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Country of origin effect on products from Mainland China in Hong Kong

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BBA (Honours) Degree Programme

Final Year Project

***Country of Origin Effect
on products from Mainland China
in Hong Kong***

Submitted to

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Abstract

This study examines the effect of the country of origin cue on Hong Kong consumers' purchasing of products from the two countries—China and Japan. The research findings suggest that the country of origin and brand image are the important evaluative criteria for Hong Kong consumer.

There are three main objectives in the report. First is to explore the overall image of Mainland Chinese products in Hong Kong market. The other is to assess the impact of the country of origin on Mainland Chinese products in Hong Kong market. Last, we make some suggestions for improving the image of Mainland Chinese products in Hong Kong market.

The literature review and survey give the picture of the image of Mainland Chinese products in other markets. Overall, Mainland Chinese products have a negative image in those markets. The country of origin effect influences the country image so much, there has a negative image towards China. Hong Kong people view Mainland Chinese products as old-fashioned, cheap and unattractive.

To alleviate that, the Chinese businesses could improve their marketing strategies in Hong Kong, especially the marketing mix. They could change the product designs and packages with good brand names, put more emphasis on promotions and advertising, and improving the advertisements to adapt to the tastes of Hong Kong consumers. In addition, they could increase the number of retail channels that are more convenient for consumers to get information and easier to find the products. The low price of China brand products in Hong Kong gives people “cheap” and “low-class” impression. So, Mainland Chinese firms should raise the quality of products in order to set a higher price in Hong Kong market.

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Table of Contents

Chapter	Content	Page
Chapter 1	Introduction	
	1.1 Rationale	1
	1.2 Purposes	2
	1.3 Structure	2
	1.4 Objectives	3
Chapter 2	Literature Review	
	2.1 country of origin	6
	2.1.1 country of origin effect	7
	2.1.2 Influence to country of origin	8
	2.2 Country of production	9
	2.3 Brand Image	10
	2.4 Hong Kong Consumer Behavior	12
	2.4.1 The Asian consumer behavior	12
	2.4.2 Other factors	13
	2.5 Summary	15
	2.6 Hypothesis	17
Chapter 3	Methodology	
	3.1 Experiment	20
	3.1.1 Poster design	21
	3.2 Survey	21
	3.2.1 Control of Manipulation	21
	3.3 Sample	22

Chapter 4	Results and Analysis	
	4.1 Descriptive statistics of the sample	23
	4.2 Manipulation check: Attitude towards advertising	25
	4.3 Country of origin	26
	4.4 Attitude towards brand	33
	4.5 Intention to buy	36
	4.6 Other variables and country of origin effect	38
	4.6.1 Sex	38
	4.6.2 Age	41
	4.6.3 Education Levels	45
	4.6.4 Income	48
	4.7 Controlled manipulation	51
Chapter 5	Discussions	
	5.1 Conclusions	53
	5.2 Limitations	55
	5.3 Recommendations	56
	5.3.1 Price	56
	5.3.2 Product	57
	5.3.3 Place	58
	5.3.4 Promotion	59
Bibliography		60
Appendices		64

Chapter 1

Introduction

In here, someone may wonder why studying the country of origin effect on Mainland Chinese products in Hong Kong since Hong Kong is a part of China. It is true that Hong Kong has been a part of China since 1997, however, the “one country, two systems” and “unchanged for 50 years” policies make Hong Kong people still considering Hong Kong as an independent city or even a “country”. Thus, they view the products from Mainland China are as from other countries. So we think the study is reasonable and interesting.

1.1 Rationale:

Country of origin (COO) is the country in which the products are made. In fact, the country of origin effect has a great impact on the products, which do not have strong brand names. In the case of China brand products in Hong Kong, they do not have strong brand names or brand loyalty. In Hong Kong consumers' minds are poor quality, low prices and old-fashioned in packaging and advertising. So many Hong Kong consumers do not consider to buy the products from Mainland China.

Thus, the country of origin effect is essential to Mainland Chinese firms, which want to export to Hong Kong. As China market opens continually, Mainland Chinese firms have great opportunities to develop other countries' markets. The first thing the firms have to do is to examine the problems that hinder their products success in other countries. Country of origin effect may be a

major cause for the failure of China brand products in other markets since other countries may have similar attitudes towards China brand products as in Hong Kong. Besides, Hong Kong has a close relationship with Mainland China and act as a stepping-stone for Mainland Chinese firms to export to foreign markets, so our study of Mainland China products will mainly focus on Hong Kong. Is there really having a negative image towards China products in Hong Kong market? How can China brand products build a positive image? And, how can China brand products establish a better brand and product image?

1.2 Purpose:

In the project, there are three objectives. First is to explore the overall image of China brand products in Hong Kong consumers' minds. The other is to determine the degree of importance of country of origin effect cue compared with other salient attributes for evaluating or purchasing China brand products. Last is to make some suggestions on building up better brand and product image for Mainland Chinese products to get a positive country of origin.

1.3 Structure:

First, stating the problems that are going to study. Then conducting a literature review on country of origin effect and brand image. After that is the hypothesis and methodology that includes survey and experiment to prove our assumptions. Also, analyzing the research outcomes and giving

a conclusion. At the end, gives some recommendations on how Mainland Chinese firms overcome the country of origin effect on their products in Hong Kong market.

1.4 Objectives

There are three objectives of the project. First is to assess the overall image of China brand products in Hong Kong consumers' minds. Countries of origin effect influences people's evaluations on products and purchase decisions since people have different perceptions towards different countries and products. This is because each country has its own political, technological and economical environment. In Hong Kong consumers' minds, they have negative attitudes on China brand products, such as old-fashioned, cheap, etc. So, there is negative country of origin effect on China brand products in Hong Kong market. To prove whether it is true or not, there needs supports from primary data and secondary data. This is the first reason for doing this project.

Second objective is to determine the degree of importance of country of origin cue compared with other salient attributes for evaluating or purchasing China brand products.

Apart from the country of origin cue, there are several variables affect the consumers' purchase of Mainland Chinese products. We choose a specific product: electric appliance (television) for our study in the project. Consumers' attitude towards electric appliance may influence their purchase of the products, which are in China or foreign brands. Besides, consumers' attitude towards brand

image may also affect their purchase decision among different brands of products. There are some factors help constructing consumers' attitudes towards brand image, such as advertising, quality, price, technology and package. Moreover, other variables, such as sex, age, income and educational level can also influence consumers' purchase decisions among different brand products. On the other hand, this project mainly focuses on Hong Kong consumers, so the purchasing behavior of Hong Kong consumers is essential for testing their purchase of Mainland Chinese products.

Finally, the third objective of the project is to give suggestions on building better brand and product images for Mainland Chinese products to eliminate the negative country of origin effect.

Figure 1 shows the relationship between country image and brand image. 1 is represented a product that has a positive brand image and positive country image. 2 is represented a product that has a positive country image but negative brand image. 3 is that a product has a positive brand image but negative country image. 4 is represented that a product has negative image in both brand and country.

Fig. 1

		Country image	
		Positive	Negative
Brand Image	Positive	1	3
	Negative	2	4

We cannot do anything to change a country image as the factors, such as the history, the political, technological and economical environment is difficult to change. Therefore, the thing we can do is to give suggestions for Mainland Chinese firms how to build better brand and product images for Mainland Chinese products to overcome the negative country of origin effect.

Chapter 2

Literature Review

To understand the effects of brand image and country of origin, researchers and marketers should familiar with the buying behavior of consumers. In fact, the perceived risk, experience, price and brand loyalty are the important influences of purchasing decision. (Carrie, Douglas and Gordon, 2000). Safya and Barbara (1995) found that the individual would seek change or variety in choices over time. That creates the opportunity for companies to increase their market share and profit if they have variety choices and innovative products.

2.1 Country of origin (COO)

2.1.1 country of origin effect

Country of origin effect (COO) is an important element for company to build up a good brand image. COO means the country that the products come from. Lampert and Jaffe (1998) defined country of origin as “the impact which generalisations and perceptions about a country have on a person’s evaluations of the country’s products and brands”. It is different from country of production (COP). Though we recognized that the product might not necessarily be manufactured in that country because of multinational sourcing, we assume the product or brand is identified with that country (Johansson, Ronkainen and Czinkota, 1985). Country of origin is reflected as the brand origin of the product. How can it influence the brand image and sales of the products?

Consider that a country has a negative country of origin in consumers' minds. For example, Mainland Chinese products in Hong Kong people's minds are cheap and not innovative but American products and Japanese products are innovative and have a reasonable price (Siu and Chan 1996).

Why does this perception occur in Hong Kong people's minds? Johansson, Ronkainen and Czinkota (1994) stated that products from developed countries generally receive more positive evaluations than products from less developed ones. Besides, people's images towards a country are affected by the country's economic, social and cultural systems, the relative stages of economic development, political and historical events.

There are four dimensions for the relationship between the country image and product category. First is product-country match that is the perceived strengths of a country are important product features or benefits for the particular product category. Second is unfavorable product-country match that is the important product features are not the perceived strengths of the country. The third is favorable mismatch that is the country image is positive but is not important for the particular product category. Last is unfavorable mismatch that is both an unimportant product feature and not a perceived strength of the country (Sung and JR 1990). They considered these concepts could affect interpretation of information about specific product attributes only when it is conveyed some time before attribute descriptions, allowing a separate concept of the product to be formed on the basis of it. Country of origin is only one of several types of product information that could stimulate

the information of an initial concept of a product, but it is still a particularly important characteristic to consider.

Therefore, if the country of origin effect influences a product more than its brand image when evaluating by consumers, the strong brand image could not help anymore. The purchase intention of consumers to buy such products is low. However, if the products are affected by the brand image more than the country of origin, then the purchase intention of consumers to buy such products is higher when the brand image of the products is strongly positive.

2.1.2 Influences to Country of origin

Besides, the country of origin could be affected by the cultural difference. Zeynep and Maheswaran (2000) suggested that there are two different cultures: Collectivist and Individualist. Consumers in collectivist cultures, more favorable to the home country origin than the foreign. In individualist cultures, the more favorable country of origin bases on the superior attributes of the products. Thus, the different cultures can influence the country of origin (COO) a lot.

If a company's products can match one of the consumer types (collectives/individualist), does it have a competitive advantage when competing with others? Agrawal and Kamakura (1999) pointed out that country of origin is only extrinsic cue among many extrinsic and intrinsic cues available to the consumer in a real purchase situation. Besides, price premiums or discounts are resulted by differences in product quality rather than the image effect produced by the country of origin cue. So

that, country of origin may not be regarded as a major variable leading to competitive (dis)advantages to firms originating in certain countries. However, COO is still one of the influences in the buying choice.

2.2 Country of production (COP)

Since the trend of business is globalization, many companies may use some types of method to enter foreign countries, such as Foreign Direct Investment (FDI). Some may move their manufacturing operations or production of parts to other low production cost countries. Many Hong Kong manufacturers tried this method, moving their factories to Mainland China to take advantage of low labor cost and other low-cost resources to reduce the production cost. However, the COP sometimes may not influence the image of a product, which has a strong country of origin effect. For example, Disney is a US brand (Country of origin) but the toys are made in China (Country of production). However, because of the strong country of origin (Disney), the purchase intention of consumers have not been affected by the “made-in China” sign. But if the product does not have a strong brand name and country of origin effect, the country of production can have more influence on the products.

However, the country of production has less influence on strong brand names. “Although consumers know where the branded product is made, they will still not consider the location of made as the origin of the brand” (Hong Kong Baptist University, Sept 1998). For example, people

know that DKNY and Calvin Klein are made in China but in American brands, so consumers would consider they are products from US and have popular brand names. The other example is Nike, it has a strong brand name and its products are made in China (Haubl and Elrod, 1999). However, the production place does not affect its sales and international image. All these examples prove that strong brand name is a powerful variable to keep the positive image even if the production place is moved to other countries which has poor image on the country of production or origin.

In addition, consumers associate themselves with brands that match their self-concepts, the ingrained characteristics of the brand do not change with a change in manufacturing location (Phau and Prendergast 1998). They also said that the country of production has not so much effect on the consumer behavior, consumers concern more on the brand personality and brand name rather than the country of production. Country of origin should not change with a change in manufacturing location.

2.3 Brand Image

However, if a brand or company has not a good reputation or image to the consumers, will they succeed even they have variety choices and innovative ideas? The answer is unsure because the effect of brand image influences the consumers' purchasing decision very much. Biehal and Sheinin (1998) said that consumers' beliefs and attitudes toward brand advertising could directly influence their brand knowledge. Tactics for brand managers to establish better brand image are through

brand advertising, packaging and naming. These help the company to establish a good brand image in order to achieve brand loyalty. That is a good strategy to keep its consumers for long-term. The brand loyalty literature is perhaps most capable of informing theory concerning consumer-brand relationships. Besides, understanding the relationship between brands and consumers is very important for marketing and for the product to be succeed in the marketing (Fournier, 1998).

In order to build a brand name, positioning and advertising are important elements. Czerniawski and Maloney (1999) suggested that positioning involves six factors, they are the customer need, target customer group, competitive framework, benefit, reason-why and brand character. The companies have to know who are their target consumers and aware their needs in order to satisfy the target consumers. Besides, what benefits a company gives to its consumers through the products are essential as the reason why the customers buy this brand instead of other competitors. Also, advertising is important because it is a channel to give brand message and product information to public, especially to the target customers. Thus, well positioning and strong advertising are the starting points for establishing a brand, also the brand loyalty. It creates a purchasing environment by encouraging customers to perceive the attributes they aspire to as being strongly associated with the brand (Phau and Prendergast 1998).

However, it needs time and financial support for building or establishing a strong brand name in a market. Establishing a brand name is time-consuming, may be around 6-7 years to build a brand name in consumers' minds (Hong Kong Trade Development Council, 1991). Also, the companies

have to improve its products' quality and invest in promotion. The objective of brand management is "to reach the stage where everything are equal, a customers would choose your product over the competitors' products". (Hong Kong Trade Development Council, 1991)

2.4 Hong Kong consumers behavior

Culture is the main topic to study when companies decide its strategy, especially for the global companies. Should the companies use standardized products or customized products? (Phau and Prendergast 1998) In fact, different cultures have different attitudes towards the same products or different products.

2.4.1 The Asian consumer behavior

Phau and Prendergast (1998) stated that "The Asian taste for branded name luxury goods reflects the interdependence of group norms and hence a greater conformity in consumption behavior. Therefore, Asians pay particular attention to possessions which are both public and visible that reflects conformity of an ostentatious culture. It is no exaggeration that Asian prove to be brand ambassadors of the highest order". As each country or city has its own culture, consumers in different countries are not the same. How do Hong Kong consumers evaluate the products from Mainland China and from foreign? From the research done by Hong Kong Baptist College (1993), it suggested that Hong Kong consumers have a negative image towards the Mainland Chinese

goods although they are familiar with Mainland Chinese products.

Since Hong Kong is a part of China, it adopts the Chinese culture and it is a collectivism society. Therefore, Tse (1999) suggested that the families in Hong Kong, women mostly make the buying decision. Also, the gender is a factor of the buying behavior. Phau and Prendergast (1998) found that females in Hong Kong are willing to pay premium prices of luxury products.

Beside the culture and gender, there are other factors to influence the consumers' buying decisions, such as lifestyle, geography and climate, economic and purchasing power (Phau and Prendergast 1998). Dorothy stated that the social-class, reference group and family affect the buying decision. The individual perception, learning, motivation and personality also are the factors.

2.4.2 Other factors

To reference group, Chinese people face strong pressures to behave appropriately. This pressure provides the underlying motivation for the individual to identify with his or her peers. As such, whenever their peers acquire a brand name product, others in the social group would acquire a product of similar stature.

To family, the behavior of the family members, especially parents, affect the behavior of consumers very much. However, there still have different in people's personality, so disagreement will occur in families' buying decision. If there has a disagreement among the family members, members would go to find solution. Sometimes they may give up own preference. So, the

purchasing decision of Hong Kong consumers is influenced mostly by others, e.g. how others view me if I buy this product? So, it provides consumers with a means for making statements about themselves. This is manifested through their self-concepts through the strong images and personalities associated with these brands.

Those factors influence the decision-making process: the recognition and information search, information process, persuasive, alternative and choice. Well-educated people may search more information and recognize more problems or needs. A person who earns high income may make the choice faster than those who earn or have lesser money. So, studying the factors that influence the decision-making is very important.

The evidence of well-educated people search more information and a high-income person may less search information but make decision faster (Phau and Prendergast 1998) can explain the involvement level of consumers. Hong Kong people, for example, they involve more in the decision-making process, such as searching more information, take serious on choosing the best alternative in the products, like man's tie and car when comparing with Shanghai and Singapore. (Phau and Prendergast 1998). However, their involvement in these products is lower than American. This can be explained that Hong Kong as a commercial and international city, many people in business field have to formal dress and the appearance is very important (social visible). Therefore, the tie and car has to be choosing more carefully to give people a smart and good-looking image.

The effect of country of production on brand image would be greater for high involvement

products than for low involvement products. In addition, the effects of country of origin or manufacture on quality perception are greater for high involvement products than for low involvement products (Phau and Prendergast 1998).

Among the country of origin effect, consumer involvement has been shown to be the main determinant of how much decision effort an individual will exert when making a purchase (Phau and Prendergast 1998)

2.5 Summary:

From the literature review, we find that there are many factors affecting the product evaluation by consumers. The consumers usually perceive quality as the most important factor on decision making. Country of origin effect also affects consumer's product evaluations but less important than quality.

For the project, it focuses on the country of origin effect on consumer's product evaluations. Even this aspect may not affect every country's products, but from the literature review, we find that most Hong Kong people perceived Mainland Chinese products are cheap compared with other countries' products.

Besides, people's impression towards a country may affect by many factors, such as the country's economic, political, cultural systems and historical events.

Moreover, country of origin effect may be seen as a competitive advantages or disadvantages

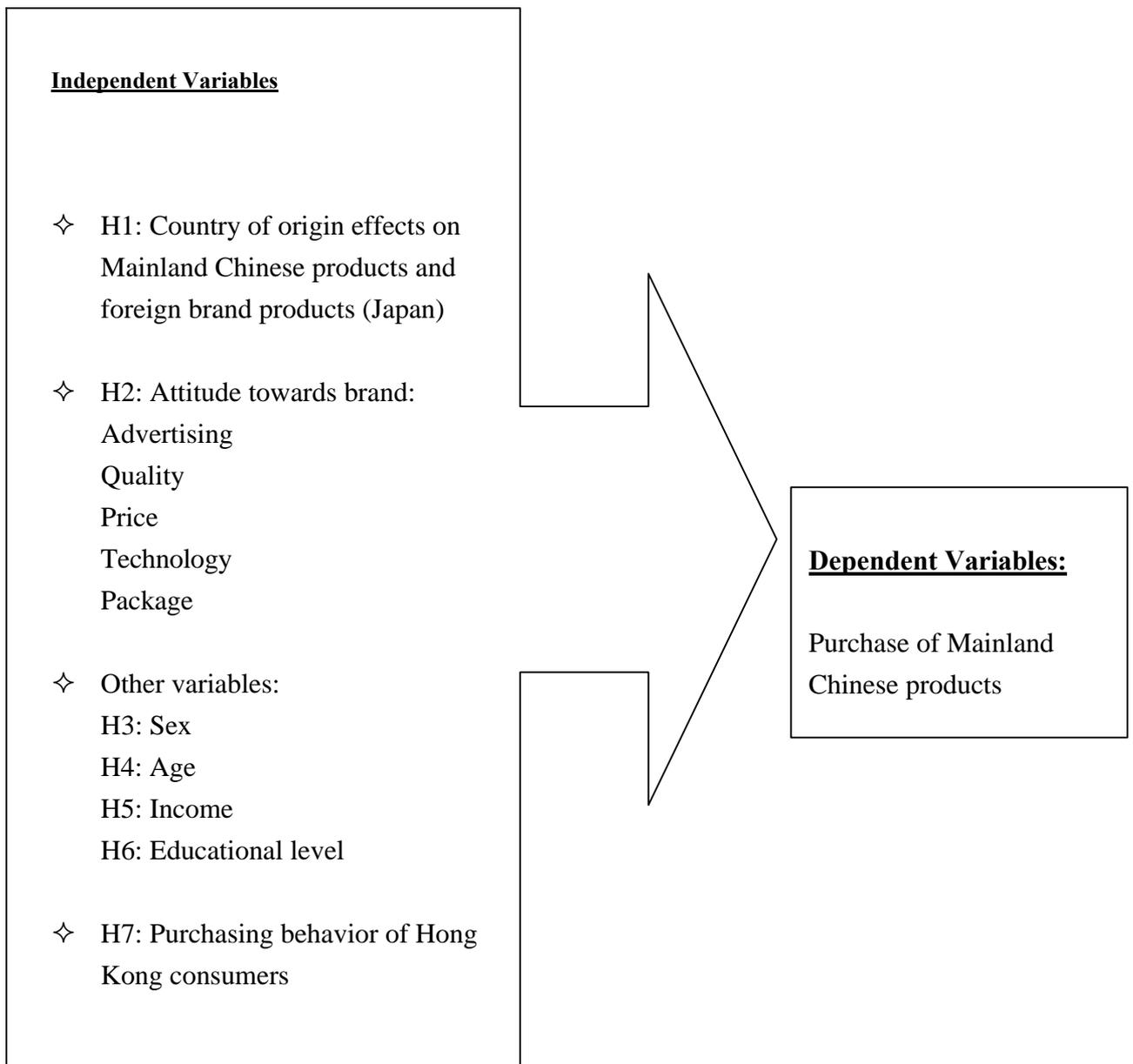
for a products in other countries.

On the other hands, there are relatively few studies on the solutions of the negative country of origin effect. Thus, we would make some recommendations for Mainland China, which suffer this COO problem.

2.6 Hypothesis

The literature review suggests several factors affecting people to purchase of Mainland Chinese products. In the following figure, some independent variables influence the purchasing decision.

Fig. 2



Country of origin Effects

As people's perceptions towards a country may affect their attitudes and purchase of the products. If there is a negative country of origin effect towards Mainland Chinese products in Hong Kong market, it will also influence people to purchase of these products.

H1: There is less favorable country of origin effect on Mainland Chinese products.

Attitude towards brand

Consumers' attitudes towards brand image may also affect their purchase decision among different brands of products. There are several factors that help constructing consumers' attitudes towards brand image, such as advertising, quality, price, technology and package. People in Hong Kong usually think that Mainland Chinese products are cheap, out-dated and old-fashioned.

H2: There are less favorable brand images of Mainland Chinese products.

Other variables

Other variables, such as sex, age, income and educational level, more or less, also influence the consumers' attitudes towards different brand products and their purchase decisions among these brand products.

Sex

H3: There are difference purchasing criteria between males and females. Males are more

emphasize on the function and technology of a product where women are more emphasize on the appearance and design.

Age

H4: The youngsters are likely to buy foreign brand products and the older people are more willing to buy Mainland Chinese products.

Income

H5: Low-income people are more willing to buy Mainland Chinese products than high-income people.

Educational level

H6: Less educated people are more willing to buy Mainland Chinese products than more educated people.

Purchase behavior of Hong Kong consumers

As this project is mainly focus on Hong Kong consumers, so the purchasing behavior of Hong Kong consumers is essential for testing their purchase of Mainland Chinese products.

H7: The country of origin effect has a significant impact on consumer purchases.

Chapter 3

Methodology

Besides the secondary data on country of origin effect, brand image of the products and consumer behavior from books, researches and articles, there is needed to collect information by experiment and survey too.

The experiment was combined with the survey into one test. So the questionnaire was divided into three parts. The first part belonged to the experiment and involved two questions. The second part was the survey that contained totally eight questions. The last part consisted of four questions and was used for control of manipulation of the posters in the experiment.

3.1 Experiment:

For the experiment part, we designed two posters to test people's attitudes towards advertising and brand. For each interviewee, we showed he or she one poster randomly, after one to two minutes, we then asked the interviewee to answer the questions. There were totally two questions for the experiment part. The first question was to test people's attitudes towards advertising and the second question was to test people's attitudes towards brand. A specific product, electric appliance (television) was used in the poster because there was assumed that a significant negative country of origin effect of the electric appliance from China than other products. Japan was chosen to compare

with China as the products from Japan relatively had positive country of origin effect, especially the electric appliances.

3.1.1 Poster design:

There were two posters of electric appliance (television) for the experiment used. The design of the two posters was totally the same with different brand names on the top of the posters. The two brand names were the exist brand names in Hong Kong market, Sharp and Konka. Sharp (聲寶) was a Japanese brand and Konka (康佳) was a Chinese brand. With the same design of the posters, we could test whether the brand names would influence people's attitudes or evaluations of the advertising and brand image.

3.2 Survey:

For the survey, there were eight questions aimed to assess consumers' general attitudes towards products from China and Japan as well as their intention to buy the products from these two countries. Other variables, which may influence people to purchase of China brand products, such as sex, age, income and educational level, were also tested in the survey. The interviewees had to do the survey continuously after they had finished the experiment part.

3.2.1 Control of manipulation:

The third part of the questionnaire, which consisted of four questions, was used to control of the manipulation of the posters to the interviewees. The first thing had to control was whether the interviewees knew the two brands of products or not and the countries that they came from. If most of them could not recognize Sharp was come from Japan and Konka was come from China, then we could not test the country of origin effect of these two countries and the test was useless. Secondly, the use of two existing brand names in the posters needed to be controlled by asking the interviewees whether they owned the product at home and their likeable of the brands. If the interviewees owned the products at home, they may have better attitudes towards the brand and finally affect the reliability of the test.

We also have to control for the effect of advertising in order to test the country of origin effect and brand effect. We used two posters in same design with the only difference of brand names, Sharp and Konka, to ensure that the interviewees should have same attitudes towards advertising of the two posters.

3.3 Sample:

The sample size of the test was 330. So the sample size for each poster (Sharp and Konka) in the experiment was 165. The response rate for the test was 90%. The test had been done randomly on the street in the urban areas and the shopping centers in Shatin, Mongkok and Causeway Bay. We did the test during the lunch hours and evenings, and was finished within two weeks.

Chapter 4

Results and Analysis

Belows are the figures of the sample in the survey:

4.1 Descriptive statistics of the sample

The ratio of males to females of the sample is similar. Most of them are in age 21-30. The interviewees are from a wide range of educational level which from form 3 to post graduate.

For the income level, most interviewees have lower than \$5,000 income because there are many students in the sample.

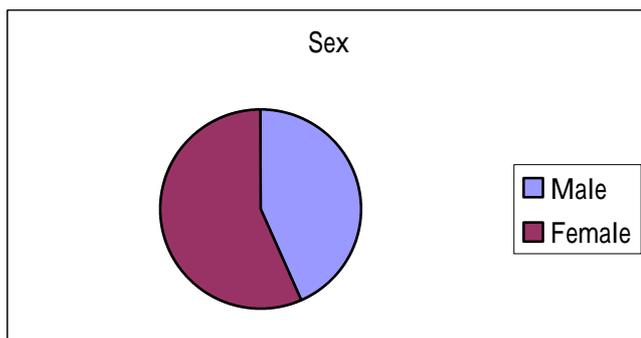


Fig. 3 Sex

There are 43% of male and 57% of female in the sample.

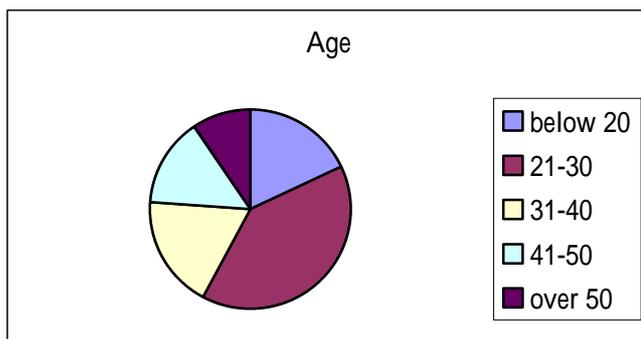


Fig. 4 Age

There are 40% of interviewees are in age 21-30. Below 20 years old and between 31-40 both have 18%. 15% are in age 41-50 and 9% over 50.

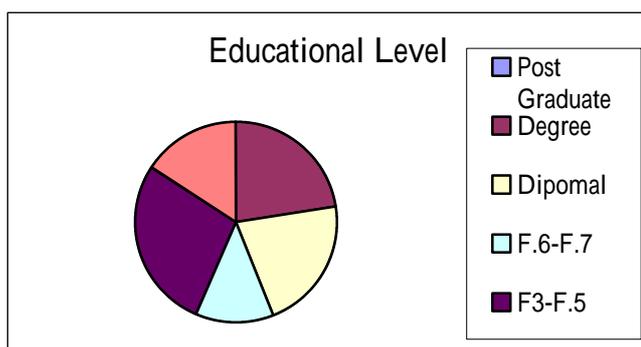


Fig. 5 Educational level

There are 28% in F.3-F.5 level of education. 22% are in University. 21% are dipomal holders. 16% are below F.3 and 13% are in F.6 or F.7

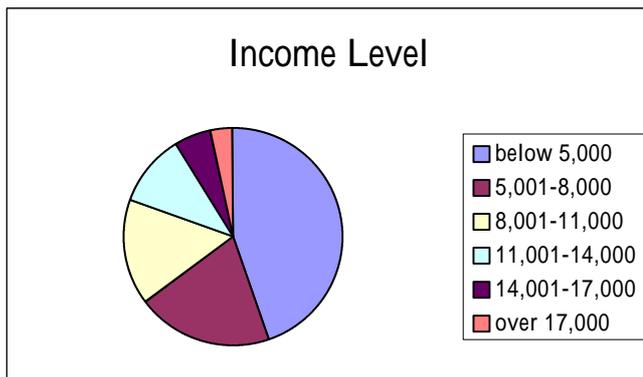


Fig.6 Income level

Most interviewees (45%) have lower than \$5,000 income because there are many students (Fig.7) in the sample. 20% have around \$5,001-8,000. 16% of the interviewees have \$8,001-11,000.

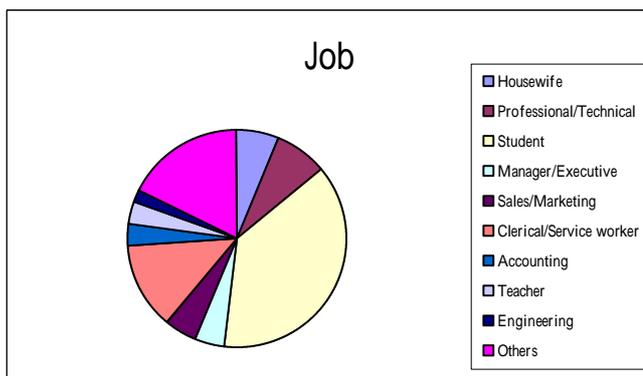


Fig. 7 Job

There are 38% of interviewees are students and 13% are clerical or service workers. Also, 18% are doing other jobs (including retirement) than the choice provided.

4.7 Controlled manipulation

Since we want to eliminate the bias of the interviewees, there are 4 questions in the questionnaire to control the manipulation. The following figures show the results.

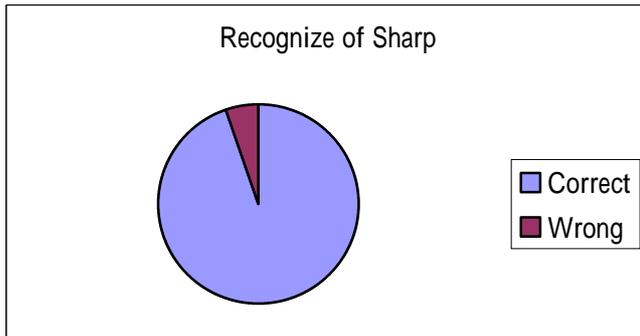


Fig. 8 Recognize of Sharp

This question is to test the interviewees' recognition about the brand in the poster. 95% of 150 interviewees recognized the brand "Sharp".

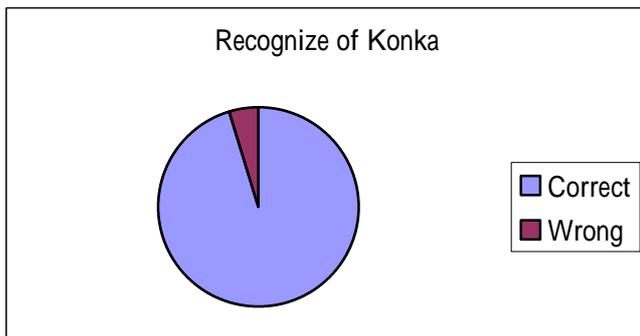


Fig. 9 Recognize of Konka

There are 95% of other 150 interviewees recognize the other brand "Konka", too.

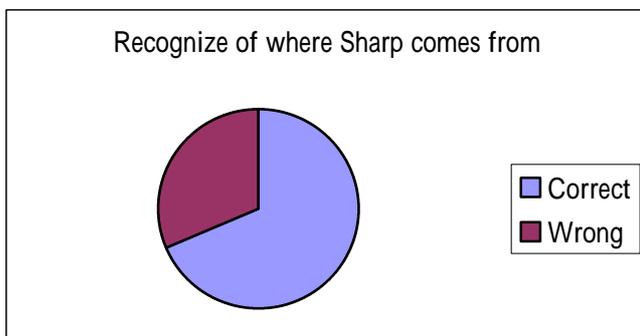


Fig. 10 Recognize of where Sharp comes from

This is to test people whether they know the brand "Sharp" or "Konka" comes from which country. 69% of 150 interviewees' answer correctly that Sharp comes from Japan.

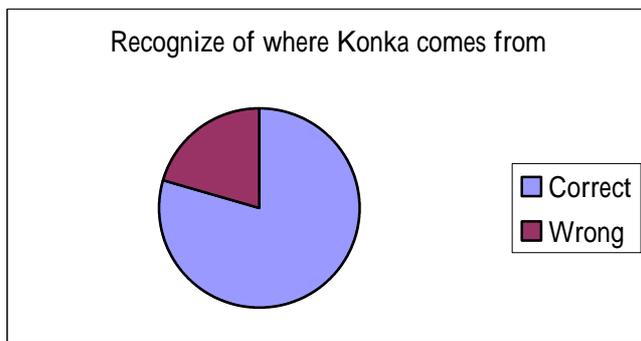


Fig. 11 Recognize of where Konka comes from

There are 79% of other 150 interviewees know the place that “Konka” comes from.

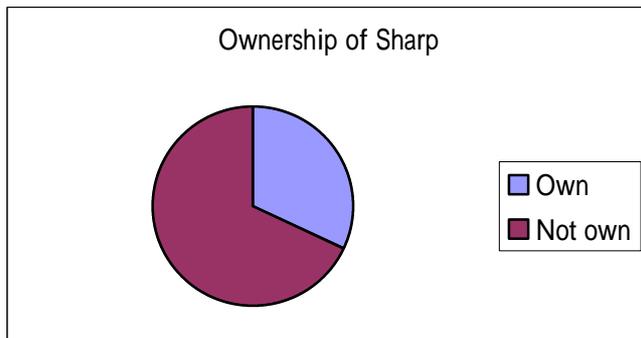


Fig. 12 Ownership of Sharp

There are 32% of 150 interviewees own Sharp TV at home.

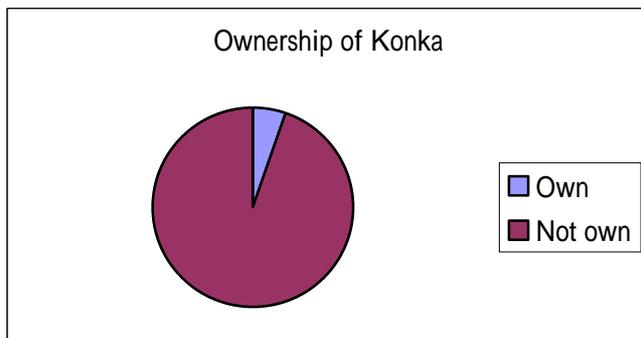


Fig. 13 Ownership of Konka

Only 5% of other 150 interviewees own Konka TV at home.

Brand Name	The favorite degree
Sharp	3.9
Konka	3.3

Table 19 Likable of the brand

There are similar favorite degrees for Sharp and Konka in interviewees’ mind.

The control of manipulation in this questionnaire is success since most people can recognize the two brand names and where they come from. That allows us to test the country of origin and brand image. Moreover, not many people own the TVs and have a medium likable on both Sharp and Konka that ensure they give opinions without any bias or favorite which may affect the judgement of the interviewees.

4.2 Manipulation Check: Attitude towards Advertising

From the results of the experiment, that is question no.1 of the questionnaire, the mean of each criteria, attractiveness, informative, believable, likeable, quality, effectiveness and persuasive, are similar with the two posters, China version and Japan version (*Table 1*). By looking at the t-test results, there is only one significant difference in the effectiveness between the two posters, and there are not significant differences in other criteria. It shows that there are no great differences between people's attitudes towards advertising of China brand products and Japan brand products (Television). It means that with the same design of posters but different brand names, people still have similar attitudes and evaluations of the advertising. So in that case, people attitudes towards advertising have little effects with the brand names, or even the country of origin.

We were very effective in manipulating and controlling for variations in advertising design.

Table 1 T-test results of attitude towards advertising of Japan and China brands' products

		Mean	t	Sig.
Attractiveness	Japan	3.64	-.132	.895
	China	3.66		
Informative	Japan	3.50	-.044	.965
	China	3.51		
Believable	Japan	3.83	-.280	.780
	China	3.79		
Likeable	Japan	3.38	-.441	.659
	China	3.45		

Quality	Japan	3.63	-.044	.965
	China	3.64		
Effectiveness	Japan	3.59	2.671	.008
	China	3.19		
Persuasive	Japan	3.38	1.287	.119
	China	3.19		

4.3 Country of origin (Hypothesis 1)

In Table 2, we compare the country of origin effect of Mainland China and Japan. According to the results, all significant figures are zero, that mean there have a big differences between China brand products and Japan brand products in the terms of price, attractive, innovative, etc.. China brand products have extremely lower scores in those variables. However, Japan brand products in overall have higher scores than China brand products and finally big differences in the results occur.

Table 2 Paired sample results of Country of origin

C-China, J-Japan	Difference	t	Sig.
Cprice-Jprice	-2.59	-26.177	.000
Cchoice-Jchoice	-2.26	-21.914	.000
Cattractive-Jattractive	-2.53	-24.575	.000
Cdurable-Jdurable	-2.09	-18.845	.000
Cquality-Jquality	-2.29	-21.331	.000
Cfunction-Jfunction	-2.17	-14.983	.000
Cinnovative-Jinnovative	-2.63	-23.859	.000
Cpopular brand name- Jpopular brand name	-2.90	-26.144	.000

Many people think that Mainland Chinese products are cheap, unattractive and not innovative.

In additions, since Mainland Chinese products are not so popular in Hong Kong and lack of promotion, their brand names are not well-known. Besides lack of promotion in Hong Kong and unpopular brand names, in fact, the overall image of products from Mainland China is less favorable in consumers' minds. When people see a product which is from Mainland China, they may have strong perceptions that the product is not good. In additions, since the producers in

Mainland China always ignore the package design of the products, so the appearances of the products are not old-fashioned and not attractive enough. The test results reflect this situation for China brand products in Hong Kong market.

The results also prove that our hypothesis in which Hong Kong people have negative country of origin effect towards Mainland Chinese products is true. People in Hong Kong do not like China brand products very much, they think the products are old-fashioned, cheap and not innovative.

Table 3 Paired sample results for comparing attitudes towards COO of China and brand attitude from poster (Hypothesis 1 and 2)

K-Konka, C-China		Mean	t	Sig.
Quality	Konka	3.68	6.338	.000
	China (COO)	2.95		
Kquality-Cquality (Difference)		.73		
Function	Konka	3.55	3.639	.000
	China (COO)	3.15		
Kfunction-Cfunction (Difference)		.40		
Innovative	Konka	3.60	5.185	.000
	China (COO)	2.96		
Kinnovative-Cinnovative (Difference)		.64		
Durable	Konka	3.71	7.681	.000
	China (COO)	2.81		
Kdurable-Cdurable (Difference)		.98		
Appearance	Konka	3.62	6.218	.000
	China (COO)	2.93		
Kappearance-Cappearance (Difference)		.69		
Popular brand name	Konka	3.19	2.197	.030
	China (COO)	2.91		
Kpopular-Cpopular (Difference)		.29		

Besides, we also test whether there any brand image effects on country of origin. From *Table 3*, the significant figures and t-values support that there are big differences between the results of brand attitude and country of origin of Mainland China. The overall results of country of origin effect on Mainland Chinese products are lower than attitudes towards brand in which interviewees evaluate a TV poster with brand name “Konka”. The results indicate people value the Konka TV better than the overall Chinese products in many categories.

There are several reasons explaining the above results. By showing the posters to the interviewees, it allows them to evaluate the product easier as they can see the real thing on the poster. In additions, as we have successful manipulation on the effect of advertising in the test, and 95% of interviewees (*Fig. 9*) know the brand “Konka” and many of them aware that it is from Mainland China. That means Konka is much well-known among many of the Mainland Chinese brand names in Hong Kong. So, the differences in evaluations may mainly due to the more favorable brand name, Konka, which shown in the poster. On the other hand, since there are many different types of Mainland Chinese products, when asking people’s attitudes towards China brand products, they would just evaluate by thinking of his/her existing perceptions on any of the Mainland Chinese products. So, the overall evaluations on Mainland Chinese products are poor. According to the results, we can conclude that China brand products generally have negative country of origin effect in Hong Kong consumers’ minds. And the results also support our

assumption in hypothesis 1 as we suggest that people in Hong Kong have negative attitudes towards Mainland Chinese products.

Table 4 Paired sample results for comparing COO of Japan and brand attitude from poster

(Hypothesis 1 and 2)

S-Sharp, J-Japan		Mean	t	Sig.
Quality	Sharp	4.01		
	Japan (COO)	5.05		
Squality-Jquality (Difference)		-1.04	-8.722	.000
Function	Sharp	3.67		
	Japan (COO)	5.33		
Sfunction-Jfunction (Difference)		-1.67	-13.331	.000
Innovative	Sharp	3.83		
	Japan (COO)	5.43		
Sinnovative-Jinnovative (Difference)		-1.61	-11.251	.000
Durable	Sharp	3.98		
	Japan (COO)	4.81		
Sdurable-Jdurable (Difference)		-.83	-7.044	.000
Appearance	Sharp	4.01		
	Japan (COO)	5.43		
Sappearance-Jappearance (Difference)		-1.42	-11.211	.000
Popular brand name	Sharp	4.05		
	Japan (COO)	5.43		
Spopular-Jpopular (Difference)		-1.49	-11.958	.000

Table 4 shows the comparison between country of origin effect of Japanese products and attitudes towards brand with poster in brand “Sharp”. In here, there also have big differences in the

results brand attitude and country of origin of Japan. In Table 3, the overall China brand products have lower scores than Konka which showed in the poster. Conversely, in Table 4, the overall Japanese products get higher scores than the advertising with brand name “Sharp”.

In fact, Sharp is not the most well-known Japanese brand in Hong Kong, so just 69% of interviewees (Fig. 10) recognize it comes from Japan. Thus, people may not have very good evaluations on Sharp in the survey since some of them may not familiar with the brand. Besides, when comparing with the results in Table 3, people still have better country image towards Japanese products than Mainland Chinese products.

People usually view Japanese products as innovative and with more functions. Also, the package and design of Japanese products are more attractive and popular in Hong Kong, such as Japanese fashions and trendy products that many Hong Kong people like to buy. Therefore, they find Japanese products are trendy and good in design. So, many of them evaluate the overall Japanese products better.

Besides, different evaluation criteria and expectations by people towards the two countries' products can cause the results that Konka gets higher scores than overall Mainland Chinese products and Sharp gets lower scores than overall Japanese products. As we have some descriptions/information of the TV in the poster, e.g. 14-inch size with Nicam and two colors-silver or gold. For interviewees who saw the poster of Sharp with these functions and design, they may think that it is not creative and innovative enough as many TV nowadays also consist these things.

So people may have poor evaluations on Sharp. But, for other interviewees who saw the poster with Konka brand name, they may have other evaluation criteria and lower expectations when evaluating the TV. In here, we can see that people would lower their expectations on Mainland Chinese products and higher their requirements on Japanese products. It reflects that people in general have higher perceptions on Japanese products and better attitudes towards products from Japan than from Mainland China.

Summary:

To summarize this part, the results clearly indicate that in Hong Kong consumers' minds, Mainland Chinese products are less expensive than Japanese products, but they are not attractive and innovative enough. This results may mostly due to the country of origin effect of the two countries. Many Hong Kong people recognize Japan as a developed country and have strong finance, so, Japanese products are more creative and in high quality. Many Hong Kong people follow the Japanese trends and have positive impressions on Japanese products or even proud of having them. However, Hong Kong people recognize Mainland China as a developing country, people in there are relatively poor and old-fashioned. So, Hong Kong people may shy to use Mainland Chinese products since there is a perceived risk of being laugh or look-down by others. On the other hand, the results also indicate that Hong Kong people quite emphasize on brand names. Although "Sharp" is from Japan, it has similar mean score (3.9 for Sharp and 3.3 for

Konka, *Table 19*) with “Konka” which is from Mainland China. It may be because Sharp is not the most well-known brand name in Hong Kong market. In fact, the brand image and brand name can influence people’s intentions to buy since proud of owning a product of famous brand is an important criteria in Hong Kong consumers’ buying behavior. So, just 5% of the sample own “Konka” as the brand is not popular (Fig.13).

4.4 Attitude towards Brand (Hypothesis 2)

The other thing we want to test from the experiment is people's attitude towards brand from Japan (Sharp) and from China (Konka). From the results of the test, there are differences between people's attitude and evaluation of Japan brand products and China brand products. All the means of different criteria, quality, function, durable, innovative, intention to buy, popular brand name and appearance in the test of Japan brand's product are higher than China. We can see that from table 5, especially the quality, durable, intention to buy, popular brand name and appearance have more significant differences among all. Also, from the results of the t-test, it shows that the "popular brand name" has the most significant difference between Japan brand's product and China brand products with the mean of 4.05 and 3.19 respectively. The results support our hypothesis that there is less favorable brand image of Mainland Chinese products in Hong Kong.

Table 5 T-test results of attitude towards China brand (Konka) and Japan brand (Sharp)

		Mean	t	Sig.
Quality	Japan	4.01	2.447	.015
	China	3.68		
Function	Japan	3.67	.849	.397
	China	3.55		
Durable	Japan	3.98	2.113	.035
	China	3.71		
Innovative	Japan	3.83	1.459	.146
	China	3.60		
Intention to buy	Japan	3.46	2.450	.015
	China	3.03		
Popular brand name	Japan	4.05	5.151	.000
	China	3.19		
Appearance	Japan	4.01	2.464	.014
	China	3.62		

As we used two existing brand names of television in Hong Kong market, Sharp and Konka, so we have to control of manipulation of the interviewees. At the last of the questionnaire, we asked the interviewees whether they had the brand of products at home and how much they like the brand. We asked these questions for making sure the reliability of the test. For the results, the interviewees like Sharp at 3.9 degrees and like Konka at 3.3 degrees in average (*Table 19*). And only 32% (48/150) of the interviewees own sharp and 5% (8/150) own Konka (*Fig.12 &13*). These figures show us the fact that there is no great bias for the evaluations of the interviewees, they do not have extremely good attitudes towards each of the brand. Also, we have discussed before that interviewees' attitudes towards advertising of the two posters are similar. So, two posters with totally the same product and design, and have control of manipulation, but still have differences between the evaluations of the two brands, the reason must due to different brand names of the two posters.

First, it may because Hong Kong people know Sharp more than Konka. The mean for “popular brand name” of Sharp is 4.05 but for Konka is only 3.19. So people may evaluate Sharp better than Konka.

Second, there are more Japanese products in Hong Kong, especially the electric appliances, even people do not own Sharp at home, they must own other Japanese products. So they can easier to get information of the Japan brand products and even have experiences to use them, so they may have more confidence on the quality, function and durability of Japanese products and have greater

intention to buy.

Third, the differences may due to the country of origin effect on the two countries' products. In the literature review, we have discussed that the Hong Kong people commonly have less favorable country of origin effect on China brand products. And this is also the hypothesis of our test. By the test results, it proves that there may be a negative country of origin effect on Mainland Chinese products in Hong Kong.

One interesting thing is that there are not significant for the function and innovative of Chinese and Japanese products. As the literature review states that Chinese products are considered as old-fashioned and out-dated by Hong Kong consumers. But from the result, it shows that the real situation is not the same, it may because Konka is a better brand people perceived among many of the Mainland Chinese products.

4.5 Intention to buy

From the results, people have greater intention to buy the Japan brands' electric appliances with a mean of 5.68 than from China which the mean is only 3.12. And the significant figure also shows that the results are with great significant difference.

Table 6 Paired sample results of intention to buy Chinese and Japanese products

	Mean	t	Sig.
China	3.12		
Japan	5.68	23.698	.000

The results are not so surprising since our hypothesis is that people have negative country of origin effect towards China brand products and finally lower intention to buy. But one thing has to point out is that the real situation is much better than our imaginations. Some people may like trying to buy Mainland Chinese electric appliances than Japanese one. It may be because after 1997, the relationship between Mainland China and Hong Kong is much closer, and as market of Mainland China continuously open, more Chinese products imported to Hong Kong market, people have more chance and easier to buy products from Mainland China. Besides, some of the China brand products have more promotions in Hong Kong market recently, especially the electric appliances, such as TCL, Goodwill, Midea(美的) and Kelon(科龍). By the promotions, people are more familiarize with China brands' electric appliances, so some of them may be more willing to buy

these products than before.

In additions, there are many different countries' electric appliances in Hong Kong market, not only from Mainland China and Japan, some of them are quite popular, such as Whirlpool that from U.S.. So even people commonly have better attitudes towards Japan brand products, but their intentions to buy are not very high with many choices in Hong Kong market, as the mean is just 5.68. This result also has another explanation. For the electric appliances, they include many different kinds of products, such as television, washing machines and computers, the Japan brands' products are not famous in all product categories. Just takes computers as example, Compaq is popular but it comes from U.S.. So when asking people's intentions to buy the electric appliances from Japan or Mainland China, their intentions may not too high since the product range is too large with only two countries to choose.

4.6 Other variables and country of origin effects

4.6.1 Sex and country of origin effects (hypothesis 3)

According to table 7, there are no significant differences between males and females when they evaluate the products from Mainland China. However, we can see that the means for males on choice, attractive, innovative and popular brand name are higher than females. That may be because females are more emphasis on those variables when evaluating products but males are not. Females would more concentrate on innovative, attractiveness and popularity of a product rather than its quality, function and durability. So, they evaluate China brand products worse as these products may far below their expectations and requirements on these criteria.

Table 7 T-test results of sex influence on the Country of origin of China

		Mean	t	Sig.
Price	Male	2.73	-.593	.554
	Female	2.81	-.578	.564
Choice	Male	3.25	.511	.610
	Female	3.18	.507	.613
Attractive	Male	3.09	.820	.413
	Female	2.97	.825	.410
Durable	Male	2.96	-.141	.888
	Female	2.98	-.140	.888
Quality	Male	3.04	-.285	.776
	Female	3.08	-.287	.775
Function	Male	3.24	-.545	.586
	Female	3.38	-.592	.555
Innovative	Male	3.13	.670	.503
	Female	3.02	.677	.499
Popular brand name	Male	2.92	.705	.481
	Female	2.81	.702	.483

Table 8 T-test results of sex influence on the intention to buy

		Mean	t	Sig.
China	Male	3.39	3.273	.001
	Female	2.92	3.225	.001
Japan	Male	5.59	-1.295	.196
	Female	5.75	-1.295	.197

To table 8, it shows that males have higher intentions to buy China brand products than females and the difference is significant. However, to Japanese products, males and females have similar intentions to buy and the difference is not significant. But males have relatively lower intentions in buying Japan brand products than females. Females have more positive attitudes towards Japanese products (*Table 9*). There are significant differences in attractive, function, innovative and popular brand name. Females have higher scores in these variables because females more concentrate on products' package design and brand name. They would be influenced by the design and popularity of brands very much when making the buying decisions. The emotional buying behavior of females is different from males' rational decision making, so females would think that Japanese products are also good in choice, durability and quality as they consider Japanese products have good looking and well-known brand names.

Table 9 T-test results of sex influence on the Country of origin of Japan

		Mean	t	Sig.
Price	Male	5.34	-.415	.679
	Female	5.39	-.416	.678
Choice	Male	5.40	-.904	.367
	Female	5.52	-.907	.365
Attractive	Male	5.40	-2.129	.034
	Female	5.67	-2.142	.033
Durable	Male	4.95	-1.380	.169
	Female	5.14	-1.387	.166
Quality	Male	5.29	-.887	.376
	Female	5.40	-.895	.371
Function	Male	5.31	-2.491	.013
	Female	5.62	-2.544	.011
Innovative	Male	5.55	-2.081	.038
	Female	5.82	-2.087	.038
Popular brand name	Male	5.55	-2.824	.005
	Female	5.92	-2.851	.005

Therefore, sex would affect people's attitudes towards products from different countries. Even both males and females are more willing to buy Japanese products, but males tend to have better attitudes towards Mainland Chinese Products than females.

4.6.2 Age and Country of origin effect (Hypothesis 4)

By the questionnaires, we also test for whether there any effect of different age on country of origin effect towards Japan and China brand products. The results are showed in the tables below.

Table 10 Anova results of comparing Age and Country of Origin Effect towards Mainland Chinese products

China		Price	Choice	Attractiveness	Durable
Mean	20 or below	2.70	3.50	3.20	3.09
	21-30	.97	3.13	2.85	2.79
	31-40	1.18	2.84	2.65	2.89
	41-50	1.24	3.20	3.20	3.02
	51 or above	1.40	3.17	3.86	3.61
F-value		3.736	3.052	5.523	2.650
Sig.		.006	.017	.000	.034

(Continued)

China		Quality	Function	Innovative	Popular
Mean	20 or below	3.30	3.30	3.28	3.15
	21-30	2.87	3.20	2.88	2.61
	31-40	2.93	2.93	3.04	2.73
	41-50	2.98	3.11	3.07	3.02
	51 or above	3.82	4.93	3.54	3.36
F-value		3.654	4.698	1.694	2.905
Sig.		.006	.001	.151	.002

Table 11 Anova results of comparing Age and Country of Origin Effects towards Japanese products

Japan		Price	Choice	Attractiveness	Durable
Mean	20 or below	5.41	5.57	5.70	4.93
	21-30	5.45	5.65	5.82	5.23
	31-40	5.15	5.36	5.22	5.13
	41-50	5.41	5.23	5.34	4.77
	51 or above	5.32	5.07	5.14	4.93
F-value		.718	2.448	4.858	1.602
Sig.		.580	.046	.001	.174

(Continued)

Japan		Quality	Function	Innovative	Popular
Mean	20 or below	5.41	5.57	5.91	5.81
	21-30	5.53	5.72	5.93	6.02
	31-40	5.18	5.11	5.40	5.65
	41-50	5.16	5.36	5.57	5.41
	51 or above	5.14	5.21	5.11	5.36
F-value		1.951	3.947	5.058	3.728
Sig.		.102	.004	.001	.006

From the results, generally, the elderly people with age 51 or above have better attitudes towards China brand products than other age groups. The means in most criteria by age 51 or above are nearly the highest, with most significant in attractiveness, quality and function. And for Japan brand products, it seems that younger people like more, especially for the age group of 21-30, their evaluations on all criteria towards Japan brand products are the best, with higher means than other age groups.

As most people of age 51 or above in Hong Kong are Mainland China immigrants in the 60's, so they may have deeper emotions and better attitudes towards Mainland China as well as it's products. Moreover, most of those people may also have bad attitudes towards Japan, as they cannot

forget their memories about the history of the Japanese attack China. On the other hand, people in this age group may have more experiences in using China brand products than the younger people. So their evaluations on the quality, durability and functions of the Mainland Chinese products may be better.

For the younger people, especially the age group of 21-30, most of them like to follow the trend, especially those fashions and trendy products from Japan. Besides, they are the group of people that tend to be more willing to try the new products or inventions, so they may like Japanese products more as these products are more innovated. In additions, the young people may have bad attitudes or feelings towards Mainland China by its history that they experienced, such as the incident in 4th of June in 1989, it damaged the image of Mainland China a lot. From the above reasons, it may explain the result that the younger tend to have better attitudes towards the Japan brand products.

In conclusion, the elderly people tend to have better attitudes towards Mainland Chinese products and the younger tend to like Japanese products more. Even the elderly people have better attitudes towards Mainland Chinese products, but when comparing with the Japanese products, they have better evaluations of the Japanese products over the Mainland Chinese products, it is why the overall intentions to buy Japan brand products are higher than China brand products. The results are showed in the table below (*Table12*). Consequently, age is a variable that can affect people's attitudes and evaluations towards products and the country of origin. The results also support our hypothesis in which the elderly people have better attitudes towards China brand products and the

youngsters like Japanese products more.

Table 12 Anova results of age and intention to buy Mainland Chinese and Japanese products

		Mean	F	Sig.
China	20 or below	3.20	3.084	.016
	21-30	2.88		
	31-40	3.25		
	41-50	3.11		
	51 or over	3.75		
Japan	20 or below	5.72	2.532	.041
	21-30	5.82		
	31-40	5.47		
	41-50	5.77		
	51 or over	5.25		

4.6.3 Educational level and Country of origin effect (Hypothesis 5)

The two tables below show the relationship between educational level and country of origin effect towards Mainland Chinese and Japanese products. As we discuss in the hypothesis, the educational level, more or less, do have some influences on people's attitudes and evaluations on different countries' products. In this case, it is especially true for the evaluations on attractiveness and popular brand name of Mainland Chinese and Japanese products as the results are both significant in these two products.

Table 13 Anova results of comparing Educational Level and Country of Origin Effect towards Mainland Chinese products

China		Price	Choice	Attractiveness	Durable
Mean	University	2.75	3.18	2.90	2.88
	HD/Dip.	2.70	3.09	2.78	2.75
	Form 6 or 7	2.58	3.08	2.74	2.68
	Form 3 – 5	2.78	3.17	3.13	3.05
	Form 3 or below	3.06	3.60	3.57	3.51
F-value		1.051	1.300	3.710	3.400
Sig.		.381	.270	.006	.010

(Continued)

China		Quality	Function	Innovative	Popular
Mean	University	2.87	3.01	2.87	2.60
	HD/Dip.	2.95	3.28	2.98	2.98
	Form 6 or 7	2.68	3.74	2.74	2.76
	Form 3 – 5	3.11	3.19	3.10	2.73
	Form 3 or below	3.72	3.68	3.70	3.36
F-value		4.418	1.087	3.612	2.644
Sig.		.002	.363	.007	.034

Table 14 Results of comparing Educational Level and Country of Origin Effect towards Japanese products

Japan		Price	Choice	Attractiveness	Durable
Mean	University	5.38	5.38	5.74	5.12
	HD/Dip.	5.33	5.75	5.86	5.13
	Form 6 or 7	5.47	5.37	5.39	5.21
	Form 3 – 5	5.22	5.52	5.43	5.13
	Form 3 or below	5.60	5.19	5.21	4.64
F-value		0.919	1.985	3.393	1.887
Sig.		.453	.097	.010	.113

(Continued)

Japan		Quality	Function	Innovative	Popular
Mean	University	5.40	5.59	5.84	5.81
	HD/Dip.	5.56	5.83	5.86	6.09
	Form 6 or 7	5.53	5.47	5.82	5.82
	Form 3 – 5	5.27	5.34	5.63	5.66
	Form 3 or below	5.02	5.13	5.32	5.38
F-value		2.320	3.583	2.143	2.954
Sig.		.057	.007	.076	.020

Besides, the results show that people with lower educational level, that is form 3 or below, seem to have better attitudes towards China brand products as the means of all criteria on evaluating Mainland Chinese products are higher than others. Besides, their evaluations of Japanese products are also worse than others. Conversely, people with relatively higher educational levels, such as higher diploma or diploma, have better evaluations of Japanese products, especially on the choice, function and popularity.

Table 15 shows how much the educational levels affect people's intentions to buy Mainland Chinese products and Japanese products. From the results, we can see that the educational level do have some effects on people's attitudes towards the China and Japan brand products and their

intentions to buy these two countries' products. The difference is more significant for people's intentions to buy Japanese products. In overall, people tend to buy Japanese products. But for Mainland Chinese products, people with form 3 or below level of education have greater intentions to buy. And for Japanese products, people with higher educational levels are more likely to buy.

Table 15 Anova results of educational level and intention to buy Mainland Chinese and Japanese products

		Mean	F	Sig.
China	University	3.06	1.826	.124
	HD/Dip.	2.89		
	Form 6 or 7	2.92		
	Form 3 – 5	5.28		
	Form 3 or below	3.43		
Japan	University	5.87	2.604	.036
	HD/Dip.	5.80		
	Form 6 or 7	5.76		
	Form 3 – 5	5.61		
	Form 3 or below	5.30		

4.6.4 Income level and country of origin effect in terms of expensiveness

(Hypothesis 6)

In our questionnaire, we define six income groups but in the t-test, we group them into three groups in order to make the results more clear.

Table 16 Anova results of income level influence on price of Mainland Chinese products

	Mean	F	Sig.
Below 5,000	2.80	.309	.735
5,001-11,000	2.79		
Over 11,000	2.66		

Table 17 Anova results of income level influence on price of Japanese products

	Mean	F	Sig.
Below 5,000	5.38	.804	.433
5,001-11,000	5.28		
Over 11,000	5.53		

To compare the two results, there is no significant difference between the different income groups in evaluating the price level of Mainland Chinese and Japanese products. The results indicate that income level has less influence on people's purchasing decisions. In overall, people feel that Japanese products are more expensive than Mainland Chinese products since the means of Japan's product price for all income groups are higher than Chinese one. But generally, people still prefer buying Japanese products rather than Mainland Chinese products, especially those people have over \$11,000 income (Table 18). This may because Hong Kong people believe that high

quality products have relatively higher prices. It is reasonable that the price is consistence with the quality of products. So, people may willing to pay more money buying high quality products.

Table 18 Anova results of income levels influence on the intention to buy

		Mean	F	Sig.
China	Below 5,000	2.99	1.116	.329
	5,001-11,000	3.22		
	Over 11,000	3.20		
Japan	Below 5,000	5.69	.798	.451
	5,001-11,000	5.60		
	Over 11,000	5.81		

The results also support the hypothesis that people in higher income groups tend to have greater intentions to buy Japanese products than Mainland Chinese products.

Chapter 5

Discussions

5.1 Conclusions

Through the literature review and survey, there has evidence to prove that Mainland Chinese products in Hong Kong market are not popular and have a negative image in consumers' minds.

The cause that affect consumers to view Mainland Chinese products as unattractive and not innovative is mainly due to negative country of origin effect of Mainland China. The negative country image makes the products from China not so popular and unsuccessful in Hong Kong market.

Besides, the brand and product images are quite important when entering to other markets. Many firms would change or redesign their products to adapt different markets. However, Mainland Chinese products are seldom to adapt to Hong Kong market. Although they have more advertising and promotions in Hong Kong recently, the advertisements are suitable for Mainland China rather than Hong Kong since they are quite "old-fashioned" in the views of Hong Kong people.

In additions, the product design and packaging should adapt to Hong Kong market, e.g. can be more funny and colorful. The low price strategy may be a competitive advantage for Mainland Chinese products, but this cannot last for a long time because the living standard of Hong Kong people is quite high, they emphasize on the quality of living rather than quantity of living. So, if the

Chinese businesses want to have better sales in Hong Kong market, the first and the most effective way they can use is to redesign their marketing strategies in Hong Kong market, especially the marketing mix (4P's). In the recommendation part, we have made some suggestions on the marketing mix of Mainland Chinese products in adapting Hong Kong market.

5.2 Limitations

From the start, we designed to add the “made-in” on the posters to test the relationship between brand image, country of origin and country of production. But after the pre-test of the experiment, we found that it was difficult to control of the “made-in” labels, and the results were not good, even the poster stated that the product was made in China or Japan, the interviewees may not believe in. So finally we abandoned this idea and not to test the country of production in the experiment. We then used the existing brand names, which most people may know where they came from instead of adding the made-in labels on the posters.

5.3 Recommendations

From the study, it shows that there is really a negative country of origin effect towards China brand products, but fortunately, the situation is not worse than our initial assumptions. Therefore, we believe that Mainland Chinese firms can do something to turn around the negative country of origin effect of their products. As the country of origin effect towards a country may consist of many factors, such as the history of the country, or its political, economical, technological and social environment. So in our report, we try to give some suggestions on the 4P's strategies in order to help Mainland Chinese firms to build better brand and product image and to eliminate the problem of negative country of origin effect.

5.3.1 Price

First, for the price, we think that the major problem is not here, so Mainland Chinese firms can put rather less effort on their pricing strategies. Most of the Mainland Chinese firms are using a low price strategy in Hong Kong market, it may be because their cost of production is relatively lower. A low price strategy can attract more customers but it may promote a "cheap", "low-class" image of the product, or even the brand. As what we investigated in the literature review, Hong Kong people think that Mainland Chinese products are "cheap" and have negative attitudes on them. So low price strategy may not be suitable for Mainland Chinese firms to build better images of the products and brands, they have to pay more attention on this issue.

5.3.2 Product

Second, for the product, we believe that it may be the major problem causing the failure of Mainland Chinese products in Hong Kong market. This is especially true in the brand name and package or design of the products. The brand name is important for developing the brand image as people first familiar with a product or a brand is by the brand name, so it must affect people's attitudes towards the product and brand if the brand name is not good. In the case of China brand products, their brand names always give Hong Kong people a feeling of "old-fashioned", "out-dated" and "bad-taste", so they do not have good attitudes towards these products. And it is also not suitable to use simplified Chinese characters and translations of Mandarin in the brand names. By the way, Mainland Chinese firms must first think of a high-sounding brand name for their products before they enter Hong Kong market.

For the package or design of the products, it should be more adapted to Hong Kong market. Even people in Mainland China may not care about the products' package, but the package of products is an important criteria in product evaluation by Hong Kong people as what we investigate in the survey. So Mainland Chinese firms should put more capital and efforts on the products' design and package and think of something innovative since Hong Kong consumers like something special and innovative. An attractive appearance of the product can attract more people and hence increase the competitive power.

Besides the package and design, the quality is very important. As Hong Kong consumers' expectations on products are increasingly higher, low quality and out-dated products are bound to fail. So Mainland Chinese firms must ensure their products are in high quality and should put more efforts on research and development tasks to make their products more innovative and suitable for Hong Kong people.

In additions, many foreign products such as from Japan, U.S., Korea, are sold in Hong Kong, so the competition is very keen. These products usually strengthen in their quality. Moreover, Hong Kong people evaluate products' quality more important than price, so, quality is the most vital elements of a product. Thus, Mainland Chinese firms have to improve the quality of products in order to enhance their competitive power in Hong Kong market.

5.3.3 Place

For the place, we suggest Mainland Chinese firms to increase the number of distribution channels of their products in Hong Kong. Now only several outlets have Mainland Chinese products to sell, most of them are in small to medium size, so it is quite inconvenience for people to buy Mainland Chinese products and difficult to get information of those products. The unfamiliar of Mainland Chinese products makes people have more perceived risk for buying them. So the firms should promote their products in more shops, especially the large department stores, it can increase people's confidence to buy those products with support and guarantee by large stores. Especially for

the electric appliances, people would have greater confidence to buy from large department stores or specialist stores than in small shops.

5.3.4 Promotion

Finally, for the promotion, it is also a great problem causing the failure of Mainland Chinese products in Hong Kong. From the test results, most people think that China brand products are not popular enough. It is because Mainland Chinese products are lack of promotions, so, many people do not familiar with these products or even do not know their existence. The solution is to carry out different promotion strategies, such as advertising, sales promotion and public relation. These are effective for building up brand image and penetrating the target customers. For the advertising, something that Mainland Chinese firms must to pay attention are the content, wordings or slogans, and the style of the advertisement, they must have to adapt to Hong Kong market's special culture. Hong Kong people tend to like some innovative and trendy advertisements more.

The change in the marketing mix of a individual Mainland Chinese firm may not have any influence on the negative country of origin, but the total effects of all or most firms to do that, especially in improving the quality of products, it could eliminate the negative country of origin. Since the reason that people like to buy products from positive country of origin is mainly because of their confidence in the products' quality and design. So if all the firms improve their marketing

mix, the overall image of the products from Mainland China would change to more favorable in future.

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