

## **English and Chinese? The Role of Consumer Ethnocentrism and Country of Origin in Chinese Attitudes towards Store Signs**

Fang Liu, Jamie Murphy, Jianyao Li, Xiangping Liu

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### **Abstract**

This article examines how consumer ethnocentrism (CE) relates to Chinese consumers' evaluations of three store signs – Chinese name, English and Chinese name, and both languages along with the country of origin (COO) – for a hypothetical foreign bread shop. From an applied perspective, consumer attitudes and intention to purchase significantly favour the latter strategy. From an academic perspective, CE showed a significant relationship with bi-lingual signs. Compared to low ethnocentric consumers, high ethnocentric consumers had significantly less favourable attitudes and buying intentions towards bi-lingual signs. Ethnocentrism however, showed no relationship with attitudes and intentions towards a sign solely in Chinese. The study also found that COO can moderate the impact of CE on foreign brand evaluations, significantly so for a US brand but insignificant when the COO was Australia. The article closes with academic and applied implications for foreign brand naming strategies in China, as well as future research areas

*Keywords: Chinese consumers, consumer ethnocentrism, country of origin, product-country image, brand naming strategy.*

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### **Introduction**

With the world's largest population (1.25 billion) and decades of 7-8% annual GDP growth (NBS China, 2004), the People's Republic of China (PRC) is an economic behemoth. Its huge market potential, complemented by recent World Trade Organization membership, has international marketers increasingly targeting China (Simmons and Schindler, 2003). Yet the country's complex cultures and over 80 languages make it difficult to introduce and develop foreign brands in China (Yin, 1999).

For starters, should brand managers keep the brand name in the original language (e.g. English), translate it into Chinese<sup>1</sup>, or use both an English and Chinese name? Will their language choice influence consumer perceptions of the brand? In the authors' knowledge, no empirical studies have tested Chinese consumers' reactions to different naming strategies by foreign brands. This study helps bridge the gap in three ways. Firstly, it tests three brand-naming approaches (Chinese, English and Chinese, and English and Chinese plus the brand's country of origin (COO)). Secondly, it examines the relationship of consumer ethnocentrism (CE) with Chinese consumers' attitude towards these approaches. Finally, the study investigates how COO moderates the

relationship between CE and Chinese consumers' attitude towards these approaches.

### **Literature Review**

#### *2.1 Foreign Brands in China: Localise or Standardise?*

Standardisation and localisation are two common marketing strategies for global branding and advertising. Global markets imply international brands spanning countries, continents and cultures, but consumers may prefer local brands over brands that sound or look foreign. Language influences international brand strategies (Hollensen, 2004) and international brand managers often question when to adopt a global strategy (i.e. keep the brand name in the original language) or localise through brand names in local languages (Sawyer and Howard, 1991; Kanso, 1992; Carter, 1997).

As brand names affect consumer perceptions (attitudes to brands), brand managers must study their target regions' cultures and languages in choosing appropriate brand names. Given its economic size, foreign brand strategies are particularly important in China. Yet launching a western brand in China is difficult due to its unique cultural, social, and linguistic characteristics (Yin, 1999; Fan, 2002; Li and Shooshtari, 2003; Wilson and Huang, 2003).

Consumers in less developed countries may favour products and brands from more developed countries (Bailey and Pineres, 1997; Batra et al., 2004); Chinese consumers are no exception. Since 1978 when China implemented its Open-door Policy – allowing foreign investments and brands in China – Chinese consumers' attitudes towards western cultures have ameliorated (Klein et al., 1998). They often value western goods more than Chinese goods (Skclair, 1994; Zhang, 1996; Ahmed and d'Astous, 2004). Thus, a foreign brand name in English or other western language, rather than Chinese, may be better. Chinese consumers could perceive the brand as western and value it more than competing local brands.

Although Chinese consumers may prefer high-quality imported products, they do not blindly buy Western; rather they seek quality at a good price (Cui, 1997, p36). Foreign brands may lose their appeal, however, as Chinese brands increase in quality and attractiveness (Zhou and Hui, 2003; Li, 2004). Another reason for foreign brands' diminishing appeal in less developed countries such as China may be local consumers' increasing knowledge about foreign products and brands (Arnould, 1989; Ger and Belk, 1996; Dickson et al., 2004).

Recently, Zhou and Belk (2004) claimed that Chinese desire foreign brands for *Mianzi* (prestige), yet nationalistic beliefs also motivate Chinese consumers. They reported an increase of foreign brands using Chinese names as well as Chinese brands using non-Chinese names, particularly English names. Zhou and Belk's (2004) findings suggest that Chinese consumers have conflicting reactions towards foreign brands. Thus, Chinese consumers may react differently to the same foreign brand, which uses a non-Chinese or Chinese name. The next section discusses how consumer ethnocentrism helps explain these conflicting reactions.

## 2.2 Consumer Ethnocentrism (CE)

Ethnocentrism research began last century with social psychologists such as Sumner (1906) defining ethnocentrism as the tendency to view one's own group as the centre of everything. People with high ethnocentrism rate all other groups lower or inferior to their own group. Ethnocentrism also reflects judging other cultures relative to one's own culture (Adorno et al., 1950). Highly ethnocentric individuals tend to accept things culturally similar and reject things culturally dissimilar. Ethnocentrism exists because feelings that *we are right and they are wrong* pervade every aspect of a culture (Samovar and Porter, 1995)

Since the 1980s, consumer researchers have adopted the construct of ethnocentrism. Shimp and Sharma (1987, p. 280) define consumer ethnocentrism as

consumer beliefs “about the appropriateness, or morality of purchasing foreign-made products . . . [that give the individual]. . . a sense of identity, feelings of belongingness, and most important, the understanding of what purchase behaviour is acceptable or unacceptable to the in-group”.

The level of CE, which varies across individuals, cultures, and countries (Kaynak and Kara, 2000), can influence attitudes and intentions towards buying foreign goods (Shimp and Sharma, 1987; Klein, 2002; Orth and Girbasova, 2003). Highly ethnocentric consumers believe that buying foreign products or brands is unpatriotic, and tend to favour local products or brands. Even online, CE may relate to consumer reactions to foreign (global) and local appeals on websites (Sigh et al., 2004).

Some scholars, however, question the broad capability of the CE concept to explain consumer favouritism towards local brands and against foreign brands. For example, the impact of CE on consumers can differ across brands and product categories (Roth and Romeo 1992; Sharma et al., 1995). Also, the effect of CE may be greater with high involvement products (e.g. cars) than with low involvement products such as toothpaste. Lastly, the impact of CE may depend on the foreign product or brand's country of origin (Balabanis and Diamantopoulos, 2004).

## 2.3 Country of Origin (COO)

COO is an important cue that consumers use to evaluate foreign products and brands. Schooler (1965), one of the first to study COO effects, established the concept and measured the elasticity of product bias. Since then, researchers have defined COO in several ways. Three common definitions are the country location of the corporate headquarters (Johansson et al., 1985; Ozsomer et al., 1991), the country of manufacture or assembly (Papadopoulos, 1993), and the country of product design (Ahmed et al., 1994).

Since the 1960s, studies have demonstrated that COO can impact consumer attitudes (Nagashima, 1970; Bilkey and Nes, 1982; Papadopoulos et al., 1987, 1990; Khachaturian and Morganosky, 1990) and purchasing intentions towards foreign products and brands (Han 1990; Lawrence et al., 1992; Lin and Sternquist, 1994; Ahmed and d'Astous, 1995; Zhang, 1996). For example, Bilkey and Nes (1982) reviewed the effects of COO on product evaluation and summarised that COO affects consumer attitudes towards all products from a particular country as well as specific products or brands from that country.

COO tends to influence consumer evaluations of foreign products on two perceptions, quality (Khachaturian and Morganosky, 1990) and purchase value (Ahmed and d'Astou, 1993). Furthermore, COO effects may be

country specific. For example, Ahmed and d'Astous (2004) found that Chinese consumers had more positive attitudes towards products from highly industrialised countries such as the USA than from products made in newly industrialised countries such as South Korea.

While both CE and COO may influence consumer attitudes and buying intentions towards a foreign brand, research on the relationships between CE and COO is inconclusive. Kaynak and Kara (2000) found that ethnocentric biases influenced Turkish consumers' evaluations of a foreign product. Similarly, a study of Korean and US consumers found that the level of CE attenuated the effect of COO on perceived product quality (Steenkamp et al., 2003). Yet Batra et al. (2002) showed that although Indian consumers prefer foreign brands to brands seen as local, CE had no significant impact on their evaluations of foreign brands.

Although foreign brands increasingly target the Chinese market, studies investigating how CE relates to Chinese consumers' evaluations of foreign brands are scant. A study by Clein et al. (1999) found that their military and economic rivalry reduced the willingness of Chinese consumers to buy Japanese products. Their results suggested both CE and COO effects on Chinese consumers' buying decisions toward Japanese products, but the study failed to measure Chinese consumers' level of CE.

Recently, Zhou and Hui (2003) suggested a tendency by Chinese consumers away from foreign products and brands in preference for local products and brands due to increasing consumer ethnocentrism and improving local

products. But their study also failed to measure CE and its impact on brand evaluations. This study attempts to bridge these gaps examining two broad research questions. How does CE impact foreign brand evaluations and purchase intentions? How does COO moderate CE impacts on foreign brands?

### 3. Research Methodology

#### 3.1 Stimuli

This study examines how CE relates to Chinese consumer evaluations of foreign brands across three brand-naming strategies: (i) Chinese name, (ii) English and Chinese name, and (iii) English and Chinese name with the brand's COO. This study does not test solely a non-Chinese name, as research suggests that less than one in 50 foreign brands adopt this strategy in China (Wilson and Huang, 2003). This study uses a hypothetical brand, Golden Bread, from an English-speaking western country, either Australia or the USA.

Food and beverage is the most common product category in COO research, used in over one in five COO studies (Usunier, 2006). Moreover, foreign bread shops are increasingly popular in China to meet the demands of foreigners working in China as well as local consumers who want to try the taste of foreign bread (China News Digest, 2006). BreadTalk, a Singaporean bread shop, opened their first shop in Shanghai in 2005 and has already franchised their bread shops in more than five major Chinese cities (Quek, 2005).

Three store signs represent the three brand naming strategies (see Figures 1-3):

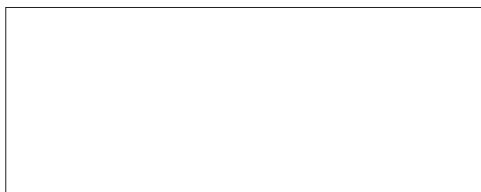


Figure 1: Store Sign A- Chinese name only



Figure 2: Store Sign B- English and Chinese name



Figure 3: Store Sign C- English and Chinese name with the brand's COO, in this case, Australia.

**Store Sign A** shows only \_\_\_\_\_, a direct Chinese translation of Golden Bread. Given the Chinese-only name and no visible COO, few Chinese consumers should perceive of Golden Bread as a foreign brand. Therefore, CE should have little effect on consumer attitudes towards Sign A and:

**H1:** The level of consumer ethnocentrism will show no significant relationships with consumer attitudes towards Sign A (H1a) or buying intentions towards the brand (H1b).

**Store Sign B** shows both Golden Bread and \_\_\_\_\_. Since English names associate with foreign brands, the impact of CE should relate to attitudes towards Sign B and:

**H2:** The level of consumer ethnocentrism will show significant negative relationships with attitudes towards Sign B (H2a) and buying intentions towards the brand (H2b).

**Store Sign C** shows Golden Bread, \_\_\_\_\_ and the brand's COO, either Australia or the USA. As discussed earlier, foreign names may persuade consumers that brands are foreign. Showing the COO in Sign C should further persuade consumers that the brand is foreign. Based on the discussion of CE and COO, the COO should moderate the impact of CE on consumer evaluations of foreign brands. Thus:

**H3:** The level of consumer ethnocentrism will show significant negative relationships with attitudes towards Sign C (H3a) and buying intentions towards the brand (H3b).

**H4:** COO moderates the negative impact of CE on consumers' attitudes towards Sign C (H4a) and their buying intentions towards the brand (H4b).

### 3.2 Measures

Given no known scale for attitude towards a store sign (at<sup>ss</sup>), this study borrowed from attitude towards the advertisement (at<sup>ad</sup>) as the store signs shown to the subjects resembled a print advertisement (See Figures 1-3). The at<sup>ss</sup> scale drew upon Lee's (2000) five attitudinal statements, with responses on a five-point Likert scale from strongly disagree to strongly agree. The statements were: *I dislike the store sign; The store sign appeals to me; The store sign is attractive to me; The store sign is interesting to me; and I think the store sign is bad.*

The measures for subjects' buying intention stemmed from the two-item scale developed by Edell and Staelin (1983) and Mackenzie et al. (1986). The first item, on a five-point Likert scale from very unlikely to very likely,

asked the subject's probability of buying the brand when the brand became available. The second item asked the subject's probability of recommending the brand to a friend, on the same five-point scale.

The CE scale stemmed from Lundstrom et al. (1998). Based on Shimp and Sharma's (1987) CETSCALE, Lundstrom et al. (1998) developed a three-item scale for Taiwanese consumers: *I only buy products made in xxx, There should be very little trading or purchasing of goods from other countries/areas unless out of necessity, and Buying foreign products hurts our economy and countrymen.* Due to the cultural similarity of consumers in Taiwan and mainland China, this study used the three-item scale rather than the original CETSCALE. Other studies (e.g. Nijssen, 1999) have modified the CETSCALE for a particular research group.

The COO effect is often used interchangeably with the construct of Country Image. Martin and Eroglu (1993) define country image as all descriptive, inferential and informational beliefs one has about a country. Country images fall into three groups: overall country (Martin and Eroglu, 1993), general product-country (Shimp et al., 1993) and specific product-country (Roth and Romeo, 1992).

This study measured the general product-country image (PCI), or the entire cognitive feel associated with that country's products (Shimp et al., 1993). The measurement, adopted from Agbonifoh et al. (1999), included five statements on a five-point scale: *The products made in xxx have high durability, are good value for money, have high reliability, have high functionability, and are fashionable. A sixth statement, "the products made in xxx have good quality",* was added as quality is often an item in the country image scale (Narayana, 1981).

As CE may relate to product involvement (PI) (Sharma et al., 1995), this study included PI. Controlling for PI should provide a stronger test of the hypotheses and better estimates of CE effects. The PI measure draws on two attitudinal statements used by Lee (2000), on a five-point Likert scale from strongly disagree to strongly agree. The statements were: *I definitely have a wanting for this type of product and I rate this product as being of the highest importance to me personally.* Research also shows that consumer involvement with a product correlates with the consumer's perception of their knowledge about, and liking of, that product (Park and Lessig, 1981). Therefore, two additional statements on a five-point Likert scale were added: *I have a lot of knowledge about this type of product and I like this type of product.* In total, four items measured subjects' involvement with bread.

Except for studies in Taiwan (Lundstrom et al., 1998) and Hong Kong (Lee, 2000), the above measures stem from studies with western consumers. As cultural, economic and social reasons hinder adopting western scales to non-western cultures (Maddox 1993), a pre-test with 20 Chinese nationals (10 male and 10 female) in Guangzhou helped improve the final survey instrument.

The study also included four demographic variables – gender, income, education and age. Nielsen and Spence (1997) found that females are more ethnocentric than males. Research also suggests negative correlations of CE with income (Sharma et al., 1995) and education (Kaynak and Kara, 2000), but a positive correlation with age (Nielsen and Spence 1997).

### 3.3 Sample and Data Collection

The sample comprised 159 male and 142 female subjects in Guangzhou, the capital of Guangdong Province. Guangzhou is China's most prosperous city, with the highest GDP growth and personal income (NBS China, 2004). The sample, recruited through acquaintances, is subject to convenience sample concerns such as misrepresenting the population (Burns and Bush, 1998). Although there were no requirements on gender, age, income and education, the sample profile resembled Guangzhou's population, albeit a bit younger (average age of 35 versus 40 in Guangzhou) and more educated (nearly half had university degrees versus 10-15% of the total population). But these demographic variations better suit most international brand managers' target population.

Two researchers used a four-page questionnaire to conduct 15-20 minute interviews where the subjects felt at ease (i.e. in their home). Each subject heard that a new bread shop would open on Beijing Road, one of Guangzhou's busiest streets in the central business district. The researcher then showed subjects Sign A and asked their thoughts about the sign and buying intention towards the brand. When the subjects finished questions related to Sign A, they heard about and saw an alternative Sign B. After answering similar questions about Sign B, the researcher followed the same procedure for Sign C, randomly assigning subjects to the Australian or USA version of Sign C. The interview concluded with questions about the subject's CE, product involvement, age, gender, income and education.

The researchers ruled out rotating Signs A-C in order to avoid order effects, as rotating would hinder the study objectives. For example, if respondents evaluated Store Sign C saying Golden Bread from the USA before evaluating Store Sign A or B, most would assume that Golden Bread was American – even though Signs A and B included no COO information.

## 4. Results

### 4.1 Construct Testing

The attitude towards the store sign (at<sup>ss</sup>) construct contained two negative and three positive statements. After recoding the negative statements so as to have consistent polarity, confirmatory factor analyses showed that the at<sup>ss</sup> scale provided similar results for all three store signs. Using the alpha factoring extraction method with the oblique rotation, all five items provided a single significant factor for each sign (see Table 1). The standardised reliability coefficient (Cronbach's alpha) for each sign was above 0.8, indicating high reliability (Hair et al., 1998). Similar analyses (see Table 1) showed a single and reliable factor for all other measures – buying intention, consumer ethnocentrism (CE), product involvement (PI), and product-country image (PCI).

### 4.2 General Results

Overall, the 301 subjects' attitudes were the most favourable towards Sign C, followed by their attitudes towards Sign B and Sign A (see Table 2 below). The results of a univariate analysis of variance test showed significant differences among the three signs ( $F(2,900)=142.09, p<.001$ ). The sample's buying intentions also differed significantly ( $F(2,898)=65.37, p<.001$ ), favouring Sign C followed by Sign B and Sign A. These Guangzhou consumers had the most favourable attitudes and intentions towards a sign in both Chinese and English, noting either the USA or Australia as the country of origin.

Averaging scores for the three CE items yielded the individual consumer's CE score and the sample's average CE of 2.3 out of five. Based on their CE score, 171 subjects with above average scores were classified as *High* ethnocentric consumers and the remaining 130 respondents were *Low* ethnocentric consumers. The results of one-way ANOVA tests showed that age had a significant positive relationship ( $F(4,296)=3.66, p=0.006$ ) and education had a significant negative relationship ( $F(4,296)=5.12, p=0.001$ ) with CE. The higher their education and the lower their age were, the lower their level of CE. The results of an independent t-test and ANOVA showed no significant relationships between gender ( $t=684, p=0.495$ ) or income ( $F(4,294)=1.297, p=0.271$ ) with CE.

As discussed previously, the product-country image (PCI) served as a proxy for the COO. The Chinese consumers in this study held a more favourable PCI (3.21) towards the US than towards Australia (3.15), but the result of a paired sample t-test on this difference was insignificant ( $t=0.974, p=0.331$ ).

Table 1: Construct Testing

Measure	Items	Factors	Eigen-value	Total Variance	Cronbach's alpha
at <sup>ss</sup> A	5	1	2.62	52%	0.84
at <sup>ss</sup> B	5	1	2.74	55%	0.86
at <sup>ss</sup> C, Australia	5	1	2.60	52%	0.84
at <sup>ss</sup> C, USA	5	1	3.03	61%	0.88
Buying Intent A	2	1	1.52	76%	0.70
Buying Intent B	2	1	1.57	78%	0.72
Buying Intent C, Australia	2	1	1.59	79%	0.74
Buying Intent C, USA	2	1	1.72	86%	0.84
Consumer Ethnocentrism (CE)	3	1	2.10	70%	0.78
Product Involvement (PI)	4	1	2.14	54%	0.80
Product-Country Image (PCI), Australia	6	1	3.10	52%	0.79
Product-Country Image (PCI), USA	6	1	3.40	56%	0.84

Table 2: General Results and Hypotheses Testing

Measure	Average Value			CE Significance Tests		
	Total	High CE	Low CE	df	F	P
at <sup>ss</sup> A	2.50	2.49	2.46	1,295	0.00	.982
at <sup>ss</sup> B	3.06	2.96	3.13	1,296	3.81	<b>.026</b>
at <sup>ss</sup> C, Australia	3.58	3.43	3.67	1,146	5.22	<b>.012</b>
at <sup>ss</sup> C, USA	3.41	3.12	3.66	1,146	12.71	<b>.001</b>
Buying Intent A	3.17	3.16	3.16	1,295	0.68	.411
Buying Intent B	3.55	3.41	3.65	1,296	10.87	<b>.001</b>
Buying Intent C, Australia	3.90	3.71	4.03	1,146	9.73	<b>.001</b>
Buying Intent C, USA	3.80	3.52	4.04	1,146	8.18	<b>.005</b>

4.3 Hypotheses Testing

A series of 2x2 MANOVA tests compared the attitudes between subjects with High and Low consumer ethnocentrism (see Table 2 previously). As hypothesised, there were no significant difference between High and Low CE consumers with both their attitudes and buying intentions towards Sign A, \_\_\_\_\_. These results support H1a and H1b; CE showed no significant relationship with either attitudes or intentions towards a sign only in Chinese.

Similar MANOVA tests for Sign B, however, showed that compared to Low CE consumers, High CE consumers had significantly less favourable attitudes and buying intentions towards Sign B. These results support both H2a and H2b; consumer ethnocentrism shows significant negative relationships with Chinese consumers' attitudes and intentions towards a bi-lingual sign in Chinese and English.

Another two MANOVA tests compared consumers exposed to Store sign C, noting Australia or the USA as the country of origin. Both results showed that high ethnocentric consumers had significantly less favourable attitudes and buying intentions towards Sign C than low ethnocentric consumers, thus supporting H3a and H3b. CE shows a negative relationship with attitudes and intentions towards a bi-lingual sign noting the country of origin.

The results of a final MANOVA test showed that PCI significantly weakened the impact of CE on attitude (F(1,146)=30.10, p=0.001) and buying intentions (F(1,146)=8.18, p=0.005) towards Sign C when the brand's COO was the USA. However, PCI had no significant impact on at<sup>ss</sup> (F(1,146)=1.270, p=0.262) and buying intention (F(1,146)=0.354, p=0.553) when the brand's COO was Australia. These mixed results partially support H4a and H4b. Product country image can impact attitudes

Table 3: Covariate and Demographic Variable

Dependent Measures	PI			Age		Education		Income		Gender	
	df	F	P	F	P	F	P	F	P	F	P
at <sup>ss</sup> A	1,295	11.44	<b>.001</b>	7.89	<b>.005</b>	.19	.661	.07	.791	0.04	.841
at <sup>ss</sup> B	1,296	13.78	<b>&lt;.001</b>	.87	.351	5.07	<b>.025</b>	1.27	258	.2.43	.120
at <sup>ss</sup> C, Australia	1,146	3.65	.058	.25	.615	.09	.769	.04	.834	.05	.818
at <sup>ss</sup> C, USA	1,146	1.69	.196	.73	.394	.78	.379	.47	.493	.22	.644
Buying Intent A	1,295	9.13	<b>.003</b>	10.88	<b>.001</b>	.65	.462	7.84	<b>.005</b>	.07	.790
Buying Intent B	1,296	11.17	<b>.001</b>	.16	.694	1.04	.309	1.62	.204	1.48	.225
Buying Intent C, Australia	1,146	2.45	.120	2.46	.119	1.71	.193	1.96	.163	.93	.337
Buying Intent C, USA	1,146	2.57	.111	.32	.576	1.63	.604	.07	.793	.48	.490

and intentions towards a product, but in this case only with bread from the USA and not with Australian bread.

#### 4.4 Product Involvement and Demographic Variables

Table 3 below shows how product involvement (PI) and four demographic variables relate to attitudes and purchasing intentions. Gender showed no significant interactions with the dependent measures. PI showed the strongest results, significant and positive interactions with at<sup>ss</sup> and buying intention towards Signs A and B. Age showed a significant negative interaction with at<sup>ss</sup> and buying intentions towards Sign A. Income showed a significant positive interaction with buying intention towards Sign A. Education had a significant positive interaction with at<sup>ss</sup> with Sign B. Including the country of origin, however, may reduce effects due to demographics and product involvement. Neither PI, nor any demographic variable, related to attitudes and intentions towards sign C.

## 5. Discussion

### 5.1 Summary

This study found that an individual's level of CE had a significant negative impact on the evaluation of store signs containing a foreign brand name and the foreign brand's COO. More ethnocentric consumers had significantly less favourable attitudes and buying intentions towards store signs with a name in English and a western COO. This finding replicates, and extends to Chinese consumers, research (e.g. Shimp and Sharma, 1987) showing that CE shows a negative relationship with attitudes and intentions towards foreign goods.

This study also replicates Steenkamp et al. (2003), showing that CE and COO may interact with each other

on foreign brand evaluations. Furthermore, this research extends previous studies by showing that the interaction between COO and CE on foreign brand evaluation can be country-specific, in this case significant when the COO was the USA, but insignificant when the COO was Australia.

Finally, this study found that product involvement had a significant positive relationship with attitudes and intentions towards store signs with a local name and a foreign name. This finding resonates with Sharma et al. (1995); the effect of CE on foreign product evaluation may relate significantly to product involvement. The present study, however, also found that identifying the brand's COO – i.e. the consumers know the brand is foreign – can attenuate the effect of product involvement.

## 5.2 Implications

### 5.2.1 Academic Implication

While most studies of Chinese consumers (e.g., Zhou and Hui, 2003; Zhou and Belk, 2004) fail to measure their CE, this study bridges that gap. This study found that Chinese consumers' average CE score (2.3 out of 5) was slightly lower than the US consumers' CE (3.59 out of 7, based on four US studies by Shimp and Sharma, 1987) but more than Singaporean consumers' CE (2.69 out of 7, Piron, 2002). Chinese consumers' CE may be average compared to other countries.

Moreover, the Chinese consumers' level of CE significantly related to age and education, but not to gender and income. This finding reinforces previous studies showing that age and education significantly correlate with CE (Nielsen and Spence, 1997; Kaynak and Kara, 2000). However, this study does not support studies showing significant

relationships with CE by income and gender (Nielsen and Spence, 1997; Sharma et al., 1995).

That CE relates to foreign brand evaluation suggests that Chinese consumers resemble consumers in other countries such as the USA (e.g. Klein, 2002; Orth and Firbasova, 2003). The higher the consumers' level of CE, the less favourable attitudes they had towards the foreign brands. The increasing use of foreign brand names – particularly English names – by Chinese brands (Zhou and Belk, 2004) may confuse Chinese consumers as to whether the brands are local or foreign until seeing the brand's COO. This study, however, advances previous studies by examining how CE relates to consumers' evaluation of brands that seem foreign. Store sign C showed a Western country of origin, but store sign B only seemed foreign.

### *5.2.2 Managerial Implications*

The significantly different responses to signs A-C supports the view that Chinese consumers have conflicting ideas about foreign brands (Zhou and Belk, 2004). For managers of foreign brands present in China – particularly USA and Australian brands – the implications are clear. All things equal, Western brands should include their names in both Chinese and the foreign language. While this study tested store signs, the results should apply to print advertisements, particularly billboards. Identifying the brand's COO may induce less ethnocentric consumers, but only when there is a favourable image of the brand's COO.

Yet if a product's target market tends towards older and less educated Chinese, signs in two languages or identifying the brand's COO could be detrimental. These demographics typify high consumer ethnocentrism and thus less favourable attitudes and purchasing intentions related to the bi-lingual store signs. The increasing quality of local brands, may drive highly ethnocentric Chinese consumers away from foreign brands and brands that look foreign (Zhou and Hui, 2003; Li, 2004). These implications for foreign brand managers also apply to Chinese brand managers who may believe that consumers always prefer foreign brands over local brands.

### *5.3 Limitations and Future Research*

At least four issues limit these results. Although the convenience sample reflects an enticing target market in a leading Chinese city, the results fail to generalise to Chinese consumers or consumers in other countries. Secondly, the study tested only one product category. Thirdly, the study did not control for other factors, such as political views or lifestyle, which could influence a person's consumer ethnocentrism and thus attitudes and purchase intent towards the signs. Finally, the study did

not control for order in presenting the three signs so there could be an order effect, although an order effect should not alter the ethnocentricity results as all subjects viewed signs in the same order.

For future studies, a more representative Chinese sample as well as replicating this study in other countries could help generalise the results. Similarly, more product categories should be tested as CE may be product specific in China. For example Sina (2004), one of China's largest Internet companies, reported that most Chinese consumers would choose a Chinese car over a foreign car, given similar prices and quality. Yet another Internet company, Sinhuanet (2005), reported most Chinese consumers would choose a foreign fashion brand over a Chinese brand when the price and quality were similar.

Future studies can also look at other variables, such as cultural sensitivity and global openness (Suh and Kwon, 2002), which may influence Chinese consumers' evaluations of different foreign brand-naming strategies. In a related vein, what effect, if any, would noting that a brand is "Made in China" have? Future studies can also investigate whether CE had a stronger relationship with consumers' responses to a foreign brand when the brand's COO is present in Sign C rather than not identified in Sign B. In addition, consumers often make buying decisions based on consideration of multiple attributes instead of a single attribute such as COO (Usunier, 2006). Therefore, future studies can design experiments that provide consumers with other cues such as prices or sales promotions in order to investigate how other cues may influence relationships among COO, CE and attitudes or buying intentions towards foreign brands.

These results suggest that Australian and US brands should include their brand's Chinese name, English name and country of origin. Could a simple revision of these three elements garner even better attitudes and intention to purchase? Persuasion research has investigated position effects for decades, first showing primacy effects and then showing recency effects (e.g. Haugtvedt and Wegener, 1994). What effect, if any, would listing the Chinese name first and the English name second have? As importantly, how would Consumer Ethnocentrism relate to listing the English or Chinese name first? Thus, a future study could use an experimental design in order to test the causal effects of primacy and recency, as well as the order effects of presenting each sign. A between-subject experimental design, complemented by a larger sample, would help control for possible order effects in the current study, i.e., presenting each subject with only one sign.

### **Endnotes**

<sup>1</sup> Chinese here refers to Mandarin, the Standard Chinese.

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Zhou, N., Belk, Russell W., 2004. Chinese consumer readings of global and local advertising appeals. *Journal of Advertising Research* 33 (3), 63-77.

### **Biographies**

**Fang Liu**, PhD, is an Assistant Professor in Marketing at the University of New South Wales Asia. She holds a PhD in Marketing from the University of Western Australia. Her research interests centre on marketing and advertising strategies in P.R.China such as consumers' responses to different communication media, languages and appeals. Her recent work also concerns Chinese consumers' evaluations of local and foreign brands as well as different branding strategies. Dr. Liu has published a couple of journal articles and book chapters, and more than a dozen referred conference proceedings related to Chinese consumers. Prior to her academic career, she had industrial experiences in China for a number of years.

**Jamie Murphy**, Associate Professor at the University of Western Australia. Jamie's background includes complementary industry and academic experience. In addition to owning/managing hospitality businesses, he served as the European Marketing Manager for US sports companies. His industry and academic career spans five continents and includes publications in both academic journals and leading newspapers such as *The New York Times* and *Wall Street Journal*.

**Jianyao Li** is a PhD candidate in marketing at the Business School of the University of Western Australia. Mr. Li holds a BA and a MBA in hotel management and has worked for some major international chains in the US and Australia. He has published a couple of journal articles and referred conference papers, focusing on consumer behaviour and international education.

**Dr Xiangping Liu** is a lecturer at the School of Marketing and Logistics, Nanjing University of Finance and Economics. Her research interests include advertising effectiveness and media.

### **Correspondence Address**

Fang Liu, UNSW Asia, 1 Kay Siang Road, Singapore, 248922, Telephone (65)63041357, Facsimile (65)64724307, Email [f.liu@unswasia.edu.au](mailto:f.liu@unswasia.edu.au)

Jamie Murphy, PhD, Associate Professor, Marketing Program, Business School, The University of Western Australia, M261, Marketing Program, Business School,

The University of Western Australia, 35 Stirling Hwy, Crawley, WA 6009, Australia, Telephone 61-8-6488-1979, Facsimile 61-8-6488-1979, Email [jmurphy@biz.uwa.edu.au](mailto:jmurphy@biz.uwa.edu.au)

Jianyao Li, PhD candidate, Marketing Program, Business School, The University of Western Australia, M261, Marketing Program, Business School, The University of Western Australia, 35 Stirling Hwy, Crawley, WA 6009, Australia, Telephone 61-8-6488-2905, Facsimile 61-8-6488-1055, Email [jianyao@student.biz.uwa.edu.au](mailto:jianyao@student.biz.uwa.edu.au)

Xiangping Liu, Lecturer and PhD candidate, School of Marketing and Logistics, Nanjing University of Economics and Finance, Nanjing, P.R.China, 3 Wenyuan Road, Xianglin, School of Marketing and Logistics, Nanjing, 210046, China, Telephone 86-25-83727607, Facsimile 86-25-84028455, Email [liuxiangp99@hotmail.com](mailto:liuxiangp99@hotmail.com)

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