Pioneering Advantage and Product-Country Image: Evidence From China

Hongzhi Gao and John Knight
Marketing Department
Otago School of Business
University of Otago

Corresponding author: John Knight
Marketing Department
Otago School of Business
University of Otago
PO Box 56
Dunedin, New Zealand
Phone: 64-3-479 8156
Fax: 64-3-479 8172
Email: jknight@business.otago.ac.nz
Abstract

Food distribution channel members in the Peoples’ Republic of China have been interviewed to determine the factors that they regard as most relevant when selecting imported food products. In the Chinese market, country of origin itself appears to play little role in product evaluation by channel members. However pioneer (or first mover) status appears to play a major role in regard to beliefs concerning food products. Products believed to have been first into the market are often seen as ‘genuine’, with followers having a lesser status. This seems likely to be due to the long-term orientation of Chinese culture, and the value that is placed on hierarchy, tradition and history. It could also be due in part to the prevalence of counterfeit products, including food products, in the Chinese market, leading to widespread mistrust of ‘non-genuine’ products.

Biographical notes:

Hongzhi Gao is a Teaching Fellow and PhD candidate in the Marketing Department of the Otago School of Business, University of Otago. He originates from Jilin province in North East China. His current research interests are product-country images, marketing strategies, international learning, relationship-specific knowledge and value co-creation.

John Knight is a Senior Lecturer in the Marketing Department of the Otago School of Business, University of Otago. His current research interests concern impacts of country image on perceptions of imported food products, and public acceptance of biotechnology in international markets.
Pioneering Advantage and Product-Country Image: Evidence From China

Introduction

Perceptions that consumers have of products from a particular country, as well as their feelings towards the people of that country, contribute to a country stereotype (Bamossy, Beracs, Heslop, & Papadopoulos, 1986, Papadopoulos & Heslop, 1993). Stereotypes associated with a given country engender “mythological narratives” in the minds of people of other countries, and the “dimensions of place, product, market context and usage context are central to understanding contextualised product-place images” (Ger, Askegaard, & Christensen, 1999, p.165). Geographical origin provides a cognitive cue for judgements about product quality, but in addition has affective and normative connotations (Verlegh & van Ittersum, 2001).

The influence of product-country image (PCI) on consumer perceptions has in the main been studied in relation to high involvement durable products, particularly products carrying well-known brands. The importance of PCI in regard to food products has been much less commonly studied. Furthermore, little attention has been paid to the critical role of food distribution channel members as gatekeepers who decide the range of imported products available for consumers to choose from. This is somewhat surprising, given that such people are often in positions of immense power within the channel, and are responsible for deciding the product offerings on behalf of millions of potential consumers of major supermarket chains.

From the perspective of a food exporting country such as New Zealand, it is a matter of high importance to understand the factors that lead such gatekeepers to decide where they will source their products from. From an academic perspective, it is
important to determine whether the conceptual framework that has emerged over the last several decades of study of PCIs in relation to consumer decision-making processes is relevant to the way in which food channel members make their purchasing decisions.

With the rising influence of China in world trade over recent years, it becomes especially important to determine whether the factors that influence purchase in Western markets are of similar importance in the Chinese market. China has become a vitally important market for food products from New Zealand, currently being New Zealand’s fourth largest trading partner.

**Industrial Buying Behaviour**

According to an often-cited review of industrial buying behaviour, “similar to consumer behaviour, the industrial buyers often decide on factors other than rational or realistic criteria” (Sheth, 1973, p.56). According to Insch (2003, p.1) “although industrial buyers may follow more formalized purchasing procedures, industrial buyers are no more rational in making purchase decisions than consumers”. Rational or not, these food channel members make decisions which are hugely influential in determining the range of products available for consumers to choose from. The present study set out to establish the factors that determine preferences in China for food products from particular countries, and in particular the factors that most influence the purchasing decisions of channel members, who can be viewed as “expert consumers uniquely qualified to assess product quality and desirability” (Sternquist, 1993, p.171).
Country of Origin Effects

Country of origin (COO) effects on consumer perceptions have been intensely studied over the last three decades (Al-Sulaiti & Baker, 1998, Bilkey & Nes, 1982, Han & Terpstra, 1988, Han, 1989, Nebenzahl, Jaffe, & Lampert, 1997, Papadopoulos & Heslop, 1993). Evidence has accumulated that consumers in many markets indicate a willingness to pay a premium for manufactured products from more industrialised countries. ‘Made in Germany’, ‘Made in USA’ and ‘Made in Japan’ convey the notion of high quality due to the reputation that these countries have developed over time. Judgements that consumers make about a country, either through familiarity with a country from having visited or observed a lot about that country, transfers to evaluations of the performance of products from that country. The stage of development of a source country influences consumer evaluation of products, with consumers (even in less developed countries) holding less positive views of products from less-developed countries (Hulland, Todino, & Lecraw, 1996, Wang & Lamb, 1983). “Good products are seen to be produced by people who have refined taste, and are likeable, trustworthy and admirable for their role in world politics” (Heslop & Papadopoulos, 1993, p.67).

A meta-analysis of COO research (Verlegh & Steenkamp, 1999) concluded that COO has a larger effect on perceived quality than on purchasing intention. Hulland, Todino and Lecraw (1996) found that the impact of COO on the price that consumers were willing to pay was related to perceptions of risk associated with the purchase. A limitation of COO research is that the vast majority of studies have investigated attitudes and/or intentions rather than actual purchasing behaviour. Interestingly, a
recent study found that more than 93% of 1,248 North American consumers intercepted at the cash register did not know the COO of a durable product which they had just purchased (Liefeld, 2005). Liefeld’s reasoned conclusion (p. 85) is that “country of origin of products is not an important attribute in the choice processes of the great majority of North American consumers.” Liefeld’s earlier meta-analysis found that purchasing agents place more importance on COO in their product evaluations than do consumers (Liefeld, 1993).

**Scope of country image effects**

Several attempts have been made to devise an integrative theory of how consumers use country image information in forming attitudes and expressing purchase intentions (Laroche, Papadopoulos, Heslop, & Mourali, 2005). Papadopoulos and Heslop (1993) advocate the broader term product-country image (PCI) to account for the multiple dimensions of product-image and country-image. Askegaard and Ger (1998, p.50) argue that PCI is context-dependent, i.e. it must be understood in relation to the imagery of the local market and usage or consumption patterns. Askegaard and Ger (1998) have applied stereotype theory to explore the meaning of PCI. A stereotype is conceived of as “culturally shared categories that transcend the individual and thus part of a people’s social heritage, widely shared within a society, and acquired through socialisation. Stereotyping influences people’s interaction with a complex environment by simplifying the decision-making process through providing a “shortcut” (Askegaard & Ger, 1998, p.52).

Laroche et al. (2005) propose that country image is a multi-dimensional construct represented by a three-factor model, reflecting: (1) a cognitive component, including
beliefs about the country’s level of industrial and technological development; (2) an affective component, namely consumers’ emotional response towards people of that country; and (3) a conative (motivational and volitional) component, reflecting consumers’ desired level of interaction with that country.

A country image having a strong affective component exerts a stronger influence on product evaluation than on product beliefs, and “country image and product beliefs act simultaneously to influence product evaluations” (Laroche, Papadopoulos, Heslop, & Mourali, 2005, p.110). Heslop and Papadopoulos (1993) consider that “the product image dimension of the country involved … is a response component of pride of ownership and is associated with the exquisiteness or high-class taste of the source country. The country of origin serves directly as a status symbol” (Heslop & Papadopoulos, 1993, p.71). This aspect seems potentially highly relevant to the Chinese market in view of the importance of status and prestige in Chinese culture and the symbolic value (e.g. modernity, popularity, novelty) inherent in foreign products (Wei, 1997, Zhou & Hui, 2003).

**Country of origin effects in relation to food products**

Food products are typically purchased with low involvement on the part of consumers, although prior experience of the particular brand clearly has a major influencing role. Research has shown that “the first taste is almost always with the eye”, suggesting that visual cues such as packaging, labelling, and colour greatly influence a consumer’s initial acceptance of a food product (Imran, 1999). However, many factors other than appearance and taste come into play since “food is both substance and symbol, material and aesthetic …” (Marshall, 1995, p.3).
It is widely acknowledged that country of origin influences consumers in buying food products (Hoffmann, 2000, Skaggs, Falk, Almonte, & Cardenas, 1996). However, in light of Liefeld’s (2005) findings in relation to durable products referred to above, this now needs further investigation to ascertain the degree of impact on actual purchasing behaviour. Juric and Worsley (1998) found that national image seemed to act as a halo when New Zealand consumers were evaluating unfamiliar foreign food products. Prevailing public perceptions about less-developed countries were credited with influencing negative perceptions of food products from Thailand and Hungary, in comparison with consumer sentiments towards food products originating in Australia and the USA (Juric & Worsley, 1998). Skaggs et al (1996) highlighted the importance of overall impressions of a country influencing perceptions of food products from that country. Ahmed et al (2004), using data from Singapore, found that COO matters when consumers evaluate low-involvement products (bread and coffee). However, “in the presence of other extrinsic cues (price and brand), the impact of COO is weak and brand becomes the determinant factor” (Ahmed, Johnson, Yang, Fatt, Teng, & Boon, 2004, p.102).

**Research Questions**

The aim of this study was to determine whether country of origin of imported food products is an important consideration in purchase decision-making by gatekeepers in the food distribution channel in the Peoples’ Republic of China. If COO is important, then what characteristics and images of countries seem most relevant? In particular, what is it about certain countries that makes them the preferred supplier for specific categories of food products?
Methodology

Askegaard and Ger (1998, p.54) call for a “non-positivistic, interpretative approach” to the PCI area due to context-specific effects of PCIs. In accordance with this approach, personal interviews were conducted with key informants of a convenience sample of seventeen companies and organisations in five main commercial centres in the Peoples’ Republic of China (PRC). Thirteen of these contacts were provided by New Zealand Trade and Enterprise staff based in Shanghai, Guangzhou, and Beijing. The remainder were contacted by the researchers via personal connections. The characteristics of the interviewees are shown in Table I.

Take in Table I about here

The objective was to sample as much diversity as possible among the participants so that an overall view could be distilled from these diverse sources. Patton (1990) uses the term “purposeful sampling” to describe the recruitment procedure adopted. Five respondents were decision makers in supermarket chains, three of which were locally owned chains and two were multinational chains. Seven respondents were importers and distributors in diverse sectors, including wine, meat, dairy products, packaged goods, fruit, and seafood. Two were executive chefs in five-star hotels, and one was the owner of a western-style food service provider. The remaining two informants were added to provide insights into government policy regarding production and importation of foods, since it became apparent that there was some confusion on the part of channel members concerning some of the topics discussed.
A condition of the ethical approval granted for this study was that we “ensure appropriate preservation of participants’ anonymity”. For this reason, the names of respondent companies and organisations are not listed in Table I.

In-depth personal interviews result in a richness of material that is unlikely to emerge from an impersonal questionnaire. “One of the principal reasons for the use of interviews rather than questionnaires is to uncover a diversity of responses, whether or not these have been anticipated by the enquirer” (Merton, Fiske, & Kendall, 1956, p.12). Furthermore, it seems most unlikely that the senior level of respondent included in this study would respond personally to a mail-out questionnaire. Interviews were conducted at the premises of the respondents in all except four interviews, which were conducted at offices of New Zealand Trade and Enterprise in two cases, and in hotel facilities in two cases. Interviews ranged from 60 to 120 minutes, and in most cases were conducted entirely in Mandarin.

An interview template was used to guide the major areas of enquiry (Denzin & Lincoln, 2000, Kvale, 1996, McCracken, 1988, Merton, Fiske, & Kendall, 1956). The interviewer aimed to establish rapport with the respondents and to build a “conversation-like dialogue rather than asking questions that impose categorical frameworks on informants’ understanding and experiences” (Arnauld & Wallendorf, 1994, p.492). Questions were open-ended to enable determination of what was most salient to respondents: “Once respondents have been brought within sight of the topic, they must be allowed to ‘go’ wherever they wish” (McCracken, 1988, p.40). Questions should be “intentionally couched in such terms that they invite subjects to refer to virtually any aspect of the stimulus situation or to report any of a range of
responses…(the) question is, so to speak, a blank page to be filled in by the interviewee” (Merton, Fiske, & Kendall, 1956, p.15). A specific intention of this approach is to discover and pursue topics or issues which were not anticipated when the interview was planned (Patton, 1990). The main finding reported in this paper is a direct result of using this approach, since we had no prior appreciation or expectation of this issue.

Steps were taken to minimise the risk of social desirability bias (Schuman & Presser, 1981), “the basic human tendency to present oneself in the best possible light” (Fisher, 1993, p.303). Indirect questioning, a projective technique in which respondents are asked to provide opinions from the perspective of another person or group, was used wherever possible. This mode of questioning encourages respondents to “describe their own feelings from behind a façade of impersonality” (Simon & Simon, 1975, p.586). The importance of mianzi or “face” in Chinese culture (Hwang, 1987) is recognised as intensifying the likelihood of social desirability interfering with qualitative data collection, particularly when the interviewer is a foreign visitor. A guiding principle in Chinese culture is: “honour the hierarchy first, your vision of truth second” (Gao, Ting-Toomey, & Gudykunst, 1996, p.291).

Tape recorded interviews were transcribed and translated into English and then coded for further analysis (Coffey & Atkinson, 1996, Seidel & Kelle, 1995).

Limitations
Clearly, we could not disguise the fact that we came from New Zealand, especially since we had availed ourselves of the services of New Zealand Trade Commissioners in recruiting a high proportion of the interviewees. This factor resulted in some
respondents tending to focus on matters which they considered related particularly to products of New Zealand origin. We endeavoured to broaden the scope of discussion away from a single country focus. This was facilitated by the fact that the first author is unmistakably Chinese with Mandarin as his native language. The frankness with which some respondents spoke about sensitive issues indicates the extent to which rapport was built between interviewees and this interviewer.

We acknowledge that this is a relatively small convenience sample, and that care must be taken in generalising results to the wider population of food channel members in such a huge market. However, the commercial centres chosen extended from Shenzhen and Guangzhou in the south to Changchun in Jilin Province in the north-east, and include the largest and most dominant commercial centres of Shanghai, Guangzhou and Beijing.

**Results**

As might be anticipated, extrinsic cues, particularly price and brand, were mentioned by most respondents as key factors used in evaluating foreign food products. This is unsurprising, and is entirely consistent with the literature as discussed below. Table II provides quotes from three respondents which illustrate different perspectives on the role that brand plays in conveying trust in the quality of food products.

**Take in table II**

Respondent M emphasised the need for a foreign brand to be “famous” in order to inspire confidence in quality. The second quote from this respondent makes a very interesting point concerning consumption of prestige brands of imported bottled water – purchasing to show respect for guests.
Respondent D indicated that confidence in quality extended to foreign-branded products even when they were manufactured in China. Respondent B emphasises the role of a well-known brand in conveying status and quality, with the role of COO coming second. This respondent makes the point that confidence in such attributes may be misplaced due to the product being a fake version of a well-known brand. In the course of this research we became aware that counterfeit products are so widespread in some parts of China that even something as mundane as a brand of bottled water could not be trusted unless it was purchased from a reputable retailer. Application of fake stickers to inferior quality fruit was reported as widespread, and in particular such stickers are used to indicate a false COO in some cases. The role of COO labelling has to be considered against this background of uncertainty and mistrust as to what is genuine and what is counterfeit.

**Take in Table III**

Table III provides a diversity of perspectives concerning the relevance of country image when evaluating food products. Several respondents indicated that Chinese consumers simply would not know where products originate. In the main these views indicate that country image is relatively unimportant in evaluating food products except in certain quite specific circumstances and product categories. Wine is identified by respondents C and D as a product category where France is seen as “the” country from which to source the product, and respondent B mentioned cheese from France similarly.

Respondent O makes the point that perception of his western-style café is determined by the décor rather than by the COO of the food products served in that café.
Respondent D indicated that consumers would not associate a famous brand such as Nestle with its country of origin. Similarly, the COO of the company that owns a particular supermarket chain would not appear to influence customer patronage of that particular supermarket (respondent L), even though trust in the retailer seems highly important in a market where mistrust of food and beverages is widespread.

**Take in Table IV**

Table IV provides examples of comments which indicated the importance of first-mover advantage (e.g French wine, Australian beef, New Zealand gala apples and kiwifruit) in the Chinese market. The quote from respondent C emphasises that once a perception of a product from a particular country as the first mover is collectively widely held, it will be very difficult for marketers from another country to change that perception. Several respondents link early entry into the market with perceptions of superior quality (see quotes from respondents B, C, K and L).

**Take in Table V**

Table V gives interesting insights into how Japan as country, and products originating in Japan, are perceived. Respondent B equates Japan with “high quality” and “developed”. But respondents M and N indicate that animosity resulting from historical events lives on and influences purchasing decisions.

**Discussion and implications**

Consumers are believed to make decisions about quality of products on the basis of a process of acquisition, evaluation and integration of informational stimuli or cues, which can be intrinsic or extrinsic (Rao & Monroe, 1989). Taste and appearance are examples of intrinsic cues, whereas extrinsic cues include price, brand and COO. When intrinsic cues cannot be easily assessed (e.g. by tasting fruit before purchase),
then consumers make greater reliance on extrinsic cues. This is particularly true of low-involvement products since the cost of evaluating intrinsic cues may greatly outweigh the benefit (Zeithaml, 1988). The present study only indirectly assesses the importance of extrinsic cues in consumer purchasing decisions, since it is food distribution channel members rather than end consumers who have been studied. However, these channel members “can generally be considered ‘expert consumers’ uniquely qualified to assess product quality and desirability” on behalf of end consumers (Sternquist, 1993, p.171).

The results presented here indicate that gatekeepers in the Chinese market consider country image of supplying countries to have relatively little importance overall. However, it seems clear that in particular product categories the name (and associated reputation) of particular countries has become inextricably associated with perception of “best quality” for that product. Pioneer (or first-mover) status appears to be the main explanation for the establishment of this perception in the Chinese consumer’s mind. It is possible that first-mover status in itself contributes to perception of quality. Alternatively, there may be an element of “survival of the fittest” whereby lesser quality offerings have not stood the test of time and are no longer present in the market. Further research could clarify which is the case.

The role of pioneering advantage (which describes the advantage accruing to survivors - not necessarily the “first movers”) in dominating consumer and industrial markets is well documented (Carpenter & Nakamoto, 1989). This advantage “appears resistant to competitors’ actions, surviving the introduction of new brands, innovation by existing rivals, price competition from generics or imports, and shifting consumer
tastes” (Carpenter & Nakamoto, 1989, p.285). A widely accepted explanation is that pre-emptive positioning and switching costs impose entry barriers that disadvantage later entrants (Lieberman & Montgomery, 1988). The first mover can become recognised as the “prototype” against which all later entrants are judged. “Because consumption is a learning experience, follow-on brands may be compared with the pioneer brand to their disadvantage if the latter is perceived as ideal” (Kerin, Varadarajan, & Peterson, 1992, p.35).

An example of pioneering advantage that we found particularly ironic was the perception of New Zealand as the preferred source of origin for kiwifruit. The fruit to which this name applies did of course originate in China, but was developed into the commercially attractive modern form through an extensive process of selective breeding in New Zealand. It appears that many Chinese consumers regard the variant from New Zealand as the “genuine article”, and the locally produced fruit – often of much lesser quality – as the imposter.

As outlined in the introduction, Laroche, Papadopoulos, Heslop and Mourali (2005) propose a model which conceptualizes country image as a multi-dimensional construct. In the present study, it became apparent that Chinese attitudes towards Japan, Japanese people and desired interaction (or otherwise) with people from Japan provides a highly illustrative example of how the different components of this model interact. Antipathy towards Japanese resulting from historical events appears to heavily influence consumers (or at least some gatekeepers acting on their behalf) from purchasing Japanese food products – despite acknowledgement of beliefs about
technological superiority of Japan and Japanese industrial products (Table V). This finding accords with previous evidence of consumer animosity (Klein, 2002).

Take in Figure 1 about here

A further contribution that this paper makes is in providing evidence that, in the Chinese market, pioneer (or first mover) status appears to play a major role in regard to product beliefs. The product that is believed to have been the first into the market is often seen as the ‘genuine’ one, with followers having a lesser status. Figure 1. shows a modified version of Laroche et al’s (2005) model to reflect this observation. This aspect could be in part due to the prevalence of counterfeit products, even food products, in the Chinese market, leading to widespread mistrust of ‘non-genuine’ products. Consumers in the PRC have been observed to place a strong emphasis on the performance dimension in their purchases, which can be related to traditional Confucian values (Tse, 1996). The long-term orientation of Chinese culture (Hofstede, 1991) places high value on tradition, history, hierarchy, status and prestige. Products which have been in the market longest reflect these values and provide consumers with confidence that they are buying the “original” and “genuine” article.
<table>
<thead>
<tr>
<th>Company</th>
<th>Interviewee</th>
<th>Sector</th>
<th>Location</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Executive Chef</td>
<td>Hospitality</td>
<td>Shanghai</td>
<td>5 Star Hotel, International hotel chain</td>
</tr>
<tr>
<td>B</td>
<td>General Manager</td>
<td>Food retail</td>
<td>Shanghai</td>
<td>Supermarket, specialising in imported foods</td>
</tr>
<tr>
<td>C</td>
<td>General Manager</td>
<td>Wine</td>
<td>Shanghai</td>
<td>Spanish importing company, imports wines from numerous countries</td>
</tr>
<tr>
<td>D</td>
<td>Marketing Manager</td>
<td>Dairy products</td>
<td>Shanghai</td>
<td>Importer and distributor of NZ dairy products</td>
</tr>
<tr>
<td>E</td>
<td>Asia Regional Manager</td>
<td>Food retail</td>
<td>Shanghai</td>
<td>Multinational, one of largest retailers in the world, annual revenue in excess of US$200 billion</td>
</tr>
<tr>
<td>F</td>
<td>a. Chairman b. Executive</td>
<td>Fruit</td>
<td>Shenzhen</td>
<td>Importer, distributor, fruit from many countries</td>
</tr>
<tr>
<td>G</td>
<td>General Manager</td>
<td>Meat</td>
<td>Shenzhen</td>
<td>Importer, distributor, imports meat from several countries</td>
</tr>
<tr>
<td>H</td>
<td>Executive Chef</td>
<td>Hospitality</td>
<td>Shenzhen</td>
<td>5 Star Hotel</td>
</tr>
<tr>
<td>I</td>
<td>Assistant Manager</td>
<td>Food retail</td>
<td>Guangzhou</td>
<td>Supermarket, Chinese owned</td>
</tr>
<tr>
<td>J</td>
<td>General manager</td>
<td>Seafood</td>
<td>Guangzhou</td>
<td>Importer, distributor</td>
</tr>
<tr>
<td>K</td>
<td>Managing Director</td>
<td>Food Service</td>
<td>Beijing</td>
<td>Importer – grand agent company, representing leading international brands</td>
</tr>
<tr>
<td>L</td>
<td>Customer manager</td>
<td>Food retail</td>
<td>Beijing</td>
<td>Supermarket, one of largest supermarket chains in world, annual revenue approx. US$100 billion</td>
</tr>
<tr>
<td>M</td>
<td>Sales Department Manager</td>
<td>Food import and manufacture</td>
<td>Beijing</td>
<td>Manufacturer and importer of Western-style foods</td>
</tr>
<tr>
<td>N</td>
<td>Procuring Manager</td>
<td>Food retail</td>
<td>Changchun</td>
<td>Supermarket, provincial, Chinese-owned</td>
</tr>
<tr>
<td>O</td>
<td>General Manager</td>
<td>Food service</td>
<td>Changchun</td>
<td>Western-style cafe</td>
</tr>
<tr>
<td>P</td>
<td>Division Chief</td>
<td>Agriculture Commission</td>
<td>Changchun</td>
<td>Provincial Agriculture Commission</td>
</tr>
<tr>
<td>Q</td>
<td>Professor</td>
<td>University</td>
<td>Changchun</td>
<td>Prominent agricultural university, expert on food issues</td>
</tr>
</tbody>
</table>
Table II. Brand influence on perception

“We only deal with top brand companies. We make purchasing decisions 70%-80% based on our consumers. Otherwise we cannot sell our products. In the Chinese market, people tend to buy famous brand for the products they are not familiar with. Consumers are really concerned with the brand, especially famous brand, so they have more confidence that the product has good quality.”

“… Chinese people buy water for guests for the image. When I get foreign friends to come home, of course I will serve Pellegrino, not because it is expensive, but because of respect. Most foreigners prefer these two brands instead of local branded water. It is not only the water, but also the packing etc.” Respondent M, importer and manufacturer.

“Nestle is an international brand, but locally produced. Their manufacture base is in Tianjin. When people buy Nestle milk, and we ask why they chose Nestle, they all know it is locally produced, but they also know it is international brand. When you ask where this brand is from, and they will answer you that they don’t care, and why should they care? They see it the TV and advertising all the time. They just know the brand, and don’t care about where they come from. Nobody will notice the trademark of Nestle (a little bird on the nest), and consumers don’t care.” Respondent D, distributor of dairy products.

“The first is the well known brand. The second is origin of country. Brand means symbol of status, and quality. For example, in Xingyanglu market (one of famous market in China where fake products in relation to brands are sold), products with good brand will be easily sold compared to products without brands.” Respondent B, supermarket.
Table III. Relevance of country image of source country

“I don’t personally think this (country image) is a selling point. To change menu in five-star hotel is very expensive because all menus are shown in the rooms. There are external advertising you do, and all the printing. I got burned this year with US beef banned here this year at this moment. When that happened, initially we thought it would be short term thing, but it has gone on and on. We have to reprint all menus because we name US beef. It is such expensive. It restricts what you can do. It is very inconvenient.” Respondent A, five star hotel.

“Consumers don’t know the country. They can’t tell the quality of cheeses by eating the pizza. In addition, the tastes of cheese can’t be easily differentiated. We could use low quality cheeses instead. But we didn’t because we want to keep the tastes of our pizza consistent…They don’t care where the western styled food is originally from. For a café affiliated with particular country, the key is the decoration style of the café. The most important thing is to differentiate from Chinese café by the unique decoration in relation to particular country.” Respondent O, western style café.

“I think the first top of the mind will be the country origin… I think they will think first the country or region. They knew French wine. That will be one safe choice.” Respondent C, wine importer.

“People don’t associate Nestle with Switzerland -. they never think about that. Wine is the only product you can relate the brand to the country. Even for the dairy products, for example, my mum goes to the supermarket to buy cheese and butter, she doesn’t really know about New Zealand cheese or European cheese. She only tastes once, and may think this is her flavour, and it becomes her favourite, and will continue on buying it. She doesn’t really care which country the brand comes from.” Respondent D, dairy foods distributor.

“Consumers rarely know which countries the cheese is from when they have the food. Some people do care about the brands of the ingredients used in making food, such as butter, especially for the group order. Normally people who come to order food know about western cousin, and have some say on the brands used in making food”, Respondent M, manufacturer and importer.

“Because our shop is mainly targeted to foreigners, we think what countries foreign people living in Shanghai are mainly from. Now in Shanghai there are a lot American, German, Japanese. We import products from the United States, Germany, Australia, U. K., France, Italy, Switzerland, Japan. The US and Germany take up the largest percentages. Main factors are the brand. Other factors are like the famous products from particular countries, such as cheese from France. We try to import them into this shop. Of course we are attempting to import some from new countries, such as UK, Australia” Respondent B, supermarket.

“On July or August, we did Sunkist promotion. Sunkist is the best orange. People have this perception because they are imported from the U.S.” Respondent L, supermarket.

“Not at all. It is not the case like some consumers go to Lotus because they like Thailand. You know most customers have low loyalty in selecting where to shop. Give you an example. If they find one product is sold in Carrefour at ¥ 1,000 one day and find the same product sold in Lotus at ¥ 999, they will go to Lotus for the one Yuan (¥ 1) difference.” Respondent L, supermarket.
Table IV. Pioneer or first mover advantage

“In the Chinese market, the “first mover” advantage is very effective. Among the foreign brands, problems are that people don’t normally spend much time and money on the market development. First, the company needs to promote the products as imported products, and background of your company as a promotion point. Consumers tend to accept the first movers.” Respondent D, distributor of dairy products.

“First France always. You know like everybody else, they have been through the assumption of the wine: French is the best the wine in the world because it used to be. But still French wines are perceived to be the best wine. They have entered the mind of Chinese that the French wine is the best wine. It’s very difficult to change the perception.” Respondent C, wine importer.

“New Zealand apples are better known than other countries. This is because New Zealand apples were introduced into the Chinese market earlier than others. New Zealand gala apples came to China in the first place. There were no gala apples imported from Chile or Africa in the market before. So gala apples were known as New Zealand apples in the beginning, later on were named as New Zealand gala apples when gala apples from other countries were introduced.” Respondent F, fruit distributor.

“Australia moved into Chinese market earlier, and there are many intermediaries. New Zealand has not made a big cake. Australia sells a lot of beef in China. For New Zealand beef, it was sold in the market, but not much.”

“For New Zealand, the kiwi fruit is a good choice. The quality is the best. Kiwi fruit is believed to be the best by everywhere in the world, not only in China.” Respondent B, supermarket.

“First, they came into China in the early stage. Also, their quality and tastes are accepted.” Respondent K, importer and distributor.

“Only in the past few years, the Chinese market is widely opened to the foreign suppliers. Only a few brands are in the market. Maybe these brands are not the best outside of China, but because they came in China early, once they are tasted good, accepted by the consumers, people tend to think these brands are the best without actual comparison with other foreign brands.” Respondent L, supermarket.

“At this stage, nobody can compete with Perrier and Pellegrino. They are here for so long time. Chinese people buy water for guests.” Respondent M, importer and manufacturer.
Table V. Animosity towards a country influencing product acceptance despite perceptions of quality

“For Indian products, people think they are not very good, but for countries like the U. S., Japan, people think the products are very good. Developed countries are perceived sources to produce high-quality products.” Respondent B, supermarket

“Scandal in Japan? I think a few people will be influenced, but it is more possibly from the historical reason because of Japanese invasion in the WWII. I think if there weren’t efforts from the government to promote the relationship between Japan and China, a lot of Chinese people would reject Japanese products in China.” Respondent N, supermarket.

“We never target Japanese products because of culture conflicts. Actually this is the history problem. A lot of Chinese still hate Japanese for what they did in the Colonial time. Many Japanese companies came to our company, but we never responded to them.” Respondent M, food importer and manufacturer.
Figure 1. Adaptation of Laroche et al model to incorporate pioneer advantage in China
References


