

Consumer Ethnocentrism And Chinese Attitudes Towards Store Signs In Foreign And Local Brand Names

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Abstract

This paper examines consumer ethnocentrism (CE) and Chinese consumers' evaluations of three store sign designs for a hypothetical foreign bread shop. The results show that Chinese consumers had significantly better attitudes towards signs in both English and Chinese compared to signs only in Chinese. Furthermore, attitude towards the sign related significantly to their level of CE. Compared to consumers with low CE, consumers with high CE had significantly less favorable attitudes towards signs in both English and Chinese. The attitudinal difference between the consumers with high and low CE was even greater when the store sign included the brand's country of origin (COO). The paper closes with academic and applied implications with respect to foreign brands' naming strategies in China.

Key words: Chinese consumers, consumer ethnocentrism, brand names, country of origin

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 almost 100 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., in English), translate it into Chinese¹, or use both an English and Chinese name? Will their language choice influence consumer perceptions of the brand? To 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 two ways: by (i) testing three brand-naming approaches (Chinese, both English and Chinese, both English and Chinese plus the brand's country of origin (COO)), and (ii) examining the relationship of consumer ethnocentrism (CE) with Chinese consumers' attitude towards these approaches.

Literature Review

Foreign Brands in China: Localize or Standardize?

As brand names affect consumers' perceptions, brand managers must study their target regions' culture and languages in choosing appropriate brand names. Launching a western brand in eastern countries such as China and Japan is particularly difficult. In addition to

cultural differences, western brand managers must consider the eastern countries' different languages and dialects (Anonymous, 1999). Two international marketing strategies – standardization and localization – are common in global branding and advertising. Global markets imply international brands spanning countries, continents and cultures, but consumers may prefer brands that seem local to international brands that sound or look foreign. International brand managers question when to adopt a global brand strategy (e.g., keep the brand name in the original language) or localize through brand names in local languages (e.g., Kanso, 1992; Carter, 1997). Given its economic size, foreign brand strategies are particularly important in China.

Language influences international brand strategies (Hollensen, 2004) and brand managers often question the appropriate language(s) for advertising (Sawyer and Howard, 1991). It is generally believed that consumers in less developed countries favor 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, Ettenson, and Morris, 1998). They often value western goods more than local Chinese goods (Sklair, 1994; Zhang, 1996). Thus, a foreign brand name in English or other western language – rather than Chinese – may be better because Chinese consumers may believe the brand is western and value it more than competing local brands.

However, Chinese attitudes continue to evolve and foreign brands may lose their appeal as Chinese brands increase in quality and become more attractive (e.g., Zhou and Hui, 2003; Li, 2004). Most recently, Zhou and Belk (2004) also claimed that Chinese consumers may desire foreign brands for “Mianzi” (prestige), yet nationalistic beliefs also motivate Chinese consumers. They also reported both an increase of foreign brands using Chinese names as well as Chinese brands using non-Chinese names, particularly English names. In summary, past research showed that Chinese consumers have conflicting reactions towards foreign brands. As discussed later in this paper, consumer ethnocentrism (CE) helps explain why these conflicting reactions exist more at the aggregate level than at the individual level.

Consumer Ethnocentrism (CE)

Ethnocentrism study began last century with social psychologists such as Sumner (1906), who defines ethnocentrism as the tendency to view one's own group as the center of everything. Highly ethnocentric individuals tend to accept things culturally similar and reject things culturally dissimilar (Samovar and Porter, 1995). Since the 1980s, consumer researchers have adopted the construct of ethnocentrism. Shimp and Sharma (1987, p280) define consumer ethnocentrism (CE) as consumer beliefs “about the appropriateness, or morality of purchasing foreign-made products”. Individuals vary in CE and their levels of CE influence attitudes and intentions towards buying foreign goods (Klein, 2002; Orth and Girbasova, 2003). Highly ethnocentric consumers believe that buying foreign products or brands is unpatriotic and tend to favor local products or brands. Even online, CE may relate to consumer reactions to global

and local appeals on websites (Singh, Furrer, and Ostinelli, 2004).

Some researchers, however, question the broad capability of CE to explain consumer favoritism towards local brands and against foreign brands. Baughn and Yaprak (1993) posit that a foreign brand's COO² strongly influences local consumers' attitude towards a particular foreign brand. CE may moderate COE, but the research is inconclusive. Batra et al (2002) found that Indians prefer non-local brands to brands seen as local but CE had no significant impact on their evaluations of foreign brands. In a study on the US and Korean consumers, however, Steenkamp, Batra, and Alden (2003) found that the level of CE moderated COE on perceived product quality. Although foreign brands increasingly target the Chinese market, studies investigating how CE relates to Chinese consumers' evaluations of foreign brands are scant or nonexistent. Zhou and Hui (2003) suggest that Chinese consumers have shown a recent tendency away from foreign products and brands in preference for local products and brands due to increasing consumer ethnocentrism and improving local products. Their study, however, failed to measure CE and its impact on brand evaluations.

Research Design

This study examines how CE relates to Chinese consumers' evaluations of foreign brands across three brand-naming strategies: a Chinese brand name, both an English and a Chinese name, and both an English and Chinese name with the brand's COO identified. This study does not test the naming strategy of using only a non-Chinese name because very few 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 such as Australia³. Three store signs represent three possible brand naming strategies:

Store Sign A (SS-A) only includes "金色面包屋", a direct Chinese translation of "Golden Bread". Given the Chinese-only name, few Chinese consumers should perceive "Golden Bread" as a foreign brand. Therefore, CE should have little effect on consumer attitudes towards SS-A. Thus, we hypothesize that "Chinese consumers with higher CE and those with lower CE will not have significantly different attitudes towards Store Sign A" (H1).

Store Sign B (SS-B) includes both "Golden Bread" and "金色面包屋". Since English names associate with foreign brands, the impact of CE should relate to attitudes towards SS-B. Thus, we hypothesize that "Chinese consumers with higher CE will have significantly less favorable attitude towards Store Sign B than consumers with lower CE will" (H2).

Store Sign C (SS-C) includes "Golden Bread", "金色面包屋", and the brand's COO such as Australia. As discussed earlier, foreign names may persuade consumers that brands are foreign. Showing the COO in SS-C should further persuade consumers that the brand is

foreign compared to SS-B. Thus, we hypothesize that “Chinese consumers with higher CE will have significantly less favorable attitudes towards Store Sign C than consumers with lower CE will” (H3). We also hypothesize that “The attitudinal differences between high CE and low CE consumers towards Store Sign C should be greater than the attitudinal difference between these two groups towards Store Sign B” (H3a).

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 concerns on using a convenience sample, for example, misrepresenting the population (Burns and Bush, 1998). However, there was no requirement on gender, age, income and education; the subjects were from all lifestyles. The profile of the sample resembled Guangzhou’s population, albeit a bit younger (the sample’s average age was 35 compared to 40 of the total population) and more educated (nearly 50% of the sample had high education compared to 10-15% of the total population), but this demographic variation should better suit most international brand managers’ target population.

Two trained researcher assistants used a four-page questionnaire to conduct 15-20 minute interviews where the subjects felt at ease (e.g., at their own house). They told each subject that a new bread shop was about to open on Beijing Road, one of Guangzhou’s busiest streets in the CBD area. The research assistant then showed SS-A to the subjects and asked what they thought about the sign. When the subjects finished questions related to SS-A, they were told about an alternative store sign design and given SS-B. After answering attitudinal questions about SS-B, the research assistant followed the same procedure with SS-C. The interview concluded with questions related to the subjects’ CE, product involvement, age, gender, income and education.

Results and Analyses

Given no available scale for attitude towards the store sign (at^{ss}), this study borrowed from attitude towards the advertisement (at^{ad}); the store signs have similar functions as advertisements. Furthermore, the store signs presented to the subjects resembled a print advertisement. The scale drew upon Lee (2000)’s at^{ad} , using five attitudinal statements with responses on a seven-point Likert scale from strongly disagree (1) to strongly agree (7). A confirmatory factor analysis found that the scale for at^{ss} 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 the three signs. The derived factor had an average Eigenvalue of three, and explained 60% of the total variance. The standardized reliability coefficient (Cronbach’s alpha) of each store sign was more than 0.8, which also indicated a reliable measure (Hair et al., 1998). The CE scale stemmed from Lundstrom et al.’s (1998) three-item scale for Taiwanese consumers based on Shimp and Sharma’s (1987) CETSCALE. Due to the cultural similarity of consumers in Taiwan and mainland China, this study used the three-item scale rather than the original CETSCALE. A confirmatory factor

analysis found that all three items provided a single significant factor of an Eigenvalue of 2.068, explained 70% of the total variance. The Cronbach's alpha was 0.7716, near the 0.8 standard suggested by Hair et al. (1998).

Averaging the scores for the three items yielded the individual consumer's CE. The samples' average CE was 2.3 out of five, with a standard deviation of 0.75. Education had a significant effect on a subject's CE ($F=5.122$, $p=0.001$, $p<0.01$). The higher education level a subject had, the lower level of CE the subject had. Age was also significantly related to CE ($F=3.664$, $p=0.006$, $p<0.01$). The elder the subject was, the higher their level of CE. Gender ($t=684$, $p=0.495$, $p>0.05$) and income ($F=1.297$, $p=0.271$, $p>0.05$) showed no significant relationship with CE. Based on the individual's CE score, 89 subjects were High CE (more than the average CE score) and 211 were Low CE (less than the average CE score). The results showed that overall, the 301 subjects' attitude towards SS-C was the most favorable (mean=3.50, SD=0.73), followed by their attitude towards SS-B (mean=3.06, SD=0.74) and SS-A (mean=2.50, SD=0.76).

For SS-A, a univariate analysis found no significant difference between consumer with higher CE (mean=2.48, SD=0.76) and lower CE (mean=2.46, SD=0.79) with respect to their attitude towards SS-A ($F=0.595$, $p=0.441$, $p>0.05$). Therefore, H1 was supported. For SS-B, results showed that subjects with higher CE had significantly less favorable attitude towards the SS-B than subjects with lower CE had (mean=2.90 vs. mean=3.12; $F=7.970$, $p=0.005$, $p<0.01$). Therefore, H2 was supported. For SS-C, results showed that subjects with higher CE had significantly less favorable attitude towards the SS-C than subjects with lower CE had (mean=3.21 vs. mean=3.61; $F=20.22$, $p=0.000$, $p<0.01$). Therefore, H3 was supported. The attitudinal difference between the consumers with higher and lower CE towards SS-C was even greater than that towards SS-B. Therefore, H3a was supported. As discussed earlier, this could be due to fact that having the COE in the store sign showed that the brand was foreign.

Conclusion, Limitations, and Future Study

By comparing the usage of local or foreign names in the store sign, this study found that the store sign using both a local name and a foreign name obtained more favorable attitude than the one using only a local name. Moreover, showing the foreign brand's COO increased the consumers' favorability of the store sign. Results also show that CE had significant impact on the evaluation of store signs including the foreign brand name or the foreign brand's COO. The results suggested that foreign brands need to be careful with their brand name design in China. Fully localized names in Chinese may not achieve a favorable attitude, but they will not trigger different responses from consumers with Higher CE or Lower CE. The brand names involving both foreign and local names may obtain more favorable attitudes but Higher CE and Lower CE consumers may have significant attitudinal differences towards the brand.

There were several limitations of the study including using a convenience sample and testing only one product category. Future studies can utilize a non-probability sample and adopt more

product categories. Future studies can also look at some other potential variables such as cultural sensitivity and global openness (e.g., Suh and Kwon, 2002), which may also influence Chinese consumers' evaluations of different foreign brand-naming strategies.

Endnotes:

1: In this paper, Chinese Language refers to Mandarin, China's official language.

2: In this paper, a brand's Country of Origin (COO) refers to the country where the brand originated. The brand's COO is also called the Brand of Origin (BOO).

3: This study tested two COOs: Australia and the US. Due to the word limit, differences between these two COOs are not discussed in this paper.

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