



UNIVERSITY OF GOTHENBURG  
SCHOOL OF BUSINESS, ECONOMICS AND LAW

# *Made in China*

*- Swedish Consumers' Perception  
of China as a Country of Origin*

*Department of Business Administration  
International Business  
Bachelor Thesis  
Spring 2013*

*Andreasson, Terese 871117*

*Müller, Sarah 901224*

*Tutor: Ramsin, Jakob*

## **Acknowledgements**

We would like to thank our supervisor Ramsin Yakob, for showing us the right direction and providing us with valuable feedback.

Another thank you goes to the respondents that took the time to help us and participate in the survey.

We also want to thank our loved ones who helped us with ideas and proofreading.

Last but not least: a great thank you for putting up with each other during the hard times.

Terese Andreasson & Sarah Müller

## **Abstract**

Since China's economy has grown rapidly after the fall of Communism, attention has been brought to the topic of China as country of origin and its country image in the global market. In order to determine how this affects the Swedish costumers' purchase decision, a quantitative survey was conducted among 30 participants, whose answers were divided based on age, gender and educational level. The findings revealed that the older generation was more critical towards China than the younger, while the males were more critical than the females and the educational level was of marginal importance to the outcome.

**Keywords: China, COO, CI, Swedish, consumer, attitude, brand, product**

## **Definitions**

The '**Made in**' **Country** is stated on the label of a product and is often the country in which the final assembly takes place (Jaffe & Nebenzahl, 2001).

**Country of Origin (COO)** refers to the impact generalizations and perceptions have on a person's assumptions regarding the country's products and/or brands (Jaffe & Nebenzahl, 2001).

**Country Image (CI)** refers to consumers' perceptions about a specific country based on previous experiences from the nation's products' attributes, strengths and weaknesses (Jaffe & Nebenzahl, 2001).

The **attitude** is hereinafter referring to a person's feelings towards and thoughts regarding a country/a product/a brand. A positive attitude is thus equal with positive feelings and thoughts.

# Table of Contents

<b>1. Introduction</b> .....	<b>6</b>
<b>1.1 Background</b> .....	<b>6</b>
<b>1.2 Problematization</b> .....	<b>7</b>
<b>1.3 Purpose</b> .....	<b>9</b>
<b>1.4 Research Question</b> .....	<b>9</b>
<b>1.5 Delimitations</b> .....	<b>9</b>
<b>1.6 Outline</b> .....	<b>9</b>
<b>2. Methodology</b> .....	<b>11</b>
<b>2.1 Research Philosophy</b> .....	<b>11</b>
<b>2.2 Research Approach</b> .....	<b>12</b>
<b>2.3 Choice of Method</b> .....	<b>13</b>
<b>2.4 Analytical Process</b> .....	<b>14</b>
<b>2.5 Data Collection</b> .....	<b>14</b>
2.5.1 Primary Data.....	14
2.5.2 Secondary Data.....	15
<b>2.6 Reliability and Validity</b> .....	<b>16</b>
<b>2.7 Criticism of Sources</b> .....	<b>17</b>
<b>3. Theoretical Framework</b> .....	<b>19</b>
<b>3.1 Country of Origin Effect</b> .....	<b>19</b>
<b>3.2 Cue Models</b> .....	<b>20</b>
<b>4. Empirical Findings</b> .....	<b>23</b>
<b>4.1 Demographics of the Survey Group</b> .....	<b>23</b>
<b>4.2 Knowledge of China</b> .....	<b>23</b>
<b>4.3 Perception of Quality</b> .....	<b>31</b>
<b>4.4 Relevance of Origin</b> .....	<b>37</b>
<b>4.5 Importance of Price</b> .....	<b>47</b>
<b>5. Analysis</b> .....	<b>56</b>
<b>5.1 Based on Age</b> .....	<b>56</b>
5.1.1 Knowledge of China.....	56
5.1.2 Perception of Quality .....	57
5.1.3 Relevance of Origin.....	58
5.1.4 Personal Experiences.....	58

<b>5.2 Based on Gender .....</b>	<b>59</b>
5.2.1 Knowledge of China.....	59
5.2.2 Perception of Quality .....	60
5.2.3 Relevance of Origin.....	60
5.2.4 Personal Experiences.....	61
<b>5.3 Based on Educational Level.....</b>	<b>61</b>
5.3.1 Knowledge of China.....	61
5.3.2 Perception of Quality .....	62
5.3.3 Relevance of Origin.....	62
5.3.4 Personal Experiences.....	63
<b>6. Conclusion .....</b>	<b>65</b>
<b>6.1 Research Question Revisited .....</b>	<b>65</b>
<b>6.2 Contributions .....</b>	<b>67</b>
<b>6.3 Future Research Suggestions .....</b>	<b>68</b>
<b>6.4 Implications.....</b>	<b>69</b>
<b>6.5 Summary.....</b>	<b>69</b>
<b>References .....</b>	<b>71</b>
<b>Books .....</b>	<b>71</b>
<b>Journal Articles.....</b>	<b>71</b>
<b>Newspaper Articles.....</b>	<b>73</b>
<b>Reports.....</b>	<b>73</b>
<b>Web Documents and Sites.....</b>	<b>73</b>
<b>Appendices .....</b>	<b>75</b>
<b>Appendix 1 .....</b>	<b>75</b>
Original survey questions in Swedish.....	75
Demografi.....	75
Kunskap om Kina.....	75
Syn på kvalitet.....	75
Ursprungsrelevans.....	75
Prisrelevans.....	76
Personliga erfarenheter/känslor.....	76
<b>Appendix 2 .....</b>	<b>77</b>

# **1. Introduction**

The introduction serves as an overview, including background, problem, purpose, limitations and research questions. In addition, it clarifies the definitions utilized throughout the thesis followed by an outline.

## **1.1 Background**

China is one of the world's largest economies and with its rapid growth it is expected to contribute with one-third of the global growth by 2025, exceeding the contribution of every other nation alone, this despite a predicted slowdown compared to China's current growth rate (National Intelligence Council, 2012). After the collapse of Communism approximately three decades ago, China has advanced from a planned economy towards a market economy (Eklund, 2011). Nevertheless, since China as a nation has experienced success, the domestic brands are struggling to compete internationally and gain recognition on the consumer market (Vaughn, 2012). Traditionally, Chinese products were associated with high quality goods; the country was exporting specialty products across the world, including porcelain, silk and paper (Vaughn, 2012). However, civil wars, poverty and communism caused the nation to lag behind as the Western world began industrializing, eventually resulting in the open door policy (Eklund, 2011).

The open door policy was implemented in order to revive China's at the time stagnant economy, by easing its trade relations with the rest of the world and thereby opening up for increased trade (Eklund, 2011). After the open door policy was implemented, the differences between the worlds became evident and China became an attractive target for investors seeking low cost manufacturing (Vaughn, 2012). The strong focus on cost-efficiency has resulted in underperforming products and thereby a negative attitude towards products marked with made in China (Eklund, 2011). In addition, the world has reacted to China's sometimes questionable moral standards and issues regarding child labor, working conditions, environmental footprints et cetera have risen (Vaughn, 2012).

The import from China to Sweden, which initially was constituted by silk, porcelain and tea (Xinhua, 2010) has today been replaced by engineering products and other manufactured goods, including cell phones and textiles that altogether add up to a value of SEK 44.4 billion (Sweden Abroad). These products, along with other imported goods from China, have come

to be associated with the Made in China phenomenon yet the history behind how and why China was assigned this often negative label does not differ as much from that of Sweden as one might think (Bigsten, 2007).

The two countries are similar in their development path in a number of ways. Sweden is in relative terms considered a late developed nation and the industrialization arrived late compared to other Western countries (Bigsten, 2007). At this point, Sweden was lagging behind in the technological field of knowledge and thus focus had to be on catching up in this area, rather than on inventing their own new technologies (Bigsten, 2007). This process could be put on a par to that seen in China today, when the country is deliberately imitating existing inventions (Bigsten, 2007).

## **1.2 Problematization**

With a history of manufacturing upon request from the rest of the world, China now strives to establish Chinese exporting brands with the capacity to survive on its own, without the recognition from foreign, well-known brands (Vaughn, 2012). Since brand building is a relatively slow process and rising labor and production costs have already caused foreign investors to relocate their outsourcing to Vietnam and Cambodia (Vaughn, 2012), Chinese companies may need to concentrate on establishing their brands in the consumers' minds as soon as possible. China may face a challenging situation, in which it will be necessary for the nation to have strong brands that produce products that the rest of the world wants to purchase. In order to do so, China must improve the Country Image (CI), which in turn may enhance the Country of Origin (COO) effect.

Products marked with 'Made in China' have become associated with inexpensive, mass-produced, low quality goods (Vaughn, 2012). Scandals including, among others, poisonous fake baby milk that killed and severely malnourished babies (Watts, 2004), toxic lead paint on toys (Barboza, 2007) and contaminated pharmaceuticals (Cyranoski, 2008), have further caused consumers on the world market to remain skeptical towards goods produced in China and the Chinese CI (Vaughn, 2012). When underperforming or dangerous products are able to reach the consumers without being stopped in quality control checks or equivalent, the world is given a reason for their mistrust in Chinese products. If the defect products are produced in China under a foreign brand name, it might also compromise the relationship between the

local manufacturer and the foreign owner. If the owner thinks that having China as COO and the Chinese CI has damaged its brand, it could in turn result in the company relocating the manufacturing to other low-cost countries.

A negative attitude towards a COO has been proven to have a larger impact on smaller, relatively unknown brands than it has on strong brand names (Kerbouche et al, 2012). This fact could be particularly problematic for China, as the nation still struggles with its own national brands that have not made a significant impact on the global consumer market (Vaughn, 2012). These unknown brands might thus be strongly associated with the negative perceptions of China's CI, which potentially could prevent other nations from importing and selling products from these brands, due to their COO. A further investigation of the importance of a product's brand relative its COO would thus increase the understanding of what chances the Chinese products have to compete on the global market and if the COO label is likely to hinder a potential success.

Changing attitudes towards China as COO could hence be essential for a sustainable growth of the country. Therefore, analyzing current attitudes among Swedish consumers of a younger and elder generation may add to further understanding of China as a 'Made in' country and what to expect in the future. Since the collapse of Communism, China has changed and it can be assumed that people's attitudes have adjusted accordingly. However, there is a lack of research that acknowledges potential differences in perception of China as COO between the generation that has experienced Communist China and the generation that has never known a China without the open door policy and investigated whether this influences their perception of China's CI.

Japan is a nation that has undergone the process from being a COO with a negative sound to it to becoming well known and respected for its high-technological products and sophisticated brands (Vaughn, 2012). The question remains whether China will follow a similar development pattern and eventually end up in a position as favourable as the Japanese. Analyzing the younger consumers' attitudes compared to the older's may shed light over the topic and allow for implications regarding the future to be recognized.

### **1.3 Purpose**

Taking these facts into consideration, it is vital for the understanding of what the future might hold for China as a COO to further examine if and how Swedish consumers' attitudes are evolving. The purpose of the thesis is to establish whether differences in attitudes towards China as COO can be detected between Swedish generations. Depending on the outcome, it can be determined if the view upon China as a COO seems to be evolving in line with its economic power. Findings may be useful when estimating what the future holds for China as a global brand and determine whether it appears to evolve positively.

### **1.4 Research Question**

- What differences in attitudes towards China's COO can be detected between Swedish generations?

### **1.5 Delimitations**

The thesis is limited to investigating products, excluding services made in China since the service sector is, although increasing, still relatively small in China (Worldbank, 2003). The level of analysis focuses on consumers and not on companies, governments and institutions. Furthermore, the age segmentation is limited to those between 50-60 years old and those between 20-30 years old. Finally, the level of education has only been separated into higher education and no higher education. This ignores different levels of higher education and how far advanced the participants are.

### **1.6 Outline**

The remaining part of the thesis will be separated into the following chapters:

#### Chapter 2 - Methodology

In methodology the research philosophy, research approach and choice of method is stated and argued for, followed by an explanation of the analytical process. Moreover, the methodology informs about the process of data collection and is concluded with a reliability and validity paragraph that treats the sources that have been used.

### Chapter 3 – Theoretical Framework

In this part theories relating to COO will be presented. This includes a review of existing theories in the context of the thesis.

### Chapter 4 – Empirical Findings

This part describes the empirical data that was collected through a quantitative survey. The results of the research are presented based on demographical factors, that is age, gender and educational level.

### Chapter 5 – Analysis

The empirical data is discussed and analyzed by each demographical factor in this part of the thesis. The theoretical framework serves as a base for the analysis.

### Chapter 6 – Conclusion

This part highlights and discusses the conclusions that have been found through the research in the field of COO, in relation to the research question. Furthermore, the results are summarized and suggestions for future research of the subject are given.

## **2. Methodology**

In methodology the research philosophy, research approach and choice of method are stated and argued for, followed by an explanation of the analytical process. Moreover, the methodology informs about the process of data collection and is concluded with a reliability and validity paragraph that treats the sources that have been used.

### **2.1 Research Philosophy**

The research philosophy decided upon is the interpretivist approach. According to Bryman and Bell (2007) this philosophy separates the science of humans and their institutions from that of the natural science. They claim that it has a rather subjective approach that investigates people's view upon reality, concludes their thoughts and allows for differences in opinions and perceptions, thereby the distinctiveness of human beings can be determined. Bryman and Bell state that people's opinions and thoughts are influenced by different variables, creating a number of differently perceived realities as opposed to one fixed truth. They further argue that these realities constitute of pre-selected and pre-interpreted constructions of the world by the consumers' common sense, which represents their reality of their daily lives and in turn determine their behavior. The opposite to the interpretivist approach is the positivist philosophy, which is objective and considers knowledge to be produced through one's senses, thus creating more of a rule than a theory regarding the findings (Greener, 2008). Choosing an interpretivist approach leaves room for the survey group's different perceptions regarding Chinese products to be acknowledged and interpreted. The empirical material gathered will consist of individual thoughts and opinions that will serve as a base for discussion and eventually lead to a conclusion. The interpretivist approach is necessary in order to the utmost possible extent cover and understand the different angles the consumer group may contribute with. As the purpose is to interpret the opinions of people and not their actual knowledge, a positivistic approach cannot be utilized and the thesis will not result in the establishment of a definite rule of nature. Hence, the questionnaire was designed to collect the different opinions of the survey group and thereby enable a thorough analysis of these individual thoughts and views upon reality. Participants were given the instructions to follow their instincts and rate their thoughts on certain statements on a scale, allowing the researchers to interpret the survey group's distinctiveness through the researchers' own view upon reality. Despite the fact that this method with rankings makes it measurable, no definite rules of nature will be drawn based on peoples thoughts and perceptions in this thesis. The scale is merely a way to

benchmark preferences and thoughts relative each other and for example through the questions determine level of importance of different variables and attributes that the researchers could think of based on the theoretical framework. Once the empirical data was collected, the sources were analyzed from an interpretivist point of view, further adding the researchers' own pre-selected and pre-interpreted constructions of the world to the participants'. This involved existing theoretical models being utilized to interpret the participants' answers and enable a deeper understanding of their behavior and thoughts. Models included the halo effect, the summary effect and the cue models, facilitating explanations for the participants' attitudes. By applying this approach throughout the thesis, all the participants' perceptions will be taken into consideration.

## **2.2 Research Approach**

Bryman and Bell (2007) have concluded that there are two common research approaches to choose among, the deductive and the inductive approach. The deductive approach, which is used in this thesis, concerns the relationship between theory and research, in which the analysis of general existing information is followed by the insight of a problematization and thus the development of research questions, this according to Bryman and Bell. They further state that data collection is conducted and the information gathered serves as a foundation for the analysis and the conclusion, containing the findings and the answers to the research questions. An inductive approach is, according to Bryman and Bell, the opposite of a deductive, meaning that specific observations by the researchers lay the basis for generalizations and theories, which are inferred into the conclusions. The deductive approach is suitable when a large number of existing data is readily available, as in the case with the topic of China and COO. Theories have been developed for the particular purpose of explaining thoughts concerning different countries and consumers' perceptions of these countries as COO. Since these models appear to be applicable to the topic of this thesis as well, a decision was made to utilize them in this thesis as well. By doing so, the deductive approach allowed focus to be on testing the theories against the new findings, rather than on inventing a new, unique model for a subject that already has applicable existing ones. An analysis of the findings will either support the existing theories or determine that they are not applicable in this thesis, which in either way will leave room for discussions and conclusions. Despite the amount of information, the problematization arose a number of questions that could not be answered by analyzing these findings, causing the thesis' research questions to

be formed. Of the amount of existing data, some theories were selected, since they took factors, which appeared to be important for the research questions of this thesis, into consideration. These selected theories contributed with possible explanations to the consumers' perceptions and attitudes towards a country as COO that could be applied to China as well. Subsequently, based on the specific factors that the theories claim to be motives and explanations for consumers' attitudes, the statements for the survey were developed. By tailoring the survey after the theories, answers to the desired questions could be compiled and a further analysis and discussion could thus lead to the conclusion.

### **2.3 Choice of Method**

Bryman and Bell (2007) inform that market surveys may be utilized to collect data, either through a quantitative or a qualitative research. They add that the quantitative method, which was chosen for this thesis, focuses on numbers that are measurable and thus facilitates calculations in terms of medians, averages and relationships between variables, for example. In addition, Bryman and Bell state that a quantitative survey can be expressed in a way that makes people respond to the precise questions needed in order to in turn answer the thesis' research questions. They say that a quantitative method does not imply a deeper involvement with the survey group, which ensures objectivity and minimizes the risk of interference of the researcher and that the purpose is to test and confirm or contradict the existing theoretical assumptions. Bryman and Bell further state that qualitative surveys on the other hand focus on words, which are difficult to measure since they derive from a high level of interaction between the researcher and the participants, in which the latter determines the direction of the findings. Research in this area is commonly collected through market surveys and it is likely to be suitable in this thesis as well, as the quantitative survey provides numerical data and can thus give measurable clarity to the complex research topic of COO. The facts and figures that are possible to interpret thoroughly will facilitate conclusions in which the generational differences will be evident and other variables affecting the results will be detected and compared numerically as well. Well-phrased questions serve the purpose and add more value to the thesis given the circumstances, as the time required to interpret quantitative data is shorter than that for qualitative. In addition, by collecting quantitative data the likelihood that people will cooperate is increased, as it does not require an as high level of commitment from their side and it does not take as much time for them to participate as it would if they would be taking part in a qualitative research. On one hand it is challenging to enunciate the

questions correctly in order to avoid misunderstanding, though on the other hand once this obstacle has been overcome the level of uncertainty is minimized. This is further enhanced by the fact that numbers do not require the same level of interpretation from the researchers as a wordy qualitative survey would and the impact from the interpreters are thereby reduced as well, resulting in more accurate thesis results. The sample group was selected on a convenience basis, meaning that the participants may or may not have similar backgrounds in terms of city of residence et cetera. To qualify to take part in the market survey however, they had to meet the age requirements, which was the only necessity. 16 questions were developed into a statement format in order to provide information needed for the research questions to be answered. The participants were instructed to rank their opinions on the statements on a scale from 1 to 5; 1 meant that the participant disagreed and 5 meant that the participant agreed. To assure that the questions were not misinterpreted and that they served their purpose in the way intended, the statements were pre-tested on a separate survey group that contributed with feedback on improvement and changes. After the statements were modified and clarified where needed, they were presented to the final survey group who conducted the survey online with no contact with the researchers during the time the survey was implemented.

## **2.4 Analytical Process**

There are several demographic factors that might be relevant when investigating the COO topic. Apart from separating them according to age, which might allow for differences between the generation that lived when China was a Communist country and the younger that has only seen the nation with an open door policy to be detected, additional segmentation was done based on gender and educational level. Gender is a common sectioning when conducting a survey (Kelton, 2012) and the level of education has been found relevant to the CI and the COO effect (Wang & Gao, 2010). Therefore, this thesis has taken age, gender and educational level into consideration and separated the presentation of the analysis accordingly, in order to clearly state potential differences found between Swedish generations and ease the reading and sequence of text.

## **2.5 Data Collection**

### *2.5.1 Primary Data*

Greener (2008) states that the researcher acquires primary data from the source first handed commonly through surveys, observations or experiments, although other approaches do occur.

She claims that once an information gap has been detected, this type of data is specifically collected to suit the purpose of the research and contribute with the data needed, though the process of gathering primary data can be relatively time consuming since no already available data is used. Collecting primary data is necessary in order to fulfill the purpose of this thesis and to access specific numerical answers from the consumer groups that were to be investigated, as limited information on the narrow and specific consumer group's attitudes towards the topic could be detected. To be able to benchmark the participants' perceptions relative each other and relative different matters; including the country, brands and products manufactured in China for example, the data had to be derived from them directly. By using primary data, the information needed can be collected from the same source, under the conditions that the researchers decide to be suitable for the thesis and the survey. This involves the decision of what scale the statements should be ranked on, how large the survey group should be in order to be representative and how the survey should be conducted, et cetera. Taking these aspects into consideration, even if the method is time consuming, it may be the only approach to find the particular information, which thereby is as up-to-date as achievable at the time of writing. A questionnaire was developed after a thorough investigation of existing material. As information was processed, a lack of information needed was detected. This resulted in a number of questions for a survey being developed, consisting of 16 statements that were kept short and clearly formulated relating to the topic of China as a COO. The statements concerned different approaches of consumer behavior towards China as a 'Made in' country and testing different variables that lay the basis for the analysis and the conclusions. After the questionnaire was formulated, it was sent out electronically to 42 potential participants that in various ways were interlinked with the researchers, for example family members, friends and acquaintance. Once the primary data was acquired electronically from 30 respondents, the data was compiled and separated on a generational, a gender and an educational basis to process the facts in a further analysis.

### *2.5.2 Secondary Data*

According to Greener (2008) secondary data is collected from other researches and not directly from the respondents themselves, covering a broad research area and serves as a starting point when carrying out research. She implies that secondary data is convenient as it is less time consuming and easy accessible relative primary data and it has been interpreted and processed before, which simplifies an additional analysis in this thesis. While it could be

seen as a disadvantage that it is difficult to find all the information in one place, it also provides opportunities for the researchers to discover different angles and perspectives that otherwise would not have been thought of. As the COO phenomenon has been frequently studied in the past, a significant number of data exists, providing an opportunity to advantage from previous findings. In the initial phase, existing data and theories were collected and closely examined. Due to the amount of data, the challenges were rather in filtering the data and understanding what was relevant to answer the research questions of this thesis. Data that increased the understanding within the field and facilitated a sensible forecast for the future of Chinese products was selected in order to be able to create an as complete picture of the topic as possible. Carefully searching for and reading through the sources that are used in the thesis achieved this. Since the market, in particular the Chinese, has undergone changes during the past decades (Eklund, 2011), recent data is logically the most appropriate when investigating China as COO and this information was used to the extent it was findable. Secondary data was used to compile information about COO because of its availability.

## **2.6 Reliability and Validity**

Reliability refers to the consistency of measures when conducting for example a market survey, this according to Bryman and Bell. They claim that a study is reliable if the research method can note the same or similar results concerning the topic if the study is repeated. Furthermore, they state that validity concerns whether a measure of a concept, in this case the attitude towards China as COO, in fact does describe people's opinions regarding the issue and if a measure is reliable it is valid to be used in the analysis of the research area. Since China, as mentioned above, is changing fast it is probable that people's attitudes are evolving along with time. This results in a possible issue regarding the stability and thus the validity over time. If the survey is conducted in the distant future, even with the same age spans, the results may differ, as they will not have the same historical relationship to Communist China as the age groups partly do today. As for inter-observer consistency, which Bryman and Bell explain to be when data is collected and interpreted by more than one observer and thus may be inconsistent, the reliability is high as the questions are of quantitative nature as opposed to open-ended qualitative question that need to be interpreted by the observers to a larger extent. By avoiding this, the inter-observer consistency was improved significantly. Nevertheless, it is difficult to completely eliminate the issue, as the scale from 1-5, which the participants had to take a stand on, had to be interpreted by the observers, who determined the definition of the

intervals on the scale. The validity was established through the development of the questionnaire, which was specific and intended to be as straightforward as possible. It separated the image of China as a country from Chinese brands and from China produced products that are not necessarily sold under a Chinese brand, in order to be able to separate and map out the survey group's attitudes towards the different areas of concern. This ensured that misunderstanding of the questions among the respondents was minimized and that the questions served the purpose of the thesis. Furthermore, the respondents were given no time frame to answer, thus lowering the effect of stress when completing the survey. The survey was done over approximately two weeks time in mid April and sent by email to respondents meeting the age requirement of the research. Since consumers from different countries have been noted to have varying perceptions of third countries' images (Roth & Romeo, 1992), it is likely that the study may not be valid outside Sweden. A study conducted in other Western countries may as a result come to different conclusions. It would for example have been possible to translate findings from other languages than Swedish and English, which are the languages that have been investigated. No companies or institutions were included, thus the conclusions are only valid for private individuals. If the purpose would be to generalize Sweden as a nation's attitude towards China as COO it would be necessary to include all parts forming Sweden. This would however give the thesis a completely different angle and possibly obtain other results. It is also difficult to establish the level of knowledge the selection group has of China in general and concerning the topic of COO. Attitudes and perceptions are individual, even though it may be affected by external factors. It is therefore hard to determine what is a generational and what is an individual attitude. Additionally, the survey was conducted among 30 consumers, which may not be sufficient to represent the opinion of the whole Swedish population and a more extensive survey would thus be more accurate. The thesis does not focus on a specific product category or a concrete product, which may be a source of error as the result is therefore depending on different consumers' references. Chinese porcelain or silk could be perceived differently compared to a Chinese counterfeit handbag, only to mention one example.

## **2.7 Criticism of Sources**

The primary source used in the thesis is the market survey that was conducted among participants matching the required variables, such as age, gender and level of education. This can be seen as a reliable source since most participants have a connection to the researchers, which guarantees that the desired variables were followed.

The sources collected as secondary data were revised critically since the sources may have been carried out with a different purpose, but with this acknowledgement it was possible to filter out relevant information for the thesis. When information appeared to be uncertain, several sources were taken into account to confirm the information and the most reliable source was used and referred to in the thesis. The majority of the sources used are published in recent years, which can be seen as credible information, but since China is changing in a rapid pace some of them may not be applicable as in the year they were published.

### **3. Theoretical Framework**

In this part theories relating to COO will be presented. This includes a review of existing theories in the context of the thesis and how they might be utilized in order to answer the research question.

#### **3.1 Country of Origin Effect**

The COO effect refers to the impact of generalizations and perceptions of a country that affect the consumer's attitudes towards a product made by the country (De Moura et al, n.d.). The location of manufacturing has an increasing impact on the consumer's perception of a product and is affecting the purchase decision (Chu et al, 2008). Since China is exporting products all over the world the nation has been exposed to the COO phenomenon, in terms of foreign consumers' preconceived assumptions towards Chinese products (Chu et al, 2008). The COO topic can be applied in both developed and developing countries and it involves several aspects; brand image, brand name, consumer levels of involvement, country stereotypes, quality/price relationships (De Moura et al, n.d.). Whilst China as COO may have a negative sound to it among Western nations, the trade between China and Sweden has an over 300 years old history (Xinhua, 2010).

Studies examining the COO effect disagree on the level of importance of the brands' strength (Chu et al, 2008). Some studies implies that a strong brand is not as vulnerable to the COO effect as a weak brand name (Kim & Pysarchik, 2000; Han & Terpstra, 1988), while others claim that their studies prove that the strength of the brand does not matter and that all brands are affected to the same extent (Teas & Agarwal, 2000; Cordell, 1992). The different conclusions have resulted in two separated views upon how the CI of the COO is interpreted; the halo effect and the summary effect (Chu et al, 2008). The halo model is based on the belief that the CI of the COO has the role of an indicator to the consumers, upon which they base their overall impression of and expectations on the product and its attributes (Han, 1989). These beliefs generates in brand attitudes and attitudes towards the product itself (Han, 1989). Uncertainty about the quality of a product or service is a common problem and since a fair evaluation is only possible after testing, the halo has its effect when consumers are unfamiliar with the products (Han, 1989). Studies supporting this theory claim that this is particularly obvious when the consumers do not have the tools or the knowledge to observe and evaluate the quality themselves, which puts them in a position when it is tempting to draw a conclusion

based on preconceived assumptions (Chu et al, 2008). The role of price is also linked to the halo effect; that is when consumers lack information or is foreign with the products and the price becomes a significant factor that affects their evaluation and purchase decision (Han, 1989). A price that the consumer considers unusually low has been proved to be associated with low quality whilst if the price is particularly high the consumers tend to think it is not worth it as it is unlikely that the quality will be able to match the price tag (Huber & McCann, 1982). If on the other hand the consumers are familiar with the goods of a country, the halo effect will have no remarkable importance to the decision. (Han, 1989) According to the summary effect, consumers will evaluate products and apply knowledge from previous experiences and encounters with the COO to evaluate other products from the country (Chu et al, 2008). The perception of the item is hence the summary of newly retrieved and previously existing knowledge, interpreted by each person individually. (Chu et al, 2008) Furthermore, the influence of the COO effect has been observed to be stronger among the elder generation and among the less educated (Wang & Gao, 2010). However, perceptions are not definite, as improved marketing, increased quality and more knowledge about the producing country, perceptions can change over time (Wang & Gao, 2010).

### **3.2 Cue Models**

The usage of cues to interpret brands and products performance is also recurrent in studies on the COO topic (Wang & Gao, 2010). Cues are information that customers utilize when deciding what they think of and expect from products, which in turn influence the purchase decision (Wang & Gao, 2010). There are several cue models that are frequently used: the single-cue model, the multi-cue model and informational cues including extrinsic and intrinsic cues (Wang & Gao, 2010). The single-cue model is used when consumers base their assumptions on the information they have regarding the COO and this information is the only indicator or cue of the quality of the product (Wang & Gao, 2010). Studies have concluded that this model is the most commonly used among consumers, in particular when the item is a part of a product group, for example French wines or Japanese electronics (Wang & Gao, 2010). Nevertheless, the single-cue model has been criticized for its simplicity and unrealistic assumption that a person would only take the COO into consideration when evaluating a product (Bilkey & Nes, 1982). Studies claim that the researchers can only assume that the respondents only have the Country Image of the COO in mind when evaluating a product and this may provide bias results in which the effect of the COO appears to be greater than it

possibly is (Bilkey & Nes, 1982). The opposite of the single-cue model is the multi-cue one, when a consumer takes several factors into account when evaluating a product (Wang & Gao, 2010). Factors may include price, warranties and material contents as well as individual feelings toward both the product and the country (Wang & Gao, 2010). These factors are mostly the result of previous experiences and may have little or nothing to do with the item per se, yet these historical events play an important role in the customers' evaluation process (Wang & Gao, 2010). As mentioned, the single-cue model focuses on one cue, the COO cue, resulting in an evidential impact of the COO effect on consumers' product evaluation and quality perception (Agrawal & Kamakura, 1999). However, in a real purchasing situation the consumer has to make a decision that contains potential risks that will affect their daily lives (Agrawal & Kamakura, 1999). Therefore it can be assumed that a consumer will engage in information search, process other information and regard several other factors, which gradually decreases the effect of the COO (Agrawal & Kamakura, 1999).

Another dimension of cue models is that of the different categories that a cue can be sorted into, stating that consumers base their purchase decision on either intrinsic or extrinsic informational cues, or a combination of both (Samiee, 1994). Extrinsic cues are for example brand name, price, warranty, COO and other non-physical cues that affect the perception of a product (Samiee, 1994). Intrinsic cues, including design and performance, form the physical product and changes its composition, resulting in the ensemble that the consumer attempts to base its purchasing decision on (Samiee, 1994). Since all characteristics of a product cannot be detected before purchase, consumers use the extrinsic cue in their pre-evaluation and judgment of the product, when there is no obvious intrinsic cue or they have little knowledge about the item (Revanzi et al, 2012), price may for example be utilized instead of performance (Samiee, 1994). Research has shown that consumers tend to reject a product based on an extrinsic cue, for example the COO, indicating that purchasing decisions are often based on extrinsic cues (Samiee, 1994). Other studies point out a different angle; that consumers tend to base their perception of quality on intrinsic cues, such as characteristics and features, rather than on extrinsic cues, including COO and brand name (Bilkey & Nes, 1982). A customer that knows what needs and attributes it is looking for would hence be focusing on the intrinsic cues, while a customer purchasing with no or little thoughts behind it would be following the extrinsic cues (Samiee, 1994; Bilkey & Nes, 1982). This can however change as well if a consumer does not only understand its current needs but has good

knowledge of the product category and is familiar with the brands that produce them (Lee & Lou, 2011). The probability that the customer will purchase based on previous experience from the brands or according to personal evaluation of price/quality will increase again, relying the extrinsic cues (Lee & Lou, 2011).

Review of the existing theories concerning the key concept of the thesis, China as COO, brought attention to the two theories mentioned above. One part of the COO effect, the halo effect, is significant in the thesis since it is likely that the survey groups have an attitude towards China as a 'Made in'- country although they may or may not have had experience of the actual products. Since China is exporting products all over the world (Vaughn, 2012), products are likely to be very common on the Swedish market as well, but despite this fact the halo effect may act and the question is whether consumers infer their country image of China on the products or not. Furthermore, the research might investigate if the COO, as a single cue, is the decisive factor or if several factors are of importance when consumers select and evaluate a product. In the thesis, the effect of COO on product evaluation may establish differences in behavioral patterns of consumers with various characteristics concerning age, gender and educational level. As the cue model states the extrinsic cue is most likely to be used as information among consumers, therefore the research includes statements testing this part of consumer behavior, in order to reflect their underlying/fundamental opinions and influences affecting their purchase decision. The theories can, on one hand, present basic consumer attitudes and on the other hand highlight factors that may affect the Swedish consumers' evaluation of China as COO.

## 4. Empirical Findings

This section presents the empirical findings derived from the survey, based on the demographical factors of age, gender and educational level.

### 4.1 Demographics of the Survey Group

Age Distribution

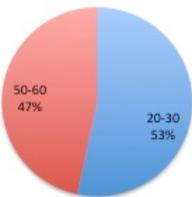


Figure 1: Age distribution of the survey group.

Gender Distribution

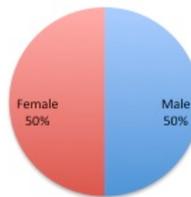


Figure 2: Gender distribution of the survey group.

Educational Distribution

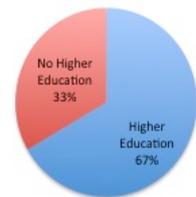


Figure 3: Educational distribution of the survey group.

The distribution between the older and the younger age groups are relatively even, with 47% and 53% respectively. Males and females both represent 50% each; while the educational distribution is more uneven with 33% lacking higher education and 67% having either finished or already started their higher education.

### 4.2 Knowledge of China

#### Question 1

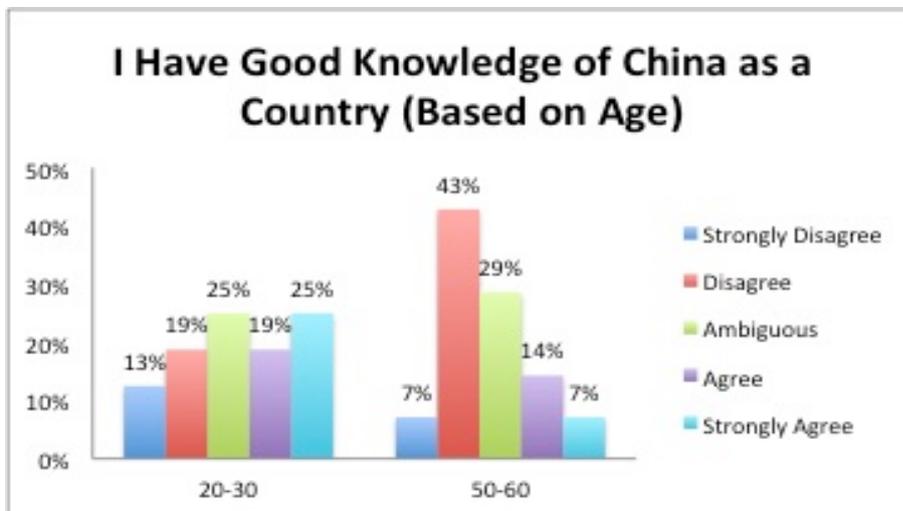


Figure 4: Question 1 based on age.

The diagram shows that among the younger age group a total of 44% of the participants agree with the statement that they have good knowledge of China as a country, 19% agree and 25%

strongly agree. 19% disagree and 13% strongly disagree, altogether composing 32% of the younger group. The older generation shows the opposite, with 47% disagreeing 7% strongly disagreeing, a total of 50%, while and only 14% agree and 7% strongly agree and consider themselves to have good knowledge of China as a country. The ambiguity rate is similar between the generations. The diagram hence indicates that the younger generation feels more confident in its knowledge of China as a country than the older generation does. The fact that 25% and 29% from respective age group do not take a stand indicates that they do know something about the country but they may not possess a deeper knowledge of the country.

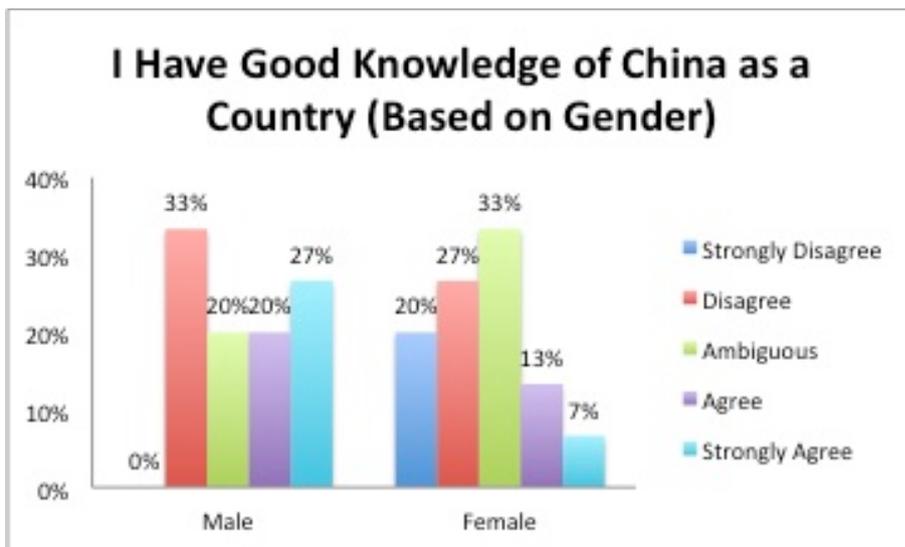


Figure 5: Question 1 based on gender.

This diagram shows the self-estimated knowledge of China as a country based on gender, in which the males show a significantly higher level of self-confidence than the females do, 53% and 20% respectively. The 53% among the males is composed of 20 percentage units agree and 27 percentage units strongly agree, the 20% among females of 13 percentage units of agree and 7 percentage units of strongly agree. Females have a higher level of ambiguity than the males do; it can however not justify the difference as it is only 13 percentage units higher than the males', which would not be enough to equalize the results.

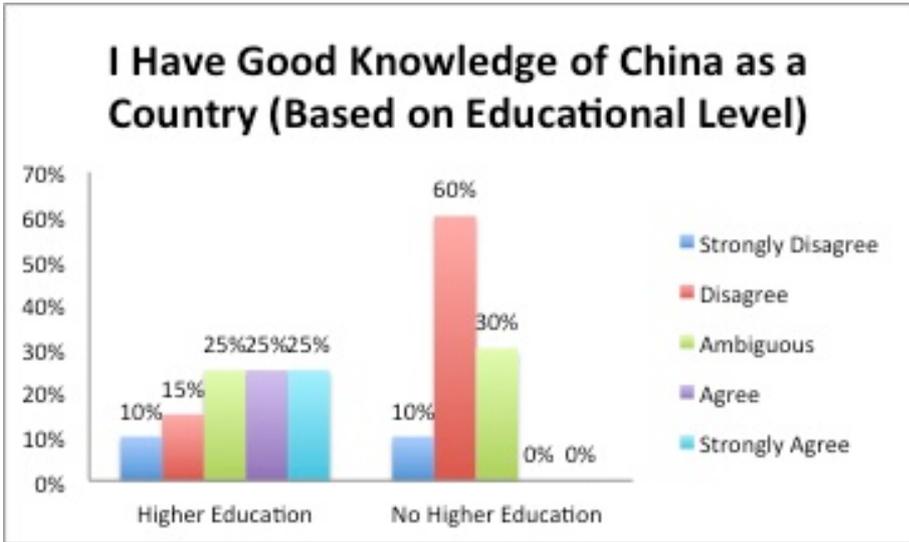


Figure 6: Question 1 based on educational level.

As far as the differences based on level of education go, it can be noted that 50% of the participants with higher education consider themselves to have good knowledge of China as a country. 25 percentage units agree and 25 percentage units strongly agree while 25% are ambiguous. Of the participants that have no higher education 60% disagree and 10% strongly disagree with the statement, constituting a total of 70% that consider themselves to not have good knowledge of the country. The level of ambiguity is relatively similar and does not appear to affect the results significantly.

Question 2

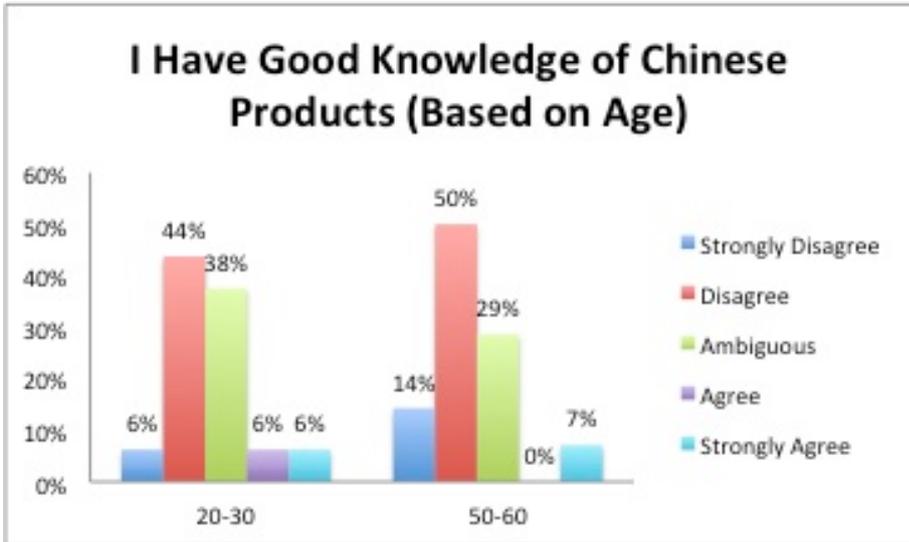


Figure 7: Question 2 based on age.

Both age groups have a majority of the participants disagreeing with the statement that they have good knowledge of Chinese products. The younger generation has 50% and the older 64% of the participants disagreeing to different extents, with 9% more ambiguity detected among the younger. This indicates that the older generation feels slightly more insecure, though the difference is marginal considering the higher ambiguity among the younger age group.

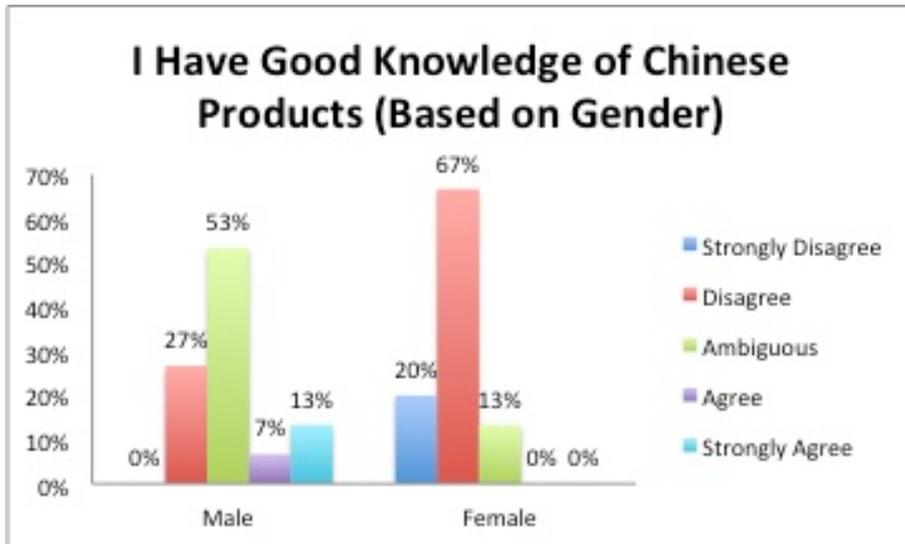


Figure 8: Question 2 based on gender.

Only 27% of the males disagree with the statement that they have good knowledge of Chinese products, while 20% strongly disagree and 67% disagree of the females. The level of ambiguity among men is on the other hand 40% higher among males than among females, leaving 0% of the females and 20% of the males agreeing with the statement. Hence it appears as if though the males have a better knowledge of Chinese products when they rank it themselves.

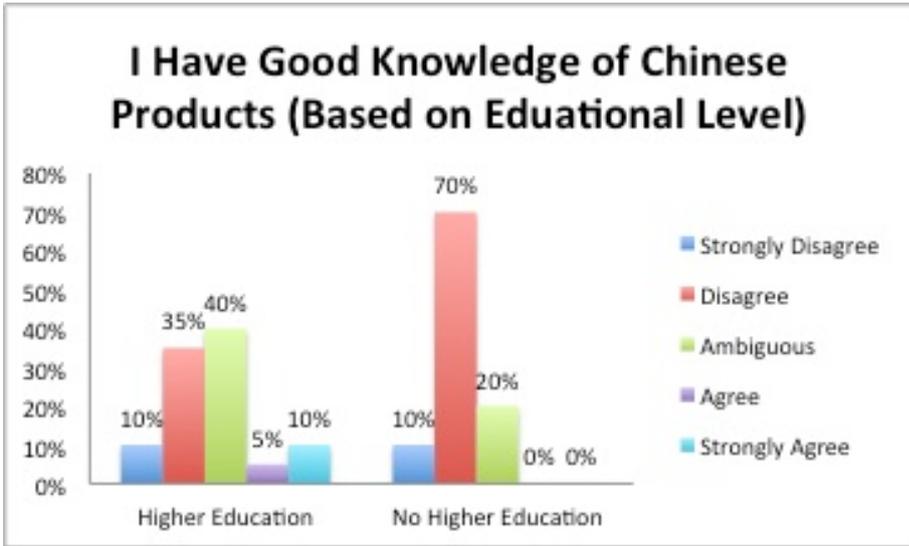


Figure 9: Question 2 based on educational level.

When the participants' different levels of education are taken into consideration, it can be noted that the ones with no higher education disagree to a larger extent, a total of 80%, out of which 70 percentage units are disagree and 10 percentage units are strongly disagree. Of the participants with higher education only 45% disagree, 35 percentage units of them disagree and 10 percentage units strongly disagree. As in the case with gender, the percentage that agrees to some extent is slightly equalized by a 20% higher level of ambiguity among the ones with higher education. Despite this, 15% of the highly educated agree with the statement compared to 0% among the ones without higher education. The highly educated thus seem to have a more extensive knowledge of Chinese products than the other group has, though the number that disagree exceeds the number that agrees in both groups.

Question 3

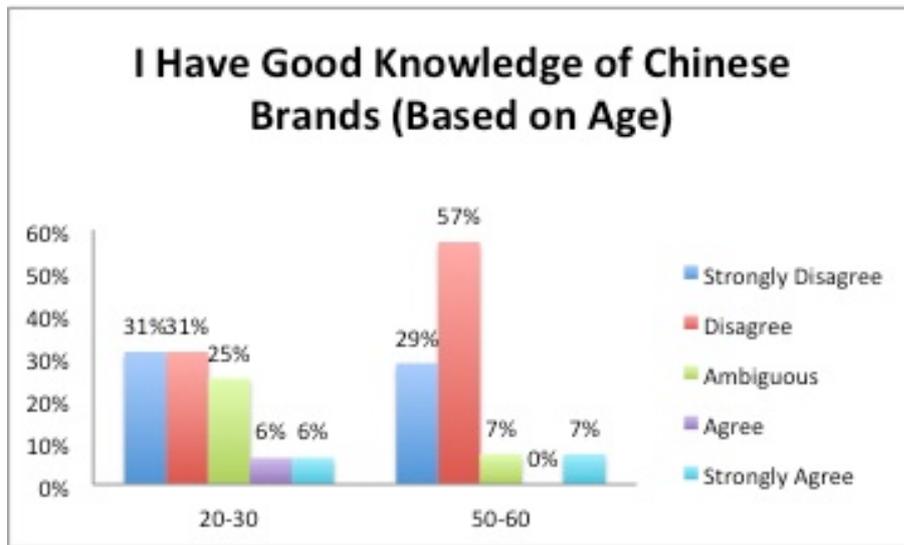


Figure 10: Question 3 based on age.

The level of self-estimated knowledge of Chinese brands differs slightly between the age groups. A difference in the ranking can be noted in terms of a larger ambiguity among the younger participants, while the older generation tend to take it one step further and disagree with the statement. The percentage that strongly disagrees with the statement is 31% and 29% among the younger and the elder group respectively, in other words relatively similar. The simply disagree rate on the other hand is almost twice as high among the older participants, 57% compared to 31% among the younger. A total of 12% of the younger compared to 7% among the older claims to agree to some extent that they have good knowledge of Chinese brands.

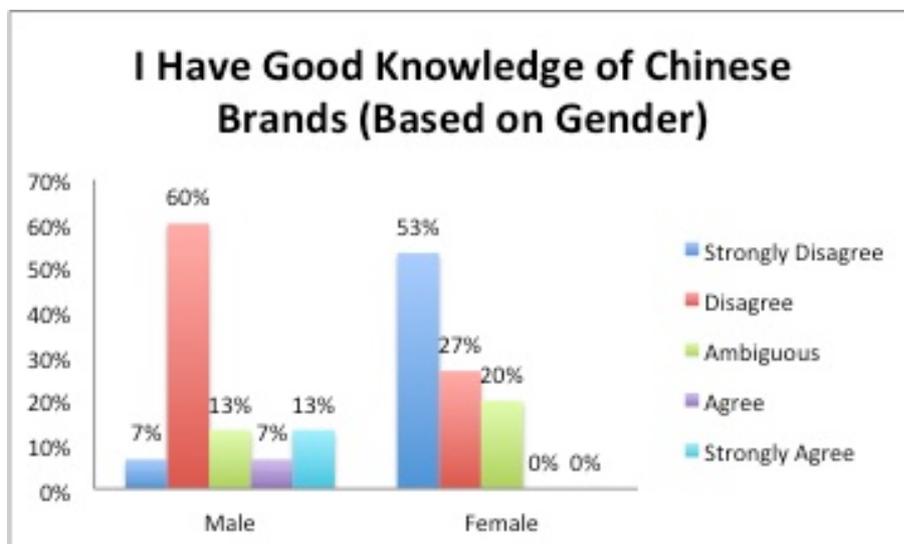


Figure 11: Question 3 based on gender.

When the answers based on genders are compared to each other, obvious differences can be detected. 7% of the males strongly disagree and 60% disagree, resulting in a total of 67% disagreeing to different extents with the statement that they have good knowledge of Chinese brands. Among the females the corresponding figures are 53% and 27%, thus a total of 80% of them disagree. 20% of the males agree, out of which 7 percentage units are agreeing and the remaining 13 are strongly agreeing. 0% of the females agree with the statement, indicating a greater confidence among the males when it comes to Chinese brands.

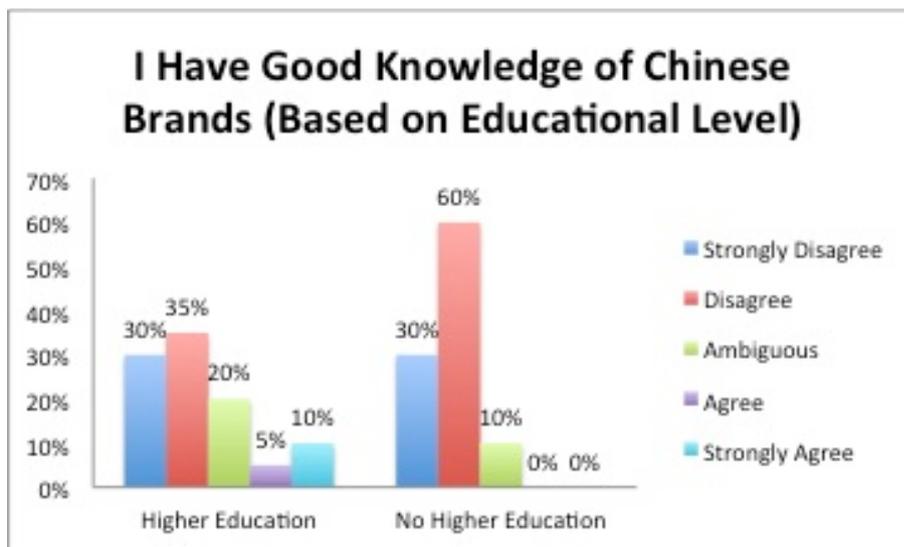


Figure 12: Question 3 based on educational level.

Furthermore, a greater share of the participants with higher education considers themselves to have good knowledge of Chinese brands than among the ones with no higher education. 30% of both groups strongly disagree with the statement, though only 35% of the highly educated group stated ‘disagree’ compared to the other group, out of which 60% disagreed with having good knowledge of Chinese brands. Hence, 0% of the latter agreed while in total 15% of the highly educated agreed. This shows that while a majority of both groups disagree, it is to a greater extent among the ones with no higher education.

Question 4

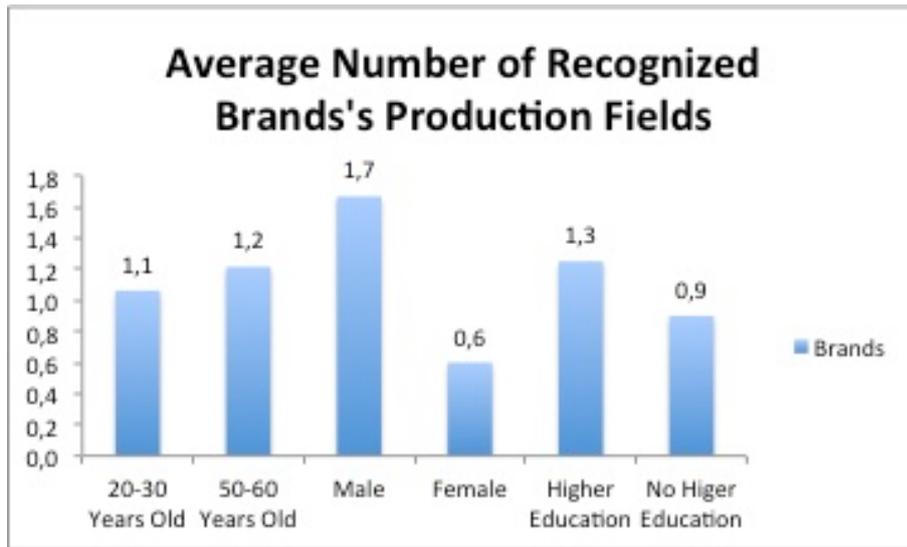


Figure 13: Question 4 based on age, gender and educational level.

The actual knowledge of what the selected brands produce was similar between the different age groups. The older group knew in average what 1.2 of the 6 selected Chinese brands produced, while the younger group knew what 1.1 brands produced, this despite their previous answers showing that the younger group believed more in their own knowledge than the older did. As the previous questions indicated, males had significantly better knowledge of what the given Chinese brands produced than the females did, with an average of 1.7 and 0.6 of the brands respectively. Finally, the participants with higher education were familiar with an average of 1.3 brands and their production fields, compared to the ones with no higher education whose score was 0.9 in average.

### 4.3 Perception of Quality

#### Question 5

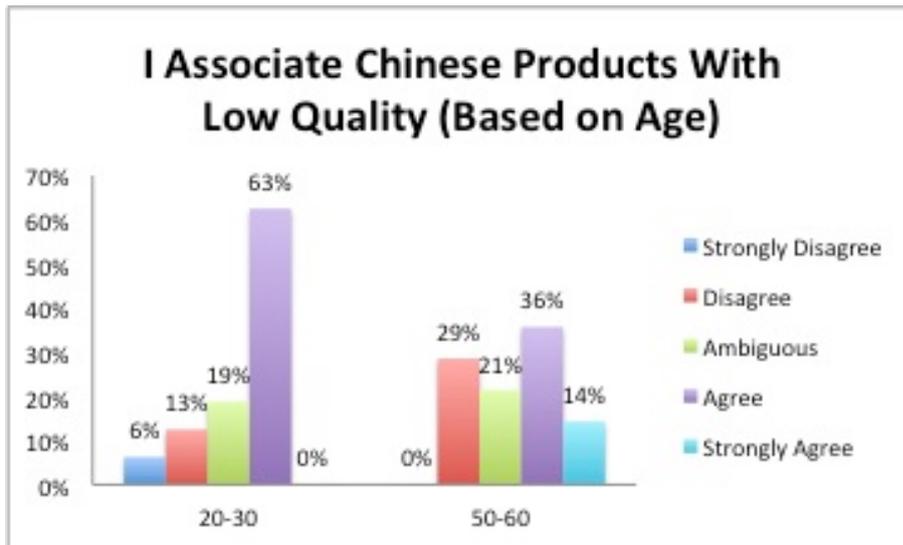


Figure 14: Question 5 based on age.

The perception of the quality of Chinese brands seems to vary slightly between the age groups. 14% of the older participants strongly agree with the statement that they associate Chinese products with low quality, while the corresponding answer among the younger participants is 0%. Nevertheless, as a majority of the younger participants, 63%, answer that they agree with the statement while only 36% of the older group says the same, the overall affirmative rate is higher among the younger with a total of 63% versus 50%. Hence, as the ambiguity rate was similar between the groups, the percentage that to different extents disagree that they associate Chinese products with low quality is 10 percentage units higher among the older participants.

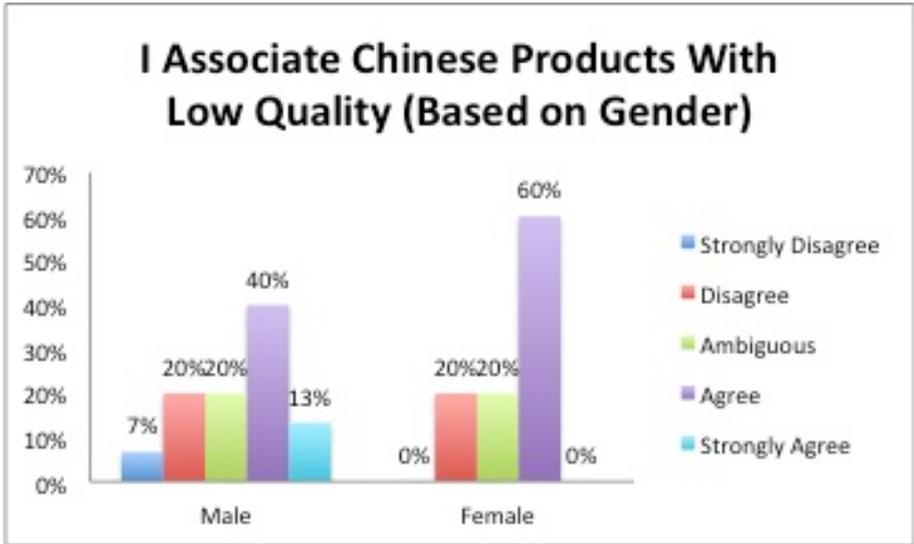


Figure 15: Question 5 based on gender.

Males appear to have stronger negative quality associations to Chinese products than females do, with 13% of the men strongly agreeing with the statement, while 0% of the women do. Still, females seem to have the same feelings though not to the same extent, yet 60% agree that they associate Chinese products with low quality and 40% of the males said the same. 7% of the males strongly disagree with the statement. While this shows that a majority of both the males and the females associate Chinese products with low quality, more women than men do so even though they do not rank their attitudes as extremely as the men do.

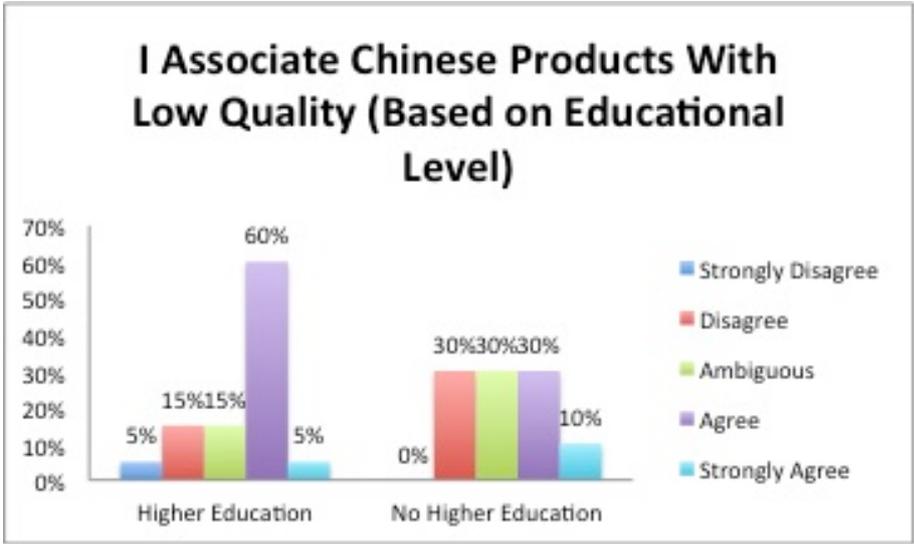


Figure 16: Question 5 based on educational level.

When separated into groups depending on educational level, it can be noted that 65% of the participants with higher level of education associate Chinese products with low quality. Of these are 5 percentage units composed by the answer ‘strongly agree’. Among the ones with no higher education a total of 40% agree with the statement; 30% agree and 10% strongly agree. The level of ambiguity is significantly lower among the highly educated participants, only 15% compared to 30% among the other group. 20% disagree among the participants with high education while 30% among the ones with no higher education disagree. The figures indicate more determined opinions among the highly educated participants, though an agreeing trend is overall noted in both groups.

*Question 6*

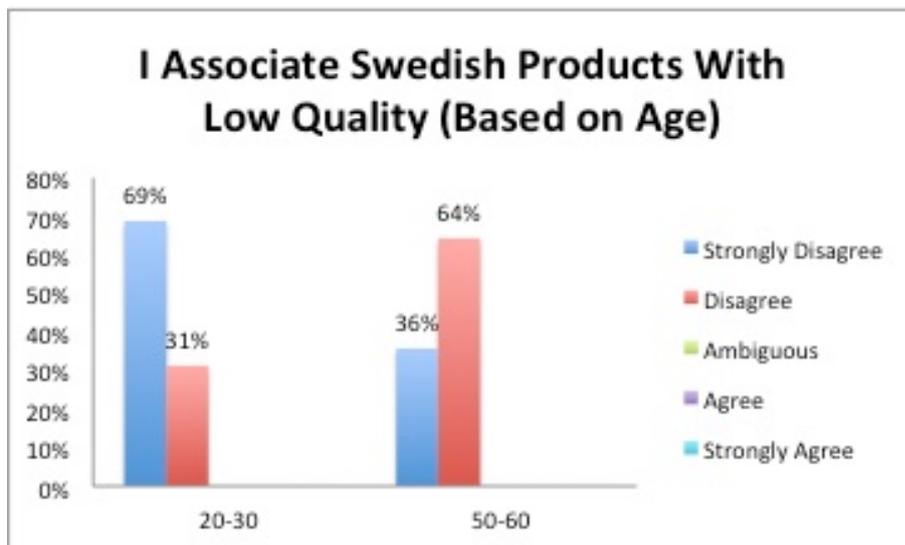


Figure 17: Question 6 based on age.

This statement is remarkable in terms of the level of agreement between the two age groups. 100% of both groups disagree that they associate Swedish products with low quality, though to different extents. The majority of the younger generation contradicts the statement with ‘strongly disagree’, while the majority of the older generation disagrees rather than strongly disagrees with the statement, indicating a stronger belief in the Swedish quality among the younger group.

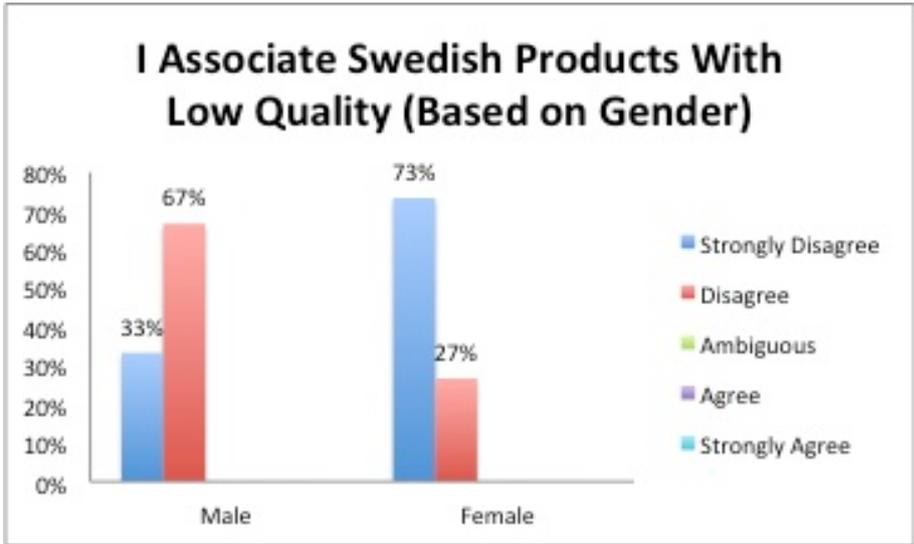


Figure 18: Question 6 based on gender.

This chart shows that females prefer ‘strongly disagree’ to ‘agree’, contrary to the opinions of the participating males. This indicates a stronger belief in the quality of the Swedish products among women than among men, although men appear to believe just not as strongly.

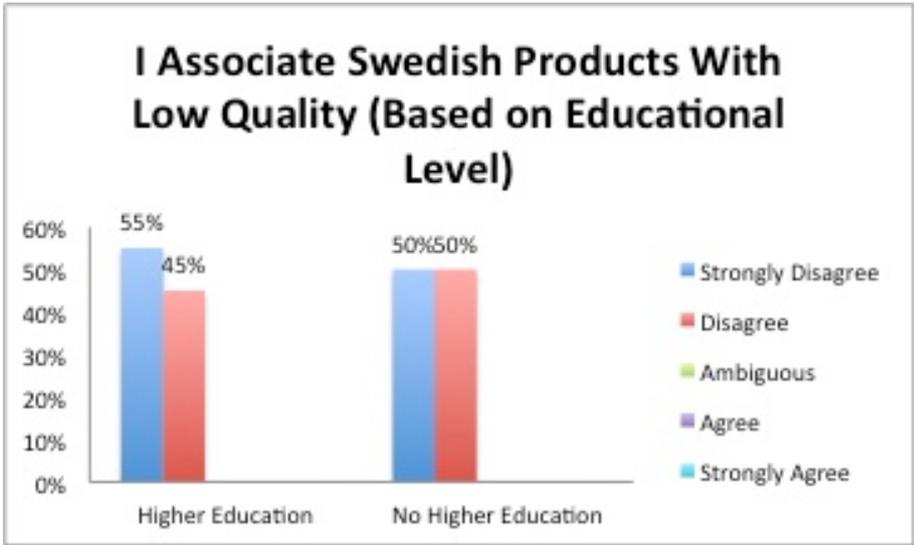


Figure 19: Question 6 based on educational level.

The level of education seems to marginally affect the perception of the quality of Swedish products. Both groups disagree to different extents, 55% strongly agree and 45% disagree of the ones with higher education, while the distribution between strongly disagree and disagree is exactly 50% among the ones without higher education in this survey. A slightly more determined opinion is thus detected among the participants with higher education.

### Question 7

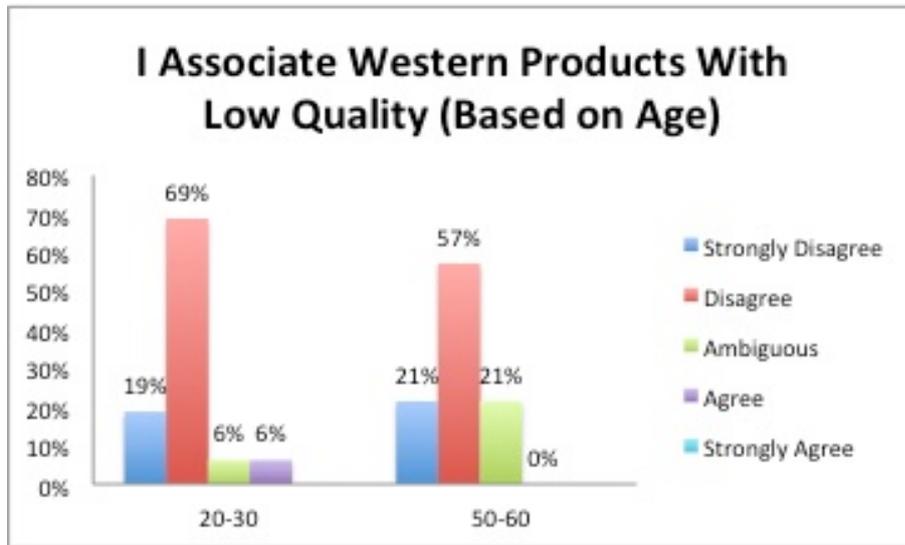


Figure 20: Question 7 based on age.

When asked about the quality of Western products, the answers are slightly more diverse. A majority of both age groups still disagrees with the statement by a total of 88% and 78% among the younger and the older respectively. However, a certain level of uncertainty could be detected; 6% of the younger generation even agrees that they associate Western products with low quality. The young age group presents 6% ambiguity, this compared to the 21% among the older age groups, which thus does not take a stand to the statement to an as large extent as the younger one does. The results thereby show an overall disagreement with the statement with a small diversity among the younger.

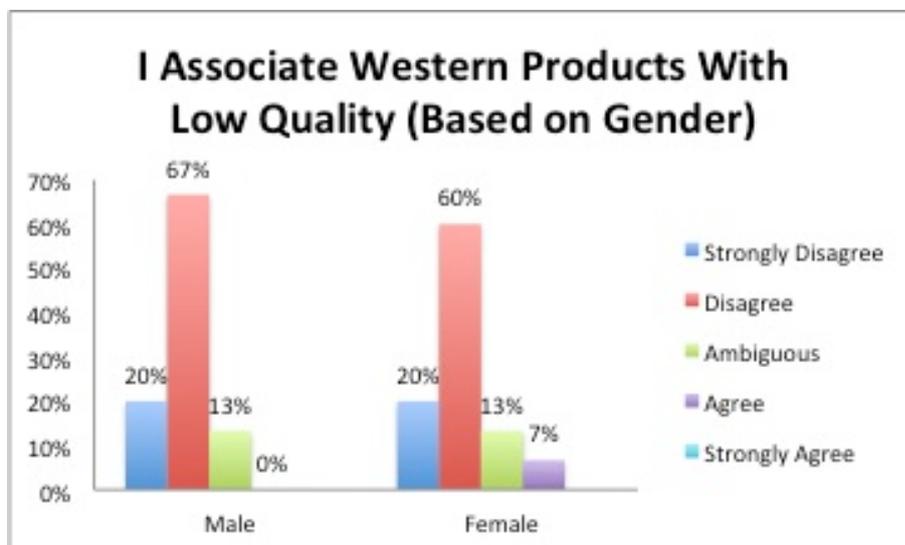


Figure 21: Question 7 based on gender.

7% of the females agree with the statement that they associate Western products with low quality, while 0% of the males do so. These 7% have been distributed to the ‘agree’ category in the males’ answers. Apart from this, no other difference can be detected and a majority of both of the genders disagree or strongly disagree with the statement.

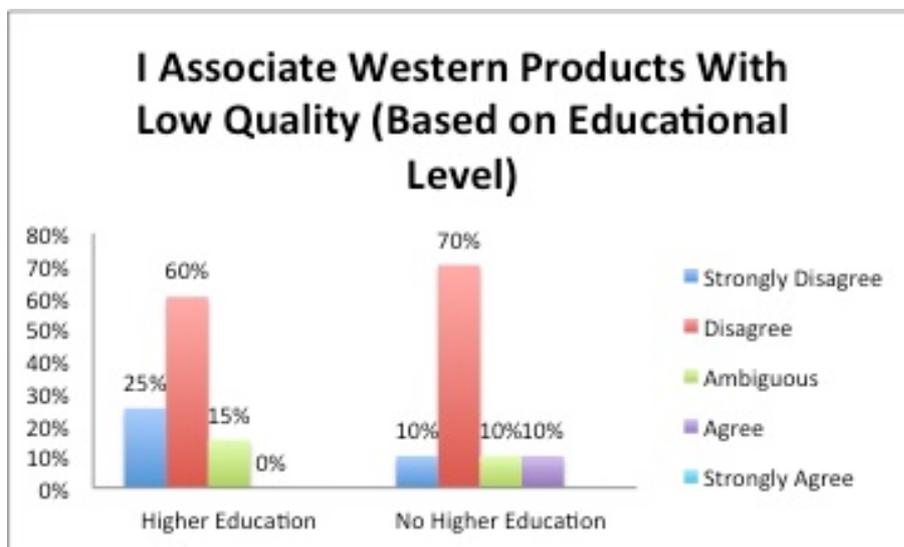


Figure 22: Question 7 based on educational level.

This chart shows that the level of education appears to affect the participants’ answers somewhat regarding the statement that they associate Western products with low quality. With a higher level of education, the percentage that responds ‘strongly disagree’ is 25, as opposed to the 10% among the ones with no higher education. The total share that either strongly disagrees or simply disagrees is slightly equalized by the fact that 70% of the participants with no higher education say that they disagree, exceeding the corresponding figure among the highly educated group by 10%, although the overall disagreeing rate is still lower than among the latter. In fact, 10% of the participants with no higher education answer that they agree with the statement that they associate Western products with low quality, a post that is 0% among the highly educated. The overall results though are a disagreement with the statement in both groups.

#### 4.4 Relevance of Origin

##### Question 8

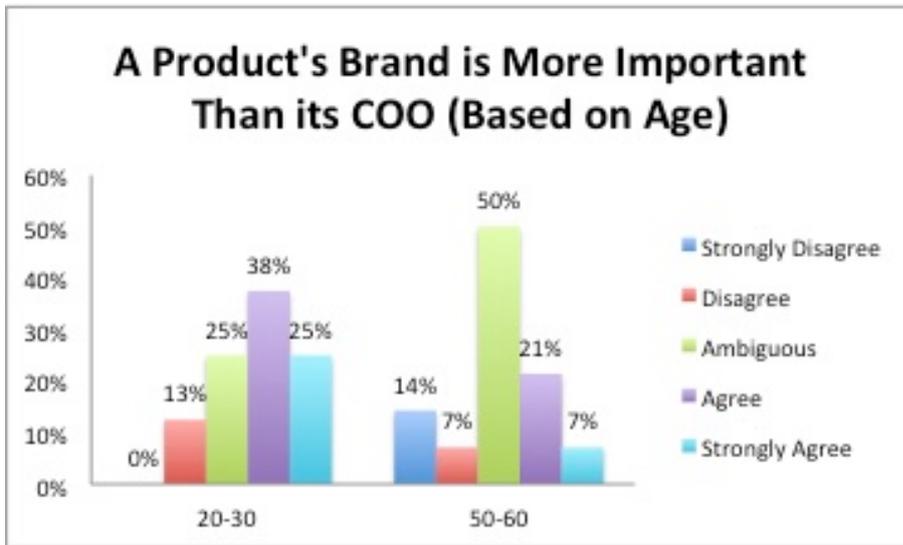


Figure 23: Question 8 based on age.

The younger generation appears to consider the product's brand to be more important than its COO with a majority of 63% that either agrees or strongly agrees; 38 and 25 percentage units respectively. Of the older generation on the other hand only 21% agrees with the statement and 7% strongly agrees, a total of 28% that thinks the brand is more important than the COO. 50% of them remain unsure whether to agree or to disagree at all. As a result, although a larger share of the older generation disagrees than the younger does, the difference is not as noticeable as the agreeing shares. A total of 21% of the older and of 13% of the younger group disagrees with the statement, thus the agreement rate in each group exceed the disagree rate.

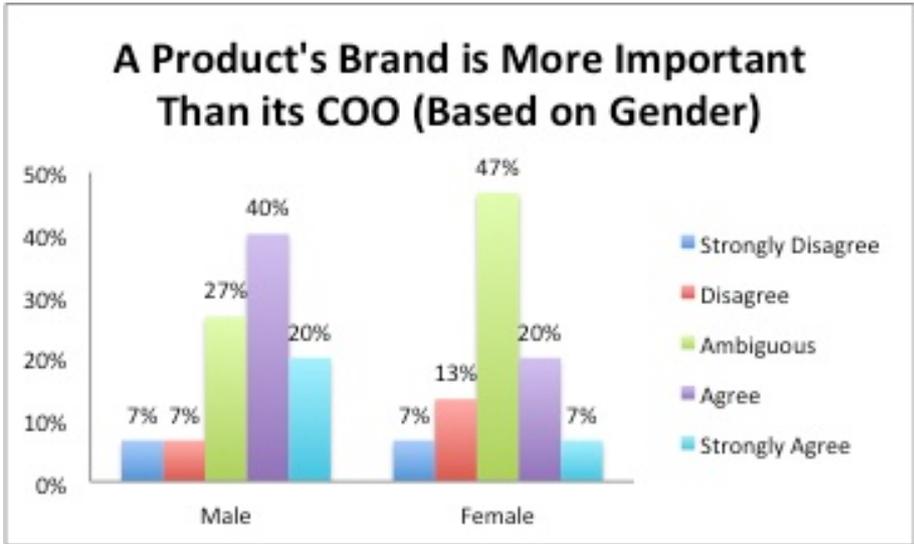


Figure 24: Question 8 based on gender.

A majority of the males agree or strongly agree with the statement that a product’s brand is more important than its COO. 60% answers accordingly, while only a total of 27% of the females states the same. The ambiguous answers coming from the females reach 47%, a figure that is only 27% among the males. The result of this is an only marginally larger rate of disagreeing answers from the females relative the males; 20 and 14% respectively, not exceeding the share of agreeing answers in either group.

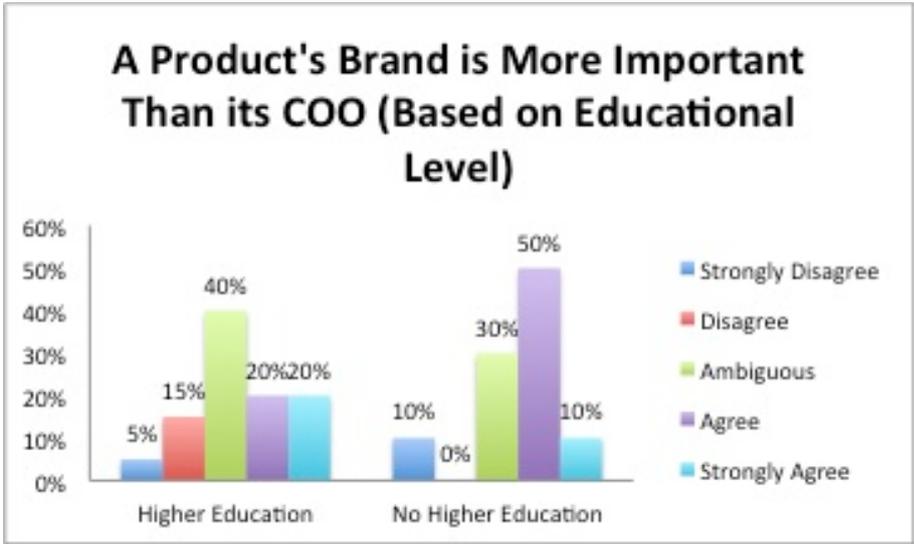


Figure 25: Question 8 based on educational level.

A product’s brand is considered more important than its COO among the participants with no higher education than it is among the ones with higher education. 50% state that they agree

with the statement and 10% that they strongly agree. Only 10% disagree, however it is under the category ‘strongly disagree’. As for the participants with higher education, 20% agree and 20% strongly agree. 15% of them disagree while 5% strongly disagree. The ambiguity in both groups is relatively high; the ones with no higher education 30% and among the ones that are highly educated 40%. While the participants with higher education appear to not be as convinced as the ones without, the agreeing rate exceeds the disagreeing rate in both cases.

*Question 9*

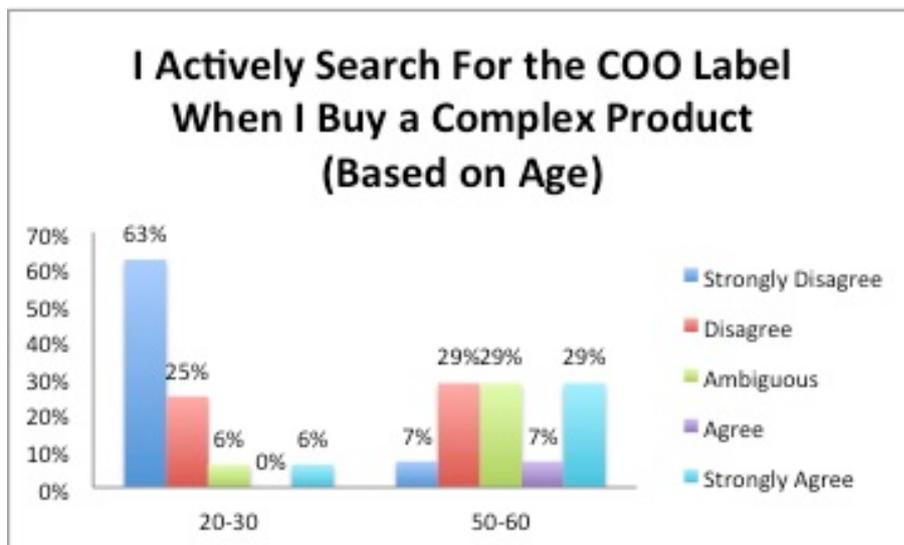


Figure 26: Question 9 based on age.

The diagram based on age shows that 63% of the younger age group strongly disagree and that 25% disagree with the statement, thus a total of 88% do not agree, indicating that the majority of the younger generation does not search for the COO label when buying a complex product. The older age group on the other hand does not show a clear trend but rather various opinions, with 29% being ambiguous and the remaining are evenly spread out between agree and disagree. The results are thus a clear disagreement among the younger generation and diversity among the older.

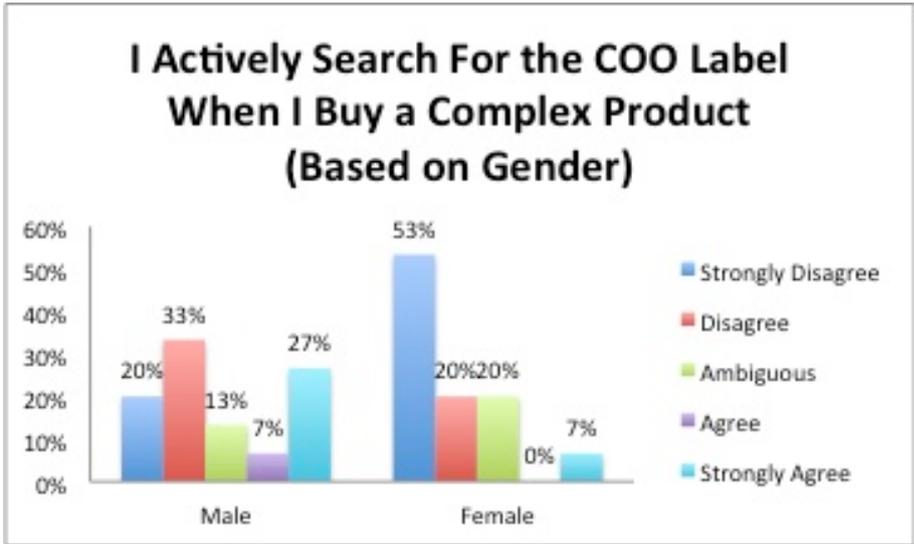


Figure 27: Question 9 based on gender.

The chart based on gender shows that 20% of the male participants strongly disagree and that 33% disagree with the statement, showing that a total 53% of the males are disagreeing. This shows that only a slight majority does not agree and that the remaining is either ambiguous or agrees. The males do not present a clear trend in opinion on the statement, though more men disagree than agree with it. On the contrary, 53% of the females strongly disagree and 20% disagree, thus a total of 73% of the females do not actively search for the COO label when buying a complex product.

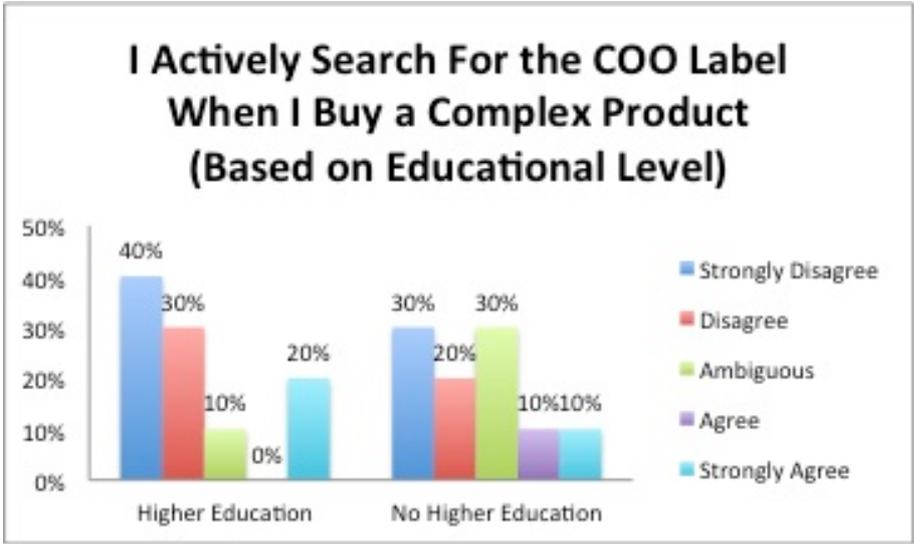
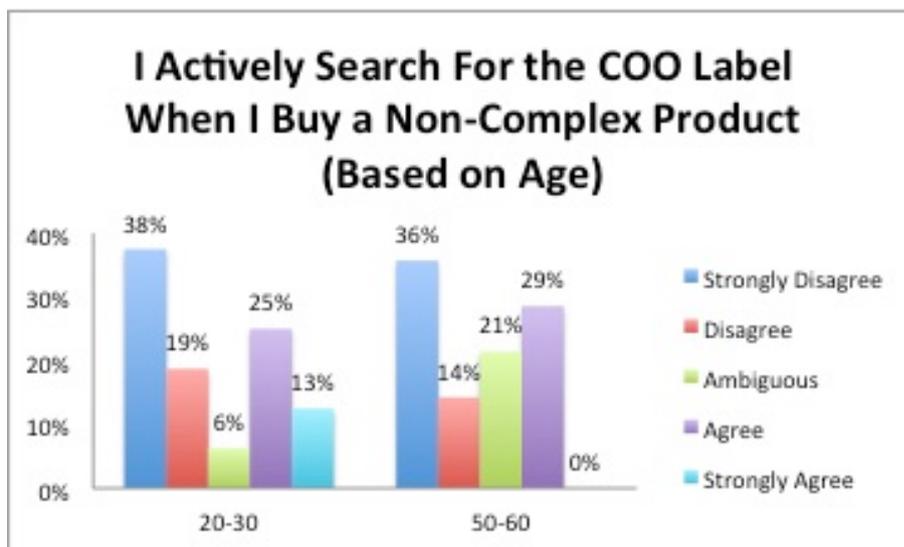


Figure 28: Question 9 based on educational level.

This figure shows the participants' standpoints based on educational level. Out of the participants with higher education 40% strongly disagree and 30% disagree, thus 70% do not actively search for the COO label of a complex product. Moreover, the participants with no higher education have various opinions concerning the statement with 50% disagreeing, 30% being ambiguous and 20% agreeing on the statement. This is the same disagreeing trend as noted among the participants with higher education, however not to the same extent, indicating a stronger contradiction among the latter.

*Question 10*



**Figure 29: Question 10 based on age.**

This diagram shows that based on age, 19% of the young generation disagree and 38% strongly disagree with the statement, showing that there is no active search for the COO label. Among the older generation 14% disagree and 36% strongly disagree with the statement. In the younger and older age groups, the percentage that agrees with the statement is 38% and 29% respectively. The COO label is thus actively searched for in some cases, but the majority in both age groups does not appear to find this of interest.

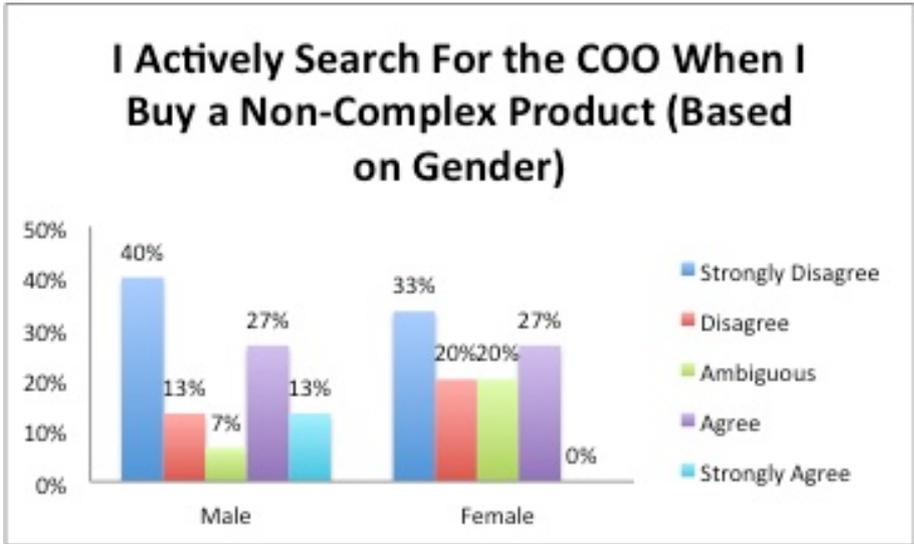


Figure 30: Question 10 based on gender.

This chart shows that 40% of the male participants strongly disagree on the statement and that 13% disagree, which means that 53%, the majority of the males do not agree with the statement. The same figure, 53% of the females disagree with the statement; 20 percentage units agree and 33 percentage units strongly disagree. On the basis of gender this chart thus indicates that the majority of both male and females do not actively search for the COO label when buying a non-complex product.

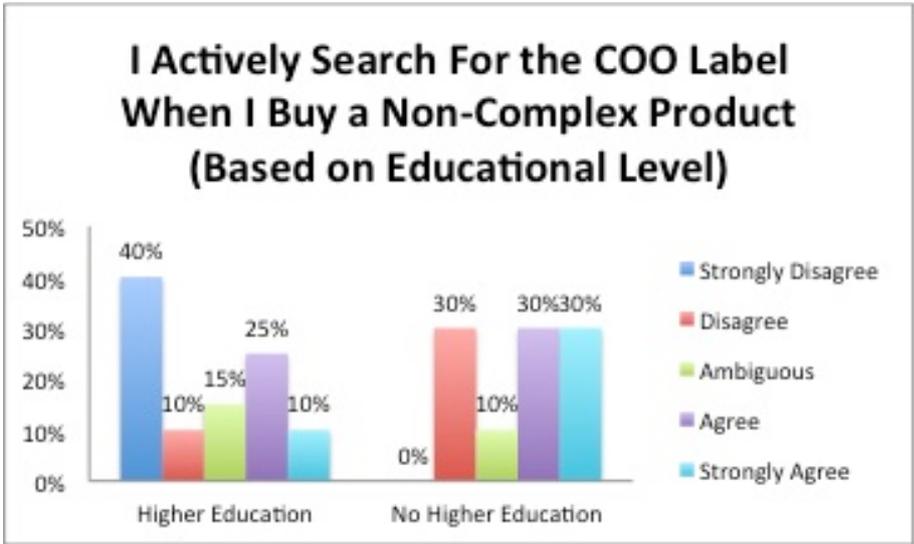


Figure 31: Question 10 based on educational level.

This figure shows that based on educational level, 40% with higher education strongly disagree and 10% disagree with the statement, indicating that a majority of 50% does not

actively search for the COO label when they buy a non-complex product. Concerning the participants with no higher education a majority of 60% agrees with the statement; 30 percentage units agree and 30 percentage units strongly agree. This indicates that a majority of the participants with higher education do not search for the COO label, whereas the participants with no higher education tend to search for the COO label when buying non-complex product.

*Question 11*

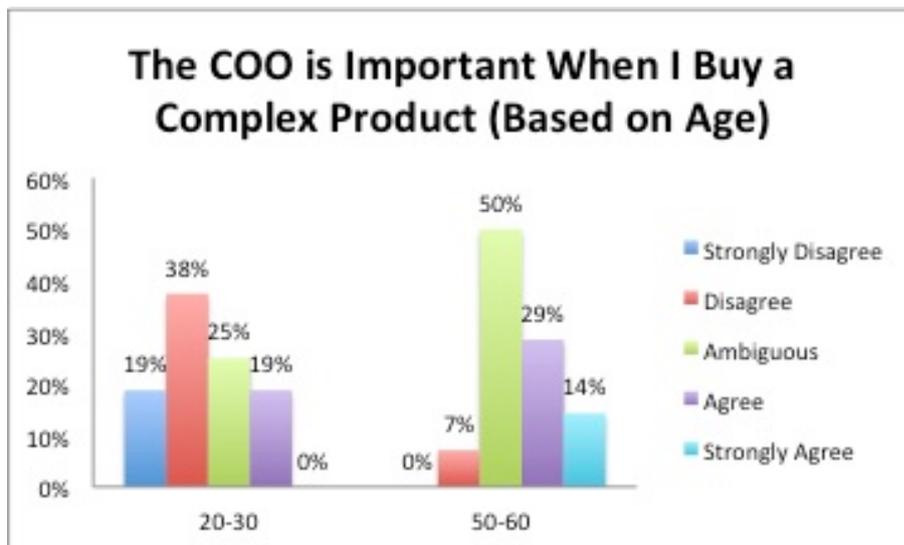


Figure 32: Question 11 based on age.

The diagram shows that the COO, when buying a complex product is not of importance to the younger age group, since 38% disagree and 19% strongly disagree with the statement, a total of 57% of the group. The majority, 50% of the older generation on the contrary, neither agrees nor disagrees with the statement, though a larger share agrees than disagrees. This indicates that the COO of a complex product is not of significant importance to the younger consumer group, although the older appears to care slightly more about it.

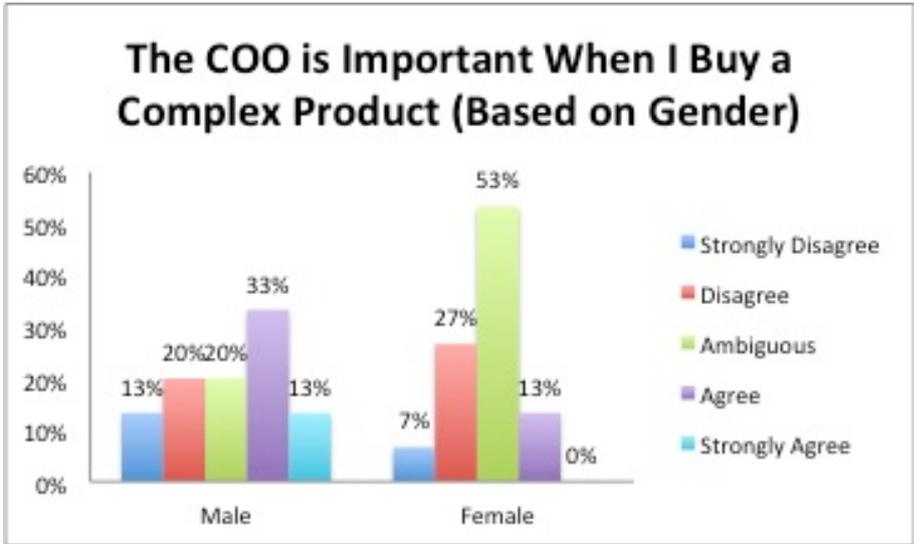


Figure 33: Question 11 based on gender.

This chart shows that there is a variation among the answers of the male participants; 33% disagree, 20% are ambiguous and 46% agree with the statement, showing no clear standpoint yet an emphasis on the agreeing side. The females on the other hand are ambiguous towards the statement, showing that 53% are indefinite of the importance of COO when buying a complex product. Of the ones that do take a stand, a majority disagrees with it, the opposite of the males’ answers.

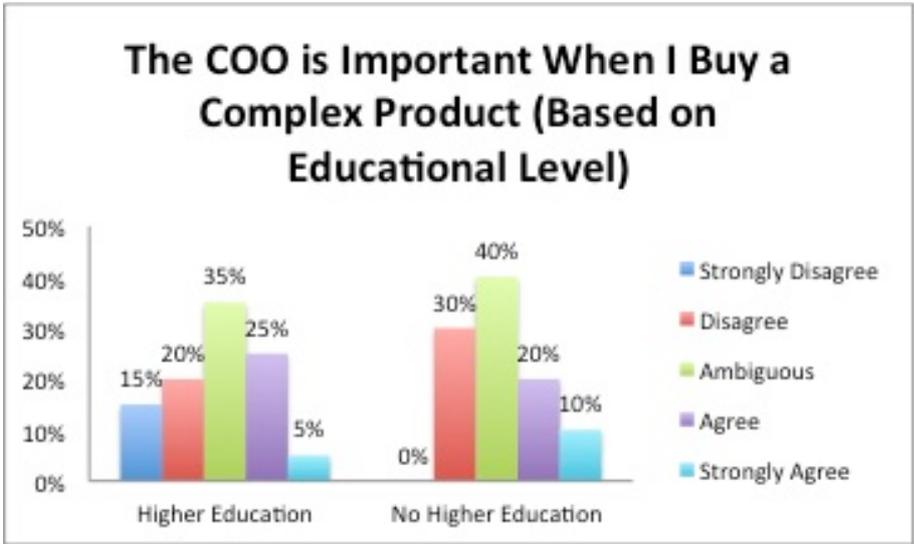


Figure 34: Question 11 based on educational level.

The figure demonstrates the standpoint based on educational level, showing that the participants with higher education and the participants with no higher education have almost

the same opinion on the statement. The largest percentage, 35% and 40% respectively show an ambiguity towards the COO importance when buying a complex product. The disagreeing side among the ones with higher education exceeds the agreeing side by 5%, while the remaining share among the ones with no higher education is evenly distributed between the agreeing and the disagreeing side. This indicates that level of education may not be a determining factor when it comes to the COO's importance in the purchasing decision of a complex product.

*Question 12*

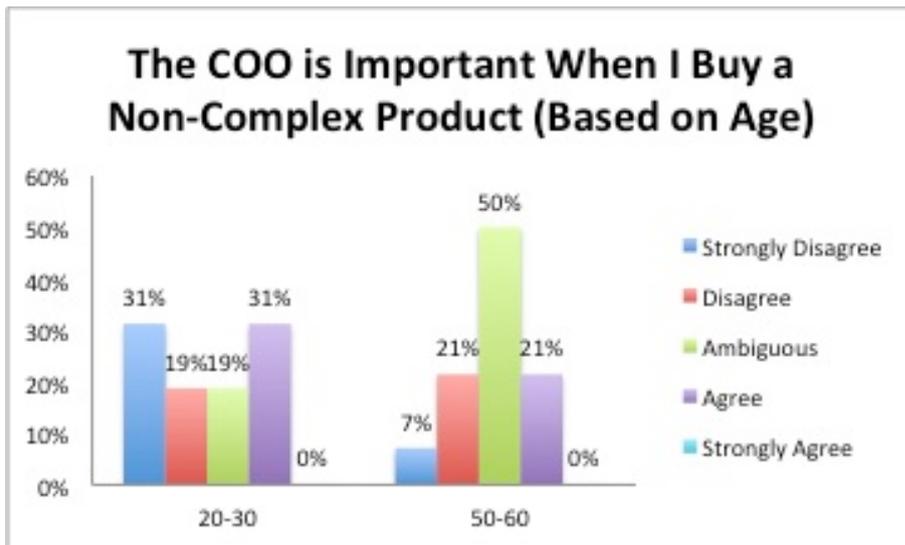


Figure 35: Question 12 based on age.

This chart shows that 19% of the younger age group disagrees and 31% strongly disagrees with the statement. 50% of the older age group is ambiguous, with only a 7% larger share on the disagreeing side compared to the agreeing side. This shows that the neither the younger nor the older generation not find the COO important when buying a non-complex product, though the opinion is stronger among the younger participants.

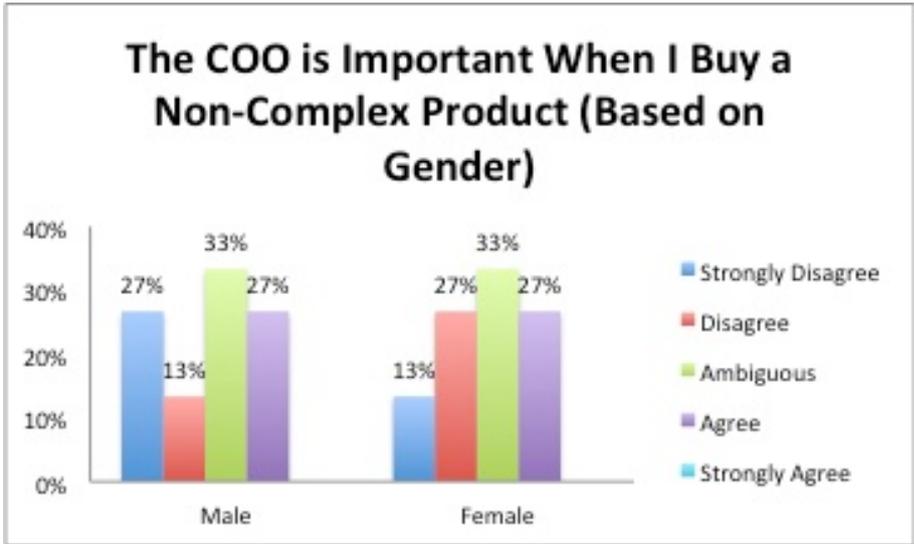


Figure 36: Question 12 based on gender.

This figure shows that, based on gender, there are various opinions towards the statement. Among the male participants 40% disagree, 33% are ambiguous and 27% agree, which shows that the males have varying opinions on the matter. Among the female participants 40% disagree, 33% are ambiguous and 27% agree with the statement, here again showing various opinions. While it may seem like there is no difference, the males have a larger share of strongly agreeing opinions than the females do. Nevertheless, the similar figures indicate that there is no significant difference between the genders’ attitude towards the importance of the COO when they purchase a non-complex product.

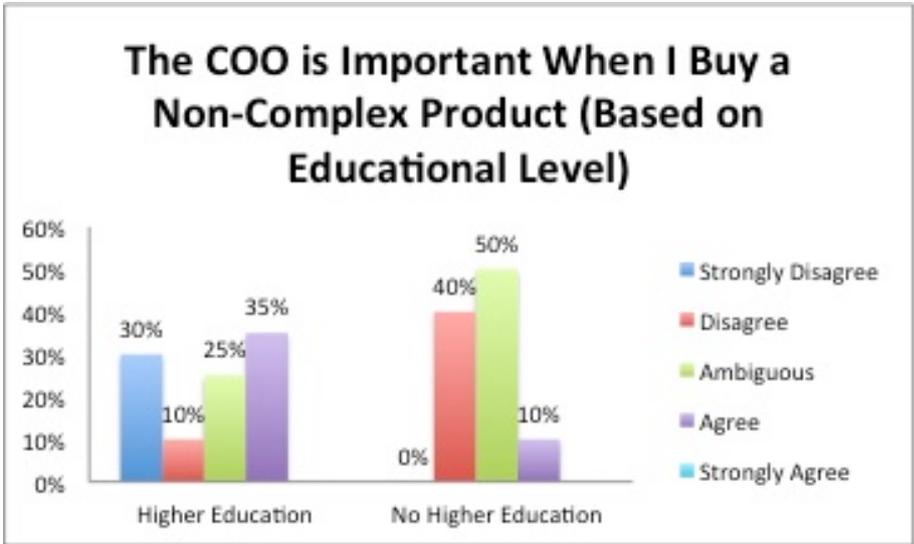


Figure 37: Question 12 based on educational level.

This chart shows that 40% of the participants with higher education disagree with the statement and that 35% agree, whereas 40% of the participants with no higher education disagree and 50% are ambiguous towards the COO importance when buying a non-complex product. This shows that participants with higher education either find the COO of a non-complex product important or not. In the case of the participants with no higher education the majority is ambiguous with the statement or the participants disagree, indicating that the COO of a non-complex product lacks importance. This indicates that based in educational level there is no clear trend among the consumers.

#### 4.5 Importance of Price

##### Question 13

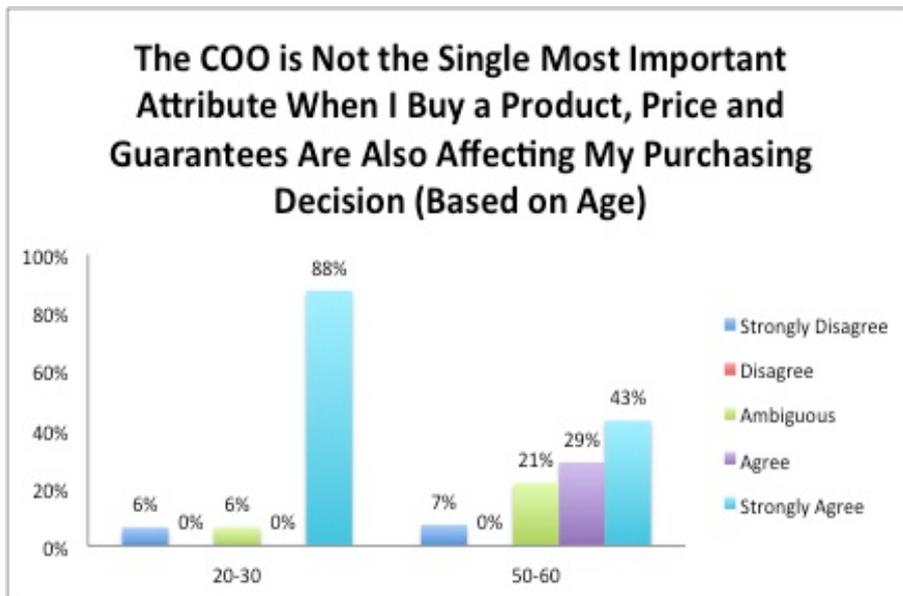


Figure 38: Question 13 based on age.

This diagram shows that the majority, 88%, of the younger generation strongly agrees with the statement that they are affected by other attributes than COO. Among the older generation 29% agree and 43% strongly agree with the statement. This clearly indicates that other attributes, including price and guarantees affect the purchasing decision of the both the consumer groups and that the COO effect is not the single most important attribute.

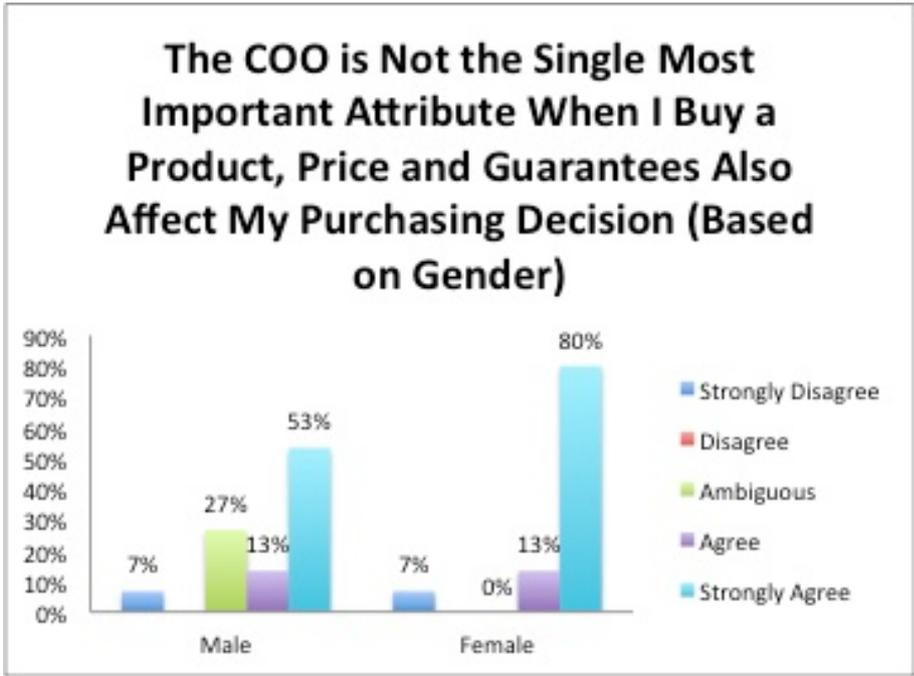


Figure 39: Question 13 based on gender.

This chart shows that 13% of the males agree and 53% strongly agree, thus a total of 66% that agrees with the statement that the COO is not the single most important attribute when they buy something. 13% of the female participants agree and 80% strongly agree with the statement, which adds up to a total of 93%. This shows that regardless of gender, the participants consider themselves to be affected by other attributes than the COO, though it appears to be slightly truer among the females than among the males.

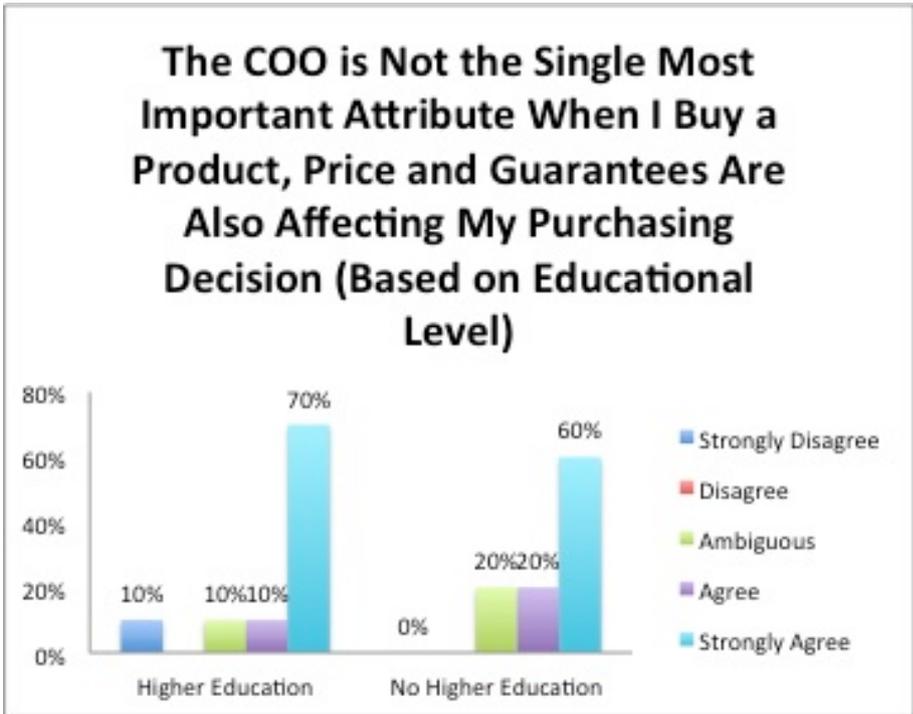


Figure 40: Question 13 based on educational level.

This chart that is based on level of education shows that 10% of the participants with higher education agree and 70% strongly agree with the statement. Furthermore, 20% of the participants with no higher education agree and 60% strongly agree with the statement. This indicates an influence from other attributes on the consumers’ purchase decisions, regardless of level of education.

*Question 14*

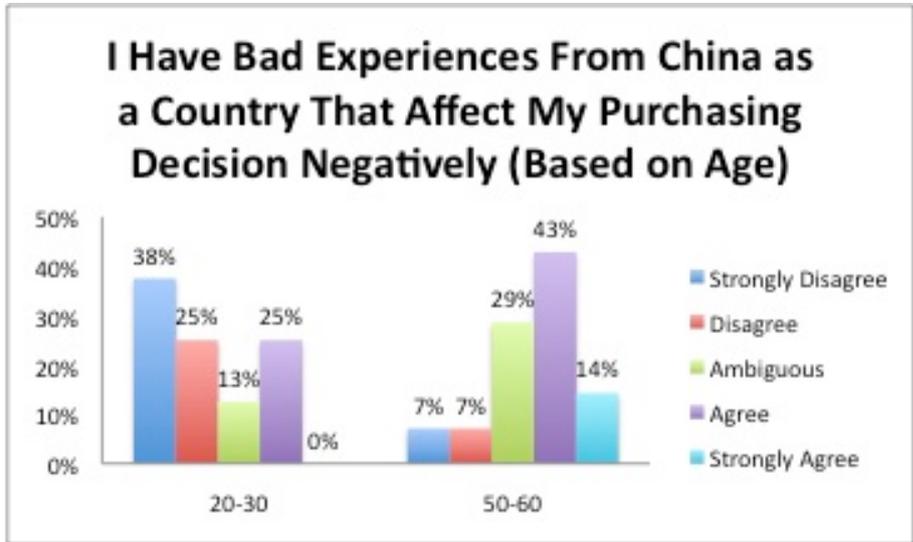


Figure 41: Question 14 based on age.

25% of the younger generation disagrees with the statement and 38% strongly disagrees, thus a total of 63% does not personally have a bad experience from China as a country, which affects their purchase decision. However, the majority of the older generation claims to have negative experiences from China, since 43% agree and 14% strongly agree with the statement. This indicates different perceptions of and experiences from China between the generations.

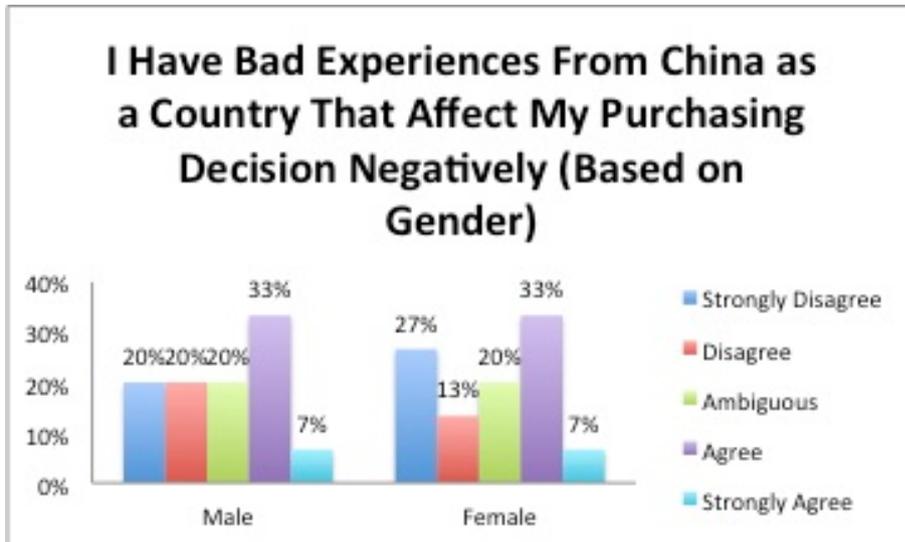


Figure 42: Question 14 based on gender.

This figure shows that the male participants have various opinions; 40% disagree and 40% agree with the statement. Furthermore, 40% of the female participants agree with the statement and 40% disagree. Since both genders have the same percentage on agreeing and disagreeing, this indicates that there is no difference in experience based on gender and that both groups have widely spread experiences from China as a country that affect their purchase decision in some cases.

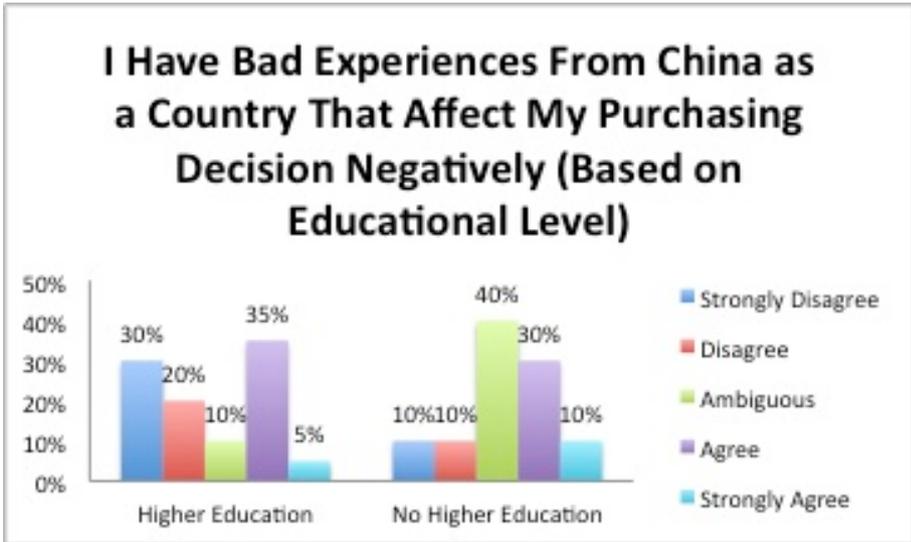


Figure 43: Question 14 based on educational level.

This chart based on educational level shows that the majority, 50% of the participants with higher education disagree and 40% agree with the statement. Moreover, 40% of the participants with no higher education are ambiguous towards the statement and 40% agree, while only a total of 20% disagree. This indicates that the participants have had negative experiences from China that affects the purchase decision to the same extent, regardless of level of education, but the share that contradicts the statement is significantly higher among the ones with higher education.

*Question 15*

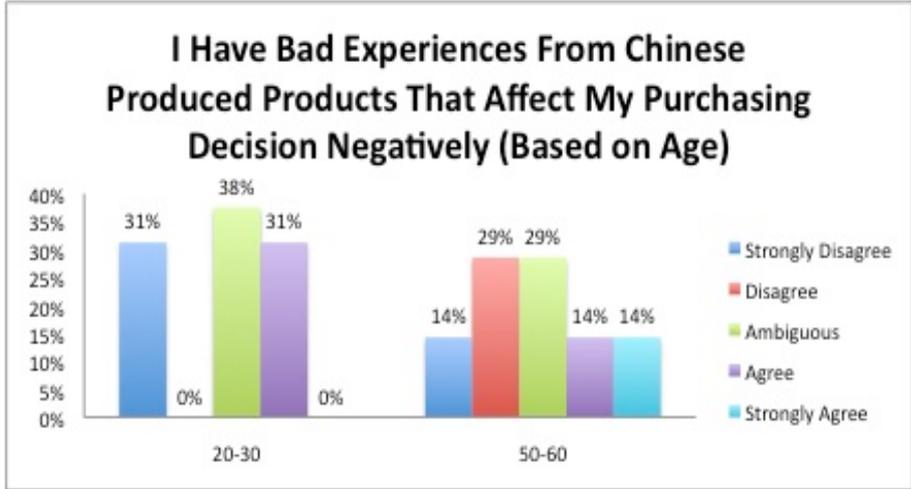


Figure 44: Question 15 based on age.

This figure shows various opinions among the younger generation; 31% strongly disagree, 38% are ambiguous and 31% agree with the statement. Among the older generation 14% strongly disagree and 29% disagree, thus a total of 43% disagree, 29% are ambiguous while 14% agree and 14% strongly agree with the statement. These standpoints indicate that there are mixed experiences from Chinese produced products between both generations, affecting the purchase decision differently, but that the older generation has a more diverse set of opinions reflected in the results.



Figure 45: Question 15 based on gender.

This diagram shows that 40% of the male participants disagree with the statement, 27% are ambiguous whereas 34% agree with it. Among the female participants 34% disagree and 40% are ambiguous with the statement and 27% agree. In this figure there is no clear majority; the percentages however tend to emphasize on one hand a disagreeing among the male results and on the other hand a ambiguous standpoint among the females. This indicates that both genders have diverse opinions concerning the statement and that the experiences differ based on gender.



Figure 46: Question 15 based on educational level.

Based on educational level, 35% of the participants with higher education disagree, 35% are ambiguous and 30% agree with the statement. Furthermore, the chart shows that 40% of the participants with no higher education disagree, 30% are ambiguous and 30% agree with the statement. Overall, this indicates various experiences of Chinese produced products and does not indicate a clear trend based on educational level, since the largest shares in the chart hold an ambiguous standpoint and the participants' percentages agreeing and disagreeing are similar.

*Question 16*

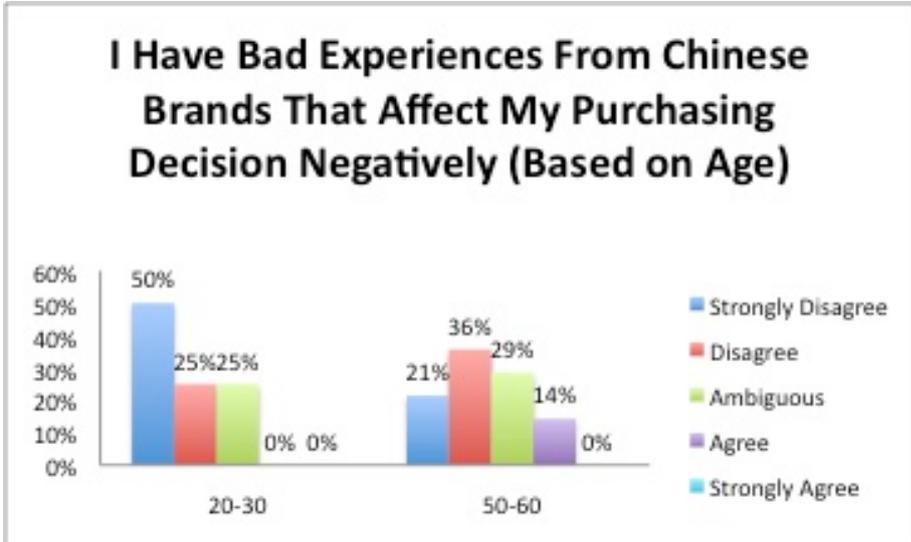


Figure 47: Question 16 based on age.

This diagram shows that 75%, the majority of the younger age group disagrees with the statement. The older age group displays similar results with a 57% majority that disagrees with the statement. 25% of the younger age group is ambiguous whilst 29% of the older age group is ambiguous and 14% agree with the statement. This indicates that Chinese brands are not connected with bad experiences that affect the purchase decision overall, but a small percentage of the older generation has had some negative experiences with Chinese brands. On the whole this may indicate possible opportunities for expansion of Chinese brands, since the majority of the participants disagree with the notion that they have had negative experiences with Chinese brands.

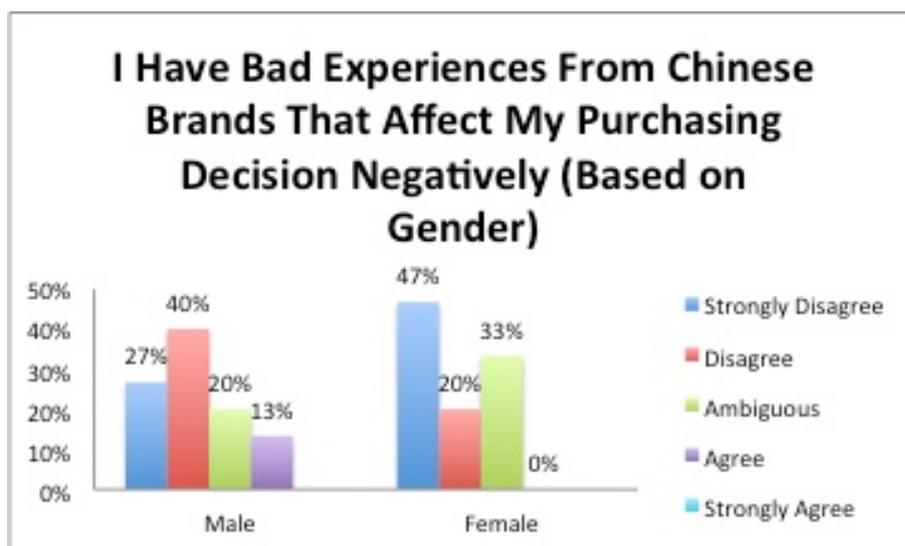


Figure 48: Question 16 based on age.

This chart shows that based on gender, 67% of the males disagree and that 67% of the females disagree with the statement. The female participants disagree more strongly than the males. Furthermore, 20% of the males are ambiguous and 13% agree, whereas 33% of the females are ambiguous and 0% agrees. Based on gender this result indicates that Chinese brands are not linked to negative experiences on the consumers' side and that there is room for the development of the Chinese brands, since the majorities of both groups disagree with the statement.

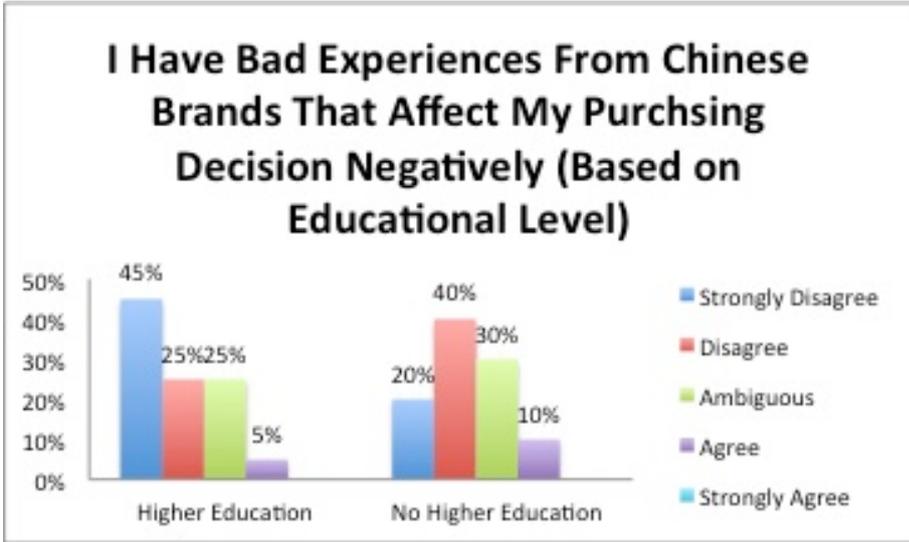


Figure 49: Question 16 based on educational level.

This figure shows that based on educational level, 70% of the participants with higher education disagree and that 60% of the participants with no higher education disagree. Furthermore, 25% of those with higher education and 30% of those with no higher education hold an ambiguous standpoint. The percentages that agree, 5% and 10% respectively, are not of significance. This shows that the majority of the participants in both groups have not had a bad experience with Chinese brands that in turn affects their purchase decision.

## 5. Analysis

The empirical data is discussed and analyzed by each demographical factor in this part of the thesis. A thorough examination of all diagrams will be presented, in which the distinction between the different age groups, genders and educational levels will be acknowledged.

### 5.1 Based on Age

#### 5.1.1 Knowledge of China

The general knowledge of China a country is according to the first statement better among the younger age group than it is among the older one. This implies that the younger participants have more accurate information about the country as opposed to believing in stereotypes and preconceived assumptions that compose their perception of China's CI, which in turn affects their product and brand attitudes. Similar results are noted when examining the knowledge of Chinese products, here again the younger age group present a slightly better self-estimated rating, however the generational difference is not as significant as in the previous question. Since only a small percentage in both groups considers itself to have good knowledge of the nation's products, while a majority of both generations disagrees with the statement, China's CI is likely to widely affect the evaluation of a product and thereby the purchasing decision as well. When the groups are asked to rate their knowledge of brands from China, neither groups' agreeing side is greater than its disagreeing side, yet the younger generation still appreciates its own knowledge to be better than the older one does. While the younger group appears to have more extensive knowledge of all the above-mentioned fields, the control question states another version of it. The rating is self-estimated and either the older group is too modest or the younger is too self-confident, as the average number of brands that the older group knows what sort of products they produce exceeds the corresponding figure among the younger. The older generation can on average name what 1.2 of the 6 given brands produce, this compared to the 1.1 brands mentioned among the younger. The fact that both figures are low, considering that the brands are some of the largest within its field in China, support the participants' estimations that their knowledge of Chinese products and brands is not extensive. Furthermore, as the COO effect states, a deficit of actual knowledge will be replaced by the consumers' CI when evaluating a product.

### *5.1.2 Perception of Quality*

Chinese products are associated with low quality among both the older and the younger group. The post that states ‘strongly agree’ among the older generation has however vanished in the younger generation and been replaced with a large increase in the share that agrees and a post of ‘strongly disagree’ that does not exist among the older. The total number that agrees with associating Chinese products with low quality has indeed increased among the younger participants, however the fact that it is not as strongly as it is among the older could be interpreted favorably. This may indicate a change in attitudes between the generations even if it is not currently of a larger extent. The control question, which confirms that the younger generation might overestimate their actual knowledge and rather base the low-quality association on preconceived assumption, does not change the fact that this is what they think of Chinese products, whether true or not. The difference may be a result of the evolving economic development in China, which may cause altered perceptions of ‘Made in China’ and the Chinese CI among Swedish consumers in the future. A decrease in the total share that disagrees among the younger compared to the older implies that increased knowledge of China causes a greater mistrust among the consumers regarding the quality of Chinese products. However, as the strong negative associations have been diminished, there is a possibility for a future improvement of Chinese products’ credibility if this trend endures. Swedish products are not associated with low quality according to both generations, although they agree upon this to different extents. Since Swedish consumers are likely to have good knowledge of their country of residence and its products, the CI is not based on preconceived assumptions but is the summary of an extensive knowledge of the nation, its strengths and weaknesses. This causes the summary effect to replace the halo effect, which acts when Swedish consumers form attitudes towards Chinese products based on the admitted little knowledge they have of them. In a similar way, the majority of Swedish consumers do not associate Western products with low quality either, though the opinion is not as unified as when it comes to Swedish products. This could be explained by the fact that they might know more about Western nations, in which Sweden is included, than they do about China. Hence, they have more knowledge and information that they can conclude to an image that affects the brand and product attitude, as opposed to basing it on stereotypes. In addition, the generational differences regarding Swedish and Western products being associated with low quality is only marginal. This indicates that the distinction in attitudes towards Chinese

products' quality does not have to do with general generational changes in attitudes, but particularly in the attitude towards Chinese products.

### *5.1.3 Relevance of Origin*

When asked about the importance of a product's brand, an obvious majority of the younger generation responds that the brand is more important than product's COO. The older generation is more ambiguous with only a marginally larger share that agrees with the younger participants' opinions that the brand is more important than the COO. Thus, it appears as if Chinese brands are able to gain recognition and trust, this is more important to the Swedish consumers than the fact that they are from China. This is further supported by the following statements' answers, which reveal that an extensive majority of the younger consumers does not actively search for the COO label when purchasing a complex product, while this scenario does occur among the older to a certain extent. Neither does the younger group state that it considers the COO important when purchasing a complex product. Among the older group is it the opposite; the share that states that the COO is important is larger than the one that actually actively search for the COO label. On the contrary, when purchasing a non-complex product, a larger share of both age groups actively searches for the COO label. A possible explanation for this could be that the design or price might not be as important to the consumers as it is to know that the plastic in a product that is used on a regular basis is not dangerous or contains poisonous material for example. This behavior appears to be subconscious or instinctive though, since when asked about the relevance of the COO when buying a non-complex product, neither group admits to think that it is important, even though they in fact claim to be actively searching for it when about to make a purchasing decision. Furthermore, the consumers are affected to a great extent by favorable attributes, such as a low price and guarantees of a product, especially the younger generation. This shows a minimized influence of the COO alone as the multi-cue model acts in terms of the consumer searching for more cues when purchasing a product; it might need to have the desired features, design and price as well, only to mention a few examples.

### *5.1.4 Personal Experiences*

A majority of the older generation has negative experiences from China as a country, for example due to moral and political issues that affect their purchasing decision negatively, while negative experiences from Chinese products appear to affect to be less critical. Finally this consumer group declines that bad experiences from Chinese brands affect their

purchasing decision negatively. Among the younger participants, the moral and political issues do not influence their purchase decision to a greater extent, however negative experiences from Chinese products do. Negative experiences from Chinese brands have no significant effect on this generation's purchase decision. The implications deriving from these results are that the older generation avoids products that in some ways are related to China in the first place, because of moral and political contradictions. This would in that case result in less exposure and fewer individual experiences from Chinese products and brands that could possibly affect them negatively. Since the younger ones do not appear to let these moral and political issues affect their purchasing decision, they have tried the products and, according to their answers, had bad experiences that later affect their purchasing decision negatively. Their answer that bad experiences from Chinese brands have no significant impact on their purchases could further be reconnected to the fact that the younger generation is more focused on the brand itself than the origin of it, meaning that they may not even be aware of which brands are Chinese and which are not.

## **5.2 Based on Gender**

### *5.2.1 Knowledge of China*

When the same initial statements are compiled based on gender, it can be noted that the males are more confident than the females in their knowledge of China as a country. Same trend is found when knowledge of Chinese products and of Chinese brands are self-rated by the participants, however the males agree to a smaller extent while the females disagree with having good knowledge at all. As in the case with age, the greater the deficit of knowledge of what the country produces, the greater the extent to which the consumers base their purchasing decisions on preconceived assumptions, as opposed to factual knowledge. Since the women, compared to the men, know less about the country, its production and its brands, their personal perceptions of China's CI serves as a more crucial base for their beliefs and attitudes towards the products. As the men also perform noticeably better than the women do in the control question, there is no reason for doubting the males' credibility regarding their high rating of their own knowledge of China, Chinese products and Chinese brands. Their score, which according to the control question is not only significantly higher than the females', but is also the highest ranked when comparing to the other variables' results as well.

### *5.2.2 Perception of Quality*

Neither gender appears to think particularly highly of the quality of Chinese products and their answers to this question is very similar. When asked about their perception of Swedish products' quality on the other hand, both groups disagree with the statement that it is associated with low quality. The females disagree more strongly than the males do, but apart from that the answers are identical, which would thus affect their perceptions of Sweden as a COO in a much similar way. The degree to which the two genders agree with the statement that they associate Western products with low quality differs slightly though, since the women state that they somewhat agree with it and both groups show a tendency of hesitating to chose 'disagree'. The results of this set of statements further support the COO model, that a country, which the participants know less about is characterized by preconceived assumptions and stereotypes whilst the country and the region they know more about are not subject to the same beliefs. While the question alone may not be sufficient to determine that the participants summarize their overall knowledge of Sweden's or the Western nation's products, there are no other explanations to why their answer differ unless that is based on stereotypes and on existing knowledge that cannot be ignored when asked to take a stand to this issue. The fact that Chinese products are strongly associated with low quality, regardless of gender of the participant is noticeable and could explain why the Swedish consumers appear to have little knowledge of both Chinese products and brands, if they do not believe that they can produce anything that they would be interested in purchasing due to its assumed low quality.

### *5.2.3 Relevance of Origin*

Nevertheless, there is still hope for Chinese brands that aim to become successful on the Swedish market. The brand seems to be more important than the COO to both males and females, however with an emphasis on the male participants. On the contrary to what one thereby might assume, the males claim that they actively search for the COO label to a significantly larger extent than the females say that they do, when purchasing a complex product. The females appear to go COO label hunting only when purchasing a non-complex product and even then not to the same extent as the males do. That this is the case is further supported by their answers to the following statements; the males consider the COO to be important when purchasing a complex as well as a non-complex product while the females answer that it is not peculiarly important when buying a complex product, yet when buying a non-complex product the COO is as interesting to the females as it is to the males. The reason for this could be that females consider other things than the extrinsic cue of COO to be

important, for example price, performance or design. Another possible explanation could be if men purchase complex products more regularly than women do and has thus developed knowledge of what the different brands are capable of producing. If this is the case, it is realistic that the men have been able to see a pattern of the different countries' technological knowledge and might thus find it relevant to know the complex product's COO, while the women are more interested in performance and design of a particular model. This is somewhat confirmed when a considerably larger share of women than of men strongly agree that the COO is not the single most important attribute when purchasing a product but that price and guarantees also affect their purchasing decision.

#### *5.2.4 Personal Experiences*

Negative experience from China as a country, when taking things as moral and political issues into consideration appears to be affecting males and females to approximately the same extent in their purchasing decision. A relatively large share of both genders claims that these things affect its purchasing decision negatively, however the share that contradicts this is equally large, revealing conflicting opinions within the groups. When they make a stand to whether bad experiences from Chinese products affect their purchasing decisions negatively, a difference between the genders is detected. A larger share of both males and females disagree that this is the case, however according to the males a large figure agrees with the statement as well. Meanwhile, not as many women agree but remain impartial. Taking it one step further and examining if the participants have bad experiences from Chinese brands that affect their purchasing decision negatively, only a small share of the males agree. The remaining participants, males as well as females are ambiguous or disagree with the statement. Connecting this outcome to the previous section of statements and results, it is possible that if the females are not as interested in products' COOs, they might not even be aware of products and brands that they have perceived as bad or underperforming that originate from China. This would affect their answers in this section as well, however the truth is that if this is the case, they will reason and act accordingly when making an actual purchasing decision as well. Hence, potential bad experiences will not affect future decisions.

### **5.3 Based on Educational Level**

#### *5.3.1 Knowledge of China*

When investigating the participants' knowledge of China more closely, the participants with higher education are overall more convinced that they possess better knowledge of China than

the ones with no higher education. Concerning China as a country, the participants with no higher education appear to have less confidence in their knowledge, while among the ones with higher education China seems to be well known. When asked about products, the shares with good knowledge decrease among both groups, whilst the shares with no good knowledge increase slightly among the participants with higher education. Furthermore, when taking knowledge about Chinese brands into consideration, neither group's majority admits to having good knowledge of the topic whereas a small percentage of the highly educated claims to have good knowledge. Reflecting upon the credibility of the participants, the previous answers match the average number of Chinese brands' production fields that each group can name; the group with higher education can in fact mention more brands than the other group could. In this survey group the participants with no higher education are more likely to let their beliefs be affected by China's CI, since they tend to have less knowledge about the nation than the group with higher education. Not having good knowledge here again, gives stereotypes and preconceived assumptions increased attention when evaluating products.

### *5.3.2 Perception of Quality*

The perceptions of the quality of Chinese products present a clear trend when investigating the groups based on educational level; Chinese products are associated with low quality, to which the participants with higher education agree to an even greater extent than the group with no higher education. Furthermore, as noted in previous investigated variables, Swedish products are clearly not associated with a perception of low quality. Western products are also not perceived to be of low quality by the majority, though a small share of the participants with no higher education agrees to perceive them as low quality. This shows that the consumers draw preconceived conclusions about products from the country that they know little of as opposed to Swedish and Western products, which they should have a certain degree of knowledge of. Here again, the COO effect tempts the consumers to draw hasty assumptions based on the CI when they know little about the quality of a product that is produced in a certain country.

### *5.3.3 Relevance of Origin*

Participants with no higher education find a product's brand of more importance than its COO, while this approach is not as evident among the group with higher education. Overall this consumer mindset motivates Chinese brands to lay hold off possible opportunities to

improve their brand image since a strong brand name is of interest among consumers. When the statement regarding whether the consumers actively search for the COO label is investigated, the results differ slightly between the different educational levels. These results indicate that a majority of the higher educated participants never actively searches for the COO label, regardless of type of product, however they do consider the COO to be of some importance. An implication from this could be that they have attitudes that make them think that it is important, just not to an extent that makes them search actively for it when in a purchasing situation. As for the participants without higher education, a majority appears to not search for the COO label when purchasing a complex product but look for it when purchasing a non-complex one, even though they claim that the COO is not of significant importance. This implies a subconscious attitude among the consumers that makes them want to know where their everyday products origin from, while when purchasing complex products other attributes are more important. Both groups based on educational level state a clear opinion that other attributes than the COO affect their purchasing decision to a great extent. These attributes, including price and guarantees play an important role when deciding whether to purchase the product or not. This may provide a good starting point for Chinese brands' expansion since as long as they can emphasize on desired attributes, the consumers will not mind that the brand is from China.

#### *5.3.4 Personal Experiences*

Based on educational level, the answers imply that the participants with higher education are not negatively influenced by bad experiences from China as a country, including political and moral issues. Among the participants without higher education the group is ambiguous towards whether bad experiences from China affect the decision negatively, however with a tendency to agree with the statement. The answers on whether bad experiences from Chinese products affect the consumers' purchasing decision negatively is relatively similar between the groups with different levels of education; a large share does not take a stand to the statement, while an even larger or equally large post disagrees with it. As for Chinese brands' influence, neither group has a majority that agrees to have bad experiences from Chinese brands. The results from this section of statements indicate that the consumers with higher education do not let bad experiences from China as a country, Chinese products and Chinese brands affect their purchasing decision, even though they previously admitted that they perceive the products to be of low quality. Hence, they may suspect that the quality is low, yet

it does not hinder them from purchasing a certain product. In addition, their high self-estimated knowledge of China should mean that they are aware of some questionable moral and political issues, however this does not affect their purchasing decision negatively either. Neither do they have bad experiences that hinder them from buying things from Chinese brands, which may be explained by the fact that they care more about the brand itself than its origin, possibly resulting in them not even knowing which brands are Chinese and which are not. As for the participants without higher education, they previously claimed to have little knowledge of China, yet show a tendency to let their experiences from the country and its moral and political issues affect them negatively, indicating that the CI plays a significant role. Since this may imply that they do not purchase the products to an as large extent as they otherwise would have, it is natural that they do not have bad experiences from the products that affect their purchasing decision negatively. The same logic is applicable when it comes to Chinese brands.

## **6. Conclusion**

This part highlights and discusses the conclusions that have been found through the research and answers the research question of the thesis, taking the COO theories into consideration. Furthermore, the results are summarized and suggestions for future research of the subject are given.

### **6.1 Research Question Revisited**

#### **What differences in attitudes towards China's COO can be detected between Swedish generations?**

The younger group considers itself to have more extensive knowledge of China, Chinese products and Chinese brands than the older group does, yet the information and the CI they have of China does not appear to favor China's credibility. Compared to the older generation, the younger participants value a product's brand higher than its COO. This is an outcome similar to that noted among the older generation, only more significant among the younger. The younger generation does not find the origin of a complex product of importance and does not actively search for a product's COO label, whereas the older generation finds the COO of importance but does not search for the COO label to the same extent as to that they find the COO important. Non-complex products' origin is not of interest to neither generation, although they both actively search for the COO label when in a purchasing situation. Furthermore, the younger generation is more affected by other attributes than the COO, such as price and guarantees, than the older generation is. Both generations perceive the quality of Chinese products to be low, however an improvement can be seen among the younger participants, since the association with low quality is not as strong as among the older. China as a country, when taking moral and political issues into consideration, is affecting the older generations' purchase decision negatively, whilst the younger is rather affected by bad experiences from Chinese products. Negative experiences from Chinese brands have no significant effect on either generation's buying habits.

The males' factual and self-estimated knowledge of China, Chinese products and Chinese brands are better than the females'. Neither the males nor the females think highly of the quality of Chinese products. The importance of the product's brand relative its COO is greater

among the males than it is among the females. The males actively search for the COO label when purchasing a product, regardless of complex or non-complex, whilst the females only look for it when purchasing a non-complex product. As for the estimated importance of the COO, it is greater among the males when it comes to complex products, whereas it is of equal importance to the genders when it concerns a non-complex product. Attributes, including price and guarantees, are taken into consideration to a larger extent by the females than they are by the males. Furthermore, bad experiences from China, including the political situation and moral issues are affecting the males and the females to approximately the same extent, which is relatively large. Neither gender has bad experiences from Chinese products. In addition, a large share of the males have no bad experiences from Chinese brands yet a small share of them do admit to having it. Among the females, bad experiences are generally not detected, however since they tend to not take a stand at all, it can be assumed that their experiences on the topic are limited.

The participants with higher education have more extensive knowledge than the participants without higher education. Both groups associate Chinese products with low quality, however to a larger extent among the highly educated. A difference is noted concerning the importance of the product's brand relative the importance of the product's COO; the group with no higher education finds the brand more important while the group with higher education does not find it as essential. Concerning the active search for the COO label and its importance, there is only one significant difference that can be noted between the educational levels. This difference is that the participants with no higher education actively search for the COO label when purchasing a non-complex product. Both groups consider price and guarantees to be affecting their buying behavior. Participants with higher education are not negatively affected by China as a country, while the other group does agree with it to a certain extent. Neither group has bad experiences from Chinese products that affect their purchasing decision negatively and the same results were found when examining the impact of bad experiences from Chinese brands.

The fact that moral and political issues in China are affecting the older generation more than it is the younger indicates that the fall of Communism has resulted in a more positive attitude towards the nation per se. However, the younger generation that knows more about China in general associates Chinese products with low quality. An evolving attitude towards China as

COO may be vital for its future, since foreign investors boost the production costs and the prices in the country; causing cost-efficiency to possibly no longer serve as an incentive for investing in the country (Eklund, 2011). If the low-cost profile of China does not draw investors, the question is which incentives remain. In order to continue on the current economic growth path, the country has to elevate 'Made in China' and gain the consumers' trust regarding quality assurance of both products and manufacturing standards (Kerbouche et al, 2012). Complex products provide an opportunity among the younger generation, as the COO is not as important to them as it is to the older, hence this might be worth focusing on improving if or when the investors leave China for other low-cost countries. The non-complex products could provide an opportunity as well, however with the increasing production cost the country might not be able attract customers with low-price products and will need to develop the complexity of its manufacturing.

Despite the difficulties, with China's increasingly open foreign trade there are emerging opportunities for Chinese brands to explore other countries' markets, under the condition that China can find a way to hinder the scandals that disfavor both their brand reputations and China's overall CI (Kerbouche et al, 2012). The CI of China, Chinese products and Chinese brands may change with time, as seen in Japan and South Korea, among others (Kerbouche et al, 2012). These Asian countries have faced similar challenges in the past, when it comes to gaining brand recognition and convincing doubtful potential customers, yet by improving the national technological skill they have come to be associated with their highly technological, complex products (Vaughn, 2012). The low-quality association and mistrust noted is not unique for China, being a country in its catching-up phase, but rather a step in the process of becoming self-inventing once the domestic technological knowledge has reached the same level as the international (Bigsten, 2007).

## **6.2 Contributions**

Although the extent of the study is not sufficient to eliminate deviations when compiling the results, an improved understanding of the Swedish consumers' attitudes could be achieved and a correlation between their personal experiences and their purchasing decision could be traced. This study has provided valuable information regarding how consumers' experiences and perceptions of a country affect their purchasing decision. By enlightening the generational differences in Swedish consumers' views upon China as COO and to which

extent their experiences differ, the previously discussed information gap has at least partially been filled. The acknowledgement of the generational differences provides for a better understanding of where China's export to Sweden is heading, as the younger generation to an increasingly larger extent will be representing the demand on the Swedish market. Observing the generational differences also facilitates a prognosis of the future of China as a COO and serves as an indicator of what the future might look like for the Chinese global trade. The study shows that the Swedish consumers' attitudes towards China as COO appear to be evolving in the same direction as those of Japan's once did, with an increasingly less negative view upon the nation among the younger generation. By investigating the extent to which they value brands over COO, the importance of COO when purchasing a complex versus a non-complex product, et cetera and compare their answers to those of the older generation, an indepth understanding of the importance of the COO in their purchasing decision can be determined.

In addition, the study establishes what Swedish consumers in the year of 2013 think of China as a COO, including their perception of China as a country, Chinese products and Chinese brands. By asking about the participants' personal experiences from these areas it was possible to discover patterns in the reasons why they have various opinions regarding the quality of Chinese products. Investigating other variables than age as well, including gender and educational level, allows for a further understanding of other crucial factors that affect the purchasing decision, thus acknowledging that while the age does appear to be significant, it is not the only decisive characteristic. While it is difficult to determine to which extent the consumers' are utilizing the cue models and the halo effect when in an actual purchasing decision, it can through their answers be noted that they tend to take several aspects into consideration when making up their minds about a product, which speaks for that the summary and the multi-cues tend to act in contemporary Swedish consumers' purchasing decisions. The conclusion, as mentioned above is that the gender is of more significance than the level of education, thus clarifying that questionmark.

### **6.3 Future Research Suggestions**

This thesis did not specify a particular product or product group that the consumers were to bear in mind when answering the survey. It could be an interesting angle to investigate their attitudes towards specific products, for example Chinese porcelain or silk and see whether it

differs from that of Chinese toys or food products, only to mention a few examples. Services, since this sector is increasing in China, could be another topic to investigate further. Moreover, different variables than age, gender and level of education may be investigated; income, experiences from travelling or even different nationalities could be of interest. Finally, as opposed to only comparing the consumers' attitudes towards China as COO, future research could focus on comparing the attitudes towards China with other nations and see if any patterns can be detected.

#### **6.4 Implications**

According to the findings of this thesis, China is evolving in the same direction as Japan once did, indicating a bright future for China as COO if it continues its current path. The scandals and political issues that affect the older generation's purchasing decision more than they do the younger's further support this interpretation of the situation, although the younger generation's answer that they avoid Chinese products due to bad experiences speaks for a need of improvement of the quality. Managers of Chinese firms should focus on improving their brands, since their brand appears to be more important than the COO to the Swedish consumers. Moreover, they should emphasize on eliminating the scandals, not only regarding the quality but also in terms of human resource management activities in order to gain sustainable trust and minimize criticism from political aspects. Since focus is gradually moving from the older to the younger generation, China's history will be of decreased importance, however it is vital for the companies to be continuously innovative, to prove to the world that China is a modernized country with products and brands that aim to compete on the global market. Nevertheless, that the Chinese government agrees to make an effort could be essential for Chinese managers to be able to implement improving measurements and gain trust among the consumers.

#### **6.5 Summary**

China has in the past three decades undergone a process from being a closed Communism nation with planned economy to an increasingly open market economy with one of the world's largest economies. Chinese products of all product categories are being sold on the world market and Chinese brands are expanding globally, making China as a 'Country of Origin' a well-known concept. The purpose of this thesis was to investigate whether differences in attitudes towards China's country image and towards China as COO exists

among Swedish generations. The generations were separated into those that have lived to experience Communist China and those that have only seen China for what it is today. Different demographical variables, apart from age that were taken into consideration include gender and level of education in order to see what triggered possible differences and how this affected their purchasing decision. In order to fulfill the purpose, 30 Swedish consumers participated in a quantitative survey, in which they were asked to take a stand to 16 different statements concerning China, COO, brands and other aspects related to the topic. Differences as well as similarities between the generations were detected. An overall more optimistic attitude towards China as a country was noted among the younger, although both groups had bad experiences from Chinese products to different extents and associated them with low quality. Furthermore, males were more critical and appeared to have more actual experiences from Chinese products and brands that affect their purchasing decision negatively, while China as a country had no significant impact on either gender. Finally, level of education only was of marginal importance to the results. The participants without higher education was negatively affected by China as country to a larger extent than the ones with higher education were.

## References

### Books

Bryman, A. & Bell, E. (2007). *Business Research Methods*. 3rd Ed. Oxford. Oxford University Press.

Eklund, K. (2011). *Kina: den nygamla supermakten*. 1st Ed. Stockholm. SNS Förlag.

Greener, S. (2008). *Business Research Methods*. [Electronic]. 1st Ed. BookBoon. Accessed from: <http://bookboon.com/en/textbooks/marketing-media/introduction-to-research-methods> [2013-04-08]

Jaffe, E.D. & Nebenzahl, I.D. (2001). *National Image & Competitive Advantage: The theory and practice of Country-of-Origin effect*. 1st Ed. Copenhagen. Copenhagen Business School Press.

### Journal Articles

Agrawal, J. & Kamakura, W-A. (1999). Country of origin: A competitive advantage? *International Journal of Research in Marketing*, vol. 16, pp. 255-257.

Bigsten, A. (2007). Can China Learn from Sweden? *The Economics*, vol. 8, pp. 17-40.

Bilkey, W. J. & Nes, E. (1982). Country-of-Origin Effects on Product Evaluation. *Journal of International Business Studies*, vol. 13, pp. 89-99.

Chu, P-Y., Chang, C-C., Chen, C-Y., & Wang, T-Y. (2008). Countering negative country-of-origin effects: The role of evaluation mode. *European Journal of Marketing*, vol. 7, pp. 1055-1076.

Cordell, V.V. (1992). Effects of consumer preferences for foreign-sourced products, *Journal of International Business Studies*, vol. 23, pp. 251-269.

- Cyranoski, D. (2008). Made in China? *News Feature: Pharmaceutical Futures*, vol. 455, p. 1168.
- De Moura, J., Giraldi, E. & Ikedi, A-A. (n.d.). How Consumers' Diverse Personal Values Influence the Country-of-Origin Effect. *The New Cultures of Food*, pp. 181-194.
- Ha-Brookshire, J. E. (2012). Country of Parts, Country of Manufacturing, and Country of Origin: Consumer Purchase Preference and the Impact of Perceived Prices. *Clothing and Textile Research Journal*, vol. 30, pp. 19-34.
- Han, C. M. (1989). Country Image: Halo or Summary Construct? *Journal of Marketing Research*, vol. 26, pp. 222-229.
- Han, C.M. & Terpstra, V. (1988). Country-of-origin effects for uni-national and bi-national, *Journal of International Business Studies*, vol. 19, pp. 235-255.
- Huber, J. & McCann, J. (1982). The Impact of Inferential Beliefs on Product Evaluation. *Journal of Marketing Research*, vol. 19, pp. 324-333.
- Kerbouche, M., Adouka, L., Belmimoun, A. & Guenouni, H. (2012). The Country of Origin and the Consumer Behavior - How to Improve Chinese Products Brands? *Mediterranean Journal of Social Sciences*, vol. 3, pp. 551-552.
- Kim, S. & Pysarchik, D.T. (2000). Predicting purchase intentions for uni-national and bi-national products, *International Journal of Retail & Distribution Management*, vol. 28, pp. 280-291.
- Lee, M. & Lou, Y-C. (2011). Consumer Reliance On Intrinsic And Extrinsic Cues In Product Evaluations: A Conjoint Approach. *Journal of Applied Business Research*, vol. 12, pp. 21-29.
- Rezvani S., Shenyari G., Dehkardi G.-J., Salehi M., Nahia N. & Soleimani S. (2012). Country of Origin: A Study over Perspective of Intrinsic and Extrinsic Cues on Consumers' Purchase Decision. *Business Management Dynamics*, vol. 1, pp. 68-75.

Roth, M. S. & Romeo, J. B. (1992). Matching Product Category and Country Image Perceptions: A Framework For Managing Country-Of-Origin Effects. *Journal of International Business Studies*, vol. 3, pp. 477-497.

Samiee, S. (1994). Customer evaluation of products in a global market. *Journal of International Business Studies*, vol. 25, pp. 580-581.

Teas, R.K. & Agarwal, S. (2000). The effects of extrinsic product cues on consumers perceptions of quality, sacrifice, and value, *Journal of the Academy of Marketing Science*, vol. 28, pp. 278-290.

Wang, X. & Gao, Y. (2010). Irish Consumers' Perception of Chinese Brands and How to Improve the "Made in China" Image. *Journal of Asia Business Studies*, vol. 4, pp. 80-85.

Watts, J. (2004). Manufacturer face jail after baby milk kills 50 in China. *The Lancet*, vol. 363, p. 1448.

### **Newspaper Articles**

Xinhua. (2010). China-Sweden relations beyond 60 years. [Electronic]. *China Daily*, May 27. Accessed from: <http://english.peopledaily.com.cn/90001/90776/90883/7001074.html>

### **Reports**

Li, S., Wang, Y. & Zhai, F. (2003). *Impact of Service Sector Liberalization on Employment and Output: A CGE Analysis*. (Worldbank 9/17/03). N/A: Worldbank.

National Intelligence Council. (2012). *Global Trends 2030: Alternative Worlds*. N/A: NIC

Vaughn, J. (2012). *Remaking 'Made in China'*. New York: JWT

### **Web Documents and Sites**

Barboza, D. (2007). *Scandal and Suicide in China: A Dark Side of Toys*. [http://www.nytimes.com/2007/08/23/business/worldbusiness/23suicide.html?pagewanted=all&\\_r=0](http://www.nytimes.com/2007/08/23/business/worldbusiness/23suicide.html?pagewanted=all&_r=0) [2013-04-08]

Kelton. (2012). *Demographics: A Key to Effective Market Research*  
<http://keltonglobal.com/marketing-research/about/104-demographics-a-key-to-effective-market-research> [2013-05-20]

Sweden Abroad. (2013-08-03). *Embassy of Sweden Beijing: Trade between Sweden & China.*  
<http://www.swedenabroad.com/en-GB/Embassies/Beijing/Business/Trade-between-Sweden--China/> [2013-05-05]

## Appendices

### Appendix 1

Original survey questions in Swedish.

#### *Demografi*

Ålder:	20-30	50-60
Kön:	Man	Kvinna
Högskoleutbildning (avklarad eller påbörjad)	Ja	Nej

#### *Kunskap om Kina*

1. Jag anser att jag har god kännedom om Kina som land
2. Jag anser att jag har god kännedom om kinesiska varor
3. Jag anser att jag har god kännedom om kinesiska varumärken
4. Jag har kännedom om vilken typ av varor följande företag producerar (fyll i alla som du vet)
  - Lenovo
  - Haier
  - Li Ning
  - Bosideng
  - Chang Yu
  - Geely
  - Inget av ovan nämnda företag

#### *Syn på kvalité*

5. Jag associerar kinesiska produkter med låg kvalité
6. Jag associerar svenska produkter med låg kvalité
7. Jag associerar västerländska produkter med låg kvalité

#### *Ursprungsrelevans*

8. Varumärket på en produkt är viktigare än ursprungsland
9. Jag letar aktivt efter ursprungsland när jag köper en komplex vara (TV-apparat, bil, mobiltelefon etc.)

10. Jag letar aktivt efter ursprungsland när jag köper en icke-komplex vara (frukt, smörkniv, lågpriskläder etc.)

11. Ursprungsland när jag köper en komplex vara (TV-apparat, bil, mobiltelefon etc.) är viktigt för mig

12. Ursprungsland när jag köper en icke-komplex vara (frukt, smörkniv, lågpriskläder etc.) är viktigt för mig

#### *Prisrelevans*

13. Ursprungsland är inte det enda viktiga när jag köper en vara, utan attribut som pris och garantier spelar också in i mitt köpbeslut

#### *Personliga erfarenheter/känslor*

14. Jag har personligen dåliga erfarenheter av Kina (ej dess varor utan tex politiska situationer, moraliska frågor), vilket påverkar mitt köpbeslut negativt

15. Jag har personligen dåliga erfarenheter av kinesiskt producerade varor (ej nödvändigt från kinesiska varumärken), vilket påverkar mitt köpbeslut negativt

16. Jag har personligen dåliga erfarenheter av kinesiska varumärken som negativt påverkar mitt köpbeslut

## Appendix 2

Results from the survey, where Q1 is the answer to question number 1, Q2 the answer to question number 2, et cetera. Answers are numerical and in the original language, Swedish.

Timestamp	Ålder	Kön	Utbildning	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16
4/19/2013 19:55:43	20-30	Kvinna	Ja	5	3	3	Lenovo, Li Ning, Geely	4	1	2	4	3	4	3	3	5	3	3	2
4/19/2013 20:59:25	20-30	Kvinna	Ja	4	3	3	Lenovo, Haier, Geely	4	1	1	3	1	1	3	1	5	1	4	1
4/20/2013 13:35:26	20-30	Man	Ja	4	3	2	Geely	4	2	2	4	2	1	1	1	5	2	4	2
4/20/2013 16:30:18	50-60	Kvinna	Ja	3	2	1	Jag har ingen	4	1	1	3	3	1	3	1	5	1	1	1
4/20/2013 19:39:39	50-60	Man	Ja	5	5	5	Lenovo, Haier, Geely	4	2	2	2	2	5	2	2	4	4	4	4
4/20/2013 19:53:13	50-60	Kvinna	Ja	2	2	1	Jag har ingen	4	2	3	3	5	4	4	3	5	5	5	3
4/22/2013 20:22:09	50-60	Man	Nej	3	3	3	Lenovo, Geely	3	2	2	4	3	4	4	3	3	4	3	3
4/22/2013 20:28:28	50-60	Kvinna	Nej	2	2	2	Jag har ingen	2	1	2	3	2	1	3	2	4	3	3	2
4/22/2013 21:34:05	50-60	Man	Nej	2	3	2	Lenovo, Geely	5	2	2	4	2	4	3	4	5	4	4	2
4/22/2013 22:50:42	20-30	Man	Ja	5	3	3	Lenovo, Haier, Geely	3	2	2	3	1	1	2	1	5	2	4	3
4/22/2013 22:53:48	20-30	Kvinna	Ja	3	2	3	Jag har ingen	3	2	2	2	1	2	4	4	5	4	4	3
4/22/2013 23:51:49	20-30	Kvinna	Ja	3	2	1	Jag har ingen	3	1	2	4	2	4	2	4	5	1	1	1
4/23/2013 2:04:54	50-60	Kvinna	Ja	1	1	2	Jag har ingen	2	2	3	3	1	3	3	4	4	2	2	3
4/23/2013 8:12:20	20-30	Man	Ja	3	3	2	Lenovo, Geely	4	2	2	3	5	5	4	4	3	4	3	2
4/23/2013 10:29:16	20-30	Man	Ja	4	4	2	Lenovo, Geely	4	1	2	4	2	1	3	1	5	2	3	2
4/23/2013 15:48:37	20-30	Man	Ja	5	3	4	Geely	4	1	3	5	2	5	4	4	5	1	1	1
4/23/2013 16:30:19	20-30	Man	Ja	5	5	5	Geely	1	1	1	5	1	1	1	1	1	1	1	1
4/24/2013 17:44:08	50-60	Man	Nej	2	2	2	Lenovo, Geely	4	2	2	3	5	2	5	2	5	5	5	4
4/28/2013 21:30:45	50-60	Man	Ja	4	3	2	Lenovo, Geely	2	1	1	5	5	1	4	3	3	3	3	3
4/29/2013 8:08:47	50-60	Kvinna	Ja	4	2	1	Lenovo, Geely	4	2	2	3	2	3	3	3	1	4	3	2
4/29/2013 10:43:46	20-30	Kvinna	Ja	2	2	2	Jag har ingen	4	1	2	5	1	1	2	2	5	4	1	1
5/1/2013 12:55:41	50-60	Kvinna	Nej	3	1	1	Jag har ingen	3	1	2	1	3	1	3	3	5	4	1	1
5/1/2013 13:05:51	20-30	Kvinna	Ja	1	1	1	Jag har ingen	2	1	2	2	1	4	1	4	5	4	3	1
5/3/2013 14:53:20	50-60	Man	Nej	2	2	2	Lenovo	3	1	3	3	4	1	4	3	3	3	2	2
5/4/2013 10:30:58	20-30	Kvinna	Nej	1	2	1	Lenovo	4	1	4	5	1	2	3	2	5	2	4	3
5/5/2013 21:57:06	50-60	Man	Ja	3	3	2	Lenovo, Geely	5	2	1	1	2	4	3	4	5	4	2	1
5/6/2013 13:35:10	20-30	Man	Nej	2	2	1	Jag har ingen	2	2	2	4	1	4	2	3	5	1	1	1
5/7/2013 22:32:13	20-30	Kvinna	Nej	3	2	2	Jag har ingen	4	1	1	4	1	4	2	2	5	3	3	3
5/9/2013 10:17:55	20-30	Kvinna	Ja	2	2	1	Jag har ingen	4	1	2	3	1	3	2	3	5	1	3	1
5/9/2013 13:39:37	50-60	Man	Nei	2	2	2	Geely	2	2	2	4	3	3	2	3	4	4	3	2