestically produced or foreign produced are referred to as National products (Han, 1988; Han and Terpstra, 1988; Chao, 1993; Kim and Pysarchik, 2000).

With the globalisation of business operation, firms with strategies of either lowering their cost of production or as a strategy to overcome a country's protectionism measures would move their manufacturing base from the home country to the host country with lower cost of factor endowment such as cheaper labour costs and lower taxes. As a counter strategy to increasing global competition, corporations may form strategic alliance where two firms form a joint venture in which each party contributes their tangible or intangible assets in forming the partnership. With the host country welcoming FDI, large multinational enterprises inevitably would relocate or establish a "transplant" manufacturing operation in foreign country (Ettenson and Gaeth, 1991a; Chao, 1993; Hamzaoui and Merunka, 2006; Hilmi, Ketata and Safa, 2007).

This development in global marketing environment has led to more products being the inputs from more than one firm as well as more than one country. These products that involved two or more countries are termed bi-national or hybrid products. The study of bi-national or hybrid products is rather new and research on this topic is not extensive. In the current literature, the definition of bi-national products or hybrid products is still loosely referred. One definition is including those products that were manufactured in one country, but branded by a firm in another country, for example the Pontiac brand vehicle manufactured in Korea, Volkswagen Fox manufactured in Brazil and Honda Accord manufactured in Ohio. In this definition, the COO owned the brand of the product with a manufacture "transplant" in another country. The common used terminology is Country of Brand Origin (COBO) where the brand is origin and Country of Manufacture

(COM) where the product is actually manufactured (Han and Terpstra, 1988; Ettenson, 1993; Kim and Pysarchik, 2000). Other definitions included Country of Design (COD) where the product is designed and Country of Assembly (COA) is where the product is finally assembled (Acharya and Elliot, 2001; Chao, 1993; Tan and Leong, 1999) or Country of Manufacture (COM) where the product is manufactured (Hamzaoui and Merunka, 2006).

### **3.9.2. Definition of Hybrid Product in a Regional Context**

The bi-national or hybrid product poses a problem to the consumer purchasing decision vis-à-vis attributes in which the country of design is associated with brand name while country of manufacture is usually associated with the ‘Made in...’ effect. The existence of a specific image or stereotype that a consumer has of a product manufactured in a developed country and developing country may result in contradictory association. A consumer from a developed country might perceive a product made in a developing country of lower quality. However, a consumer from a developing country may not perceive that a well-known brand from a developed country manufactured in their country to carry the same status and prestige of the product whose brand and place of manufacture is in a developed country (Hamzaoui and Merunka, 2006).

In this study, a Hybrid product is defined in both trans-national and sub-national context. For foreign brand product, the country of the product’s headquarter branding is considered the country where the brand originates, whereas at the sub-national level, the region of the product’s branding is considered to be from where the brand originates. With regard to the COO literature, where the place of manufacture is considered to be the Country of Manufacture (COM), since the product is manufactured domestically, the place of manufacture is referred to as region rather than country within the scope of this study. For example, the product in this study includes Panasonic television whose brand originated in Japan and is manufactured in different regions or places in China. Similarly, the domestic brand TCL originates from Guangdong, Southern China, but is manufactured in other regions in China like Dalian in North-eastern China.

### **3.9.3. Regional Product**

Regional product can be defined as “a product whose quality and/or fame can be attributed to its region of origin and which is marketed using the name of the region of origin” (Van Ittersum et al., 2007 p.1).

The consumer would rely on the ROO cue to evaluate the product, based on the consumer’s previously embedded association with that specific region. Consumers generally have a clear image and reference of their current and former region of residence as well as other domestic region.

Basic products such as food, handicraft or beverages have a higher tendency to be regional products due to their nature as land-based geographical origin; which tends to embody a strong association with a place or region (Tregear et al., 1998). Furthermore, there is a “strong historical and symbolic link between places and food products due to interaction between natural resources and people lifestyles” (Delamont, 1995). Therefore, the ROO cue will automatically trigger an emotional association with a region when they encounter a regional product (Van de Lans et al., 2001).

With this association, the name of a regional product (for example, Parma Ham) can be considered as branding strategy where the name of the regional product is synonymous to the name of ROO and it communicates the regional characteristics to the consumers. Examples of successful regional products marketed include Florida oranges, Idaho potatoes and Parma ham (Van Ittersum et al., 2007).

When a region has become well-known for certain type of products, it makes sense that legal protection be sought to ensure the economic wellbeing of the region and bar others from using the name of the region. Therefore, the regional products usually are protected under the protected-designation-of-origin (PDO) law and only those corporations or individuals who follow the strict rules stipulated by the authority in producing the product may use the regional certification labels (Van Ittersum, 2007).

In this study, tea is considered a regional product and certain regions are famous for producing certain kinds of tea. For example, the South-western region, which covers Yunnan, Sichuan and Guizhou are famous for producing black (or red) tea, green tea and Pu-er tea, while the South China region which covers Guangdong, Fujian, Taiwan and Hainan is famous for producing black tea, oolong tea and white tea.

Tea plantations in China covers a total of over one million hectares, spread over an area from East coast in Taiwan to Tibet and from the west coast in Hainan to Shandong in 19 provinces.

Unilever, a foreign food conglomerate entered China in 1986 and has since invested more than \$640m in 12 joint ventures, after having a toehold in Chinese black tea and scented tea with the Lipton brand. This effectively becomes an example of hybrid foodstuff product where the locally produced tea carries a foreign brand name. Thus far, Lipton have successful enter most of the major cities and sells its product in the supermarkets and shopping malls (Luo, 2004).

In the next Chapter, we will turn our attention to the conceptual framework and research objectives of this study.

### **3.10. CONCLUSION**

The chapter started with review the region of origin (ROO) literature. The early literatures on region of origin were dominated by American scholars and anthropologists who were mainly concerned with study of human population. The European literature on ROO were mainly concerned about agricultural and food product and hinged around the topic of geographical indication. The study of ROO effect on consumer buying behaviour was limited and mainly on agricultural products (Van Ittersum, 2001). In order to gain insight to the function and the effect of ROO, a historical review on the relationship of product name, its markings, logo, trademark with ROO in Chinese and Western culture and civilisation were ensued. With the industrial revolution since 1765, the technology



advancement of mass production had led to increase in trading between nations. The marking of the products became mandatory in some countries (e.g. U.K. Merchandise Marks Act 1887).

In recent times, the U.S.A. Smoot-Hawley Act 1930 required all products to mark their country of origin. With the rise of U.S.A. after the second world-war and the increasing international trade, academic research into the country of origin effect on consumer buying behaviour has become prevalent since the first articles on COO by Schoolar (1965). Product markings were mainly dominated by country of origin rather than region of origin. Due to the limitation in Region of origin literature, the COO literature was reviewed. There were more than one thousand academic research articles on the study of Country of origin (Roth and Diamantopoulos, 2009) and they can be categorised into three aspects: cognitive, affective and normative aspects of the COO effect. The cognitive aspect was concerned with the congruity theory where consumers viewed COO as a signal for overall product quality and more susceptible to product from advanced countries. The affective aspect was about the image of the country that link to emotional benefits such as social status and national pride while the normative aspect is concerned with consumer belief in buying domestic product as the right way of conduct and mainly related to topic of consumer ethnocentrism.

The impact of hybrid product where it has brand origin from one country and manufacture in another country was reviewed. The research measurement instrument such as CETSCALE was also reviewed.

Gaps were identified as to the non-availability of research of the ROO effect on durable goods. As ROO is a subset of COO, many of the problems and challenges in the COO context would apply to ROO as well, albeit at a sub-national level. The effect of extrinsic cue and intrinsic cue, consumer ethnocentrism and its sub-national equivalent, consumer regioncentrism as well as the corresponding measurement instrument such as CETSCALE were reviewed. The methodology and the measurement instrument used in COO study were found to be suitable in the ROO sub-national level with some alignment

made respectively. This chapter along with the previous chapter 2 contribute to the forming of research question and the conceptual framework in the next chapter.

## **CHAPTER 4 CONCEPTUAL FRAMEWORK**

### **4.1. INTRODUCTION**

In chapter 3, we identified the gap in the COO studies, noting the need to take a sub-national perspective and to study the ROO effect and consumer regioncentrism. As indicated by Tan and Farley (1987 p. 540), “The product’s country of origin, probably the most researched international aspect of consumer behaviour, tends to influence product evaluations.” There is a vast literature on COO effect on product evaluation and intention to purchase (Peterson and Jolibert, 1995; Verlegh and Steenkamp, 1999) as well as the effect of consumer ethnocentrism on product evaluation and decision (Shankarmahesh, 2006). However, there is limited study of ROO effect and consumer regioncentrism on consumers’ evaluation of a product’s perceived quality and intention to purchase, and none of the hybrid product category.

This chapter starts with addressing the research objective of this study through identifying the research gap in the literature and mainly study the ROO effect as well as consumer regioncentrism effect from a sub-national context. Based on the research objectives, conceptual framework regarding the study of ROO was developed and hypotheses were formulated. These included identifying the role of the extrinsic cues, intrinsic cues and consumer regioncentrism in product quality evaluation as well as product preference.

### **4.2. RESEARCH OBJECTIVES**

From the review of literature, there is lack of research on consumer product evaluation and purchase decision as well as consumer ethnocentric tendency at the sub-national region level, especially for hybrid products. Therefore, there is a need to address and explore the effects of ROO and consumer regioncentrism in relation to consumer product quality evaluation and purchase choice.

The objectives of this study are to explore and examine the ROO effect on consumer perceptions of quality and choice on hybrid product; second, to explore the degree of consumer regioncentric tendencies of each of the chosen regions within China; and finally, given that there are regioncentric tendencies, the preference of regioncentric consumers for evaluating product quality and product choice.

The primary objectives of this study are to:

- 1) Estimate the effect of ROO of the product on product evaluation and product choice;
- 2) Measure the extent of consumer regioncentrism within the regions in China; and
- 3) Examine consumer ethnocentrism in relation to their product evaluation and product choice.

#### **4.3. RESEARCH QUESTIONS**

Hence, the research questions are identified as follows:

1. Is information of ROO an important factor in consumer's evaluation and preference of a hybrid product?
2. Do consumers evaluate differently for products that are manufactured in different regions in China?
3. Do consumers project consumer regioncentrism tendency in China?
4. If so, to what extent does regioncentrism tendency affects consumer product quality evaluation and purchase intention?

In the next section, attention is given to consumer decision-making process where consumers would use a number of product attributes as the indicator in deciding the quality of the products. Amongst the COO literature, the cue utilisation model was examined and adopted for the sub-national context of this study and subsequently the building of the conceptual framework and hypothesis.

## **4.4. CONCEPTUAL FRAMEWORK**

### **4.4.1. Consumer Product Evaluation and Choice Using Multiple Attributes**

Previous researches on COO effect on consumer product evaluation have adopted the cue utilisation model and multi-attributes approach in finding the main effect. The multi-attribute approach is more robust in that it is a more realistic assumption of the actual situation when a consumer makes a decision in purchasing a product (Bilkey and Nes, 1982; Erickson, Johansson and Chao, 1984; Johansson, Douglas and Nonaka, 1985; Johansson and Thorelli, 1985; Wall and Heslop, 1985; Darling, 1987; Parameswaran and Yaprak, 1987; Ettenson, Wagner and Gaeth, 1988; Han and Terpstra, 1988; Chao, 1989; Payne, Bettman and J. Johnson, 1993).

In the multi-cue methodology, the independent variables usually are categorised as extrinsic cues and intrinsic cues. The extrinsic cues include attributes such as brand name, price, COO and warranty while intrinsic cues include function, values, sensory and organoleptic attributes. The dependent variables include perceived quality of the product, attitude towards the product and intention to purchase. Past researches have shown that COO is one of the dominant factors in consumer product evaluation and purchasing intention. A meta-analysis of COO literature done by Verlegh and Steenkamp (1999) confirmed that the COO has a larger effect on perceived quality than on purchase intention. Findings by Peterson and Jolibert (1995) suggest that the quality perceptions and purchase intention need to be studied separately because they are context dependent. Furthermore, as Shimp and Sharma's (1987) study showed, the consumer with high ethnocentric tendency would prefer domestic product in their purchase intention even though they might not rate the quality of the product higher.

The COO effect on consumer product evaluation and product choice has been well researched and methodology to study the effect was well established (Roth and Diamantopoulos 2009; Usunier 2006; Al-Sulaiti and Baker 1998; Tan and Farley 1987). However, there is gap in the COO literature where there is no research on consumer product evaluation of the effect of ROO in a sub-national level and in the hybrid product

category. Similarly, there is limited research on consumer ethnocentrism in the sub-national level that we term “regioncentrism” and no research on regioncentrism in the hybrid product category.

In this connection, the theoretical construct and the conceptual framework of consumer product evaluation, purchasing intention and consumer ethnocentrism can be studied from a sub-national level as prescribed by Mennes, Tinbergen and Waardenburg (1969) hierarchical spatial unit method in building a sub-national context with subdivision into regions.

Hence, under the multi-cue methodology, the relationship of the independent variables (such as brand name, region of origin, price, warranty and consumer ethnocentrism tendencies) with the dependent variables (such as product quality and purchase intention) from a sub-national context can be investigated. A detailed and critical review of the extrinsic cues such as brand, price, region of origin, warranty and intrinsic cues such as function/value attributes, sensory/organoleptic attributes, the interaction effect between the extrinsic cues and the ethnocentrism effect of consumer on their product quality evaluation and purchase intension will be presented in the following sections.

#### **4.4.2. Consumer's Product Evaluation: Extrinsic and Intrinsic Cues**

##### **4.4.2.1. Consumer Information Search and Product Cues**

The classical economic utility theory assumes that every individual consumer has a well-defined and unique preference order or utility function. The consumer would evaluate the product in terms of product attributes and select any alternative choice set that offers the highest utility (Hauser, 1978; Dhar and Simonoson, 1992; Mathis and Koscianski, 2002).

The utility theory postulated by the normative economic model was based on a fundamental assumption of rational man and a perfect information world. However, consumers search for perfect information can be very costly. There is evidence to the contrary that consumers are basing their purchasing decision less on solid, rational and

economic-based information, and more on what they perceive to be important or true or what they think is right as postulated by the behavioural model. Furthermore, consumer formation of risk preferences and thus the choice decision for a product may rely on preconscious processing such as affection of a region and not necessarily rely on deliberative mental operation (Schultz, Tannenbaum and Lauterborn, 1993; Erb, Bioyand Hilton, 2002).

Consumers would be involved in internal and external search process prior to product evaluation and final purchase decision. Consumers would initially engage in internal search, that is, search for information within their own memory. If there is insufficient relevant information from their memory to make a decision, then the consumer would engage in external search, which is simply a search for information from product packages, advertisement and others (Moore and Lehmann, 1980). Consumers would look for cues embedded in the products in helping them to make a decision. A product is conceived to constitute an array of product cues; these cues include the product brand name, price, place of manufacture, packaging, colour, ingredients and so on. Each of these cues serves to provide different impressions of the product itself. However, in situations where consumers face a complicated task, for example, an increase in number of alternative products, the consumer decision process would be more attribute-based. The consumer would also look for common attributes between the products. When the number of attributes in these products increases, consumer would end up with information overload and this would result in more selective attributes (Jacoby, 1984). Furthermore, under pressure of time, consumers would use simple heuristics in their decision-making. Therefore they would be very selective in choosing the cues in a complex task situation (Jacoby, Speller and Kohn, 1974; Payne, Bettman and J. Johnson, 1993).

#### **4.4.2.2. Extrinsic and Intrinsic Cues and Cue Utilisation Model**

In this connection, Olson and Jacoby (1972) categorised the cues into intrinsic cues and extrinsic cues. The intrinsic cues are those product attributes that are adhered to the physical characteristics of the product and cannot be experimentally manipulated or

changed for example, style, taste, ingredient and others. On the other hand, extrinsic cues are product related attributes that do not form part of the physical product for example, brand name, manufacturer's reputation, guarantee, price and others. Diagram 13 provides a comprehensive range of what constitute the extrinsic cues and intrinsic cues.

Consumers therefore would look for cues in a product in determining the product quality and in making purchase decision as purported in the cue utilisation model. The cue utilisation process includes acquisition of the product cues in the first stage and then integrates the information to form a particular response such as deciding the quality and choice of products (Olson and Jacoby, 1972). However, in the cue utilisation process, not all cues are considered equally. Consumers may select certain cues and ignore certain others. In encoding process, the eventual meaning of the extrinsic cues maybe transformed which may or may not be similar to the physical form of the cue. Some of the intrinsic cues might be too complex to be encoded meaningfully and thus may not be useful in their decision-making. Consumers may form beliefs about the product, which are not represented by the product cues. Therefore, a more robust cue utilisation model incorporating a memory schema was developed to explain the inferential belief formation (Olson, 1978).

In the cue utilisation process, a consumer would activate a relevant memory schema in the initial stage of search and sensory processing of the product cues. The memory schema includes episodic memory that is memory from past events in the consumer's life and semantic memory that is the knowledge about the word that is stored in his/ her memory. For a product with multi-attributes, the semantic memory is usually invoked. This schema of a product usually contains previous experience or knowledge, and the interrelationships of items of knowledge in a logical framework are stored in our memory. These memory schemata contain rules for responding to a stimulus such as a learned tendency to favourably evaluate product from certain region because of risk aversion.

In the second stage, once the schema is activated, it will direct the process of cue selection and encoding of the cue. For example, if the desired component of the schema



for television is the place of manufacture, then the consumer will be instructed by the schema to choose cues regarding the make of the television for alternative brands. When this cue is selected, the next stage that is the encoding process will ensue given the activated schema. For example, the place of manufacture from more advanced regions may be encoded as “less risky” given the consumer’s schema for television. This encoding would not be the same for different consumers and is based on some past experiences. With the encoding of a selection of cues, descriptive beliefs are formed. Inferential beliefs, which may refer to different meanings of the product and not represented by the cues will also be formed. The descriptive beliefs and inferential beliefs form the cognitive content and information integration process with a combination of rules from the schema. This resulted in a cognitive state, which will go through a response generator process where the integrated information is translated into actual response by the consumer such as evaluation of the quality of the product and purchase of the product (Olson, 1978).

A number of researchers have suggested that due to the fact that intrinsic cues have more predictive value they are therefore more important to consumers in making product evaluation and choice. Earlier research into cue utilisation theory revealed that although consumers utilised both intrinsic and extrinsic cues, the intrinsic was found to have greater effect on quality perception (Olson and Jacoby, 1972; Szybillo and Jacoby, 1974). When consumer product familiarity increases, use of intrinsic cues becomes relatively stronger (Rao and Monroe, 1988). On the other hand, consumer would rely on extrinsic cues more in situation where

- i) they found that utilising the intrinsic cues were not worth the time and effort and hence simply pretend the intrinsic cues did not exist during the time of purchase (Huber and McCann, 1982; Zeithaml, 1988);
- ii) facing a new product, consumer would rely on the extrinsic cue as risk aversion (Bearden and Shimp 1982);
- iii) in the evaluation of store products (e.g. in supermarket), consumer mainly relied on the extrinsic cues rather than intrinsic cues (Dodds et al., 1991; Rao and Monroe, 1989; Richardson, Dick and Jain, 1994; Teas and Agarwal 2000); and

iv) when they are familiar with the product and are price sensitive (Lee and Lou, 1995).

Forsythe, Kim and Petee (1999) cited that depending on the product type chosen, the same cue might be used differently by a consumer in product quality evaluation and purchase decision. In the COO literature, extrinsic cues are used as a surrogate for difficult-to-evaluate intrinsic characteristics like quality and performance. This is because consumers tend to be less familiar with foreign products compares to domestic products (Han and Terpstra, 1988). From the past literature on intrinsic and extrinsic cues, the selection of cues by the consumer in its evaluation and purchase decision is a complex one. While extrinsic attributes are less product specific and extrinsic cues such as price, brand name, COO, ROO and warranty can serve as indicator for quality for all types of product category (Zeithaml, 1988), it appears that conditions such as lack of information as to the origin of product, risk factor and new products will all affect consumer selection and utilisation of the cues in product evaluation and purchase decision.

In the following sections, we will look at extrinsic and intrinsic cues in detail and formulate the relevant hypothesis.

## **4.5. HYPOTHESIS DEVELOPMENT**

### **4.5.1. Extrinsic Cue: Brand Name**

#### **4.5.1.1. Definition and Function of Brand Name**

Brand is “the name associated with one or more items in the product line, that is used to identify the source of character of the items” (Kotler, 2000 p.396). Operationally, a brand would include a name, term, sign, symbol, design or their combination as defined by the American Marketing Association.

As described by Kapferer (2004), the function of the brand enables consumer to

- i) Clearly see and easily identify the product,
- ii) Save time and energy through identical repurchasing,

- iii) Guarantee it is the same quality no matter where or when the product was obtained,
- iv) Ensure buying of the best product,
- v) Confirm self-image or image present to others,
- vi) Ensure satisfaction through intimacy with the brand,
- vii) Get satisfaction linked to the attractiveness of the brand, its logo and what it represents, and
- viii) Get satisfaction linked to the representation of the brand's good name in society.

The brand name creates value in the eyes of the consumer through the company's differentiation strategy, which ensures exclusiveness, prominence and positive meaning in the minds of the consumers. Therefore, the company may use a brand name to ensure its market position and increase confidence in the consumer towards a product. The consumer will enjoy higher utility as information search costs and perceived risks of the product are reduced. Consumers rely on brand names for evaluating product quality when they lack the knowledge necessary in evaluating a product (Engel, Blackwell and Miniard, 1995).

According to Lin and Kao (2004), from an economic perspective, brand equity reflects the effectiveness in a company's ability to sustain its competitive advantage. The four dimensions in brand equity are the measure of brand awareness, perceived quality, brand association and brand loyalty. Brand loyalty is another dimension of brand equity where it measures the degree of household purchase and repurchase of a particular brand. It is a result of a consumer being satisfied and his/her bonding with the brand through past experience. However, a consumer may abandon and switch brands, caused by either the company's own negative action or caused by strong competitor's promotional activity (Durkin, 2005; McEwen, 2005).

As this study investigates brand name as a cue in the evaluation of the product, the researcher will focus more on brand awareness, association and perceived quality.

#### **4.5.1.2. Brand Awareness, Association and Perceived Quality**

Brand awareness can be separated into two parts. Firstly, the ability of a consumer to retrieve brands as memory targets for making a decision, or to identify products in busy perceptual fields such as a shelf in a super market (Hoyer and Brown, 1990; Keller, 1991). Secondly, the brand image, where a consumer uses brand names as cues to retrieve or signal product attributes, benefits, affect, or overall quality (Erdem and Swait, 1998; Keller, 1993; Kirmani and Rao, 2000).

As stated earlier in cue utilisation (3.9.2.2), the brand association is where consumers invoke the memory schema related to the brand. This schema or its collective impression is termed brand image; for example, the brand image of Sony includes association such as Japanese, high fashion, style, innovation and a premium price. The level of association of the brand depends on the level of consumer exposure and experience in use of the brand. Higher use will lead to higher brand associations (Barnard and Ehrenberg, 1990).

#### **4.5.1.3. Brand Cue Utilisation**

The brand itself is not a memory target but a cue that might enable recall or inference of previously learned brand associations. Consumers would depend on this cue to evaluate a product that is already in their consideration set, or one that is available in a stimulus-based choice environment. More specifically, when consumers are presented with brand cues in a choice environment such as in a retail store, they can rely on prior consumption experiences to guide their decisions.

According to Warlop, Ratneshwar and Osselaer (2002, 2005), there are two ways that brand cues might affect the retrieval of previous consumption experiences. Firstly, brand name is represented in multiple conceptual nodes in memory termed as the common node, rather than in a single conceptual node. When consumers are in the presence of more than one similar brand cue in a choice environment, it will result in the activation of the common nodes, and the memory of past consumption of both brands will be activated. In a multi-brand situation, this will sometimes lead to activation of consumption experiences

of other brands, and lead to confusion about experiential memory targets even when there is no confusion of the brands in question.

Secondly, in A's consumer memory, the brand name may include associations such as product categories, consumption benefits and other semantic associations (Keller, 2003; Kapferer, 2004). The semantic association in memory may be shared by a similar brand and associated with past consumption experience. For example, the consumption experience of a radio brand (Sony) activates a semantic association with Japanese, and is considered to be high quality sound system based on past consumption. Another radio brand (Sanyo) would activate overlapping semantic association of Japanese and considered to be of satisfactory quality sound system. In a situation where the consumer is making a choice between two brands, it would activate association with the brands, which means, Japanese for the two brands. However, it graduates from this semantic association to two consumption experiences: one of high quality sound system and the other of a satisfactory sound system. Therefore, even though the consumer can distinguish the different brand names, they can still be confused on the consumption experience that went with the two brands. However, if the brand is highly differentiated and is distinct from one another, the confusion of brand association would be reduced (Warlop, Ratneshwar and Osselaer, 2002, 2005).

Utilising brand cue, the consumer would be able to retrieve a signal of products regarding overall perceived quality, to eventually make a purchase decision. The perceived quality of the brand is "the consumer's judgment about a product's overall excellence of superiority" (Zeithaml, 1988) associated with the brand. It is a subjective judgment and cannot be interpreted in a rational, objective and scientific manner. Many of the multi-attribute studies have shown that consumers rely on brand as one of the extrinsic cues in their evaluation of perceived quality of the product, whether it is a consumer or food product (Huber and McCann, 1982; Richardson, Dick and Jain, 1994; Lee and Lou, 1995; Karaati, 2002; Miyazaki, Grewal and Goodstein, 2005; Iop, Teixeira and Deliza, 2006).

Therefore, in our multiple attributes study of product choice evaluation, it is important to find out whether consumers rely on brand as the extrinsic cue in deciding product choice, or is it affected by other secondary cues as well.

#### **4.5.2. Extrinsic Cue: Price**

The price would serve as the surrogate for quality when consumers do not have enough information about intrinsic cues (Olson and Jacoby, 1972). However, Cordell (1991) in his study found that within the same product category, for example cloth, for premium brand product, consumers rely less on price cues, whereas for generic products, the economic shopper relies more on price cues for purchase decisions. This finding fit well with the economic theory of inelastic and elastic demand, where in the case of a product with inelastic demand, consumers are indifferent about price change; conversely, for a product with elastic demand, a slight change in price would lead to a large change in quantity demand.

According to Engel, Blackwell and Miniard (1995), consumers would look at price differences in making product evaluations and choices when they perceive that all the stores are providing the same product and service. Sproles (1977) concluded that when people are not familiar with a product, the price would be the determiner of quality in the consumer's mind. Valenzi and Andrew (1971) reported that consumers would perceive that higher price means higher quality. Therefore, within the same product category, the higher the price charged, the higher is the perceived quality. This partially explains the phenomena of a branded product in the same product category commanding premium price compared to an unbranded generic product.

The price as indicator for quality is inconclusive and is dependent on a number of conditions. One is the product category, as the price of a beverage product with little price differential between brands is not associated with quality. The same also applies for products that do not have much quality variation, such as salt, sugar or pepper. However, for products where quality may vary, such as in cars, television sets, and washing machines, price would function as indicator of quality. Zeithaml (1988) suggested that

instead of having a single generalised concept, the use of price cues as indicator of quality would largely depend on i) the availability of other cues; ii) price variation within the product category; iii) product variation within the product category; iv) level of price awareness of the consumer; and v) consumer ability to detect quality variation.

Jacoby and Olson (1977) distinguished price as perceived price and objective price and Zeithaml (1988) further provided an explanation of how price works as a cue. When retrieving from memory, consumers usually do not remember the actual (objective) price of the product -- for example, a specific price -- but, rather, would encode and remember the perceived price, which is meaningful to them (for example, expensive or cheap). Comparatively, for a different product category, consumers may give more attention to the price cue in the higher price product category such as durables and less on the low price product. If the price of a product is high, so is the level of sacrifice and the associated value of the product, which forces the consumer to pay more attention to the price and the associated product quality (Zeithaml, 1988; Deslandes, 2003).

The objective price is negatively related to its perceived value and purchase intention. That is, a high price would mean less value as the level of sacrifice increases and this inhibits purchase (Dodds, Monroe and Grewal, 1991). However, the perceived price is inversely related to objective price and positively related to perceived value. This means that if a consumer considered a product for example, a television set worth \$1000, the objective (actual) price of \$1500 would be perceived as too expensive. On the other hand, if it is considered to be worth \$2000, then the objective (actual) price of \$1500 is considered a value for money (Forsythe, Kim and Petee, 1999). Therefore, the perceived price would affect perceived value, which leads to purchase decision. The perceived price here does not act as indicator for quality, but rather as an indication of perceived value which is related to sacrifice.

In this study, there are extrinsic cue and intrinsic cues: two product categories with price and quality variation, which fulfil the five situational requirements as in the Zeithaml

1988 study. It would be interesting to explore whether price would be a salient indicator in consumer product evaluation and purchase decision.

#### **4.5.3. Extrinsic Cue: Warranty**

Warranty in consumer electronics is usually in the form of promise to provide repair of a product for any defect within a timeframe decided by the manufacturer. It is a contractual agreement between the buyer and the manufacturer when a sale is made. For the consumer, a warranty serves as a form of protection when a product fails to function as it is intended to. The warranty would enable the consumer to repair a faulty product at no cost or at a reduced cost. Furthermore, a consumer would consider a longer warranty period as a signal of product reliability. A product with a longer warranty period is perceived to be more reliable and provides more confidence in the product (Murthy and Djamaludin, 2002).

There are many types of warranties: there are the base warranty, which forms the integral part of the product sale; the extended warranty, where the buyer pays a premium for additional coverage of the product; free replacement warranty where, customers will not be charged for replacement or repair within a specified period; and pro-rata warranty, where the buyer will be charged for a replacement item, depending on the age and time of failure. A Combination warranty is a warranty that has the feature of a free warranty and a pro-rata warranty (Mamer, 1987; Murthy and Djamaludin, 2002). This study is only concerned about the base warranty, where the seller sells a product, which explicitly states the year or warranty offered.

From the consumer's perspective, the warranty as an extrinsic cue would signal to the consumer about the product quality and product reliability. The warranty is an effective cue because the consumer's complaint would be redressed if the product does not perform as expected. The consumer would relate the quality of the warranty on whether the coverage of the warranty given by the seller or manufacture is adequate. The warranty quality therefore is negatively related to perceived risk; that is, the better the warranty



coverage, the lower would be the perceived risk of the product (Bearden and Shimp, 1982).

Within the cue utilisation theory, the signalling theory of warranty purports that reliability of the signal depends on the ability and the quality of those manufacturing in providing the lowest cost for that signal. The cost includes warranty claims, expenditure on investment and advertising. The cost of warranty for a reputable and reliable firm would be lower as there would be less product default and failures. The opposite is true for those less reputable manufacturers (Agrawal, Richardson and Grimm, 1996).

Therefore, a warranty would represent a cost to the manufacturer and is related to reliability of the product. Consumers would infer that manufacturers would only offer high-quality warranties when their products are of high quality, which thus increases the confidence level of consumers toward the manufacturers and reduces their perceived risk towards the product (Tan and Leong, 1999).

Boulding and Kirmani (1993) in their investigation into the effect of warranty provided a detailed discussion on signalling theory and found that consumers respond consistently to the behavioural assumption of signalling theory of warranty. Specifically, they found that warranties with better coverage provided by a reputable manufacturer would signal better quality and product reliability, whereas the same did not apply for a less reputable manufacturer. Purohit and Srivastava (2001) extended the study and found that if a product by the latter is sold through a less reputable retailer, a warranty is not used in judgement of product quality. If the same manufacturer sold the product through a reputable retailer, then the warranty is used in making quality evaluation.

Agrawal, Richardson and Grimm (1996) found that the signal of the warranty cue is weak, and the relationship between warranty and product reliability is time and product specific. However, they also found that in situations where there is variation in reliability in different brands -- for example, highly differentiated brands versus generic brands -- consumers have the incentive to pay more attention to warranty coverage.

Using a multi-cue methodology, Thorelli and Lim (1989) found that warranty cues have a significant effect on a product's perceived quality and purchase intention in the electronic products category. Tan and Leong (1999) investigated hybrid product of colour television sets and personal computers, and found that for negative hybrid product, for example, a product manufactured in a less developed region, warranty was effective in reducing the consumer's perceived risk on the product.

In general, warranty has been accepted to have an effect on consumer product evaluations in signalling to the customer on the product quality and reliability. Therefore, in this study, warranty was one of the extrinsic cues used in the investigation of consumer product quality evaluation and purchase decision.

#### **4.5.4. Extrinsic Cue: Region of Origin**

According to Van de Lans et al (2001), in the purchasing decision process for regional product, for example, in wine, the region-of-origin cue would trigger consumers' association with the region, which acts as a cue for evaluation of the product as well as its quality. However, this assumes that the consumers have knowledge about the region; furthermore, they must have a strong and favourable association with the region.

Consumers rely on a particular image of a region to deduce the "true levels" of quality of the particular regional product. This specific image of the product is the belief that the consumers hold in their preference the suitability of the region in producing certain types of products (Van Ittersum, Candel, and Meulenberga, 2003). Based on their knowledge about the region and its products (for example, wine from the Bordeaux region), consumers would infer the perceived true value of the regional product (only wine produced in Bordeaux region is of high quality) (Juric and Worsely, 1988; Van de Lans et al., 2001).

This indirect effect of ROO comes about when consumers' inferred attributes of a regional product affect the consumer attitude toward that product. Based on the product's

place of origin, consumers infer its attributes that might match with their own desire and affect their attitude (Johansson and Nebenzahl, 1986; Huffman and Houston, 1993). When consumers perceived a regional product from a certain region to be healthy and matched it with their goal of healthy living, then they would have positive attitude towards this regional product.

Other than triggering the regional association of the product, it also evokes the general regional belief, which includes the traditions, inhabitants and the culture of that region. When consumers' regional belief is consistent with their ideal self-image, and they have a strong sense of belonging to a particular region, the region or origin cue would therefore enable them to associate with the social value of that region. Over time, this desire of belonging to a region would directly influence the consumer preference for the regional product (Keller, 2003). Furthermore, regional products may be linked to a certain emotional value of the consumer concerning the region or place of the product origin. This strong association of regional products with place is due to the nature of their geographical origin as well as the strong historical and symbolic links to natural resources and people's life styles (Delamont, 1995; Kuznesof, Tregear and Moxey, 1997).

Most studies on ROO cue are concerned about agricultural products and foodstuff. None have researched consumer goods. One of the products used in this study is the consumer electronic goods in the hybrid product category. In this connection, it would be appropriate to look at literature concerning hybrid product and the cues used.

As there is no research of hybrid product from a sub-national perspective, this study will review COO literature on hybrid products. A Study by Han and Terpstra (1988) found that for hybrid products, the place of manufacture has greater effect in consumer evaluation of quality compared to brand name. However, consumers would rate hybrid products assembled in less developed places to be of inferior quality compared to those assembled in a developed country (Chao, 1993). Gaedeke (1973) studied consumer product identification and concluded that branded and non-branded imported products from industrialised countries received favourable identification while it is not the case for

similar imports from developing countries. This means that products from less developed countries are perceived to be inferior to products from developed countries (Ettenson and Gaeth, 1991). Consumer would view products from industrialised countries to be of better quality, more reliable and thus less risky.

In similar vein to the effect of COO study, from a sub-national perspective, consumers would consider products assembled in less developed regions to be of inferior quality and vice versa. Consumers in evaluating consumer electronic product in the hybrid category would invoke the ROO cue as a measure of the product quality and thus purchase decision

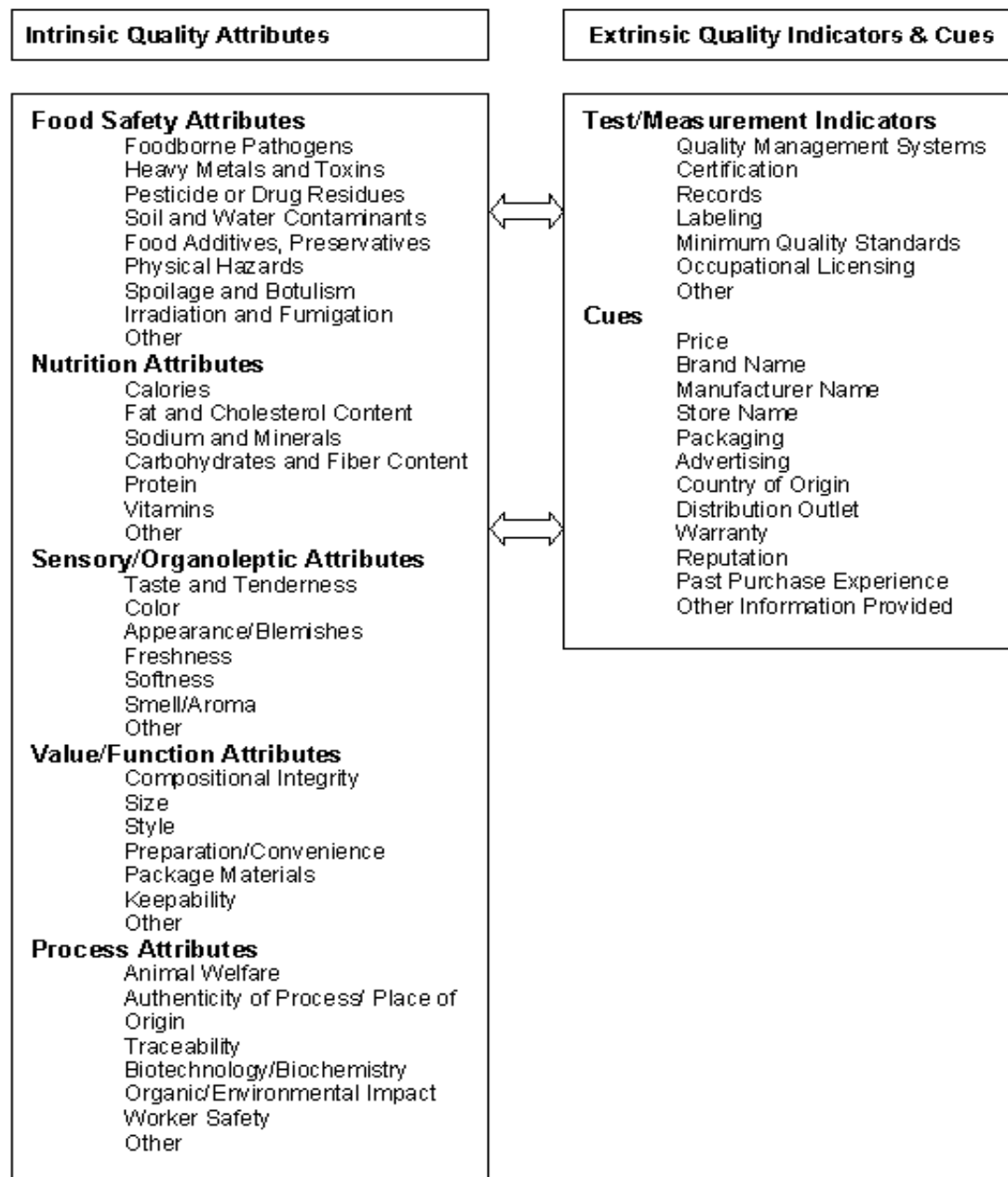
#### **4.5.5. Intrinsic Cue**

Intrinsic cues are the physical attributes of a product and involve physical composition of the product (Olson and Jacoby, 1972; Szybillo and Jacoby, 1974; Zeithaml, 1988). The selection of the number of intrinsic cues is product specific and varies from one product to the other. Consumers may rely on the intrinsic cues such a shape, size, colour and number of functions in consumer electronic goods. On the other hand, for food products, the intrinsic cues are ingredients, scent and freshness. These intrinsic cues are the physical properties of the product and cannot be manipulated without altering the physical properties of the product (Caswell, 2000).

Consumers would usually use both intrinsic and extrinsic cues concurrently when evaluating product quality (Olson and Jacoby, 1972; Szybillo and Jacoby, 1974; Simonson, 1989). However, the relative salience of extrinsic and intrinsic cues in quality assessment lies in their predictive value (PV) and confidence value (CV) (Olson and Jacoby, 1972). Some researchers have suggested that intrinsic cues are more important for consumers in judging quality because they have more predictive value than extrinsic cues (Szybillo and Jacoby, 1974; Zeithaml, 1988). In situations where consumer product familiarity increases, use of intrinsic cues has also become relatively stronger (Rao and Monroe, 1988).

Within the context of cue utilisation theory, the predictive value of a cue represents the reliability of that cue and the likelihood of using the cue, which leads to a successful prediction of the product quality. The confidence value of a cue is the degree of confidence that consumers have in their ability to use and judge the cue accurately (Olson and Jacoby, 1972).

**Diagram 11.** Intrinsic attributes and extrinsic indicators and cues



Source: Caswell (2000)

It has been well recognised that intrinsic variables such as aroma, colour, flavour and texture have played an important role in food choice and acceptance (Iop, Teixeira and Deliza, 2006). A comprehensive list of the number of intrinsic cues and extrinsic cues for consumer and food product were provided by Caswell (2000). The intrinsic cues listed were applicable to consumer durable goods as well. The intrinsic cues (attributes) include: food safety attributes, nutrition attributes, sensory/organoleptic attributes, value function attributes and process attributes (Please refer to Diagram 13).

In this study, the extrinsic cues and intrinsic cues were developed with reference to the work of Ettenson (1993) and Ettenson and Mathur (1995) where they studied the effect of COO in Eastern European countries and China using the product, television. For this research, the cues were chosen carefully considering the current situation of the research period and details of choosing the cues are discussed in the methodology chapter. The intrinsic cues for the television sets are Speaker Type and Screen Size. For food products such as tea, reference to Caswell's (2000) and Xia's (1994) works were made in developing the intrinsic cues. The intrinsic cue for tea products are Aroma, Colour and Packing Type.

The cue utilisation theory has purported that consumers would rely on extrinsic and intrinsic cues of a product in making quality judgement and purchase decision. From the literature review, there was a gap in the literature where there was no study of hybrid product in the sub-national level. From the section above, the extrinsic cues and intrinsic cues have been critically reviewed. Using a multi-attribute approach and in a China context, the hypothesis are developed in the next section.

#### **4.5.6. Hypothesis for Extrinsic and Intrinsic Cues**

Based on the research question of the study, the cue utilisation theory and review of each of the extrinsic and intrinsic cues in reference to the respective products, the conceptual framework and the hypothesis was developed as follows:

### **For Television Product**

H1a.i: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue ROO as one of the major indicators of product quality and as well as the most important indicator.

H1a.ii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on extrinsic cue Brand-name as one of the major indicators of product quality as well as the most important indicator.

H1a.iii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue Price as one of the major indicators of product quality as well as the most important indicator.

H1a.iv: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue of warranty as one of the major indicators of product quality as well as the most important indicator.

H1b.i: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue ROO as one of the major choice variables as well as the most important indicator in the intention to purchase.

H1b.ii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue of Brand-name as one of the major choice variables as well as the most important indicator in the intention to purchase.

H1b.iii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Price as one of the major choice variables as well as the most important indicator in the intention to purchase.

H1b.iv: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue of Warranty as one of the major choice variables as well as the most important indicator in the intention to purchase.

H2a.i: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on intrinsic cue, Speaker Type as one of the major indicators of product quality as well as the most important indicator.

H2a.ii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on intrinsic cue of Screen Size as one of the major indicators of product quality as well as the most important indicator.

H2b.i: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the intrinsic cue, Speaker Type as one of the major choice variables as well as the most important indicator in the intention to purchase.

H2b.ii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the intrinsic cue, Screen Size as one of the major choice variables as well as the most important indicator in the intention to purchase.

### **For Tea Product**

H3a.i: For hybrid product (Tea) produced in different regions in China, consumers relied on the extrinsic cue ROO as one of the major indicators of product quality as well as the most important indicator.

H3a.ii: For hybrid product (Tea) produced in different regions in China, consumers relied on the extrinsic cue, Brand-name as one of the major indicators of product quality as well as the most important indicator.

H3a.iii: For hybrid product (Tea) produced in different regions in China, consumers relied on the extrinsic cue, Price as one of the major indicators of product quality as well as the most important indicator.

H3b.i: For hybrid product (Tea) produced in different regions in China, consumer relied on the extrinsic cue ROO as one of the major choice variables as well as the most important variable in their intention to purchase.

H3b.ii: For hybrid product (Tea) produced in different regions in China, consumer relied on the extrinsic cue, Brand-name as one of the major choice variables as well as the most important variable in their intention to purchase.

H3b.iii: For hybrid product (Tea) produced in different regions in China, consumer relied on the extrinsic cue, Price as one of the major choice variables as well as the most important variable in their intention to purchase.

H4a.i: For hybrid product (Tea) produced in different regions in China, consumer relied on intrinsic cue, Aroma as one of the major indicators of product quality as well as the most important indicators.

H4a.ii: For hybrid product (Tea) produced in different regions in China, consumer relied on intrinsic cue, Colour as one of the major indicators of product quality as well as the most important indicators.



H4a.iii: For hybrid product (Tea) produced in different regions in China, consumer relied on intrinsic cue, Packing Type as one of the major indicators of product quality as well as the most important indicators.

H4b.i: For hybrid product (Tea) produced in different regions in China, consumer relied on intrinsic cue, Aroma as one of the major choice variables as well as the most important variable in their intention to purchase.

H4b.ii: For hybrid product (Tea) produced in different regions in China, consumer on intrinsic cue, Colour as one of the major choice variables as well as the most important variable in their intention to purchase.

H4b.iii: For hybrid product (Tea) produced in different regions in China, consumer relied on intrinsic cue, Packing Type as one of the major choice variables as well as the most important variable in their intention to purchase.

#### **4.5.7. Hypothesis for Interaction Effect between the Extrinsic Cues**

In multi-attributes conjoint analysis, the most important purpose is to find the main effect of the attributes. The attributes are considered orthogonally designed and there is no interaction effect between the cues. The interaction effect arises due to combination of the independent variables. For example, if a consumer is evaluating a specific product (television set) on its attributes, brand (TCL) and ROO (Guangzhou). We consider the first condition that the person has an average preference for each of the attributes when considered separately. If we examine their evaluation using the additive composition rule, we expect the consumer preference rating for TCL television made in Guangzhou to be average compared to all possible stimuli. However, if the results show that the consumers actually prefer TCL television sets made in Guangzhou more than any other combination of attributes (brand and region of origin) that have higher evaluation of the individual feature, then there is evidence of interaction effect. This combined effect, which is greater than the evaluation based on separate judgment, indicated a two-way interaction (Hair et al., 2006).

In the COO studies, especially concerning hybrid products, there is an effort to look for interaction effect between the extrinsic cues. Han and Terpstra's (1988) study found that there is significant interaction effect between the stimuli brand and COO that suggests

that the subject may regard the two stimuli such as Japanese brand and Japan-made as a single stimulus. In Ettenson's (1993) study, interactions were found between brand and COO and consumers preferred television sets made in U.S.A. This means that the COO of the brand moderates the brand on perceived quality rating. Chao (1993) who studied country design and country of assembly found that for countries with superior design capability, price did not have much impact on quality. However, for countries with low design capability, then price mattered. This suggested that there is a price country interaction on product quality. Other studies by Acharya and Elliott (2001) noted that there is some interaction in automobile products suggesting that a developing country's negative image can be improved when collaborating with developed country.

In this study, the primary objective is to find the main effect of the extrinsic and intrinsic cues. However, to be more complete, the interaction effect is also tested. Therefore, the hypotheses proposed are:

H5: For hybrid product (T.V.) manufactured in different regions in China, there is no interaction effect between the extrinsic cues and the intrinsic cues in the consumer evaluation of product quality

H6: For hybrid product (Tea) produced in different regions in China, there is no interaction effect between extrinsic cues and intrinsic cues in the consumer evaluation of product quality

H7: For hybrid product (T.V.) manufactured in different regions in China, there is no interaction effect between the extrinsic and intrinsic cues in the consumer intention to purchase.

H8: For hybrid product (Tea) produced in different regions in China, there is no interaction effect between extrinsic and intrinsic cues in the consumer intention to purchase.

#### **4.5.8. Consumer Regioncentrism and the Development of Modified CETSCALE**

Consumer ethnocentrism construct was based on the attitude of consumers in a nation towards the products of foreign countries. The consumer regioncentrism construct is based on a sub-national level on consumer attitude towards the products of other regions. The terminology of nation or statehood is a recent construct. And as mentioned above,

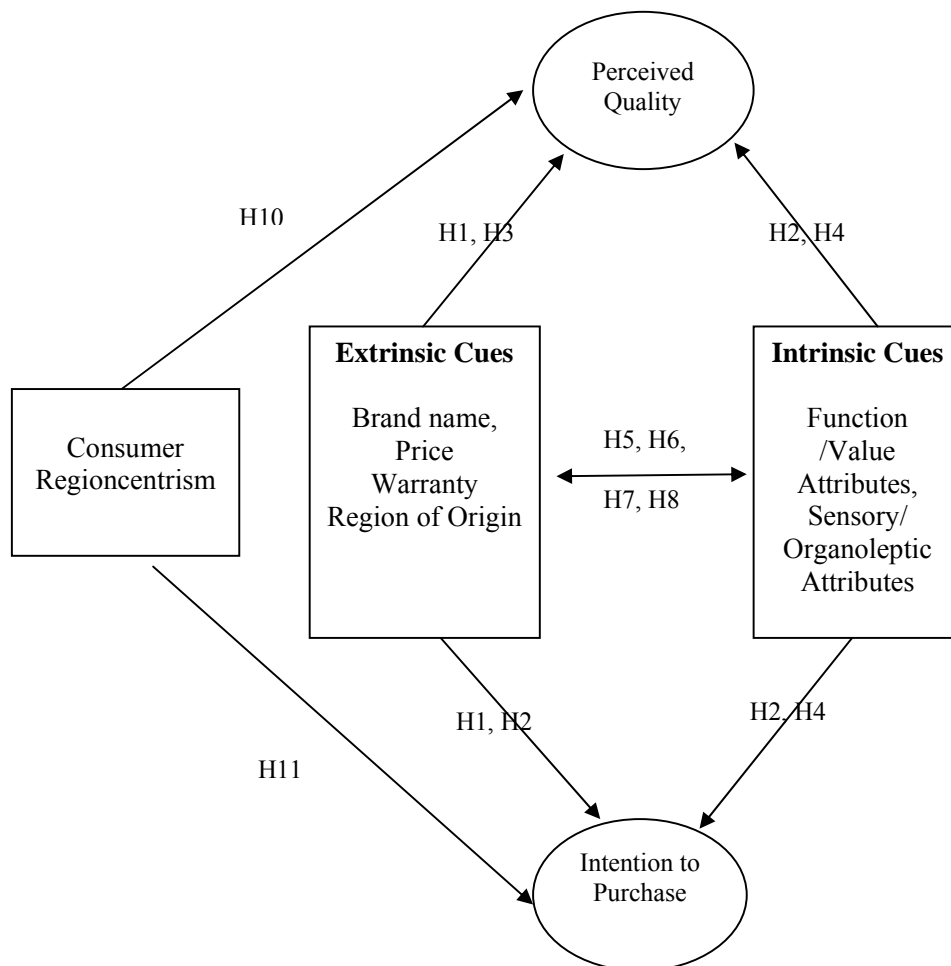
the state is the great influence of power that exercises sovereign control over some core territories. In a large nation, these territories can be vast. The territory for large countries like Russia, India and China cover a vast region across continents. Therefore, regions within this large empire or country would be diverse in terms of geography, politics, economics, cultures and languages, which simply mean the regions, would have their own characteristics. The regions and its subjects are kept together by the political pull of the centre (Sun, 2002).

Subjects in these regions may exercise what Michael Ng-Quinn terms as ethnonationalism, where it is the emotional identity with one's own ethnic group in one state or across many states. Ethnonationalism is a secondary sentiment and having it does not imply rejection of the state sovereignty (Sun, 2002). This means that a group of citizens or consumers may have ethnocentric tendency toward a region and yet be patriotic toward the nation. According to Ittersum (2002), consumers who perceived themselves as members of a regional group, attaching value to this membership will invoke the regioncentric feeling. The greater the sense of belonging to the regional group, the higher the probability the regioncentric tendency. Consumers with high tendency of regioncentrism would have positive attitude towards the product made in the region of residence, at the same time portray negative relationship for products made outside the regions.

As mentioned in previous section 3.8.4.2, the CETSCALE developed by Shimp and Sharma (1987) will be adapted to be used in measuring the consumers' regioncentric tendency. Methodologically, testing of reliability and validity of the 10-item CETSCALE in a regional context will be adopted. In the national context, reliability and validity of the CETSCALE were tested based on the studies of four different regions in U.S.A. according to the Shimp and Sharma (1987) study. Furthermore, as mentioned in earlier study, given its robustness, CETSCALE has been found to be applicable in smaller countries such as Spain and Greece (Luque-Martinez, Ibanez-Zapata and Barrio-Garcia, 2000; Chryssochoidis, Athanassios and Panagiotis, 2007). Consumer ethnocentrism can be studied comparatively at several levels of variation (Levine and Campbell, 1972),

therefore, it is appropriate to customising the CETSCALE to measure the consumer regioncentric tendency. The rationale behind this being, where there is variation in the regional characteristics in terms of social, political, technical, economic development and the size of the region, each region can be considered as a unique cluster as if it is a “nation” on its own (Cui and Lui, 2000).

**Conceptual Framework: The Main Effect and Moderation Effect of Extrinsic Cues, Intrinsic Cues and the Effects of Consumer Regional Ethnocentrism on Consumers’ Product Quality Evaluation and Product Purchase Choice for Hybrid Products.**



Nevertheless, care need to be taken when one is using “borrowed” scale (Susan, Douglas and Nijssen, 2003) as studies have shown that the “borrowed” CETSCALE may not be universally good fit for all situations (Lindquist et al., 2001). The CETSCALE may be good fit for one country and the same may not apply to others as Saffu and Walker (2005) found in their study. They found the CETSCALE to be a “good fit” only for Canada, but not Russia. Thelen (2003) and Thelen, Ford and Honeycutt (2006) also found that CETSCALE were not unidimensional when applied in the sub-cultural regional context.

Klein, Ettenson and Morris (1998) has used the 10-item CESTSCALE to study the Chinese consumer ethnocentric tendencies and animosity toward Japanese products and they found that the CETSCALE to be reliable and a good fit in the Chinese context. In this study, the 10-item version CETSCALE was adapted with modification to the questionnaire where the country settings were replaced with regional settings. Validity test, reliability test, factor structure invariance and unidimensionality tests will be carried out to ensure the “good fit” and appropriateness of the scale in a sub-national regional setting. The validity, reliability, and the unidimensionality tests will be further elaborate in Chapter 5 and Chapter 7.

The hypothesis to test the consumer regioncentrism and consumer product evaluation and preference in the various regions in China are:

### **Consumer Regioncentrism**

H9: The consumers in Dalian, Suzhou and Guangzhou will be regioncentric if the average score of the modified CETSCALE is high.

H10: Consumer regioncentric tendency positively influenced consumer quality evaluation of hybrid product from consumer’s own region of residence.

H11: Consumer Regioncentric tendency positively influenced intention to purchase hybrid product from consumer’s own region of residence.

#### **4.6. CONCLUSION**

Based on critical review of the contextual issue of China, the region of origin effect, and the country of origin effect, gaps in literature were identified which led to the formulation of research questions. The research objective of this study intended to investigate the region of origin effect in terms of the cognitive aspect where it was expected that consumer would utilise the ROO cue in their product quality evaluation and product choice.

The cue utilisation theory suggested that consumer would utilise a set of either extrinsic cues or intrinsic cues in the product quality evaluation and intention to purchase. Consumer would engage in trade-offs between the cues in utilising them. The cues developed in this study were based on previous researches (Ettenson 1993; Ettenson and Mathur 1995, Caswell, 2001). From a sub-national context, consumers do adopt a regioncentric attitude in the consumer buying behaviour (Van Ittersum, 2001). However, this contention has only been tested on agricultural and food products. No study has been done on durable products in a large transitional country like China. The regioncentric measurement instrument modified 10-item CETSCALE was developed adapting Shimp and Sharma (1987) and make reference to Klein, Ettenson and Morris (1998) works. Lastly, reference was made to Van Ittersum (2001) works in association between consumer regioncentric tendency and their preference for products from own region of residence.

In the next chapter, the methodology approaches of this research and their justifications will be elaborated.

## **CHAPTER 5 METHODOLOGY**

### **5.1. INTRODUCTION**

Methodologically, the earlier COO studies mainly were single cue studies where the respondents based their evaluation on only the COO information (Bilkey and Nes, 1982). This has serious limitation as the approach inevitably produced results that biased toward the country-of-origin effect. To avoid such bias, a multi-cue approach should be adopted, meaning the respondents would be presented with product attributes other than COO, such as brand name, price and warranty for them to make their evaluation (Johansson, Douglas and Nonaka, 1985).

The reduction in transportation cost and the changes in the international environment led to the products becoming more complex which involved multiple country affiliation. Parts of the product can be sourced in one or many countries and assembled in another (Chao, 1993). Coupled with the multinationals' strategy to expand their production (transplant) in countries that had lower production cost resulted in a bi-national or hybrid product (Han, 1986), resulting in a problem of product evaluation by consumers that was unlike the national product (Chao, 1993). The consumers were blurred by the existence of hybrid products with characteristics of having different brand origin and place of manufacture (Ettenson and Gaeth, 1991). Using analysis of variance method to identify the interaction effect of product and countries, Hampton (1977) found that there was a perceived risk hierarchy for fewer countries manufacturing American products since American consumers would perceive products manufactured in less developed countries to be riskier than those manufactured in more developed countries. Comparing products from developed and newly industrialised countries, consumers would evaluate more favourably products from developed countries especially when it is a lesser-known brand. Consumers would evaluate poorly those products produced (transplanted) in less reputable or less developed countries (Cordell, 1992; Tan and Leong, 1999).

In a vast country context such as U.S.A., China, Russia, Brazil and India, there exist

regions that would be diverse in geography, politics, economics, cultures and languages – each region possessing characteristics that differ from those of other regions, but co-existing within the same nation. The regions are united by the political pull of the centre, which exercises sovereignty over them (Sun, 2002). In these large nations, the regions within them are analogous to several countries and therefore can be segmented and considered as such (Swanson, 1989). The methodology of this research therefore is to adapt the theories and framework of the countries of origin’s literature into the sub-nation regional levels. Based on the sub-nation regional conceptual framework as established in Chapter 4, this study seeks to explore the effect of ROO cue, using a multiple-cue method on perception of hybrid’s product quality and purchase intention in three regions in China. The interaction effect between the extrinsic cues such as region of origin, price and brand were examined to test for variance and the interdependence level between the cues. The consumer regioncentrism as defined in previous chapter was measured using modified 10-item CETSCALE adapted from Shimp and Sharma (1987) work, to find the tendencies of consumer ethnocentrism. And the utilities estimates were used to examine the associations between consumer regioncentrism and their preference for hybrid products from own region of residence in terms of the product quality evaluation and purchase intention.

This chapter therefore sets to describe and provide justification for the selection of research paradigm, the research approach, research design, product category used, attributes of product, the conjoint analysis and CETSCALE techniques as well as methods ensuring the research instrument’s reliability, appropriateness and “fit” to the China environment.

## **5.2. JUSTIFICATION OF THE RESEARCH PARADIGM AND METHODOLOGY**

### **5.2.1. Research Approach and Methodology**

This study utilised surveys to find out the existence and the effect of ROO and consumer regioncentrism toward product evaluation and choice. The conceptual framework has



been designed and the hypothesis generated based on previous researches and conceptual models of the COO. Data in the form of full profile conjoint cards and Likert scale questionnaires have been systematically collected and analysed using statistical software to discern and explain the causal relationships.

To test the research hypothesis, a multi-attribute approach has been adopted and quantitative methods such as multivariate data analysis were used (Johansson, Douglas and Nonaka, 1985). The statistical technique conjoint analysis has been used to test the effect of extrinsic and intrinsic cues. In this study the ROO together with other attributes are tested. The methodology of this study, which used the Conjoint Analysis, were adapted and modified from previous works by Ettenson, Wagner and Gaeth (1988) and Louviere (1988). Analysis of variance method has been employed to test the interaction effect between the extrinsic cues (Elliot and Acharya, 2001). The research measurement instrument such as CETSCALE was adapted from Shimp and Sharma (1987) and Factor Analysis has been used to examine the consumers' regioncentric tendency of the region chosen. The reliability analysis and principal component analysis have been used to test the psychometric properties of the CETSCALE and the confirmatory analysis used to verify the results from the psychometric property test. Finally, a correlation analysis has been employed to identify the relationships between consumer regioncentric tendencies, and consumer product valuation as well as consumer product choice (Acharya and Elliot, 2003).

### **5.2.2. Conjoint Technique in Multi-Attribute Approach**

Hair et al noted: "Conjoint analysis is a multivariate technique developed specifically to understand how respondents develop preferences for any type of object (products, services or ideas)" (2006 p. 464). When evaluating the value of an object as to whether real or hypothetical, consumers would consider a combination of different amount of value (levels) of attributes as well as an estimation of their preference by judging object formed by a combination of attributes. In a multi-cue analysis, extrinsic cues such as the region of origin, brand name, price and warranty as well as the intrinsic cues formed the combination of attributes. Moreover, consumers would consider combination of levels

such as different price levels, different brand types, length of warranty and different regions of origin. Consumers would consider the good and bad characteristics (trade-off) of the product in forming a preference.

Comparatively, other multivariate techniques such as regression or correlation would not be able to handle the complexity of computing the attributes and the levels attached to attributes that is required in estimation consumer decision-making and preference for object. The advantages of conjoint analysis are that it is decompositional in nature, specific to the variate, can be estimated at the individual level and is flexible in the relationship between dependent and independent variables (Hair et al., 2006; 2010). Furthermore, by forcing the respondents to make a decision based on a set of competing values and needs, the researcher is able to uncover the actual reasons behind the respondent's product evaluation and purchasing motivations which the respondents themselves may not be willing to admit and may not even realise that they have (McCullough, 2002).

According to Green and Srinivasan (1990), conjoint analysis has been widely received by academic and industrial users as a major set of techniques that measure buyers' trade-offs among the multi-attribute products and services. Wittink and Cattin (1989) surveyed the commercial use of conjoint technique in the period 1981 to 1985 were 400 studies yearly and almost 60 per cent of the application was for commercial goods. In the 90s, the use of conjoint analysis increased tremendously with the introduction of sophisticated software. Today, researchers can access software packages either through personal computers or deploying conjoint studies online (Stevens, 2000; Hair et al., 2006).

Within the Conjoint technique, the interaction effect between the extrinsic cues may be overlooked (North and de Vos, 2002); therefore, in this study the interaction effect was tested using analysis of variance method (Richardson, Dick and Jain, 1994; Acharya and Elliot, 2001).

### **5.2.3. Advantage of Conjoint Analysis**

Traditional research designs mostly are compositional in nature where the respondent rate or rank the object attributes one by one and this preference of attribute is “composed” or “built-up” to form the overall preference to form a predictive model. However, in conjoint analysis the researcher only needs to know the respondent’s overall preference for a stimulus as the attributes (factors) were already provided when the stimulus was created. In this method, the “decompose” or individual levels (factor levels) of the attributes (factors) can be determined using the overall preference measure.

Because the researcher provided independent variables in the form of factors and factor levels, the respondents only have to provide information of the dependent measures such as purchase choice. With the conjoint’s unique design, respondents make choices similar to the actual situation in the market place. In conjoint analysis, estimates can be either made on an individual respondent which is termed the disaggregate method or the whole market which is, aggregate method. In contrast, most other multivariate methods are limited to the aggregate method only.

Lastly, as conjoint analysis does not assume factor level to be related and predict the factor level effect separately, it can handle non-linear relations, which other multivariate methods are not able to perform. The conjoint analysis is simple and flexible in use and also provides a technique of estimation similar to that in the real world. The conjoint therefore, is appropriate for marketing researches that are with multiple discrete attributes and attributes level and the only decision-making required of the respondents is to consider the trade-offs between these attributes and attribute levels.

### **5.2.4. CETSCALE Method in Estimating Regioncentric Tendency**

CETSCALE, which was developed by Shimp and Sharma (1987), has been widely used to measure consumer ethnocentrism. As mentioned chapter 2, in a vast country context, each region is considered unique and variations such as social, political, technical, economical development as well as the size of the regions qualify them to be considered

as a “nation” on its own (Cui and Lui, 2000). In estimating the regioncentric tendency, the CETSCALE was modified and applied in a regional context.

The application of CETSCALE has been proven to have a high degree of reliability and validity in countries outside the U.S.A. (Durvasula, Andrews and Netemeyer, 1997) The CETSCALE is found to be a good measurement of consumer ethnocentrism and can be applied in other countries if it shows a high degree of discriminant validity and nomologic validity (Good and Huddleston, 1995). Other than the validity and reliability test, the factor structure invariance and unidimensionality test can be established to support the transferability and usage of CETSCALE in other countries.

CETSCALE has proved to be robust and applicable across a diverse geographic boundary with different political, economical, social and cultural settings. CETSCALE has been found to have high reliability and validity as a good estimator of Consumer Ethnocentric tendency in Australasian countries such as Australia and New Zealand (Watson and Write, 2000; Archaya and Elliot, 2001); in European countries such as Spain and Greece (Luque-Martinez, Ibanez-Zapata and Barrio-Garcia, 2000; Chryssochoidis, Athanassios and Panagiotis, 2007); in Eastern European countries such as Russia, Poland, Czech Republic (Durvasula, Andrews and Netemeyer, 1997; Huddleston, Good and Stoel, 2001; Supphellen and Rittenburg, 2001); and in East Asia such as Japan and China (Netemeyer, Durvasula and Lichtenstein, 1991; Wang and Chen, 2004).

Shimp and Sharma (1987) found that an alternate 10-item version of CETSCALE also portrayed high degree of internal consistency, which suggested high validity and reliability for the shortened version. Balabanis and Diamantopoulos' (2004) study in the U.K. concurred with Shimp and Sharma's (1987) findings. The 10-item CETSCALE was used by Klein, Ettenson and Morris (1998) to test the Chinese consumer ethnocentric tendencies and animosity toward Japanese products and Klein and Ettenson (1999) used similar scales to study the US consumers' ethnocentrism and animosity toward Japanese products. This study utilises the 10-item version with modification to the questionnaire with replacement of country settings with regional settings.

As mentioned earlier in Chapter 4, care need to be taken when one is using “borrowed” scale as studies have found that the CETSCALE may not be universally fit from the national and cross-national context (Lindquist et al., 2001; Susan, Douglas and Nijssen, 2003; Saffu and Walker, 2005). When applied in a sub-cultural context, the scale was found to be non-unidimensional in factor model (Thelen, 2003; Thelen, Ford and Honeycutt, 2006). Therefore, in this study, confirmatory analysis will be utilised to test the “fit” of the modified 10-item CETSCALE in the regional context while reliability analysis and principal component analysis will test the psychometric properties of the CETSCALE. The non-unidimensional structure would not affect the measurement of the regioncentrism, but rather will refine the factor structure and the component used in measuring the regioncentric tendency of the consumer.

### **5.3. RESEARCH DESIGN AND STEPS IN DESIGN**

#### **5.3.1. Conjoint Methodology**

The primary objectives of this research are to explore and examine the effect of ROO and consumer regioncentric tendency for product evaluation and choice. Conjoint analysis appears to be most suitable in measuring this type of multi-attribute study, which includes extrinsic and intrinsic cues in consumer decision-making process.

Conjoint analysis is a type of statistical research technique based on the concepts of psychological decision-making and econometric choice theory. Three major developers for the Conjoint family of analysis were Paul Green for the traditional conjoint analysis (Green, 1971), Jordan Louviere for the choice-based conjoint analysis (Louviere, 1988) and Rich Johnson for the adaptive conjoint analysis (Green and Srinivasan, 1990).

Conjoint analysis seeks to understand individual preference for a product based on assumption of complex decision-making process in marketing usually concerning purchase decision. Consumers when evaluating a real or hypothetical object or service will consider a combination of separate amount of values of each attributes that this

product or service provide. For example when a consumer is presented with a 25 inches television that cost \$1000 and with five year warranty, he must “consider jointly” all the attributes known to him to make a decision on purchase. The conjoint analysis therefore enabled the researcher to explore the underlying values that consumers put on certain attributes in their complex decision-making process.

There are three major approaches of conjoint, namely, choice-based conjoint, traditional conjoint and adaptive choice. This study employs the traditional conjoint analysis (Full-Profile method); a decompositional model that resembles an experiment in many ways, which makes this format suitable for research in an experimental buying situation (Hair et al., 2006). In the choice-based conjoint, respondents can pick any alternative from a choice set or opt not to buy and this method closely mimics an actual buying situation in the market. The traditional conjoint involves rating individual product alternatives and does not address a buying situation. In this study (McCollough, 2002), this deficiency in traditional conjoint was avoided by filtering those respondents and only choosing respondents who showed intention of purchasing the products.

### **5.3.2. Design of Conjoint Research Stimuli**

Stimuli in the form of profile cards per product categories was created and presented to the respondents for them to provide an overall preference of the stimuli. Profile cards contained information attributes (cues) together with the part-worth (levels) of each attributes, as well as the picture image of the product. These were presented to the research respondents for them to rate the perceived quality of the product and their purchase intention. A seven-point Likert Scale with parameters from “Extremely Poor” to “Extremely Good” for measuring the perceived quality of the product and a five- point Likert Scale with parameters from “Definitely not buy” to “Definitely buy” in order to measure the purchase intention, had been included in the profile cards. Respondents needed to rate all the profile cards one by one to provide their overall preference – this type of scale is typical for conjoint analysis tasks (Green and Tull, 1978).

### **5.3.3. Steps in Conjoint Analysis**

The conjoint analysis is similar to an experiment and therefore the conceptualisation of the research is important to ensure success. Proper steps and design similar to a model-building paradigm need to be adopted in designing the conjoint analysis. The steps are as follows:

#### **Step 1 Identify Problem and Set Objectives**

There are mainly two objectives, firstly, to find out the contribution of the predictor variables (factors) and the predictor level (factor level) in determining consumer preference. Secondly, to establish a model of consumer judgment that is valid so that consumer can accept any combination of attributes, even those not originally evaluated by consumer can be predicted.

This means that the researcher needs to define the total utility of the object. The negative factors make the object unattractive while positive factors make the object attractive. Omission of salient attributes may lead to incorrect prediction and diminishing accuracy. Furthermore the attributes or factor need to be differentiated and are orthogonal in nature (attributes distinct from each other). Once this is done, the next stage is to select the appropriate conjoint technique.

#### **Step 2 Choosing a Conjoint Methodology**

There are three major types of conjoint analysis: the traditional conjoint, choice base conjoint and adoptive conjoint.

**Traditional Conjoint Analysis:** The traditional conjoint analysis also known as the full profile method where respondents were given profile stimuli (cards) with all the factors and factor levels to evaluate. For example, a chocolate bar with 3 factors and 2 levels each: price (\$1 and \$1.5), flavour (without hazelnut and with hazelnut) and type (white chocolate and traditional chocolate). Full-profile cards would be for white chocolate with hazelnut costing \$1.5. The full profile method that utilises fractional factorial design

makes the experiment practical as the number of profile stimuli needed to be evaluated by the respondent is reduced significantly.

**Choice-based Approach:** As opposed to the traditional approach where the respondent evaluates the profile stimuli one by one, in the choice base approach, the profile stimuli can be present in sets. This approach will reduce the respondent's time to evaluate the profile stimuli, but at the same time will lose predictive accuracy as the number of factors and factor levels increase, therefore it would be optimal if the factors are limited to six. However, this approach can take account of and estimate the interaction effect between factors.

**Adaptive Conjoint Method:** The benefit of this method is that it can accommodate up to 30 factors. This method mainly utilises computer software in presenting the profiles for the respondents to evaluate and will allow provision of factors as the stimuli can be composed of subsets of factors.

### **Step 3 Designing the Stimuli**

In the stimuli (profile) design, there are certain issues that we need to take into account in order for the factors and factor levels to be operational and applicable. These are:

**Communicable:** The factors need to be realistic and should avoid factors that are generic, for example, the “feel” of hand lotion. This type of description of sensory is hard to comprehend and non communicable, unless the respondent sees and experiences the real product.

**Actionable:** Factors must be distinct from each other as the respondent trade off one factor with the other. The hypothetical factors should be clear and should not be unfamiliar to the respondent and the factor level should define precisely and avoid vague terms such as low, moderate or high.



Number of Factors: The number of factors cannot be too large, with a maximum of 30 in adaptive conjoint analysis. Unlike other multivariate analysis, in conjoint, the increase in the complexity of model and the accompanying data requirement cannot be solved by adding more respondents. The number of stimuli is constant regardless of the number of respondents.

Factor Multicollinearity: Avoid inclusion of factors that correlate with each other (inter-attribute), as it would highly reduce the reliability of the conjoint results. For example, price and quality are positively correlated, as high price with low quality is unbelievable. Similarly there are also negatively correlated factors such as gas mileage with horsepower.

Balance Number of Levels: An attempt should be made to set the same number of levels across the factors to avoid “number of levels” effect where respondents place more emphasis on factors with more levels. Unless there is a situation where the factor was known to be salient, more levels are added to avoid dilution.

Range of Factor Levels: The range (high) of the level should not be set at unbelievable range. For example, price range of \$1 and \$10 where the difference is 100%.

After checking carefully through all the dos and don'ts of the above items, the next step was to decide the model form.

#### **Step 4 Selections of Model Form and Part-Worth Relationship**

Two decisions had needed to be made regarding the nature of the preference structure of the conjoint stimuli. The type of composition rule and selecting the type of relationship between the part-worth estimates needed to be decided. The additive model is the most common composition rule used. In this model, the total utility of the stimulus is calculated as the sum of the parts. This is done by adding up the values of the individual factors (part-worth of the levels) to get the overall value for a combination of factors (product or service). On the other hand, the interactive model is similar to the additive

model, but allows for certain combination of levels to be more or less than that of their sum. The drawback of interaction model is that it predicts less variance than the additive model. Most often, there is only minimal increase in prediction of not more than 5% to 10% increase in variance. Interaction effect would be more substantial for those less tangible attributes where aesthetic or emotional reaction plays a larger role. The additive model remains the favoured model and accounts for 80 to 90 per cent usage (Hair et al., 2006: 487).

After deciding on the model to use, the researcher needed to consider the types of part worth relationship, the linear model which estimates only a single part-worth, the quadratic which can estimate curvilinear relationship and the separate part-worth form which allows for separate estimation of each level. By far, the separate part-worth form remains the most general form used.

### **Step 5 Data Collection**

After deciding on the factors, levels and the basic model form, the stimuli presentation type was deliberated. The trade-off method compares two factors at any one time with all their possible combination of levels. This method has been criticised for being unrealistic, needing large numbers of judgment, confusing due to routine response, not employing pictorial presentation, non-metric and not able to reduce the number of comparisons. This method has decreased in usage in recent years.

The Full-Profile method used a fractional factorial design where the total number of profile (cards) is reduced and shown to the respondent one by one. This method provides realism, portrays trade-off amongst all factors and is used for preference judgment such as intention to buy. The pair-wise combination presentation is where two profiles (cards) are presented to the respondent simultaneously. The pair-wise method is the instrument for adaptive conjoint analysis where the number of factors in the study can be large.

### **Step 6 Assumption of the Conjoint Analysis**

Due to the experimental and generalised nature of the model, conjoint requires least assumptions associated with model estimation. There is no need for test of normality, homoscedasticity and the like as in other multivariate analysis. It only requires the researcher to follow the conjoint procedure of specifying the model form, part worth and presentation format before the data collection. Therefore, the conjoint is theory driven in its design, estimation and interpretation.

### **Step 7 Estimating the Conjoint Model and Overall Fit**

Traditionally, a modified form of analysis of variance was used in estimating the rank-order preference measure, mostly using computer programmes such as MONANOVA (Hair et al., 2006). For metric measure of preference such as rating method, many methods of estimation can be used, for example, multiple regression analysis by SPSS software.

Other estimation methods include Bayesian analysis based on combining the likelihood probability from actual observation with prior probability, which is estimate of likely occurrence in the population. This joint probability will enable the estimation of actual probability of an event. This alternative method has increase in its use especially with adaptive conjoint analysis.

After the estimation model is chosen, we will test the model goodness of fit. The goodness-of-fit measures enable us to evaluate the quality of the estimated model by comparing the dependent variables with value predicted by the estimated model. For individual level conjoint and aggregate level conjoint, Kendall's tau and Spearman's rho are used to test the goodness of fit for non-metric rank-order choice task whereas Pearson's correlation is used in choice task that use rating.

### **Step 8 Interpreting the Result**

In interpreting the results, care needs to be taken on the practical relevance to correspond to the theory-based relationship amongst the factors and factor levels. This relationship is

assumed to be monotonic. However, when a respondent's answer did not match the theoretical relationship, for example, preferring lower quality with higher price, then "reversal" occurred. If this result occurred, consideration is needed to delete the respondent.

### **Step 9 Validating the Conjoint Result**

Internal validation can be done by comparing the different model form for example addition versus interactive in the pilot study to test the appropriateness of the design. For traditional conjoint task, the test of model accuracy or validity of the conjoint can be done using holdout stimuli are built in to the conjoint task.

External validity generally refers to the conjoint analysis being able to predict actual choice, and this totally depends on the representation of the sample error. Therefore, the appropriate selection of respondents within the population representative of the product or services in the research is crucial.

### **Step 10 Analysis of Variance**

The analysis of variance (ANOVA) was used in this study to test the interaction effect of the attributes on the quality perception and product choice. Analysis of variance is defined as the statistical technique to determine whether the means are equal from a sample of two or more groups within the population (Hair, 2006).

Essentially, the analysis of variance is used to measure the means of different groups with the assumption, or null hypothesis, that all means are equal. In its simplest form, in the ANOVA, there is a dependent variable that is metric and more than one or more independent variables that are non-metric. Compared to t-test, the ANOVA with the ability to analyse more than one independent variable provides the researcher with insight into complex research question.

Statistically, two independent estimates of the variance for the dependent variables are compared. One is to test the variability of the respondents within the group (mean square

within group) and another is the difference between groups (mean square between groups). The within-group estimate of variance therefore estimates the variability on the dependent variable within a group by identifying the variation of individual score from the group means. On the other hand, intra-group estimates of variance, estimates the variability of the group mean on the dependent variable. It tests the deviation of group mean from the overall mean of all scores.

In one-way ANOVA, the researcher examines the mean values differential of the dependent variable for different categories of a single independent variable of factor. If it involves two factors, then two-way ANOVA is used to test the effects. Therefore, the test of significance depends in the testing of null hypothesis where the category means are all equal in the population. When the null hypothesis is true, the mean squares within the group (MSw) and the mean square between the groups (MSb) will provide independent unbiased estimation of the same population variance. The null thesis can be tested by the F-Statistics. When the observed F statistic value is equal or larger that the theoretical F value, tabulated statistical value at a specified level of significance, the null hypothesis is rejected, which means all the population mean is not equal.

However, if the observed value is less than theoretical value, all the population means are equal and null hypothesis is not rejected. Interaction effect arises when the effects of one factor on the dependent variable rely on the level (category) of the other factors. This interaction can be measured by one-way ANOVA. The test of significance is similar to one-way ANOVA with F statistic. Generally, to test the significance of the main effect of each factor may be less meaningful, but rather to test the significance of each main effect of the factor only when the interaction effect is found to be not significant.

In this study, the two-way ANOVA was performed on the results of conjoint analysis to test the interaction effect of the factors. This section therefore merely mentioned what is required to understand the techniques and testing of significance of ANOVA. It is by no means exhaustive (Pereira, Hsu and Kundu, 2005; Hair et al., 2006, 2010; Malhotra and Birks, 2007).

## **5.4. THE PRODUCT CATEGORY: JUSTIFICATION FOR THE PRODUCTS CHOSE**

Past studies have shown that effect of COO and consumer ethnocentrism can be product specific (Chryssochoidis, Athanassios and Panagiotis, 2007). Therefore, two different products were chosen in this research: television sets and tea. A television set is considered a mass-market consumer electronic product that is manufactured in mass quantity with no requirement for craftsmanship (Ettenson and Mathur, 1995). Tea on the other hand is a food product and portrays the element of a regional product where consumer evaluation of a product relies on their previously embedded association with a specific region (Van Ittersum, 2001).

The use of television sets and tea are considered appropriate because firstly, in China and different regions of China, the demand for consumer electronic products such as television generally remains high and common (Ettenson and Mathur, 1995). Secondly, television is "functionally equivalent" across cultures, and one is thus able to make valid comparisons across different regions (Bhalla and Lin, 1987).

### **5.4.1. Television Sets**

Television fits the definition of Hybrid products as a number of the Japanese and European companies have manufacturing plants based in China initially capturing the low cost of production, however, this gradually evolved to include marketing to the Chinese market as her GDP increased and the market became mature (Luo and O'Connor, 1998). Television set production in China has been remarkable, from a mere yearly production of 30,000 in 1980 to 73 million in 2004. These television sets include those for export and for domestic consumption. Domestically, television sets were subject to price control until 1995.

Currently, there are many domestic brands and these are manufactured domestically. Prominent domestic brands include Changhong manufactured in Chengdu, TCL in

Guangzhou, Hisense in Tsingdao, Konka, Panda, and Skyworth in Shenzheng. TongFang and XOCECO in Xiamen. Other than the domestic brands, there has evolved a number of foreign multi-national joint ventures with local firms to manufacture foreign brands in China, usually at industrial and science parks. Foreign brands, such as Panasonic are manufactured in Jinan, Toshiba in Dalian, LG in Shenyang, Phillips in Suzhou, and Sony in Shanghai (Fu, 2005; Ko, 2005).

The domestic market size was expected to be 37.34 million sets in 2008, of which 11.5 million sets will be flat-panel screen make. As there has been an increase in the popularity of flat-panel screen television sets in first-tier and second-tier cities, the Cathode Ray Tube (CRT) television sets are expected to gradually shift to third or fourth tier cities. However, currently, the CRT or box television commands a formidable market share in first and second tier cities as mentioned in SinoCast China Business Daily News (19 Oct. 2007p. 1). The type of television sets used in this study is Cathode Ray Type (CRT), commonly termed box television, although during the period of the research, flat panel screen television sets have already been introduced in the market but they remain in the high-end market segment. There was a gradual shift to the Plasma or LCD flat panel mainly in the first-tier cities and second tier cities, at the time of the research. Nevertheless, box (CRT) television sets remain the more affordable item for the large majority of the population within the cities in China. According to the China Statistic Yearbook 2010, in the year 2009, there were 135 sets of colour television per 100 households in China.

#### **5.4.2. Tea**

Tea may be considered a symbol of conspicuous consumption across countries. This is highlighted by a ceremony called the Tea Drinking Ceremony celebrated in Japan. In modern China, except for ethnic minority area, tea drinking culture is generally considered similar in different regions, therefore satisfying the “functional equivalent” requirement. Thirdly, previous studies have reported the significance of both brand name and COO in this product category (Bilkey and Nes, 1982; Han and Terpstra 1988; Ettenson 1993; Ettenson and Mathur 1995; Al-Sulaiti and Baker 1998). For food products,

ROO effects have been found to have effect in consumer product evaluation as well (Ittersum, 2002). Finally, in the current context of China, there exist hybrid products of locally made products with foreign brand names, which were suitable for our study (Ettenson 1993; Ettenson and Mathur, 1995).

The type of tea products used in this study is tea-bag tea and loose leaves tea mainly sold through supermarkets and chain stores. Despite there being hundreds of tea-bag tea makes in China, there are only few brands available in the supermarkets. The type of tea products chosen were a few of the major brands and thus operationally viable in the research.

## **5.5. ATTRIBUTE AND ATTRIBUTE LEVELS**

### **5.5.1. Attribute for Television**

Ettenson (1993) in their study of Russian and Eastern European markets and subsequently Ettenson and Mathur (1995) in their study of the Chinese market used eight attributes for television make. These included the extrinsic and intrinsic cues such as brand name, COO, price, length of warranty, tuner type, speaker type, type of remote control (if any) and screen size. Since their studies were conducted a decade ago, to reflect the current situation, for this research, field visits were made to shopping malls in Shenzhen and Guangzhou, and telephone calls were made to shops in Shanghai and Dalian in 2006.

Based on actual observation in consumer electronic stores and conversations with the sales personnel of the shops in China, and careful consideration of the extrinsic and intrinsic cues as prescribed by Caswell (2000), it was found that the more popular colour television sets were those of 25 inches to 29 inches screen size and all of these colour television sets had remote-control. Therefore the attribute of remote control was discarded from this study. Furthermore, with the advance in the broadcasting system in China, the tuner for television was no longer relevant for major cities; therefore, the tuner



type was also discarded from this study. Eventually, six attributes were adopted and they are region of origin, brand name, price, warranty, speaker type and screen size. There was a concern that too many attributes in the conjoint design would lead to the less important attributes overwhelming the more important ones and distorting the study. Further, it may cause complexity and fatigue of the respondents' conjoint task. The current consensus to deal with these problems was to limit the number of attributes in a conjoint design (Payne, Bettman and J. Johnson, 1993; Mc Gullough, 2002; Hair et al., 2006).

### **5.5.2. Attributes for Tea**

Caswell (2000) provided a comprehensive list of extrinsic and intrinsic cues for durable and non-durable products; the intrinsic categories for food included food safety attributes, nutrition attributes, sensory/organoleptic attributes, value/function attributes and process attributes (refer to Diagram 13). In the tea drinking tradition in China and buying of tea products, consumers would look for the sensory/organoleptic attributes such as the aroma and colour of the tea as well as the function or value attributes such as packing type to evaluate the product (Xia, 1994; Song, 2005).

Six attributes, such as region of origin, brand name, price, aroma, colour and packing type, were chosen for this conjoint design.

### **5.5.3. Attribute Levels**

There are two considerations in deciding the number of levels to an attribute: firstly, the number of level effect where the estimated relative importance of the attribute will increase as the number of levels increase causing the respondents to focus on those factor attributes more than others. Secondly, the attribute range effect where the range of the level is set too far between each other for example, price level of \$1 and \$10 becomes unbelievable. Furthermore, this would cause the price attribute to become more important than the other attributes (Green and Srinivasan, 1990; Mc Cullough, 2002; Hair et al., 2006). Therefore, the attribute levels in this study were chosen carefully to avoid the above-mentioned shortcomings and to be as realistic as possible, taking into account the

market environment. This was also done to reflect the research objectives of this study. The choosing of attributes levels for television sets and tea will be discussed below.

## **5.6. REGION OF PRODUCTION – JUSTIFICATION FOR CHOOSING THE LOCATION OF PRODUCTION**

### **5.6.1. Television Sets**

For ROO – four regions were chosen; these were the Pearl River Delta, Yangtze River Delta; the northeast region and the southwest region. The regions were chosen to reflect the diversity of local culture, social and economic development of these regions as discussed in chapter 2. In this study, ROO is concerned with the place of manufacturing of the product, to ensure the respondents' awareness and distinguish between the regions. A representative city, which usually is the major city in that region, was added. They are Guangzhou for Pearl River Delta, Suzhou for Yangtze River Delta, Dalian for northeast region and Chengdu for southwest region. All these cities either have corporations that manufacture domestic brands of television as well as Original Equipment Manufacturers (OEM) who manufacture foreign branded television sets. For example, domestic brands such as Changhong based in Chengdu, TCL in Guangzhou. For foreign brands, Panasonic is manufactured in Jinan, Sony in Shanghai and Toshiba in Dalian (refer to section 5.4.1).

For brand name, two domestic brands Changhong and TCL, and two foreign Japanese brands Panasonic and Sony were chosen. The domestic brands were chosen based on their prominence and also the fact that they are manufactured in different regions of China. The Japanese brands were chosen because these brands can be easily identify by the local consumers given that they have manufacturing facilities in China.

For price, three levels of price were set at Renminbi 1600, 2000 and 2500, with increment of 25 per cent on each level. The lowest price was set at 1600, which reflected a realistic pricing of box (CRT) television at the period of the research, which was July 2007 till September 2007. Since TV is considered as high involvement product, a price that is set at too low and unrealistic levels may lead to consumer inter-attribute correlation effect

that is undesirable (Hair et al., 2006; 2010). The warranty was set at two years and five years.

As for screen size, the screen size of 25 inches and 29 inches were chosen given that these sizes were the more popular for box (CRT) television sets in the cities and regions of our study.

For speakers, since there are many sales terminologies used in the stores for the sound system of television, in general, it falls into mono or stereo sound system.

### **5.6.2. Tea**

For region of origin, four tea-producing regions were chosen: Southwestern, South China, Jiangnan and the Jiangbei regions. Concerning the production of tea, certain places and provinces traditionally are famous and synonymous with certain types of tea (Xia, 1994). Therefore, the names of the province and place of the tea producing regions were also provided, They are Menghai in Yunnan for Southwestern region, Anxi in Minnan for South China region, Huangshan in Anhui for Jiannan region and Xinyang in Henan for Jianbei region.

For brand name, two local brands Luk Yee and Tak Shun, and two foreign brands Tetley and Lipton were chosen. Traditionally, the name of the cities or towns producing the types of tea is used as the brand name, for example, Xihu Longjing where Xihu is the place name synonymous with the brand that produces Longjing tea. However, when Lipton entered into the chain stores with tea-bag tea, it changed the consumers' mind-set of traditional thinking of branding and tea drinking habit.

For price, three levels were set: Renminbi 15, 20, 25, respectively; the pricing is for 25 tea-bags packing and its equivalent in loose-leaf packing.

Two levels of aroma were given: strong and weak. Two levels of colour were chosen: deep colour and light colour. For packing type, there were two levels; that is, tea-bag or loose leaves.

## 5.7. STUDY DESIGN AND PROFILE GENERATION

Table 13. displays the study design with the summary of the attributes and levels. All the attributes and attribute levels were chosen according to the particular market conditions that prevailed in the regions and cities in China during the period of designing the research.

**Table 9.** Study Design for Conjoint Analysis.

Attributes	Product Category	
	Television SETS	Tea
<b>Extrinsic Cues</b>		
Region of origin	Pearl River Delta (Guangzhou) Yangtze River Delta (Suzhou) Northeast Region (Dalian) Southwest region (Chengdu)	South China Region (Anxi in Minnan) Jiannan Region (Huangshan in Anhui) Jianbei Region (Xinyang in Henan) Southwestern Region (Menghai in Yunnan)
Brand name	Chang Hung TCL Panasonic Sony	Luk Yee Tak Shun Tetley Lipton
Price	1600 Rmb 2000 Rmb 2500 Rmb	15 Rmb 20 Rmb 25 Rmb
Warranty	2 years 5 years	
<b>Intrinsic cues</b>		
<u>Function/Value</u>		
Screen size	25 inches 27 inches	
Speaker type	Mono Stereo	
Packing type		Tea-bags Loose leaves
<u>Sensory/Organoleptic</u>		
Aroma		Strong Weak
Colour		Dark Light

Based on the attributes and attribute levels of the conjoint design shown in Table 13 for each of the product category, a conjoint profile was designed with all the possible combination of attributes and attribute levels which resulted in a 4x4x3x2x2x2 full factorial design with a total of 384 profiles. The number of profiles was reduced using fractional factorial plan to ensure the research was workable and the respondents were not overburdened with too many profiles. Large number of profiles would cause fatigue and result in information overloading which lead to inaccuracy in the data collected.

Hence, using SPSS 15 conjoint software OTHOPLAN procedure, 16 orthogonally designed profiles for evaluating the main effect and an addition of 4 hold out profiles for validity testing were generated. The fractional design was constructed to take account of the interaction effects so that they could be estimated. Although the conjoint design profiles intended to mimic the product offering of an actual market environment, given the number of possible combinations of attributes and attributes levels, the profiles generated was hypothetical in nature and might not fully correspond to the actual product offerings in the regions and cities under research in China. Section 5.9 will discuss the theoretical backgrounds of each of the research tools and their efficacy in measuring real world problems.

## **5.8. CETSCALE TECHNIQUE**

Based on past research, CETSCALE has proved to be reliable in measuring consumer ethnocentrism in different countries. In this study, a modified 10-item CETSCALE with changes to the questionnaires to reflect the local region were utilised (Shimp and Sharma 1987). The 10-items Scale had been used by Klein, Ettenson and Morris (1998) to test consumer ethnocentrism and animosity toward Japanese products in the city of Nanjing in China. The modified CETSCALE with 10 questionnaires using a seven- point Likert scale was appropriate in China to measure the regioncentric tendencies. The Modified CETSCALE used in this study will be further elaborated in section 6.4.4 and the full set in the questionnaire can be found in Appendix B.

The appropriateness of the CETSCALE for testing consumers' regioncentric tendencies in a sub-nation context was further examined using reliability analysis, principal component analysis and confirmatory factor analysis which will be elaborated upon in the section, below.

## **5.9. TESTING OF RESEARCH INSTRUMENTS**

Following the methodology from past researches, the measurement instruments were tested for their "appropriateness" and "fit" to the empirical environment in this study. Conjoint analysis, analysis of variance, reliability analysis, principal component analysis, confirmatory factor analysis and utilities estimates were carried out.

The Conjoint analysis and analysis of variance were utilised to enable us to understand extrinsic and intrinsic cues and their effect on consumer product quality evaluation and purchase intention in regional context. The confirmatory factor analysis enables us to test the fit modified 10-item CETSCALE. Reliability and principal component analysis were also undertaken to test the psychometric properties of the 10-item Scale. The mean score value of the items in the Scale would be used to determine the regioncentric tendency of the consumer. Finally, utilities estimates were used to investigate consumer regioncentrism and their choice behaviour. The following sections describe the theoretical backgrounds of each of the research tools and their efficacy in measuring real world problems.

### **5.9.1. Reliability Analysis**

"Reliability refers to the extent to which a scale produces consistent results if repeated measurements are made"(Malhotra and Birks, 2007 p.357). This suggests that the fundamental requirement of an instrument or scale should be generalised and replicable in different situations in order to be reliable. If a scale or measure is free from random error, then they are perfectly reliable. The evaluation of scale reliability depends either on the correlations between the individual items or those measurements that make up the

scale in relation to the variances of the items. There are generally four major methods of measuring reliability, they are Test-retest Method, Internal Consistency Method, Split-half Method and Inter-rater Method (Parameswaran et al., 1979; Malhotra and Birks, 2007).

In Test-retest reliability, two sets of identical scales or measures are administered at two different times under similar conditions. The time of the first test and the second test usually is within a few weeks. The degree of similarity is measured by their correlation coefficient, usually the Spearman-Brown coefficient test. The higher the correlation coefficient, the higher is the reliability. The problem with this method is that it is not feasible to retest in some research as it may lead to invalidity due to learning effect, which predisposes the respondent to adjust their answers in the retest. Another problem is the interval between the tests may be too long leading to drop outs, which will lead to a non-response bias.

In the Internal Consistency reliability, the items within the scales are added to form total score, each item partially measures the construct in the study, and moreover, the item should be consistent and indicative of the construct under study. Therefore, the internal consistency of the set of items that constitutes the entire scale is measured to find out the reliability. Cronbach's alpha is the common form of internal consistency reliability coefficient. The scale is consistent and perfectly reliable if the Alpha coefficient is equal to 1. By convention, in exploratory research, Alpha coefficient of 0.6 is common, Alpha coefficient of 0.7 or higher is acceptable and 0.8 and above is considered a good scale (Peter, 1979).

In Split-half reliability, the item within a scale is split into two halves and each test for their correlation. High correlation between each of the halves means high internal consistency. The Spearman-Brown test can be performed and the Spearman-Brown prophecy coefficient of 0.8 or higher is adequate and 0.9 and higher is considered good reliability.

In Inter-rater reliability, the same respondents were given two or more sets of the same scale to fill in, each by different interviewers to find out the consensus on the use of the scale by those who administer them. For categorical scale, consensus is obtained by the number of agreement divided by number of observation. For continuous data, consensus is obtained by testing intra-class correlation. Cohen's Kappa test can be performed to assess the inter-rater reliability for two raters. By convention, the inter-rater reliability is moderate if the Kappa = 0.4 to 0.59, 0.6 to 0.79 is substantial and 0.8 and above is outstanding.

In this study, Internal Consistency reliability test was performed by using SPSS software to find the Cronbach's alpha of the CETSCALE that is used in the measuring of regioncentric tendency. The Test-retest method and other methods were not used because they were not feasible under the mall intercept survey method and it would be costly. Furthermore, most of the previous studies on consumer ethnocentrism had utilised the internal consistency reliability method. Further details on reliability tests and their interpretation can be found in Malhotra and Birks (2007).

### **5.9.2. Validity**

While reliability is mainly concerned about the accuracy of the scale or research instrument and can be generalised and replicated in different situations, validity is concerned about the extent to which a scale or instrument actually measures what the researcher intends to measure. There are two types of validity, external validity and internal validity. External validity refers to the extent to which the results of the study can be applied to other phenomena in different settings. On the other hand, internal validity not only refers to how well a study was conducted in terms of the research design, but if care was taken in the measurement and decision on what to measure, on whether the observed effects in the study were caused by the independent variable and not other extraneous variables. Therefore, there is no room for measurement error in a perfect validity ( Aaker, Kumar and Day, 2004; Malhotra and Birks, 2007).



In attitude scales used in this research, for example, the affect or liking (regioncentric tendency) and action (intention to purchase) component, would have validity if it measures what it is supposed to measure. In order to address the validity of the measures, there are three basic approaches to validity. Consensus validity is where the measurement so self-evidently reflects the various aspects of the phenomena considered correct. For example, consumer recognition of a product indicates past use. This conclusion is not based on statistical testing, but rather on common sense.

The Criterion validity is more scientific because it is based on empirical evidence that the attitude scales correlates with other criterion variables. When two variables are measured at the same time, then concurrent validity is established. If the attitude measure can infer future events, then predictive validity is established. The nature of decision-making requires the prediction of unsure future events, therefore, scales that measure purchase intention or brand preference is predicatively valid, if it can be shown through sales record to predict future sales. However, the criterion validity mentioned above is not sufficient. Convergent validity must be established where attitude measure shows correlation with other intended measures of that variable. Furthermore, discriminate validity must be proved where the measure would not correlate with measures other than what is intended for the variable (Shepard, 1993; Aaker, Kumar and Day, 2004).

When convergent and discriminant validity are established, construct validity can be considered. The construct validity addresses the question of what the construct or characteristics the scales is actually measuring. The researcher needs to find out theoretical questions about why the scale works and what can be deduced about the underlying theory (Malhotra and Birks, 2007). Construct validity is seldom attempted in marketing because it is not easy to establish due to the unobservable nature of the construct, which encompasses social class, personality or attitude, used in explaining marketing behaviour (Aaker, Kumar and Day, 2004). In this study, however, the scales were subject to a strict statistical test of reliability and validity.

### **5.9.3. Confirmatory Factor Analysis**

The Confirmatory Factor Analysis (CFA) is a validation method where the number of factors and the loading of the variables conform to the expected result based on a pre-established theory. These indicator variables were selected from prior theory and test for their loading against predetermine number factors. In this study, the initial and final factors were derived from prior researches. The validity test on the degree to which the results fit the population and their measure accuracy was performed by the confirmatory factor analysis.

The confirmatory factor analysis (CFA) is different from the exploratory factor analysis (EFA) in that the factor in EFA is derived not from theory but from statistical results and solutions. Therefore the factors can only be named after the factor analysis is performed. Prior to factor analysis, the number of factors and which variables correlate to which constructs were not known. With CFA, the number of factors and the set of variables that load highly on the specific factor must be known. This is usually based from theory or work by previous researchers, in order for the result to be obtained. The structural equation modelling (SEM) is then applied to examine the factor loadings for their accurate representation of the actual data. Thus the CFA is not based on statistical results as in EFA, but rather informs us how good factors results are for matching reality.

In CFA, only one or two models are tested and the estimation model is derived from work of previous research. In this study, AMOS from SPSS software was used and the estimation model from previous research was used. The stages in performing the confirmatory factor analysis are i) defining the individual construct; ii) developing the overall measurement model; iii) designing the procedure to obtain empirical results; and iv) assessing model validity.

Initially, as mentioned, a model developed based on the theoretical framework is to be included in the analysis, and the indicators or factors used to operate the model either come from prior research or in the case of this study, was developed and modified from the work of Shimp and Sharma (1987).

In the second stage, the nature of each construct and the relationship among the constructs is defined and tested. As in the case of this study, the nature of the construct should be tested for its unidimensionality. This means that the set of indicators or variables have only one underlying construct. When unidimensional construct exist, cross-loading is hypothesized to be zero.

Next, in designing the procedures to obtain empirical results, the standard rule and procedures that produce valid descriptive research apply. This includes deciding the scale measurement, sampling with sample size of at least 100, specifying the model such as selecting the number of predetermined factors, deciding on the nature of the loadings between the predetermined factors and the measures. In SPSS AMOS, the programme will automatically fix one of the factor loading estimates to 1. When everything is properly specified, the SEM software will provide a solution for the model specified.

Finally, in assessing the validity of the model, the actual results of the measurement model were tested against the theoretical measurement model to check against reality that the model matches against observed data. The overall model fit and construct validity were examined. There are many fit indices that can be applied in CFA. The most common method is the maximum likelihood estimation. In comparing two models where one is a full form and the other reduced form, comparing the difference in the Chi-square goodness-of-fit statistics can be utilised. However, the drawbacks of Chi-Square statistics are that it is sensitive to variation in sample size, when the distributional assumptions are violate, the Chi-Square statistics test becomes invalid and this leads to retention of bad models and rejection of good ones.

Other commonly used fit statistics are: Root Mean Square Error of Approximation (RMSEA) where the discrepancy in the degree of freedom in the model is estimated and can be used. The AMOS User's Guide recommended RMSEA value of 0.05 or less to indicate close fit of the model to the degree of freedom.

For validity test, in convergent validity, the factor loading or regression weight in AMOS is required to be significant. The discriminant validity can be obtained by comparing the variance-extracted estimates for the factor with the squared inter-construct correlations associated with the factor and the nomological validity can be examined by analysing the correlations amongst the measurement model's constructs and correlation between these constructs and the other variables.

#### **5.9.4. Principal Component Analysis**

Factor analysis is a general name used to categorize a class of procedure for data reduction and summarisation. In marketing research, the interrelationship of a large number of variables is examined to find the correlation of the variables and explain them in terms of their common underlying factors. Therefore factor analysis is used by researchers to achieve two main purposes in data analysis: firstly, to identify the underlying construct in the data and secondly to reduce the variables number to a manageable level. If the purpose is to identify the underlying factors that reflect the commonality in the variable, the common factor analysis is used. However, if the purpose is to reduce a set of large variables into fewer factors for prediction, then the principal component analysis is used (Aaker, Kumar and Day, 2004; Malhotra and Birks, 2007).

The steps in conducting factor analysis include: i) formulating the problem, ii) constructing the correlation matrix; iii) determining the method of factor analysis; iv) determining the number of factors; v) rotate factors; vi) interpreting factors and determine model fit; and vii) validating the factor analysis. Depending on the objective of the study, usually, the variables to be used in the factor analysis are based on past research, theory and the judgment of the researcher. In step two, Bartlett's test of sphericity can be used to test the correlation of the variables in the correlation matrix. Factor analysis is appropriate if the correlation between the variables is high. In step three, as mentioned, choosing either common factor analysis or principal components analysis is dependent on the purpose of the data analysis.

The principal component analysis considers the total variance and derived factors, which includes the unique variance that are associated with one specific variable. They also include those error variances, so the solution generated will include as many factors as possible that are generated from the variables. It is also a variable reducing technique where only the redundant variables (components) were removed and only those valid variables, which are the principal components, were retained. In contrast, the common factor analysis only uses the latent dimension or share variance, which is more restrictive and theoretical, based. It suffers from factor indeterminacy which results in no single unique solution and the communality estimation cannot be estimated or may be invalid (Hair et al., 2006, 2010).

Once the method is chosen, the number of factors can be determined by a) priori determination where the number of factors are determined or extracted from previous research, b) eigenvalues where those factors with eigenvalues greater than 1.0 are retained. c) Scree plot where the eigenvalues is plot against the number of factors, d) percentage of variance where factor extract should account for 60 per cent of variance, e) split-half reliability where the only factor loading that is high is chosen and significance test where only those factors with statistically significant eigenvalues are retained.

The next step is to compute the factor matrix that contains the factor loadings. This factor solution is enhanced by rotation to obtain more theoretically meaningful factor solution and also reducing ambiguities that is inherent in the initial un-rotated factor solution. Two main rotation procedures, the simplest orthogonal factor rotation where axes are maintained at 90 degree, and the oblique factor rotation where the axes are not maintained at right angle and correlated factors are allowed. There are three major orthogonal approaches, a) Quartimax which rotates mainly on initial factor so that variable load high on mainly one factor, b) The commonly used method of Varimax station takes account of high loading as well as low loading factors so that a clear separation of factors can be identified. and c) The Equimax is a compromise between Quartimax and Varimax, which only accomplishes some of each which has resulted in infrequent use by researchers.

After the factor rotation, the interpretation of factors can be done by examining the factor matrix loading, identifying the significant loading for each variable, assessing the communalities of the variable, checking for the factor model fit and lastly labelling the factor by assigning a name or label that accurately reflect the variable loading on that factor.

The last step is to validate the factor analysis by assessing the replicability of the results. This type of comparison of factor model results is problematic and less feasible. However, techniques such as confirmatory factor analysis can be used in the validation and will be discussed in chapter 7 (Hair et al., 2006, 2010; Malhotra and Birks, 2007).

## **5.10. CONCLUSION**

This chapter started with introducing the methodology and providing justification for its adoption. Two major methods, conjoint task and CETSCALE and their appropriateness as operational tools in solving the research problem were discussed.

Discussion of the statistical techniques, their advantages and disadvantages were presented. The Conjoint analysis, the research and steps in the research design, choice of product and their justification, product attributes, justification of the region chosen were elaborated. For the CETSCALE, the Confirmatory Factor Analysis and Principal Factor Analysis which were used to test the “fit” of the Scale and the factor structure of the Scale were elaborated. The methods in ensuring reliability and validity of the measurement instruments were elaborated and discussed.

This section therefore established the appropriate methodology and their justifications to be used in this study. By doing so, it set the foundation for designing the data collection method and analysis of data collected which will be dealt in more detail in the following sections.

## **CHAPTER 6 THE PILOT STUDY AND THE MAIN RESEARCH**

### **6.1. INTRODUCTION**

Hypothesis was generated in Chapter 4 based on gap identified in the review of the COO literature. Historical review of the use and definition of Region of Origin, the review of trademark, geographical indication usage and review of the economic development in context of China were carried out.

Methodology and research instruments were reviewed to accomplish the goal of researching the sub-nation study of the ROO effect and regioncentrism effect on consumer product evaluation and purchase intention in chapter 5. In this chapter, a pilot study was conducted prior to the actual full-scale survey and subsequently a statistical analysis of the information gathered from the survey was done. Data collection method, sampling plan, data processing methods, data storage, ethical issues and their appropriateness to this study were discussed. The following sections elaborate the aspects of the pilot study, main research and data processing methods.

### **6.2. CHOICE OF DATA COLLECTION METHOD**

The quantitative method used in this study followed past tradition and was judged to be appropriate for studies of a similar nature. The data collection process was constructed in two phases. First a preliminary pilot survey was done to test the suitability and the appropriateness of the research instrument used. This was done to examine the time taken to complete the whole survey which included a set of conjoint profiles and questionnaires, as well as to whether the respondents understood the instruction and the meaning of the questions being asked. The pilot study served to refine the research instrument in order to ensure reliability and validity of the survey.

In the main study, mall interception methods were employed in cities such as Dalian, Guangzhou and Suzhou in China. Mall intercept interview has been usually criticised for being demographically skewed, high non-response rate and respondents not necessarily

representing the areas they lived in. However, with the questionnaire carefully designed and administered, these shortcomings can be overcome (Sudman, 1980; Bush and Hair, 1985; Hornik and Ellis, 1988). With appropriate administration of the survey, the response rate can be high and the advantages of this method is that it has a high response quality in term of completeness of answer, reduced item omission and reduced response distortion (Bush and Hair, 1985). Mall intercept method is appropriate “in situations where significantly low incidence levels are expected or when data collected must meet special parameters for analysis of modelling” (Hair et al., 2006 p. 244). Therefore, this method was considered appropriate in this study, as one of the objectives is to examine the consumer ethnocentrism behaviour in a specific city of a region with homogenous cultural, linguistic and demographic characteristics.

From the feedback on the pilot study, a number of improvements were made to the clarity and simplicity of the conjoint profiles and questionnaires in the main study. All the questions, including the conjoint profiles were multiple choice and closed-ended in nature and needed less time to complete. The survey instruments were found to be effective and the following sections will discuss the steps in their construction.

### **6.3. PILOT STUDY AND RESEARCH INSTRUMENT**

This section will elaborate on the pilot study and designing of questionnaire. There were two versions of the research instrument. The first version was used in the pilot survey and a second refined version was generated as the final survey instrument. The exhibits in this section are in partial form for demonstration purpose. The complete set in the questionnaire is portrayed in Appendix B.

#### **6.3.1. Questionnaire Design**

The aim of the questionnaire is to obtain information from the respondents in order to accomplish the research objectives. Typically, the questionnaire design included elements such as



- i) fieldwork procedure which provided instruction on selecting, approaching and questioning of the respondents;
- ii) reward of gift to the respondents; and
- iii) communication aids like pictures, advertisements, products and maps (Malhotra and Birks, 2006)

Furthermore, the layout of the question was in a carefully designed sequence where the starting questions were broad, succeeded by the easier to understand ones and this again were followed by more focused and complicated questions. Lastly, personal questions such as the pertaining to demographic information (Aaker, Kumar and Day, 2004) were asked.

### **6.3.2. Sequence of Questionnaire**

In this study, the questionnaire is divided into four parts. The first part consisted of introduction to the aims and procedure of the research and to seek the respondent's consent to be involved in the survey, part of which is shown in the Exhibit 1 - Consumer Survey Form, below. A complete version can be found in Appendix B. This part is required in compliance to the ethical requirement of conducting this type of survey. In the actual survey, it will be translated into simplified Chinese characters. The content informs the respondents about the purpose of the survey, the name of the researcher, the estimated time for the survey and the procedure of the survey. The questionnaire also included two sets of cards, one for TV and the other for Tea product category and there was an entitlement for respondents automatically entering into a lucky draw with some questions checking the status of the respondent's domicile and intention to purchase, which would qualify them to take part in the survey. In the pilot and main surveys, the questions were translated into Chinese with simplified characters, which are commonly used in China.

The two sets of orthogonally designed conjoint profiles (cards) include 20 cards with profile of television and 20 cards with profile of tea. As mentioned earlier, the orthogonally designed conjoint profiles (cards) were generated using the Orthoplan procedure of the SPSS 15 conjoint software as partly shown in Exhibit 2. After the

generation of the cards, rating using Likert scale was introduced. The consumers were asked to rate the quality of the product on a seven-point Likert scale with measurement of the lowest score being 1= extremely poor and the highest score of 7 = extremely good. The respondents were also asked to rate their intention to purchase on a five-point scale (definitely not buy to definitely buy) as shown in the Exhibit 3 below. The exhibits below

**Exhibit 1.** Consumer Survey Form

<p style="text-align: center;"><b><u>Consumer Survey</u></b></p> <p style="text-align: center;"><b>Project name: Region of Origin's Impact on Consumers' Purchase Decision in</b></p> <p style="text-align: center;"><b>The People's Republic of China</b></p> <p><b>Dear Participant,</b></p> <p><b><u>Aim:</u></b> The purpose of this survey is to explore how product cues and the relationship of consumer ethnocentrism toward a region affects consumers' product quality perception and their buying intention. This research intends to test a model of consumer buying behaviour and decision-making in a regional context. It examines the impact of various factors, including the Region of Origin, price, brand, consumer ethnocentrism and other product cues on a consumer's purchase decision. This research is conducted by Mr. BJ Lee in partial fulfilment to the Doctor of Business Administration degree at Macquarie University, Sydney, Australia.</p> <p><b><u>Procedure:</u></b> The survey will take about 30 minutes to complete. You will be given a set of questionnaire with 3 parts and 2 sets of cards. You will need to fill in all the answers in the questionnaire and cards before you are entitled to enter into the lucky draw.</p>
--

represent part of the raw form of research instruments, which is in English. The cards used in the survey were translated into simplified Chinese characters. They were tested in the pilot study and refined for the use in the main study as shown in section 6.3 and section 6.5. A complete version can be found in Appendix B.

The second part consisted of the 10-item modified CETSCALE in which respondents needed to complete 10 questions with seven-point bi-polar scales (Strongly Disagree/Strongly Agree). The questions asked related to factors such as product availability (Q.1 and Q.9), patriotism (Q.2, Q.3, Q.5 and Q.8), employment impact (Q.4, Q.7 and Q.10) and overall economic impact concern (Q.6). Exhibit 4 shows part of the

**Exhibit 2.** Sample of SPSS Generated Conjoint Profiles

Orthogonally Designed Conjoint Profile generated by SPSS 15 Conjoint software

Profile Number 1

The Brand name is TCL  
The Price is 1900  
The region of manufacturing is Shenzhen  
The Years of Warranty are 2 years  
The TV Included Remote Control YES  
The Screen Size is 29 inches  
The Speaker type is Stereo Sound

Profile Number 2

The Brand name is Sony  
The Price is 1300  
The region of manufacturing is Suzhou  
The Years of Warranty are 2 years  
The TV Included Remote Control YES  
The Screen Size is 24 inches  
The Speaker type is Stereo Sound

**Exhibit 3.** Sample of Conjoint Profile Card

TV

**Card 1**

Brand Name	Region of Origin	Price	Warranty	Remote Control	Screen Size	Speaker Type
TCL	Shenzhen	RMB1900	2 Years	YES	29 Inches	Stereo Sound

**From the description, I would expect that the quality of this product would be...**

(please circle you answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

**Would you buy this product?**

(please circle you answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

questionnaire with a complete version shown in Appendix A. The questionnaire will be in simplified Chinese character in the pilot study and main study as shown in sections 6.4 and 6.5.

**Exhibit 4. CETSCALE Questionnaire**

<b><u>Region of Origin Questionnaire</u></b>						
<b><u>Part II (Modified CETSCALE)</u></b> Please read the questions and make sure you write your answers on the right-hand boxes in numerical value (1 to 7). After you complete this part, please proceed to part III.						
<b>Questions</b>						<b>Your Answer</b> (Please write the most appropriate answer in numerical value.)
E.G. It is a sunny day. <div style="display: flex; justify-content: space-around; font-size: small;"> <span>1 Strongly Disagree</span> <span>2 Disagree</span> <span>3 Slightly Disagree</span> <span>4 Neither Agree nor Disagree</span> <span>5 Slightly Agree</span> <span>6 Agree</span> <span>7 Strongly Agree</span> </div>						7
<b>1. Only those products that are unavailable in the local market (e.g. Guangzhou, Suzhou, Dalian) should be imported from other region.</b> <div style="display: flex; justify-content: space-around; font-size: small;"> <span>1 Strongly Disagree</span> <span>2 Disagree</span> <span>3 Slightly Disagree</span> <span>4 Neither Agree nor Disagree</span> <span>5 Slightly Agree</span> <span>6 Agree</span> <span>7 Strongly Agree</span> </div>						
<b>2. I will buy local products, first, last and foremost!</b> <div style="display: flex; justify-content: space-around; font-size: small;"> <span>1 Strongly Disagree</span> <span>2 Disagree</span> <span>3 Slightly Disagree</span> <span>4 Neither Agree nor Disagree</span> <span>5 Slightly Agree</span> <span>6 Agree</span> <span>7 Strongly Agree</span> </div>						
<b>3. Purchasing non locally- made products is disloyal to the local region.</b> <div style="display: flex; justify-content: space-around; font-size: small;"> <span>1 Strongly Disagree</span> <span>2 Disagree</span> <span>3 Slightly Disagree</span> <span>4 Neither Agree nor Disagree</span> <span>5 Slightly Agree</span> <span>6 Agree</span> <span>7 Strongly Agree</span> </div>						

The third part consisted of demographic items such as gender, marriage status, purchasing behaviour, education and income. Age was not included as information gathered from the interview with sales persons earlier found that the profile of majority of the buyers for large Cathode ray tube (CRT) or box television sets (25 inches to 29 inches) were in the age range of 25 to 55. In the mall interception survey, the interviewers were required to screen the respondents and only interview those within this age range. Anyone not in this age range was considered either too young or too old to buy television in a shopping mall environment (Chao, 1989). Like the previous parts, part of the questionnaire is shown in Exhibit 5. The questionnaire will be in simplified Chinese character in the pilot and main survey. The information gathered in this part however is

mainly for profiling purpose only.

**Exhibit 5.** Demographic Questionnaire

<b><u>Region of Origin Questionnaire</u></b>	
<b>Part III</b> <b>Please read the questions and make sure you write your answers on the right-hand boxes in numerical value. After you complete this part, please proceed to the lucky draw.</b>	
<b>Questions</b>	<b>Your Answer</b> (Please write the most appropriate answer in numerical value.)
1. I am  <div style="display: flex; justify-content: space-around;"> <span>1 Male</span> <span>2 Female</span> </div>	
2. I am currently  <div style="display: flex; justify-content: space-around;"> <span>1 Single</span> <span>2 Married</span> </div>	<b>If your answer is 1, go to Q.4</b>
3. My spouse considers my view in purchasing household products.  <div style="display: flex; justify-content: space-around;"> <span>1 YES</span> <span>2 NO</span> </div>	
4. The highest level of education that I completed is  1. Less than high school 2. High School 3. College 4. Bachelor's degree 5. Master's degree 6. PhD. or equivalent 7. Post Doctoral	

### 6.3.3. Questionnaire Format and Language Translation

A forced choice format was used in the design of the initial screening questions, conjoint profiles generation, the CETSCALE questions and the demographic questions. Compared to the free choice method, the forced choice format is quick and easy to fill in, minimises discrimination against those respondents who are less articulate and data easier to

compile. Moreover, the respondents are forced to express an opinion as a “Don’t know” option is not provided (Barnard and Ehrenberg, 1990; Malhotra and Birks, 2007). The forced choice format is appropriate for this type of mall intercept method since the research location is targeted at the general public, where not everyone is articulate and the mall intercept environment requiring least time possible to finish the survey task. Furthermore, the choosing of forced-choice format is determined by the research problem under study, following the format and tradition of previous research in the same areas (Hughes, 1969).

As the survey targets Chinese consumers, the research instrument, which included the conjoint profile, and the CETSCALE that are originally in English were translated into Chinese. A back translation method was adopted where the initial English version was translated into Chinese by a bilingual researcher and back into English by another researcher. The translation was made with the help of an ex-colleague who is the head of the English department of Tsinghua University, Beijing. The back-translation method was used to ensure “linguistic equivalence” and “semantic equivalence” of the research instrument (Bhalla and Lin, 1987; Mallinckrodt and Wang, 2004).

**Exhibit 6. Sample of English/Chinese Questionnaire**

Name of Project 项目名称: Region of Origin’s Impact on Consumers’ Purchase Decision in The People’s Republic of China. 产地对中国消费者购买行为的影响

You are invited to participate in a study of buying behaviour of television and tea. The purpose of the study is to find out the type of brand, price country of origin, etc. that consumer most preferred.

诚邀阁下参加消费者购买电视机和茶的习惯的调查, 此项调查主要目的是为找出消费者最喜欢的电视机及茶的品牌, 销售价格及原产地。

The study is being conducted by Mr. BJ Lee, in pursuance of DBA degree from Macquarie University (Hong Kong contact telephone number 852 2867 8490) under the supervision of Professor Tang Yiming (Macquarie Graduate School of Management, telephone: (612) 9850 9042, e-mail ([Yiming.Tang@mgs.edu.au](mailto:Yiming.Tang@mgs.edu.au))).

此项调查是由澳大利亚 Macquarie 大学的博士学生李先生负责 (香港联络电话: 852 2867 8490) 和澳大利亚 Macquarie 大学商业部博士学部主任唐教授监督 (澳大利亚联络电话:(612) 9850 9042, 电子邮箱: [Yiming.Tang@mgs.edu.au](mailto:Yiming.Tang@mgs.edu.au))

This method of translation is common for validating the research instrument adopted from another language, including from English to Chinese (Ettenson, 1993; Wang and Chen, 2004). Exhibit 6 shows part of the initial English to Chinese translation. The complete version is shown in Appendix A.

## **6.4. PILOT STUDY**

### **6.4.1. Background**

The pilot study was conducted in the University of Hong Kong, in collaboration with Dongbei University of Finance and Economics (DUFE) students, where the researcher is the Programme Director. 10 students from either the Bachelor or Master of Accounting programme of the university were volunteers for the pilot survey. The volunteers were mature students from Mainland China, but who have resided and worked in Hong Kong for more than seven years. They originate from different parts of China, ranging from Dongbei region, Beijing, Shandong region, Wunan region, and Jiansu region. They intermittently go back to China for short visits and were therefore familiar with the contemporary situation in China.

### **6.4.2. Interview**

The students' name list was generated from the DUFE student files of which the researcher is programme leader for both the Master and Bachelor programmes. The respondents were approached by phone and were invited for an interview. Once the respondent agreed to the interview, the time, date and venue were arranged. The interviews were carried out either at the respondent's office or at student meeting room in HKU.

During the interview, the respondents were briefed by the researcher on the reason for the interviews and they were given the consent form to sign.

## Exhibit 7. Sample of Questionnaire in Chinese for Pilot Study

### 项目名称: 产地对中国消费者购买行为的影响

诚邀您参加消费者购买电视机和茶的习惯的调查, 此项调查主要目的是找出消费者最喜欢的电视机及茶的品牌、销售价格及原产地。

此项调查是由澳大利亚 Macquarie 大学的博士生李先生负责 (香港联络电话: 852 2867 8490), 由澳大利亚 Macquarie 大学商业部博士学部主任唐教授监督 (澳大利亚联络电话:(612) 9850 9042, 电子邮箱递: Yiming.Tang@mgsu.edu.au)

### 消费者调查

项目名称: 原产地对中国消费者购买决定的影响

### 调查目的

此调查的目的主要为探究各地区消费者在产品原产地及民族优越感的关系上如何影响他们对产品品质的接受程度及购买意愿。研究主要为测试各地区消费者的购买行为及决策模式, 透过不同的因素 ...

### 调查过程

此项调查需时大约 30 分钟。调查开始后, 各参与者会被派发一份分为三部份的问卷及二套问题卡 ...

### 第一部份

请仔细阅读每题问题并将答案以数字形式写在问题右面的空格内。当完成此部份后, 阁下将回答二套问题卡上的问题。

第一套问题卡是有关不同品牌电视机的资料, 第二套问题卡是有关不同品牌的茶叶或包的资料。每套问题卡各有 20 条问题, 请在每张卡上圈出你认为最适合的答案 (1 至 7)。

问题	答案 请将答案以数字形式填写
例子: 太阳在东方升起	1
1 是 2 否	
你是否在本地出生? (如广东, 苏州, 大连)	
1 是 2 否	

现在将会派发二套问题卡, 请在问题卡上填写你认为最适合的答案

### 电视机问题卡

请仔细阅读问题卡并在每张卡上圈出你认为最适合的答案 (1 至 7)。

### 卡 1

品牌	原产地	价格	维修保养	调音器类型	附有遥控器	屏幕大小	扩音器类型
TCL	深圳	1900	2 年	旋转式	有	29 吋	立体声

从以上各项, 我认为此产品品质属... (请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

你会否购买此产品? (请将答案圈出)

一定购买	可能购买	可能或不可能购买	可能不会购买	一定不会购买
1	2	3	4	5

They were then asked to fill the questionnaire, which included the following parts: (1) Filtering questionnaire; (2) Conjoint profile cards; (3) CETSCALE questionnaire; and (4) Demographic questionnaire. Exhibit 1 to 5 shows part of the questionnaire and Appendix



A shows the complete version.

After the respondent finished filling up the questionnaires, the interviewer engage in a casual conversation and the respondents were asked to give their candid comment about the interview process and about the questionnaire. The conversations were in Mandarin and the duration ranged from half an hour to two hours with different respondents. The researcher would take note on the major points that the respondents have commented and the comments from all the respondents were summarise into a reflection note. The reflection note can be found in Appendix A.

#### **6.4.3. Respondents' Comment**

The comments from interviews with the respondents were recorded and summarised (refer to Appendix 1). The comments mainly concentrated in two major areas - the conjoint profile card and the CETSCALE questionnaire. On the conjoint profile cards, the respondent's comments were as follows:

- ❖ There were too many cards and it can be confusing
- ❖ The question were too long and tiring
- ❖ They only realised what is asked after they filled in few cards
- ❖ They were not sure about the type of TV
- ❖ Tuner as a feature in the TV was no longer needed in China
- ❖ It would be better if there were reference to the famous tea production regions according to the tea type
- ❖ It would be better if there were pictorial depiction.

On the CETSCALE questionnaire, the commented as follows:

- They were not sure about the definition of region in the question
- They would be more loyal to a province rather than a city
- Availability of product would make more sense if it were referred to a larger area such as province rather than a city
- They would not stop buying products from other regions.

- They felt it to be confusing to circle and write the numeric answer as well in the questionnaire.

Based on the observations of the respondents' comments, the researcher identified areas in the questionnaire as well as the interview process that can be improved. These will be discussed in the next section.

#### **6.4.4. Improvement made to the Questionnaire**

After the initial interviews where feedbacks were sought from the respondents, the researcher identified a number of areas that can be improved in the questionnaire as well as to how the survey should be conducted bearing in mind the research instrument used can cause fatigue, confusion and disinterest among the respondents. The questionnaire therefore needs to be concise, clear without ambiguity, simple to understand and easy to fill.

In the first part of the questionnaire, for Q.3, "in the coming 5 years" has been changed to "in the coming 10 years". This is because the television being a durable product, in the consumer mind, they would perceive the product life of the television to be longer than 5 years. Moreover, some companies offer warranty up to five years. In view of this the researcher thought 10 years to be more appropriate.

In the conjoint profile cards section, one of the intrinsic cues - tuner option has been deleted. This is because at the time of the research, most television sets in China no longer needed the tuner to adjust for picture clarity as the reception technology has been vastly improved at the time of the research. The cue included tuner as it was adopted from previous study by Ettenson (1993) where at the period of his study, tuner was a major feature of a television set in Russia, Poland and Hungary. By reducing one cue, it also reduced the choice that respondent had to consider and thus help in reducing fatigue due to overwhelming choices. As shown in Exhibit 8, pictorial depiction of a television and tea were included in the profile cards as this would be more vivid and respondent would not have to imagine the type of television, but have a direct and clear reference to

the type of television and tea that they were dealing with.

**Exhibit 8.** Sample of Full Profile Conjoint Card

卡 1



产地	广州， 珠江三角洲
品牌	TCL
价格	人民币1600
维修保养	5 年
屏幕大小	29 吋
扩音器类型	单声

根据以上各项, 我认为此产品质量... (请将答案圈出)

非常差	差	稍差	一般	尚好	好	非常好
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定不会购买	可能不会购买	有可能购买也有可能不购买	可能购买	一定购买
1	2	3	4	5

Two additional cards showing all the information cues such as brand name, Region of Origin, price, etc. were added. These additional cards depicting all information of the products enabled the respondent to have a bird-eye's view of the products and also refresh their memory on the information that are needed for making individual decisions. The Exhibit 9 below shows the additional card for the T.V. conjoint profile cards. By adding the extra cards, it enabled the respondent to face a survey environment that is similar to the actual buying situation in a store where consumers can compare the information of the products and rely on the extrinsic cue as well as intrinsic cues in their complex decision-making and buying behaviour.

It is believed that these improvements in the research instrument and questionnaire also solved one of the impending problems of conjoint profile cards method where the criticism was about being bombarded with too many cards and information without

Exhibit 9. Sample of Bird-eye's View Card

电视产品的因素细分表				
品牌	(一) 松下, Panasonic	(二) 索尼, SONY	(三) 长虹, CHANGHONG	(四) TCL
生产地	(一) 苏州, 长江三角洲	(二) 成都, 西南地区	(三) 青岛, 东北地区	(四) 广州, 珠江三角洲
	(一) 人民币 1600	(二) 人民币 2000	(三) 人民币 2500	
维修保养	(一) 2 年	(二) 5 年		
屏幕大小	(一) 25 吋	(二) 29 吋		
扩音器类型	(一) 单声	(二) 立体声		

knowing the full picture. Indeed in the pilot survey, the respondents did comment that they only became clearer about the full picture after they filled in the first few cards. In other words, the respondents were not clear initially and were only able to comprehend later after filling in more cards. This means that the decision made on the earlier cards were estimates and thus rendered the whole result inaccurate. By adding the two additional cards, it would ensure that the respondents knew all the information of the products beforehand and avoid estimates in making buying decision as well as evaluating the perceived quality of the products.

On the modified 10-item CETSCALE questionnaires, beside the words local market and local region (refer to Exhibit 10), the indicative cities were removed and replaced by region e.g. Northeastern region. This is because a person from Dalian while considering region would think of themselves as North-Easterner as they consider themselves as part of a bigger region encapsulate many other cities in the Northeast region which have the common culture, food, language and ancestor. The same extended to a person from Guangzhou who would be more inclined to consider themselves as a Southerners or at a regional perspective from Guangdong/Guangfu. Other than the localness, another problem as per the comments of the respondents was that a city would not be able to produce all the different types of tea as well as T.V. This had led to one-sidedness in answering the questionnaire as reference to cities was always thrown up product availability in those cities. However, they have no problem about product availability concerning a larger region. Operationally, the name of the city which was initially added to serve as an indication of localness had in fact created confusion and lead to a very narrow interpretation of region. This created a distort result in the questionnaire.

**Exhibit 10.** Sample of CETSCALE Question

请仔细阅读问题并圈出您认为最适合的答案。完成此部份后, 请继续第三部份。																				
<p>例子. 今天是晴天。</p> <table> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> <tr> <td>非常不同意</td> <td>不同意</td> <td>有点不同意</td> <td>既不同意 也不反对</td> <td>有点同意</td> <td>同意</td> <td>非常同意</td> </tr> </table>							1	2	3	4	5	6	7	非常不同意	不同意	有点不同意	既不同意 也不反对	有点同意	同意	非常同意
1	2	3	4	5	6	7														
非常不同意	不同意	有点不同意	既不同意 也不反对	有点同意	同意	非常同意														
<p>1. 只有本地(东北地区)市场不供应的产品才需要由其它地区进口?</p> <table> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> <tr> <td>非常不同意</td> <td>不同意</td> <td>有点不同意</td> <td>既不同意 也不反对</td> <td>有点同意</td> <td>同意</td> <td>非常同意</td> </tr> </table>							1	2	3	4	5	6	7	非常不同意	不同意	有点不同意	既不同意 也不反对	有点同意	同意	非常同意
1	2	3	4	5	6	7														
非常不同意	不同意	有点不同意	既不同意 也不反对	有点同意	同意	非常同意														

In the CETSCALE and the demographic questionnaire, the request for respondent to write the number is deleted (refer to Exhibit 4 and 5). In the revised version, the respondent only needed to circle the answer. This change was intended to reduce the respondent's confusion and furthermore reduce the duration to complete the questionnaire.

Lastly, another observation was that most of the respondents tend to tick the answer toward the central i.e. from 1 to 7 they tend to tick 3 to 5. To reduce this bias in tendency toward central, the interviewer were to remind the respondents that they need not answer toward the centre, and they can always fill in either 1 or 7 if they felt strongly about a question.

A whole set of revised questionnaires were tested by using two volunteers in the same Master's programme to test the time length and ease of the task. Their feedbacks were positive and they felt that the questions are much clearer and easy to comprehend. They both felt that there were many improvements from the initial questionnaire.

## **6.5. MAIN STUDY AND THE DATA COLLECTION METHOD**

### **6.5.1. Sampling Plan**

The population for this research was the consumers in the city of Dalian, Guangzhou and Suzhou who had shown intention to purchase television set and tea. The research sites were chosen based on the different geographic region which portrayed a disparity in economic growth as well as household income. The cities chosen were considered second tier cities except Guangzhou. In comparing this to the first-tier, these inner cities with mainly domestic population are consider more representative of population pattern of the respective region. Guangzhou was chosen because traditionally, it has always been a window to the international trading, and despite rapid modernisation, the city has retained more of its local character in terms of consumer mind-set.

The city of Dalian with population of 6 million located in the North-eastern region of China, Suzhou with 5.9 million in the Yangtze Delta Region and Guangzhou with 9.94 million in the southern coastal region. These regions have a high urbanisation rate as well as being distinct in their language, culture and economic development (Refer to sections 2.8 – 2.10.2 in Chapter 2). The local dialect in Dalian is Mandarin, Suzhou is Wu and Guangzhou is Cantonese. The more advanced regions are the southern coastal region and

the Yangtze Delta region with the northeast trailing behind. Referring to Table 8, the ownership of television sets and household that consumed tea is over 90% in these regions. In the major cities of these regions, the figures would clearly be higher. The condition above makes these regions and the cities suitable for our study of the effect of ROO cue and regioncentrism tendencies since the environments within these regions are varied.

The sampling frame was those consumers who were local, had resided in the city or region for 10 years, showing intention to purchase a television set and tea. The subjects were the public at large visiting the shopping mall. A quota sampling method was used in choosing the sample. The residency requirement was necessary in this study because one of the objectives of this study is to find out whether the consumers in the regions being researched showed regioncentric tendencies. Studies have shown that the longer a person has resided in a particular region, the higher the sense of community attachment and social participation, thus developing a strong sense of ethnocentrism feeling toward the region (Kasarda and Janowitz, 1974; Sampson, 1988; Van Ittersum, 2001).

#### **6.5.2. Data Collection Method – Mall Interception**

In the main survey, the mall intercept method was employed in the cities of Dalian, Guangzhou and Suzhou in China. Mall intercept method has been criticised for being demographically skewed, high non-response rate and respondents not necessarily being representative of the areas they are in. Therefore, careful planning of the mall interception was necessary. To ensure that the respondents were representative of the area they were in, a qualifying measure similar to the quota sampling technique was used. Respondents needed to fulfil a minimum 10-year residency requirement and at least show intention of buying either television set or tea. To ensure that the data collection was not demographically skewed, selection of the shopping malls that are generic with many product and service offering was crucial (Sudman, 1980).

Unlike regional shopping malls in western countries which are more spread out and upscale in the suburban areas with specific product offering such as fashion products and

with specific clientele (Solomon, 1993; Burns and Warren, 1995), the shopping malls in this research were carefully selected to be located in the inner city of the Central Business District. These areas usually consist of a high density of shopping malls within the same street or adjacent streets. Within the parameter of these streets, usually a pedestrian area, upscale shopping malls and generic shopping malls, which sell foreign and local products, are located side by side. Local consumers of all walks of life frequent these open areas to buy durable goods as well as everyday shopping items. Box (CRT) television sets and tea can be easily found in shopping malls in the CBD areas.

Information about the characteristics of the shopping malls in each city was gathered from colleagues and research assistants working in the local universities and only the main shopping mall where the local people frequented were selected. A common characteristic was that most of the Chinese cities would have similar town planning with shopping malls within a pedestrian area.

In Dalian, the Shopping mall chosen was Dalian Market located in Jiefang Street and Zhongshan Road, which is in the downtown area. The Dalian Market is surrounded by a variety of shopping malls and shops that sell fashionable goods, durable goods, electronics as well as daily necessities (Jiefang Street Shopping Area n.d.). Exhibit 11 shows the location of the Mall and photos can be found in Appendix C.

**Exhibit 11.** Survey Site Map - Dalian



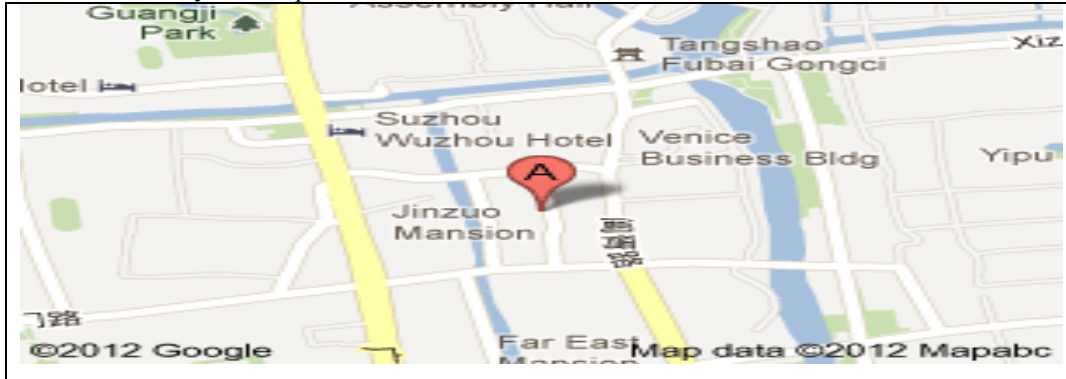
Source: Google Map

In Suzhou, there are two major pedestrian areas where the shopping malls are located, one in the Guanqian Shopping Street, and the other is Shilu Shopping Street. The Shilu



International Shopping was chosen because the concentration of local consumers is high compared to the Guanqian Shopping Street, which mainly caters for the young, more affluent consumers and tourists. Exhibit 12 shows the location of the Mall and photos can be found in Appendix C.

**Exhibit 12.** Survey Site Map - Suzhou



Source: Google Map

In Guangzhou there are also two major areas for shopping by the locals, the Tianhe New Shopping Area and Beijing Road Shopping Area. The shopping mall selected was Guangzhou Department Store (GrandBuy).

**Exhibit 13.** Survey Site Map - Guangzhou



Source: Google Map

The shopping mall was selected because it was identified as a place where the locals frequent and buy their products from, whereas the Tianhe New shopping area caters for the younger, more affluent locals and non-locals. The Tianhe New Shopping Area sells mainly Hong Kong fashionable products (Guangzhou/Famous Shopping Street n.d.)

Exhibit 13 shows the location of the Mall and photos can be found in Appendix C.

### **6.5.3. Selection and Training of Interviewers**

As mall interception survey relied very much on the interviewer's skill and motivation in getting the respondents to participate in the survey, interviewers at the undergraduate level who have previous experience in mall interception survey were recruited. For the survey in Dalian, four post graduate students were selected from the Dongbei University of Finance and Economics, in Suzhou, four third year undergraduates and a post-graduate research assistants from Suzhou University and for Guangzhou, four third and fourth year students from Zhongshan University and a post-graduate research assistant from Dalian were employed. Although all of them had prior experience in mall interception survey, training was provided. One week before the actual mall interception, a movie clip which was produced earlier in Hong Kong demonstrating the method and the skills needed to complete a mall intercept interview was e-mailed to the interviewers. On the day of the mall interception survey, a one-hour role play and lecture on the do and don't of interviews were conducted to ensure that the interviewers understood the task needed in the mall interception interview. The training is important, previous researches have shown that the interviewers' prior experience and training before and during the survey had affected the data quality, length of the interview and response rate (Jacques and Geert, 1988; Olson and Peytchev, 2007).

### **6.5.4. Reduced Non-Response Rate**

Incentive is a tactic to reduce the non-response rate (Bush and Hair, 1985; Hair et al., 2006), and in this study, incentives such as a free ballpoint pen and a lucky draw were employed. Respondents were warmly greeted by the interviewers and were given a pen if they were willing to accept the interviews. The respondents would use the pen they received to fill in the answer. This strategy of reward proved to be effective in reducing the non-response rate. After they completed the questionnaire, they were invited to take part in a lucky draw. However, most respondents in the three cities viewed the lucky draw with scepticism and quite a number of them refused to take part in it.

Another tactic of reducing the non-response rate was by using the local university tag. The showing of the tag identifying the interviewers as university students were important as respondents were more empathetic toward students than to professional commercial interviewers. Furthermore, it provides legitimacy to the research. However, some respondents from Suzhou viewed the tags with scepticism and asked to see the interviewers' university student cards. This phenomenon did not occur in two other cities. It suggested that either the respondents in Suzhou were inherently suspicious of this type of activities due to past experience, or they were simply more inquisitive.

#### **6.5.5. Selection of Location within the Shopping Mall**

To avoid sample bias, Sudman (1980) provided guidelines to avoid conducting the mall interception in one location only within the shopping centre. Instead, several locations at the shopping mall should be considered. This is because there might be a situation where one entrance of the shopping mall is mainly used by consumers who drive in, and the other entrance by those taking public transport. Though this phenomenon is not common in the shopping malls of China, however, guidelines of interviewing in several locations were followed. This was because it was observed that as the shopping mall was larger, shoppers used different entrances depending on their public transport route stops from different points of the city. There might be a tendency that for example the east entrance to the shopping mall were mainly used by those residents residing in the east side of the city and west entrance mainly by residents of the west side of the city. A further check on the bus routes on both sides of the entrance confirmed this suspicion. Hence to avoid skew interview of a single sample of respondents, interviews were conducted near different entrances as well as the resting areas inside the shopping mall. The interviewers were requested not to position themselves in one location, but to move to different locations in the shopping mall.

#### **6.5.6. Date and Time of Conducting the Mall Intercept Survey**

The date and time of conducting the survey are crucial as it may cause sample bias

because the characteristics of the shopper vary according to the seasons of the year, days of the week, and whether there were any special events or sales promotion (Sudman, 1980). Unlike the shopping malls in the west where they cover large areas selling all the daily necessities as well as cinema within their vicinity, the shopping mall selected were mainly selling durables with only a small section selling daily necessities. Moreover there weren't any seasonal effects on the characteristics of the consumers and the purchase decisions they take. The mall intercept surveys were carried out during July 2007 in Dalian, August 2007 in Guangzhou and September 2007 in Suzhou.

On the times and days of the week, more housewives visit the shopping mall during working days and working hours, therefore, to reduce the sample bias, the mall interception surveys were conducted after office hours and on weekends.

#### **6.5.7. The Interview Process**

Shoppers were approached and verbally asked questions about length of residency and purchase intentions. Those who qualified as respondents were informed of the nature and objective of the survey. They were presented with a pen as gift to encourage them to join in the survey. Those respondents who were willing to participate in the survey were shown the tables with the conjoint attributes and a map showing different regions of China. They were told to imagine that they were selecting a colour television set and tea for themselves or their family. When the respondents indicated that they understood the requirement, they were given the survey questionnaire, which included the orthogonally designed conjoint profiles, the CETSCALE questions and question on demographics to fill in the answers (refer to Appendix B). The respondents were reminded that from the 7-point scale in the questionnaire, they could always fill in the answers in either of the extremes, which are circle 1 or 7 and need not to be apologetic about it. This was important as to avoid the answer being biased as respondents have a tendency to circle those answers toward the middle.

Once they had completed the surveys, they were invited to join in the lucky draw. On an average, the respondents took about 20 - 25 minutes to complete the task. There were 150

sets of questionnaires for each city, and the interviews were carried out over three days, which gave the interviewers ample time to obtain respondents to complete the questionnaires.

The interviewers were carefully selected with the help of local academics who are professors in the local university. They were briefed by their professors not to engage in dishonest tactics such as filling in the questionnaires by their fellow students or friends. During the training sessions, the interviewers were told by the researcher that the mall survey should be voluntary, and that respondents should not be pressurised to complete the questionnaires against their will. The researcher and his assistants did spot-check on the interviewers' progress so as to ensure the respondents were genuine shoppers.

#### **6.5.8. Sample Size**

There were altogether 450 interviews in the three cities, Dalian, Suzhou and Guangzhou. In each city, 150 interviews were conducted. The mall intercept method adopted a convenience sampling with qualifying variables such as residency requirement and product purchase intention. The interviewers were briefed during the training session to approach shoppers in the age range of 25 to 55. The interviewers were also told to approach a mixture of male and female shoppers. They were not required to maintain the 50:50 ratios to reflect the gender characteristic of the shoppers in these shopping malls. They would approach the next potential respondent only when the current respondent had completed the survey questionnaire and they were not to select potential respondents based on their attire. As the survey is voluntary and the interviewers did not require the respondents to complete the whole set of questionnaire, the actual usable data will be slightly less than 150 (refer to section 6.7). The next chapter will elaborate demographic characteristics of respondents and the number of usable questionnaires.

## **6.6. ETHICAL ISSUES**

Ethical approval was sought and obtained by the Macquarie University Ethical Committee. In the survey, guidelines were followed and measures were taken so that there was no undue pressure on the respondents in completing the survey and also no manipulative or unethical methods used for data collection. The researcher filled in the application form, received and addressed the comment from Ethics Review Committee. After fulfilling the requirement of the Ethics Review Committee, approval was granted in 29<sup>th</sup> January 2006 and the reference number for the Ethical Review was 25NOV2005-D04375. The researcher will have a period of 5 years from the date of approval to initiate the conducting of field research and it needs to be renewed yearly until the survey is conducted. The Ethical approval was renewed once for the year 2007 and the research was conducted at the end of 2007. The Ethical approval document can be found in Appendix D.

## **6.7. PROCESSING OF DATA**

When the mall interception survey was completed in each city, the interviewers were gathered in the hotel where the researcher stayed and each of the interviewers would hand in the questionnaires. The questionnaires were packed in a luggage and were transported back to Hong Kong. Research assistants were employed in Hong Kong to input the data from the questionnaire to the SPSS database. Each set of questionnaire was checked to ensure that all parts of the questionnaire were filled and usable. The final usable questionnaires were Dalian, 145, Suzhou 142 and Guangzhou 143. Data from the questionnaires were input to the SPSS database for analysis.

## **6.8. CONCLUSION**

In both pilot study and the main study sections of this study, research design which included the stimuli, product category, dependent and independent variables, data collection method, pilot study, research instrument, questionnaires, sampling plan,

research location and the interview process were presented in detail. The ethical issues and the limitation at the operational levels were also discussed.

The presentation was brief, thorough and practical avoiding unnecessary mathematical complications and excessive use of theoretical jargons. Graphic depiction of the location of the mall interceptions, the pros and cons, and the do and don't of mall interceptions method were also elaborated and discussed. This chapter therefore provided brief, yet detailed, and concise information on the actual surveys and their operational procedures. In doing so, it serves as the prelude to data analysis and findings in the next chapter.

## **CHAPTER 7 ANALYSIS**

### **7.1. INTRODUCTION**

This chapter serves to present the findings of the research on the relationship between the Region of Origin of the product together with other extrinsic and intrinsic product attributes on product evaluation and product choice. It also shows the findings on the degree of consumer's regioncentric tendency in each of the chosen regions within China, and the relationship between consumer ethnocentrism in relation to their product evaluation and product choice. The findings are presented in a report format. The details of the findings and results were numerous. As a result, the writing may sound repetitive in nature, which is inevitable in this type of multi-cue analysis. Discussion and overview of the findings will be presented in the last chapter.

Firstly, as the data collection is mall interception survey, the respondents' profile which records the characteristics of the respondents in the main survey in the three selected cities were present in a table with descriptive statistics relating to the study. The respondents' profile provided a bird eye view of the general characteristics of consumers who frequent the shopping malls in the selected cities.

Secondly, a brief overview of main statistical procedures that were used to analyse the data, namely full-scale conjoint analysis, analysis of variance, reliability test, principle component factor analysis, confirmatory factor analysis, utilities estimates will be presented.

Lastly, the results of these statistical tests will be presented in the order of appearance of the hypotheses. Due to the number and combination of the hypothesis, the presentation style in this chapter is in a straightforward report format, which only describes the procedure, measurement criteria and to report the findings with inferred conclusion according to the hypothesis.



## **7.2. RESPONDENTS' CHARACTERISTICS**

Mall interception survey was carried out in three cities, Dalian, Suzhou and Guangzhou. In each city, around 145 interviews were conducted and there were a total of 430 respondents in the three cities. Convenience sampling with qualifying variables such as 10-year residency requirement and intention to buy the product within the next 5 years were adopted. Selection of interviewees were random, the appropriate samples would be those interviewees who are preferably adults with consumption ability. Age is not a concern. However, interviewers were briefed not to select those interviewees who are teenagers. To ensure the right respondents were selected, counter checks were in place under the professional section in which information about the interviewees' profession served as a cross check to confirm the working status of the interviewees.

Based on the usable data, the results presented in Table 14, the male to female ratios of Guangzhou is 50.3% : 49.7%; Dalian 38.6% : 61.4% ; and Suzhou 57.7% : 42.3%. This showed that there are slightly more female shoppers in the Dalian survey, whereas the other 2 cities, the male to female ratio is about the same. In terms of marital status, there were more singles in Guangzhou survey (67%) whereas the ratios of married to unmarried respondents were about the same. As far as the level of education is concerned, all three cities have similar patterns where majority of the respondents were either diploma holders or degree holders. Again, in terms of profession, majority of them are in the category of white collar and were either professionals, in supervisory levels or sole proprietors. In terms of income, Guangzhou and Dalian patterns were quite similar with those with family income of Rmb 5001-10000 being the least and more than 20% earning Rmb 10001 and above. For Suzhou, the pattern was those families earning from Rmb 500 – 2000 made up to 15%, whereas the other category were quite average.

**Table 10.** Respondents' Profile

<b>Respondents' Profile</b>	<b>Dalian</b>		<b>Suzhou</b>		<b>Guangzhou</b>	
<b>Gender</b>	Frequency	%	Frequency	%	Frequency	%
<b>Male</b>	56	<b>38.6</b>	82	<b>57.7</b>	72	<b>50.3</b>
<b>Female</b>	89	<b>61.4</b>	60	<b>42.3</b>	71	<b>49.7</b>
<b>Total</b>	145	<b>100</b>	142	<b>100</b>	143	<b>100</b>
<b>Marital Status</b>	Frequency	%	Frequency	%	Frequency	%
<b>Single</b>	74	<b>51.0</b>	65	<b>45.8</b>	96	<b>67.1</b>
<b>Married</b>	71	<b>49.0</b>	77	<b>54.2</b>	47	<b>32.9</b>
<b>Total</b>	145	<b>100</b>	142	<b>100</b>	143	<b>100</b>
<b>Education Level</b>	Frequency	%	Frequency	%	Frequency	%
<b>Junior Secondary</b>	10	<b>6.9</b>	16	<b>11.3</b>	9	<b>6.3</b>
<b>Senior Secondary</b>	32	<b>22.1</b>	30	<b>21.1</b>	36	<b>25.2</b>
<b>Diploma Level</b>	37	<b>25.5</b>	46	<b>32.4</b>	51	<b>35.7</b>
<b>Bachelor Degree</b>	44	<b>30.3</b>	37	<b>26.1</b>	41	<b>28.7</b>
<b>Master Degree</b>	16	<b>11.0</b>	9	<b>6.3</b>	3	<b>2.1</b>
<b>Doctoral Degree</b>	1	<b>0.0</b>	2	<b>0.0</b>	0	<b>0.0</b>
<b>Others</b>	5	<b>3.4</b>	2	<b>1.4</b>	3	<b>2.1</b>
<b>Total</b>	145	<b>100</b>	142	<b>100</b>	143	<b>100</b>
<b>Profession</b>	Frequency	%	Frequency	%	Frequency	%
<b>Head of Department or government office</b>	9	<b>6.2</b>	6	<b>4.2</b>	2	<b>1.4</b>
<b>Managerial Level</b>	11	<b>7.6</b>	18	<b>12.7</b>	13	<b>9.1</b>
<b>Company Owner</b>	6	<b>4.1</b>	10	<b>7.0</b>	6	<b>4.2</b>
<b>Professionals</b>	37	<b>25.5</b>	18	<b>12.7</b>	29	<b>20.3</b>
<b>Supervisory Level</b>	30	<b>20.7</b>	26	<b>18.3</b>	25	<b>17.5</b>
<b>Sole proprietor</b>	21	<b>14.5</b>	19	<b>13.4</b>	27	<b>18.9</b>
<b>White collar</b>	18	<b>12.4</b>	24	<b>16.9</b>	27	<b>18.9</b>
<b>Blue collar</b>	4	<b>2.8</b>	16	<b>11.3</b>	9	<b>6.3</b>
<b>Farmer</b>	3	<b>2.1</b>	1	<b>0.7</b>	0	<b>0.0</b>
<b>Workers</b>	6	<b>4.1</b>	4	<b>2.8</b>	5	<b>3.5</b>
<b>Total</b>	145	<b>100.0</b>	142	<b>100.0</b>	143	<b>100</b>
<b>Family Income</b>	Frequency	%	Frequency	%	Frequency	%
<b>Rmb 500 - 1000</b>	16	<b>11.0</b>	7	<b>4.9</b>	18	<b>12.6</b>
<b>Rmb 1001 - 2000</b>	24	<b>16.6</b>	13	<b>9.2</b>	16	<b>11.2</b>
<b>Rmb 2001 - 3000</b>	30	<b>20.7</b>	19	<b>13.4</b>	21	<b>14.7</b>
<b>Rmb 3001 - 4000</b>	18	<b>12.4</b>	29	<b>20.4</b>	19	<b>13.3</b>
<b>Rmb 4001 – 5000</b>	17	<b>11.7</b>	22	<b>15.5</b>	24	<b>16.8</b>
<b>Rmb 5001 – 10000</b>	10	<b>6.9</b>	25	<b>17.6</b>	11	<b>7.7</b>
<b>Above Rmb 10001</b>	30	<b>20.7</b>	27	<b>19.0</b>	34	<b>23.8</b>
<b>Total</b>	145	<b>100.0</b>	142	<b>100.0</b>	143	<b>100.0</b>

### **7.3. PROCEDURES**

The initial procedure consists of two stages. In the first stage, Full Scale Conjoint analysis was used to examine the existence of relationships between the Region of Origin cue and other cues which are either extrinsic or intrinsic in nature with consumer perceived product quality and product choice. The products used for this study being television and tea. Based on previous researches, the extrinsic cues identified for the television were Region of Origin, Brand-name, Price and Warranty while the intrinsic cues identified were Speaker type and Screen size. For Tea, the extrinsic cues identified were Region of Origin, Brand-name and price while the intrinsic cues identified were aroma, colour of tea and package. In the second stage, Univariate Analysis of Variance was used to examine the interaction effect between the Region of Origin cue and other extrinsic cues and intrinsic cues.

The second procedure included three stages. First, the Internal Consistency reliability test was conducted using SPSS software to test the Cronbach's alpha, which is the common form of internal consistency reliability coefficient. Second, Confirmatory Factor analysis was conducted using SPSS AMOS to check/test the Goodness-of-Fit of the Scale used in investigating the consumers' Regioncentrism. The test sought to find the Unidimensional structure of the modified 10-item CETSCALE. Third, principal component analysis was conducted to determine the number of factors where their eigenvalues were statistically significant.

The third procedure included two stages. First, the consumers' Regioncentrism tendency was determined by checking against the average score in the modified 10-item CETSCALE. Second, utilities estimate of the product's region of production were compared to find out whether those regioncentric consumers would prefer product of their own region of residence in terms of product quality evaluation and product choice.

The purpose of using conjoint analysis in the first procedure was to conform to the multi-attributes method where a number of extrinsic and intrinsic cues were tested for their effect on consumers' decision-making and buying behavior. This was done by examining

the important values of each cue. After completing the first procedure, the second procedure was to check the internal consistency of the Scale (CETSCALE) used in this study. Once the scale is proved to be internally consistent, a further check on the “fit” of the modified CETSCALE was performed. As previous researches have shown that the modified CETSCALE may not be universally fit especially in a regional context (Thelen, 2003; Thelen, Ford and Honeycutt, 2006), the principle component analysis would need to be conducted to find those factors that are salient in the three regions in which surveys were conducted and to find out whether the factors for each region was the same. In the third procedure, the purpose was to examine whether the respondents in each region portrayed a tendency of consumer regioncentrism. If they indeed portrayed regioncentrism tendency, then further correlation test will be conducted to examine whether those who portray high consumer regioncentrism would have tendency to have higher preference for products that were manufactured or produced in local regions compared to products from other region. It was expected that the same would also apply when consumer evaluate the product quality.

The results of the various analyses were present in the order of appearance of the hypotheses and for the purpose of ease of testing of the hypotheses in this study; the hypotheses were presented in an alternate form. The significance level of each analysis in accepting the alternate hypotheses will be elaborate in the relevant section of the findings.

#### **7.4. CONJOINT ANALYSIS**

The following are the results of the Conjoint Analysis. The results of the test in three regions were present with the hypotheses by product category, by product quality evaluation and product choice. The result of the SPSS generated Conjoint Analysis data and Pearson's R in original form can be found in Appendix E and Appendix F respectively.

Conjoint Analysis was used for alternate hypotheses H1a.i to H4b.iii. The Pearson's R for Dalian is 0.993, Suzhou 0.945 and Guangzhou 0.972, which shows the model fit the data well as the Pearson's R for the three regions under consideration were very high.

The results of testing the impact of extrinsic cues and intrinsic cues on consumers' evaluation of product quality for television set are shown in Table 15.

### **Evaluation of Product Quality for Television Set**

#### **Extrinsic Cues**

H1a.i: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Region of Origin as one of the major indicators of product quality as well as the most important indicator.

Conjoint analysis showed that relative importance value of the extrinsic cue "Region of Origin" for Dalian is about 15%, Suzhou 22% and Guangzhou 16%. We therefore can conclude that the percentage of the relative importance value of Region of Origin on the judgement of quality was high for the three regions. This supports the part of hypothesis that consumers do rely on the Region of Origin as a major indicator for product quality. However, in comparison with other extrinsic and intrinsic cues, the Brand name has the highest percentage of relative importance value. Therefore, the part of the hypothesis where Region of Origin was the most important indicator was not supported. Overall, the hypothesis H1 a.i was not supported.

H1a.ii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Brand-name as one of the major indicators of product quality as well as the most important indicator.

The relative importance of value of the extrinsic cue "Brand-name" for Dalian is 63%, Suzhou 38% and Guangzhou 58% respectively. In comparison with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value for all the three regions. Therefore it can be concluded that as the percentage of the relative importance value of Brand-name on the judgement of quality was the highest among the three

regions, as well as the highest among the extrinsic and intrinsic cues, the hypothesis H1a.ii was supported.

H1a.iii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Price as one of the major indicators of product quality as well as the most important indicator.

The relative importance value of the extrinsic cue “Price” for Dalian is about 2%, Suzhou 14% and Guangzhou 12%. The percentage of the relative importance value of Price on the judgement of quality was high only in Suzhou and Guangzhou and not Dalian. Price was only important in two out of the three regions. Price as a major indicator for product quality was inconclusive. In comparison with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value. Therefore, H1a.iii was not supported.

H1a.iv: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Warranty as one of the major indicators of product quality as well as the most important indicator.

The relative importance value of the extrinsic cue “Warranty” for Dalian is about 4 %, Suzhou 11% and Guangzhou 1%. Warranty was the least important among the extrinsic cues. Therefore, this hypothesis that purported Warranty as a major indicator as well as the most important indicator for product quality was not supported. Furthermore, since Brand-name has the highest relative importance value, therefore, H1a.iii was not supported.

### **Intrinsic Cues**

H2a.i: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on intrinsic cue, Speaker Type as one of the major indicators of product quality as well as the most important indicator.

Conjoint analysis showed that relative importance value of the intrinsic cue “Speaker Type” for Dalian is about 11%, Suzhou 8% and Guangzhou 10% respectively. In comparison to the importance value of other extrinsic cues, Brand-name (>38%) and Region of Origin (>14%), the Speaker Type seems to be low in the importance values amongst the intrinsic and extrinsic cues. Therefore, it can be concluded that as the

percentage of the relative importance value of Speaker Type on the judgement of quality were low and that Brand-name had the highest relative importance value, the hypothesis H2a.i the consumers relied on the Speaker Type as a major indicator for product quality as the most important indicator was not supported.

H2a.ii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on Intrinsic cue, Screen Size as one of the major indicators of product quality as well as the most important indicator.

The relative importance value of the intrinsic cue “Screen Size” for Dalian is about 5%, Suzhou 6% and Guangzhou 4%. Given that the importance value of other the extrinsic cues, Brand-name (>38%) has the highest relative importance value and Region of Origin (>14%) second. Screen Size importance values was the least among the cues. Therefore, the hypothesis H2a.ii the consumers relied on the screen size as a major indicator was partially supported but the contention that it is the most important indicator was not supported.

**Table 11.** Relative Importance Values on Product Quality Evaluation

Product: T.V.						
Relative Importance Values on Judgement of Quality						
	Dalian	Pearson's R	Suzhou	Pearson's R	Guangzhou	Pearson's R
	n = 145		n = 142		n = 143	
<b>Extrinsic Cues</b>						
Region of Origin	14.784	0.993	22.421	0.945	15.740	0.972
Brand	63.482		38.207		58.118	
Price	2.240		13.977		11.814	
Warranty	3.841		10.753		0.605	
<b>Intrinsic Cues</b>						
Speaker Type	11.088	P <0.001	8.236	P <0.001	10.090	P <0.001
Screen Size	4.566		6.406		3.632	

- 1) All factors are orthogonal.
- 2) Pearson's R is the correlation between the observed and estimated preference and indicate how well the model fits the data.

## **Consideration of Product Choice for Television Set**

### **Extrinsic Cues**

The results of testing the impact of extrinsic cues and intrinsic cues on consumers'

product choice for television set are shown in Table 16.

H1b.i: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Region of Origin, as one of the major choice variable as well as the most important indicator in the intention to purchase.

Conjoint analysis showed that relative importance value of the extrinsic cue Region of Origin” for Dalian is about 10%, Suzhou 19% and Guangzhou 19%. Compared to other extrinsic cues, the percentage of the relative importance value of Region of Origin on the intention to purchase was high for the three regions. This supported the part of hypothesis H1b.i that the consumers relied on the Region of Origin as a major indicator for product choice. However, as Brand-name has the highest relative importance value, the part of the hypothesis where Region of Origin was the most important indicator was not supported. Overall, the hypothesis H1b.i was not supported.

H1b.ii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Brand Name as one of the major choice variables as well as the most important indicator in the intention to purchase.

The relative importance value of the extrinsic cue “Brand-name” for Dalian is about 72%, Suzhou 52% and Guangzhou 68%. In comparison with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value for the three regions. Therefore, the hypothesis H1b.ii was supported. Overall, the consumers do rely on the Brand-name as a major indicator as well as the most important indicator for product choice.

H1b.iii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Price as one of the major choice variables as well as the most important indicator in the intention to purchase.

The relative importance value of the extrinsic cue “Price” for Dalian is about 6%, Suzhou 3% and Guangzhou 1%. Brand-name has the highest relative importance value and the relative importance value of Price on the intention to purchase were the least among the extrinsic cues for the three regions. Therefore, the hypothesis H1b.iii that the consumers relied on the Price as a major indicator as well as the most important indicator for product choice was not supported.



H1b.iv: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the extrinsic cue, Warranty as one of the major choice variables as well as the most important indicator in the intention to purchase.

The relative importance value of the extrinsic cue Warranty for Dalian is about 4 %, Suzhou 8% and Guangzhou 3%, which on an average were the second lowest value among the extrinsic cues. As the Brand-name has the highest relative importance value, the hypothesis H1b.iv which purported that the consumers relied on the Warranty as a major indicator for product quality as well as the most important indicator was not supported.

### **Intrinsic Cues**

H2b.i: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the intrinsic cue, Speaker Type as one of the major choice variables as well as the most important indicator in the intention to purchase.

Conjoint analysis showed that relative importance value of the intrinsic cue “Speaker Type” for Dalian is 7%, Suzhou 12% and Guangzhou 8% respectively. In comparison with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value and Speaker Type is third in the importance value. It can be concluded that Speaker Type is one of the major indicators for intention to purchase. However, it was not the most important indicator. Therefore, H2bi was not supported.

H2b.ii: For hybrid product (T.V.) manufactured in different regions in China, consumers relied on the intrinsic cue, Screen Size as one of the major choice variables as well as the most important indicator for the intention to purchase.

Conjoint analysis showed that relative importance value of the intrinsic cue Screen Size for Dalian is about 2%, Suzhou 7% and Guangzhou 2%. The relative importance values of the three regions were low. In comparison with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value. Therefore, the hypothesis H2b.ii that consumers relied on the Screen Size as a major indicator and that it is the most important indicator was not supported.

**Table 12.** Relative Importance Value on Product Choice

Product : T.V.						
Relative Importance Values on Intention to Purchase						
	Dalian	Pearson's R	Suzhou	Pearson's R	Guangzhou	Pearson's R
	n = 145		n = 142		n =143	
Extrinsic Cues		0.995		0.980		0.996
Region of Origin	9.726		18.918		18.589	
Brand	71.655		51.513		67.908	
Price	5.753		2.901		1.173	
Warranty	4.001		7.978		3.225	
Intrinsic Cues						
Speaker Type	6.956	P <0.001	11.852	P <0.001	7.588	P <0.001
Screen Size	1.908		6.838		1.518	

- 1) All factors are orthogonal.
- 2) Pearson's R is the correlation between the observed and estimated preference and indicate how well the model fits the data.

## **Evaluation of Product Quality for Tea**

### **Extrinsic Cues**

The results of testing the impact of extrinsic cues and intrinsic cues on consumers' product quality evaluation for tea set are shown in Table 17.

H3a.i: For hybrid product (Tea) produced in different regions in China, consumers relied on the extrinsic cue, Region of Origin as one of the major indicators of product quality as well as the most important indicator.

Conjoint analysis showed that relative importance value of the extrinsic cue "Region of Origin" for Dalian is about 24%, Suzhou 36 % and Guangzhou 29 %. The percentage of the relative importance value of Region of Origin on the judgement of quality was second to Brand name. This supports the part of hypothesis that consumers did rely on the Region of Origin as a major indicator for product quality. However, since the Brand-name has the highest percentage of relative importance, therefore, the part of the hypothesis where Region of Origin was the most important indicator was not supported. Overall, the hypothesis 3a.i was not supported.

H3a.ii: For hybrid product (Tea) produced in different regions in China, consumers relied on the extrinsic cue, Brand Name as one of the major indicators of product quality as well as the most important indicator.

The relative importance value of the extrinsic cue “Brand-name” for Dalian is about 56%, Suzhou 56% and Guangzhou 57 %. In comparison with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value for the three regions. Therefore, the hypothesis that consumers relied on the Brand-name as a major indicator as well as the most important indicator for product quality was supported.

H3a.iii: For hybrid product (Tea) produced in different regions in China, consumers relied on the extrinsic cue, Price as one of the major indicators of product quality as well as the most important indicator.

The relative importance value of the extrinsic cue “Price” for Dalian is about 7%, Suzhou 1% and Guangzhou 6%. In comparison with other extrinsic and intrinsic cues, the importance value of Price is low. Given that Brand-name has the highest relative importance value, the hypotheses that price as the major indicator for judgement of product quality were not supported. Furthermore, price as the most important indicator was also not supported.

### **Intrinsic Cues**

H4a.i: For hybrid product (Tea) produced in different regions in China, consumer relied on intrinsic cue, Aroma as one of the major indicators of product quality as well as the most important indicator.

Conjoint analysis showed that relative importance value of the intrinsic cue Aroma for Dalian is 6%, Suzhou 1% and Guangzhou 1%. In comparison with other extrinsic and intrinsic cues where Brand-name (>55%) has the highest relative importance value and Region of Origin (>23%) was the second Therefore, it can be concluded that the hypothesis H4a.i which implies that consumers relied on the Aroma as a major indicator for product quality as well as the most important indicator was not supported.

H4a.ii: For hybrid product (Tea) produced in different regions in China, consumer relied on intrinsic cue, Colour as one of the major indicators of product quality as well as the most important indicator.

The relative importance value of the intrinsic cue Colour for Dalian is about 4%, Suzhou 5% and Guangzhou 6% respectively. In comparison with other extrinsic and intrinsic

cues, Brand-name has the highest relative importance value and Region of Origin second. It can be concluded that as the percentage of the relative importance value of Colour on the judgement of quality were low, the hypothesis that the consumers relied on Colour as a major indicator as well as the most important indicator was not supported.

H4a.iii: For hybrid product (Tea) produced in different regions in China, consumer relied on Intrinsic cue, Packing Type as one of the major indicators of product quality as well as the most important indicator.

The relative importance value of the intrinsic cue Packing Type for Dalian is about 4%, Suzhou 1% and Guangzhou 1% respectively. The relative importance values of the three regions were low. In comparison with other extrinsic and intrinsic cues where brand-name has the highest relative importance value and Region of Origin second, the hypothesis that consumers relied on the Packing Type as a major indicator as well as the most important indicator was not supported.

**Table 13.** Relative Importance Values on Product Quality Evaluation

<b>Product : TEA</b>						
<b>Relative Importance Values on Judgement on Quality</b>						
	Dalian	Pearson's R	Suzhou	Pearson's R	Guangzhou	Pearson's R
	n = 145		n = 142		n =143	
Extrinsic Cues		0.955  P <0.001		0.994  P <0.001		0.994  P <0.001
Region of Origin	23.643		35.635		29.026	
Brand	55.576		56.266		57.438	
Price	7.425		1.159		5.780	
Intrinsic Cues						
Aroma	5.680		.563		0.845	
Colour	4.145		5.251		5.913	
Package	3.531		1.125		0.998	

- 1) All factors are orthogonal.
- 2) Pearson's R is the correlation between the observed and estimated preference and indicate how well the model fits the data.

### **Consideration of Product Choice for Tea**

#### **Extrinsic Cues**

The results of testing the impact of extrinsic cues and intrinsic cues on consumers'

product choice for tea set are shown in Table 18.

H3b.i: For hybrid product (Tea) produced in different regions in China, consumer relied on the extrinsic cue, Region of Origin as one of the major choice variables as well as the most important indicator in their intention to purchase.

Conjoint analysis showed that relative importance value of the extrinsic cue, “Region of Origin” for Dalian is about 19%, Suzhou 33% and Guangzhou 25%. As the percentage of the relative importance value of Region of Origin on the intention to purchase was high for the three regions, this supported the part of hypothesis where the consumers relied on the Region of Origin as a major indicator for product choice. However, compared with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value. Therefore, the part of the hypothesis where Region of Origin was the most important indicator was not supported. Overall, the hypothesis H3b.i was not supported.

H3b.ii: For hybrid product (Tea) produced in different regions in China, consumer relied on the extrinsic cue, Brand name as one of the major choice variables as well as the most important indicator in their intention to purchase.

The relative importance value of the extrinsic cue “Brand-name” for Dalian is about 62%, Suzhou 52% and Guangzhou 61%. In comparison with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value. Therefore, it can be concluded that, as the Brand-name was the major indicator as well as the most important indicator for product choice. The hypothesis H3b.ii was supported.

H3b.iii: For hybrid product (Tea) produced in different regions in China, consumer relied on the extrinsic cue, Price as one of the major choice variables as well as the most important indicator to their intention to purchase.

The relative importance value of the extrinsic cue “Price” for Dalian is about 9%, Suzhou 4% and Guangzhou 5%. In comparison with other extrinsic and intrinsic cues in the three regions, the importance value of price were low given that Brand-name has the highest relative importance value and Region of Origin was second. Therefore, it can be concluded that the hypothesis H3b.iii that Colour as the major indicators as well as the most important indicator for product choice was not supported.

### **Intrinsic Cues**

H4b.i: For hybrid product (Tea) produced in different regions in China, consumer relied on Intrinsic cue, Aroma as one of the major choice variables as well as the most important indicator in their intention to purchase

Conjoint analysis showed that relative importance value of the intrinsic cue Aroma for Dalian is 7%, Suzhou 3% and Guangzhou 1%. In comparison with other extrinsic and intrinsic cues in the three regions, the relative importance values of Aroma was low given that Brand-name has the highest relative importance value and Region of Origin second. It can be concluded that the hypothesis H4b.i where the consumers relied on the Aroma as a major indicator as well as the most important indicator for product choice was not supported.

H4b.ii: For hybrid product (Tea) produced in different regions in China, consumer on intrinsic cue, Colour as one of the major choice variables as well as the most important indicator in their intention to purchase.

The relative importance value of the intrinsic cue, Colour for Dalian is about 2%, Suzhou 3% and Guangzhou 6% respectively. In comparison with other extrinsic and intrinsic cues in the 3 regions, the relative importance values Colour was low given that Brand-name has the highest relative importance value and Region of Origin second. It can be concluded that the hypothesis H4b.ii where the consumers relied on the Colour as a major indicator as well as the most important indicator was not supported.

H4b.iii: For hybrid product (Tea) produced in different regions in China, consumer relied on intrinsic cue, Packing Type as one of the most important choice variables as well as the most important indicator in their intention to purchase.

The relative importance value of the intrinsic cue Packing Type for Dalian is about 1%, Suzhou 5% and Guangzhou 3% respectively. In comparison with other extrinsic and intrinsic cues, Brand-name has the highest relative importance value and Region of Origin second. The relative importance values of Packing Type for the three regions were low. Therefore, it can be concluded that the hypothesis H4b.iii where the consumers

relied on the Packing Type as a major indicator as well as the most important indicator was not supported.

**Table 14.** Relative Importance Values on Product Choice

<b>Product : TEA</b>						
<b>Relative Importance Values on Intention to Purchase</b>						
	Dalian	Pearson's R	Suzhou	Pearson's R	Guangzhou	Pearson's R
	n = 145		n = 142		n = 143	
Extrinsic Cues		0.968		0.984		0.990
Region of Origin	19.346		32.719		24.707	
Brand	61.771		52.417		60.730	
Price	9.380		4.097		4.521	
Intrinsic Cues						
Aroma	7.467		2.754		.956	
Colour	1.697	P <0.001	2.587	P <0.001	6.216	P <0.001
Package	.339		5.425		2.869	

- 1) All factors are orthogonal.
- 2) Pearson's R is the correlation between the observed and estimated preference and indicate how well the model fits the data.

## 7.5. ANALYSIS OF VARIANCE

The following are the results of the univariate analysis of the individual extrinsic cue and intrinsic. The results of the test in three regions were present with the hypotheses by product category, product quality evaluation and product choice.

The interaction effect is highly significant if the p value between the cues in two-way interaction test is at  $p=0.001$ . The mean square and the F values between the two attributes (cues) would indicate the general proportion of variance explained by the interaction effect. This level of significant is used as the full profile conjoint is orthogonally designed and theoretically, there should be no interaction between the cues.

The results of testing the interaction effect on extrinsic cues and intrinsic cues on consumers' evaluation of quality and product choice for the Television set and Tea are show in the tables below.

### **Interaction Effect between the Extrinsic Cues and Intrinsic Cues in Judgement of Quality**

H5: For hybrid product (T.V.) manufactured in different regions in China, there is no interaction effect between the extrinsic cues and the intrinsic cues in the consumer evaluation of product quality

Univariate analysis of variance was performed to investigate the interactions within the different extrinsic cues, between extrinsic and intrinsic cues and also within the various intrinsic cues.

Test between all the attributes (extrinsic and intrinsic cues) on 2-way interaction effect were found to be statistically not significant. A further test between individual attributes (cues) shown some interaction did exist (refer to Appendix G). These attributes (cues) were listed in table 19. However, the absolute value of the mean scores of these attributes (cues) was small, hence it can be concluded that only a very small proportion of the common variances is explained by these interactions.

Referring to Table 19, the interaction between the extrinsic cues Region of Origin x Price and Region of Origin x Warranty were found to be statistically highly significant ( $P < 0.001$ ) for Dalian, Suzhou and Guangzhou. The table only shows those extrinsic and intrinsic cues, which are significant in the 2-way interaction. The mean square value between Region of Origin x Price is 11.849, 4.397 and 29.915 while the mean square value between Region of Origin x Warranty is 28.114, 11.153 and 85.459 respectively.

Interaction effects were found between extrinsic and intrinsic cues. Two-way interaction was also there between Region of Origin x Speaker Type were found in Dalian, Suzhou and Guangzhou with mean square of 40.446, 16.352 and 111.545 respectively. Price x Speaker Type was found to be significant ( $P < 0.001$ ) in Suzhou. Price x Screen Size and Warranty x Speaker Type were found to be statistically significant ( $P < 0.001$ ) in Guangzhou with mean square value of 11.462 and 8.920 respectively. There was no interaction effect between the intrinsic cues, as the two-way interaction between the intrinsic cues was not found to be statistically significant.



Therefore, the hypothesis H5 that there is no interaction between the extrinsic cues and intrinsic cues in the consumer evaluation of product quality for the hybrid product TV was not supported. However, as the absolute value of interaction effects were minimal, it can be concluded that only a very small proportion of the common variances are explained by these interactions, it can be concluded that each of the variable or cue used in the conjoint analysis was orthogonal in design.

**Table 15.** Two-way interaction (Product Quality Evaluation)

<b>Product: Television</b>				
<b>Dalian</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
<b>Between Extrinsic Cues</b>				
Region x Price	6	11.849	10.046	0.001
Region x Warranty	3	28.114	23.973	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x Speaker Type	3	40.446	35.010	0.001
<b>Between Intrinsic Cues</b>				
<b>Suzhou</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
Region x Warranty	3	11.153	8.841	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x Speaker Type	3	16.352	13.034	0.001
<b>Between Intrinsic Cues</b>				
<b>Guangzhou</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
Region x Price	6	29.915	25.573	0.001
Region x Warranty	3	85.459	75.397	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x Speaker Type	3	111.545	101.337	0.001
Price x Screen Size	2	11.462	9.352	0.001
<b>Between Intrinsic Cues</b>				

H6: For hybrid product (Tea) produced in different regions in China, there is no interaction effect between extrinsic cues and intrinsic cues in the consumer evaluation of product quality

Test between all the attributes (extrinsic and intrinsic cues) on 2-way interaction effect were found to be statistically not significant. A further test between individual attributes (cues) shown some interaction did exist (refer to Appendix G). These attributes (cues) were listed in table 20. However, the absolute value of the mean scores of these attributes (cues) was small, hence it can be concluded that only a very small proportion of the common variances is explained by these interactions.

Referring to Table 20, two-way interaction between the extrinsic cues Region x Price and Brand x Price were found to be statistically significant ( $P < 0.001$ ) for Suzhou and Guangzhou. The mean square value between Region x Price are 6.763 and 11.458 while the mean square value between Brand x Price are 2.650 and 4.357 respectively. However, as the absolute values of the mean square is not high, and not uniform over the 3 regions, it can be concluded that only a small proportion of the common variance is explained by these interaction.

For the interaction effect between extrinsic and intrinsic cues, Price x Colour was significant ( $P < 0.001$ ) in Dalian, Suzhou and Guangzhou with mean square of 8.047, 8.046 and 11.110 respectively. Region x Colour, Region x Packing, Brand x Colour, Price x Packing in Suzhou were significant ( $P < 0.001$ ) with mean square of 3.864, 5.654, 4.755 and 18.810 respectively. Region x Colour, Region x Packing, Brand x Aroma, Brand x Colour and Price x Packing were significant ( $P < 0.001$ ) in Guangzhou with mean square 8.815, 7.392, 3.382, 3.685 and 29.026 respectively.

Interaction between the intrinsic cues Aroma x Packing was found to be statistically significant ( $P < 0.001$ ) for the three regions with mean square for Dalian, Suzhou and Guangzhou being 10.462, 30.307 and 27.743 respectively.

In conclusion, as the absolute value of these interaction effects were minimal, only a very small proportion of the common variances were explained by these interactions. Therefore, each of the variable or cue used in the conjoint analysis was orthogonal in design.

**Table 16.** Two-way interaction (Product Quality Evaluation)

<b>Product: Tea</b>				
<b>Dalian</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
<b>Between Extrinsic Cues</b>				
<b>Between Extrinsic and Intrinsic Cues</b>				
<b>Between Intrinsic Cues</b>				
<b>Suzhou</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
<b>Between Extrinsic Cues</b>				
Region x Price	6	6.763	7.603	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x Packing	3	5.654	6.298	0.001
Brand x Colour	3	4.755	5.484	0.001
Price x Colour	2	8.064	8.819	0.001
Price x Packing	2	18.810	20.783	0.001
<b>Between Intrinsic Cues</b>				
Aroma x Packing	1	30.307	33.357	0.001
<b>Guangzhou</b>				
Source of variation	DF	Mean Square	F	Sig.
2-Way Interaction				
<b>Between Extrinsic Cues</b>				
Region x Price	6	11.458	12.687	0.001
Brand x Price	6	4.357	5.055	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x colour	3	8.815	9.604	0.001
Region x Packing	3	7.392	8.045	0.001
Price x Colour	2	11.110	11.955	0.001
Price x Packing	2	29.026	31.705	0.001
<b>Between Intrinsic Cues</b>				
Aroma x Packing	1	27.743	29.902	0.001

### **Analysis of Variance: Testing of Interaction Effect between the Extrinsic and Intrinsic Cues for Product Choice**

H7: For hybrid product (T.V.) manufactured in different regions in China, there is no interaction effect between the extrinsic and intrinsic cues in the consumer intention to purchase.

Test between all the attributes (extrinsic and intrinsic cues) on 2-way interaction effect were found to be statistically not significant. A further test between individual attributes (cues) shown some interaction did exist (refer to Appendix G). These attributes (cues) were listed in table 21. However, the absolute value of the mean scores of these attributes (cues) was small, hence it can be concluded that only a very small proportion of the common variances is explained by these interactions.

Referring to Table 21, the two-way interaction between the extrinsic cues Region x Price and Region x Warranty were found to be statistically significant ( $P < 0.001$ ) for Dalian, Suzhou and Guangzhou. The mean square value between Region x Price is 8.954, 2.700 and 17.647 while the mean square value between Region x Warranty is 23.920, 4.290 and 49.696 respectively. In Suzhou, Brand x Warranty and Price x Warranty interactions were statistically significant ( $P < 0.001$ ) with mean square value of 4.795 and 5.149 respectively. In Guangzhou, Brand x Price interaction was significant ( $P < 0.001$ ) with mean square value of 4.620

Interaction effect between extrinsic cues and intrinsic cues were found to be significant ( $P < 0.001$ ) with Region x Speaker Type in Dalian, Suzhou and Guangzhou having mean square of 27.064, 8.2096 and 64.469 respectively. Price x Screen Size in Dalian was found to have a mean square of 4.669. Price x Screen Size, Price x Speaker Type and Warranty x Screen Size in Suzhou had a mean square value of 4.746, 4.169 and 5.799. Price x Screen Size and Warranty x Speaker Type in Guangzhou possessed a mean square value of 6.062 and 7.598 respectively.

Interaction within the intrinsic cues was not found to be statistically significant.

Overall, the hypothesis that there was no interaction effect between extrinsic and intrinsic cues was not supported. However, as the absolute values of the variables or cues that found to be significant were minimal. Only a very small proportion of the common variances were explained by these interactions, therefore, it could be concluded that each of the variable or cue used in the conjoint analysis was orthogonal in design.

**Table 17.** Two-way interaction (Product Choice)

<b>Product Choice: Television</b>				
<b>Dalian</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
Between Extrinsic Cues				
Region x Price	6	8.954	10.383	0.001
Region x Warranty	3	23.920	27.840	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x Speaker Type	3	27.064	31.847	0.001
<b>Between Intrinsic Cues</b>				
<b>Suzhou</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
Brand x Warranty	3	4.795	5.534	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x Speaker Type	3	8.209	9.437	0.001
<b>Between Intrinsic Cues</b>				
<b>Guangzhou</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
Region x Price	6	17.647	16.539	0.001
Region x Warranty	3	49.696	47.510	0.001
Brand x Price	6	4.620	4.622	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x Speaker Type	3	64.469	62.924	0.001
<b>Between Intrinsic Cues</b>				

H8: For hybrid product (Tea) produced in different regions in China, there is no interaction effect between extrinsic cues in the consumer intention to purchase.

Test between all the attributes (extrinsic and intrinsic cues) on 2-way interaction effect were found to be statistically not significant. A further test between individual attributes (cues) shown some interaction did exist (refer to Appendix G).

Referring to Table 22, the interaction between the extrinsic cues was found to be statistically significant ( $P < 0.001$ ). The mean square value between Region x Price for Dalian, Suzhou and Guangzhou were 2.530, 7.642 and 10.442 respectively. Brand x Price for Suzhou and Guangzhou were 3.762 and 2.382 respectively.

**Table 18.** Two-way interaction (Product Choice)

<b>Product: Tea</b>				
<b>Dalian</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
<b>Between Extrinsic Cues</b>				
<b>Between Extrinsic and Intrinsic Cues</b>				
Price x Colour	2	6.895	8.730	0.001
<b>Between Intrinsic Cues</b>				
<b>Suzhou</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
<b>Between Extrinsic Cues</b>				
Region x Price	6	7.624	9.695	0.001
Brand x Price	6	3.726	4.947	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x Aroma	3	4.619	5.789	0.001
Region x colour	3	4.539	5.688	0.001
Region x Packing	3	10.019	12.659	0.001
Brand x Colour	3	6.583	8.740	0.001
Price x Colour	2	12.685	15.587	0.001
Price x Packing	2	17.626	21.768	0.001
<b>Between Intrinsic Cues</b>				
Aroma x Packing	1	47.195	58.604	0.001
<b>Guangzhou</b>				
Source of variation	DF	Mean Square	F	Sig.
Two-Way Interaction				
<b>Between Extrinsic Cues</b>				
Region x Price	6	10.442	12.444	0.001
<b>Between Extrinsic and Intrinsic Cues</b>				
Region x colour	3	9.626	11.314	0.001
Price x Colour	2	13.725	16.034	0.001
Price x Packing	2	28.398	33.598	0.001
<b>Between Intrinsic Cues</b>				
Aroma x Packing	1	19.663	22.892	0.001

The two-way interaction between the extrinsic cues and intrinsic cues were found to be statistically significant ( $P < 0.001$ ) between Price x Colour and Price x Packing Type in Dalian, Suzhou and Guangzhou. The mean square for Price x Colour is deduced to be

6.895, 12.685 and 13.725 while Price x Packing Type are 4.582, 17.626, 28.398 respectively for the three regions.

Interaction effect between Region x Aroma, Region x Colour, Region x Packing and Brand x Colour in Suzhou were with mean square of 4.619, 4.539, 10.019 and 6.583 respectively. Region x Colour and Region x Packing mean square for Guangzhou were 9.626 and 4.247 respectively.

Interaction effect between the intrinsic cues was found to be statistically significant where Aroma x Packing were found to have a significant ( $P < 0.001$ ) for Suzhou and Guangzhou. The mean square for Suzhou and Guangzhou were 47.195 and 19.663 respectively.

Overall, the hypothesis that there is no interaction between the extrinsic and intrinsic cues in the consumer intention to purchase for the hybrid product Tea is not supported. However, as the absolute values of the mean square is not high, and not uniform over the three regions, it can be concluded that only a small proportion of the common variance is explained by these interactions. Therefore, the variables or cues used in the conjoint analysis were orthogonal in design.

## **7.6. RELIABILITY TEST**

CETSCALE is deemed to a reliable measurement if the same result is obtained on repeated occasions. Since the modified CETSCALE include 10 items, it is expected that each of the item is reliable. The CETSCALE is unreliable if either of the items in the scale is unreliable. In this study, the overall measure of the reliability of the CETSCALE is measured by testing the average correlations among items and the number of items included in the scale i.e. the Cronbach's  $\alpha$ . This is done by obtaining respondents results on an item and compared to other items (item to item correlation) in the scale.

The Cronbach's  $\alpha$  is employed to determine the reliability of the Scale based on the

internal consistency of the items. The value of Cronbach's  $\alpha$  range from 0 to 1 is said to have a higher value showing greater higher reliability among the items. The Cronbach's  $\alpha$  should be at least 0.7 in order for the Scale to be consider reliable (Nunnaly, 1978).

**Table 19.** Reliability Statistics

	<b>Dalian</b>	<b>Suzhou</b>	<b>Guangzhou</b>
No. of Items	10	10	10
Cronbach's Alpha	0.878	0.927	0.885

The Scale was tested for the three regions Dalian, Suzhou and Guangzhou. Referring to Table 23, the Cronbach's  $\alpha$  for the Dalian, Suzhou and Guangzhou are all over 0.8. These values are considered high as the range is from 0 to 1. Furthermore, the result of Cronbach's  $\alpha$  is not affected much by deletion of any items as shown in Table 24. Comparing each of the items, Cronbach's  $\alpha$  after deletion of an item remains at 0.8 and above. This demonstrated the modified 10-item CETSCALE is a stable one (results of the SPSS generated data can be found in Appendix H). It can be concluded that the internal consistency estimate for the modified CETSCALE is high for all the three regions. Suzhou's modified CETSCALE has the highest value in Cronbach's  $\alpha$  among the three regions. Although the modified 10-item CETSCALE was proved to have high internal consistency, extra testing is needed to test the unidimensionality of the modified 10-item CETSCALE. Confirmatory factor analysis would be used to test the effect of the modified CETSCALE, which will be discussed further in the following section.



**Table 20.** Item-Total Statistics

Item	Dalian		Suzhou		Guangzhou	
	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
1. Only those products that are unavailable in the local market should be imported from other regions.	0.305	0.893	0.493	0.931	0.338	0.897
2. I will buy local products, first, last and foremost!	0.603	0.867	0.727	0.919	0.515	0.881
3. Purchasing non-locally- made products is being disloyal to the local region.	0.659	0.863	0.789	0.916	0.708	0.867
4. It is not right to purchase non-locally made products because it puts local people out of jobs.	0.696	0.860	0.777	0.917	0.686	0.869
5. A real local person should always buy locally- made products if they are available	0.697	0.859	0.833	0.913	0.630	0.873
6. We should purchase products manufactured locally instead of letting other regions get rich off us.	0.685	0.860	0.778	0.917	0.709	0.867
7. We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	0.680	0.862	0.773	0.917	0.731	0.866
8. It may cost me in the long run, but I prefer to support local products.	0.654	0.864	0.629	0.924	0.594	0.875
9. We should buy from other regions only those products that we cannot obtain within our region.	0.597	0.867	0.711	0.920	0.707	0.867
10. Local consumers who purchase products made in other regions are responsible for putting local people out of work.	0.571	0.869	0.680	0.922	0.630	0.873

## **7.7. CONFIRMATORY FACTOR ANALYSIS**

In the confirmatory factor analysis (CFA), the “a priori” factor model is hypothesised based from theories and works by previous researchers. In this case, the CFA is to confirm whether the instrument used and the factors applied in this research match reality. CFA also confirms whether operationally the instrument or the factor model used in this study show unidimensionality in its factors construct. For this study, the 10-item modified CETSCALE was employed to test the regioncentrism tendency of the population of the surveyed region. Therefore, to ensure the unidimensionality of the factor structure, model fit measures would need to be performed.

Harrington (2009) listed four categories of indices to indicate the goodness of fit of the model, namely, Absolute Fit indices, Parsimony Correction Indices, Comparative Fit Indices and Predictive Fit Indices. Since “Each type of fit index provides different information about model fit (or non-fit), so researchers generally report multiple fit indices when evaluating model fit.” Harrington (2009) pg. 50, therefore, in this study, SPSS were employed to generate the various indices.

For Absolute Fit indices, model chi-square ( $\chi^2$ ) that tests whether the model fits exactly into the population is the most common used indices. Other indices include Root Mean Square Residual (RMR) and Standardised Root Mean Square Residual (SRMR). The acceptable model fit would be around 0.08 or less for SRMR (Brown, 2006) while Kline (2005) recommended 0.10 or less.

The Root Mean Square Error of Approximation (RMSEA) which is sensitive to model complexity, but insensitive to sample size is mainly used as Parsimony Correction Indices. Brown (2006) recommended a RMSEA of less than or equal to 0.06 and Kline (2005) recommended 0.05 or less as criteria for an acceptable model fit. RMSEA of 0.05 or less is considered close approximate fit. 0.05 – 0.08 is considered reasonable error of approximation and 0.10 or greater is considered poor fit.

The Comparative Fit Indices include Comparative Fit Index (CFI) and Tucker-Lewis

Index (TLI) or Non-normed Fit Index (NNFI). CFI of close to 0.95 or greater and TLI close to 0.95 or larger are considered acceptable model fit (Brown, 2006). CFI of 0.90 or greater is considered reasonably good fit (Kline, 2005)

The Predictive Fit Indices assess the model fit in hypothetical samples of the same size, randomly drawn from the population including Akaike Information Criterion (AIC) and the Expected Cross-Validation Index (ECVI). These indices are used for comparing the models, and there are no guidelines representing an acceptable fit (Harington, 2009). For a set of models, the model with the minimum AIC and ECVI value would be preferred.

### **Goodness of Fit Test on CETSCALE**

**Table 21.** CFA Model Fit Indicators (modified 10-item CETSCALE by region)

Fit Indicators	Acceptable level	Region		
		Dalian	Suzhou	Guangzhou
$\chi^2$		133.758 df 35	142.904 df 35	76.221 df 35
SRMR	$\leq 0.08$	0.677	0.665	0.580
RMSEA	$\leq 0.06$	0.137	0.143	0.089
CFI	$\geq 0.95$	0.849	0.892	0.935
TLI	$\geq 0.95$	0.763	0.831	0.898
AIC	Smallest	193.758	202.904	136.235
ECVI	Smallest	1.292	1.344	0.914

The results and data generated by SPSS AMOS can be found in Appendix I - 9.1.

In the Absolute Fit Indices test, model Chi Square ( $\chi^2$ ) for Dalian was 133, Suzhou 142 and Guangzhou 76 with a three-degree freedom. For a model fit at 35 degree of freedom, the Chi-square indices should be 49.8 according to the indication in the Chi-square Test of Critical Value table. The figures for the three regions shown in Table 25 fell outside the criteria of model fit. Therefore, the factor structure for the three regions according to Chi-square test, were not unidimensional.

The Standardised Root Mean Square Residual (SRMR) for Dalian was 0.677, Suzhou 0.665 and Guangzhou 0.580, the indices in these three regions neither fulfilled the model fit criterion of equal or less than 0.08 nor did it fit the less stringent criterion of 0.10. As the  $\chi^2$  and the SRMR results did not fulfil the model fit requirement, this indicates that

the models for all the three regions were not fit and thus the factor structures were not unidimensional.

In the Parsimony Correctional Indices test, the results for the Root Mean Square Error of Approximation (RMSEA) for Dalian were 0.137, Suzhou 0.143 and Guangzhou 0.089. The RMSEA index for model fit is 0.06. The RMSEA indices for the three regions neither fulfilled the model fit criterion of equal or less than 0.05, nor the less stringent criterion of 0.06. As the results did not fulfil the model fit requirement, it indicates that the models for all the three regions were not fit and thus the factor structures were not unidimensional.

In the Comparative Fit Indices test, the Comparative Fit Index (CFI) for Dalian was 0.849, Suzhou 0.892 and Guangzhou 0.935. Tucker-Lewis Index (TLI) Dalian was 0.763, Suzhou 0.831 and Guangzhou 0.898. The results of CFI and TLI for the three regions did not fulfill the model fit criteria of 0.95 or bigger for both CFI and TLI indices. This indicates that the models for all the three regions were not fit and thus the factor structures were not unidimensional.

For the Predictive Fit Indices Test, the Akaike Information Criterion (AIC) and the Expected Cross-Validation Index (ECVI) were used for comparing models. There is no guideline to indicate acceptable fit, but rather, the smallest indices represent a better-fit model. From figures in Table XX, Guangzhou has the smallest AIC indices as well as ECVI indices. This means that factor structure for Guangzhou has a better model fit than Dalian and Suzhou.

From the results of the various indices discussed above, we can confidently conclude that examination of the factor structure of the items from the confirmatory factor analysis model fit test has shown that they were not fit. Therefore, the factor structure of the CETSCALE for the three regions Dalian, Suzhou and Guangzhou were not unidimensional. Principal Component Factor Analysis in the next section will be employed to find out the dimension (number of factor) for the factor structure of

respective CESTCALE as well as the salient component of the CETSCALE for the three regions.

## **7.8. PRINCIPLE COMPONENT FACTOR ANALYSIS**

In the previous section, the CETSCALE has been found to be not unidimensional i.e. the factor structure is not a good fit. This suggested that the model consisted of more than one factor. Therefore, in this section, Principal component analysis (PCA) is employed to investigate number of factors that are appropriate to the sample population of the three regions in the study. As mentioned in chapter 5, the Principal component analysis is a variable reduction technique, which considers the total variance and factors derived. It also includes the unique variance that are associated with one specific variable and also those error variances. Thus the solution generated includes as many factors as possible that are generated from the variables.

The number of factors can be determined by more subjective criteria such as a) a priori determination where the number of factors are determined or extracted from previous research, to more objective criteria such as, b) eigenvalues, where those factors with eigenvalues greater than 1.0 are retained and c) Scree plot where the eigenvalues is plot against the number of factors. Once the factors were identified, interpretation of the factor is needed. This interpretation is done by examining the un-rotated factor matrix of loadings and communalities between variables. Higher communality values suggest large amount of variance were extracted by the factor solution whereas smaller communality show a large portion of the variable variance is not explained by the factors. Communality value of less than 0.5 is considered small value. The next step is d) to engage in rotating the factor matrix to obtain more theoretical more meaningful factor solution and also reducing ambiguities that is inherent in the initial un-rotated factor solution. Out of three approaches namely, Quartimax, Varimax and Equimax research, Varimax approach was adopted. After the factor rotation, interpretation of factors was done by examining the factor matrix loading, identifying the significant loading for each variable and assessing the communalities of the variable. Lastly, validation of the factor by e) split-half reliability where the only factor loading that is high is chosen and

significance test where only those factors with statistically significant eigenvalues were retained.

The results and data generated by SPSS AMOS can be found in Appendix I - 9.2 and 9.3.

### **Dimensionality**

From the confirmatory factor analysis, it was found that the factor structure for the modified CESTSCALE used in this study was not unidimensional. Therefore, the principal component analysis is used to determine the dimensionality of the modified CETSCALE for the three regions of Dalian, Suzhou and Guangzhou.

**Table 22. Eigenvalues**

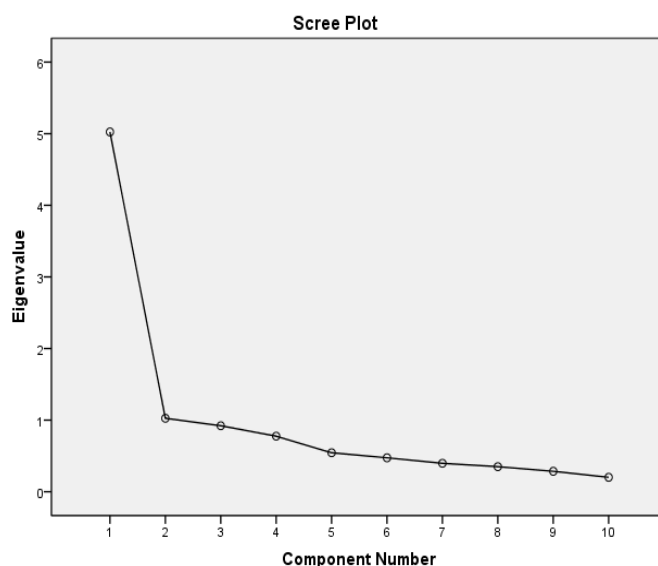
Component	Initial eigenvalues								
	Dalian			Suzhou			Guangzhou		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
<b>1</b>	<b>5.024</b>	<b>50.244</b>	<b>50.244</b>	<b>6.104</b>	<b>61.044</b>	<b>61.044</b>	<b>5.126</b>	<b>51.257</b>	<b>51.257</b>
<b>2</b>	<b>1.026</b>	<b>10.258</b>	<b>60.502</b>	<b>1.045</b>	<b>10.450</b>	<b>71.494</b>	<b>1.130</b>	<b>11.300</b>	<b>62.558</b>
3	0.921	9.211	69.713	0.659	6.593	78.087	0.691	6.905	69.463
4	0.776	7.762	77.475	0.553	5.529	83.616	0.663	6.629	76.092
5	0.544	5.441	82.917	0.396	3.959	87.576	0.564	5.643	81.735
6	0.474	4.741	87.658	0.340	3.396	90.971	0.484	4.835	86.570
7	0.397	3.971	91.628	0.294	2.939	93.910	0.412	4.116	90.686
8	0.350	3.502	95.130	0.236	2.359	96.269	0.372	3.717	94.403
9	0.286	2.856	97.986	0.200	1.996	98.265	0.316	3.162	97.565
10	0.201	2.014	100.000	0.173	1.735	100.000	0.243	2.435	100.000

The eigenvalues can be used to detect the dimensionality of the test by examining their relative sizes. The eigenvalue presented in Table 26 for Dalian, Suzhou and Guangzhou includes ten rows, which is equal to the number of questions in the test. The eigenvalues under the sub-heading in the tables “Initial Eigenvalues” represent the explanatory power of the factors. By applying the latent root criterion of retaining factors with eigenvalues greater than 1.0, we can see that for the three regions of Dalian, Suzhou and Guangzhou. Factor 1 and Factor 2 are above the latent root criterion of 1 or above. Therefore, there

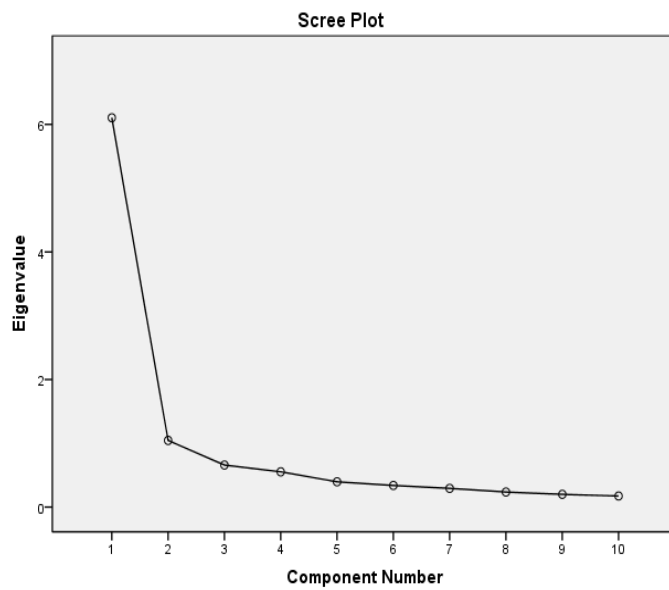
were two factors showing eigenvalue being more than 1.0.as shown in the Table 26. The next step is to perform the Scree Test for component analysis to assist in selecting the number of factors.

### **Scree Plot**

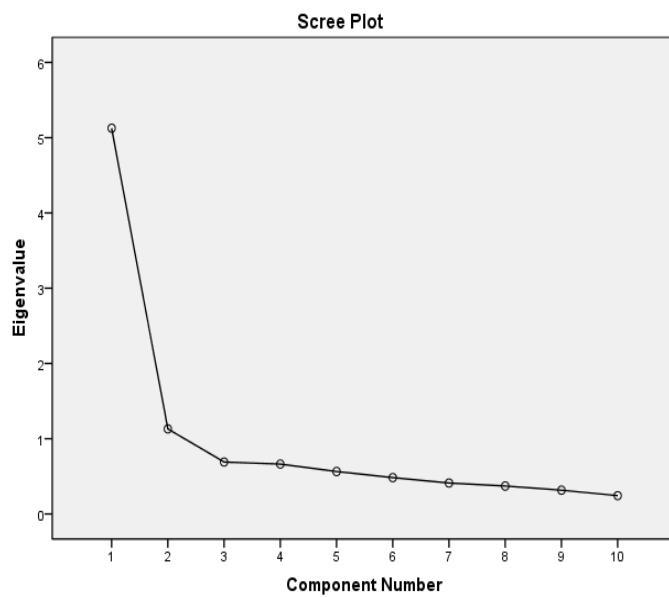
The rule of “eigenvalue with value greater than one” is common method of applying latent root criteria to explore the number of factors. In addition, a Scree plot test would further check the validity of the dimensionality. The graphical presentation of eigenvalues against factors were shown in graph 1-Dalian, graph-2 Suzhou and graph-3 Guangzhou, which presented the Scree plots resulting from the factor analysis. To evaluate the dimensionality, the Scree plot is examined to find a relatively large drop in the eigenvalue values i.e. identifying the “elbow” in the eigenvalues. In graph 1-Dalian, there is a large drop between point 1 and point 2 which reflect the large difference in the first and second eigenvalues. In point 3 to point 4, the curve showed only slight drop in eigenvalue. As the 3 (eigenvalue 0.921) and 4 (eigenvalue 0.776) values are quite high relative to the latent root criterion value of 1.0, it would be justifiable to retain one to four factors.



**Graph 1** Dalian



**Graph 2** Suzhou



**Graph 3** Guangzhou

However, for graph 2-Suzhou and graph 3-Guangzhou, graphical analysis revealed that both Scree plots included a large value for the first point and a relatively larger second point on the plot, and much smaller values for the remaining points. There is a sharp drop after the first factor and the curve begins to fade after two factors before a stable flat



plateau is reached. The eigenvalue of the 3<sup>rd</sup> point for graph 2-Suzhou and graph 3-Guangzhou is 0.659 and 0.691 respectively. These values are relatively low to the latent root criterion value of 1.0 and can therefore be excluded. This means that from the 3<sup>rd</sup> factor onwards, the factors can be excluded. The Scree test suggested a 2-factor dimension for the modified CETSCALE in Suzhou and Guangzhou.

### **Interpreting the Factor**

Table 27 presents the eigenvalues associated with 1<sup>st</sup> and 2<sup>nd</sup> linear component (factor) before extraction, after extraction and after rotation for Dalian, Suzhou and Guangzhou. Before extraction, there are 10 variables put in for the principal component analysis, with each variable standardised and has variance of 1. There are 10 components as shown in each of the table before extraction, which is presented in the Appendix 1. The eigenvalue associated with each factor represents the variance explained by that particular linear factor. For example, Dalian shows that factor 1 pointing to 50.244% of the total variance. The results of the three regions showed that the factor 1 and factor 2 explain relatively large amounts of the variance, whereas subsequent factors (from factor 3 onwards) explain only small amounts of the variance.

In the selection of the number of dimensions, the rule of “eigenvalue with value greater than 1” is used. In the current principle component analysis of the ten eigenvalues, only two components were identified to be above 1.0. The column labeled “Extraction Sums of Squared Loadings” lists all the factors with eigenvalues greater than 1. The factors have been reduced to only two factors as shown in Table 27 in all three regions. The eigenvalues associated with these two factors are again displayed with the percentage of variance explained. The result from Table 27 shows the two factors that have been extracted (reflecting two dimensions) for the three regions.

The column labeled “Rotation Sums of Squared Loadings” in the final part of the tables present the eigenvalues of the factors after rotation. The effect of rotation is to equalise the relative importance of the two factors so as to optimise the factor structure. After rotation, Dalian data shows that factor 2 accounts for considerably more variance of

16.180% (compared to 10.258% before rotation), but factor 1 accounts for less variance of 44.322% (compared to 50.244% before extraction). For Suzhou and Guangzhou, before rotation, factor 1 accounted 61.044% and 51.257% respectively, while factor 2 were 10.450% and 11.300% respectively. After rotation, the factor 1 was reduced to 45.668% and 42.483% respectively while factor 2 was increased to 25.826% and 20.075% respectively. After rotation, within the 10 component, the numbers of components with eigenvalues greater than 1 remain at 2. A complete table of 10-component factor can be found in Appendix 1.

**Table 23.** Eigenvalues

Component	Initial Eigenvalues			Extraction Sums of Squared			Rotation Sums of Squared		
	Loadings			Loadings			Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Dalian									
1	5.024	50.244	50.244	5.024	50.244	50.244	4.432	44.322	44.322
2	1.026	10.258	60.502	1.026	10.258	60.502	1.618	16.180	60.502
Suzhou									
1	6.104	61.044	61.044	6.104	61.044	61.044	4.567	45.668	45.668
2	1.045	10.450	71.494	1.045	10.450	71.494	2.583	25.826	71.494
Guangzhou									
1	5.126	51.257	51.257	5.126	51.257	51.257	4.248	42.483	42.483
2	1.130	11.300	62.558	1.130	11.300	62.558	2.007	20.075	62.558

### **Unrotated Component Matrix**

Table 28 contains component loadings, which are the correlations between the variable and the component. Given that it is correlation, the value can range from -1 to +1. The columns show the two factors that were extracted. They consist of the component loadings of each of the factors. For Dalian, the factor 1 accounts for the largest amount of variance with 9 variables having high loading of greater than 0.4, while factor 2 has only 1 variable with high loading of over 0.4. For Suzhou, the factor 1 accounts for the largest amount of variance with all the variables having high loading of over 0.4, whereas factor 2 has only 1 variable with high loading of over 0.4. For Guangzhou, the factor 1 accounts

for the largest amount of variance with 9 variables having high loading of greater than 0.4, whereas factor 2 has only two variables with high loading.

**Table 24.** Unrotated Component Matrix

	Dalian		Suzhou		Guangzhou	
	Factor		Factor		Factor	
Variables	1	2	1	2	1	2
Only those products that are unavailable in the local market should be imported from other regions.	.363	.835	.558	.725	.393	.751
I will buy local products, first, last and foremost!	.682	.110	.775	.396	.579	.484
Purchasing non locally- made products is being disloyal to the local region	.744	.106	.835	.150	.793	-.123
It is not right to purchase non-locally made products because it puts local people out of jobs.	.784	.142	.831	-.134	.779	-.251
A real local person should always buy locally-made products if they are available	.775	-.012	.879	-.088	.709	.098
We should purchase products manufactured locally instead of letting other regions get rich off us.	.781	-.202	.836	-.280	.797	-.141
We should not buy non-local products that are available locally, because this hurts local businesses and causes unemployment.	.775	-.176	.833	-.306	.815	-.202
It may cost me in the long run, but I prefer to support local products.	.756	-.248	.703	-.253	.668	.205
We should buy from other regions only those products that we cannot obtain within our region.	.663	.382	.765	.207	.777	.078
Local consumers who purchase products made in other regions are responsible for putting local people out of work	.660	.075	.748	-.189	.739	-.368

### **Communality**

Table 29 presents the communalities after extraction in the three regions of this study. Before extraction, the communalities are all equal to one as “principal component analysis” assumes all variances are common with initial value of 1, this initial value is not shown in the 3 tables, instead, only the communalities that after “Extraction” are included. A complete table can be found at Appendix 1. The communalities show the amount of variance in a variable that is accounted for by the two factors taken together. Higher value of communality suggests large amount of variance in a variable that has been extracted by the factor solution. Smaller communalities suggest that large portion of the variable’s variance is not accounted for by the factors. Hair et al (2006, 2010) suggested that 0.5 or less is considered to be a small communality value.

Dalian result shows that 0.829 (82.9%) of the variance associated with “Question 1” is common variance. After extraction, some information is lost as some of the factors are discarded. The communalities after extraction show the amount of variance in each question that can be explained by the two factors. “Question 10” has communality of 0.422 (42.2%) which indicates that it has less in common with other variables in the analysis than does “Question 1”. In the communality analysis, “Question 2” and “Question 10” should be discarded as they both have communality value less than 0.5. The entire variable (Questions) in Suzhou result is above 0.5 and for Guangzhou, “Question 8” should be discarded. However, as the lowest value of communality in the three regions is only marginally below the 0.50 levels, further testing using the Varimax rotation with Kaiser Normalisation method would provide a better interpretation.

**Table 25.** Communality

Variables	Dalian	Suzhou	Guangzhou
Only those products that are unavailable in the local market should be imported from other regions.	0.829	0.838	0.719
I will buy local products, first, last and foremost!	0.477	0.758	0.570
Purchasing non locally- made products is being disloyal to the local region	0.565	0.720	0.644
It is not right to purchase non-locally made products because it puts local people out of job.	0.634	0.708	0.670
A real local person should always buy locally- made products if they are available	0.601	0.780	0.513
We should purchase products manufactured locally instead of letting other regions get rich off us.	0.651	0.778	0.655
We should not buy non-local products that are available locally, because this hurts local business and causes	0.632	0.787	0.706
It may cost me in the long run, but I prefer to support local products.	0.634	0.557	0.488
We should buy from other regions only those products that we cannot obtain within our region.	0.586	0.629	0.610
Local consumers who purchase products made in other regions are responsible for putting local people out of work	0.442	0.595	0.682

### **Factor Rotation**

“Varimax with Kaiser Normalisation” rotation were used to proceed with the analysis due to an orthogonal rotation can improve the interpretability of factors. Rotation can maximise the “loading” of each question on one of the extracted factors while minimizing the “loadings” on all other factors. Compare to the unrotated component matrix, the rotation technique enable the variance to be redistributed so that the factor-loading pattern for each of the variance will be different. Table 30 shows the rotated component matrix of the factor loadings for each question onto each factor. The rotation of the factor structure has confirmed that there are two factors. Results from Dalian shows that Question 1 loads highly on factor 2 with the remaining questions loading highly on factor 1. For both Suzhou and Guangzhou results show that Questions 1 and 2 loaded highly on factor 2 with the remaining questions loading highly on factor 1. The two-dimensional structure provides clearer loadings on each factor.

In Dalian, the results show variable 1 has loading of only 0.014, which seems to be an exception. However, a loading of 0.465 for question 9 seems is considered to be a significant loading since it is  $> 0.40$ . For questions (variable) 2, 3, 4, 5, 6, 7 and 8 the loadings are seen to be above 0.70, meaning that more than one-half of the loadings are accounted for by a loading on a single factor 1. However, question 1 and 9 loadings are larger in factor 2, therefore, question 1 and 9 are excluded from to factor 1 and are significant to factor 2 instead. For Suzhou results, the questions (variable) 2 and 9 have factor loadings of more than 0.4 and questions 4, 5, 6, 7, 8 and 10 have factor loadings above 0.70, which fall in factor 1. Comparing this to factor 2, the questions (variable) 1, 2 and 9 have a higher loading than in factor 1, making these variables’ loading significant to factor 2. For Guangzhou, except question 1 and 2, all other questions (variables), which have significant factor loadings. Questions 5, 8 and 9 have a factor loading of above 0.40 and questions 3, 4, 6, 7, and 10 having factor loadings above 0.70 falls in factor 1. Compared to factor 2, question (variable) 8 in factor 1 have a factor loading similar to factor 2. Therefore, this question is maintained in the factor 1, which also means that only questions 1 and 2 falls into factor 2.

**Table 26.** Rotated Component Matrix

	Dalian		Suzhou		Guangzhou	
	Component		Component		Component	
Variables	1	2	1	2	1	2
Only those products that are unavailable in the local market should be imported from other regions.	.014	<b>.910</b>	.066	<b>.913</b>	-.004	<b>.848</b>
I will buy local products, first, last and foremost!	<b>.587</b>	.364	.429	<b>.757</b>	.285	<b>.699</b>
Purchasing non locally- made products is being disloyal to the local region	<b>.728</b>	.189	<b>.614</b>	.586	<b>.758</b>	.263
It is not right to purchase non-locally made products because it puts local people out of jobs.	<b>.778</b>	.171	<b>.767</b>	.346	<b>.806</b>	.144
A real local person should always buy locally-made products if they are available	<b>.720</b>	.288	<b>.782</b>	.411	<b>.581</b>	.418
We should purchase products manufactured locally instead of letting other regions get rich off us.	<b>.799</b>	.114	<b>.852</b>	.228	<b>.770</b>	.249
We should not buy non-local products that are available locally because this hurts local business and causes unemployment.	<b>.783</b>	.135	<b>.863</b>	.204	<b>.815</b>	.204
It may cost me in the long run, but I prefer to support local products.	<b>.794</b>	.062	<b>.725</b>	.177	<b>.494</b>	<b>.494</b>
We should buy from other regions only those products that we cannot obtain within our region.	.465	<b>.608</b>	.524	<b>.595</b>	<b>.650</b>	.433
Local consumers who purchase products made in other regions are responsible for putting local people out of work	<b>.581</b>	.323	<b>.728</b>	.254	<b>.825</b>	.021

Extraction Method: Principal Component Analysis  
 Rotation Method: Varimax with Kaiser Normalisation.  
 a. Rotation converged in three iterations.

From the Varimax rotation in the principal components analysis, two factors were identified in the modified 10-item CETSCALE for the three regions. However, not all the variables of the two factors in the modified CETSCALE were identical. For example, factor 2, the Dalian sample identifies significant loading for questions (variables) 1 and 9, Suzhou's factor 2 includes questions 1, 2 and 9 whereas Guangzhou's factor 2 includes questions 1, 2 and 8. Generally, it can be summarised that for the three regions, the first factor related to the core element of consumer regioncentrism, which shows a preference for local products and a belief that buying non-locally produced product would cause damage to the local economy. The second factor seems to reflect a subtle difference in attitude toward non-locally made products, which are based on the product availability. Non-locally made products are acceptable if there were no local substitutes available. For the Guangzhou sample, although loadings for question 9 were higher for factor 1 than factor 2, it did satisfy the criterion of over 0.4 loadings to be significant. This might be

attributed to the fact that the respondents in Guangzhou presumed that most products are produced within Guangdong region and this will not face scarcity of products.

### **Naming of Factor**

In Shimp and Sharma (1987), the 17-item CETSCALE and the 10-item CETSCALE were formulated based on four constituents of ethnocentric attitude. These are product availability, patriotism, employment impact and overall economic impact. In the modified 10-item CETSCALE for regioncentrism, the item relating to each of the constituents are product availability (Q.1 & Q.9), patriotism (Q.2, Q.3, Q.5 & Q.8), employment impact (Q.4, Q.7 & Q.10) and overall economic impact c (Q.6). Since the items for factor 1 in the 3 regions are mainly on the degree of patriotism, it is therefore appropriate to name this factor as “Regioncentrism”. Factor 2, the items are mainly on the product availability, and hence it is appropriate to name this factor as “Product Availability”

### **Validation**

It is essential that validation of the factor analysis be performed. In this study, split sample analysis is utilised. In Table 31, the samples in each of the three regions were split into two equal samples and re-estimate the factor models to test for comparability.

Referring to Table 31, the results for Dalian, Suzhou and Guangzhou showed two-factor structure. Overall the communality values for the variables are high even after splitting them into half. This suggests that large amount of variance in the variables are accounted for by the factors. Therefore, it can be reasonably confirmed that the split-sample results are stable within the sample in the three regions.

**Table 27.** Split-Sample Estimation with Communalities

	Dalian		Suzhou		Guangzhou	
Split the sample into half with Group 1 and Group 2	Split 1 50%	Split 2 50%	Split 1 50%	Split 2 50%	Split 1 50%	Split 2 50%
Variables						
Only those products that are unavailable in the local market should be imported from other regions.	.781	.434	.722	.886	.836	.685
I will buy local products, first, last and foremost!	.554	.675	.749	.797	.365	.761
Purchasing non locally- made products is being disloyal to the local region	.653	.532	.671	.776	.617	.681
It is not right to purchase non-locally made products because it puts local people out of jobs.	.577	.716	.707	.774	.683	.675
A real local person should always buy locally-made products if they are available	.587	.694	.791	.785	.499	.546
We should purchase products manufactured locally instead of letting other regions get rich off us.	.672	.650	.770	.799	.663	.676
We should not buy non-local products that are available locally because this hurts local business and causes unemployment.	.686	.757	.800	.796	.680	.736
It may cost me in the long run, but I prefer to support local products.	.672	.534	.564	.538	.391	.598
We should buy from other regions only those products that we cannot obtain within our region.	.538	.516	.676	.622	.535	.709
Local consumers who purchase products made in other regions are responsible for putting local people out of work	.490	.730	.651	.569	.614	.778

Referring to Table 32, the Varimax rotations for the first group split-sample is quite comparable in the loadings for the two component factors to the overall sample. Although, the second group split-sample are less comparable with variable 2, 3 and 6 felt in factor 2 rather in factor 1. This result is expected and acceptable, as the sample size is much reduced (50% of total sample) compared to the whole sample. Overall, there is more than 50% similarity after the split. Therefore, it can be reasonably confirmed that the split-sample results are stable within the Dalian's sample.

For the Suzhou results in Table 33, the variability between the first and second samples was minimal with variable 3 and variable 9 falling on the opposite factor. Like the Dalian sample, the result is expected as the sample size is much reduced (50% of total sample) compared to the whole sample. This variability should cancel out if the sample were to increase in size. Therefore, it can be reasonably confirmed that the split-sample results



are stable within the sample in Suzhou region.

For the Guangzhou result in Table 34, only variable 2 and 8 in the 2<sup>nd</sup> sample fell in the opposite factor. Again, these results were expected and acceptable given that the sample size was much reduced (50% of total sample) compared to the whole sample. Therefore, it can be reasonably confirmed that the split-sample results are stable within the sample in Guangzhou region.

The results for Dalian, Suzhou and Guangzhou showed two-factor structure for the three regions. The Varimax rotations for the split-sample and overall sample are quite comparable in both the loadings and communality for the two component factors. Therefore, it can be reasonably confirmed that the results are stable within the samples in the three regions.

**Table 28.** Split-Sample Estimation with Varimax Rotation Dalian

Variables	Split Sample 1 (First group50%)		Split Sample 2 (Second group50%)	
	Factor 1	Factor 2	Factor 1	Factor 2
Only those products that are unavailable in the local market should be imported from other regions.	-.049	<b>.882</b>	.002	<b>.659</b>
I will buy local products, first, last and foremost!	<b>.705</b>	.238	.128	<b>.811</b>
Purchasing non locally- made products is being disloyal to the local region	<b>.779</b>	.214	.385	<b>.619</b>
It is not right to purchase non-locally made products because it puts local people out of jobs.	<b>.755</b>	.087	<b>.664</b>	.524
A real local person should always buy locally- made products if they are available	<b>.751</b>	.150	.495	<b>.669</b>
We should purchase products manufactured locally instead of letting other regions get rich off us.	<b>.783</b>	.243	<b>.771</b>	.233
We should not buy non-local products that are available locally because this hurts local business and causes unemployment.	<b>.772</b>	.300	<b>.866</b>	.088
It may cost me in the long run, but I prefer to support local products.	<b>.812</b>	.110	<b>.608</b>	.406
We should buy from other regions only those products that we cannot obtain within our region.	.440	<b>.587</b>	.404	<b>.594</b>
Local consumers who purchase products made in other regions are responsible for putting local people out of work	.407	<b>.570</b>	<b>.845</b>	.126

**Table 29.** Split-Sample Estimation with Varimax Rotation Suzhou

Variables	Split Sample 1 (First group50%)		Split Sample 2 (Second group50%)	
	Factor 1	Factor 2	Factor 1	Factor 2
Only those products that are unavailable in the local market should be imported from other regions.	.033	<b>.849</b>	.107	<b>.935</b>
I will buy local products, first, last and foremost!	.344	<b>.794</b>	.470	<b>.759</b>
Purchasing non locally - made products is disloyal to the local region	.557	<b>.600</b>	<b>.643</b>	.602
It is not right to purchase non-locally made products because it puts local people out of jobs.	<b>.816</b>	.203	<b>.734</b>	.485
A real local person should always buy locally- made products if they are available	<b>.732</b>	.506	<b>.824</b>	.325
We should purchase products manufactured locally instead of letting other regions get rich off us.	<b>.833</b>	.277	<b>.867</b>	.218
We should not buy non-local products that are available locally because this hurts local business and causes unemployment.	<b>.882</b>	.153	<b>.854</b>	.260
It may cost me in the long run, but I prefer to support local products.	<b>.721</b>	.208	<b>.689</b>	.251
We should buy from other regions only those products that we cannot obtain within our region.	.406	<b>.715</b>	<b>.618</b>	.490
Local consumers who purchase products made in other regions are responsible for putting local people out of work	<b>.736</b>	.331	<b>.735</b>	.170

**Table 30.** Split-Sample Estimation with Varimax Rotation Guangzhou

Variables	Split Sample 1 (First group50%)		Split Sample 2 (Second group50%)	
	Factor 1	Factor 2	Factor 1	Factor 2
Only those products that are unavailable in the local market should be imported from other regions.	-.012	<b>.914</b>	.181	<b>.808</b>
I will buy local products, first, last and foremost!	<b>.489</b>	.354	.143	<b>.861</b>
Purchasing non locally- made products is disloyal to the local region	<b>.785</b>	.013	<b>.742</b>	.362
It is not right to purchase non-locally made products because it puts local peoples out of job.	<b>.814</b>	.145	<b>.816</b>	.090
A real local person should always buy locally- made products if they are available	<b>.623</b>	.333	<b>.569</b>	.472
We should purchase products manufactured locally instead of letting other regions get rich off us.	<b>.806</b>	.110	<b>.768</b>	.293
We should not buy non-local products that are available locally because this hurts local business and causes unemployment.	<b>.824</b>	.039	<b>.817</b>	.263
It may cost me in the long run, but I prefer to support local products.	<b>.573</b>	.250	.418	<b>.651</b>
We should buy from other regions only those products that we cannot obtain within our region.	<b>.656</b>	.323	<b>.679</b>	.498
Local consumers who purchase products made in other regions are responsible for putting local people out of work	<b>.742</b>	-.254	<b>.864</b>	.178

## 7.9. CONSUMER REGIONCENTRIC TENDENCY

In the component factor analysis above, factor 1 (Regioncentrism) reflects the regioncentric tendency of the consumers vis-à-vis the core ethnocentrism items, whereas, factor 2 (Product Availability) related to core items such as availability of locally produced products. The mean scale values of the variables of the factors are the predictor of the intensity of ethnocentrism (Shimp and Sharma, 1987). The regioncentric tendency is calculated by adding the sum of the variables within the factor. Since the factor 2 (Product Availability) on product availability suggests that consumers are only receptive to non-local made products if they are not available locally, it is presumed that consumer is ethnocentric and they would only allow import of non-locally made products if it is not available locally.

Therefore, it is appropriate to use the adjusted average of the sum of mean scale value of the Factor 1 (Regioncentrism) and Factor 2 (Product Availability) to calculate the regioncentric tendency. The details of the calculation will be discussed later. This method is justified as according to Shimp and Sharma (1987) study of consumer ethnocentrism and the CETSCALE was developed based on the 4 constituents namely product availability, patriotism, employment impact and overall economic impact. Factor 1 and Factor 2 fall on the constituents, using the average of the sum of the mean scale value of the 2 factors, enabling objective comparison and measurement of the Regioncentric tendency.

As there is little study of regioncentric tendency using a modified CETSCALE, in this study, comparison and reference has to be compared with that of Shimp and Sharma (1987) study on consumer ethnocentrism using the 17-item CETSCALE. In their study, the sum of mean scale value of the 17 items ranges from 56.26 to 68.58. Therefore, for this study, to have a meaningful interpretation, as mentioned earlier, the total mean scale value for the three regions is calculated by adding the sum of variables of Factor 1 and Factor 2 and then dividing the sum of the variables by the number of variables used. This is again multiplied by 17. The total sum of the 2 factors is then added and divided by 2 to get an adjusted average sum of Factor 1 and Factor 2. The adjusted total sum of mean

scale value can then be compared with Shimp and Sharma (1897) value to indicate the regioncentric tendency of the respondents from the three regions. A higher mean scales value indicates a higher regioncentric tendency.

H9: the consumers in Dalian, Suzhou and Guangzhou will be regioncentric if the average score of the modified CETSCALE is high.

Referring to Table 35, for Dalian sample, Factor 1 (Regioncentrism) relates to the core element of consumer regioncentrism consisting of questions (variable) 2, 3, 4, 5, 6, 7, 8 and 10, which were used to calculate the regioncentric tendency. The mean scale value of these variables are added up, divided by 8 and multiplied by 17, which resulted in an adjusted mean scale sum. The total adjusted sum of mean scale value is 46.58. Factor 2 (Product Availability) is element of consumer regioncentrism in relation to availability of local products consisting of questions (variable) 1 and 9, which are to be used to calculate the regioncentric tendency. The mean scale value of these variables are added up, divided by 2 and multiplied by 17, which resulted in an adjusted mean scale sum. The adjusted sum of mean scale value is calculated as 55.42. The total average sum of mean scale value for Dalian is 51 ( $[46.58 + 55.42] / 2$ ).

For the Suzhou sample, Factor 1 (Regioncentrism) consists of questions (variables) 3, 4, 5, 6, 7, 8, and 10. Using the same calculation method above, the total adjusted sum of mean scale value is 53.95. Factor 2 (Product Availability) is element of consumer regioncentrism in relation to availability of local products consisting of questions (variable) 1, 2 and 9, which are to be used to calculate the regioncentric tendency. The mean scale value of these variables is 59.5. The total average sum of mean scale value for factor 1 and 2 is 56.73 ( $[53.95 + 59.5] / 2$ ).

For the Guangzhou sample, Factor 1 (Regioncentrism) consists of questions (variable) 3, 4, 5, 6, 7, 8, 9 and 10. The total adjusted sum of mean scale value is 45.22. Factor 2 (Product Availability) relates to elements of consumer regioncentrism in relation to availability of local product consisting of questions (variable) 1 and 2. The calculated mean scale value is 56.10. The total average sum of mean scale value for factor 1 and 2 is

50.66 ( $[45.22 + 56.10]/2$ ).

Referring to result in (Shimp and Sharma, 1987) study, consumer ethnocentrism is considered high if the total mean sum value falls within the range of 56.62 to 68.58. The lower value reflects these consumers are moderately ethnocentric and higher value reflects these consumers to be highly ethnocentric. In this study, this range is used as a reference point for consumers' regioncentric tendency. From the calculation, only in Suzhou, the average sum of mean scale value, which is 56.7, falls within the range of 56.2 to 68.58. Only Suzhou sample population portrayed tendency of moderate regioncentrism. Therefore the population within the three regions of this study is only partially supportive of the hypotheses. Refer to Appendix I - 9.4 for SPSS generated data and results.

**Table 31.** Mean Scores for Dalian, Suzhou and Guangzhou

	Dalian		Suzhou		Guangzhou	
	Mean	Std.Dev	Mean	Std.Dev	Mean	Std.Dev
Only those products that are unavailable in the local market should be imported from other regions.	3.63	1.74	3.69	1.41	3.48	1.50
I will buy local products, first, last and foremost!	3.12	1.61	3.49	1.40	3.13	1.31
Purchasing non locally- made products is being disloyal to the local region	2.42	1.33	3.07	1.54	2.21	1.21
It is not right to purchase non-locally made products because it puts local peoples out of job.	2.59	1.40	3.04	1.50	2.25	1.21
A real local person should always buy locally-made products if they are available	3.02	1.58	3.35	1.50	2.92	1.31
We should purchase products manufactured locally instead of letting other regions get rich off us.	3.03	1.46	3.35	1.38	2.92	1.29
We should not buy non-local products that are available locally because this hurts local business and causes unemployment.	2.68	1.28	3.42	1.37	2.80	1.20
It may cost me in the long run, but I prefer to support local products.	2.56	1.24	2.84	1.26	2.76	1.26
We should buy from other regions only those products that we cannot obtain within our region.	2.90	1.49	3.32	1.42	2.91	1.36
Local consumers who purchase products made in other regions are responsible for putting local people out of work	2.54	1.28	3.14	1.47	2.58	1.21
CETSCALE	28.54	10.00	32.72	11.09	28.00	9.04

#### **7.10. REGIONCENTRISM IMPACT ON PRODUCT QUALITY EVALUATION AND PURCHASE INTENTION**

According to the concept of consumer ethnocentrism, highly ethnocentric consumers would prefer domestic products over foreign made product (Shimp and Sharma, 1987; Netemeyer, Durvasula and Lichtenstein, 1991). Furthermore, highly ethnocentric consumers would portray a positive preference towards evaluation of quality of the products and product choice. In some cases, ethnocentric consumers would portray positive preference toward product choice even though they may have negative rating toward the evaluation of quality i.e. perceive the domestic product quality to be inferior to than of foreign made products (Van Ittersum 2001, Orth and Firbasova, 2003; Balabanis and Diamantopoulos 2004). In this connection, it is postulated that the same will hold true in the regional context i.e. consumers with high regioncentric tendency will prefer local products even though they may consider local made product quality to be inferior than foreign products. From the results in previous section, it is learned that only consumers from Suzhou portrayed moderate regioncentric tendency within the three regions. The respondents in Suzhou have the highest mean scale score from CETSCALE calculation, Dalian second and Guangzhou with the least regioncentric tendency. In this section, we therefore investigate the relation between consumer regioncentric tendency with consumer behaviour concerning evaluation of product quality and product choice.

The consumer evaluation of product quality and consumer product choice was measured using the Utilities Estimate that was generated by the Conjoint Analysis. In Conjoint Analysis, respondents were asked to rate their preference on quality as well as choice using a set of cards with product information. Four regions were chosen for television: Yangtze River Delta, Pearl River Delta, South West Region and North East Region. For Tea, four regions were chosen, namely, Jiangnan, Jiangbei, Xinan and Huanan. For interpretation of the result, the higher the utility estimate score, the higher preference for the product from that region. Therefore, if respondents from Dalian are found to have high regioncentric tendency, it is expected that North East Region would have the highest score for the product, television product. Similarly, Jaingbei region would have the highest score for product, tea.

As the Utilities Estimate cover a scale of both positive and negative values, the highest score would be the largest positive value and the lowest score would be the largest negative value. For example, considering the TV product, among the utilities of the four regions of production, the region that is considered most preferred would either have 1) Utility Estimate with the largest positive value or 2) Utility Estimate with the smallest negative value if all four regions portray negative value in the utility estimate. In the previous section, the result showed that respondents from the Suzhou were moderate in their regioncentric tendency. In this section, it is therefore imperative to find out whether consumers with moderate regioncentrism will act in the same manner to those who portray high regioncentric tendency in the product quality evaluation and product choice – a situation where local products would be preferred in quality evaluation as well as product choice. The SPSS Conjoint Analysis generated Utilities Estimate can be found in Appendix E.

H10: Consumer regioncentric tendency positively influenced consumer quality evaluation of hybrid product from consumer's own region of residence.

For the hybrid TV and tea products, referring to Table 36 for judgement of quality in the Television product category, respondents from Suzhou placed Pearl River Delta to be the highest quality (0.107 utilities estimate), South West Region to be second (0.062 utilities estimate), North East Region to be third (0.043 utilities estimate) and Yangtze River Delta last (0.002 utilities estimate) For tea, Jiangnan (Yangtze River Delta South region) was placed to be of highest quality (0.221 utilities estimate), Xinan (South West region) to be second (0.026 utilities estimate), Haunan (Southern region) to be third (-0.107 utilities estimate) and Jiangbei (Yangtze River Delta North region) to be last (-0.139 utilities estimate). Suzhou respondents who showed moderate regioncentric tendency have shown preference for tea products from their own region of residence, but the same does not hold good for television. Therefore, the hypothesis that consumer regioncentric tendency positively influences consumer quality evaluation of hybrid product from consumer's own region of residence is only partially supported. This finding suggested that this quality evaluation and regioncentric relationship is product specific.

To be more holistic in the research approach, analysis to consumer behaviour of the less regioncentric regions were also considered. Respondents from Dalian and Guangzhou who portrayed a very low regioncentric tendency did not place products from their own region of residence as first choice. Dalian respondents placed television and tea products from their own region of residence second (North East Region) and last (Jiangbei) respectively. For Guangzhou, respondents placed television and tea products from their own region of residence third (Pearl River Delta) and second (Jiangnan) respectively. These findings further support the hypothesis that in terms of product quality evaluation, less regioncentric consumers are not inclined to buy products from their own region of residence.

H11: Consumer regioncentric tendency positively influenced consumer intention to purchase hybrid products from consumer's own region of residence.

Referring to the Table 36, "intention to purchase" under the category of hybrid TV products, respondents from Suzhou seemed to prefer a product from their own region of residence. Yangtze River Delta stands first on preference (0.059 utilities estimate), Pearl River Delta comes second (0.047 utilities estimate), North East Region third (-0.018 utilities estimate) and South West Region comes last (-0.087 utilities estimate). For tea products, Suzhou respondents placed tea produce from their own region of residence, Jiangnan (Yangtze River Delta South region), as the highest choice (0.210 utilities estimate), Xinan (South West region) to be second (0.037 utilities estimate), Haunan (Southern region) to be third (-0.092 utilities estimate) and Jiangbei (Yangtze River Delta North region) to be last (-0.155). For product choice, Suzhou consumers who were moderately regioncentric have portrayed their intention to purchase products from their own region of residence as the first choice. This supported the hypothesis which states that consumers' regioncentric tendency positively influences consumer intention to purchase hybrid products produced from their own region of residence.

Conversely, in regions with less regioncentric tendency such as Dalian and Guangzhou, the respondents did not place products from their own region of residence as their most



preferred choice. For television, the respondents from Dalian placed Yangtze River Delta and for Guangzhou, respondents placed North East Region as their first choice. For tea, both, respondents from Dalian and Guangzhou placed Xinan (South West region) as their first choice. This finding is in congruence to the regioncentric hypothesis, which states that regioncentric consumers would prefer products from their own region of residence whereas less regioncentric consumers may not portray similar choice pattern, but rather that rather a choice pattern that is opposite.

**Table 32.** Utilities Estimate

Utilities Estimate							
		Judgement of Quality			Intention to Purchase		
		Dalian	Suzhou	Guangzhou	Dalian	Suzhou	Guangzhou
		n = 145	n =142	N =143	n = 145	n =142	N =143
<b>Television</b>							
<b>REGION OF ORIGIN</b>	Pearl River Delta (Guangzhou)	.037	.107	.014	-.062	.047	-.017
	Yangtze River Delta (Suzhou)	.125	.002	.056	.085	.059	-.043
	North East Region (Dalian)	.028	.043	-.088	.026	-.018	.119
	South West Region (Chengdu)	.060	.062	.018	-.049	-.087	-.059
<b>Tea</b>							
<b>REGION OF ORIGIN</b>	Jiangnan	.033	.221	.099	<b>.036</b>	<b>.210</b>	<b>.075</b>
	Jiangbei	-.045	-.139	-.255	-.052	-.155	-.188
	Xinan	.077	.026	.108	<b>.057</b>	<b>.037</b>	<b>.101</b>
	Huanan	-.065	-.107	.049	-.042	-.092	<b>.013</b>

## 7.11. CONCLUSION

From the data collected from field research, analysis was performed using SPSS AMOS and Factor Analysis software programmes. Statistical results were generated to confirm or reject the hypothesis in the study

The respondents' characteristics of the three regions in the final survey with descriptive

statistics were presented. The hypotheses generated in Chapter 4 were presented in alternative form.

In the first part, two products, TV and Tea were tested using Full Scale multi-cues conjoint method to study the relationship of extrinsic cues with consumer quality evaluation and product preference. The findings for the three regions were presented in general for product quality evaluation and product choice with significant level of less than 0.001. Brand was rated as highest importance amongst the extrinsic cue and intrinsic cues, whereas Region of Origin was rated second. Comparatively, the Brand and Region of Origin cues rating were much higher compared to the rest of the extrinsic and intrinsic cues. The findings correspond to the hypothesis where Region of Origin is considered as one of the major indicators for consumer buying behaviour.

Univariate Analysis of variance was performed in the three regions among the extrinsic and intrinsic cues to examine the interaction effect. The results found that there was an interaction effect between some of the cues. However, as the absolute values of the mean square value are not high compared to the main effect value, only a small proportion of the common variance is explained by these interactions.

In the second part, reliability test were performed and the modified CETSCALE within the three regions were found to be reliable with high internal consistency of over 0.8 was found with Cronbach's Alpha. Next, Confirmatory Factor Analysis was performed to test for dimensionality. From the goodness of fit test, the modified CETSCALE was found not to be unidimensional. Since the modified CETSCALE was not unidimensional, further test by Principal Component Analysis was performed. Scree plot, Varimax rotation, communality and validation with split sample found that the modified CETSCALE for the three regions consisted of two factors. However, as none of the variables (items) within factor 1 and 2 have less than 0.4 loadings (Hair et al., 2006; 2010), there were no reduction in the variables (items) within factor 1 and 2. The modified CETSCALE were found to have factor 1, which consisted of core ethnocentrism items while for that which related to ethnocentrism in terms of availability of locally produced products, it was factor

2.

Test of regioncentric tendency was performed by measuring the sum of the average mean scale value of factor 1 and factor 2, which included the variables (items) in the modified CETSCALE. It was found that out of the three regions, only respondents of Suzhou portrayed moderate regioncentric tendency. Utility estimate from Conjoint Analysis was employed to find the relationship between the respondents' regioncentric tendency and their preference in terms of evaluation of quality and product choice. It was found that only respondents from Suzhou (with the highest regioncentric tendency among the three regions) preferred local products in their product evaluation as well as product choice.

Chapter 8 in the next section will present the summary of the study, conclusion about the hypotheses, report and discussion on the findings from the data analysis. Implication for theory and managerial implications were discussed. Finally, it also provides suggestions for future research.

## **CHAPTER 8 SUMMARY, IMPLICATIONS AND DIRECTIONS**

### **8.1. INTRODUCTION**

This chapter initially provides summary of the study. A summary of the study on the purpose of the research, the nature of the research, independent and dependent variables, a review of the literature, hypotheses tested, the research sample, the research instrument, data analysis methods and the research findings are presented. Three survey sites were chosen as the samples for the study and presenting of the results would be based on data analysis of the three regions. Consequentially, the analysis and discussion of the hypotheses results and findings would be comparative in nature, which reflects the variations of local characteristics of each region.

Next, the implications of the findings would include the marketing theory, international trade theory as well and managerial implication. The study shed some lights on the need to consider the consumer cognitive, affective and connotative components of attitude toward the regional image or affection for a region when evaluating and choosing a product. From managerial perspective, the study enables marketing practitioners to use information to determine the marketing strategy in term of product offering, promotional message and activities so as to influence the consumer attitude to favour their products.

Finally, possible directions for future research will be addressed.

### **8.2. SUMMARY OF STUDY**

#### **8.2.1. Purpose of the Study**

In the country of origin literature, according to the congruity principle, given a choice, a consumer would prefer to buy products from more advanced and economically better off countries than those from less advanced countries (Ahmed et al., 2002). However, this might not be the case for food and handcrafted products. The evaluation of agricultural

products may be based on consumer's experience of the product or association with the product. Furthermore, at a country level, consumers would rather consider the place or region from where the product was produced in their evaluation of agricultural products and make purchase decisions on the product. For regional products, which are usually food and agricultural products, consumer would rely on geographical indicator in their evaluation of the quality and purchase intention of the product. The regions that these products are produced are usually agriculture intensive and are not advanced in term of economic development (Henchion and McIntyre, 2000; Van Ittersum, 2001).

Consumer may have ethnonationalistic feeling, which is the secondary sentiment of identity with one's own ethnic group or region (Ng-Quinn, 1993) and this is translated into consumer regioncentrism where consumers prefer local products over non-local products out of loyalty and association with the region. The longer a person resides in a particular region, the higher the sense of community attachment and social participation where residents eventually develop ethnocentric feelings toward the region and fellow residents (Kasarda and Janowitz, 1974; Sampson, 1988; Van Ittersum, 2001).

China with its market liberalisation led to influx of foreign direct investment resulting in new phenomena of "hybrid products" where foreign brands were manufactured locally or local brands manufactured in different regions. The vast regional disparity in culture, language, economic development and consumer characteristics leads consumers to have predetermined concepts or stereotypes about the products produced in different regions and there are also those regioncentric consumers who project loyalty with preference for products from local regions. All this would definitely affect consumer product quality, evaluation and purchase decision. With the recent development of the Chinese government encouraging domestic and internal consumption (Zhang, 2001; Taylor 2003), the studies of consumer behavior from a regional perspective is imminent and necessary.

The main purpose of this study was to examine the Region of Origin effect on consumer buying behavior in terms of product quality and product choice in hybrid products. The

secondary purpose was to explore the degree of consumer regioncentric tendency in different regions of China and whether the consumer's regioncentric tendency would affect consumer preference in evaluation of product quality and product choice.

To fulfil these purposes, answers to the research questions below were sought:

- 1) What is the relationship between extrinsic cues (e.g. Region of Origin), intrinsic cues and consumer attitude for product quality evaluation and product choice of a hybrid product?
- 2) Do consumers in different regions in China project consumer regioncentric tendency?
- 3) To what extent does regioncentric tendency affect consumers' product quality evaluation and purchase intention?

Nevertheless, the design and structure of this research has precipitated more information and findings beyond the original purpose and scope of the study. This information and findings will be discussed and inferred at appropriate places.

### **8.2.2. Contextual Issue of the Research**

The sub-national research on large countries such as China, Brazil, Indonesia and India is lacking. The common characteristics are that they are vast countries with geographical diversity and economic disparity. The regions within these countries form submarkets that are as distinctive as the various cultures, languages, varied levels of economic development and consumer characteristics that are found within such regions (Cui and Liu, 2000; Prahalad and Liebertal, 2003).

As there is no "natural" or "definite" region, the definition of region and that of regionalism depends on the problem or question under research. However, the study of region and regionalism can be based on common factors such as social cohesiveness, economic cohesiveness, political cohesiveness and organisational cohesiveness (Fawcett and Hurrell, 1995; Evered, 2005). The region can be defined from a vast perspective

ranging from that of weather, language, economics, agriculture and administration to urban development. In this study, Lemon's (1998) urbanisation process definition of region was adopted regarding research on television product and definition of region by tea growing region was adopted regarding research on tea product.

Concerning regioncentrism, Ng-Quinn (1993) pointed out that consumers may have ethnonationalistic feeling which is the secondary sentiment of identity with one's own ethnic group or region even though the Chinese have a strong national identity and a sense of unity to the centre. China can also be seen as having a north-south divide in its identity. Modern scholars of Chinese identity suggest of regionalism by looking at the human types through physiological feature and personality to the culture of each region (White and Cheng, 1993; Cui and Lui, 2000; Sun, 2002). Furthermore, the longer a person resides in a particular region, the higher the sense of community attachment and social participation where residents eventually develop ethnocentric feelings toward the region and fellow residents (Kawarda and Janowitz, 1974; Sampson, 1988 and Van Ittersum, 2001). Like the study of country of origin, it therefore postulates that consumers who have high regioncentric tendency would have high preference on locally produced or manufactured products

### **8.2.3. The Independent and Dependent Variables studied**

For the research question on the role of Region of Origin (extrinsic cue) on consumer attitude toward product quality evaluation and product choice, the independent variable for TV include extrinsic cues such as,

- i) brand name;
- ii) region of origin;
- iii) price; and
- iv) warranty;

and intrinsic cues such as,

- i) speaker type; and
- ii) screen size.

For tea, the independent variables are,

- i) brand name;
- ii) region of origin; and
- iii) price

and intrinsic cues,

- i) packing type;
- ii) aroma; and
- iii) colour.

The dependent variables for both products are the product quality evaluation and product choice. In general, the work of Caswell (2000) on intrinsic and extrinsic cues was referred. The independent and dependent variables for TV were generated based on the work of Ettenson (1993) and Ettenson and Mathur (1995). For tea, work of Xia (1994) served as a source for reference.

Full Scale Conjoint Analysis was used to analyse the relation between the independent and dependent variables. It was found that in both products and in the three regions of the study, the independent variables such as extrinsic cues, brand name and Region of Origin were significant and have higher relative importance on dependent variables, judgement of quality and product choice compared to other independent variables.

For the second research question on consumer regioncentrism, based on the work of Shimp and Sharma (1987) on consumer ethnocentrism, an adjusted 10-item CETSCALE was initially developed to measure the consumer regioncentric tendency. Confirmatory factor analysis was performed and the adjusted CETSCALE was found not to be unidimensional. A further principal component analysis using Varimax rotation revealed that the adjusted CETSCALE for the three regions were two dimensional with factor 1 consisting of core ethnocentric items and factor 2 consisting of ethnocentrism in terms of availability of local products. It was found that the number of independent variables for the adjusted CETSCALE varied between the two factors and the three regions. There



were eight independent variables (items) for factor 1 for Dalian, for Suzhou there were 7 and for Guangzhou there were 8. There were two independent variables (items) for factor 2 for Dalian, for Suzhou there were three and for Guangzhou there were again two. These inclusions of the independent variable (component variables or items) were based on Hair et al. (2006) prescription of 0.4 loading being the cut off line. The dependent variable is the regioncentric tendency, which is measured by the sum of mean scale value of the items. It was found that the three regions have varying consumer regioncentric tendencies. Dalian and Guangzhou have shown little regioncentric tendency among the respondents while Suzhou have shown moderate regioncentric tendency and has the highest regioncentric tendency among the three regions.

For the third research question on the consumer regioncentric tendency in relation with the consumer preference on product quality and product choice, the consumer utility estimate generated by conjoint analysis were used to determine whether consumer with higher regioncentric tendency would place priority preference for products from their own region of residence in terms of product quality evaluation and product choice. The independent variables were the consumer regioncentric tendency measured by the adjusted CETSCALE. The dependent variables were consumer product quality evaluation and product choice, which were measured by the consumer utility estimates. It was found that for Suzhou which has a higher regioncentric tendency, consumers would prefer products from their own region of residence in terms of product intention to purchase despite having lower evaluation of quality for durable products. For non-durable food products, quality judgement and purchase intention for product from own region of residence were priority. Conversely, for the regions that show little regioncentric tendency i.e. Dalian and Guangzhou, consumers did not show preference in neither product quality judgement nor purchase intention for products from own regions of residence.

#### **8.2.4. Review of the literature**

An investigation into the contextual issue such as the definition of region, the Chinese national identity, nationalism, its regional identity and stereotypes, the regional economic

inequality and development were initially done. This was followed by the review of the country of origin and the Region of Origin. The review of the usage of Region of Origin, the history of product marking, the evolution of the study of country of origin, the resurgence of Region of Origin, the consumer ethnocentrism, and the measurements used in country of origin studies provided useful insight from prior studies as well as provided a sense of direction for this study.

Prior studies found that the definition of region can range from a geographic continuum of sub-national definition such as neighbourhoods, villages, towns, cities, and provinces to that of supra-national definition of blocks of countries. Furthermore, as the study of region or regionalism are often based on factors such as social cohesiveness which includes, ethnicity, language, religion, culture, history and common heritage. Economic cohesiveness includes trade pattern and economic complementarity while political cohesiveness includes regime type and ideology. Organisational cohesiveness includes existence of formal regional institutions (Fawcett and Hurrell, 1995). Hence there is no “natural” or “definite” region per se, but rather the concept of region depends on the problem or question under research (Evered, 2005)

A review of definition of subdividing the region from the perspective of political, economic, weather, farming, linguistic, urban development, and marketing were performed. For the purpose of this study, the subdivision of region was adopted from Leman’s (1998, 2005) definition of metropolitan China. In terms of region of production for television product, the region of production was adopted from Leman (1998, 2005) studies, while for tea the region of production was adopted from Xia (1994) studies of tea production regions. A review of China’s national identity, nationalism, regionalism and economic development found that although there was a strong unity towards the central power, historically there were divisions of a north-south identity in culture and topography. Recent studies also revealed that other than nationalism, there is coexistent regionalism of ethnonationalism in China (Quinn, 1993). Cui and Lui (2000) in their studies of regionalism segmented China into seven regions by cultural, economic and quality of life. An analysis into the data of China’s Gross Regional Product and

government policy revealed that there is a large disparity in income distribution among the regions with eastern region and central south regions which cover provinces such as Shanghai and Guangdong have the highest income distribution while north west region which cover provinces such as Shaanxi and Xinjiang have the lowest income distribution. The Chinese national strategy since the 70s was to gradually open up the country from southern and eastern coastal regions by creation of development zones. This has further fuelled the disparity in income between the coastal regions, which is mainly in eastern China, and the inner western regions. With this background information, the psyche of the Chinese consumers from a regional or sub-national perspective can be better understood.

A review into the Region of Origin studies found that early studies from the 50s to the 70s were mainly from a socio-demographic perspective of family formation and interregional migration. Recent studies on Region of Origin were mainly concerned with regional products such as food and handicrafts where the regional imagery acts as a cue for quality in the consumers' evaluation of the product (Henchion and McIntyre, 2000, Van Ittersum et al., 2002, 2003). These studies were mainly in Europe and very much concerned with legal protection that safeguards the right to use the trademark and name of a region in marketing their products (Marjorie, 1994; Mohammed, 2004). Van der Lans et al., (2001) found that Italian consumers showed certain degree of regional ethnocentrism in their attitude towards the consumption of olive oil. The Region of Origin studies suggested that consumer would use the place of production as the deciding factor in the purchase of the product. Furthermore, for consumers who portray a high affection towards a region, they tend to purchase products that are locally produced. Literature review in product markings revealed that use of markings to identify the origin of product could be traced back to a period around 5000 BC when markings were used to identify the manufacturer of the product. The function of marking was to identify the social identity, ownership and origin of the product. Marking of products were widely use in western and eastern civilisation. Many of the markings would identify the place or the region in which the products were made.

Past studies show that there was increase in trade between nations due to industrial revolution. Migration of population from old world to new world has brought an increase in cross national trade (Seyoum, 2000). With increase in trade from commodity trade to manufactured good production, there was an imminent need for countries to mark the origin of products for purpose of tariff and import duties.

As early as the nineteen century, the Merchandise Marks Act of 1887 required the origin of imports to U.K. to be identified by stamping the country of manufacture on the product (Neuburger and Stokes, 1979). The Smoot-Hawley Act of the 1930 required all imported products to U.S.A. to mark their country of origin (Cattai, 1999; Hamby, 2007). Measures to harmonise the rule of origin were recommended in 1953 to sought uniform definition for determining the nationality of manufactured goods (Hironori, 1993; LaNasa, 1996). Geographic indicators for agricultural products stating the source of production were first mooted in Paris Convention for Protection of Industrial Property in 1883. In more recent times, the appellation of origin was defined by the Lisbon Agreement in 1958. The 1992 European Union regulations created three types of regional identification for products such as the Product of Denominated Origin (PDO), Product of Geographic Indication (PGI) and Guaranteed Traditional Specialty (GTS). This was done to mainly protect the product names from imitation and misuse as the place of production were deemed to be indicator of quality of the agricultural product (Lans et al., 2001; Skuras and Vakrou, 2002).

In China, the concept of geographical indication was introduced in 1980s. However, in practice, it relied on the China trademark law, which did not distinguish geographical indication from appellant of origin (Yang, 2005). The review of literature concerning the product from the trade and legal perspectives identified the need to research on the consumer behaviour and attitude towards evaluating the quality of the product and their choice of a product with the knowledge of source of origin of the products either classified by country or by region. There are a large body of research regarding country of origin with over 1000 publications and 400 academic articles (Roth and Diamantopoulos, 2009). In general, these studies of the country of origin effect can be

classified into three categories. Firstly, the cognitive effect where country of origin act as a cue for product quality. Secondly, the affective effect where the country of origin is considered to have symbolic and emotional benefits, such as social status and national pride. Thirdly, the normative effect in which the consumers considered buying domestic product as the right way of conduct as they related their social and personal norms to the country of origin (Verlegh and Steenkamp, 1999).

A review of the country of origin literature by chronological order was performed starting from the 1960s to the 2010s. Studies in the 60s showed existence of the country of origin effect where consumers stereotyped products as per their origin. In the 70s, studies were mainly on the “made in” effect on consumer product quality judgement and product choice. A country image would affect consumer attitude towards product quality evaluation and product preference. The studies in the 60s and 70s were mainly relied on single attribute studies, which led to overestimate of the country of origin effect. In the 80s, with advancement in statistical software, multi-cue approach was developed where the independent variable consisted of extrinsic and intrinsic cues (Bilkey and Nes, 1982). During this time, study into the consumer ethnocentrism and a development of CETSCALE by Shimp and Sharma (1987) has enabled the consumer ethnocentrism construct to be quantified statistically. In the 90s, with the evolution of trans-national product (hybrid) where the country of design, country of manufacture and country of brand origin might not be have the same effect of “blurring” the consumer (Ettenson and Gaeth, 1991). Much of the studies re-evaluated the country of origin effect due to the change in product offerings. Also, more researches on consumer ethnocentrism were done outside U.S.A. and many of these studies found that ethnocentric consumers were not necessarily portrayed with a negative feeling towards foreign imports. By 2000s, studies on country of origin were mainly on consumer ethnocentrism. Studies revealed that consumer attitude toward foreign products depended on the development stage of the country in study, availability of import substitute products, type of products and animosity toward the foreign countries due to historical reasons.

As identified in the literature review, the measurement instrument is crucial to the COO

studies. An in-depth review of multiple attribute method of conjoint analysis to identify the salient extrinsic cues and intrinsic cues were performed. In this study, the extrinsic and intrinsic cues were formulated with reference to past study done by Caswell (2000); Ettenson and Mathur (1995); Xia, (1994), Ettenson (1993); Rao and Monroe (1988); Zeithaml (1988), Bearden and Shimp (1982), Olson (1978) and Olson and Jacoby (1972). The modified 10-item CETSCALE for measuring consumer regioncentrism was adapted from the work of Shimp and Sharma (1987). The benefit and constraint of CETSCALE were reviewed. The CETSCALE was found to be robust, but in large countries such as Russia, the CETSCALE was found to be not unidimensional (Thelen, Ford and Honeycutt, 2006). The CETSCALE was found to be an appropriate measurement in some countries, but needed modification in others.

From the literature review, gap in the studies of country of origin were identified where there were little or no studies done on country of origin at the sub-national level on hybrid products. Subsequently, this research set to study the effect of Region of Origin in terms of cognitive effect, affective effect and normative effect as identified in the past studies on country of origin. Methodology and measurement instruments in this study were developed and modified based on past studies on country of origin.

#### **8.2.5. Importance of the Study**

Big Emerging Markets such as China, Brazil, Indonesia and India has seen large inflow of foreign direct investment in the last few decades (Varinder, 2002; Gouvea, 2004). The forerunners of these Big Emerging Markets are Brazil, Russia, India and China (BRIC). These countries have seen high rate of growth in their economy in 2010 with per capita for Brazil being \$11,289, Russia \$15,807, India \$3290 and China \$7518 respectively. These countries are also marked by a high rate of market penetration by multinationals (Johansson and Leigh, 2011). The high level of foreign direct investment (FDI) has transformed these countries from agro-based economies to manufacturing-based economies. In the case of China, the transformation process has led to the increase in production of hybrid products, which have the effect of confusing the consumer in their

product evaluation (Han, 1986; Johansson and Nebenzahl, 1986; Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Ahmed and D'Astous, 1993; Chao, 1993; Insch and McBride, 1998; Tan and Leong, 1999).

Foreign joint-ventures such as Panasonic and Sony which used to dominate the television market have seen their market share eroded by local Chinese manufacturers such as Changhong and TCL (Leggett and Wonacott, 2002; Chen, 2004). The domestic brands such as Haier, TCL, Changhong, Chunlan and Gree have carved out a significant market share locally and abroad (Chen, 2004; Ge and Ding, 2005). Foreign brands lost out to local brands due to confusion with the brand origin of the product (Zhuang et al., 2008) resulting in expansion of hybrid products. On the other hand, non-durable products, which are traditionally dominated by local brands, have seen inroads of foreign brands such as Lipton tea into the China due to the evolution of large-scale supermarkets (Luo, 2004).

Faced with influxes of hybrid products with foreign brand names resulted in confusion in the minds of consumers causing incongruence in their perception of the origin of the brand and its origin of manufacture (Han and Terpstra, 1988; Ettenson and Gaeth, 1991; Ettenson, 1993; Kim & Pysarchik, 2000). In the context of China, due the distinctness of each region in terms of geographical diversity, economic disparity, culture, language as well as consumer characteristics (Cui and Liu, 2000; Prahalad and Liebertal, 2003), consumers may rely heavily on utilising their knowledge of the place of manufacture as the surrogate for quality which would affect their purchase decision (Olson and Jacoby, 1972). In contrast, ethnocentric consumers would ignore the quality aspect of the product and would prefer products from their own region of residence in their purchase decision (Shimp and Sharma, 1987). In the sub-national context, for food products, regioncentric consumers were found to prefer products from their own region of residence (Van Ittersum, 2001). However, very little study was done on non-food and non-agriculture products such as durable products in the Chinese context. This research seeks to investigate whether consumers in China would utilise the extrinsic cue "Region of Origin" in their product quality evaluation and product choice. Furthermore, to what

extent regioncentric tendency affects consumers' product quality evaluation and intention to purchase. These queries were addressed in research questions 1 and 3 respectively.

There are more than 1000 publications and over 400 academic articles on the country of origin (Roth and Diamantopoulos, 2009), but very few of them actually examined the consumer buying behaviour in terms of cue utilisation of product from the sub-national regional perspective with none being in China's regional context. This research therefore, is the first known study to examine the relation between consumer quality evaluation and product choice with the extrinsic cue - "Region of Origin". It is also the first to test the relation "regioncentric tendency" in relation to consumer product quality evaluation and product choice in the context of China.

#### **8.2.6. Hypotheses Tested**

The hypotheses tested in this study were formulated mainly for purpose of addressing the research questions. Details of the hypotheses were presented in Chapter 4. Hypotheses 1ai to 4b.iii were tested to study the relation between extrinsic cues and intrinsic cues with product quality evaluation and product choice for television and tea products. Hypotheses H5 to H8 were tested to study the interaction effect between the extrinsic and intrinsic cues with product quality evaluation and product choice for television and tea products. Hypothesis 9 was tested to study the regioncentric tendency of the consumers in the respective region of study. Hypotheses 10 to 11 were tested to study the relation between consumer's regioncentric tendency with consumer's product quality evaluation and product choice.

Hypotheses 1ai to 4b.iii were concerned with which of extrinsic cues or intrinsic cues would be salient when consumer evaluate product quality and choose products. Conjoint analysis was used to measure the important values of the intrinsic and extrinsic cues towards the product quality evaluation and product choice. Three regions Dalian, Suzhou and Guangzhou were chosen, and two products, namely, television and tea were used in this study.



Hypotheses 5 to 8 were concerned with the interaction effect of the extrinsic and intrinsic cues, although in the full-scale conjoint analysis, the factors were computer generated and were orthogonal and discrete i.e. with no interaction effect. However, by convention, past researchers would usually perform variance analysis to test the interaction effect in order to be certain that there were no interaction effect between the designed extrinsic and intrinsic cues.

Hypothesis 9 was concerned with the regioncentric tendency of the three regions of study. The regioncentric tendency was measure by adding the mean scale values of the items within the factors identified in the Varimax rotation in the principle component analysis. There were two factors identified. Variables or items within the factors with loadings less than 0.4, as prescribed by Hair et al., (2006) were retained. The average sum of the two factors with the relevant variables was used to measure the regioncentric tendency.

Hypotheses 10 to 11 were concerned with the consumers' regioncentric tendency, their product quality evaluation and product choice. Utility estimate from conjoint analysis were used to measure the respondents' judgement of quality and product choice. Consumers with higher regioncentric tendency are expected to prefer products from their own region of residence in terms of product quality evaluation or product choice.

#### **8.2.7. Research Samples**

The data for this study comprise of responses from the three regions namely, Dalian, Suzhou and Guangzhou. There were 145 valid respondents in Dalian, 142 in Suzhou and 143 in Guangzhou. Mall interception surveys were carried out in the main shopping malls of these cities. Convenient sampling with qualifying variables of 10 years residency requirement and intention to buy the products within the next 10 years for TV and next 5 years for tea were adopted.

The proportion of male to female, married and unmarried respondents were quite equal. The education level of the respondents was mainly senior secondary to bachelor degree

while majority of them were professionals, supervisory level employees or sole proprietors. The family salary is quite even within each level from 1000 to over 10000.

#### **8.2.8. Research Instrument**

The research instrument consisted of three measurements. The first measurement was a multi-attribute measurement of consumer reliance on extrinsic and intrinsic cues with consumer evaluation of product quality and product choice using full-scale conjoint analysis method. Two sets of orthogonally designed conjoint profiles (cards) including 20 cards with profile of television and 20 cards with profile of tea together with rating using seven-point Likert scale with measurement lowest score (1= extremely poor) and highest score (7 = extremely good) to rate the quality of the product and a five-point scale (1 = definitely buy to 5 =definitely not buy) to rate their intention of purchase. The cards were generated specifically for this study using Orthoplan procedure of the SPSS conjoint software. The Likert scale measuring product quality evaluation and product choice were taken from existing marketing literature and the conjoint analysis use were tested for reliability and validity using holdout stimulus which were built into the conjoint task. As the field survey was conducted in China, a back-translation of the questionnaires was adopted.

A second measurement using modified CETSCALE was used in which respondents needed to complete 10 questions with a seven-point bi-polar scales (Strongly Disagree/Strongly Agree). The questions asked related to factors such as product availability (Q.1 & Q.9), patriotism (Q.2, Q.3, Q.5 & Q.8), employment impact (Q.4, Q.7 & Q.10) and overall economic impact concern (Q.6). The modified 10-item CETSCALE used in this study was adapted from Shimp and Sharma (1987) study on consumer ethnocentrism. As Shimp and Sharma (1987) works are concerned with consumer ethnocentrism at a national level and this study being a sub-national ethno-nationalism construct, each of the 10 questions in the questionnaire was modified in order to be able to appropriately measure consumers' regioncentric tendency. The questionnaires were translated into Chinese using back-translation method. The modified 10-item

CETSCALE in this study were tested for its factor structure dimension, reliability and validity. The goodness of fit test using confirmatory factor analysis and principal component factor analysis after a Varimax rotation resulted in two-factor structure for the modified 10-item CETSCALE. A split sample analysis was used to test the validity. The results of these evaluation showed that the scale fulfils reliability and validity test.

Other instruments used were mainly questionnaires on demographic items and questionnaires on qualifying measures such as 10 years of residency requirement and intention to buy the product within the next 5 years.

### **8.2.9. Research Findings**

The research findings are presented in three parts. The results of the study of relationship between extrinsic cues and intrinsic cues with consumer attitude toward product quality evaluation and product choice for the hybrid products, television and tea, will be reported first. Analysis of variance to test the interaction effect between the extrinsic and intrinsic cues will also be presented. This will be followed by results of the study of consumers' regioncentric tendency of the region in study. In this section, report on the results of the test on the measurement instrument for its factor dimensionality, reliability and validity will also be presented. Finally, the results of the study of relationship between consumer ethnocentrism and preference for the region of product produced will be presented.

#### **Multiple Attributes Test – Extrinsic and intrinsic cues effect on product quality evaluation and product choice.**

Conjoint analysis revealed significant relationship between the product's extrinsic and intrinsic cues with consumer product quality evaluation and product choice. In the testing of television product, there were four extrinsic cues and two intrinsic cues and for tea product, there were three extrinsic and three intrinsic cues. Since the hypotheses are formulated in a manner where the most important indicator was sought meaning there is only one cue among the six cues, which is most important. Consequentially, this would

result in five of the hypotheses not being supported and only one hypothesis being supported. Table 37 summarise the results of the hypotheses tested in this study.

For hybrid product television, in terms of consumer evaluation of product quality in the three regions of this study, the statistical tests indicates that although there might be variation in the important values of the extrinsic and intrinsic cues between the regions, the general pattern is that Brand-name scores as being the most important indicator with Region of Origin coming in the second place. The pattern for price and warranty was not uniform for the three regions, with Suzhou having higher important values than Guangzhou and Dalian. The intrinsic cues such as screen size and speaker type for the three regions were statistically significant. However they were lower in importance values than extrinsic cues. In general, it can be concluded that in the three region of study, consumer relied more on Brand-name and Region of Origin as the indicators for their product quality evaluation and purchase intention.

For hybrid product tea, in terms of consumer evaluation of product quality in the three regions of this study, the statistical tests indicated that although there might be variation in the important values of the extrinsic and intrinsic cues between the regions, the general pattern was that Brand-name is the most important indicator and Region of Origin is second. The other extrinsic cue such as price and intrinsic cues such as aroma, colour and package have much lower values then Brand-name and Region of Origin. Therefore, it can be concluded that consumer relied more on Brand-name and Region of Origin as the indicator for their product quality evaluation and purchase intention.

From the statistical tests, it is obvious that although the extrinsic cue, Region of Origin is not the most important indicator for both consumer evaluation of product quality and product choice, it is nevertheless salient since it is rated second. This meant that other than the brand name, consumers in these regions heavily relied on the “Region of Origin” cue as indicator for product quality and decision to purchase the products. This applied to household durables as well as non-durables such as food products. From the important values, comparing the durable product (television) and non-durable food product (tea),

the general observation was that the importance value of the Region of Origin was higher for both product quality evaluation and product purchase intention for tea product. This suggested that the respondents relied more on Region of Origin cue for non-durable food products compared to durable products.

**Table 33.** Tests of Hypotheses Using Conjoint Analysis  
Extrinsic/intrinsic Cues and Product Quality Evaluation and Product Choice

Hypothesis	Product	Cues	Product Quality /Choice	Decision on Hypothesis	Significance
1ai	Television	Region of Origin	Product Quality	Not supported	< 0.001
1aii	Television	Brand name	Product Quality	Supported	< 0.001
1aiii	Television	Price	Product Quality	Not supported	< 0.001
1aiv	Television	Warranty	Product Quality	Not supported	< 0.001
2ai	Television	Speaker Type	Product Quality	Not supported	< 0.001
2aii	Television	Screen Size	Product Quality	Not supported	< 0.001
1bi	Television	Region of Origin	Product Choice	Not supported	< 0.001
1bii	Television	Brand name	Product Choice	Supported	< 0.001
1biii	Television	Price	Product Choice	Not supported	< 0.001
1biv	Television	Warranty	Product Choice	Not supported	< 0.001
2bi	Television	Speaker Type	Product Choice	Not supported	< 0.001
2bii	Television	Screen Size	Product Choice	Not supported	< 0.001
3ai	Tea	Region of Origin	Product Quality	Not supported	< 0.001
3aii	Tea	Brand name	Product Quality	Supported	< 0.001
3aiii	Tea	Price	Product Quality	Not supported	< 0.001
4ai	Tea	Aroma	Product Quality	Not supported	< 0.001
4aii	Tea	Colour	Product Quality	Not supported	< 0.001
4aiii	Tea	Packing Type	Product Quality	Not supported	< 0.001
3bi	Tea	Region of Origin	Product Choice	Not supported	< 0.001
3bii	Tea	Brand name	Product Choice	Supported	< 0.001
3biii	Tea	Price	Product Choice	Not supported	< 0.001
4bi	Tea	Aroma	Product Choice	Not supported	< 0.001
4bii	Tea	Colour	Product Choice	Not supported	< 0.001
4biii	Tea	Packing Type	Product Choice	Not supported	< 0.001

### **Test for Interaction effect – Analysis of Variance**

The attributes (cues) generated by the Conjoint Analysis are supposed to be orthogonal. This means that there should be no interaction between the attributes in the sample of study. The presence of interaction effect would affect or distort the predictable value of the dependent variable. This is because the outcome of the dependent variable will rely on the value of the independent variables and in addition on the interacting variable. Although the conjoint analysis has been tested for reliability and validity, the two-way ANOVA was performed in order to ensure the attribute were orthogonal. If interaction does exist, it is expected to be minimal compared to main effects of the respective attributes. Table 38 summarises the results of the hypotheses tested for interaction effect.

Since there was interaction found between some of the cues, it has resulted in the entire hypothesis being partially supported.

In terms of consumer evaluation of quality of television, the two-way interaction test revealed that there were some interactions between the extrinsic cues in the three regions Dalian, Suzhou and Guangzhou. These were mainly between Region of Origin and price, Region of Origin with warranty and brand-name and price, which were statistically significant ( $P < 0.001$ ). For the interaction between extrinsic cues and intrinsic cues, interactions were found between region and speaker type, price and speaker type, price and screen size, warranty and speaker type. However, these interaction effects were not uniform across the three regions. There were no interactions found between the intrinsic cues. Based on the findings, the hypothesis 5 that there were no interactions between the extrinsic and intrinsic cues was only partially supported.

In the consumer product choice for television, the two-way interaction test revealed that there were some interactions between the extrinsic cues in the three regions. The results obtained were the same as result found in evaluation of quality. The interactions were mainly between Region of Origin and price, Region of Origin with warranty and brand name with price, which were statistically significant at ( $P < 0.001$ ). For the interaction between extrinsic cues and intrinsic cues, interactions were found between region and speaker type, price and speaker type, price and screen size, warranty and speaker type. The interaction effects were not uniform across the three regions. There were no interactions found between the intrinsic cues. This means hypothesis 6 where there were no interactions between the extrinsic and intrinsic cue was only partially supported.

For consumer evaluation of quality of tea, the two-way interaction test revealed that there were some interactions between the extrinsic cues in two of the three regions namely, Suzhou and Guangzhou. These were mainly between Region of Origin and price, and brand name and price, which were statistically significant ( $P < 0.001$ ) for Suzhou and Guangzhou. For the interaction between extrinsic cues and intrinsic cues, interactions were found between price and colour, region and colour, region and packing, brand name

and packing, and price and packing. For interaction between intrinsic cues, interaction between aroma and packing were found to be significant. Since some of the cues have minor interaction effect, the hypothesis 7 that there were no interactions between the extrinsic and intrinsic cues was only partially supported.

In the consumer product choice for tea, the two-way interaction test reveals that interaction between extrinsic cues Region of Origin and price were statistically significant ( $P < 0.001$ ) in the three regions. In Suzhou and Guangzhou, interaction between brand name and price were found. For the interaction between extrinsic cues and intrinsic cues, interactions were found between price and colour, price and packing, Region of Origin and aroma, Region of Origin and colour, Region of Origin and packing and brand name and colour were found to be significant for Suzhou while Region of Origin and colour, and Region of Origin and packing were significant in Guangzhou. For interaction between intrinsic cues, interaction between aroma and packing were found to be significant. Thus, hypothesis 8 that there were no interactions between the extrinsic and intrinsic cues was only partially supported.

**Table 34.** Tests of Hypotheses Using Analysis of Variance  
Extrinsic/intrinsic Cues and Product Quality Evaluation and Product Choice

Hypothesis	Product	Interaction	Product Quality /Choice	Decision on Hypothesis	Significance
5	Television	4 extrinsic & 2 intrinsic cues	Product Quality	Partially supported	< 0.001
6	Tea	3 extrinsic & 3 intrinsic cues	Product Quality	Partially supported	< 0.001
7	Television	4 extrinsic & 2 intrinsic cues	Product Choice	Partially supported	< 0.001
8	Tea	3 extrinsic & 3 intrinsic cues	Product Choice	Partially supported	< 0.001

From the findings above, for those attributes (cues) with interaction effect, since the absolute values of the mean square value were not high for the interacting attributes (cues) compared to the main effect of the attribute (cues), it can be concluded that only a small proportion of the common variance is explained by these interactions. Therefore, this does not affect the predictable value of dependent variable in the conjoint analysis.

#### **Reliability Test – internal consistency of item in the modified 10-item CETSCALE**

A reliable measurement such as the CETSCALE is reliable only if the same result is obtained on repeated occasions. Since the CETSCALE includes 10 items, it is expected that each of the item is reliable. The reliability of the CETSCALE is measured by testing the average correlations among items and the number of items included in the Scale i.e. the Cronbach's  $\alpha$ .

The items in the CETSCALE were found to be of high internal consistency among the three regions as shown in Table 39. This indicated that the modified 10-item CETSCALE for three regions were reliable.

**Table 35.** Reliability Test  
Modified 10-item CETSCALE on Internal Consistency

Hypothesis	Region	Internal Consistency	Cronbach's $\alpha$	Decision on Hypothesis
9a	Dalian	High	0.878	Supported
9b	Suzhou	High	0.927	Supported
9c	Guangzhou	High	0.855	Supported

### **Goodness of Fit Test – Confirmatory Factor Analysis**

The modified 10-item CETSCALE was “a priori” factor model where it is hypothesised based from theories and works by previous researchers. Model fit measures would need to be performed to ensure the instrument of measurement used and the factor applied match reality in this study. Operationally, the goodness of fit test is to measure the unidimensionality of the factor structure of the modified 10-item CETSCALE. From Table 40, the modified 10-item CETSCALE for the three regions Dalian, Suzhou and Guangzhou were found to be not unidimensional. Further test by using Principal component factor analysis examining the dimensionality of the modified 10-item CETSCALE were performed for the three regions.

The Varimax rotation in the principle component analysis revealed two-factor structure for all the three regions. Factor 1 was named Regioncentrism and the factor 2 was named product availability. The component item in the factor 1 and 2 varied between the three



regions. For Dalian sample, the component items for factor 1 (Regioncentrism) were items 2, 3, 4, 6, 7, 8 and 10 whereas the component items for factor 2 (Product availability) were items 1 and 9. For the Suzhou sample, the component items for factor 1 (Regioncentrism) were items 3, 4, 6, 7, 8 and 10 whereas the component items for factor 2 (Product Availability) were items 1, 2 and 9. For the Guangzhou sample, the component items for factor 1 (Regioncentrism) were items 3, 4, 6, 7, 9 and 10 whereas the component items for factor 2 (Product Availability) were items 1, 2 and 8. As all of the items in factor 1 and factor 2 were above 0.4 in loading, none of the items was discarded from factor 1 and factor 2.

This suggested that although the modified 10-item CETSCALE for the three regions were found to have 2 factors, the factor structure was marginally unidimensional.

#### **Test of Regioncentric Tendency using the Sum of Mean Scale Value**

The mean scale values of the variables of the factors are the predictor of the intensity of ethnocentrism (Shimp and Sharma, 1987). Therefore, the measurement of regioncentric tendency was done by examining the sum of the mean scale values of the component variables within the modified 10-item CETSCALE. Since the modified 10-item CETSCALE was found to be two dimensional, the average sum of mean scale values of the component variables of the two factors were used to measure the regioncentric tendency. Details of the measurement method were elaborate in section 7.9.

From Table 40, the average sum of mean scale value for respondents from Dalian, Suzhou and Guangzhou were 51, 56.73 and 50.66 respectively. Referring to Shimp and Sharma (1987) study where the sum of mean scale value ranged between 56.26 and 68.58, the consumers in the three regions in this study were found to be not highly regioncentric.

The average sum of mean scale value derived from the factors revealed that the respondents in Suzhou were moderately regioncentric and respondents from Dalian and Guangzhou were less regioncentric than Suzhou respondents. As mentioned in earlier chapters, the variation in culture, language, social and economic development has

contributed to the regioncentric tendency of a specific region. This will be dealt further in the discussion section.

**Table 36.** Tests of Hypotheses Using Mean Scale Value Test  
Regioncentric Tendency of Respondents of Various Regions

Hypothesis	Region	Average Sum of Mean Scale Value	Value Measured	Indicative value	Decision on Hypothesis
9	Dalian	51	Marginal	56. - 68	Partially Supported
9	Suzhou	56.73	Moderate	56. - 68	Supported
9	Guangzhou	50.66	Marginal	56. - 68	Partially Supported

### **Relationship between regioncentric tendency with product quality evaluation and product choice**

From the previous section, it was found that regioncentric tendency for Suzhou were moderate and Dalian and Guangzhou regioncentric tendency were lower than Suzhou. Studies on country of origin show that highly ethnocentric consumers would prefer domestic products over foreign made products (Shimp and Sharma, 1987; Netemeyer, Durvasula and Lichtenstein, 1991). Therefore, it was postulated that the same hold true in the regional context i.e. consumers with high regioncentric tendency will prefer local products. Also, following study by Peterson and Jolibert (1995), which purported that product quality and purchase intention are two distinct concepts that need to be studied separately. This sub-national regional level study investigated the relationship between regioncentric tendency and consumer product quality judgement and purchase intention.

From the study, respondents were given four choices of region for manufacture of television product and four choices of region for production of tea product. It was expected that the regioncentric consumers would prefer the product from their own region of residence in terms of quality judgement and purchase intention, thus rating the product from local region with the highest utilities estimate. Only the utility estimates of the Suzhou sample were qualified since only respondents from Suzhou were found to be regioncentric. Referring to Table 41, statistical results of utilities estimate generated from conjoint analysis revealed that the hypothesis that regioncentric consumers would prefer products from their own region of residence in terms of product quality evaluation was partially supported. The reason is because Suzhou respondents did not rate the television

produced in the Yangtze River Delta to be the highest utilities estimate whereas they did so for tea product. On the hypothesis that regioncentric consumers would prefer to purchase product from own region of residence however, is supported as rating of both television and tea products were highest on own region of residence.

Respondents from Dalian rated the locally manufactured television product second both in product quality evaluation and product choice. For tea product, they rated the locally tea producing region third in product quality evaluation and last in product choice. Respondents from Guangzhou rated the locally manufactured television product third in product quality evaluation and second in product choice. For tea product, they rated the locally producing tea region third in both product quality evaluation and product choice. These findings further solidified the proposition that regioncentric consumers would purchase product from own region even if they perceived it to be of lower quality. The discussion section will discuss and elaborate these finding further.

**Table 37.** Tests of Hypotheses Using Utilities Estimate (Suzhou)  
Regioncentrism Impact on Product Quality Evaluation and Product Choice

Hypothesis	Product	Utilities Estimate / Local Region	Product Quality /Choice	Decision on Hypothesis
10	Television	Low	Product Quality	Partially supported
	Tea	high	Product Quality	
11	Television	high	Product Choice	Supported
	Tea	high	Product Choice	

### 8.2.10. Discussion

The purpose of this research was to examine the cognitive effect of Region of Origin on hybrid product where the Region of Origin acts as a cue for product quality evaluation and product choice. Additionally, this research also investigates the affective and the normative effect of the Region of Origin by studying the regioncentric tendency of the consumers in different regions of China and the relationship between regioncentrism and consumer attitude toward product quality evaluation and product choice. The findings of the study are discussed below.

First, there was cognitive effect where the relationship between Region of Origin cue with product quality evaluation and product choice were significant for both products - television and tea. Although the Region of Origin was not the most important indicator, it was the major indicator as the statistical conjoint results showed that the Region of Origin cue ranked second in consumers' "importance values" after brand name. The multi-attribute method of conjoint analysis in this study was designed where the respondents made choices similar to the actual situation in the market place. Hence the extrinsic cues for television were brand name, Region of Origin, price and warranty and for tea it was again brand name, Region of Origin and price. The intrinsic cues for television were speaker types and screen size, while for tea it was colour, packing and Aroma. Consumers would trade-off between the cues in forming preference (Hair et al., 2006; 2010). The country of origin studies before 1980s were mainly single attribute study which led to overestimate of the country of origin effect (Bilkey and Nes, 1982). Later studies using multi-attributes have revealed a lesser role of country of origin in influencing consumer product preference either in quality evaluation or product choice (Erickson, Johansson and Chao, 1984; Johansson and Thorelli, 1985; Parameswaran and Yaprak, 1987; Ettenson, Wagner and Gaeth, 1988; Han and Terpstra, 1988; Chao, 1989; Han, 1990; Wall, Liefeld and Heslop, 1991; Samiee, Shimp and Sharma, 2005; Usunier, 2006; Samiee, 2010). Therefore, in the same context as in the study of country of origin, but at a sub-national level, the Region of Origin cue not being the most important cue was expected. Although Brand-name was found to be the most important factor in consumer product quality evaluation and purchase choice, it did not diminish the importance of the Region of Origin cue as the conjoint design that each of the extrinsic cues is orthonogonally designed that it would not have significant interactive effect the extrinsic cues. Consumers made a trade-off between the cues and relied on the cues in forming the product judgment and product choice.

The important relative values of Region of Origin cue for television product in the product quality evaluation were Dalian 15%, Suzhou 22% and Guangzhou 16%. For tea product the relative importance values were 24%, 36 % and 29 % respectively. In terms of intention to purchase, the relative importance values of Region of Origin for television

product were Dalian 10%; Suzhou and Guangzhou were both 19%, whereas for tea product they were 19% for Dalian, 33% for Suzhou and 25% for Guangzhou. The results suggest that both the product quality evaluation and product purchase intention were higher for tea among the extrinsic cues and intrinsic cues in comparison to television.

Past studies have established that country of origin effect may be product category specific. For example, the effect may be stronger on durable products and less on non-durable products (Heslop et al., 1987; Errol and Machleit, 1988; Hans and Terpstra, 1988). Cordell's (1992) study categorised the products into high performance risk products (wristwatch, camera, electric typewriter and video recorder) and low performance risk products (shoes, luggage, sports coat and bed set) and found that consumers exhibit positive attitude towards the high performance risk products if they were manufactured in developed countries compared to those from less developed countries. For low performance risk products, consumers tend to be indifferent on the make or origin of the product. The reason being consumers tend to associate low quality with products manufactured in less developed countries. Hence consumers had an aversion to risk concerning high performance products that need technological specialisation in comparison to less concern for low performance risk products that need less specialisation. Furthermore, the country of origin effect can be country-specific since consumers may perceive certain country as good at producing only certain type of products. As Lampert and Jaffe (1998) pointed out, perfume, fashions and wine made in France have positive image but cars, television and high technology would have less positive image. In the same token, Americans perceive Japanese made cars to be with a more positive image than European made cars (Bilkey and Nes, 1982).

The results of this study not only revealed that the extrinsic cue Region of Origin was not product specific, but contradict earlier findings where the extrinsic cue refer to the country of production to be more important for television product which is high in specialisation. This study shows that the extrinsic cue - Region of Origin, which refer to place, or region of production were relatively more important for products such as tea with low specialisation compared to television in term of percentage of importance

between the extrinsic cues in the product quality evaluation. Hence the study confirmed both Lampert and Jaffe (1998) findings from a sub-national perspective and also Van Ittersum's 2001 findings about Region of Origin effect being specific to a region as far as food or agricultural product category is concerned.

Literature on cue utilisation theory and product type will be used to explain this phenomenon. A product is conceived to constitute an array of product cues and each of these cues or attributes serve to afford different impressions of the product itself. Faced with a complicated task such as new product or sophisticated durable product or under time pressure, consumers will look for common attributes between products. To reduce information overload, they would be selective of the attributes (Jacoby, 1984) as they would use simplified heuristics in their decision-making and be very selective in choosing the cues in a complex task situation (Jacoby, Speller and Kohn, 1974; Payne, Bettman and Johnson, 1993)

For a product with multi-attributes, the semantic memory is usually invoked which contains previous experience and rules for responding to a stimulus such as a learned tendency to favourably evaluate products from certain regions because of risk aversion. With the encoding of a selection of cues, descriptive beliefs are formed. Inferential beliefs, which refer to different meanings of the product and not represented by the cues will also be formed. The descriptive beliefs and inferential beliefs form the cognitive content and information integration process with a combination of rules from the schema. This resulted in a cognitive state, which will go through a response generator process where the integrated information is translated into actual response by the consumer such as evaluation of the quality of the product and purchase of the product (Olson and Jacoby, 1977; Olson, 1978).

In the study of product cues, it was found that consumer depends on extrinsic cues more if utilising the intrinsic cues requires more effort and time than consumers perceives worthwhile or does not exist during the time of purchase (Huber and McCann, 1982; Zeithaml, 1988). Extrinsic cues such as price, brand name, country of origin, Region of

Origin and warranty can serve as indicator for quality for all types of product category (Zeithaml, 1988). For store brand products, the evaluation of products was found to be mainly driven by extrinsic cues (Rao and Monroe, 1989; Dodds, Monroe and Grewal, 1991; Richardson, Dick and Jain, 1994; Teas and Agarwal, 2000). From the past literature on product cues, the selection of cues by the consumer in its evaluation on quality and purchase decision is a complex one. Consumer when using the Region of Origin cue might invoke different inferential belief between television product and food product. In this study, for the television, four region of manufacture Pearl River Delta, Yangtze River Delta, North East Region, South West region were use in the survey. The Region of Origin cue may refer to the economic development of the region where the Pearl River Delta and Yangtze River Delta were more advance regions whereas the North East Region and South West Region were more backward. Referring to the congruity principle (Chao, 2001), consumer attitude toward a product should be most positive if it is design and manufactured in region with that is economically more advanced with strong positive regional image and attitude toward the product would be negative if it is manufacture in region with economically backward region with negative regional image. The inferential belief for product manufactured in more advanced region would be that it is less risky.

For tea product, the region use in the survey were mainly famous tea producing regions, such as South China Region, Jiannan Region, Jianbei Region, and South Western Region. In this case, the Region of Origin cue would be used to deduce the “true levels” of quality of the particular regional product as they belief in the suitability of a particular region in producing that particular types of products (Van Ittersum, Candel, and Meulenberga, 2003). For example, South Western Region that covers Yunan, Sichuan and Guizhou are famous for black tea. The Region of Origin cue links to a certain emotional value and association of regional products with place due to the nature of their geographical origin as well as the strong historical and symbolic links to natural resources and the people’s life styles (Delamont, 1995; Kuznesof, Tregear and Moxey, 1997). Furthermore, consumers may associate themselves with the social value of that region and overtime this desire of belonging to a region would directly influence the consumer preference for the regional product (Keller, 2003). This related to the regioncentric tendency of the

consumer, which will be discussed further.

Unlike tea which has been consumed by the Chinese for thousands of years and there was strong historical association and belief of a particular kind of tea to a specific region, television is a relatively recent product and there is little historical association between the place of manufacture and television. Most of the domestic brand and foreign brand televisions were produced in High Tech development zone or Special Economic Zone (refer to sections 2.12.3.2 and 5.4.1). These areas were known for manufacturing high technology products but relatively unknown for manufacturing a specific type of product. Therefore, although consumers do rely on Region of Origin cue in their product quality evaluation and choice, an additional insight to the Region of Origin was that its effect seems to diminish with the newness of the product. Conversely, the consumers tend to rely more on the Region of Origin cue when they are more familiar with the product and the more established the product was.

The second area of findings in this study related to the regioncentric tendency in the three Chinese cities of Dalian, Suzhou and Guangzhou, which were representative of the North-East region, Yangtze River Delta Region and Pearl River Delta regions. Results using the average mean score value from CETSCALE revealed that moderate regioncentric tendency existed in the respondents from Suzhou samples and the respondents from Dalian and Guangzhou were less regioncentric compared to respondents from Suzhou.

The consumer regioncentric tendency constructs and its measurement is based on the consumer ethnocentrism construct developed by Shimp and Sharma (1987). It purported that high regioncentric consumer who considers buying non-locally manufactured goods to be wrong, as it would cost loss of jobs and hurt the local region's economy. Shankarmahesh (2006) review of the antecedents and consequence of consumer ethnocentrism found that the socio-psychological, economic, political and demographic factors affected consumer degree of ethnocentrism. Consumers tend to be ethnocentric in a situation where they were exposed to conditions of collectivism, patriotism, materialism,



self-respect, morality, dogmatism, political propaganda, out-group size, leader manipulation, historical background of oppression and age. Whereas consumers will be less ethnocentric in situations, which are high in cultural openness, world mindedness, fun and enjoyment, capitalism, improving economic development, improving personal finance, income, education and social class. In Van Ittersum (2001) study of regioncentrism and regional products, he equated Shimp and Sharma (1987) consumer ethnocentrism as consumer regioncentrism in a regional level. It would be appropriate to apply the situations or elements that predict ethnocentrism in Shankarmahesh's (2006) study of regioncentric tendency in this study.

Comparing the three cities in this study, there are similarities in character and situation between Dalian and Guangzhou. From the socio-psychological viewpoint, Dalian was once colonised by Japan and Russia (Soren and Thogersen, 1995; Perrins, 1998) and is a coastal city with major seaport. Guangzhou is traditionally a coastal city and trading centre between China and some foreign countries (Lan, 2002). Population-wise, people in these two cities were expected to be similar in their cultural-openness, world-mindedness and natural inclination to enjoy life. Economically, both cities underwent rapid transformation in modernisation process with diversification, improving of economic activities and increase in the standard of living of its population. Suzhou, on the other hand, is a satellite city to Shanghai and is more inland, traditionally more localised and the population being more conservative, collective, dogmatic and proud of local culture (Ferguson, 1999). The economic development of Suzhou was more singular in that it became the hinterland for Shanghai in industrial production. Therefore, the socio-psychological and economic characteristics of the Dalian and Guangzhou cited above matched the pronouncement that the consumers in these cities were expected to be less regioncentric and for consumers in Suzhou to be more regioncentric. Within the different regions in China (refer to section 2.5), the region chosen includes core cities, which is usually first-tier cities and expanded centripetal to the second-tier and third-tier cities. From the findings of this study, it can be speculated that the consumers in first-tier cities were less regioncentric within the region whereas the inhabitants of second-tier and third-tier cities would exhibit a more prominent regioncentric tendency within the region.

Therefore, further study into this phenomenon is warranted which will be discussed in section 8.3.1 on refining the exographic data to include regioncentrism tendency.

The third area of findings of this study related to the consumer regioncentric tendency where regioncentric consumers will prefer product from own region of residence in terms of quality evaluation and product choice. The result using conjoint utilities estimates found that for television products, respondents from regions that projected regioncentric tendencies would prefer the product from their own region of residence in terms of intention to purchase despite rating the quality of the local region product last among the regions.

As there was no study of regioncentric tendency in relation to durable products, utilizing the country of origin studies in terms of consumer ethnocentrism would provide an explanation to our findings. In this regard, the results of this study where suzhou respondents preferred television from their own region despite low rating on the quality evaluation, were contrary to previous country of origin study by Peterson and Jolibert (1995). In their study, they reviewed 52 articles and concluded that there are inconsistency in the country of origin effect on consumer quality perception and purchase intention where the country of origin effect was larger in the former and smaller in the latter. Verlegh and Steenkamp (1999) did a review of country of origin literature from 1980-1996 and found similar results. They purported that the purchase intention may be affected by “external” influence in which consumers rated the product as of high quality, but simply could not afford it. However, they did recognise that other normative aspect such as consumer ethnocentrism would affect consumer quality evaluation and purchase intention. In the consumer ethnocentrism literature, highly ethnocentric consumers would buy domestic products and sanction foreign goods even though they may perceive the foreign products to be of higher quality (Shimp and Sharma, 1987; Good and Huddleston, 1995; Watson and Wright, 2000; Huddleston, Good and Stoel, 2001; Orth and Firbasova, 2003; Balabanis and Diamantopoulos, 2004; Shankarmahesh, 2006; Thelen, Ford and Honeycutt, 2006).

On the other hand, the findings regarding tea product in this study was consistent between the quality evaluation and purchase intention where the respondents with regioncentric tendency rated products from their own region of residence first in the quality evaluation as well as product choice. Results from regions where the respondents showed little regioncentric tendency were congruent in their attitude and behaviour where they did not prefer product from their own region of residence in terms of quality evaluation and product choice. These results were consistent to the findings of previous Region of Origin studies. Van Ittersum (2001) in his study of regioncentrism using food and agricultural products found that consumer's sense of belonging to a region and regioncentric tendency increased the quality rating and their intention to purchase regional products from their own region of residence. Other recent Region of Origin studies such as Siemieniako et al. (2011) study on beer product found that Polish consumers would buy local brand due to their sense of association of local identities as well as moral obligation.

However, the findings on tea product also indicated that consumers may rely on Region of Origin cue in terms of their knowledge of the association and link between the region and the product in their product evaluation and product choice. For the less regioncentric respondents from Dalian and Guangzhou, they preferred tea from Xinan region as their first choice for quality evaluation as well as product choice. Xinan region has been historically associated with black tea and is synonymous to the product, as this region is well known for production of pu-erh black tea. Region of Origin cue in this context would be considered as a quality cue where the consumer based on their past experience or knowledge would relate the geographic region to be suitable to produce certain type of product (Van Ittersum, Candel, and Meulenberga, 2003) due to strong historical and symbolic links to natural resources and people's life styles (Delamont, 1995; Kuznesof, Tregear and Moxey, 1997). The Region of Origin research in this area would usually fall under the category of geographic indication or appellations of origin. Studies in this areas mainly purport that consumer would be willing to pay more for regional products which achieve appellation status as these products are considered to be of high quality (Skuras and Vakrou, 2002; Scarpa, Philippidis and Spolatro 2005; Santos, Blanco and Fern Ndez,

2006; Teuber, 2009; Bruwer and Johnson, 2010) This aspect of study however is out of the scope of this study.

### **8.3. IMPLICATION**

The findings of this study have several implications to the marketing theory, investment theory and marketing practitioner. In a large nation context, these implications related to the consumer utilisation of a sub-national Region of Origin cue in their quality evaluation and purchase intention of hybrid products. Furthermore, regioncentric consumers were product-specific in terms of product quality evaluation. However, in terms of product choice, they were not product specific and would prefer a product produced in their own region of residence. In terms of investment theory, the findings provide additional perspective on the demand side factors for location determinant in order for a firm to attract foreign direct investment. For marketing practitioner, understanding of the Region of Origin effect and consideration on consumers' regioncentric tendency would enable them to be more focused and effective in their promotion strategy.

#### **8.3.1. Implications for Marketing Theory**

There is a wide array of literature on consumer behaviour in relation to international marketing and evaluation of the transnational (hybrid) product utilizing extrinsic cue, country-of-origin at a national level (Bilkey & Nes, 1982; Johansson and Nebenzahl, 1986; Tan and Farley, 1987; Ettenson and Gaeth, 1991; Ahmed and D'Astous, 1993; Chao, 1993; Al-Sulaiti and Baker, 1998; Insch and McBride, 1998; Dinnie, 2004; Usenier, 2006; Roth and Diamantopoulos, 2009). However, prior studies on consumer behaviour in the evaluation of the hybrid product consumer goods utilizing extrinsic cue in the sub-national level and context are lacking. One of causes of the on-going debate on the relevance of the country of origin effect is due to the changing global environment where consumers are less reliant on the country of origin cue due to products or components of the products that are produced in multiple countries (Usunier, 2006; Samiee, 2010). Thus the lines of origin are obliterated and fuzzy. Furthermore, as the country of origin effect is product specific (Hamzaoui and Merunka, 2006; Chryssochoidis, Athanassios and Panagiotis, 2007), studies on non-durable products

suggested that for agricultural and food product, the usage of Region of Origin cue rather than the country of origin cue was more salient in influencing consumer evaluation of product quality and product choice (Van Ittersum, 2001). Therefore, this study expands the horizon of the marketing literature where other than the country of origin effect, the insight into sub-national level study on Region of Origin might provide a better understanding on consumer cue utilisation theory for both durable and non-durable products.

Unlike previous studies, the region in this study referred to region within a big country. This study took into account the existence of inter- regional trade and disparity of the regions within nations especially of those Big Emerging Market (BEM) like China, Brazil, Indonesia and India, which have attracted substantial foreign direct investment in the last few decades. The regions within these countries are distinctive from each other in their culture, language, economic development as well as consumer characteristics and formed a submarket within the nations (Cui and Liu, 2000; Varinder, 2002; Prahalad and Liebertal, 2003; Gouvea, 2004).

This study justifies the study of Region of Origin effect on hybrid products whether they are durable products or non-durable food products from the sub-national perspective. The Region of Origin cue was found to be salient among other extrinsic cues in consumer product quality evaluation and product choice for both durable product and non-durable food product. The implication of Region of Origin study also extended to marketing literature of ethnocentrism from a sub-national context where consumers who were regioncentric would prefer to purchase products manufactured in the region of domicile even though they may not consider the product to be of a superior quality. However, for non-durable food products, the consumers showed congruence in their product quality evaluation and their preference for the product. The positive results of this study also contribute to the marketing literature on market segmentation and targeted marketing by adding the characteristics of regional dimension (In term of consumer regioncentric behavior) as an additional component. Moreover, as additional data source to exographics (Greene and Milne, 2005) thus, refine the market segmentation and enhanced the

predictability in market targeting.

Finally, there is implication in the use of marketing methodology in that the measurement instrument CETSCALE that measure the consumer ethnocentric tendency, when modified and applied to sub national regional context was found to be of two-factor structure. The two-factor structure was related to element of regioncentrism and element of product availability. Similar to studies done by Lindquist et al., (2001), Saffu and Walker (2005) and Thelen (2006) on the test of validity of the modified CETSCALE at a national level, results from the study too on sub-national regional context were found to be multi-dimensional. This implied the CETSCALE could be applied both at a national or sub-national level study, but with the pre-condition that it needs to be validated to confirm the factor structure and the element in the factor structure.

### **8.3.2. Implications for International Trade Theory**

Though this study is about Region of Origin effect, however, the findings may have implications to international trade theory. In the literature of international trade, Dunning (1998) cited the work of Vernon (1966, 1974) and Well, (1972) which emphasised the importance of location variables in the market seeking foreign direct investment by US firms. Hence, firms that were seeking investment moved their production unit to a foreign country in order to i) protect existing market or promote new market; ii) to adapt to local tastes/needs, cultural mores and to indigenous resources and capabilities; iii) to serve the local market of the host country in order to reduce cost of distance; and iv) to have physical presence in the leading markets served by its competitors. Concerning the location factor, the Eclectic (OLI) framework which was developed by Dunning explains the extent to which a firm would engage in foreign direct investment and shift or add its production capacity elsewhere depending on the ownership-specific, location-specific and internalisation-specific advantages. The location specific advantage referred to spatial distribution of natural and created resource endowments and markets such as i) input price, quality and productivity; ii) international transport and communication costs; iii) investment incentives and disincentives; iv) artificial barriers to trade in goods and services; v) infrastructure provision e.g. education and transport; vi) cross-country

ideological, language, cultural, business and political difference; vii) economies of agglomeration and spill overs; viii) economic system and strategies of government; and ix) legal and regulatory system (Dunning and Lundan, 2008).

The location specific advantage assumes that resource endowment and market is uniform within a country. This uniformity may be applied to smaller countries too. However, for a large and emerging country like China, there are prominent regional disparities in language, culture, business and economic development. There are regions that resemble the economies of third world countries and there are regions with market and economic conditions similar to developed countries. Empirical evidence showed that 80% of total foreign direct investment to China from 1988 to 2003 was located in Eastern region (Li, 2005). Though this study did not intend to address this phenomenon of disparity in foreign direct investment, however, the findings of the study suggest that there is inadequacy in the International Trade Theory regarding a firm's internationalisation strategy and process. This is especially true while considering location-specific advantage of resource endowments and markets from a sub-national level perspective. The location specific advantage of resource endowment of "cross- country ideology, language, culture, business, political difference" (Dunning and Lundan, 2008) should be expanded to include the sub-national region's ideology, language, culture, business and political differences. Specifically, the finding in this study about the existence of regioncentric tendency of the population in some of the regions would affect a firm's entry strategy and choice of location.

### **8.3.3. Managerial Implication**

The finding of this study has managerial implications in two major areas: a firm's market entry strategy and its market promotion strategy.

For both the hybrid consumer goods and hybrid food products, the Region of Origin was found to play a defining role in consumer quality evaluation and consumer product choice. This is due to the fact that consumers' perception would be blurred by a hybrid product (Ettenson and Gaeth, 1991) caused by incongruence about the product's brand

origin and place of manufacture (Ettenson, 1993; Han and Terpstra, 1988; Kim & Pysarchik, 2000). Consumers may shun branded products that were manufactured in less reputable countries or places (Tan and Leong, 1999). As this study has found that although brand name was the most important cue, consumers also relied on the Region of Origin cue in their product evaluation and purchase choice. This makes it important for firms to take this factor into account and select the location of manufacture or production wisely since choosing less reputable regions as their base of production would lead to loss of retail business. Furthermore, this study also found that regioncentric consumers would prefer products from their own region of residence. Foreign and domestic firms therefore need to consider the market size of those regions where the population are more inclined to be regioncentric in deciding their market entry strategy in terms of the choice of location.

In the case of China, foreign brand consumer durable products, market share for Panasonic and Sony brands of television has been eroded by the emergence of domestic brands such as Haier, TCL, Changhong, Chunlan and Gree (Leggett and Wonacott, 2002; Chen, 2004; Ge and Ding, 2005). There are signs that foreign brands were losing out to local brands due to confusion with the brand origin of the product (Zhuang et al., 2008). On the other hand, foreign brands such as Lipton brand of tea have made inroads into markets for agro-based consumer products (Luo, 2004). Foreign and domestic firms can utilise the Region of Origin cue in shaping their competitive advantage by employing different business strategies.

Using the model and survey instrument developed in this study, firms within countries with big emerging market economies can identify and segment the market into regioncentric and less regioncentric regions. Firms should weigh the market size of the region and decide on the location of production. Locating the firm's production location in a developed region will further help the firm to associate with the positive aspects of the Region of Origin in their promotional activities. For firms with production facilities in a less developed region, they should refrain from the promotion of the Region of Origin and should not engage in comparative advertising on Region of Origin, but rather



compete on other aspects such as brand, price or warranty.

Firms may decide to apply for geographic indication (GI) registration for their hybrid consumer durable products as consumer may judge the suitability of certain regions to make specific products. Although this is rare, but in the case of China, the Shanghai Bicycle Association has registered for GI registration, as it is perceived that bicycles made in Shanghai are of higher quality in comparison to other regions (Kenji, 2007). For food and agricultural hybrid products, firms can consider applying for geographic indication registration (certificate of origin) and physically label their product with the Region of Origin similar to the strategy for durable products. Promotional activities should be based on the quality of the product. The suitability of the region in terms of the cultural, craftsmanship, climatic and naturalness of the regions should be used to infer and reference to the regional product's qualities.

In situations where a firm's production facilities are located in regions where the population is regioncentrically inclined, for durable products, efforts should be made to invoke regioncentric feelings, incite feelings of loyalty to the region by way of supporting local economy and by labelling those who buy foreign-made products as unrighteous in all promotional activities. For food and agricultural products, awareness campaign can be enhanced on the product differentiation strategy in emphasising the uniqueness of local culture and tradition that gives the consumers a sense of belonging and association to the region. Promotional tools or vehicles should be concentrated on utilising local or regional media as compared to a nation-wide promotional strategy.

Firms which produce durable goods and whose production facilities are not located in the regions inclined to regioncentrism can consider the feasibility of incorporating some of the work-in progress processes in carefully targeted regioncentric inclined regions. Operationally, this would mean shifting the assembly line to the regioncentric region or having the product packaged in the regioncentric inclined region. Promotional activities should relate to increasing the localness of the product such as using local celebrities in promoting their products. For food and agricultural product which is not from the local

region, firm should refrain from promoting the Region of Origin factor, but rather compete on other aspects of the product such as price, brand, shape and packaging.

#### **8.4. DIRECTION FOR FUTURE RESEARCH**

Consumer behaviour in making a purchase decision through product evaluation is a complex one. Cue utilisation was developed to explain how consumers in the absence of perfect information would use specific cues such as brand name, price or country of origin as surrogate for quality in evaluation of the product (Olson and Jacoby, 1972). This study built on previous researches on country of origin and extended to investigate the effect of product place of origin from a sub-national regional level found that consumers did not rely on Region of Origin cue in their evaluation of product quality as well as purchase decision. Furthermore, regioncentric consumers were found to consider products of their region of residence in terms of purchase decision despite rating the same product as of lower quality.

Contrary to previous findings on country of origin which purported that consumers tend to be product-specific in utilising the country of origin cue at a sub-national level (Heslop et al., 1987; Eroglu and Machleit, 1988; Hans and Terpstra, 1988; Zeithaml, 1988; Cordell, 1992; Lampert and Jaffe, 1998; Hamzaoui and Merunka, 2006; Chryssochoidis, Athanassios and Panagiotis, 2007), this study found that consumers were not product-specific for the two products, television and tea. This was revealed from the result by studying consumers' product quality evaluation and purchase decision from sub-national perspective using the Region of Origin cue. However, the researcher finds it suitable to declare that this finding was not one of the initial research objectives, but merely an observation. Future study should examine the Region of Origin effect and relationship using broader range of products from different product categories, which might strengthen the generalisation of this finding and come to a logical conclusion. Furthermore, the magnitude of the Region of Origin effect may depend on consumers' newness or familiarity to the product. Further study in this direction too is warranted.

The sampling population of this study were mainly in three different regions and the field

research took place in Dalian, Suzhou and Guangzhou. Recipients from Suzhou were found to be more inclined to regioncentrism. The replication of this research in other regions in China or in other big emerging markets, as well as field survey in second tier and third tier cities in these countries may provide a more structured exographic data (Greene and Milne, 2005) as well as insight to consumer behaviour of the respective regions. Furthermore, since Region of Origin cue may be used as a surrogate for quality evaluation, for those consumers who show less regioncentric tendencies, it is desirable to research on their perception and attitude towards non-local products. Moreover, this needs to be done product category-wise and region-wise in relation to their risk aversion attitude. Integrating this into the exographics data can become a powerful tool for marketers and firms in their marketing and business strategies.

This study has shown that regioncentric consumers would prefer products from their own region of residence. It is worthwhile to study the items or reasons on how consumers would consider the localness of the product. For example, a consumer might or might not consider a product as local product if it is partially packaged in local region. Knowing the consumer information processing process and items or reasons that enhance localness of the product would enable marketers to adopt appropriate strategy that is tailor-made to suit the product or to re-align the firm's promotional strategy. Another area to explore would be to investigate the linguistic relationship of brand names to incorporating the regional name, regional tradition and culture that is rich in semantics (Chan and Huang, 2001). This is also relevant in case of translating the international brand names to Chinese (Alon, Littrell and Chan, 2010), and in the feasibility of incorporating region or place names into a well-known international brand name. Along this line tests will have to be conducted to gauge the interaction effect of the extrinsic cues between brand name, geographical indication and the Region of Origin as this could provide insight whether the Region of Origin cue may be eroded by a brand name with a geographic indication.

The instrument used to measure regioncentrism in this study was modified and adapted from the CETSCALE developed by Shimp and Sharma (1987) and were found to be two dimensional in factor model after stringent statistical test and validation. Previous country

of origin studies using “borrowed” CETSCALE, were also found to be non-unidimensional in factor model (Lindquist et al., 2001; Susan, Douglas and Nijssen, 2003; Saffu and Walker, 2005). Subcultural study by Thelen (2003) and Thelen, Ford and Honeycutt (2006) found the factor structure to be varied in different sub-cultural contexts. Likewise, future studies into regioncentrism are cautioned to perform the required statistical tests to confirm the dimensionality of the factor structure as it may vary according to the region that is sampled.

Finally, as mentioned in the International Trade Theory section, there were inadequacies in the International Trade Theory as location-specific advantage which is considered as one of the reasons for firm internationalisation process (Dunning and Lundan, 2008) were supply side in nature, ignoring the demand side factor of the host country. In this regard, future study into the impetus of market seeking firms’ entry into new market that produces import-substitute goods, and by taking into account the demand side sub-national Region of Origin factor would provide a new facet of theoretical underpinning to the International Trade Theory.

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## **1. Appendix A - Region of Origin Pilot Study**

### **1.1. Reflective Notes**

Date: 20<sup>th</sup> – 23<sup>rd</sup> December 2006

Venue: Respondents office, HKU meeting room

Method: Face to face field interview

Interviewer: BJ Lee

#### Background

The pilot study was conducted by BJ Lee on 20<sup>th</sup> to 23<sup>rd</sup> December 2006. The respondents are now studying Bachelor and Master Courses in Accounting offered by Dongbei University of Finance and Economics. They are all from mainland China and are currently reside in Hong Kong. They are either married to Hongkongers or are working in Hong Kong. They originated from different parts of China, ranging from Dongbei region, Beijing, Shandong region, Wunan region, and Jiansu region. They intermittently go back to China for short visit and are familiar with the current issues of their respective hometown. Some of the respondents were the colleagues of the targeted students.

#### Interview

The students' name list was generated by my assistant, Ms. Kaman Wong, from the DUFE student files of which I am the programme leader for the Master and Bachelor programmes.

I phoned them up one by one and asked for their consent to conduct an interview. The interviews were carried out either at the respondent's office or at student meeting room in HKU.

The interviewers were briefed by me on the reason for the interview and were given the consent form for them to sign. The field research instruments employed include 1) filtering questionnaire 2) Conjoin profile cards 3) CETSCALE questionnaire and 4) Demographic questionnaire.

After the respondent finished filling up the questionnaires, the interviewer engage in a casual conversation and the respondent were asked to give their candid comment about the interview process and about the questionnaire. The casual conversation ranged from half an hour to two hours with different respondents in which the contents included other topics.

#### Respondent's comment

The interviewer spoke to the respondents in their mother tongue, which is Mandarin. When the respondents were briefed about the aim of the research, most of them replied that the place and region of manufacture and production of the television and tea were not important. Responding to the questions ask by the interviewer, the respondents comment (translated into English) were,

### Conjoint profile cards

“too many cards and sometime can be confusing.”

“I only realise what it is all about after answering few cards.”

“It is too long and too many questions, it is tiring.”

“It would be better if I can be constantly reminded of the different brands and regions; it is very hard to figure out all the brand and region while answering.”

“Is the Television flat panel or traditional box like TV? I am not sure.”

“We no longer need the tuner, it is irrelevant.”

“It would be better if I am given the original production area of the tea, certain region is well known to produce certain type of tea, e.g. Hangzhou is famous for producing Longjing, my mother always know which region produce the best type of tea, but I am less sure.”

“If you have some pictorial depiction, then it would be much better.”

### CETSCALE questionnaire

1) “In the second part of the questionnaire, I am not sure which local region it referred to, it can refer to a city, a province or few provinces. Concerning about loyalty, my answer would different depending on the definition, I would agree that I would be more loyal to a province as compare to a single city.”

2) “I do not agree to the statement that we should not buy product from other places if the local product mean products produce in a city or place. This is simply because a city cannot produce all the necessary products. However, let say we are to compare different region, like the coastal region or southern part or northern part of China, then I think I am more incline to agree that I would prefer to buy local region product compare to same product from other regions.”

3) “Concerning loyalty to region, I can say that I am foremost loyal to the country, concerning consuming product, it depend on the quality and workmanship.”

4) “It would be better if you can specify what the region mean.”

5) “Of course there is different quality for product produce by different regions, but should we stop buying from other regions? I would not care much.”

6) “It is too confusing, either you circle the correct answer or tick the answer, you current questionnaire need to fill in both, it is very time consuming.”

### Reflective notes

Based on my observation and comments from the respondents, there is room for improvement in the research instrument.

In the first part of the questionnaire, for Q.3, in the coming 5 years be changed to in the coming 10 years. The reasons being that since television is a durable goods, in the consumer mind, they would perceive the product life of the television longer than 5 years, some company offer warranty up to five years. In

view of this, 10 year would be more reasonable.

In the conjoint profile cards, the tuner option should be deleted, since in most areas in China, the reception technology is advance, and tuner for picture clarity is no longer necessary. This would reduce the number of profile cards. Pictorial depiction of a television should be included in the profile cards as this would be more vivid and respondents would have a better idea of which type of television they are dealing with.

Furthermore, the respondents were shown an additional card depicting all the information cues such as brand name, region of origin, price, warranty, remote control, sound track and screen size before they are shown the single conjoint profile cards. This additional card depicting all information of the product is similar to the actual buying situation in a store where the consumer can compare all the brands with all the information cues before making decision on buying the product.

The respondents were thus given a bird-eye (macro) view before they make individual (micro) decision using the individual cards. This also solve the impending problems of conjoint profile cards method where it was criticised that the respondents can be bombarded with too many cards which resulted in information overload on the respondents, thus render the result inaccurate.

On the CETSCALE questionnaires, beside the words local market and local region, an indicative region i.e. North-eastern region, be added so to encompass the effect of ethnocentric toward a region. E.g. a person from Dalian would consider themselves as North-Easterner. This included many cities in the Northeast region, which have the common culture, food, language and ancestor. The same extended to a person from Guangzhou who would be more incline to be considered a Southerner or Guangdong/Guangfu.

In the CETSCALE and the demographic questionnaire, the request for respondent to write the number is deleted. In the modified version, the respondent only need to circle the answer, not only this change would reduce the respondent's confusion, furthermore, it would reduce the duration to complete the questionnaire.

Lastly, another observation was that most of the respondents tended to tick the answer toward the central (i.e. from 1 to 7, they then ticked 3 to 5). To reduce this tendency toward central, a few additional sample cards to show answer with tick that are 1, 2 6 or 7 is introduced to the respondent beforehand. However, care will be taken not to include the same product, e.g. T.V. and Tea in the example card, as this would have the tendency to affect the respondent judgement of the extrinsic and intrinsic cues, which may lead to biased answer.

## 1.2. Survey Questionnaires (English Version)

### Consumer Survey

Project name: Region of Origin's Impact on Consumers' Purchase Decision in The People's Republic of China

Dear Participant,

### Aim

The purpose of this survey is to explore how product cues and the relationship of consumer ethnocentrism toward a region affect consumer's product quality perception and their buying intention. This research intends to test a model of consumer buying behaviour and decision making in a regional context. It examines the impact of various factors, including the region of origin, price, brand, consumer ethnocentrism and other product cues on a consumer's purchase decision. This research is conducted by Mr. BJ Lee in partial fulfilment to the Doctor of Business Administration degree at Macquarie University, Sydney, Australia.

### Procedure

It will take you about 30 minutes to complete this survey. You will be given a set of questionnaire with 3 parts, and 2 sets of cards. You will need to fill in all the answers in the questionnaire and the cards before you are entitled to enter into the lucky draw. First of all, please fill in the questionnaires in part I. Please make sure you write your answer on the right-hand boxes in numerical value.

Second, there are 2 sets of cards, please look at the cards with product information about different brands of television. Circle the most appropriate answer (1 to 7) in each of the cards; there are altogether 20 cards. Next, proceed to the cards with product information about different brands of tea. Again, circle the most appropriate answer (1 to 7) in each of the cards; there are altogether 20 cards.

Third, read each of the questions on consumer ethnocentrism (part II of the questionnaires), and write down your answer (1 to 7) in the right-hand boxes in numerical value.

Lastly, read each of the questions on consumer demographic information (part III of the questionnaire), and write down your answer in the right-hand boxes in numerical value. After finishing this part, please hand in all the cards and questionnaire to the researcher. You can then proceed to the lucky draw.

The first prize is a Kodak digital camera. Thank you and good luck!

Yours truly,



BJ Lee

(DBA candidate, Macquarie University)



Part I

The first set of cards is with product information about different brands of television and the second set of cards is with product information about different brands of tea. There are 20 cards for television and 20 cards for tea. Circle the most appropriate answer (1 to 7) in each of the cards before proceed to part II.

Questions	Your Answer <small>(Please write the most appropriate answer in numerical value.)</small>
E.G.      . The Sun rises in the East.  <div style="text-align: center;"> <span style="margin-right: 150px;">1</span> <span>2</span> </div> <div style="text-align: center;"> <span style="margin-right: 150px;">YES</span> <span>NO</span> </div>	1
Are you born locally (e.g. Guangzhou, Suzhou, Dalian)?  <div style="text-align: center;"> <span style="margin-right: 150px;">1</span> <span>2</span> </div> <div style="text-align: center;"> <span style="margin-right: 150px;">YES</span> <span>NO</span> </div>	
Have you been staying in (Guangzhou, Suzhou, Dalian) for the last ten years?  <div style="text-align: center;"> <span style="margin-right: 150px;">1</span> <span>2</span> </div> <div style="text-align: center;"> <span style="margin-right: 150px;">YES</span> <span>NO</span> </div>	
Do you intend to buy colour television in the next five years?  <div style="text-align: center;"> <span style="margin-right: 150px;">1</span> <span>2</span> </div> <div style="text-align: center;"> <span style="margin-right: 150px;">YES</span> <span>NO</span> </div>	
Do you intend to buy tea in the next five years?  <div style="text-align: center;"> <span style="margin-right: 150px;">1</span> <span>2</span> </div> <div style="text-align: center;"> <span style="margin-right: 150px;">YES</span> <span>NO</span> </div>	

We will proceed to showing you two sets of cards, please write your answers on the cards indicating your preference.

[SPSS Conjoint – Orthogonal Designed Plan cards]

PLAN CARDS FOR TV

Read the Cards carefully and circle the most appropriate answer (1 to 7) in each of the Cards.

**Card 1**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
TCL	Shenzhen	RMB1900	2 Years	Rotary	YES	29 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle you answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle you answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 2**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Sony	Suzhou	RMB1300	2 Years	Rotary	YES	24 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle you answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle you answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 3**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Panasonic	Suzhou	RMB1900	5 Years	Rotary	NO	24 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 4**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Chang Hong	Dalian	RMB1300	2 Years	Rotary	YES	24 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 5**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Chang Hong	Zhongguancun	RMB 1900	5 Years	Non-Rotary	YES	24 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 6**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Sony	Zhongguancun	RMB1300	5 Years	Rotary	No	29 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 7**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Sony	Shenzhen	RMB 1600	5 Years	Non-Rotary	YES	24 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 8**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
TCL	Zhongguancun	RMB 1300	2 Years	Non-Rotary	NO	24 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 9**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Panasonic	Zhongguancun	RMB 1600	2 Years	Non-Rotary	YES	29 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 10**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Chang Hong	Suzhou	RMB 1600	2 Years	Non-Rotary	NO	29 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 11**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Panasonic	Shenzhen	RMB 1300	2 Years	Non-Rotary	NO	24 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 12**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
TCL	Dalian	RMB1600	5 Years	Rotary	NO	24 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 13**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Sony	Dalian	RMB 1900	3 Years	Non-Rotary	NO	29 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 14**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
TCL	Suzhou	RMB 1300	5 Years	Non-Rotary	YES	29 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 15**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Panasonic	Dalian	RMB 1300	5 Years	Non-Rotary	YES	29 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 16**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Chang Hong	Shenzhen	RMB 1300	5 Years	Rotary	NO	29 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 17 (Holdout)**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Chang Hong	Shenzhen	RMB 1600	5 Years	Non-Rotary	NO	29 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 18 (Holdout)**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Chang Hong	Dalian	RMB 1300	2 Years	Rotary	NO	24 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 19 (Holdout)**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Panasonic	Dalian	RMB1900	5 Years	Rotary	NO	24 Inches	Stereo Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 20 (Holdout)**

Brand Name	Region of Origin	Price	Warranty	Tuner Type	Remote Control	Screen Size	Speaker Type
Panasonic	Shenzhen	RMB1900	2 Years	Non-Rotary	NO	24 Inches	Mono Sound

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

[SPSS Conjoint – Orthogonal Designed Plan cards]



### PLAN CARDS FOR TEA

Read the Cards carefully and circle the most appropriate answer (1 to 7) in each of the Cards.

#### **Card 1**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tetley Black Tea	Anhui	RMB 15	Strong	Dark	Tea Bag

From the description, I would expect that the quality of this product would be (please circle you answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle you answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

#### **Card 2**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Luk Yu Green Tea	Yunan	RMB 25	Strong	Light	Loose leaves

From the description, I would expect that the quality of this product would be (please circle you answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle you answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 3**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Luk Yu Green Tea	Huangshan	RMB 20	Mild	Dark	Tea Bag

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 4**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Lipton Green Tea	Huangshan	RMB 15	Strong	Dark	Loose leaves

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 5**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Luk Yu Green Tea	Anhui	RMB 15	Mild	Light	Tea Bag

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 6**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tak Shun Black Tea	Huangshan	RMB 15	Mild	Light	Loose leaves

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 7**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tak Shun Black Tea	Yunan	RMB 15	Strong	Dark	Tea Bag

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 8**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Lipton Green Tea	Anhui	RMB 20	Strong	Light	Loose leaves

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 9**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tetley Black Tea	Yunan	RMB 20	Mild	Dark	Loose leaves

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 10**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Lipton Green Tea	Yunan	RMB 15	Mild	Light	Tea Bag

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 11**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Luk Yu Green Tea	Hangzhou	RMB 15	Strong	Dark	Loose leaves

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 12**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tak Shun Black Tea	Hangzhou	RMB 20	Strong	Light	Tea Bag

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 13**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tak Shun Black Tea	Anhui	RMB 25	Mild	Dark	Loose leaves

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 14**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Lipton Green Tea	Hangzhou	RMB 25	Mild	Dark	Tea Bag

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card15**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tetley Black Tea	Hangzhou	RMB 15	Mild	Light	Loose leaves

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card16**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tetley Black Tea	Huangshan	RMB 25	Strong	Light	Tea Bag

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card17 (Holdout)**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Tetley Black Tea	Huangshan	RMB 15	Mild	Dark	Tea Bag

From the description, I would expect that the quality of this product would be (please circle your answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle your answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card18 (Holdout)**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Lipton Green Tea	Huangshan	RMB 25	Mild	Light	Tea Bag

From the description, I would expect that the quality of this product would be (please circle you answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle you answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card19 (Holdout)**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Luk Yu Green Tea	Yunan	RMB 15	Mild	Light	Loose leaves

From the description, I would expect that the quality of this product would be (please circle you answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle you answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

**Card 20 (Holdout)**

Brand Name	Region of Origin	Price Per Box of 25 teabags	Scent	Colour	Type of Packaging
Luk Yu Green Tea	Anhui	RMB 20	Mild	Dark	Tea Bag

From the description, I would expect that the quality of this product would be (please circle you answer in the box)

Excellent	Good	Fairly Good	Average	Fairly Poor	Poor	Extremely Poor
1	2	3	4	5	6	7

Would you buy this product? (Please circle you answer in the box)

Definitely Would Buy	Probably Would Buy	May/May Not Buy	Probably Would Not Buy	Definitely Would Not Buy
1	2	3	4	5

Please Proceed to Part II of the Questionnaires.

## Region of Origin Questionnaire

### Part II (Modified CETSCALE)

Please read the questions and make sure you write your answers on the right-hand boxes in numerical value (1 to 7). After you complete this part, please proceed to part III.

Questions	Your Answer (Please write the most appropriate answer in numerical value.)
<p>E.G. It is a sunny day.</p> <p>1                  2                  3                  4                  5                  6                  7</p> <p>Strongly      Disagree      Slightly      Neither Agree      Slightly      Agree      Strongly</p> <p>Disagree                  Disagree      nor Disagree      Agree                  Agree</p>	1
<p>Only those products that are unavailable in the local market (e.g. Guangzhou, Suzhou, Dalian) should be imported from other region.</p> <p>1                  2                  3                  4                  5                  6                  7</p> <p>Strongly      Disagree      Slightly      Neither Agree      Slightly      Agree      Strongly</p> <p>Disagree                  Disagree      nor Disagree      Agree                  Agree</p>	
<p>I will buy local products, first, last and foremost!</p> <p>1                  2                  3                  4                  5                  6                  7</p> <p>Strongly      Disagree      Slightly      Neither Agree      Slightly      Agree      Strongly</p> <p>Disagree                  Disagree      nor Disagree      Agree                  Agree</p>	
<p>Purchasing non locally- made products is disloyal to the local region.</p> <p>1                  2                  3                  4                  5                  6                  7</p> <p>Strongly      Disagree      Slightly      Neither Agree      Slightly      Agree      Strongly</p> <p>Disagree                  Disagree      nor Disagree      Agree                  Agree</p>	
<p>It is not right to purchase non-locally made products because it puts local peoples out of job.</p> <p>1                  2                  3                  4                  5                  6                  7</p> <p>Strongly      Disagree      Slightly      Neither Agree      Slightly      Agree      Strongly</p> <p>Disagree                  Disagree      nor Disagree      Agree                  Agree</p>	
<p>A real local person (Southerner, Northerner) should always buy locally- made products if they are available</p> <p>1                  2                  3                  4                  5                  6                  7</p> <p>Strongly      Disagree      Slightly      Neither Agree      Slightly      Agree      Strongly</p> <p>Disagree                  Disagree      nor Disagree      Agree                  Agree</p>	



We should purchase products manufactured locally instead of letting other regions get rich off us.							
1	2	3	4	5	6	7	
Strongly	Disagree	Slightly	Neither Agree	Slightly	Agree	Strongly	
Disagree		Disagree	nor Disagree	Agree		Agree	
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.							
1	2	3	4	5	6	7	
Strongly	Disagree	Slightly	Neither Agree	Slightly	Agree	Strongly	
Disagree		Disagree	nor Disagree	Agree		Agree	
It may cost me in the long run but I prefer to support local products.							
1	2	3	4	5	6	7	
Strongly	Disagree	Slightly	Neither Agree	Slightly	Agree	Strongly	
Disagree		Disagree	nor Disagree	Agree		Agree	
We should buy from other regions only those products that we cannot obtain within our region.							
1	2	3	4	5	6	7	
Strongly	Disagree	Slightly	Neither Agree	Slightly	Agree	Strongly	
Disagree		Disagree	nor Disagree	Agree		Agree	
Local consumers who purchase products made in other regions are responsible for putting local people out of work.							
1	2	3	4	5	6	7	
Strongly	Disagree	Slightly	Neither Agree	Slightly	Agree	Strongly	
Disagree		Disagree	nor Disagree	Agree		Agree	

End of Part II, Please Proceed to Part III

### Region of Origin Questionnaire

### Part III Demographic Information

Please read the questions and make sure you write your answers on the right-hand boxes in numerical value. After you complete this part, please proceed to the lucky draw.

Questions	Your Answer (Please write the most appropriate answer in numerical value.)
<div>I am</div> <div>12</div> <div>MaleFemale</div>	1
<div>I am currently</div> <div>12</div> <div>SingleMarried</div>	
<div>My spouse considers my view in purchasing household products.</div> <div>12</div> <div>YESNO</div>	
<div>The highest level of education that I completed is</div> <div>Less than high school</div> <div>High School</div> <div>College</div> <div>Bachelor's degree</div> <div>Master's degree</div> <div>PhD. or equivalent</div> <div>Post doctoral</div>	
<div>Which of the following best describes your profession?</div> <div>Educational or professional worker (accountant, lawyer, doctor)</div> <div>Farmer</div> <div>Sales or office worker</div> <div>Manager or proprietor</div> <div>Semi-skilled worker</div> <div>Skilled worker, craftsman or foreman</div> <div>Housewife, student, retiree</div>	

Which of the below range was your total household income per month last year?	
RMB 5000 – RMB 10000	
RMB 10001 – RMB 20000	
RMB 20001 – RMB 30000	
RMB 30001 – RMB 40000	
RMB 40001 – RMB 50000	
RMB 50001 – RMB 100000	
Above RMB 100001	

End of the questionnaire. Thank you. You may now proceed to the lucky draw.

### 1.3. Survey Questionnaire (Chinese Version)

#### 消费者调查

项目名称

原产地对中国消费者购买决定的影响

各参预者:

#### 调查目的

此调查的目的主要为了研究产品原产地及民族优越感如何影响各地区消费者对产品质量的接受程度及购买意欲。研究主要为测试各地区消费者的购买行为及决策模式受不同因素影响的程度。这些因素 包括原产地,价格, 品牌, 民族优越感及其他的 product 原产地对消费者购买决定。此研究是由正在攻读工商管理博士学位的李先生负责。

#### 调查过程

此项调查需时大约 30 分钟。调查开始后, 各参预者会被派发一份分为三部份的问卷及两套问题卡。 填妥整份问卷及问题卡的参预者可参加抽奖。

首先, 请回答第一部份的问题, 请将答案以数字形式写在问题右面的空格内。

然后, 请回答二套问题卡上的问题, 请仔细阅读 20 张问题卡上有关不同品牌电视机的资料, 然后在每张卡上圈出您认为最适合的答案 (1 至 7) 。之后, 再仔细阅读 20 张问题卡上有关不同品牌茶叶或包的资料, 同样, 在每张卡上圈出您认为最适合的答案(1 至 7) 。 第三部份是有关民族优越感的问题, 请将答案以数字形式(1 至 7)写在问题右面的空格内。

最后是有关个人资料的问题, 请将答案以数字形式写在问题右面的空格内。完成此部份后, 将问卷及问题卡交回调查员便可参加抽奖。 头奖是柯达数码相机。

非常感谢您的参与, 祝好运!



BJ Lee

(DBA candidate, Macquarie University)

## 原产地问卷调查

## 第一部份

请仔细阅读每个问题并将答案以数字形式写在问题右面的空格内。完成此部份后, 请您回答两套问题卡上的问题。

第一套问题卡是有关不同品牌电视机的资料, 第二套问题卡是有关不同品牌的茶叶或包的资料。 每套问题卡各有 20 个问题, 请在每张卡上圈出您认为最适合的答案 (1 至 7) 。

问题	答案 请将答案 以数字形 式填写
太阳在东方升起 1 是	2 否 1
您是否在本地出生? (如广东, 苏州, 大连) 1 是	2 否
过去的十年, 您是否曾在在在广东, 苏州, 大连等地居留? 1 有	2 否
在未来五年, 您是否打算购买彩色电视机? 1 有	2 否
在未来五年, 您是否打算购买茶包? 1 有	2 否

现在将会派发二套问题卡,请在问题卡上填写您认为最适合的答案

## 电视机问题卡

请仔细阅读问题卡并在每张卡上圈出您认为最适合的答案 (1 至 7) 。

### 卡 1

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器 类型
TCL	深圳	RMB1900	2 年	旋转式	有	29 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有 可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

### 卡 2

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器 类型
新力	苏州	RMB1300	2 年	旋转式	有	24 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有 可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 3**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器 类型
乐声	苏州	RMB1900	5 年	旋转式	没有	24 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有 可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 4**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器 类型
长虹	大连	RMB1300	2 年	旋转式	有	24 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有 可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 5**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器 类型
长虹	中关村	RMB1900	5 年	非旋转式	有	24 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有 可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 6**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
新力	中关村	RMB1300	5 年	旋转式	没有	29 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 7**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
新力	深圳	RMB1600	5 年	非旋转式	有	24 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 8**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
TCL	中关村	RMB1300	2 年	非旋转式	没有	24 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 9**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器 类型
乐声	中关村	RMB1600	2 年	旋转式	有	29 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有 可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 10**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器 类型
长虹	苏州	RMB1600	2 年	非旋转式	没有	29 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有 可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 11**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器 类型
乐声	深圳	RMB 1300	2 年	非旋转式	没有	24 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有 可能不购买	可能不会购买	一定不会购买
1	2	3	4	5



**卡 12**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
TCL	大连	RMB1600	5 年	旋转式	没有	24 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 13**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
新力	大连	RMB 1900	2 年	非旋转式	没有	29 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 14**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
TCL	苏州	RMB 1300	5 年	非旋转式	有	29 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 15**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
乐声	大连	RMB 1300	5 年	非旋转式	有	29 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 16**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
长虹	深圳	RMB 1300	5 年	旋转式	没有	29 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 17**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
长虹	深圳	RMB 1600	5 年	非旋转式	没有	29 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 18**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
长虹	大连	RMB 1300	2 年	旋转式	没有	24 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 19**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
乐声	大连	RMB1900	5 年	旋转式	没有	24 吋	立体声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 20**

品牌	原产地	价格	保修期	调音器类型	是否有遥控器	屏幕大小	扩音器类型
乐声	深圳	RMB1900	2 年	非旋转式	没有	24 吋	单声

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

## 茶包问题卡

请仔细阅读问题卡并在每张卡上圈出您认为最适合的答案 (1 至 7) 。

### 卡 1

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
得利红茶	安徽	RMB 15	强	深	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

### 卡 2

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
绿羽绿茶	云南	RMB 25	强	浅	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡3**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
绿羽绿茶	黄山	RMB 20	温和	深	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡4**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
立顿绿茶	黄山	RMB 15	强	深	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡5**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
绿羽绿茶	安徽	RMB 15	温和	浅	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 6**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
德顺红茶	黄山	RMB 15	温和	浅	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 7**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
德顺红茶	云南	RMB 15	强	深	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 8**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
立顿绿茶	安徽	RMB 20	强	浅	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 9**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
得利红茶	云南	RMB 20	温和	深	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 10**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
立顿绿茶	云南	RMB 15	温和	浅	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 11**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
绿羽绿茶	杭州	RMB 15	强	深	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 12**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
德顺红茶	杭州	RMB 20	强	浅	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 13**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
德顺红茶	安徽	RMB 25	温和	深	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 14**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
立顿绿茶	杭州	RMB 25	温和	深	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5



**卡 15**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
得利红茶	杭州	RMB 15	温和	浅	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 16**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
得利红茶	黄山	RMB 25	强	浅	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 17**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
得利红茶	黄山	RMB 15	温和	深	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 18**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
立顿绿茶	黄山	RMB 25	温和	浅	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 19**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
绿羽绿茶	云南	RMB 15	温和	浅	茶叶

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 20**

品牌	原产地	价格 (以 25 小包为一盒)	香味	色泽	包装类型
绿羽绿茶	安徽	RMB 20	温和	深	茶包

根据以上各项, 我认为此产品质量... ( 请将答案圈出)

非常好	好	尚好	平均	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

请继续第二部份问卷

## 原产地问卷调查

### 第二部份

请仔细阅读问题并将答案以数字形式写在问题右面的空格内。完成此部份后, 请继续第三部份。

问题	答案 请将答案以数字形式填写
<p>今天是晴天。</p> <p>1            2            3            4            5            6            7</p> <p>非常      不同意      有点不同意      既不同意      有点同意      同意      非常</p> <p>不同意                                  也不反对                                  同意</p>	1
<p>只有本地市场(如广东, 苏州, 大连)不供应的产品才需要由其它地区进口?</p> <p>1            2            3            4            5            6            7</p> <p>非常      不同意      有点不同意      既不同意      有点同意      同意      非常</p> <p>不同意                                  也不反对                                  同意</p>	
<p>我永远都会先选择购买本地产品。</p> <p>1            2            3            4            5            6            7</p> <p>非常      不同意      有点不同意      既不同意      有点同意      同意      非常</p> <p>不同意                                  也不反对                                  同意</p>	
<p>购买非本地生产的产品是对本地区不忠诚的表现。</p> <p>1            2            3            4            5            6            7</p> <p>非常      不同意      有点不同意      既不同意      有点同意      同意      非常</p> <p>不同意                                  也不反对                                  同意</p>	
<p>购买非本地生产的产品是不对的, 因为此举会令本地市民失业。</p> <p>1            2            3            4            5            6            7</p> <p>非常      不同意      有点不同意      既不同意      有点同意      同意      非常</p> <p>不同意                                  也不反对                                  同意</p>	



## 原产地问卷调查

### 第三部份 个人资料

请仔细阅读问题并将答案以数字形式写在问题右面的空格内。完成此部份后便可参加抽奖。

问题	答案 请将答案以数字形式填写
性别 1                                  2 男                                  女	
婚姻状况 1                                  2 单身                                  已婚	如果您选择 1, 请跳至第 4 题
我的伴侣在购买家居用品时会咨询我的意见。 1                                  2 是                                  否	
学历 1. 初中 2. 高中 3. 大专 4. 大学本科 5. 硕士 6. 博士或同等学历 7. 博士后	

以下哪项最能代表您的专业? 1. 教育或专业人士 2. 农民 3. 销售或办公室人员 (二者不应归于同一类吧? 差别很大) 4. 经理或经营者 5. 半技术性工人 (不明白什么意思) 6. 技术性工人, 技工或工人 7. 主妇, 学生及退休人士	
过去一年, 家庭总收入为 1. 人民币 5000-10000 元 2. 人民币 10001-20000 元 3. 人民币 20001-30000 元 4. 人民币 30001-40000 元 5. 人民币 40001-50000 元 6. 人民币 50001-100000 元 7. 人民币 100001 元以上	
问卷完, 多谢阁下参与此项调查, 祝好运!	

## 2. Appendix B - Region of Origin Main Survey Questionnaire

### 消费者调查

项目名称

原产地对中国消费者购买决定的影响

各参预者：

### 调查目的

此调查的目的主要为了研究产品的因素及民族优越感如何影响各地区消费者对产品质量的接受程度及购买意欲。研究主要为测试各地区消费者的购买行为及决策模式受不同因素影响的程度。这些因素 包括原产地,价格, 品牌, 民族优越感及其它的产品因素对消费者购买决定。此研究是由正在攻读工商管理博士学位的李先生负责。

### 调查过程

此项调查需时大约 15 - 20 分钟。调查开始后, 各参预者会被派发一份分为三部份的问卷及两套问题卡。 填妥整份问卷及问题卡的参预者可参加抽奖。

第一部份的问题, 请圈出您认为最适合的答案。之后, 参预者需在协意书签名表示愿意参加此项调查。

第二部份, 请回答二套问题卡上的问题, 请仔细阅读 20 张问题卡上有关不同品牌电视机的资料, 然后在每张卡上圈出您认为最适合的答案 (1 至 7) 。之后, 再仔细阅读 20 张问题卡上有关不同品牌茶叶或包的资料, 同样, 在每张卡上圈出您认为最适合的答案(1 至 7) 。

第三部份是有关民族优越感的问题, 请圈出您认为最适合的答案(1 至 7)。

最后是有关个人资料的问题, 请将答案以数字形式写在问题右面的空格内。完成此部份后, 将问卷及问题卡交回调查员便可参加抽奖。 头奖是柯达数码相机。

非常感谢您的参与, 祝好运!



澳大利亚 Macquarie 大学的博士生

原产地问卷调查

第一部份

请仔细阅读每个问题并圈出您认为最适合的答案。完成此部份后, 请您回答两套问题卡上的问题。

第一套问题卡是有关不同品牌电视机的资料, 第二套问题卡是有关不同品牌的茶叶或茶包的资料。 每套问题卡各有 20 个问题, 请在每张卡上圈出您认为最适合的答案 (1 至 7) 。

问题
太阳是不是在东方升起?  请圈出您认为最适合的答案。 <div>1 是</div> <div>2 否</div>
您是否在本本地(长江三角洲)出生? <div>1 是</div> <div>2 否</div>
过去的十年, 您是否在本本地(长江三角洲)居留? <div>1 是</div> <div>2 否</div>
在未来十年, 您是否打算购买彩色电视机? <div>1 是</div> <div>2 否</div>
在未来五年, 您是否打算购买茶包? <div>1 有</div> <div>2 否</div>

现在将会派发意向书和二套问题卡。 请在意向书填写个人资料和签名, 然后在问题卡上填写您认为最适合的答案 。



项目名称: 产地对中国消费者购买行为的影响

诚邀您参加消费者购买电视机和茶的习惯的调查, 此项调查主要目的是找出消费者最喜欢的电视机及茶的品牌、销售价格及原产地。

此项调查是由澳大利亚 Macquarie 大学的博士生李先生负责 (香港联络电话 : 852 2867 8490), 由澳大利亚 Macquarie 大学商业部博士学部唐教授 [澳大利亚联络电话:(612) 9850 9042, 电子邮递: Yiming.Tang@mgs.edu.au]

如果您决定参加此项调查, 您将需要: 1) 将您所选择的意向写在调查卡上; 2) 填妥一份问卷; 3) 填写部份的个人资料。此项调查约需 35 分钟完成, 完成调查后, 您将可参加幸运大抽奖, 头奖为相机一部。

基于个人隐私条例, 所有收集的意见及个人资料将绝对保密, 任何资料决不会作个别公开发表。首席调查员及其监督主管拥有对所收集资料的唯一使用权利。

您有权于任何时间以任何理由退出调查, 并不会构成任何后果。

本人已详细阅读(或被告知)及明白以上的条款, 所有疑问亦得到满意答复。本人愿意参加此项调查, 亦明白本人有权于任何时间退出此项调查, 并不会构成任何后果。本人亦存有此份协意书以作纪录。

参加者姓名(正楷): \_\_\_\_\_

参加者签名: \_\_\_\_\_ 日期: \_\_\_\_\_

调查员姓名(Bock letters 正楷): \_\_\_\_\_

调查员签名: \_\_\_\_\_ 日期: \_\_\_\_\_

有关此项调查道德层面所涉及的事项已获澳大利亚 Macquarie 大学的认可, 如您对此项调查有任何意见, 欢迎通过电子邮箱 [ethics@mq.edu.au](mailto:ethics@mq.edu.au) 及 电话(612) 9850 7854 联络澳大利亚 Macquarie 大学道德评审委员会秘书处 或 通过国内代表翁翁小姐转寄澳大利亚 Macquarie 大学道德评审委员会秘书处 [电子邮件:[yungyung@hkma.org.hk](mailto:yungyung@hkma.org.hk); 电话(612) 9850 7854; 地址深圳市罗湖区南湖路 3009 号国贸商住大厦 15D-E (邮编 518001), 香港专业管理协会深圳办事处]。您所提出的意见, 我们会绝对保密并做深入调查, 调查结果亦会于日后通知您。

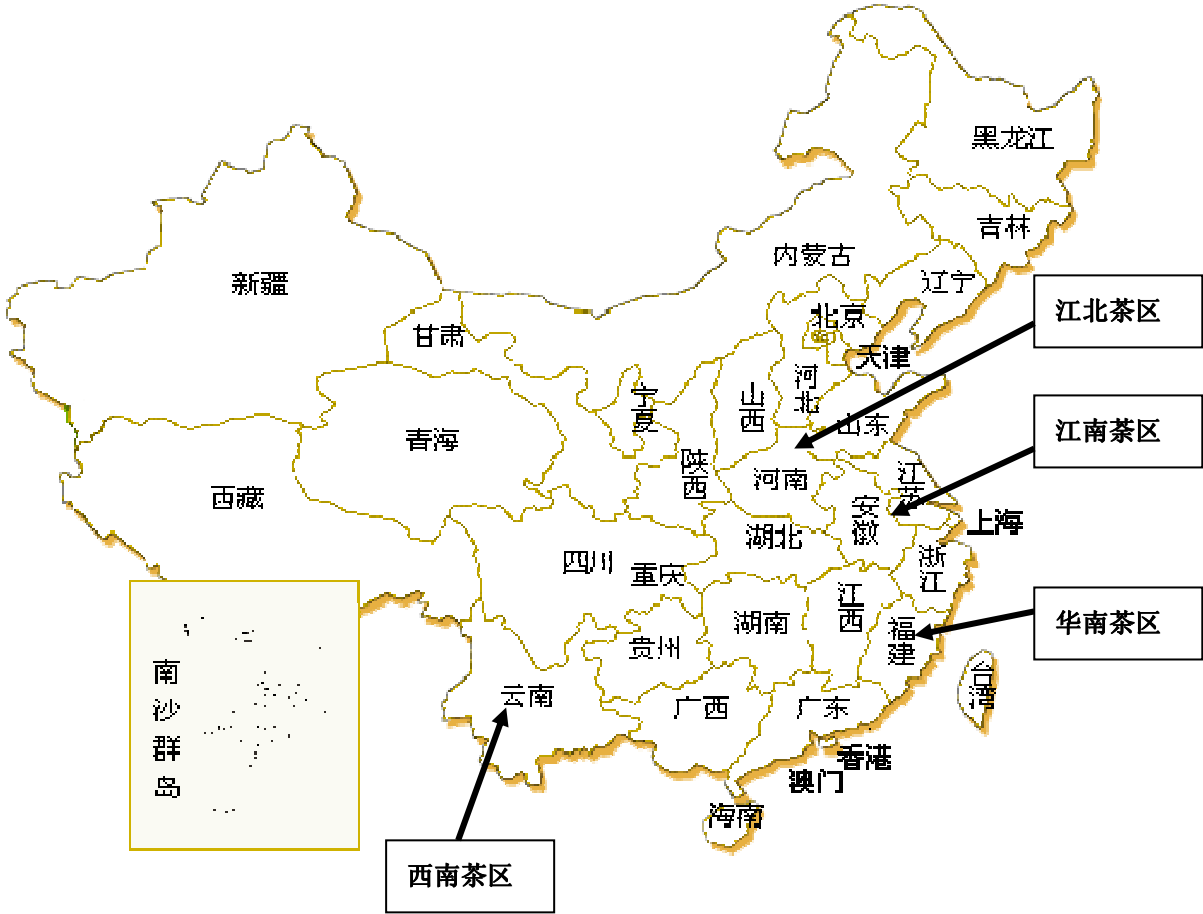
电视产品的因素细分表

品牌	(一) 松下, Panasonic	(二) 索尼, SONY	(三) 长虹, CHANGHONG	(四) TCL
生产地	(一) 苏州, 长江三角洲	(二) 成都, 西南地区	(三) 大连, 东北地区	(四) 广州, 珠江三角洲
价格	(一) 人民币 1600	(二) 人民币 2000	(三) 人民币 2500	
维修保养	(一) 2 年	(二) 5 年		
屏幕大小	(一) 25 吋	(二) 29 吋		
扩音器类型	(一) 单声	(二) 立体声		



茶叶产品的因素细分表

品牌	(一) 得利红茶, Tetley Tea	(二) 陆羽绿茶, Luk Yee Tea	(三) 立顿绿茶, Lipton Tea	(四) 德顺红茶, Tak Shun Tea
生产地	(一) 安徽黄山, 江南茶区	(二) 云南孟海, 西南茶区	(三) 河南信阳, 江北茶区	(四) 闽南安溪, 华南茶区
价格(以 25 小包为一盒)	(一) 人民币 15	(二) 人民币 20	(三) 人民币 25	
香味	(一) 浓	(二) 淡		
色泽	(一) 深	(二) 浅		
包装类型	(一) 袋包茶	(二) 茶叶		



## 电视机问题卡

请仔细阅读问题卡并在每张卡上圈出您认为最适合的答案 (1 至 7) 。

### 卡 1

**TCL**



产地	广州， 珠江三角洲
品牌	TCL
价格	人民币 1600
维修保养	5 年
屏幕大小	29 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常差	差	稍差	一般	尚好	好	非常好
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定不会购买	可能不会购买	有可能购买也 有可能不购买	可能购买	一定购买
1	2	3	4	5

### 卡 2

**Panasonic**



产地	大连， 东北地区
品牌	松下，Panasonic
价格	人民币 2500
维修保养	5 年
屏幕大小	25 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 3

CHANGHONG



产地	大连， 东北地区
品牌	长虹，CHANGHONG
价格	人民币 2000
维修保养	2 年
屏幕大小	29 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 4

CHANGHONG



产地	苏州， 长江三角洲
品牌	长虹，CHANGHONG
价格	人民币 1600
维修保养	5 年
屏幕大小	29 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 5

TCL



产地	大连， 东北地区
品牌	TCL
价格	人民币 1600
维修保养	2 年
屏幕大小	25 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 6

CHANGHONG



产地	成都， 西南地区
品牌	长虹，CHANGHONG
价格	人民币 1600
维修保养	2 年
屏幕大小	25 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 7**

**Panasonic**



产地	成都， 西南地区
品牌	松下，Panasonic
价格	人民币 1600
维修保养	5 年
屏幕大小	29 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 8**

**TCL**



产地	苏州， 长江三角洲
品牌	TCL
价格	人民币 2000
维修保养	5 年
屏幕大小	25 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 9**

**Panasonic**



产地	广州， 珠江三角洲
品牌	松下，Panasonic
价格	人民币 2000
维修保养	2 年
屏幕大小	29 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 10**

**Panasonic**



产地	苏州， 长江三角洲
品牌	松下，Panasonic
价格	人民币 1600
维修保养	2 年
屏幕大小	25 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5



**卡 11**

**SONY**



产地	大连， 东北地区
品牌	索尼，SONY
价格	人民币 1600
维修保养	5 年
屏幕大小	29 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 12**

**SONY**



产地	成都， 西南地区
品牌	索尼，SONY
价格	人民币 2000
维修保养	5 年
屏幕大小	25 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 13**

**TCL**



产地	成都， 西南地区
品牌	TCL
价格	人民币 2500
维修保养	2 年
屏幕大小	29 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 14**

**SONY**



产地	苏州， 长江三角洲
品牌	索尼，SONY
价格	人民币 2500
维修保养	2 年
屏幕大小	29 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 15**

**SONY**



产地	广州， 珠江三角洲
品牌	索尼，SONY
价格	人民币 1600
维修保养	2 年
屏幕大小	25 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 16**

**CHANGHONG**



产地	广州， 珠江三角洲
品牌	长虹，CHANGHONG
价格	人民币 2500
维修保养	5 年
屏幕大小	25 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 17**

**CHANGHONG**



产地	广州， 珠江三角洲
品牌	长虹，CHANGHONG
价格	人民币 1600
维修保养	2 年
屏幕大小	29 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 18**

**CHANGHONG**



产地	苏州， 长江三角洲
品牌	长虹，CHANGHONG
价格	人民币 2500
维修保养	2 年
屏幕大小	25 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 19**

**Panasonic**



产地	大连， 东北地区
品牌	松下，Panasonic
价格	人民币 1600
维修保养	2 年
屏幕大小	25 吋
扩音器类型	立体声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

**卡 20**

**TCL**



产地	大连， 东北地区
品牌	TCL
价格	人民币 2000
维修保养	2 年
屏幕大小	29 吋
扩音器类型	单声

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

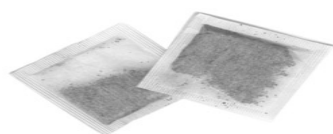
您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

## 茶包问题卡

请仔细阅读问题卡并在每张卡上圈出您认为最适合的答案 (1 至 7) 。

### 卡 1



产地	河南信阳， 江北茶区
品牌	德顺红茶， Tak Shun Tea
价格	人民币 15
香味	淡
色泽	浅
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

### 卡 2



产地	云南孟海， 西南茶区
品牌	得利红茶， Tetley Tea
价格	人民币 25
香味	淡
色泽	深
包装类型	茶叶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 3



产地	云南孟海， 西南茶区
品牌	立顿绿茶， Lipton Tea
价格	人民币 20
香味	浓
色泽	浅
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 4



产地	安徽黄山， 江南茶区
品牌	立顿绿茶， Lipton Tea
价格	人民币 15
香味	淡
色泽	浅
包装类型	茶叶

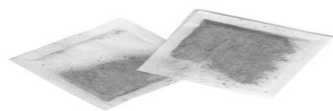
根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 5



产地	云南孟海， 西南茶区
品牌	德顺红茶， Tak Shun Tea
价格	人民币 15
香味	浓
色泽	深
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 6



产地	闽南安溪， 华南茶区
品牌	立顿绿茶， Lipton Tea
价格	人民币 15
香味	浓
色泽	深
包装类型	茶叶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5



卡 7



产地	闽南安溪， 华南茶区
品牌	得利红茶， Tetley Tea
价格	人民币 15
香味	淡
色泽	浅
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 8



产地	安徽黄山， 江南茶区
品牌	德顺红茶， Tak Shun Tea
价格	人民币 20
香味	淡
色泽	深
包装类型	茶叶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 9



产地	河南信阳， 江北茶区
品牌	得利红茶， Tetley Tea
价格	人民币 20
香味	浓
色泽	浅
包装类型	茶叶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 10



产地	安徽黄山， 江南茶区
品牌	得利红茶， Tetley Tea
价格	人民币 15
香味	浓
色泽	深
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 11



产地	云南孟海， 西南茶区
品牌	陆羽绿茶， Luk Yee Tea
价格	人民币 15
香味	淡
色泽	浅
包装类型	茶叶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 12



产地	闽南安溪， 华南茶区
品牌	陆羽绿茶， Luk Yee Tea
价格	人民币 20
香味	淡
色泽	深
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 13



产地	闽南安溪， 华南茶区
品牌	德顺红茶， Tak Shun Tea
价格	人民币 25
香味	浓
色泽	浅
包装类型	茶叶

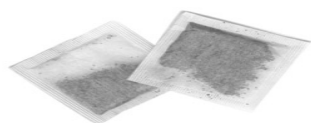
根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 14



产地	安徽黄山， 江南茶区
品牌	陆羽绿茶， Luk Yee Tea
价格	人民币 25
香味	浓
色泽	浅
包装类型	袋包茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 15



产地	河南信阳， 江北茶区
品牌	陆羽绿茶， Luk Yee Tea
价格	人民币 15
香味	浓
色泽	深
包装类型	茶叶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 16



产地	河南信阳， 江北茶区
品牌	立顿绿茶， Lipton Tea
价格	人民币 25
香味	淡
色泽	深
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 17



产地	河南信阳， 江北茶区
品牌	立顿绿茶， Lipton Tea
价格	人民币 15
香味	浓
色泽	浅
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 18



产地	安徽黄山， 江南茶区
品牌	立顿绿茶， Lipton Tea
价格	人民币 25
香味	浓
色泽	深
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 19



产地	云南孟海， 西南茶区
品牌	得利红茶， Tetley Tea
价格	人民币 15
香味	浓
色泽	深
包装类型	茶叶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

卡 20



产地	云南孟海， 西南茶区
品牌	德顺红茶， Tak Shun Tea
价格	人民币 20
香味	浓
色泽	浅
包装类型	袋泡茶

根据以上各项，我认为此产品质量... (请将答案圈出)

非常好	好	尚好	一般	稍差	差	非常差
1	2	3	4	5	6	7

您是否会购买此产品? (请将答案圈出)

一定购买	可能购买	有可能购买也 有可能不购买	可能不会购买	一定不会购买
1	2	3	4	5

请继续第二部份问卷

原产地问卷调查

第二部份

请仔细阅读问题并圈出您认为最适合的答案。 完成此部份后，请继续第三部份。

问题
<p>例子. 今天是晴天。</p> <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div><div>7</div></div></div> <div>非常不同意 不同意 有点不同意 既不同意 有点同意 同意 非常同意</div> <div>也不反对</div>
<p>只有本地(长江三角洲)市场不供应的产品才需要由其它地区进口?</p> <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div> <div>非常不同意 不同意 有点不同意 既不同意 有点同意 同意 非常同意</div> <div>也不反对</div>
<p>我永远都会先选择购买本地(长江三角洲)产品。</p> <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div> <div>非常不同意 不同意 有点不同意 既不同意 有点同意 同意 非常同意</div> <div>也不反对</div>
<p>购买非本地生产的产品是对本地(长江三角洲)不忠诚的表现。</p> <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div> <div>非常不同意 不同意 有点不同意 既不同意 有点同意 同意 非常同意</div> <div>也不反对</div>
<p>购买非本地生产的产品是不对的, 因为此举会令本地(长江三角洲)市民失业。</p> <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div> <div>非常不同意 不同意 有点不同意 既不同意 有点同意 同意 非常同意</div> <div>也不反对</div>
<p>在有本地产品的情况下, 真正的本地人(长江三角洲)应该总是购买本地产品。</p> <div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div> <div>非常不同意 不同意 有点不同意 既不同意 有点同意 同意 非常同意</div> <div>也不反对</div>



<p>我们应该购买本地(长江三角洲)生产的产品以免其它地区在与本地的贸易中获利。</p> <p>1            2            3            4            5            6            7</p> <p>非常不同意   不同意   有点不同意   既不同意   有点同意   同意   非常同意</p> <p>也不反对</p>						
<p>我们不应该购买在本地出售但并非在本地(长江三角洲)生产的产品, 因为此举会削弱本地(长江三角洲)的商业并导致失业。</p> <p>1            2            3            4            5            6            7</p> <p>非常不同意   不同意   有点不同意   既不同意   有点同意   同意   非常同意</p> <p>也不反对</p>						
<p>我宁可以比同类产品成本高的价格来购买本地(长江三角洲)产品。</p> <p>1            2            3            4            5            6            7</p> <p>非常不同意   不同意   有点不同意   既不同意   有点同意   同意   非常同意</p> <p>也不反对</p>						
<p>只有当某类产品本地(长江三角洲)不生产的时候, 我们才会购买其它地区的该类产品。</p> <p>1            2            3            4            5            6            7</p> <p>非常不同意   不同意   有点不同意   既不同意   有点同意   同意   非常同意</p> <p>也不反对</p>						
<p>购买其它地区产品的本地消费者, 会导致本地(长江三角洲)人民失业。</p> <p>1            2            3            4            5            6            7</p> <p>非常不同意   不同意   有点不同意   既不同意   有点同意   同意   非常同意</p> <p>也不反对</p>						

第二部份已完成, 请继续第三部份

## 原产地问卷调查

### 第三部份 个人资料

请仔细阅读问题并请圈出您认为最适合的答案。完成此部份后便可参加抽奖。

问题 例子。今天是晴天。	
1 <input checked="" type="radio"/> 是	2 <input type="radio"/> 否
性别	
1 <input type="radio"/> 男	2 <input type="radio"/> 女
婚姻状况	
1 <input type="radio"/> 单身	2 <input type="radio"/> 已婚
三. 我的伴侣在购买家居用品时会咨询我的意见。	
1 <input type="radio"/> 是	2 <input type="radio"/> 否
四. 学历	
1. 初中	
2. 高中	
3. 大专	
4. 大学本科	
5. 硕士	
6. 博士或同等学历	
7. 其它	
五. 以下哪项最能代表您的专业?	
1. 国家与社会管理阶层 (例：领导)	
2. 经理人人员阶层 (例：企业官理层)	
3. 私营企业主阶层 (例：企业业主)	
4. 专业技术人员阶层 (例：教授，医生等等)	
5. 办事人员阶层 (例：办公室主任，会计，干部等等)	
6. 个体工商户阶层 (例：个体户)	
7. 商业服务人员阶层 (例：企业服务员)	
8. 产业工人阶层 (例：工人)	
9. 农业劳动者阶层 (例：农民)	
10. 下岗失业阶层 (例：下岗工人)	

六. 过去一年, 家庭总收入为

1. 人民币 5000 元 以下
2. 人民币 5000 - 10,000 元
3. 人民币 10,001 - 20,000 元
4. 人民币 20,001 - 30,000 元
5. 人民币 30,001 - 40,000 元
6. 人民币 40,001 - 50,000 元
7. 人民币 50,001 元以上

问卷完, 多谢阁下参与此项调查, 祝好运!

### 3. Appendix C - Sites Photos



Dalian's Shopping Mall (Dalian Market) and one of the Interviewers



Suzhou's Shopping Mall (Shilu International Shopping) and Interviewers



Guangzhou's Shopping Mall (GranBuy) and one of the interviewers

## 4. Appendix D - Ethical Review Document



19 January 2006

Mr Boon Jang Lee  
5/F, 21-23 Yik Yam Street  
Happy Valley  
Hong Kong

Reference: HE25NOV2005-D04375

Dear Mr Lee

### FINAL APPROVAL

**Title of project:** *An examination of the "region of origin" effect on product quality evaluation, product purchase intention and consumer regional ethnocentrism*

Your responses to the outstanding issues raised by the Committee have satisfactorily been addressed. You may now proceed with your research.

Please note the following standard requirements of approval:

1. Approval will be for a period of twelve months. At the end of this period, if the project has been completed, abandoned, discontinued or not commenced for any reason, you are required to submit a Final Report on the project. If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. The Final Report is available at <http://www.ro.mq.edu.au/ethics/human/forms>
2. However, at the end of the 12 month period if the project is still current you should instead submit an application for renewal of the approval if the project has run for less than five (5) years. This form is available at <http://www.ro.mq.edu.au/ethics/human/forms>. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report (see Point 1 above) and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).
3. Please remember the Committee must be notified of any alteration to the project.
4. You must notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that might affect continued ethical acceptability of the project.
5. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University (<http://www.ro.mq.edu.au/ethics/human>).

If you will be applying for or have applied for internal or external funding for the above project **it is your responsibility** to provide Macquarie University's Research Grants Officer with a copy of this letter as soon as possible. The Research Grants Officer will not inform external funding agencies that you have final approval for your project and funds will not be released until the Research Grants Officer has received a copy of this final approval letter.

Yours sincerely

A handwritten signature in cursive script that reads 'Catriona Mackenzie'.

Dr Catriona Mackenzie  
Chair, Ethics Review Committee (Human Ethics)

cc. Dr Yiming Tang

CRO File: 05/1720

ETHICS REVIEW COMMITTEE (HUMAN RESEARCH)  
MACQUARIE UNIVERSITY (E11A)  
SYDNEY, NSW, 2109 AUSTRALIA  
Secretary: Ph: (02) 9850 7854 Fax: (02) 9850 8799 E-mail: [kdesilva@vc.mq.edu.au](mailto:kdesilva@vc.mq.edu.au)  
<http://www.ro.mq.edu.au/ethics/human>

Portrait (85%)

## 5. Appendix E - Conjoint Analysis Results

### 5.1. Conjoint Analysis

#### 5.1.1. Consumer's Product Quality Evaluation for Television (Dalian, Suzhou and Guangzhou)

##### Conjoint Analysis

CONJOINT PLAN='J:\TV Card.sav' /DATA='J:\TV Qpref.sav'

/SCORE=Pref1 TO Pref20 /SUBJECT=province

/FACTORS=REGION BRAND (DISCRETE) PRICE (LINEAR MORE) WARRANTY SCREEN SPEAKER (DISCRETE)

/UTILITY='J:\TV Qpref Utility.sav'.

[DataSet10] J:\TV Qpref.sav

Model Description

	N of Levels	Relation to Ranks or Scores
REGION	4	Discrete
BRAND	4	Discrete
PRICE	3	Linear (more)
WARRANTY	2	Discrete
SCREEN	2	Discrete
SPEAKER	2	Discrete

All factors are orthogonal.

##### Subject 1: Dalian

Importance Values

REGION	14.784
BRAND	63.482
WARRANTY	3.841
SCREEN	4.566
SPEAKER	11.088
PRICE	2.240

Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	.014	.022

Utilities (Dalian)

		Utility Estimate	Std. Error
REGION	Pearl River Delta (Guangzhou)	-.037	.032
	Yangtze River Delta (Suzhou)	.125	.032
	North East Region (Dalian)	-.028	.032
	South West Region (Chengdu)	-.060	.032
BRAND	Chang Hung	.260	.032
	TCL	.365	.032
	Panasonic	-.428	.032
	Sony	-.198	.032
WARRANTY	2 years	-.024	.018
	5 years	.024	.018
SCREEN	25 inches	-.029	.018
	27 inches	.029	.018
SPEAKER	Mono	-.069	.018
	Stereo	.069	.018
PRICE	1600 Rmb	.014	.022
	2000 Rmb	.028	.044
	2500 Rmb	.042	.066
(Constant)		2.952	.043

**Subject 2: Suzhou**

**Importance Values<sup>b</sup>**

REGION	22.421
BRAND	38.207
WARRANTY	10.753
SCREEN	6.406
SPEAKER	8.236
PRICE <sup>a</sup>	13.977

a. Reversed

b. 1 reversals

**Coefficients**

	B Coefficient	
	Estimate	Std. Error
PRICE	-.053	.027

Utilities (Suzhou)

		Utility Estimate	Std. Error
REGION	Pearl River Delta (Guangzhou)	.107	.039
	Yangtze River Delta (Suzhou)	-.002	.039
	North East Region (Dalian)	-.043	.039
	South West Region (Chengdu)	-.062	.039
BRAND	Chang Hung	.022	.039
	TCL	.167	.039
	Panasonic	-.121	.039
	Sony	-.069	.039
WARRANTY	2 years	-.041	.023
	5 years	.041	.023
SCREEN	25 inches	-.024	.023
	27 inches	.024	.023
SPEAKER	Mono	-.031	.023
	Stereo	.031	.023
PRICE	1600 Rmb	-.053	.027
	2000 Rmb	-.105	.054
	2500 Rmb	-.158	.082

**Subject 3: Guangzhou**

Importance Values

REGION	15.740
BRAND	58.118
WARRANTY	.605
SCREEN	3.632
SPEAKER	10.090
PRICE	11.814

Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	.054	.030



#### Utilities (Guangzhou)

		Utility Estimate	Std. Error
REGION	Pearl River Delta (Guangzhou)	.014	.044
	Yangtze River Delta (Suzhou)	.056	.044
	North East Region (Dalian)	-.088	.044
	South West Region (Chengdu)	.018	.044
BRAND	Chang Hung	-.116	.044
	TCL	-.295	.044
	Panasonic	.238	.044
	Sony	.173	.044
WARRANTY	2 years	.003	.025
	5 years	-.003	.025
SCREEN	25 inches	-.017	.025
	27 inches	.017	.025
SPEAKER	Mono	.046	.025
	Stereo	-.046	.025
PRICE	1600 Rmb	.054	.030
	2000 Rmb	.108	.061
	2500 Rmb	.163	.091
(Constant)		2.808	.059

## Overall Statistics

#### Importance Values

REGION	17.742
BRAND	52.982
WARRANTY	5.194
SCREEN	4.903
SPEAKER	9.776
PRICE	9.404

Averaged Importance Score

#### Coefficients

	B Coefficient
	Estimate
PRICE	.004

Utilities ( overall)

		Utility Estimate	Std. Error
REGION	Pearl River Delta (Guangzhou)	.029	.025
	Yangtze River Delta (Suzhou)	.059	.025
	North East Region (Dalian)	-.052	.025
	South West Region (Chengdu)	-.036	.025
BRAND	Chang Hung	.056	.025
	TCL	.083	.025
	Panasonic	-.106	.025
	Sony	-.033	.025
WARRANTY	2 years	-.021	.014
	5 years	.021	.014
SCREEN	25 inches	-.023	.014
	27 inches	.023	.014
SPEAKER	Mono	-.019	.014
	Stereo	.019	.014
PRICE	1600 Rmb	.004	.017
	2000 Rmb	.008	.035
	2500 Rmb	.012	.052
(Constant)		3.005	.034

Number of Reversals

Factor	PRICE	1
	SPEAKER	0
	SCREEN	0
	WARRANTY	0
	BRAND	0
	REGION	0
Subject	1 Subject Suzhou	1
	2 Subject Guangzhou	0
	3 Subject Dalian	0

Reversal Summary

N of Reversals	N of Subjects
1	1

This table displays the number of subjects that have the given number of reversals.

### 5.1.2. Consumer's Product Choice for Television (Dalian, Suzhou and Guangzhou)

#### Conjoint Analysis

CONJOINT PLAN='J:\TV Card.sav' /DATA='J:\TV Bpref.sav'

/SCORE=Pref1 TO Pref20 /SUBJECT=province

/FACTORS=REGION BRAND (DISCRETE) PRICE (LINEAR MORE) WARRANTY SCREEN SPEAKER (DISCRETE)

/UTILITY='J:\TV Bpref Utility.sav'.

[DataSet8] J:\TV BPref.sav

Model Description

	N of Levels	Relation to Ranks or Scores
REGION	4	Discrete
BRAND	4	Discrete
PRICE	3	Linear (more)
WARRANTY	2	Discrete
SCREEN	2	Discrete
SPEAKER	2	Discrete

All factors are orthogonal.

#### Subject 1: Dalian

Importance Values

REGION	9.726
BRAND	71.655
WARRANTY	4.001
SCREEN	1.908
SPEAKER	6.956
PRICE	5.753

Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	.044	.025

### Utilities (Dalian)

		Utility Estimate	Std. Error
REGION	Pearl River Delta (Guangzhou)	-.062	.036
	Yangtze River Delta (Suzhou)	.085	.036
	North East Region (Dalian)	.026	.036
	South West Region (Chengdu)	-.049	.036
BRAND	Chang Hung	.307	.036
	TCL	.546	.036
	Panasonic	-.540	.036
	Sony	-.314	.036
WARRANTY	2 years	-.030	.021
	5 years	.030	.021
SCREEN	25 inches	-.014	.021
	27 inches	.014	.021
SPEAKER	Mono	-.053	.021
	Stereo	.053	.021
PRICE	1600 Rmb	.044	.025
	2000 Rmb	.087	.051
	2500 Rmb	.131	.076
(Constant)		4.525	.049

### Subject 2: Suzhou

#### Importance Values<sup>b</sup>

REGION	18.918
BRAND	51.513
WARRANTY	7.978
SCREEN	6.838
SPEAKER	11.852
PRICE <sup>a</sup>	2.901

a. Reversed

b. 1 reversals

#### Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	-.011	.019

Utilities (Suzhou)

		Utility Estimate	Std. Error
REGION	Pearl River Delta (Guangzhou)	.047	.028
	Yangtze River Delta (Suzhou)	.059	.028
	North East Region (Dalian)	-.018	.028
	South West Region (Chengdu)	-.087	.028
BRAND	Chang Hung	.057	.028
	TCL	.228	.028
	Panasonic	-.170	.028
	Sony	-.115	.028
WARRANTY	2 years	-.031	.016
	5 years	.031	.016
SCREEN	25 inches	-.026	.016
	27 inches	.026	.016
SPEAKER	Mono	-.046	.016
	Stereo	.046	.016
PRICE	1600 Rmb	-.011	.019
	2000 Rmb	-.022	.039
	2500 Rmb	-.034	.058
(Constant)		4.790	.037

**Subject 3: Guangzhou**

**Importance Values<sup>b</sup>**

REGION	18.589
BRAND	67.908
WARRANTY	3.225
SCREEN	1.518
SPEAKER	7.588
PRICE <sup>a</sup>	1.173

a. Reversed

b. 1 reversals

**Coefficients**

	B Coefficient	
	Estimate	Std. Error
PRICE	-.006	.014

#### Utilities(Guangzhou)

		Utility Estimate	Std. Error
REGION	Pearl River Delta (Guangzhou)	-.017	.019
	Yangtze River Delta (Suzhou)	-.043	.019
	North East Region (Dalian)	.119	.019
	South West Region (Chengdu)	-.059	.019
BRAND	Chang Hung	.126	.019
	TCL	.358	.019
	Panasonic	-.291	.019
	Sony	-.193	.019
WARRANTY	2 years	-.015	.011
	5 years	.015	.011
SCREEN	25 inches	-.007	.011
	27 inches	.007	.011
SPEAKER	Mono	-.036	.011
	Stereo	.036	.011
PRICE	1600 Rmb	-.006	.014
	2000 Rmb	-.011	.027
	2500 Rmb	-.017	.041
(Constant)		4.663	.026

## Overall Statistics

#### Importance Values

REGION	15.834
BRAND	63.497
WARRANTY	5.106
SCREEN	3.469
SPEAKER	8.846
PRICE	3.248

Averaged Importance Score

#### Coefficients

	B Coefficient
	Estimate
PRICE	.008

Utilities (Overall)

		Utility Estimate	Std. Error
REGION	Pearl River Delta (Guangzhou)	-.010	.013
	Yangtze River Delta (Suzhou)	.034	.013
	North East Region (Dalian)	.042	.013
	South West Region (Chengdu)	-.065	.013
BRAND	Chang Hung	.161	.013
	TCL	.374	.013
	Panasonic	-.330	.013
	Sony	-.205	.013
WARRANTY	2 years	-.026	.007
	5 years	.026	.007
SCREEN	25 inches	-.016	.007
	27 inches	.016	.007
SPEAKER	Mono	-.045	.007
	Stereo	.045	.007
PRICE	1600 Rmb	.008	.009
	2000 Rmb	.017	.018
	2500 Rmb	.025	.026
(Constant)		4.662	.017

Number of Reversals

Factor	PRICE	2
	SPEAKER	0
	SCREEN	0
	WARRANTY	0
	BRAND	0
	REGION	0
Subject	1 Subject Guangzhou	1
	2 Subject Suzhou	1
	3 Subject Dalian	0

Reversal Summary

N of Reversals	N of Subjects
1	2

This table displays the number of subjects that have the given number of reversals.

### 5.1.3. Consumer's Product Quality Evaluation for Tea (Dalian, Suzhou and Guangzhou)

#### Conjoint Analysis

[DataSet6] J:\TEA QScore.sav

##### Model Description

	N of Levels	Relation to Ranks or Scores
REGION	4	Discrete
BRAND	4	Discrete
PRICE	3	Linear (more)
AROMA	2	Discrete
COLOUR	2	Discrete
PACKAGE	2	Discrete

All factors are orthogonal.

#### Subject 1: Dalian

##### Utilities

		Utility Estimate	Std. Error
REGION	Jiangnan	.033	.035
	Jiangbei	-.045	.035
	Xinan	.077	.035
	Huabei	-.065	.035
BRAND	Tetley	-.012	.035
	LukYee	-.121	.035
	Lipton	.214	.035
	Takshun	-.082	.035
AROMA	strong	-.017	.020
	weak	.017	.020
COLOUR	dark	-.012	.020
	light	.012	.020
PACKAGE	teabag	-.011	.020
	loose-leaf	.011	.020
PRICE	15	.022	.024
	20	.045	.049
	25	.067	.073
(Constant)		4.415	.047

##### Importance Values

REGION	23.643
BRAND	55.576
AROMA	5.680
COLOUR	4.145
PACKAGE	3.531
PRICE	7.425

##### Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	.022	.024



## Subject 2: Suzhou

### Utilities

		Utility Estimate	Std. Error
REGION	Jiangnan	.221	.023
	Jiangbei	-.139	.023
	Xinan	.026	.023
	Huabei	-.107	.023
BRAND	Tetley	-.077	.023
	LukYee	-.149	.023
	Lipton	.397	.023
	Takshun	-.171	.023
AROMA	strong	.003	.013
	weak	-.003	.013
COLOUR	dark	-.027	.013
	light	.027	.013
PACKAGE	teabag	-.006	.013
	loose-leaf	.006	.013
PRICE	15	-.006	.016
	20	-.012	.032
	25	-.018	.048
(Constant)		4.672	.031

### Importance Values<sup>b</sup>

REGION	35.635
BRAND	56.266
AROMA	.563
COLOUR	5.251
PACKAGE	1.125
PRICE <sup>a</sup>	1.159

a. Reversed

b. 1 reversals

### Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	-.006	.016

### Subject 3: Guangzhou

#### Utilities

		Utility Estimate	Std. Error
REGION	Jiangnan	.099	.027
	Jiangbei	-.255	.027
	Xinan	.108	.027
	Huabei	.049	.027
BRAND	Tetley	-.119	.027
	LukYee	-.105	.027
	Lipton	.472	.027
	Takshun	-.248	.027
AROMA	strong	-.005	.016
	weak	.005	.016
COLOUR	dark	-.037	.016
	light	.037	.016
PACKAGE	teabag	.006	.016
	loose-leaf	-.006	.016
PRICE	15	.036	.019
	20	.072	.038
	25	.109	.057
(Constant)		4.442	.037

#### Importance Values

REGION	29.026
BRAND	57.438
AROMA	.845
COLOUR	5.913
PACKAGE	.998
PRICE	5.780

#### Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	.036	.019

## Overall Statistics

### Importance Values

REGION	29.393
BRAND	56.415
AROMA	2.395
COLOUR	5.092
PACKAGE	1.902
PRICE	4.803

### Averaged Importance Score

### Coefficients

	B Coefficient
	Estimate
PRICE	.018

### Utilities

		Utility Estimate	Std. Error
REGION	Jiangnan	.117	.026
	Jiangbei	-.145	.026
	Xinan	.070	.026
	Huabei	-.042	.026
BRAND	Tetley	-.068	.026
	LukYee	-.125	.026
	Lipton	.359	.026
	Takshun	-.166	.026
AROMA	strong	-.007	.015
	weak	.007	.015
COLOUR	dark	-.025	.015
	light	.025	.015
PACKAGE	teabag	-.003	.015
	loose-leaf	.003	.015
PRICE	15	.018	.018
	20	.035	.036
	25	.053	.054
(Constant)		4.509	.035

### Number of Reversals

Factor	PRICE	1
	PACKAGE	0
	COLOUR	0
	AROMA	0
	BRAND	0
	REGION	0
Subject	1 Subject Suzhou	1
	2 Subject Dalian	0
	3 Subject Guangzhou	0

### Reversal Summary

N of Reversals	N of Subjects
1	1

This table displays the number of subjects that have the given number of reversals.

### 5.1.4. Consumer's Product Choice for Tea (Dalian, Suzhou and Guangzhou)

#### Conjoint Analysis

[DataSet7] J:\TEA Bscore.sav

##### Model Description

	N of Levels	Relation to Ranks or Scores
REGION	4	Discrete
BRAND	4	Discrete
PRICE	3	Linear (more)
AROMA	2	Discrete
COLOUR	2	Discrete
PACKAGE	2	Discrete

All factors are orthogonal.

#### Subject 1: Dalian

##### Utilities

		Utility Estimate	Std. Error
REGION	Jiangnan	.036	.028
	Jiangbei	-.052	.028
	Xinan	.057	.028
	Huabei	-.042	.028
BRAND	Tetley	-.027	.028
	LukYee	-.053	.028
	Lipton	.214	.028
	Takshun	-.134	.028
AROMA	strong	-.021	.016
	weak	.021	.016
COLOUR	dark	-.005	.016
	light	.005	.016
PACKAGE	teabag	-.001	.016
	loose-leaf	.001	.016
PRICE	15	-.026	.020
	20	-.053	.039
	25	-.079	.059
(Constant)		3.142	.038

##### Importance Values<sup>b</sup>

REGION	19.346
BRAND	61.771
AROMA	7.467
COLOUR	1.697
PACKAGE	.339
PRICE <sup>a</sup>	9.380

a. Reversed

b. 1 reversals

##### Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	-.026	.020

## Subject 2: Suzhou

### Utilities

		Utility Estimate	Std. Error
REGION	Jiangnan	.210	.040
	Jiangbei	-.155	.040
	Xinan	.037	.040
	Huabei	-.092	.040
BRAND	Tetley	-.097	.040
	LukYee	-.163	.040
	Lipton	.423	.040
	Takshun	-.163	.040
AROMA	strong	-.015	.023
	weak	.015	.023
COLOUR	dark	-.014	.023
	light	.014	.023
PACKAGE	teabag	-.030	.023
	loose-leaf	.030	.023
PRICE	15	-.023	.028
	20	-.046	.056
	25	-.069	.084
(Constant)		3.194	.054

### Importance Values<sup>b</sup>

REGION	32.719
BRAND	52.417
AROMA	2.754
COLOUR	2.587
PACKAGE	5.425
PRICE <sup>a</sup>	4.097

a. Reversed

b. 1 reversals

### Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	-.023	.028

### Subject 3: Guangzhou

Utilities

		Utility Estimate	Std. Error
REGION	Jiangnan	.075	.033
	Jiangbei	-.188	.033
	Xinan	.101	.033
	Huabei	.013	.033
BRAND	Tetley	-.075	.033
	LukYee	-.080	.033
	Lipton	.433	.033
	Takshun	-.278	.033
AROMA	strong	.006	.019
	weak	-.006	.019
COLOUR	dark	-.036	.019
	light	.036	.019
PACKAGE	teabag	-.017	.019
	loose-leaf	.017	.019
PRICE	15	.026	.023
	20	.053	.045
	25	.079	.068
(Constant)		2.972	.044

Importance Values

REGION	24.707
BRAND	60.730
AROMA	.956
COLOUR	6.216
PACKAGE	2.869
PRICE	4.521

Coefficients

	B Coefficient	
	Estimate	Std. Error
PRICE	.026	.023

## Overall Statistics

### Importance Values

REGION	25.637
BRAND	58.280
AROMA	3.698
COLOUR	3.514
PACKAGE	2.897
PRICE	5.974

### Averaged Importance Score

### Coefficients

	B Coefficient
	Estimate
PRICE	-.007

### Utilities

		Utility Estimate	Std. Error
REGION	Jiangnan	.108	.022
	Jiangbei	-.132	.022
	Xinan	.065	.022
	Huabei	-.040	.022
BRAND	Tetley	-.067	.022
	LukYee	-.099	.022
	Lipton	.358	.022
	Takshun	-.192	.022
AROMA	strong	-.010	.013
	weak	.010	.013
COLOUR	dark	-.019	.013
	light	.019	.013
PACKAGE	teabag	-.016	.013
	loose-leaf	.016	.013
PRICE	15	-.007	.016
	20	-.015	.031
	25	-.022	.047
(Constant)		3.102	.030

### Number of Reversals

Factor	PRICE	2
	PACKAGE	0
	COLOUR	0
	AROMA	0
	BRAND	0
	REGION	0
Subject	1 Subject Dalian	1
	2 Subject Suzhou	1
	3 Subject Guangzhou	0

### Reversal Summary

N of Reversals	N of Subjects
1	2

This table displays the number of subjects that have the given number of reversals.

## 6. Appendix F - Pearson's Correlations

### 6.1. TV (Product Quality Evaluation)

#### Subject 1: Dalian

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.993	.000
Kendall's tau	.883	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

#### Subject 2: Suzhou

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.945	.000
Kendall's tau	.700	.000
Kendall's tau for Holdouts	.333	.248

a. Correlations between observed and estimated preferences

#### Subject 3: Guangzhou

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.972	.000
Kendall's tau	.898	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

### Overall Statistics

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.948	.000
Kendall's tau	.778	.000
Kendall's tau for Holdouts	.183	.359

a. Correlations between observed and estimated preferences



## 6.2. Tea (Product Quality Evaluation)

### Subject 1: Dalian

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.955	.000
Kendall's tau	.762	.000
Kendall's tau for Holdouts	1.000	.021

### Subject 2: Suzhou

a. Correlations between observed and estimated preferences

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.994	.000
Kendall's tau	.908	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

### Subject 3: Guangzhou

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.994	.000
Kendall's tau	.917	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

### Overall Statistics

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.990	.000
Kendall's tau	.895	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

### 6.3. TV( Product Choice)

#### Subject 1: Dalian

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.995	.000
Kendall's tau	.912	.000
Kendall's tau for Holdouts	.667	.087

a. Correlations between observed and estimated preferences

#### Subject 2: Suzhou

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.980	.000
Kendall's tau	.862	.000
Kendall's tau for Holdouts	.000	.500

a. Correlations between observed and estimated preferences

#### Subject 3: Guangzhou

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.996	.000
Kendall's tau	.886	.000
Kendall's tau for Holdouts	.667	.087

a. Correlations between observed and estimated preferences

#### Overall Statistics

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.998	.000
Kendall's tau	.950	.000
Kendall's tau for Holdouts	.667	.087

a. Correlations between observed and estimated preferences

## 6.4. Tea (Product Choice)

### Subject 1: Dalian

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.968	.000
Kendall's tau	.785	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

### Subject 2: Suzhou

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.984	.000
Kendall's tau	.912	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

### Subject 3: Guangzhou

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.990	.000
Kendall's tau	.946	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

## Overall Statistics

Correlations<sup>a</sup>

	Value	Sig.
Pearson's R	.992	.000
Kendall's tau	.933	.000
Kendall's tau for Holdouts	1.000	.021

a. Correlations between observed and estimated preferences

## 7. Appendix G - Univariate Analysis of Variance

### 7.1. Respondent's Product Quality Evaluation (Dalian, Suzhou and Guangzhou)

#### 7.1.1. Television

##### Dalian

Between-Subjects Factors

		N
REGION	1.00	705
	2.00	705
	3.00	846
	4.00	564
BRAND	1.00	705
	2.00	564
	3.00	846
	4.00	705
PRICE	1.00	1410
	2.00	705
	3.00	705
WARRANTY	1.00	1692
	2.00	1128
SCREEN	1.00	1410
	2.00	1410
SPEAKER	1.00	1551
	2.00	1269

Tests of Between-Subjects Effects

Dependent Variable: TvQPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	201.339 <sup>a</sup>	19	10.597	9.261	.000
Intercept	46131.660	1	46131.660	40315.166	.000
REGION	.000	0	.	.	.
BRAND	1.025	1	1.025	.896	.344
PRICE	.000	0	.	.	.
WARRANTY	.000	0	.	.	.
SCREEN	.000	0	.	.	.
SPEAKER	.000	0	.	.	.
REGION * BRAND	.000	0	.	.	.
REGION * PRICE	.000	0	.	.	.
REGION * WARRANTY	.000	0	.	.	.
REGION * SCREEN	.000	0	.	.	.
REGION * SPEAKER	.000	0	.	.	.
BRAND * PRICE	.000	0	.	.	.
BRAND * WARRANTY	.000	0	.	.	.
BRAND * SCREEN	.000	0	.	.	.
BRAND * SPEAKER	.000	0	.	.	.
PRICE * WARRANTY	.000	0	.	.	.
PRICE * SCREEN	.000	0	.	.	.
PRICE * SPEAKER	.000	0	.	.	.
WARRANTY * SCREEN	.000	0	.	.	.
WARRANTY * SPEAKER	.000	0	.	.	.
SCREEN * SPEAKER	.000	0	.	.	.
Error	3203.972	2800	1.144		
Total	64744.000	2820			
Corrected Total	3405.311	2819			

a. R Squared = .059 (Adjusted R Squared = .053)

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Dalian region) - Card Response.sav

UNIANOVA TvQpref BY REGION PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PRICE REGION\*PRICE.

#### Between-Subjects Factors

		N
REGION	1.00	705
	2.00	705
	3.00	846
	4.00	564
PRICE	1.00	1410
	2.00	705
	3.00	705

#### Tests of Between-Subjects Effects

Dependent Variable: TvQPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	93.562 <sup>a</sup>	11	8.506	7.212	.000
Intercept	50755.729	1	50755.729	43035.302	.000
REGION	19.054	3	6.351	5.385	.001
PRICE	2.484	2	1.242	1.053	.349
REGION * PRICE	71.093	6	11.849	10.046	.000
Error	3311.748	2808	1.179		
Total	64744.000	2820			
Corrected Total	3405.311	2819			

a. R Squared = .027 (Adjusted R Squared = .024)

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Dalian region) - Card Response.sav

UNIANOVA TvQpref BY REGION WARRANTY

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION WARRANTY REGION\*WARRANTY.

#### Between-Subjects Factors

		N
REGION	1.00	705
	2.00	705
	3.00	846
	4.00	564
WARRANTY	1.00	1692
	2.00	1128

#### Tests of Between-Subjects Effects

Dependent Variable: TvQPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	107.548 <sup>a</sup>	7	15.364	13.101	.000
Intercept	57364.137	1	57364.137	48914.356	.000
REGION	41.144	3	13.715	11.694	.000
WARRANTY	4.219	1	4.219	3.598	.058
REGION * WARRANTY	84.341	3	28.114	23.973	.000
Error	3297.763	2812	1.173		
Total	64744.000	2820			
Corrected Total	3405.311	2819			

a. R Squared = .032 (Adjusted R Squared = .029)

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Dalian region) - Card Response.sav

UNIANOVA TvQpref BY REGION SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION SPEAKER REGION\*SPEAKER.

Between-Subjects Factors

		N
REGION	1.00	705
	2.00	705
	3.00	846
	4.00	564
SPEAKER	1.00	1551
	2.00	1269

Tests of Between-Subjects Effects

Dependent Variable: TvQPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	156.705 <sup>a</sup>	7	22.386	19.378	.000
Intercept	58889.619	1	58889.619	50974.987	.000
REGION	17.880	3	5.960	5.159	.001
SPEAKER	7.490	1	7.490	6.484	.011
REGION * SPEAKER	121.338	3	40.446	35.010	.000
Error	3248.605	2812	1.155		
Total	64744.000	2820			
Corrected Total	3405.311	2819			

a. R Squared = .046 (Adjusted R Squared = .044)

## Suzhou

[DataSet6] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Suzhou region) - Card Response.sav

### Between-Subjects Factors

		N
REGION	1.00	696
	2.00	696
	3.00	835
	4.00	557
BRAND	1.00	695
	2.00	560
	3.00	834
	4.00	695
PRICE	1.00	1392
	2.00	696
	3.00	696
WARRANT	1.00	1670
	2.00	1114
SCREEN	1.00	1392
	2.00	1392
SPEAKER	1.00	1531
	2.00	1253

UNIANOVA TvQpref BY REGION BRAND PRICE

WARRANTY SCREEN SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE WARRANTY SCREEN

SPEAKER REGION\*BRAND REGION\*PRICE

REGION\*WARRANTY

REGION\*SCREEN REGION\*SPEAKER BRAND\*PRICE

BRAND\*WARRANTY BRAND\*SCREEN BRAND\*SPEAKER

PRICE\*WARRANTY

PRICE\*SCREEN PRICE\*SPEAKER

WARRANTY\*SCREEN WARRANTY\*SPEAKER

SCREEN\*SPEAKER.

### Tests of Between-Subjects Effects

Dependent Variable: TvQPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	81.379 <sup>a</sup>	19	4.283	3.421	.000
Intercept	46883.792	1	46883.792	37443.972	.000
REGION	.000	0	.	.	.
BRAND	1.040	1	1.040	.830	.362
PRICE	.000	0	.	.	.
WARRANTY	.000	0	.	.	.
SCREEN	.000	0	.	.	.
SPEAKER	.000	0	.	.	.
REGION * BRAND	.000	0	.	.	.
REGION * PRICE	.000	0	.	.	.
REGION * WARRANTY	.000	0	.	.	.
REGION * SCREEN	.000	0	.	.	.
REGION * SPEAKER	.000	0	.	.	.
BRAND * PRICE	.000	0	.	.	.
BRAND * WARRANTY	.000	0	.	.	.
BRAND * SCREEN	.000	0	.	.	.
BRAND * SPEAKER	.000	0	.	.	.
PRICE * WARRANTY	.000	0	.	.	.
PRICE * SCREEN	.000	0	.	.	.
PRICE * SPEAKER	.000	0	.	.	.
WARRANTY * SCREEN	.000	0	.	.	.
WARRANTY * SPEAKER	.000	0	.	.	.
SCREEN * SPEAKER	.000	0	.	.	.
Error	3460.819	2764	1.252		
Total	66081.000	2784			
Corrected Total	3542.198	2783			

a. R Squared = .023 (Adjusted R Squared = .016)

[DataSet6] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Suzhou region) - Card Response.sav

UNIANOVA TvQpref BY REGION WARRANTY

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION WARRANTY REGION\*WARRANTY.

Between-Subjects Factors

		N
REGION	1.00	696
	2.00	696
	3.00	835
	4.00	557
WARRANTY	1.00	1670
	2.00	1114

Tests of Between-Subjects Effects

Dependent Variable: TvQPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	40.303 <sup>a</sup>	7	5.758	4.564	.000
Intercept	58616.220	1	58616.220	46465.873	.000
REGION	4.221	3	1.407	1.115	.341
WARRANTY	3.223	1	3.223	2.555	.110
REGION * WARRANTY	33.459	3	11.153	8.841	.000
Error	3501.895	2776	1.261		
Total	66081.000	2784			
Corrected Total	3542.198	2783			

a. R Squared = .011 (Adjusted R Squared = .009)

[DataSet6] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Suzhou region) - Card Response.sav

UNIANOVA TvQpref BY REGION SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION SPEAKER REGION\*SPEAKER.

Between-Subjects Factors

		N
REGION	1.00	696
	2.00	696
	3.00	835
	4.00	557
SPEAKER	1.00	1531
	2.00	1253

Tests of Between-Subjects Effects

Dependent Variable: TvQPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	59.427 <sup>a</sup>	7	8.490	6.767	.000
Intercept	60141.889	1	60141.889	47937.085	.000
REGION	4.549	3	1.516	1.209	.305
SPEAKER	3.080	1	3.080	2.455	.117
REGION * SPEAKER	49.057	3	16.352	13.034	.000
Error	3482.771	2776	1.255		
Total	66081.000	2784			
Corrected Total	3542.198	2783			

a. R Squared = .017 (Adjusted R Squared = .014)



## Guangzhou

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

Between-Subjects Factors

		N
REGION	1.00	700
	2.00	700
	3.00	840
	4.00	560
BRAND	1.00	700
	2.00	560
	3.00	840
	4.00	700
PRICE	1.00	1400
	2.00	700
	3.00	700
WARRANTY	1.00	1680
	2.00	1120
SCREEN	1.00	1400
	2.00	1400
SPEAKER	1.00	1540
	2.00	1260

Tests of Between-Subjects Effects

Dependent Variable: TvQpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	501.978 <sup>a</sup>	19	26.420	24.930	.000
Intercept	45350.464	1	45350.464	42793.311	.000
REGION	.000	0	.	.	.
BRAND	.700	1	.700	.661	.416
PRICE	.000	0	.	.	.
WARRANTY	.000	0	.	.	.
SCREEN	.000	0	.	.	.
SPEAKER	.000	0	.	.	.
REGION * BRAND	.000	0	.	.	.
REGION * PRICE	.000	0	.	.	.
REGION * WARRANTY	.000	0	.	.	.
REGION * SCREEN	.000	0	.	.	.
REGION * SPEAKER	.000	0	.	.	.
BRAND * PRICE	.000	0	.	.	.
BRAND * WARRANTY	.000	0	.	.	.
BRAND * SCREEN	.000	0	.	.	.
BRAND * SPEAKER	.000	0	.	.	.
PRICE * WARRANTY	.000	0	.	.	.
PRICE * SCREEN	.000	0	.	.	.
PRICE * SPEAKER	.000	0	.	.	.
WARRANTY * SCREEN	.000	0	.	.	.
WARRANTY * SPEAKER	.000	0	.	.	.
SCREEN * SPEAKER	.000	0	.	.	.
Error	2946.121	2780	1.060		
Total	62063.000	2800			
Corrected Total	3448.100	2799			

a. R Squared = .146 (Adjusted R Squared = .140)

UNIANOVA TvQpref BY REGION BRAND

PRICE WARRANTY SCREEN SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE

WARRANTY SCREEN SPEAKER

REGION\*BRAND REGION\*PRICE

REGION\*WARRANTY

REGION\*SCREEN REGION\*SPEAKER

BRAND\*PRICE BRAND\*WARRANTY

BRAND\*SCREEN BRAND\*SPEAKER

PRICE\*WARRANTY

PRICE\*SCREEN PRICE\*SPEAKER

WARRANTY\*SCREEN WARRANTY\*SPEAKER SCREEN\*SPEAKER.

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

UNIANOVA TvQpref BY REGION PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PRICE REGION\*PRICE.

# Tests of Between-Subjects Effects

Dependent Variable: TvQpref

## Between-Subjects Factors

		N
REGION	1.00	700
	2.00	700
	3.00	840
	4.00	560
PRICE	1.00	1400
	2.00	700
	3.00	700

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	186.760 <sup>a</sup>	11	16.978	14.514	.000
Intercept	49342.505	1	49342.505	42181.108	.000
REGION	13.487	3	4.496	3.843	.009
PRICE	9.906	2	4.953	4.234	.015
REGION * PRICE	179.489	6	29.915	25.573	.000
Error	3261.339	2788	1.170		
Total	62063.000	2800			
Corrected Total	3448.100	2799			

a. R Squared = .054 (Adjusted R Squared = .050)

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

UNIANOVA TvQpref BY REGION WARRANTY

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION WARRANTY REGION\*WARRANTY.

# Tests of Between-Subjects Effects

Dependent Variable: TvQpref

## Between-Subjects Factors

		N
REGION	1.00	700
	2.00	700
	3.00	840
	4.00	560
WARRANTY	1.00	1680
	2.00	1120

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	283.517 <sup>a</sup>	7	40.502	35.734	.000
Intercept	55259.481	1	55259.481	48753.495	.000
REGION	31.489	3	10.496	9.261	.000
WARRANTY	21.221	1	21.221	18.722	.000
REGION * WARRANTY	256.376	3	85.459	75.397	.000
Error	3164.583	2792	1.133		
Total	62063.000	2800			
Corrected Total	3448.100	2799			

a. R Squared = .082 (Adjusted R Squared = .080)

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

UNIANOVA TvQpref BY REGION SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION SPEAKER REGION\*SPEAKER.

#### Between-Subjects Factors

		N
REGION	1.00	700
	2.00	700
	3.00	840
	4.00	560
SPEAKER	1.00	1540
	2.00	1260

#### Tests of Between-Subjects Effects

Dependent Variable: TvQpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	374.869 <sup>a</sup>	7	53.553	48.652	.000
Intercept	56547.362	1	56547.362	51372.721	.000
REGION	20.397	3	6.799	6.177	.000
SPEAKER	14.409	1	14.409	13.090	.000
REGION * SPEAKER	334.634	3	111.545	101.337	.000
Error	3073.231	2792	1.101		
Total	62063.000	2800			
Corrected Total	3448.100	2799			

a. R Squared = .109 (Adjusted R Squared = .106)

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

UNIANOVA TvQpref BY PRICE SCREEN

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE SCREEN PRICE\*SCREEN.

#### Between-Subjects Factors

		N
PRICE	1.00	1400
	2.00	700
	3.00	700
SCREEN	1.00	1400
	2.00	1400

#### Tests of Between-Subjects Effects

Dependent Variable: TvQpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	23.799 <sup>a</sup>	5	4.760	3.884	.002
Intercept	51538.124	1	51538.124	42051.662	.000
PRICE	1.938	2	.969	.791	.454
SCREEN	.165	1	.165	.134	.714
PRICE * SCREEN	22.924	2	11.462	9.352	.000
Error	3424.300	2794	1.226		
Total	62063.000	2800			
Corrected Total	3448.100	2799			

a. R Squared = .007 (Adjusted R Squared = .005)

## 7.1.2. Tea

### Dalian

[DataSet1] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Dalian region) - Card Response.sav

Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	655
	2.00	Jiangbei	654
	3.00	Xinan	786
	4.00	Huabei	523
brand	1.00	Tetley	654
	2.00	LukYee	524
	3.00	Lipton	785
	4.00	Takshun	655
price	1.00	15	1309
	2.00	20	654
	3.00	25	655
aroma	1.00	strong	1570
	2.00	weak	1048
colour	1.00	dark	1309
	2.00	light	1309
Packing	1.00	teabag	1441
	2.00	loose-leaf	1177

Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	58.301 <sup>a</sup>	19	3.068	2.203	.002
Intercept	39093.891	1	39093.891	28073.700	.000
REGION	.000	0			
BRAND	9.542	1	9.542	6.852	.009
PRICE	.000	0			
AROMA	.000	0			
COLOUR	.000	0			
PACKAGE	.000	0			
REGION * BRAND	.000	0			
REGION * PRICE	.000	0			
REGION * AROMA	.000	0			
REGION * COLOUR	.000	0			
REGION * PACKAGE	.000	0			
BRAND * PRICE	.000	0			
BRAND * AROMA	.000	0			
BRAND * COLOUR	.000	0			
BRAND * PACKAGE	.000	0			
PRICE * AROMA	.000	0			
PRICE * COLOUR	.000	0			
PRICE * PACKAGE	.000	0			
AROMA * COLOUR	.000	0			
AROMA * PACKAGE	.000	0			
COLOUR * PACKAGE	.000	0			
Error	3617.832	2598	1.393		
Total	56412.000	2618			
Corrected Total	3676.133	2617			

a. R Squared = .016 (Adjusted R Squared = .009)

UNIANOVA TeaQscore BY REGION BRAND PRICE

AROMA COLOUR PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE AROMA

COLOUR PACKAGE REGION\*BRAND

REGION\*PRICE REGION\*AROMA

REGION\*COLOUR REGION\*PACKAGE

BRAND\*PRICE BRAND\*AROMA

BRAND\*COLOUR BRAND\*PACKAGE

PRICE\*AROMA

PRICE\*COLOUR PRICE\*PACKAGE

AROMA\*COLOUR AROMA\*PACKAGE

COLOUR\*PACKAGE.

## Suzhou

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	635
	2.00	Jiangbei	635
	3.00	Xinan	762
	4.00	Huabei	508
brand	1.00	Tetley	635
	2.00	LukYee	508
	3.00	Lipton	762
	4.00	Takshun	635
price	1.00	15	1270
	2.00	20	635
	3.00	25	635
aroma	1.00	strong	1524
	2.00	weak	1016
colour	1.00	dark	1270
	2.00	light	1270
Packing	1.00	teabag	1397
	2.00	loose-leaf	1143

UNIANOVA TeaQscore BY REGION BRAND

PRICE AROMA COLOUR PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE AROMA

COLOUR PACKAGE REGION\*BRAND

REGION\*PRICE REGION\*AROMA

REGION\*COLOUR REGION\*PACKAGE

BRAND\*PRICE BRAND\*AROMA

BRAND\*COLOUR BRAND\*PACKAGE

PRICE\*AROMA

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	167.906 <sup>a</sup>	19	8.837	10.258	.000
Intercept	40563.003	1	40563.003	47085.604	.000
REGION	.000	0	.	.	.
BRAND	14.173	1	14.173	16.452	.000
PRICE	.000	0	.	.	.
AROMA	.000	0	.	.	.
COLOUR	.000	0	.	.	.
PACKAGE	.000	0	.	.	.
REGION * BRAND	.000	0	.	.	.
REGION * PRICE	.000	0	.	.	.
REGION * AROMA	.000	0	.	.	.
REGION * COLOUR	.000	0	.	.	.
REGION * PACKAGE	.000	0	.	.	.
BRAND * PRICE	.000	0	.	.	.
BRAND * AROMA	.000	0	.	.	.
BRAND * COLOUR	.000	0	.	.	.
BRAND * PACKAGE	.000	0	.	.	.
PRICE * AROMA	.000	0	.	.	.
PRICE * COLOUR	.000	0	.	.	.
PRICE * PACKAGE	.000	0	.	.	.
AROMA * COLOUR	.000	0	.	.	.
AROMA * PACKAGE	.000	0	.	.	.
COLOUR * PACKAGE	.000	0	.	.	.
Error	2170.913	2520	.861		
Total	57530.000	2540			
Corrected Total	2338.819	2539			

a. R Squared = .072 (Adjusted R Squared = .065)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaQscore BY REGION PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PRICE REGION\*PRICE.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	635
	2.00	Jiangbei	635
	3.00	Xinan	762
	4.00	Huabei	508
price	1.00	15	1270
	2.00	20	635
	3.00	25	635

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	89.962 <sup>a</sup>	11	8.178	9.194	.000
Intercept	45501.124	1	45501.124	51149.025	.000
REGION	36.144	3	12.048	13.543	.000
PRICE	5.875	2	2.937	3.302	.037
REGION * PRICE	40.581	6	6.763	7.603	.000
Error	2248.857	2528	.890		
Total	57530.000	2540			
Corrected Total	2338.819	2539			

a. R Squared = .038 (Adjusted R Squared = .034)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaQscore BY REGION PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PACKAGE REGION\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	635
	2.00	Jiangbei	635
	3.00	Xinan	762
	4.00	Huabei	508
Packing	1.00	teabag	1397
	2.00	loose-leaf	1143

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	65.898 <sup>a</sup>	7	9.414	10.487	.000
Intercept	52812.133	1	52812.133	58831.919	.000
REGION	50.927	3	16.976	18.911	.000
PACKAGE	.656	1	.656	.731	.393
REGION * PACKAGE	16.962	3	5.654	6.298	.000
Error	2272.921	2532	.898		
Total	57530.000	2540			
Corrected Total	2338.819	2539			

a. R Squared = .028 (Adjusted R Squared = .025)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaQscore BY BRAND COLOUR

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=BRAND COLOUR BRAND\*COLOUR.

#### Between-Subjects Factors

		Value Label	N
brand	1.00	Tetley	635
	2.00	LukYee	508
	3.00	Lipton	762
	4.00	Takshun	635
colour	1.00	dark	1270
	2.00	light	1270

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	143.307 <sup>a</sup>	7	20.472	23.610	.000
Intercept	52455.320	1	52455.320	60494.719	.000
BRAND	125.730	3	41.910	48.333	.000
COLOUR	.007	1	.007	.008	.931
BRAND * COLOUR	14.265	3	4.755	5.484	.001
Error	2195.512	2532	.867		
Total	57530.000	2540			
Corrected Total	2338.819	2539			

a. R Squared = .061 (Adjusted R Squared = .059)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaQscore BY PRICE COLOUR

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE COLOUR PRICE\*COLOUR.

#### Between-Subjects Factors

		Value Label	N
price	1.00	15	1270
	2.00	20	635
	3.00	25	635
colour	1.00	dark	1270
	2.00	light	1270

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	21.583 <sup>a</sup>	5	4.317	4.720	.000
Intercept	47844.451	1	47844.451	52320.028	.000
PRICE	3.986	2	1.993	2.180	.113
COLOUR	.337	1	.337	.368	.544
PRICE * COLOUR	16.129	2	8.064	8.819	.000
Error	2317.236	2534	.914		
Total	57530.000	2540			
Corrected Total	2338.819	2539			

a. R Squared = .009 (Adjusted R Squared = .007)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaQscore BY PRICE PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE PACKAGE PRICE\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
price	1.00	15	1270
	2.00	20	635
	3.00	25	635
Packing	1.00	teabag	1397
	2.00	loose-leaf	1143

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	45.392 <sup>a</sup>	5	9.078	10.031	.000
Intercept	47749.987	1	47749.987	52758.816	.000
PRICE	2.618	2	1.309	1.446	.236
PACKAGE	9.975	1	9.975	11.021	.001
PRICE * PACKAGE	37.620	2	18.810	20.783	.000
Error	2293.427	2534	.905		
Total	57530.000	2540			
Corrected Total	2338.819	2539			

a. R Squared = .019 (Adjusted R Squared = .017)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaQscore BY AROMA PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=AROMA PACKAGE AROMA\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
aroma	1.00	strong	1524
	2.00	weak	1016
Packing	1.00	teabag	1397
	2.00	loose-leaf	1143

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	34.732 <sup>a</sup>	3	11.577	12.743	.000
Intercept	52020.788	1	52020.788	57256.829	.000
AROMA	1.081	1	1.081	1.190	.275
PACKAGE	.146	1	.146	.161	.688
AROMA * PACKAGE	30.307	1	30.307	33.357	.000
Error	2304.087	2536	.909		
Total	57530.000	2540			
Corrected Total	2338.819	2539			

a. R Squared = .015 (Adjusted R Squared = .014)



## Guangzhou

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

### Tests of Between-Subjects Effects

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	685
	2.00	Jiangbei	685
	3.00	Xinan	822
	4.00	Huabei	548
brand	1.00	Tetley	685
	2.00	LukYee	548
	3.00	Lipton	822
	4.00	Takshun	685
price	1.00	15	1370
	2.00	20	685
	3.00	25	685
aroma	1.00	strong	1644
	2.00	weak	1096
colour	1.00	dark	1370
	2.00	light	1370
Packing	1.00	teabag	1507
	2.00	loose-leaf	1233

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	249.181 <sup>a</sup>	19	13.115	15.366	.000
Intercept	41525.947	1	41525.947	48652.835	.000
REGION	.000	0	.	.	.
BRAND	32.938	1	32.938	38.591	.000
PRICE	.000	0	.	.	.
AROMA	.000	0	.	.	.
COLOUR	.000	0	.	.	.
PACKAGE	.000	0	.	.	.
REGION * BRAND	.000	0	.	.	.
REGION * PRICE	.000	0	.	.	.
REGION * AROMA	.000	0	.	.	.
REGION * COLOUR	.000	0	.	.	.
REGION * PACKAGE	.000	0	.	.	.
BRAND * PRICE	.000	0	.	.	.
BRAND * AROMA	.000	0	.	.	.
BRAND * COLOUR	.000	0	.	.	.
BRAND * PACKAGE	.000	0	.	.	.
PRICE * AROMA	.000	0	.	.	.
PRICE * COLOUR	.000	0	.	.	.
PRICE * PACKAGE	.000	0	.	.	.
AROMA * COLOUR	.000	0	.	.	.
AROMA * PACKAGE	.000	0	.	.	.
COLOUR * PACKAGE	.000	0	.	.	.
Error	2321.562	2720	.854		
Total	59032.000	2740			
Corrected Total	2570.743	2739			

a. R Squared = .097 (Adjusted R Squared = .091)

UNIANOVA TeaBscore BY REGION BRAND

PRICE AROMA COLOUR PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE AROMA

COLOUR PACKAGE REGION\*BRAND

REGION\*PRICE REGION\*AROMA

REGION\*COLOUR REGION\*PACKAGE

BRAND\*PRICE BRAND\*AROMA

BRAND\*COLOUR BRAND\*PACKAGE

PRICE\*AROMA

PRICE\*COLOUR PRICE\*PACKAGE

AROMA\*COLOUR AROMA\*PACKAGE

COLOUR\*PACKAGE.

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaQscore BY REGION PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PRICE REGION\*PRICE.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	685
	2.00	Jiangbei	685
	3.00	Xinan	822
	4.00	Huabei	548
price	1.00	15	1370
	2.00	20	685
	3.00	25	685

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	107.169 <sup>a</sup>	11	9.743	10.788	.000
Intercept	46661.885	1	46661.885	51670.301	.000
REGION	15.499	3	5.166	5.721	.001
PRICE	5.791	2	2.895	3.206	.041
REGION * PRICE	68.745	6	11.458	12.687	.000
Error	2463.574	2728	.903		
Total	59032.000	2740			
Corrected Total	2570.743	2739			

a. R Squared = .042 (Adjusted R Squared = .038)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaQscore BY BRAND PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=BRAND PRICE BRAND\*PRICE.

#### Between-Subjects Factors

		Value Label	N
brand	1.00	Tetley	685
	2.00	LukYee	548
	3.00	Lipton	822
	4.00	Takshun	685
price	1.00	15	1370
	2.00	20	685
	3.00	25	685

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	219.471 <sup>a</sup>	11	19.952	23.149	.000
Intercept	46607.570	1	46607.570	54075.166	.000
BRAND	176.093	3	58.698	68.103	.000
PRICE	6.734	2	3.367	3.907	.020
BRAND * PRICE	26.143	6	4.357	5.055	.000
Error	2351.273	2728	.862		
Total	59032.000	2740			
Corrected Total	2570.743	2739			

a. R Squared = .085 (Adjusted R Squared = .082)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaQscore BY REGION COLOUR

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION COLOUR REGION\*COLOUR.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	685
	2.00	Jiangbei	685
	3.00	Xinan	822
	4.00	Huabei	548
colour	1.00	dark	1370
	2.00	light	1370

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	63.025 <sup>a</sup>	7	9.004	9.809	.000
Intercept	54394.721	1	54394.721	59259.611	.000
REGION	35.455	3	11.818	12.875	.000
COLOUR	.515	1	.515	.561	.454
REGION * COLOUR	26.446	3	8.815	9.604	.000
Error	2507.718	2732	.918		
Total	59032.000	2740			
Corrected Total	2570.743	2739			

a. R Squared = .025 (Adjusted R Squared = .022)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaQscore BY REGION PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PACKAGE REGION\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	685
	2.00	Jiangbei	685
	3.00	Xinan	822
	4.00	Huabei	548
Packing	1.00	teabag	1507
	2.00	loose-leaf	1233

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	60.422 <sup>a</sup>	7	8.632	9.394	.000
Intercept	54053.291	1	54053.291	58826.573	.000
REGION	43.183	3	14.394	15.666	.000
PACKAGE	2.104	1	2.104	2.290	.130
REGION * PACKAGE	22.177	3	7.392	8.045	.000
Error	2510.321	2732	.919		
Total	59032.000	2740			
Corrected Total	2570.743	2739			

a. R Squared = .024 (Adjusted R Squared = .021)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaQscore BY PRICE COLOUR

/METHOD=SSTYPE(3)

Tests of Between-Subjects Effects

/INTERCEPT=INCLUDE

Dependent Variable:TeaQscore

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE COLOUR PRICE\*COLOUR.

Between-Subjects Factors

		Value Label	N
price	1.00	15	1370
	2.00	20	685
	3.00	25	685
colour	1.00	dark	1370
	2.00	light	1370

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	30.057 <sup>a</sup>	5	6.011	6.469	.000
Intercept	49095.136	1	49095.136	52830.661	.000
PRICE	4.510	2	2.255	2.427	.089
COLOUR	.001	1	.001	.001	.980
PRICE * COLOUR	22.219	2	11.110	11.955	.000
Error	2540.686	2734	.929		
Total	59032.000	2740			
Corrected Total	2570.743	2739			

a. R Squared = .012 (Adjusted R Squared = .010)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaQscore BY PRICE PACKAGE

/METHOD=SSTYPE(3)

Tests of Between-Subjects Effects

/INTERCEPT=INCLUDE

Dependent Variable:TeaQscore

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE PACKAGE PRICE\*PACKAGE.

Between-Subjects Factors

		Value Label	N
price	1.00	15	1370
	2.00	20	685
	3.00	25	685
Packing	1.00	teabag	1507
	2.00	loose-leaf	1233

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	67.749 <sup>a</sup>	5	13.550	14.800	.000
Intercept	48915.336	1	48915.336	53429.816	.000
PRICE	4.835	2	2.418	2.641	.071
PACKAGE	15.997	1	15.997	17.473	.000
PRICE * PACKAGE	58.052	2	29.026	31.705	.000
Error	2502.994	2734	.916		
Total	59032.000	2740			
Corrected Total	2570.743	2739			

a. R Squared = .026 (Adjusted R Squared = .025)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaQscore BY AROMA PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=AROMA PACKAGE AROMA\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
aroma	1.00	strong	1644
	2.00	weak	1096
Packing	1.00	teabag	1507
	2.00	loose-leaf	1233

#### Tests of Between-Subjects Effects

Dependent Variable: TeaQscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	32.267 <sup>a</sup>	3	10.756	11.593	.000
Intercept	53237.623	1	53237.623	57380.153	.000
AROMA	.765	1	.765	.825	.364
PACKAGE	.377	1	.377	.407	.524
AROMA * PACKAGE	27.743	1	27.743	29.902	.000
Error	2538.476	2736	.928		
Total	59032.000	2740			
Corrected Total	2570.743	2739			

a. R Squared = .013 (Adjusted R Squared = .011)

## 7.2. Respondent's Product Choice (Dalian, Suzhou and Guangzhou)

### 7.2.1. Television

#### Dalian

Between-Subjects Factors

		N
REGION	1.00	705
	2.00	705
	3.00	846
	4.00	564
BRAND	1.00	705
	2.00	564
	3.00	846
	4.00	705
PRICE	1.00	1410
	2.00	705
	3.00	705
WARRANTY	1.00	1692
	2.00	1128
SCREEN	1.00	1410
	2.00	1410
SPEAKER	1.00	1551
	2.00	1269

UNIANOVA TvBpref BY REGION BRAND

PRICE WARRANTY SCREEN SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE

WARRANTY SCREEN SPEAKER

REGION\*BRAND REGION\*PRICE

REGION\*WARRANTY

REGION\*SCREEN REGION\*SPEAKER

BRAND\*PRICE BRAND\*WARRANTY BRAND\*SCREEN BRAND\*SPEAKER PRICE\*WARRANTY

PRICE\*SCREEN PRICE\*SPEAKER WARRANTY\*SCREEN WARRANTY\*SPEAKER SCREEN\*SPEAKER.

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Dalian region) - Card Response.sav

Tests of Between-Subjects Effects

Dependent Variable: TvBpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	155.601 <sup>a</sup>	19	8.190	9.780	.000
Intercept	17773.408	1	17773.408	21225.767	.000
REGION	.000	0	.	.	.
BRAND	2.982	1	2.982	3.562	.059
PRICE	.000	0	.	.	.
WARRANTY	.000	0	.	.	.
SCREEN	.000	0	.	.	.
SPEAKER	.000	0	.	.	.
REGION * BRAND	.000	0	.	.	.
REGION * PRICE	.000	0	.	.	.
REGION * WARRANTY	.000	0	.	.	.
REGION * SCREEN	.000	0	.	.	.
REGION * SPEAKER	.000	0	.	.	.
BRAND * PRICE	.000	0	.	.	.
BRAND * WARRANTY	.000	0	.	.	.
BRAND * SCREEN	.000	0	.	.	.
BRAND * SPEAKER	.000	0	.	.	.
PRICE * WARRANTY	.000	0	.	.	.
PRICE * SCREEN	.000	0	.	.	.
PRICE * SPEAKER	.000	0	.	.	.
WARRANTY * SCREEN	.000	0	.	.	.
WARRANTY * SPEAKER	.000	0	.	.	.
SCREEN * SPEAKER	.000	0	.	.	.
Error	2344.582	2800	837		
Total	26257.000	2820			
Corrected Total	2500.183	2819			

a. R Squared = .062 (Adjusted R Squared = .056)

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Dalian region) - Card Response.sav

UNIANOVA TvBpref BY REGION PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PRICE REGION\*PRICE.

#### Between-Subjects Factors

		N
REGION	1.00	705
	2.00	705
	3.00	846
	4.00	564
PRICE	1.00	1410
	2.00	705
	3.00	705

#### Tests of Between-Subjects Effects

Dependent Variable: TvBPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	78.522 <sup>a</sup>	11	7.138	8.277	.000
Intercept	19947.312	1	19947.312	23129.603	.000
REGION	7.208	3	2.403	2.786	.039
PRICE	13.398	2	6.699	7.768	.000
REGION * PRICE	53.725	6	8.954	10.383	.000
Error	2421.661	2808	.862		
Total	26257.000	2820			
Corrected Total	2500.183	2819			

a. R Squared = .031 (Adjusted R Squared = .028)

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Dalian region) - Card Response.sav

UNIANOVA TvBpref BY REGION WARRANTY

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION WARRANTY REGION\*WARRANTY.

#### Between-Subjects Factors

		N
REGION	1.00	705
	2.00	705
	3.00	846
	4.00	564
WARRANTY	1.00	1692
	2.00	1128

#### Tests of Between-Subjects Effects

Dependent Variable: TvBPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	84.173 <sup>a</sup>	7	12.025	13.996	.000
Intercept	22350.075	1	22350.075	26013.313	.000
REGION	26.542	3	8.847	10.297	.000
WARRANTY	.267	1	.267	.310	.578
REGION * WARRANTY	71.759	3	23.920	27.840	.000
Error	2416.009	2812	.859		
Total	26257.000	2820			
Corrected Total	2500.183	2819			

a. R Squared = .034 (Adjusted R Squared = .031)

UNIANOVA TvBpref BY REGION SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION SPEAKER REGION\*SPEAKER.

Between-Subjects Factors

		N
REGION	1.00	705
	2.00	705
	3.00	846
	4.00	564
SPEAKER	1.00	1551
	2.00	1269

Tests of Between-Subjects Effects

Dependent Variable: TvBPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	110.472 <sup>a</sup>	7	15.782	18.571	.000
Intercept	22725.348	1	22725.348	26741.181	.000
REGION	10.090	3	3.363	3.958	.008
SPEAKER	9.790	1	9.790	11.520	.001
REGION * SPEAKER	81.192	3	27.064	31.847	.000
Error	2389.710	2812	.850		
Total	26257.000	2820			
Corrected Total	2500.183	2819			

a. R Squared = .044 (Adjusted R Squared = .042)



## Suzhou

[DataSet6] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Suzhou region) - Card Response.sav

### Tests of Between-Subjects Effects

Between-Subjects Factors

		N
REGION	1.00	695
	2.00	695
	3.00	834
	4.00	556
BRAND	1.00	695
	2.00	556
	3.00	834
	4.00	695
PRICE	1.00	1390
	2.00	695
	3.00	695
WARRANTY	1.00	1668
	2.00	1112
SCREEN	1.00	1390
	2.00	1390
SPEAKER	1.00	1529
	2.00	1251

Dependent Variable: TvbPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	65.114 <sup>a</sup>	19	3.427	3.962	.000
Intercept	20517.736	1	20517.736	23717.825	.000
REGION	.000	0	.	.	.
BRAND	.360	1	.360	.416	.519
PRICE	.000	0	.	.	.
WARRANTY	.000	0	.	.	.
SCREEN	.000	0	.	.	.
SPEAKER	.000	0	.	.	.
REGION * BRAND	.000	0	.	.	.
REGION * PRICE	.000	0	.	.	.
REGION * WARRANTY	.000	0	.	.	.
REGION * SCREEN	.000	0	.	.	.
REGION * SPEAKER	.000	0	.	.	.
BRAND * PRICE	.000	0	.	.	.
BRAND * WARRANTY	.000	0	.	.	.
BRAND * SCREEN	.000	0	.	.	.
BRAND * SPEAKER	.000	0	.	.	.
PRICE * WARRANTY	.000	0	.	.	.
PRICE * SCREEN	.000	0	.	.	.
PRICE * SPEAKER	.000	0	.	.	.
WARRANTY * SCREEN	.000	0	.	.	.
WARRANTY * SPEAKER	.000	0	.	.	.
SCREEN * SPEAKER	.000	0	.	.	.
Error	2387.612	2760	.865		
Total	29880.000	2780			
Corrected Total	2452.725	2779			

a. R Squared = .027 (Adjusted R Squared = .020)

UNIANOVA TvBpref BY REGION BRAND

PRICE WARRANTY SCREEN SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE

WARRANTY SCREEN SPEAKER

REGION\*BRAND REGION\*PRICE

REGION\*WARRANTY

REGION\*SCREEN REGION\*SPEAKER

BRAND\*PRICE BRAND\*WARRANTY

BRAND\*SCREEN BRAND\*SPEAKER PRICE\*WARRANTY

PRICE\*SCREEN PRICE\*SPEAKER WARRANTY\*SCREEN WARRANTY\*SPEAKER SCREEN\*SPEAKER.

[DataSet6] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Suzhou region) - Card Response.sav

UNIANOVA TvBpref BY BRAND WARRANTY

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=BRAND WARRANTY BRAND\*WARRANTY.

#### Between-Subjects Factors

		N
BRAND	1.00	695
	2.00	556
	3.00	834
	4.00	695
WARRANTY	1.00	1668
	2.00	1112

#### Tests of Between-Subjects Effects

Dependent Variable: TvbPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	50.598 <sup>a</sup>	7	7.228	8.341	.000
Intercept	26005.697	1	26005.697	30009.982	.000
BRAND	27.471	3	9.157	10.567	.000
WARRANTY	2.247	1	2.247	2.593	.107
BRAND * WARRANTY	14.386	3	4.795	5.534	.001
Error	2402.127	2772	.867		
Total	29880.000	2780			
Corrected Total	2452.725	2779			

a. R Squared = .021 (Adjusted R Squared = .018)

[DataSet6] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Suzhou region) - Card Response.sav

UNIANOVA TvBpref BY REGION SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION SPEAKER REGION\*SPEAKER.

#### Between-Subjects Factors

		N
REGION	1.00	695
	2.00	695
	3.00	834
	4.00	556
SPEAKER	1.00	1529
	2.00	1251

#### Tests of Between-Subjects Effects

Dependent Variable: TvbPref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	41.543 <sup>a</sup>	7	5.935	6.823	.000
Intercept	26418.709	1	26418.709	30372.097	.000
REGION	8.185	3	2.728	3.137	.024
SPEAKER	4.835	1	4.835	5.559	.018
REGION * SPEAKER	24.626	3	8.209	9.437	.000
Error	2411.182	2772	.870		
Total	29880.000	2780			
Corrected Total	2452.725	2779			

a. R Squared = .017 (Adjusted R Squared = .014)

## Guangzhou

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

### Between-Subjects Factors

		N
REGION	1.00	700
	2.00	700
	3.00	840
	4.00	560
BRAND	1.00	700
	2.00	560
	3.00	840
	4.00	700
PRICE	1.00	1400
	2.00	700
	3.00	700
WARRANTY	1.00	1680
	2.00	1120
SCREEN	1.00	1400
	2.00	1400
SPEAKER	1.00	1540
	2.00	1260

UNIANOVA TvBpref BY REGION BRAND

PRICE WARRANTY SCREEN SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE

WARRANTY SCREEN SPEAKER

REGION\*BRAND REGION\*PRICE

REGION\*WARRANTY

REGION\*SCREEN

REGION\*SPEAKER BRAND\*PRICE

BRAND\*WARRANTY BRAND\*SCREEN

BRAND\*SPEAKER PRICE\*WARRANTY

PRICE\*SCREEN PRICE\*SPEAKER WARRANTY\*SCREEN WARRANTY\*SPEAKER SCREEN\*SPEAKER.

### Tests of Between-Subjects Effects

Dependent Variable: TvBpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	317.892 <sup>a</sup>	19	16.731	16.771	.000
Intercept	18810.196	1	18810.196	18854.911	.000
REGION	.000	0			
BRAND	3.214	1	3.214	3.222	.073
PRICE	.000	0			
WARRANTY	.000	0			
SCREEN	.000	0			
SPEAKER	.000	0			
REGION * BRAND	.000	0			
REGION * PRICE	.000	0			
REGION * WARRANTY	.000	0			
REGION * SCREEN	.000	0			
REGION * SPEAKER	.000	0			
BRAND * PRICE	.000	0			
BRAND * WARRANTY	.000	0			
BRAND * SCREEN	.000	0			
BRAND * SPEAKER	.000	0			
PRICE * WARRANTY	.000	0			
PRICE * SCREEN	.000	0			
PRICE * SPEAKER	.000	0			
WARRANTY * SCREEN	.000	0			
WARRANTY * SPEAKER	.000	0			
SCREEN * SPEAKER	.000	0			
Error	2773.407	2780	.998		
Total	27217.000	2800			
Corrected Total	3091.300	2799			

a. R Squared = .103 (Adjusted R Squared = .097)

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

UNIANOVA TvBpref BY REGION PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PRICE REGION\*PRICE.

#### Between-Subjects Factors

		N
REGION	1.00	700
	2.00	700
	3.00	840
	4.00	560
PRICE	1.00	1400
	2.00	700
	3.00	700

#### Tests of Between-Subjects Effects

Dependent Variable: TvBpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	116.479 <sup>a</sup>	11	10.589	9.924	.000
Intercept	20408.435	1	20408.435	19126.775	.000
REGION	9.389	3	3.130	2.933	.032
PRICE	12.022	2	6.011	5.633	.004
REGION * PRICE	105.882	6	17.647	16.539	.000
Error	2974.820	2788	1.067		
Total	27217.000	2800			
Corrected Total	3091.300	2799			

a. R Squared = .038 (Adjusted R Squared = .034)

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

UNIANOVA TvBpref BY REGION WARRANTY

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION WARRANTY REGION\*WARRANTY.

#### Between-Subjects Factors

		N
REGION	1.00	700
	2.00	700
	3.00	840
	4.00	560
WARRANTY	1.00	1680
	2.00	1120

#### Tests of Between-Subjects Effects

Dependent Variable: TvBpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	170.843 <sup>a</sup>	7	24.406	23.333	.000
Intercept	22788.402	1	22788.402	21786.052	.000
REGION	13.128	3	4.376	4.184	.006
WARRANTY	13.520	1	13.520	12.925	.000
REGION * WARRANTY	149.089	3	49.696	47.510	.000
Error	2920.457	2792	1.046		
Total	27217.000	2800			
Corrected Total	3091.300	2799			

a. R Squared = .055 (Adjusted R Squared = .053)

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

UNIANOVA TvBpref BY BRAND PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=BRAND PRICE BRAND\*PRICE.

#### Tests of Between-Subjects Effects

Dependent Variable: TvBpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	304.647 <sup>a</sup>	11	27.695	27.709	.000
Intercept	20730.963	1	20730.963	20740.988	.000
BRAND	242.955	3	80.985	81.024	.000
PRICE	1.663	2	.832	.832	.435
BRAND * PRICE	27.718	6	4.620	4.622	.000
Error	2786.652	2788	1.000		
Total	27217.000	2800			
Corrected Total	3091.300	2799			

a. R Squared = .099 (Adjusted R Squared = .095)

#### Between-Subjects Factors

		N
BRAND	1.00	700
	2.00	560
	3.00	840
	4.00	700
PRICE	1.00	1400
	2.00	700
	3.00	700

[DataSet5] D:\Documents and Settings\Administrator\Desktop\BJ Lee\TV (Guangzhou) - Card Response.sav

UNIANOVA TvBpref BY REGION SPEAKER

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION SPEAKER REGION\*SPEAKER.

#### Tests of Between-Subjects Effects

Dependent Variable: TvBpref

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	230.782 <sup>a</sup>	7	32.969	32.179	.000
Intercept	23380.521	1	23380.521	22820.489	.000
REGION	22.590	3	7.530	7.350	.000
SPEAKER	14.941	1	14.941	14.583	.000
REGION * SPEAKER	193.406	3	64.469	62.924	.000
Error	2860.518	2792	1.025		
Total	27217.000	2800			
Corrected Total	3091.300	2799			

a. R Squared = .075 (Adjusted R Squared = .072)

#### Between-Subjects Factors

		N
REGION	1.00	700
	2.00	700
	3.00	840
	4.00	560
SPEAKER	1.00	1540
	2.00	1260

## 7.2.2. Tea

### Dalian

[DataSet1] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Dalian region) - Card Response.sav

Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	655
	2.00	Jiangbei	655
	3.00	Xinan	786
	4.00	Huabei	523
brand	1.00	Tetley	655
	2.00	LukYee	524
	3.00	Lipton	785
	4.00	Takshun	655
price	1.00	15	1309
	2.00	20	655
	3.00	25	655
aroma	1.00	strong	1571
	2.00	weak	1048
colour	1.00	dark	1309
	2.00	light	1310
Packing	1.00	teabag	1441
	2.00	loose-leaf	1178

Tests of Between-Subjects Effects

Dependent Variable: TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	56.823 <sup>a</sup>	19	2.991	3.844	.000
Intercept	18793.799	1	18793.799	24156.719	.000
REGION	.000	0			
BRAND	12.840	1	12.840	16.504	.000
PRICE	.000	0			
AROMA	.000	0			
COLOUR	.000	0			
PACKAGE	.000	0			
REGION * BRAND	.000	0			
REGION * PRICE	.000	0			
REGION * AROMA	.000	0			
REGION * COLOUR	.000	0			
REGION * PACKAGE	.000	0			
BRAND * PRICE	.000	0			
BRAND * AROMA	.000	0			
BRAND * COLOUR	.000	0			
BRAND * PACKAGE	.000	0			
PRICE * AROMA	.000	0			
PRICE * COLOUR	.000	0			
PRICE * PACKAGE	.000	0			
AROMA * COLOUR	.000	0			
AROMA * PACKAGE	.000	0			
COLOUR * PACKAGE	.000	0			
Error	2022.008	2599	.778		
Total	27559.000	2619			
Corrected Total	2078.832	2618			

a. R Squared = .027 (Adjusted R Squared = .020)

UNIANOVA TeaBscore BY REGION BRAND PRICE AROMA

COLOUR PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE AROMA COLOUR

PACKAGE REGION\*BRAND REGION\*PRICE

REGION\*AROMA

REGION\*COLOUR REGION\*PACKAGE BRAND\*PRICE

BRAND\*AROMA BRAND\*COLOUR BRAND\*PACKAGE

PRICE\*AROMA

PRICE\*COLOUR PRICE\*PACKAGE AROMA\*COLOUR

AROMA\*PACKAGE COLOUR\*PACKAGE.

UNIANOVA TeaBscore BY PRICE COLOUR

/METHOD=SSTYPE(3)  
/INTERCEPT=INCLUDE  
/CRITERIA=ALPHA(0.05)  
/DESIGN=PRICE COLOUR PRICE\*COLOUR.

Between-Subjects Factors

		Value Label	N
price	1.00	15	1309
	2.00	20	655
	3.00	25	655
colour	1.00	dark	1309
	2.00	light	1310

Tests of Between-Subjects Effects

Dependent Variable: TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	14.980 <sup>a</sup>	5	2.996	3.793	.002
Intercept	21942.714	1	21942.714	27781.220	.000
PRICE	1.970	2	.985	1.247	.288
COLOUR	.435	1	.435	.551	.458
PRICE * COLOUR	13.791	2	6.895	8.730	.000
Error	2063.851	2613	.790		
Total	27559.000	2619			
Corrected Total	2078.832	2618			

a. R Squared = .007 (Adjusted R Squared = .005)

## Suzhou

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	634
	2.00	Jiangbei	635
	3.00	Xinan	762
	4.00	Huabei	508
brand	1.00	Tetley	634
	2.00	LukYee	508
	3.00	Lipton	762
	4.00	Takshun	635
price	1.00	15	1269
	2.00	20	635
	3.00	25	635
aroma	1.00	strong	1523
	2.00	weak	1016
colour	1.00	dark	1269
	2.00	light	1270
Packing	1.00	teabag	1396
	2.00	loose-leaf	1143

### Tests of Between-Subjects Effects

Dependent Variable: TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	215.318 <sup>a</sup>	19	11.333	15.229	.000
Intercept	18540.775	1	18540.775	24915.070	.000
REGION	.000	0			
BRAND	23.343	1	23.343	31.368	.000
PRICE	.000	0			
AROMA	.000	0			
COLOUR	.000	0			
PACKAGE	.000	0			
REGION * BRAND	.000	0			
REGION * PRICE	.000	0			
REGION * AROMA	.000	0			
REGION * COLOUR	.000	0			
REGION * PACKAGE	.000	0			
BRAND * PRICE	.000	0			
BRAND * AROMA	.000	0			
BRAND * COLOUR	.000	0			
BRAND * PACKAGE	.000	0			
PRICE * AROMA	.000	0			
PRICE * COLOUR	.000	0			
PRICE * PACKAGE	.000	0			
AROMA * COLOUR	.000	0			
AROMA * PACKAGE	.000	0			
COLOUR * PACKAGE	.000	0			
Error	1874.537	2519	.744		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .103 (Adjusted R Squared = .096)

UNIANOVA TeaBscore BY REGION BRAND PRICE

AROMA COLOUR PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE AROMA

COLOUR PACKAGE REGION\*BRAND

REGION\*PRICE REGION\*AROMA

REGION\*COLOUR REGION\*PACKAGE

BRAND\*PRICE BRAND\*AROMA

BRAND\*COLOUR BRAND\*PACKAGE

PRICE\*AROMA

PRICE\*COLOUR PRICE\*PACKAGE AROMA\*COLOUR AROMA\*PACKAGE COLOUR\*PACKAGE.



[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY REGION PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PRICE REGION\*PRICE.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	634
	2.00	Jiangbei	635
	3.00	Xinan	762
	4.00	Huabei	508
price	1.00	15	1269
	2.00	20	635
	3.00	25	635

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	102.753 <sup>a</sup>	11	9.341	11.879	.000
Intercept	20890.857	1	20890.857	26566.934	.000
REGION	50.860	3	16.953	21.560	.000
PRICE	4.925	2	2.462	3.132	.044
REGION * PRICE	45.742	6	7.624	9.695	.000
Error	1987.102	2527	.786		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .049 (Adjusted R Squared = .045)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY BRAND PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=BRAND PRICE BRAND\*PRICE.

#### Between-Subjects Factors

		Value Label	N
brand	1.00	Tetley	634
	2.00	LukYee	508
	3.00	Lipton	762
	4.00	Takshun	635
price	1.00	15	1269
	2.00	20	635
	3.00	25	635

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	186.438 <sup>a</sup>	11	16.949	22.502	.000
Intercept	20638.304	1	20638.304	27399.684	.000
BRAND	147.338	3	49.113	65.203	.000
PRICE	.406	2	.203	.269	.764
BRAND * PRICE	22.359	6	3.726	4.947	.000
Error	1903.416	2527	.753		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .089 (Adjusted R Squared = .085)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY REGION AROMA

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION AROMA REGION\*AROMA.

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	70.639 <sup>a</sup>	7	10.091	12.649	.000
Intercept	23787.935	1	23787.935	29817.162	.000
REGION	61.995	3	20.665	25.903	.000
AROMA	.681	1	.681	.854	.356
REGION * AROMA	13.856	3	4.619	5.789	.001
Error	2019.215	2531	.798		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .034 (Adjusted R Squared = .031)

#### Between-Subjects Factors

	Value Label	N
region	1.00 Jiangnan	634
	2.00 Jiangbei	635
	3.00 Xinan	762
	4.00 Huabei	508
aroma	1.00 strong	1523
	2.00 weak	1016

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY REGION COLOUR

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION COLOUR REGION\*COLOUR.

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	70.352 <sup>a</sup>	7	10.050	12.596	.000
Intercept	24414.385	1	24414.385	30598.042	.000
REGION	55.742	3	18.581	23.287	.000
COLOUR	.013	1	.013	.017	.897
REGION * COLOUR	13.616	3	4.539	5.688	.001
Error	2019.502	2531	.798		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .034 (Adjusted R Squared = .031)

#### Between-Subjects Factors

	Value Label	N
region	1.00 Jiangnan	634
	2.00 Jiangbei	635
	3.00 Xinan	762
	4.00 Huabei	508
colour	1.00 dark	1269
	2.00 light	1270

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY REGION PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PACKAGE REGION\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	634
	2.00	Jiangbei	635
	3.00	Xinan	762
	4.00	Huabei	508
Packing	1.00	teabag	1396
	2.00	loose-leaf	1143

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	86.555 <sup>a</sup>	7	12.365	15.622	.000
Intercept	24325.599	1	24325.599	30733.339	.000
REGION	65.091	3	21.697	27.412	.000
PACKAGE	.001	1	.001	.001	.976
REGION * PACKAGE	30.058	3	10.019	12.659	.000
Error	2003.300	2531	.792		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .041 (Adjusted R Squared = .039)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY BRAND COLOUR

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=BRAND COLOUR BRAND\*COLOUR.

#### Between-Subjects Factors

		Value Label	N
brand	1.00	Tetley	634
	2.00	LukYee	508
	3.00	Lipton	762
	4.00	Takshun	635
colour	1.00	dark	1269
	2.00	light	1270

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	183.452 <sup>a</sup>	7	26.207	34.794	.000
Intercept	24002.072	1	24002.072	31865.904	.000
BRAND	160.355	3	53.452	70.964	.000
COLOUR	.007	1	.007	.009	.924
BRAND * COLOUR	19.749	3	6.583	8.740	.000
Error	1906.403	2531	.753		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .088 (Adjusted R Squared = .085)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY PRICE COLOUR

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE COLOUR PRICE\*COLOUR.

#### Between-Subjects Factors

		Value Label	N
price	1.00	15	1269
	2.00	20	635
	3.00	25	635
colour	1.00	dark	1269
	2.00	light	1270

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	28.441 <sup>a</sup>	5	5.688	6.989	.000
Intercept	21985.327	1	21985.327	27014.876	.000
PRICE	1.508	2	.754	.926	.396
COLOUR	1.192	1	1.192	1.464	.226
PRICE * COLOUR	25.371	2	12.685	15.587	.000
Error	2061.414	2533	.814		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .014 (Adjusted R Squared = .012)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY PRICE PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE PACKAGE PRICE\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
price	1.00	15	1269
	2.00	20	635
	3.00	25	635
Packing	1.00	teabag	1396
	2.00	loose-leaf	1143

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	38.882 <sup>a</sup>	5	7.776	9.604	.000
Intercept	21969.997	1	21969.997	27133.478	.000
PRICE	1.184	2	.592	.731	.481
PACKAGE	5.769	1	5.769	7.125	.008
PRICE * PACKAGE	35.252	2	17.626	21.768	.000
Error	2050.972	2533	.810		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .019 (Adjusted R Squared = .017)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Suzhou region) - Card Response.sav

UNIANOVA TeaBscore BY AROMA PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=AROMA PACKAGE

AROMA\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
aroma	1.00	strong	1523
	2.00	weak	1016
Packing	1.00	teabag	1396
	2.00	loose-leaf	1143

#### Tests of Between-Subjects Effects

Dependent Variable: TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	48.348 <sup>a</sup>	3	16.116	20.012	.000
Intercept	23934.516	1	23934.516	29720.216	.000
AROMA	.072	1	.072	.090	.764
PACKAGE	.327	1	.327	.406	.524
AROMA * PACKAGE	47.195	1	47.195	58.604	.000
Error	2041.506	2535	.805		
Total	27524.000	2539			
Corrected Total	2089.854	2538			

a. R Squared = .023 (Adjusted R Squared = .022)

## Guangzhou

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	685
	2.00	Jiangbei	685
	3.00	Xinan	822
	4.00	Huabei	548
brand	1.00	Tetley	685
	2.00	LukYee	548
	3.00	Lipton	822
	4.00	Takshun	685
price	1.00	15	1370
	2.00	20	685
	3.00	25	685
aroma	1.00	strong	1644
	2.00	weak	1096
colour	1.00	dark	1370
	2.00	light	1370
Packing	1.00	teabag	1507
	2.00	loose-leaf	1233

UNIANOVA TeaBscore BY REGION BRAND PRICE

AROMA COLOUR PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION BRAND PRICE AROMA

COLOUR PACKAGE REGION\*BRAND

REGION\*PRICE REGION\*AROMA

REGION\*COLOUR REGION\*PACKAGE

BRAND\*PRICE BRAND\*AROMA BRAND\*COLOUR

BRAND\*PACKAGE PRICE\*AROMA

PRICE\*COLOUR PRICE\*PACKAGE

AROMA\*COLOUR AROMA\*PACKAGE

COLOUR\*PACKAGE.

### Tests of Between-Subjects Effects

Dependent Variable: TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	218.719 <sup>a</sup>	19	11.512	14.536	.000
Intercept	18862.546	1	18862.546	23818.353	.000
REGION	.000	0	.	.	.
BRAND	32.248	1	32.248	40.721	.000
PRICE	.000	0	.	.	.
AROMA	.000	0	.	.	.
COLOUR	.000	0	.	.	.
PACKAGE	.000	0	.	.	.
REGION * BRAND	.000	0	.	.	.
REGION * PRICE	.000	0	.	.	.
REGION * AROMA	.000	0	.	.	.
REGION * COLOUR	.000	0	.	.	.
REGION * PACKAGE	.000	0	.	.	.
BRAND * PRICE	.000	0	.	.	.
BRAND * AROMA	.000	0	.	.	.
BRAND * COLOUR	.000	0	.	.	.
BRAND * PACKAGE	.000	0	.	.	.
PRICE * AROMA	.000	0	.	.	.
PRICE * COLOUR	.000	0	.	.	.
PRICE * PACKAGE	.000	0	.	.	.
AROMA * COLOUR	.000	0	.	.	.
AROMA * PACKAGE	.000	0	.	.	.
COLOUR *	.000	0	.	.	.
PACKAGE					
Error	2154.058	2720	.792		
Total	28143.000	2740			
Corrected Total	2372.778	2739			

a. R Squared = .092 (Adjusted R Squared = .086)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaBscore BY REGION PRICE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION PRICE REGION\*PRICE.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	685
	2.00	Jiangbei	685
	3.00	Xinan	822
	4.00	Huabei	548
price	1.00	15	1370
	2.00	20	685
	3.00	25	685

#### Tests of Between-Subjects Effects

Dependent Variable: TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	83.762 <sup>a</sup>	11	7.615	9.075	.000
Intercept	21273.723	1	21273.723	25353.567	.000
REGION	5.648	3	1.883	2.244	.081
PRICE	5.205	2	2.602	3.101	.045
REGION * PRICE	62.651	6	10.442	12.444	.000
Error	2289.016	2728	.839		
Total	28143.000	2740			
Corrected Total	2372.778	2739			

a. R Squared = .035 (Adjusted R Squared = .031)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaBscore BY REGION COLOUR

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=REGION COLOUR REGION\*COLOUR.

#### Between-Subjects Factors

		Value Label	N
region	1.00	Jiangnan	685
	2.00	Jiangbei	685
	3.00	Xinan	822
	4.00	Huabei	548
colour	1.00	dark	1370
	2.00	light	1370

#### Tests of Between-Subjects Effects

Dependent Variable: TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	48.272 <sup>a</sup>	7	6.896	8.105	.000
Intercept	24854.367	1	24854.367	29211.423	.000
REGION	18.432	3	6.144	7.221	.000
COLOUR	.070	1	.070	.083	.774
REGION * COLOUR	28.879	3	9.626	11.314	.000
Error	2324.506	2732	.851		
Total	28143.000	2740			
Corrected Total	2372.778	2739			

a. R Squared = .020 (Adjusted R Squared = .018)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaBscore BY PRICE COLOUR

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE COLOUR PRICE\*COLOUR.

#### Between-Subjects Factors

		Value Label	N
price	1.00	15	1370
	2.00	20	685
	3.00	25	685
colour	1.00	dark	1370
	2.00	light	1370

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	32.470 <sup>a</sup>	5	6.494	7.586	.000
Intercept	22302.209	1	22302.209	26053.943	.000
PRICE	2.710	2	1.355	1.583	.206
COLOUR	.000	1	.000	.000	.990
PRICE * COLOUR	27.450	2	13.725	16.034	.000
Error	2340.308	2734	.856		
Total	28143.000	2740			
Corrected Total	2372.778	2739			

a. R Squared = .014 (Adjusted R Squared = .012)

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaBscore BY PRICE PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=PRICE PACKAGE PRICE\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
price	1.00	15	1370
	2.00	20	685
	3.00	25	685
Packing	1.00	teabag	1507
	2.00	loose-leaf	1233

#### Tests of Between-Subjects Effects

Dependent Variable:TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	61.860 <sup>a</sup>	5	12.372	14.637	.000
Intercept	22260.811	1	22260.811	26336.315	.000
PRICE	3.228	2	1.614	1.909	.148
PACKAGE	9.307	1	9.307	11.011	.001
PRICE * PACKAGE	56.797	2	28.398	33.598	.000
Error	2310.918	2734	.845		
Total	28143.000	2740			
Corrected Total	2372.778	2739			

a. R Squared = .026 (Adjusted R Squared = .024)



[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Tea (Guangzhou) - Card Response.sav

UNIANOVA TeaBscore BY AROMA PACKAGE

/METHOD=SSTYPE(3)

/INTERCEPT=INCLUDE

/CRITERIA=ALPHA(0.05)

/DESIGN=AROMA PACKAGE AROMA\*PACKAGE.

#### Between-Subjects Factors

		Value Label	N
aroma	1.00	strong	1644
	2.00	weak	1096
Packing	1.00	teabag	1507
	2.00	loose-leaf	1233

#### Tests of Between-Subjects Effects

Dependent Variable: TeaBscore

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	22.698 <sup>a</sup>	3	7.566	8.808	.000
Intercept	24249.291	1	24249.291	28231.405	.000
AROMA	1.661	1	1.661	1.934	.164
PACKAGE	.070	1	.070	.082	.775
AROMA * PACKAGE	19.663	1	19.663	22.892	.000
Error	2350.080	2736	.859		
Total	28143.000	2740			
Corrected Total	2372.778	2739			

a. R Squared = .010 (Adjusted R Squared = .008)

## 8. Appendix H - Reliability Test

### 8.1. Dalian

#### Reliability Statistics

Cronbach's Alpha	N of Items
.878	10

#### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Only those products that are unavailable in the local market should be imported from other region.	24.8707	87.250	.305	.893
I will buy local products, first, last and foremost!	25.3810	80.155	.603	.867
Purchasing non locally- made products is disloyal to the local region.	26.0816	82.500	.659	.863
It is not right to purchase non-locally made products because it puts local peoples out of job.	25.9184	80.719	.696	.860
A real local person should always buy locally- made products if they are available	25.4762	78.210	.697	.859
We should purchase products manufactured locally instead of letting other regions get rich off us.	25.4694	80.018	.685	.860
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	25.8231	82.667	.680	.862
It may cost me in the long run but I prefer to support local products.	25.9456	83.792	.654	.864
We should buy from other regions only those products that we cannot obtain within our region.	25.5986	81.899	.597	.867
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	25.9660	85.143	.571	.869

## 8.2. Suzhou

### Reliability Statistics

Cronbach's Alpha	N of Items
.927	10

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Only those products that are unavailable in the local market should be imported from other region.	29.0278	106.545	.493	.931
I will buy local products, first, last and foremost!	29.2222	100.454	.727	.919
Purchasing non locally- made products is disloyal to the local region.	29.6458	96.706	.789	.916
It is not right to purchase non-locally made products because it puts local peoples out of job.	29.6736	97.536	.777	.917
A real local person should always buy locally- made products if they are available	29.3611	96.162	.833	.913
We should purchase products manufactured locally instead of letting other regions get rich off us.	29.3681	99.633	.778	.917
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	29.2917	99.900	.773	.917
It may cost me in the long run but I prefer to support local products.	29.8750	105.131	.629	.924
We should buy from other regions only those products that we cannot obtain within our region.	29.3958	100.646	.711	.920
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	29.5764	100.735	.680	.922

### 8.3. Guangzhou

#### Reliability Statistics

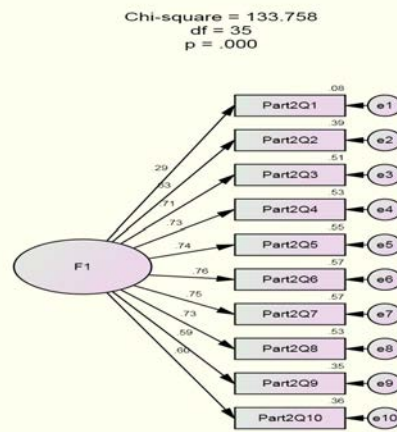
Cronbach's Alpha	N of Items
.885	10

#### Item-Total Statistics

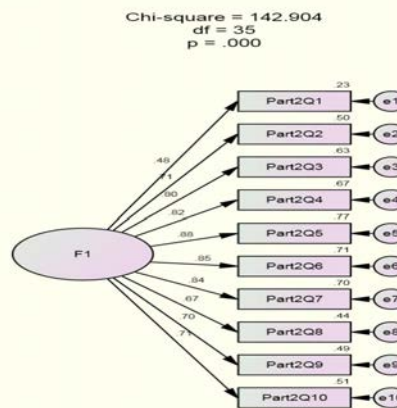
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Only those products that are unavailable in the local market should be imported from other region.	24.4795	70.955	.338	.897
I will buy local products, first, last and foremost!	24.8288	68.846	.515	.881
Purchasing non locally- made products is disloyal to the local region.	25.7534	66.284	.708	.867
It is not right to purchase non-locally made products because it puts local peoples out of job.	25.7123	66.703	.686	.869
A real local person should always buy locally- made products if they are available	25.0411	66.564	.630	.873
We should purchase products manufactured locally instead of letting other regions get rich off us.	25.0342	65.344	.709	.867
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	25.1575	66.037	.731	.866
It may cost me in the long run but I prefer to support local products.	25.1986	67.815	.594	.875
We should buy from other regions only those products that we cannot obtain within our region.	25.0479	64.405	.707	.867
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	25.3767	67.698	.630	.873

## 9. Appendix I - Factor Analysis Results

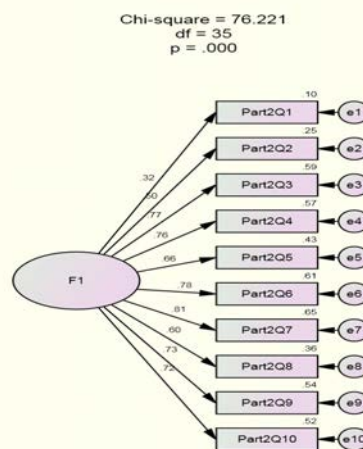
### 9.1. Confirmatory Factor Analysis - Model Fit Summary



Dalian Chi-square Result



Suzhou Chi-square Result



Guangzhou Chi-square Result

**Dalian**

**CMIN**

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	30	133.758	35	.000	3.822
Saturated model	65	.000	0		
Independence model	10	709.800	55	.000	12.905

**Parsimony-Adjusted Measures**

Model	PRATIO	PNFI	PCFI
Default model	.636	.516	.540
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

**Baseline Comparisons**

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	.812	.704	.854	.763	.849
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

**NCP**

Model	NCP	LO 90	HI 90
Default model	98.758	67.005	138.086
Saturated model	.000	.000	.000
Independence model	654.800	572.550	744.487

**RMSEA**

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.137	.113	.162	.000
Independence model	.282	.263	.300	.000

**FMIN**

Model	FMIN	F0	LO 90	HI 90
Default model	.892	.658	.447	.921
Saturated model	.000	.000	.000	.000
Independence model	4.732	4.365	3.817	4.963

**HOELTER**

Model	HOELTER	HOELTER
	.05	.01
Default model	56	65
Independence model	16	18

**ECVI**

Model	ECVI	LO 90	HI 90	MECVI
Default model	1.292	1.080	1.554	1.323
Saturated model	.867	.867	.867	.935
Independence model	4.865	4.317	5.463	4.876

## Suzhou

### CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	30	142.904	35	.000	4.083
Saturated model	65	.000	0		
Independence model	10	1055.776	55	.000	19.196

### Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.636	.550	.568
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

### Baseline Comparisons

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	.865	.787	.894	.831	.892
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

### NCP

Model	NCP	LO 90	HI 90
Default model	107.904	74.778	148.593
Saturated model	.000	.000	.000
Independence model	1000.776	898.953	1110.010

### RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.143	.119	.168	.000
Independence model	.347	.329	.366	.000

### FMIN

Model	FMIN		LO 90	HI 90
	F0			
Default model	.946	.715	.495	.984
Saturated model	.000	.000	.000	.000
Independence model	6.992	6.628	5.953	7.351

### HOELTER

Model	HOELTER	
	.05	.01
Default model	53	61
Independence model	11	12

### ECVI

Model	ECVI		LO 90	HI 90	MECVI
Default model	1.344	1.124	1.613	1.375	
Saturated model	.861	.861	.861	.929	
Independence model	7.124	6.450	7.848	7.135	

## Guangzhou

### CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	30	76.235	35	.000	2.178
Saturated model	65	.000	0		
Independence model	10	691.077	55	.000	12.565

### Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.636	.566	.595
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

### Baseline Comparisons

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	.890	.827	.937	.898	.935
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

### NCP

Model	NCP	LO 90	HI 90
Default model	41.235	19.803	70.407
Saturated model	.000	.000	.000
Independence model	636.077	555.013	724.578

### RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.089	.062	.116	.012
Independence model	.279	.260	.297	.000

### FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	.512	.277	.133	.473
Saturated model	.000	.000	.000	.000
Independence model	4.638	4.269	3.725	4.863

### HOELTER

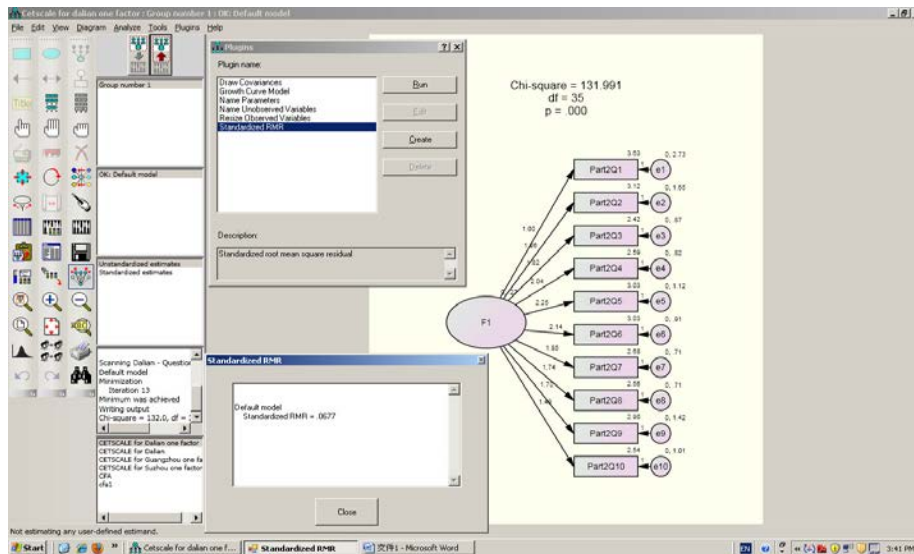
Model	HOELTER	HOELTER
	.05	.01
Default model	98	113
Independence model	16	18

### ECVI

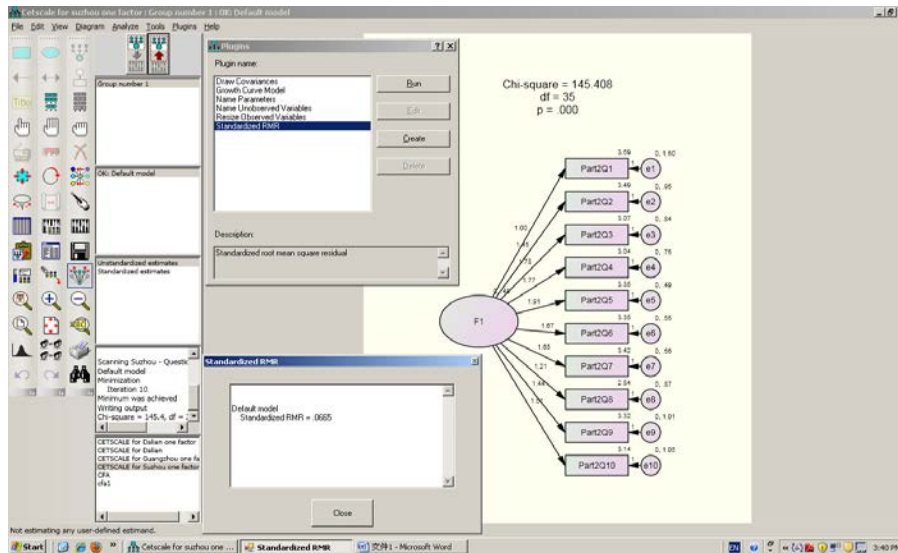
Model	ECVI	LO 90	HI 90	MECVI
Default model	.914	.770	1.110	.946
Saturated model	.872	.872	.872	.942
Independence model	4.772	4.228	5.366	4.783



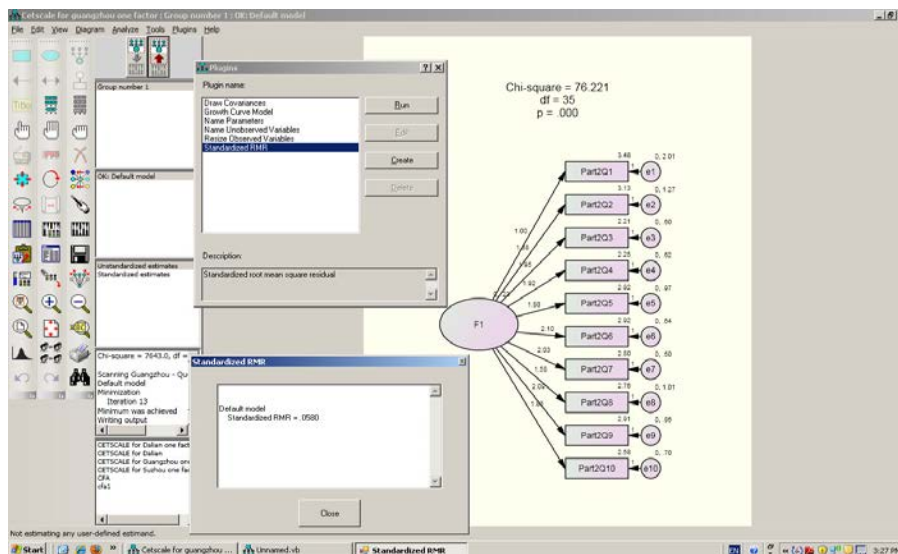
Dalian SRMR = 0.677



Suzhou SRMR = 0.665



Guangzhou SRMR = 0.580



## 9.2. Principal Component Analysis – Factor Extraction

### Dalian

[DataSet1] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Dalian - Questionnaire Response.sav

#### Communalities

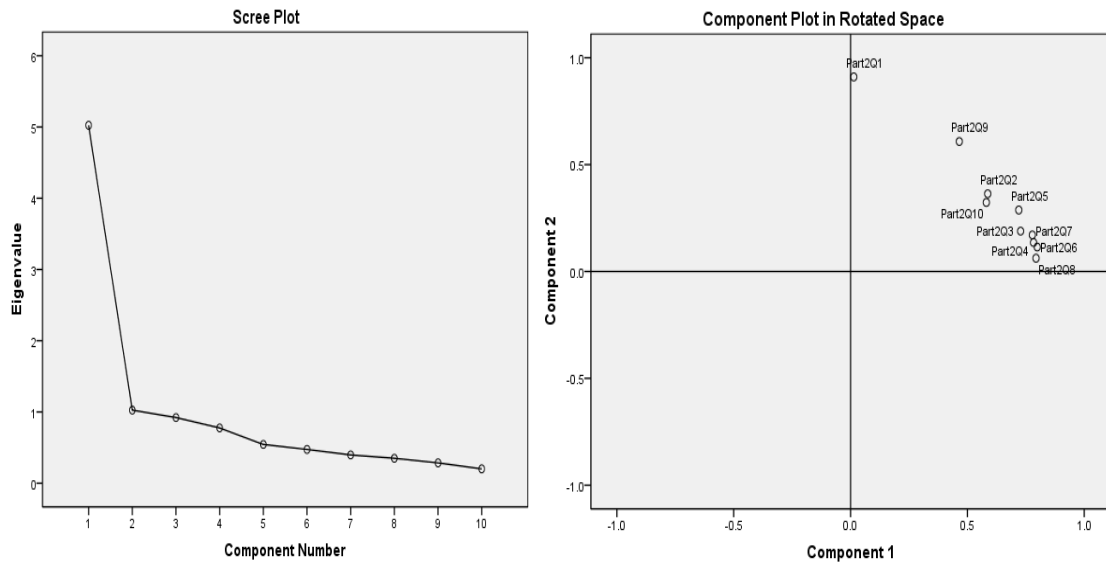
	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.829
I will buy local products, first, last and foremost!	1.000	.477
Purchasing non locally- made products is disloyal to the local region.	1.000	.565
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.634
A real local person should always buy locally- made products if they are available	1.000	.601
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.651
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.632
It may cost me in the long run but I prefer to support local products.	1.000	.634
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.586
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.442

Extraction Method: Principal Component Analysis.

#### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.024	50.244	50.244	5.024	50.244	50.244	4.432	44.322	44.322
2	1.026	10.258	60.502	1.026	10.258	60.502	1.618	16.180	60.502
3	.921	9.211	69.713						
4	.776	7.762	77.475						
5	.544	5.441	82.917						
6	.474	4.741	87.658						
7	.397	3.971	91.628						
8	.350	3.502	95.130						
9	.286	2.856	97.986						
10	.201	2.014	100.000						

Extraction Method: Principal Component Analysis.



Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.014	.910
I will buy local products, first, last and foremost!	.587	.364
Purchasing non locally- made products is disloyal to the local region.	.728	.189
It is not right to purchase non-locally made products because it puts local peoples out of job.	.778	.171
A real local person should always buy locally- made products if they are available	.720	.288
We should purchase products manufactured locally instead of letting other regions get rich off us.	.799	.114
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.783	.135
It may cost me in the long run but I prefer to support local products.	.794	.062
We should buy from other regions only those products that we cannot obtain within our region.	.465	.608
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.581	.323

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

## Suzhou

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Suzhou - Questionnaire Response.sav

### Communalities

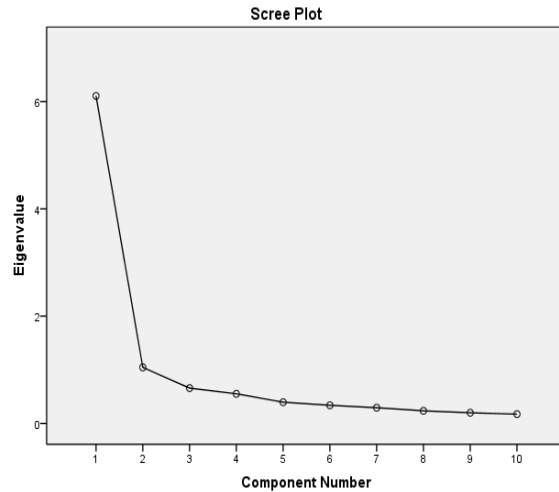
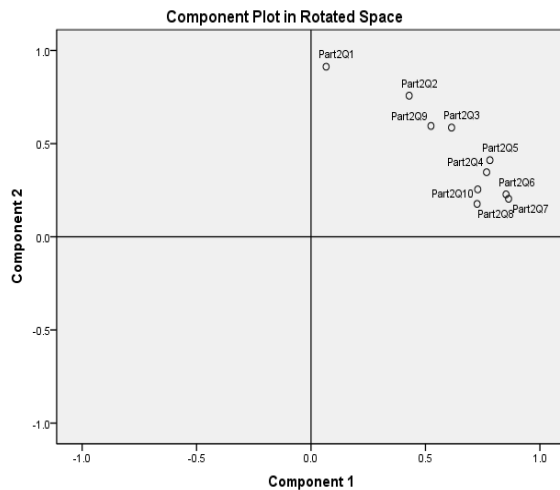
	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.838
I will buy local products, first, last and foremost!	1.000	.758
Purchasing non locally- made products is disloyal to the local region.	1.000	.720
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.708
A real local person should always buy locally- made products if they are available	1.000	.780
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.778
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.787
It may cost me in the long run but I prefer to support local products.	1.000	.557
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.629
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.595

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.104	61.044	61.044	6.104	61.044	61.044	4.567	45.668	45.668
2	1.045	10.450	71.494	1.045	10.450	71.494	2.583	25.826	71.494
3	.659	6.593	78.087						
4	.553	5.529	83.616						
5	.396	3.959	87.576						
6	.340	3.396	90.971						
7	.294	2.939	93.910						
8	.236	2.359	96.269						
9	.200	1.996	98.265						
10	.173	1.735	100.000						

Extraction Method: Principal Component Analysis.



Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.066	.913
I will buy local products, first, last and foremost!	.429	.757
Purchasing non locally- made products is disloyal to the local region.	.614	.586
It is not right to purchase non-locally made products because it puts local peoples out of job.	.767	.346
A real local person should always buy locally- made products if they are available	.782	.411
We should purchase products manufactured locally instead of letting other regions get rich off us.	.852	.228
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.863	.204
It may cost me in the long run but I prefer to support local products.	.725	.177
We should buy from other regions only those products that we cannot obtain within our region.	.524	.595
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.728	.254

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

## Guangzhou

[DataSet2] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Guangzhou - Questionnaire Response.sav

### Communalities

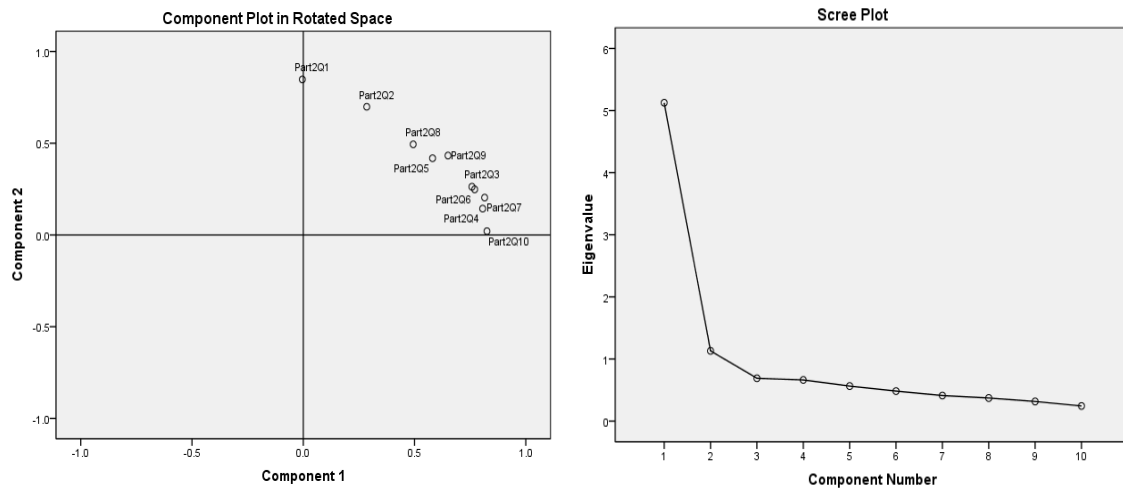
	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.719
I will buy local products, first, last and foremost!	1.000	.570
Purchasing non locally- made products is disloyal to the local region.	1.000	.644
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.670
A real local person should always buy locally- made products if they are available	1.000	.513
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.655
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.706
It may cost me in the long run but I prefer to support local products.	1.000	.488
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.610
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.682

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.126	51.257	51.257	5.126	51.257	51.257	4.248	42.483	42.483
2	1.130	11.300	62.558	1.130	11.300	62.558	2.007	20.075	62.558
3	.691	6.905	69.463						
4	.663	6.629	76.092						
5	.564	5.643	81.735						
6	.484	4.835	86.570						
7	.412	4.116	90.686						
8	.372	3.717	94.403						
9	.316	3.162	97.565						
10	.243	2.435	100.000						

Extraction Method: Principal Component Analysis.



Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	-.004	.848
I will buy local products, first, last and foremost!	.285	.699
Purchasing non locally- made products is disloyal to the local region.	.758	.263
It is not right to purchase non-locally made products because it puts local peoples out of job.	.806	.144
A real local person should always buy locally- made products if they are available	.581	.418
We should purchase products manufactured locally instead of letting other regions get rich off us.	.770	.249
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.815	.204
It may cost me in the long run but I prefer to support local products.	.494	.494
We should buy from other regions only those products that we cannot obtain within our region.	.650	.433
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.825	.021

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

### 9.3. Validation – Split-half Method

#### 9.3.1. Dalian

##### Factor Analysis (first group - 50%)

[DataSet1] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Dalian - Questionnaire Response.sav

Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.781
I will buy local products, first, last and foremost!	1.000	.554
Purchasing non locally- made products is disloyal to the local region.	1.000	.653
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.577
A real local person should always buy locally- made products if they are available	1.000	.587
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.672
We should not buy non-local products that are available locally, because this hurts local business and	1.000	.686
It may cost me in the long run but I prefer to support local products.	1.000	.672
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.538
Local consumers who purchase products made in other regions are responsible for putting local people	1.000	.490

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of	Cumulative %	Total	% of	Cumulative	Total	% of	Cumulative
1	5.111	51.108	51.108	5.111	51.108	51.108	4.469	44.689	44.689
2	1.099	10.994	62.102	1.099	10.994	62.102	1.741	17.413	62.102
3	.835	8.353	70.454						
4	.690	6.905	77.359						
5	.530	5.296	82.655						
6	.520	5.205	87.860						
7	.435	4.354	92.214						
8	.354	3.544	95.758						
9	.288	2.878	98.637						
10	.136	1.363	100.000						

Extraction Method: Principal Component Analysis.



Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	-.049	.882
I will buy local products, first, last and foremost!	.705	.238
Purchasing non locally- made products is disloyal to the local region.	.779	.214
It is not right to purchase non-locally made products because it puts local peoples out of job.	.755	.087
A real local person should always buy locally- made products if they are available	.751	.150
We should purchase products manufactured locally instead of letting other regions get rich off us.	.783	.243
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.772	.300
It may cost me in the long run but I prefer to support local products.	.812	.110
We should buy from other regions only those products that we cannot obtain within our region.	.440	.587
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.407	.570

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

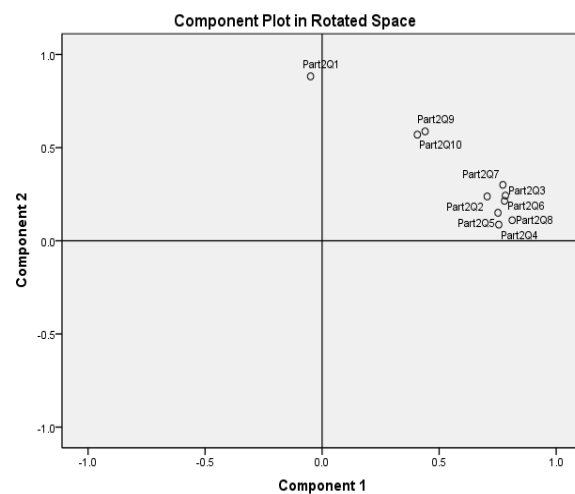
a. Rotation converged in 3 iterations.

Component Transformation Matrix

Component	1	2
1	.917	.400
2	-.400	.917

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.



## Factor Analysis (2nd group - 50%)

[DataSet1] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Dalian - Questionnaire Response.sav

### Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.781
I will buy local products, first, last and foremost!	1.000	.554
Purchasing non locally- made products is disloyal to the local region.	1.000	.653
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.577
A real local person should always buy locally- made products if they are available	1.000	.587
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.672
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.686
It may cost me in the long run but I prefer to support local products.	1.000	.672
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.538
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.490

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.111	51.108	51.108	5.111	51.108	51.108	4.469	44.689	44.689
2	1.099	10.994	62.102	1.099	10.994	62.102	1.741	17.413	62.102
3	.835	8.353	70.454						
4	.690	6.905	77.359						
5	.530	5.296	82.655						
6	.520	5.205	87.860						
7	.435	4.354	92.214						
8	.354	3.544	95.758						
9	.288	2.878	98.637						
10	.136	1.363	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	-.049	.882
I will buy local products, first, last and foremost!	.705	.238
Purchasing non locally- made products is disloyal to the local region.	.779	.214
It is not right to purchase non-locally made products because it puts local peoples out of job.	.755	.087
A real local person should always buy locally- made products if they are available	.751	.150
We should purchase products manufactured locally instead of letting other regions get rich off us.	.783	.243
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.772	.300
It may cost me in the long run but I prefer to support local products.	.812	.110
We should buy from other regions only those products that we cannot obtain within our region.	.440	.587
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.407	.570

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

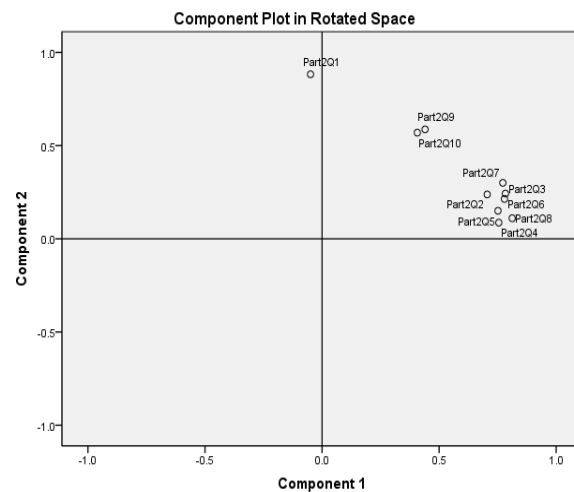
a. Rotation converged in 3 iterations.

Component Transformation Matrix

Component	1	2
1	.917	.400
2	-.400	.917

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.



## Factor Analysis (All data)

[DataSet1] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Dalian - Questionnaire Response.sav

### Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.829
I will buy local products, first, last and foremost!	1.000	.477
Purchasing non locally- made products is disloyal to the local region.	1.000	.565
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.634
A real local person should always buy locally- made products if they are available	1.000	.601
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.651
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.632
It may cost me in the long run but I prefer to support local products.	1.000	.634
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.586
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.442

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.024	50.244	50.244	5.024	50.244	50.244	4.432	44.322	44.322
2	1.026	10.258	60.502	1.026	10.258	60.502	1.618	16.180	60.502
3	.921	9.211	69.713						
4	.776	7.762	77.475						
5	.544	5.441	82.917						
6	.474	4.741	87.658						
7	.397	3.971	91.628						
8	.350	3.502	95.130						
9	.286	2.856	97.986						
10	.201	2.014	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.014	.910
I will buy local products, first, last and foremost!	.587	.364
Purchasing non locally- made products is disloyal to the local region.	.728	.189
It is not right to purchase non-locally made products because it puts local peoples out of job.	.778	.171
A real local person should always buy locally- made products if they are available	.720	.288
We should purchase products manufactured locally instead of letting other regions get rich off us.	.799	.114
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.783	.135
It may cost me in the long run but I prefer to support local products.	.794	.062
We should buy from other regions only those products that we cannot obtain within our region.	.465	.608
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.581	.323

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

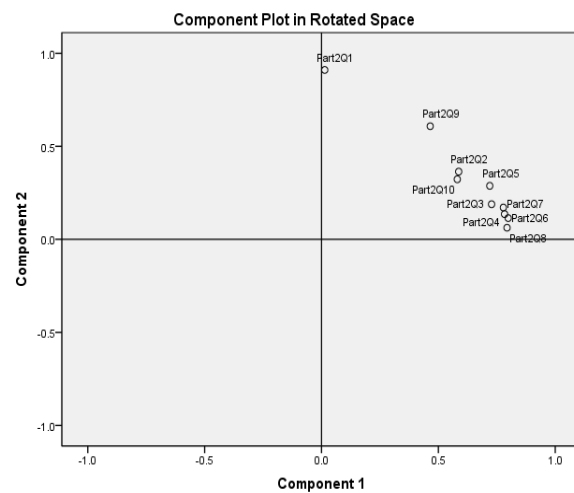
a. Rotation converged in 3 iterations.

Component Transformation Matrix

Component	1	2
1	.923	.385
2	-.385	.923

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.



### 9.3.2. Suzhou

#### Factor Analysis (1st group)

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Suzhou - Questionnaire Response.sav

Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.722
I will buy local products, first, last and foremost!	1.000	.749
Purchasing non locally- made products is disloyal to the local region.	1.000	.671
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.707
A real local person should always buy locally- made products if they are available	1.000	.791
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.770
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.800
It may cost me in the long run but I prefer to support local products.	1.000	.564
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.676
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.651

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.902	59.017	59.017	5.902	59.017	59.017	4.327	43.269	43.269
2	1.198	11.978	70.995	1.198	11.978	70.995	2.773	27.726	70.995
3	.713	7.129	78.123						
4	.624	6.238	84.362						
5	.444	4.437	88.799						
6	.348	3.477	92.276						
7	.279	2.787	95.063						
8	.181	1.808	96.871						
9	.176	1.762	98.633						
10	.137	1.367	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.518	.673
I will buy local products, first, last and foremost!	.740	.449
Purchasing non locally- made products is disloyal to the local region.	.802	.167
It is not right to purchase non-locally made products because it puts local peoples out of job.	.783	-.307
A real local person should always buy locally- made products if they are available	.889	-.011
We should purchase products manufactured locally instead of letting other regions get rich off us.	.839	-.256
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.807	-.386
It may cost me in the long run but I prefer to support local products.	.709	-.248
We should buy from other regions only those products that we cannot obtain within our region.	.745	.349
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.791	-.156

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.033	.849
I will buy local products, first, last and foremost!	.344	.794
Purchasing non locally- made products is disloyal to the local region.	.557	.600
It is not right to purchase non-locally made products because it puts local peoples out of job.	.816	.203
A real local person should always buy locally- made products if they are available	.732	.506
We should purchase products manufactured locally instead of letting other regions get rich off us.	.833	.277
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.882	.153
It may cost me in the long run but I prefer to support local products.	.721	.208
We should buy from other regions only those products that we cannot obtain within our region.	.406	.715
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.736	.331

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.518	.673
I will buy local products, first, last and foremost!	.740	.449
Purchasing non locally- made products is disloyal to the local region.	.802	.167
It is not right to purchase non-locally made products because it puts local peoples out of job.	.783	-.307
A real local person should always buy locally- made products if they are available	.889	-.011
We should purchase products manufactured locally instead of letting other regions get rich off us.	.839	-.256
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.807	-.386
It may cost me in the long run but I prefer to support local products.	.709	-.248
We should buy from other regions only those products that we cannot obtain within our region.	.745	.349
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.791	-.156

Extraction Method: Principal Component Analysis.

a. Rotation converged in 3 iterations.

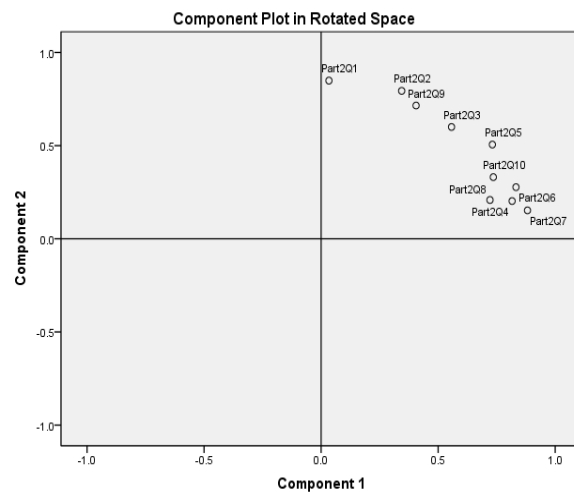
Component Transformation Matrix

Component	1	2
1	.816	.579
2	-.579	.816

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser

Normalization.





## Factor Analysis (2nd group with fixed 2 groups)

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Suzhou - Questionnaire Response.sav

### Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.886
I will buy local products, first, last and foremost!	1.000	.797
Purchasing non locally- made products is disloyal to the local region.	1.000	.776
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.774
A real local person should always buy locally- made products if they are available	1.000	.785
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.799
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.796
It may cost me in the long run but I prefer to support local products.	1.000	.538
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.622
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.569

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.372	63.719	63.719	6.372	63.719	63.719	4.742	47.418	47.418
2	.970	9.701	73.420	.970	9.701	73.420	2.600	26.002	73.420
3	.658	6.579	79.999						
4	.556	5.561	85.560						
5	.387	3.874	89.434						
6	.347	3.470	92.905						
7	.211	2.111	95.016						
8	.195	1.955	96.971						
9	.170	1.701	98.672						
10	.133	1.328	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.603	.723
I will buy local products, first, last and foremost!	.810	.376
Purchasing non locally- made products is disloyal to the local region.	.868	.149
It is not right to purchase non-locally made products because it puts local peoples out of job.	.880	.002
A real local person should always buy locally- made products if they are available	.867	-.182
We should purchase products manufactured locally instead of letting other regions get rich off us.	.844	-.294
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.856	-.251
It may cost me in the long run but I prefer to support local products.	.713	-.169
We should buy from other regions only those products that we cannot obtain within our region.	.786	.070
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.708	-.261

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.107	.935
I will buy local products, first, last and foremost!	.470	.759
Purchasing non locally- made products is disloyal to the local region.	.643	.602
It is not right to purchase non-locally made products because it puts local peoples out of job.	.734	.485
A real local person should always buy locally- made products if they are available	.824	.325
We should purchase products manufactured locally instead of letting other regions get rich off us.	.867	.218
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.854	.260
It may cost me in the long run but I prefer to support local products.	.689	.251
We should buy from other regions only those products that we cannot obtain within our region.	.618	.490
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.735	.170

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.107	.935
I will buy local products, first, last and foremost!	.470	.759
Purchasing non locally- made products is disloyal to the local region.	.643	.602
It is not right to purchase non-locally made products because it puts local peoples out of job.	.734	.485
A real local person should always buy locally- made products if they are available	.824	.325
We should purchase products manufactured locally instead of letting other regions get rich off us.	.867	.218
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.854	.260
It may cost me in the long run but I prefer to support local products.	.689	.251
We should buy from other regions only those products that we cannot obtain within our region.	.618	.490
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.735	.170

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

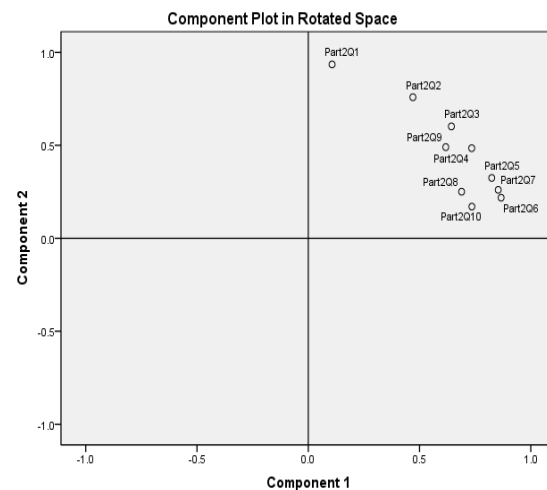
a. Rotation converged in 3 iterations.

Component Transformation Matrix

Component	1	2
1	.836	.549
2	-.549	.836

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.



## Factor Analysis (overall)

[DataSet4] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Suzhou - Questionnaire Response.sav

### Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.838
I will buy local products, first, last and foremost!	1.000	.758
Purchasing non locally- made products is disloyal to the local region.	1.000	.720
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.708
A real local person should always buy locally- made products if they are available	1.000	.780
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.778
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.787
It may cost me in the long run but I prefer to support local products.	1.000	.557
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.629
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.595

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.104	61.044	61.044	6.104	61.044	61.044	4.567	45.668	45.668
2	1.045	10.450	71.494	1.045	10.450	71.494	2.583	25.826	71.494
3	.659	6.593	78.087						
4	.553	5.529	83.616						
5	.396	3.959	87.576						
6	.340	3.396	90.971						
7	.294	2.939	93.910						
8	.236	2.359	96.269						
9	.200	1.996	98.265						
10	.173	1.735	100.000						

Extraction Method: Principal Component Analysis.

Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.558	.725
I will buy local products, first, last and foremost!	.775	.396
Purchasing non locally- made products is disloyal to the local region.	.835	.150
It is not right to purchase non-locally made products because it puts local peoples out of job.	.831	-.134
A real local person should always buy locally- made products if they are available	.879	-.088
We should purchase products manufactured locally instead of letting other regions get rich off us.	.836	-.280
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.833	-.306
It may cost me in the long run but I prefer to support local products.	.703	-.253
We should buy from other regions only those products that we cannot obtain within our region.	.765	.207
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.748	-.189

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.066	.913
I will buy local products, first, last and foremost!	.429	.757
Purchasing non locally- made products is disloyal to the local region.	.614	.586
It is not right to purchase non-locally made products because it puts local peoples out of job.	.767	.346
A real local person should always buy locally- made products if they are available	.782	.411
We should purchase products manufactured locally instead of letting other regions get rich off us.	.852	.228
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.863	.204
It may cost me in the long run but I prefer to support local products.	.725	.177
We should buy from other regions only those products that we cannot obtain within our region.	.524	.595
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.728	.254

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.066	.913
I will buy local products, first, last and foremost!	.429	.757
Purchasing non locally- made products is disloyal to the local region.	.614	.586
It is not right to purchase non-locally made products because it puts local peoples out of job.	.767	.346
A real local person should always buy locally- made products if they are available	.782	.411
We should purchase products manufactured locally instead of letting other regions get rich off us.	.852	.228
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.863	.204
It may cost me in the long run but I prefer to support local products.	.725	.177
We should buy from other regions only those products that we cannot obtain within our region.	.524	.595
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.728	.254

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

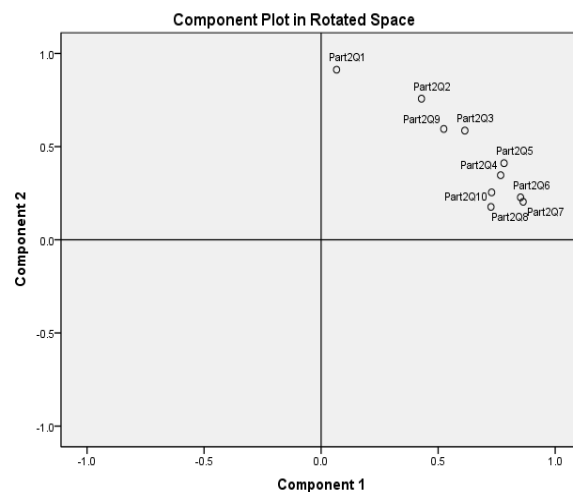
a. Rotation converged in 3 iterations.

Component Transformation Matrix

Component	1	2
1	.834	.551
2	-.551	.834

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.



### 9.3.3. Guangzhou

#### Factor Analysis (first group - 50%)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Guangzhou - Questionnaire Response.sav

Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.685
I will buy local products, first, last and foremost!	1.000	.761
Purchasing non locally- made products is disloyal to the local region.	1.000	.681
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.675
A real local person should always buy locally- made products if they are available	1.000	.546
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.676
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.736
It may cost me in the long run but I prefer to support local products.	1.000	.598
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.709
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.778

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.658	56.577	56.577	5.658	56.577	56.577	4.233	42.328	42.328
2	1.187	11.874	68.452	1.187	11.874	68.452	2.612	26.124	68.452
3	.672	6.717	75.168						
4	.621	6.208	81.376						
5	.469	4.687	86.063						
6	.425	4.250	90.313						
7	.317	3.169	93.482						
8	.285	2.850	96.332						
9	.209	2.088	98.421						
10	.158	1.579	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.181	.808
I will buy local products, first, last and foremost!	.143	.861
Purchasing non locally- made products is disloyal to the local region.	.742	.362
It is not right to purchase non-locally made products because it puts local peoples out of job.	.816	.090
A real local person should always buy locally- made products if they are available	.569	.472
We should purchase products manufactured locally instead of letting other regions get rich off us.	.768	.293
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.817	.263
It may cost me in the long run but I prefer to support local products.	.418	.651
We should buy from other regions only those products that we cannot obtain within our region.	.679	.498
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.864	.178

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

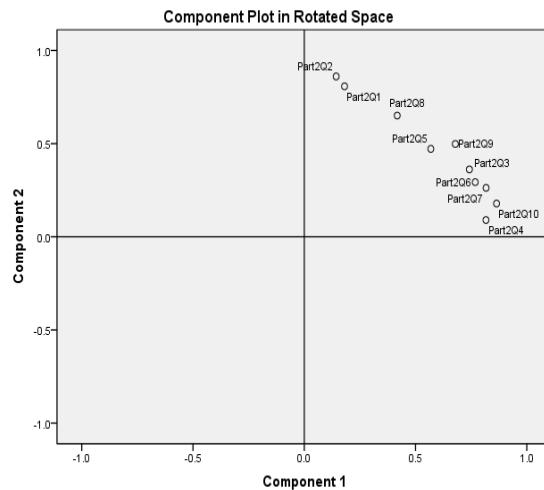
a. Rotation converged in 3 iterations.

Component Transformation Matrix

Component	1	2
1	.825	.565
2	-.565	.825

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.





## Factor Analysis (second group - 50%)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Guangzhou - Questionnaire Response.sav

### Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.685
I will buy local products, first, last and foremost!	1.000	.761
Purchasing non locally- made products is disloyal to the local region.	1.000	.681
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.675
A real local person should always buy locally- made products if they are available	1.000	.546
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.676
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.736
It may cost me in the long run but I prefer to support local products.	1.000	.598
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.709
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.778

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.658	56.577	56.577	5.658	56.577	56.577	4.233	42.328	42.328
2	1.187	11.874	68.452	1.187	11.874	68.452	2.612	26.124	68.452
3	.672	6.717	75.168						
4	.621	6.208	81.376						
5	.469	4.687	86.063						
6	.425	4.250	90.313						
7	.317	3.169	93.482						
8	.285	2.850	96.332						
9	.209	2.088	98.421						
10	.158	1.579	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	.181	.808
I will buy local products, first, last and foremost!	.143	.861
Purchasing non locally- made products is disloyal to the local region.	.742	.362
It is not right to purchase non-locally made products because it puts local peoples out of job.	.816	.090
A real local person should always buy locally- made products if they are available	.569	.472
We should purchase products manufactured locally instead of letting other regions get rich off us.	.768	.293
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.817	.263
It may cost me in the long run but I prefer to support local products.	.418	.651
We should buy from other regions only those products that we cannot obtain within our region.	.679	.498
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.864	.178

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

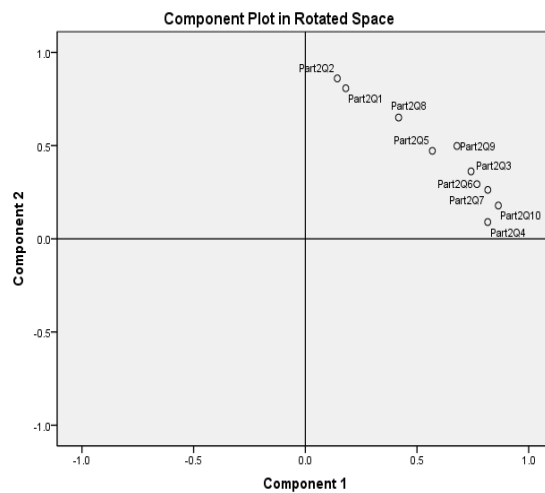
a. Rotation converged in 3 iterations.

Component Transformation Matrix

Component	1	2
1	.825	.565
2	-.565	.825

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.



## Factor Analysis (overall 100% data)

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Guangzhou - Questionnaire Response.sav

### Communalities

	Initial	Extraction
Only those products that are unavailable in the local market should be imported from other region.	1.000	.719
I will buy local products, first, last and foremost!	1.000	.570
Purchasing non locally- made products is disloyal to the local region.	1.000	.644
It is not right to purchase non-locally made products because it puts local peoples out of job.	1.000	.670
A real local person should always buy locally- made products if they are available	1.000	.513
We should purchase products manufactured locally instead of letting other regions get rich off us.	1.000	.655
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	1.000	.706
It may cost me in the long run but I prefer to support local products.	1.000	.488
We should buy from other regions only those products that we cannot obtain within our region.	1.000	.610
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	1.000	.682

Extraction Method: Principal Component Analysis.

### Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.126	51.257	51.257	5.126	51.257	51.257	4.248	42.483	42.483
2	1.130	11.300	62.558	1.130	11.300	62.558	2.007	20.075	62.558
3	.691	6.905	69.463						
4	.663	6.629	76.092						
5	.564	5.643	81.735						
6	.484	4.835	86.570						
7	.412	4.116	90.686						
8	.372	3.717	94.403						
9	.316	3.162	97.565						
10	.243	2.435	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix<sup>a</sup>

	Component	
	1	2
Only those products that are unavailable in the local market should be imported from other region.	-.004	.848
I will buy local products, first, last and foremost!	.285	.699
Purchasing non locally- made products is disloyal to the local region.	.758	.263
It is not right to purchase non-locally made products because it puts local peoples out of job.	.806	.144
A real local person should always buy locally- made products if they are available	.581	.418
We should purchase products manufactured locally instead of letting other regions get rich off us.	.770	.249
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	.815	.204
It may cost me in the long run but I prefer to support local products.	.494	.494
We should buy from other regions only those products that we cannot obtain within our region.	.650	.433
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	.825	.021

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

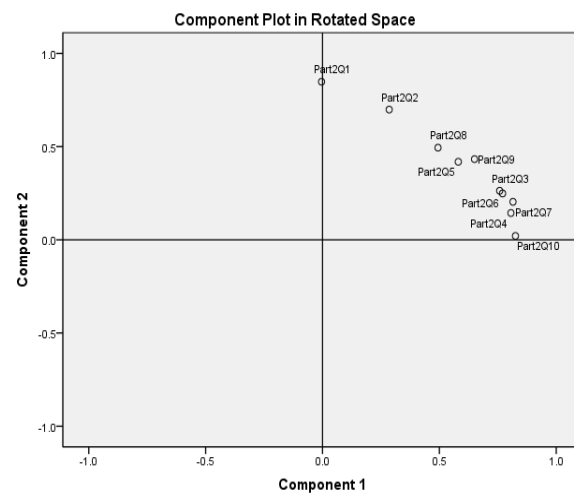
a. Rotation converged in 3 iterations.

Component Transformation Matrix

Component	1	2
1	.883	.469
2	-.469	.883

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.



## 9.4. CETSCALE - Mean Score and Standard Deviation

### Dalian

[DataSet1] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Dalian - Questionnaire Response.sav

Descriptives

	Statistic					
	Mean	95% Confidence Interval for Mean		Median	Variance	Std. Deviation
		Lower Bound	Upper Bound			
Only those products that are unavailable in the local market should be imported from other region.	3.6327	3.3496	3.9157	3.0000	3.015	1.73632
I will buy local products, first, last and foremost!	3.1224	2.8595	3.3854	3.0000	2.601	1.61287
Purchasing non locally- made products is disloyal to the local region.	2.4218	2.2051	2.6384	2.0000	1.766	1.32895
It is not right to purchase non-locally made products because it puts local peoples out of job.	2.5850	2.3570	2.8131	2.0000	1.957	1.39884
A real local person should always buy locally- made products if they are available	3.0272	2.7699	3.2846	3.0000	2.492	1.57874
We should purchase products manufactured locally instead of letting other regions get rich off us.	3.0340	2.7946	3.2734	3.0000	2.156	1.46846
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	2.6803	2.4713	2.8893	2.0000	1.644	1.28205
It may cost me in the long run but I prefer to support local products.	2.5578	2.3558	2.7598	2.0000	1.536	1.23936
We should buy from other regions only those products that we cannot obtain within our region.	2.9048	2.6624	3.1471	2.0000	2.210	1.48662
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	2.5374	2.3299	2.7449	2.0000	1.620	1.27286
CETSCALE	28.5034	26.8720	30.1348	26.0000	100.170	10.00847

## Suzhou

[DataSet3] D:\Documents and Settings\Administrator\Desktop\BJ Lee\Suzhou - Questionnaire Response.sav

### Descriptives

	Statistic					
	Mean	95% Confidence Interval for Mean		Median	Variance	Std. Deviation
		Lower Bound	Upper Bound			
Only those products that are unavailable in the local market should be imported from other region.	3.6875	3.4550	3.9200	4.0000	1.993	1.41158
I will buy local products, first, last and foremost!	3.4931	3.2617	3.7244	3.0000	1.972	1.40427
Purchasing non locally- made products is disloyal to the local region.	3.0694	2.8165	3.3224	3.0000	2.359	1.53583
It is not right to purchase non-locally made products because it puts local peoples out of job.	3.0417	2.7938	3.2895	3.0000	2.264	1.50465
A real local person should always buy locally-made products if they are available	3.3542	3.1074	3.6009	3.0000	2.244	1.49810
We should purchase products manufactured locally instead of letting other regions get rich off us.	3.3472	3.1206	3.5738	3.0000	1.893	1.37571
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	3.4236	3.1985	3.6488	3.0000	1.868	1.36684
It may cost me in the long run but I prefer to support local products.	2.8403	2.6335	3.0471	3.0000	1.576	1.25527
We should buy from other regions only those products that we cannot obtain within our region.	3.3194	3.0860	3.5529	3.0000	2.009	1.41744
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	3.1389	2.8974	3.3803	3.0000	2.148	1.46574
CETSCALE	32.7153	30.8892	34.5413	33.0000	122.890	11.08559

## Guangzhou

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### Descriptives

	Statistic					
	Mean	95% Confidence Interval for Mean		Median	Variance	Std. Deviation
		Lower Bound	Upper Bound			
Only those products that are unavailable in the local market should be imported from other region.	3.4795	3.2340	3.7249	3.0000	2.251	1.50043
I will buy local products, first, last and foremost!	3.1301	2.9160	3.3443	3.0000	1.714	1.30919
Purchasing non locally- made products is disloyal to the local region.	2.2055	2.0068	2.4041	2.0000	1.475	1.21438
It is not right to purchase non-locally made products because it puts local peoples out of job.	2.2466	2.0483	2.4449	2.0000	1.470	1.21236
A real local person should always buy locally-made products if they are available	2.9178	2.7035	3.1322	3.0000	1.717	1.31047
We should purchase products manufactured locally instead of letting other regions get rich off us.	2.9247	2.7141	3.1352	3.0000	1.656	1.28699
We should not buy non-local products that are available locally, because this hurts local business and causes unemployment.	2.8014	2.6049	2.9979	2.0000	1.443	1.20126
It may cost me in the long run but I prefer to support local products.	2.7603	2.5540	2.9666	2.0000	1.590	1.26111
We should buy from other regions only those products that we cannot obtain within our region.	2.9110	2.6878	3.1341	2.0000	1.861	1.36418
Local consumers who purchase products made in other regions are responsible for putting local people out of work.	2.5822	2.3837	2.7807	2.0000	1.473	1.21347
CETSCALE	27.9589	26.4799	29.4379	26.0000	81.750	9.04157

## **10. Appendix J – Different Perspectives on Definition of Region and its Process**

### **10.1. Supra-national, National and Sub-national Definitions of Region**

#### **10.1.1. Supra-national Perspective**

In the context of a geographic continuum ranging from the whole world to individual countries and places, an example of Mennes, Tinbergen and Waardenburg (1969) second order subdivision definition and Richardson's (1979) Homogenous Regions methodology from a supra-national perspective (Fawcett and Hurrell, 1995; Evered, 2005) would be the European region which consists of a regional grouping of 27 members countries, including U.K., France, Poland, and Romania; the North American region (NAFTA) which consists of the U.S.A., Mexico and Canada; the Asean region, including Singapore, Malaysia, and Thailand; and the Latin America region (MERCOSUR), including Paraguay, Uruguay, Argentina and Brazil (Fawcett and Hurrell, 1995; Warf, 1996; Cho, 2006).

#### **10.1.2. Sub-national Perspective**

The sub-national perspective of a geographic continuum includes:

- i) Mennes, Tinbergen and Waardenburg (1969) first order subdivision definition and Richardson's (1979) Planning Regions methodology from a sub-national perspective. An apt example of this type of definition is the region designated by the United States Department of Commerce Economics and Statistics Administration. Here, the region is divided into four regions and further subdivided into nine divisions. The four regions and divisions are the Northeast region which includes the subdivision of New England and Middle Atlantic; the Midwest region which includes the subdivision of East North Central and West North Central; the Southern region which includes the subdivision of South Atlantic, East South Central and West South Central; and the Western region which includes the subdivision of Mountain and Pacific (Diagram1 and Table 1).
- ii) Mennes, Tinbergen and Waardenburg (1969) third order subdivision definition and Richardson's (1979) Nodal Regions methodology from a sub-national perspective would be the metropolitan area designated by the US Census Bureau. The concept of a metropolitan area consists of a core area with a substantial population nucleus, and with adjacent communities having a high degree of social and economic integration with the core. Under this classification, there are number of metropolitan areas with the U.S.A., such as Abilene, Anchorage, Bakersfield, and Cincinnati-Middletown (Diagram1 and Table 1).

In the following section, the geography of China is discussed and the various perspectives of region based on the subdivision principle presented above are introduced.



Diagram 1. Map of Sub-division of Region in the U.S.A.



Source: [http://www.census.gov/geo/www/us\\_regdiv.pdf](http://www.census.gov/geo/www/us_regdiv.pdf)

Table 1. Table of Sub-division of Regions in the U.S.A.

U.S. Census Bureau		
Census Bureau Regions and Divisions with State FIPS Codes		
Region 1: Northeast		
<b>Division 1: New England</b> Connecticut (09) Maine (23) Massachusetts (25) New Hampshire (33) Rhode Island (44) Vermont (50)	<b>Division 2: Middle Atlantic</b> New Jersey (34) New York (36) Pennsylvania (42)	
Region 2: Midwest*		
<b>Division 3: East North Central</b> Indiana (18) Illinois (17) Michigan (26) Ohio (39) Wisconsin (55)	<b>Division 4: West North Central</b> Iowa (19) Kansas (20) Minnesota (27) Missouri (29) Nebraska (31) North Dakota (38) South Dakota (46)	
Region 3: South		
<b>Division 5: South Atlantic</b> Delaware (10) District of Columbia (11) Florida (12) Georgia (13) Maryland (24) North Carolina (37) South Carolina (45) Virginia (51) West Virginia (54)	<b>Division 6: East South Central</b> Alabama (01) Kentucky (21) Mississippi (28) Tennessee (47)	<b>Division 7: West South Central</b> Arkansas (05) Louisiana (22) Oklahoma (40) Texas (48)
Region 4: West		
<b>Division 8: Mountain</b> Arizona (04) Colorado (08) Idaho (16) New Mexico (35)	<b>Division 9: Pacific</b> Alaska (02) California (06) Hawaii (15) Oregon (41) Washington (53)	
*Prior to June 1984, the Midwest Region was designated as the North Central Region.		

Source: [http://www.census.gov/geo/www/us\\_regdiv.pdf](http://www.census.gov/geo/www/us_regdiv.pdf)

## **10.2. Geography of China**

China has a land area of approximately 9.6 million square kilometres (3.7 million square miles), and is similar in size to the U.S.A. The terrain in the west of the country is mostly mountains, with high plateaus and deserts while in the east it consists of hills, deltas and plains. There are two major river systems, the Yangtze River and the Yellow River. The Yangtze River flows from the west to the east, while the Yellow River flows from the north-central part of the country to the east. Historically, most of the arable land lies beside the banks of these major rivers and, as a result, these areas have been crucial to the development of the Chinese civilization.

As China is such a vast country, its climate varies. In the northern regions the winter temperatures can be sub-zero degree while the summer temperatures could be as hot as 30 degrees Celsius. The Central Region has a temperate continental climate with cold winters and very hot summers seasons while in the Southern Regions, the summers are very hot and the winters are mild.

The subdivision of a vast country like China will be multi-faceted, as discussed in previous section, and the definition of region and thus its subdivision depends on the nature of the problem, and in this case, its uses.

## **10.3. Subdivision of China from political and administrative perspectives**

From an administrative perspective, China is subdivided into five levels (Diagram 2). These levels are in descending order from one country (the state level), then subdivided into the provincial level, the prefecture-level city, prefecture, autonomous prefecture and league. Then it is further divided into city district, county, autonomous county, county-level city, banner and autonomous banner and lastly the residential district, town, township, ethnic township and sumu (Shu and Zhou, 2003; Chinese Government's Official Web Portal, 2005; Zhang, 2006).

Administratively, in terms of the governance of its civil servants, under Article 10 of the Temporary Regulations for National Civil Servants, there are fifteen levels of civil servant rankings, which correspond to the five administrative divisions, explained above. The Premier and Vice premier are posts at the state level, then there are ministers or officials of the provincial level, ministers or officials in the departments of prefectures, ministers or officials of divisions or counties, officials of section in the townships, and staff members (China's Political System n.d. Temporary Regulations for National Civil Servants n.d.) (Refer to Table 2 and Diagram 2 for more details.)

**Table 2.** Administrative Divisions of Regions

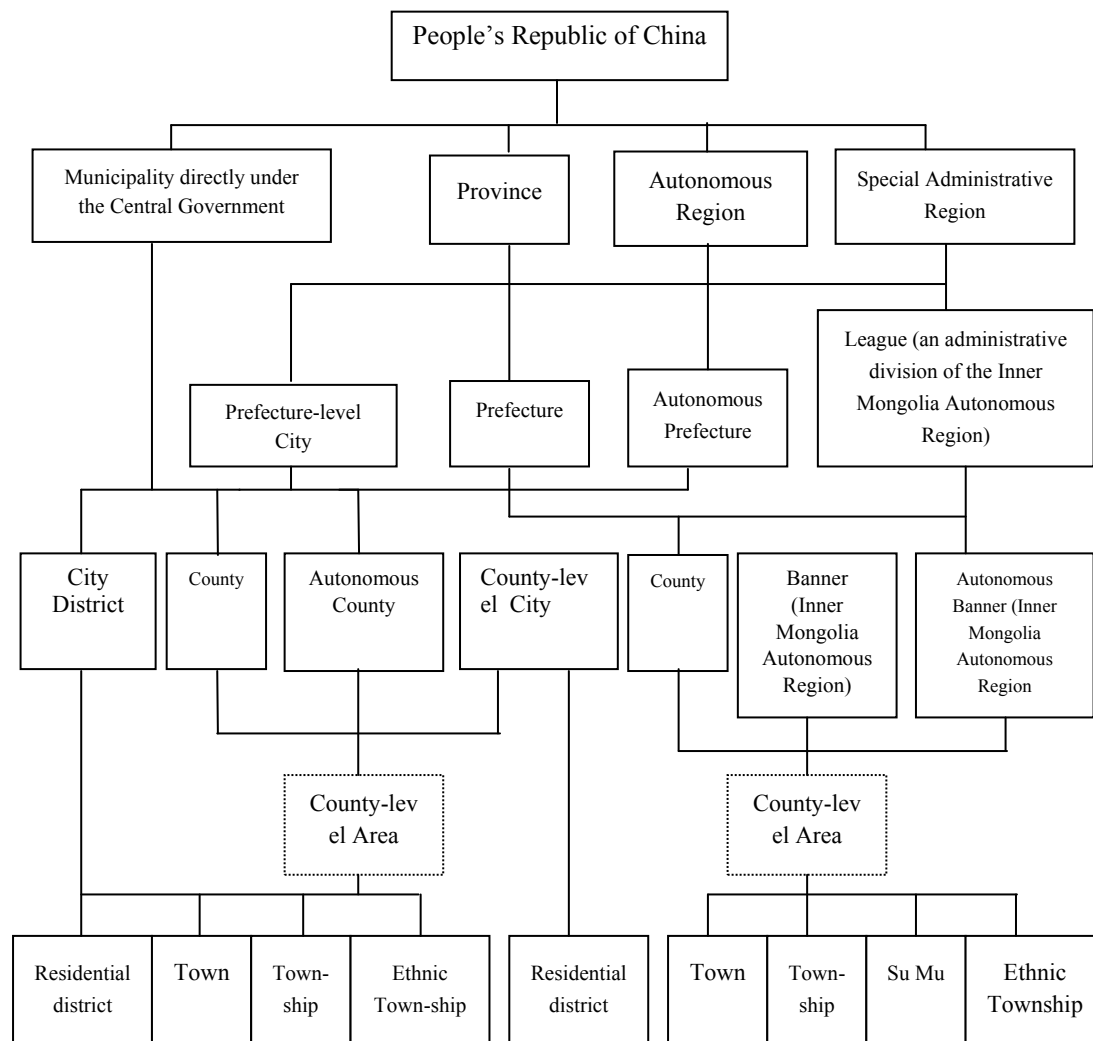
Provinces		Municipalities	Autonomous Regions	Special Administrative Regions
Anhui	Jiangsu	Beijing	Guangxi	Hong Kong
Fujian	Jiangxi	Chongqing	Nei Mongol	Macau
Gansu	Jilin	Shanghai	Ningxia	
Guangdong	Liaoning	Tianjin	Xinjiang	
Guizhou	Qinghai		Xizang	
Hainan	Shanxi			
Hebei	Shandong			
Heilongjiang	Shanxi			
Henan	Sichuan			
Hubei	Yunnan			
Hunan	Zhejiang			
	Taiwan			

Source: Shu and Zhou (2003)

Therefore, as in other large countries such as the U.S.A., Russia or India, while ordinary citizens are primarily concerned about issues surrounding them, they are also aware of the subdivisions of the regions and their place in the hierarchy such as whether they live in a small town or in a provincial city.

In the next section, the differences between the regions are discussed from an economic perspective.

**Diagram 2.** Levels of Administrative Regions



Source: Shu and Zhou (2003)

#### 10.4. Subdivision of China from a weather perspective

The subdivision of a region by weather is rather straightforward as it adopts the definition of region as in the China Statistical Yearbook with the addition of Hong Kong, Macau and Taiwan region.

In this perspective, China is divided into seven regions, where each region is a province with major cities. The seven regions are the Northern, Northeast r, Eastern, Central-South, Southwest, Northwest and Hong Kong, Macau and Taiwan regions (Weather n.d.), (refer to Table 4 below for more details on the provinces within each region).

**Table 3.** Division of Regions from Weather Perspective

Northern Region	Northeast Region	Eastern Region	Central-South Region	Southwest Region	Northwest Region	Hong Kong, Macau and Taiwan Region
<u>Provinces</u> Beijing Tianjin Hebei Shanxi Nei Mongol	<u>Provinces</u> Liaoning Jilin Heilongjiang	<u>Provinces</u> Shanghai Jiangsu Zhejiang Anhui Fujian Jiangxi Shandong	<u>Provinces</u> Henan Hubei Hunan Guangdong Guangxi Hainan	<u>Provinces</u> Chongqing Sichuan Guizhou Yunnan Xizang	<u>Provinces</u> Shaanxi Gansu Qinghai Ningxia Xinjiang	

Source: Weather n.d.

China is an agricultural country with 121 million hectares of arable land. In fact, in 2004, agriculture (including forestry and fishing) produced 15.2% of China's GDP and absorbed 46.9% of the total national workforce (Country Studies n.d.; Ma, 2008). With this in mind, in the next section we can see the subdivision of regions according to tea farming as given in the China Statistical Yearbook (2007, 2010) are discussed.

### 10.5. Subdivision of China from a tea farming perspective

Tea is a major commodity in China and there are vast areas of the country associated with the farming of tea. Tea plantations in China encompass an area of over one million hectares spread over 19 provinces, from the East Coast in Taiwan, to Tibet, the West Coast in Hainan, and on to Shandong. Over the last decades, the production of tea has steadily increased from 268,000 tons in 1978 to 1,359,000 tons in 2009 (refer to Table 5) and the production of tea is concentrated in few regions in China.

Traditionally, tea growing was divided into four major districts: the Southwestern, the South China, the Jiangnan and the Jiangbei. The South-western (for example Yunnan, Guizhou and Sichuan) mainly produces green tea, black tea and Pu-er tea. The South China (encompassing Guangdong, Fujian, Taiwan and Hainan), which also consisted of parts of the provinces of the Central-South and Eastern regions, mainly produces black tea, oolong tea, white tea and liupao tea. The Jiangnan (Zhejiang, Hunan, Jiangxi, Anhui, Jiansu and Hubei), which also covers parts the provinces in the Eastern and

Central-South Regions, mainly produces green tea (Longjing), black tea and scented tea. The Jiangbei Region (Henan, Shaanxi, Gansu and Shandong) mainly produces green tea.

**Table 4.** Yearly Yield of Tea

Year	Tea	Year	Tea
1978	26.8	1998	66.5
1980	30.4	1999	67.6
1985	43.2	2000	68.3
1989	53.5	2001	70.2
1990	54.0	2002	74.5
1991	54.2	2003	76.8
1992	56.0	2004	83.5
1993	60.0	2005	93.5
1994	58.8	2006	102.8
1995	58.9	2007	116.5
1996	59.3	2008	125.8
1997	61.3	2009	135.9

(10 000 tons)

Source: China Statistical Yearbook (2010)

The subdivision and the constituent of the provinces in these tea farming regions are based on the types of teas that each region produces as opposed to the geographical categories used for statistical purposes. In terms of the production of tea, certain places or regions are traditionally famous and synonymous with certain types of tea. For example, Xihu in Hangzhou province produces the famous Longjing (green tea), Huangshan in Anhui province produces the famous Maofeng (green tea), Menghai in Yunnan province produces the famous Pu-er (black tea), Qimen in Anhui province produces the famous Keehong (Black tea), Anxi in Guangdong province is famous for producing Tieganyin (Oolong tea) and Wuyi in Fujian province produces the famous Wuyi (Oolong tea) (Xia, 1994).

Tea drinking has been practised by the different sub-ethnic groups for thousands of years and has long been embedded in Chinese culture. However, it should also be recognised that China is made up of multi-ethnic groups and that each group has a different spoken language. The different languages spoken by people from these different regions and ethnic groups is discussed in the next section.