

An Application of a Five-Stage Consumer Behaviour Decision Making Model: An Exploratory Study of Chinese Purchasing of Imported Health Food

by

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ABSTRACT

China has the single largest potential consumer market in the world. However, the study of Chinese consumer behaviour in purchasing health food in general is relatively rare. The research on Chinese consumer decision-making process on purchasing imported health food products in particular, is even less common.

This present exploratory study reviews the previous research on culture and consumer decision-making process, as well as influence of cultural factors on Chinese consumer decision-making process.

The aim of this study is to gain insight into Chinese consumer decision-making process on imported health food products given the Chinese culture in general and demographic factors such as gender, education, age, income, and marital status, in particular.

Improved understanding of the impact of culture and demographic factors on Chinese consumer decision making process help not only foreign investors succeed in the Chinese market, but also provide a preliminary framework for future studies on Chinese consumer behaviour.

DEDICATION

To God

To my wife Lillian, who has been and will always be my inspiration.

To my parents, who have provided me with unconditional support.

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CHAPTER ONE: INTRODUCTION

1.1 An overview of the Chinese economy and the Chinese health food market

According to the latest data released from the National Bureau of Statistics of China (<http://www.stats.gov.cn/english/>, Li, 2005), the GDP of China in 2004 was 1.6 trillion US dollars, increasing by 9.5% over the previous year. The total value of international trade surged to a record 1.15 trillion US dollars, up 35.7 percent over the previous year, with China becoming the world's third largest trading power behind the United States and Germany. Foreign direct investment was 60.6 billion US dollars, up 13.3 percent after being the biggest FDI inflow country in 2003. By the end of 2004, China's foreign exchange reserves reached 609.9 billion US dollars, or a 33% increase over the year 2003. The per capita disposable income of urban and rural households increased by 7.7% and 6.8% respectively, the highest growth rate since 1997. The savings deposit of urban and rural households reached 1.4 trillion US dollars, a 15% increase over the year 2003.

According to the *China Statistical Yearbook 2003*, released on the website of the National Statistics Bureau of China (<http://www.stats.gov.cn>), from 1978-2002, the average annual growth rates for the GDP, the total retail sales of consumer goods, and the total exports and imports are an astonishing 9.4%, 14.6%, and 15.2% respectively. There is no doubt, that China is the fastest growing economy in the world. It is becoming not only the "world's factory", but also one of the biggest markets for consumer goods. The twenty-five-year economic expansion has brought the Chinese people more disposable income and a better life. The emergence of a large-scale, well-educated middle class, the increase of the Chinese consumer's

health awareness, as well as the influence of the western life style provide a huge market for imported products. At the same time, China is lifting the barriers for foreign investors in more and more industry sectors to comply with WTO requirements. Foreign investors can go into trading, retail, and finance sectors to compete with domestic companies directly. With advantages in technology, funds, and managerial know-how, foreign investors are rushing to China with great confidence. In fact, from 1990 to 2002, the foreign direct investment in China had increased at an annual rate of 23.5% (*China Statistical Yearbook 2003*); China was the biggest FDI destination in 2003 and 2004.

The health food industry is one of the fastest growing business sectors in China due to the emergence of a large-scale and well-educated middle class, as well as the increase of the Chinese consumers' health awareness. China represents 33% of Asia's nutritional and health food market. Its market for vitamin and dietary supplements alone is estimated to be 1 billion US dollars per year and is forecast to grow at 10.7% annually up to year 2007 (Global Active, June, 2004). According to the latest report from Agriculture and Agri-Food Canada (*The Health Food Market in China and Hong Kong, 2004*), in 2003, the market for health food products in China reached 5 billion US dollars, a 50% increase over the value of the previous year. In June 2003, Amway, a global consumer goods giant, announced its plan to increase its investment in China to 220 million US dollars, and its Chinese operation generated 1.2 billion US dollars in sales in that same year, with 50% of sales from its health food product line, Nutrilite. Amway also planned to add 40 new retail stores to its existing 140 stores across China (China Daily, Jan 20, 2005). In June 2004, Global Active Limited, a leading specialty retailer and wholesale distributor of health food products, announced that it would bring GNC, the world's largest health food retailer, into China to sell GNC brand health food products.

Agriculture and Agri-Food Canada (*The Health Food Market in China and Hong Kong, 2004*) reports that, by December 2003, China's formal regulator of the health food industry, the

State Food and Drug Administration (SFDA), had certified a total of 5000 functional food products for sale in China; 800 of these products are from foreign sources. These products represented 3000 brand names with an average brand age of nine years. Presently, 2000 of these products are on the shelves in Chinese supermarkets, hypermarkets and pharmacies.

Chinese have been conceived about eating herbs that are good for health for thousands of years. However, putting the nutrition elements extracted from herbs into the forms of capsules, tablets, powder, granular, and marketing them as “health food” is a relatively new business category in China; which is similar to the “Vitamin and dietary supplement” category in North America. Health food covers all foods that claim to have special health-related benefits or functions. Each health food product must have at least one of the twenty-two health care functions that are set by the State Food and Drug Administration (SFDA). The function could be “immune regulation”, “alleviation of aging”, “memory improvement”, or even nutraceutical supplement, etc., (see appendix C). Thus, vitamin and mineral supplements regulated as normal food in North America would be regulated as “health food” in China, facing more strict scrutiny by the SFDA and a long approval procedure. Once approved by SFDA, the claimed function or benefit could be put onto the product label. It is illegal to sell any health food product that claims to have health benefit or function without previous approval from the SFDA.

With the quickly growing middle-class population and the increase of the Chinese health awareness, China market demonstrates a great potential for the supplement business in the next decade. According China Daily dated October 27, 2004, an estimation from a French bank BNP Paribas Peregrine indicated that China has 50 million “middle class” households in 2002, with which having an average income of USD9, 068 and assets of USD37, 485, and another report released from the Chinese Academy of Social Science in 2004 estimated that Chinese “middle class” accounted 19% of the country’s 1.3 billion population by 2003. Though the definition and

standard of “middle class” vary, the emerging of “middle class” in China carries special meaning for international marketers who are seeking growth opportunities globally.

More than that, the less developed Chinese health food manufacturers and market system provide great opportunities for foreign marketers. For instance, according to the data provided by the Pro Re Nata, Inc., (2002), the Chinese health food market is highly fragmented with more than 1000 health food manufacturers producing more than 4000 similar products. Among those manufacturers, 60% have registered capital less than RMB 5 million (US\$0.61 million). The top 50 sellers account for only one third of the total annual gross sales (US\$3.73 billion). Further, manufacturers’ expenditure on R&D and advertisement is extremely unbalanced. In 2000, R&D accounted for only 1.67% of the total sales while the advertisement expenditure had 6.6% share of the total sales. In addition, the market lacks new products that represent the latest technology in nutritional industry. The sector, to a large extent, can be categorized as low-level duplication of similar products. More than that, around 50% of the health food supplement manufacturers cannot break even.

1.2 The purpose of the research project

The Chinese health food market is highly fragmented with small producers and few premium products on one hand, yet on the other hand, it is also a fastest developing market with huge potential. Foreign marketers with advanced products and adequate funds engaging in the Chinese health food business have a superior advantage over Chinese competitors in this sense; however, because of the long history that China has as well as fundamental economic and demographic changes that have occurred in the past two decades, foreign marketers should also consider the influence of cultural and demographic factors on Chinese consumers’ behaviour. For international marketers to find the right entry and business model in order to be successful in the fast growing Chinese health food market, a better understanding of Chinese consumer behaviour is essential.

To date, there is little research focus on Chinese consumer behaviour on purchasing health food in general; and the studies on Chinese consumer decision making process from cultural and demographic perspectives in particular are lacking, though it is quite obvious that culture influence all stages of the consumer decision making process (Gong, 2003). The investigations on Chinese consumer decision-making process on imported health food products are close to none.

This exploratory research is inspired by the preliminary framework suggested by Gong (2003), who argues that cultural factors have a great impact on Chinese consumer behaviour in each stage of the decision making process, and other studies on consumer behaviour. The first agenda of the present research is to find out Chinese consumer attitudes toward imported health food products and the general patterns of decision-making process for imported health food products. The second agenda is to explain these attitudes and decision-making patterns from cultural and demographic perspectives. Though the current research focuses on Chinese consumer behaviour for imported health food products, the implications of the research will help all multinational enterprises entering the Chinese market have a greater understanding of Chinese consumer behaviour when it comes to imported products.

CHAPTER TWO: LITERATURE REVIEW

While consumers/buyers have existed for thousands of years, consumer behaviour research really began after World War II (Levy, 1991). It was established as a unique field of study during the 1960s (Engel, Blackwell, and Miniard, 1993), and developed as a focal interest for both academic researchers and international marketing practitioners.

2.1 Consumer behaviour and decision making process

Since the 1950s, the majority of consumer behaviour literature has been built upon two assumptions. The first is that consumer behaviours can be influenced and shaped by multiple factors, which can be generalized as A) environmental influences (culture, social class, personal influence, family and situation); B) individual differences and influences (consumer resources, motivation and involvement, knowledge, attitudes and personality, values, and lifestyle); and C) psychological processes (information processing, learning, attitude and behaviour change) (Engel et al, 1993). The second one is that consumers are rational decision makers who have the ability or skills to go through a sequential decision-making process to reach an optimal choice among alternatives. In 1950s, Herbert Simon, in his stream of studies on decision-making process suggested that due to the uncertainty about the future and costs in obtaining information in the present, people's rational decisions are limited to the extent that their decisions can only be "bounded rationality". Since 1960s, various models regarding the consumer decision process have been developed (e.g. Necosia 1966, Engel, Kollat, and Blackwell 1968, Howard and Sheth 1969). Although the descriptions of the consumer decision process vary across these models, five similar decision process stages occur in all these models (Mitchell and Boustani, 1993). These

five stages--Problem/Need Recognition, Information Search, Alternative Evaluation, Purchase, and Post-Purchase/Outcomes--were first introduced by John Dewey in the early last century (John Dewey, 1910).

Need/ Problem Recognition is the first and crucial stage of the consumer decision-making process because if the need is not recognized, then the purchase will not happen. This stage of the process depends mainly on the degree of departure from homeostasis, the balance between the actual state (the consumer's status quo), and the desired state (the situation that the consumer wants) (Bruner, 1988). When the departure from the homeostasis is acute enough to reach a certain point, a need/problem is recognized. Need/problem recognition can be triggered by changes in either consumer's actual or desired state. Bruner (1983) proposed that consumers develop predictable styles over time, the Actual State Style, where problem recognition occurs most frequently due to changes in actual state; and the Desired Style, where problem recognition occurs mainly due to changes in desired states. Research has shown that problem recognition styles are related to subsequent stages of the consumer decision process, especially in the pre-purchase processes, such as Information Search process (Bruner 1986, Punj 1987).

Information search is the second stage of the consumer decision-making process. It can be classified as either an internal search or external search. Internal search refers to the consumer search via information recalled about products from memory and is determined by the consumer's existing knowledge about the products and their ability to retrieve relevant product information (Engel, Blackwell, and Miniard, 1993). External search is applied when the internal search is not sufficient to satisfy consumer's needs, and involves largely personal interaction by word of mouth (WOM) or mass-market communication (e.g. advertising) (Holbrook and Hirschman 1982, Ray 1973). Bruner (1988) further classified information sources into four quadrants by classifying whether the information is from personal interactions and/or marketers. These four types of information sources are: Personal-Marketer Dominated (e.g. Sales person),

Non-personal-Marketer Dominated (e.g. TV Advertising), Personal-Non-marketer Dominated (e.g. Friends, Family members), Non-personal-Non-marketer Dominated members (e.g. newspaper or magazine articles without endorsing particular products) (see table II). In his research about consumers' information search patterns on clothing purchase, Bruner (1988) found that the problem recognition type—people either are Actual State Type or Desired State Type—has association with the information search process. Actual State Type consumers are more sensitive to Personal-Non-marketer Dominated information than Desired State Type consumers. In general, he states that both types of consumers ranked “Personal-Non-Marketer Dominated (information) source are the most important followed by Non-Personal-Marketer Dominated (information) source, with the other two information sources being lesser importance.”

Table 1: Four Quadrants Of Information Search

	PERSONAL SOURCES	NONPERSONAL SOURCES
MARKETER DOMINATED SOURCES	Sales Person Advice	T.V. Advertising
NONMARKETER DOMINATED SOURCES	Friends/Family Advice	T.V. Programming

Source: Bruner (1988)

Alternative evaluation is the third stage of the consumer's decision-making process. It is the process by which an alternative is evaluated and selected to meet the consumer's needs. Generally speaking, price, brand name, and country of origin are the most cited criteria that consumers use to conduct the alternative evaluation. These three criteria often differ in their influence on consumer's product selections and some dimensions will have a greater impact than others, which is defined as “salience”(Engel, Blackwell, and Miniard, 1991). For instance, brand

name has been proven to be significant in choosing over-the-counter drugs. In other words, consumers will pay much more for aspirin bearing a well-known name, even when they are aware that government regulations require all aspirin products to contain the same basic formula (Engel, Knapp, and Knapp, 1966). When knowledge about the product category is low or external information regarding products is lacking, price may be used as a surrogate indicator of the quality of the product (Gerstner, 1985; Olson and Jacoby, 1972). Other researchers found that the country-of-origin cue is also a crucial criterion that consumers rely upon to evaluate alternatives (Johansson et al, 1985, Ahmed et al., 2002, Hong and Yi, 1992). Although price, brand name and country of origin are the most popular evaluation criteria in the literature, consumers may vary in their evaluation criteria across different product categories. Situational factors (e.g. location convenience)(Dickson 1982, Miller and Ginter 19790), comparability (Bettman and Sujan 1987, Corfman 1991), motivations (Ratchford and Vaughn 1989, Hirschman and Holbrook 1982), and consumer involvement (Rothschid, 1979) are all contingent factors that may influence the salience of the evaluation criteria.

The fourth stage of the consumer decision process is the purchase. Engel, Black and Miniard (1993) identified three purchase decision categories: fully planned purchase (both product and brand are chosen before the store visit); partially planned purchase (there is an intention to buy the product but brand selection is deferred until shopping); impulse purchase (both the product and brand are chosen in the store). In addition, these three purchase types may overlap due to situational factors, such as product promotion, store atmosphere, weather, etc.

The final stage of the consumer decision process is the outcome of the purchase, which refers to the consumer's post-consumption evaluation of the purchasing decision. The satisfaction or dissatisfaction with the purchase will influence the consumer's decision process for their next similar purchase, especially at the stages of need recognition and information search.

Engel et al presented a complete consumer behaviour model, in which environmental influences and individual differences are variables that influence the consumer decision process in all its five stages (Engel et al, 1993). Among these influences, culture is the one of the most important factors that has an impact on the consumer decision-making process.

2.2 Cultural factors

In a study of cross-cultural influences, Hall proposed that culture is a form of communication, which is rooted into and built upon ten basic human activities, including “interaction, association, subsistence, bisexuality, territoriality, temporality, learning, play, defence, and exploitation (use of materials)” (*The Silent Language*, P62). He (1979) later suggested that the culture could be learned, that the various aspects/activities of culture are interrelated, and that the culture is shared with members within the group and thus defines the boundaries of different groups. Based on the study of culture as communication, Hall (1979) argued that culture may be divided into two types based on different communication styles: High-Context (HC) vs. Low-Context (LC); and Monochronic vs. Polychronic styles based on the different understanding and use of the concepts of time and space.

In 1980, Hofstede defined culture as “ the collective programming of the mind which distinguishes the members of one group or category of people from one another”. Through intensive study regarding the cultures of more than 50 countries, he further identified five independent cultural dimensions: Power Distance (unequal versus equal), Uncertainty Avoidance (rigid versus flexible), Individualism/Collectivism (alone versus together), Masculinity/Femininity (tough versus tender), and Long/Short Term Orientation (Hofstede, 1991). People from different cultures demonstrate diversified behaviours along these five dimensions.

If culture is a long term mental programming process, a “ software of mind” that distinguishes one individual from another and “defines the boundaries for different groups” (Hofstede, 1980, Hall, 1979); then one culture definitely has a great impact on most if not all of the people’s behaviour in that particular cultural context, including consumer behaviour.

Mooij connected culture with consumer behaviour, suggesting “the various dimensions of culture can explain consumer behaviour differences” (*Consumer Behaviour and Culture*, 2004, p23). Further more, the culturally influenced consumer behaviours should have particular patterns and, to a large extent, these consumer-behaving patterns should be predictable. Cultural factors influence and help shape consumers’ values, attitudes, motivations, preferences, as well as the consumers’ decision process, all of which are the essential dimensions that researchers and marketers focus on. Thus, the understandings of cultural differences would be essential to predict consumers’ behaviour in different cultural contexts and to create effective marketing strategies. Different consumer behaviours in different cultural contexts have been identified (McCort and Malhotra 1993, Lowe and Corkindale 1998, Grunert and Scherhorn 1990, Briley, Morris and Simonson 2000, Mooij 2004). However, few of the studies focused on Chinese behaviour in Chinese cultural context until the late 1980’s.

2.3 Chinese Cultural Factors

Following Hall’s culture as communication theory and Hofstede’s theory of cultural dimensions as well as the emergence of the Chinese economy, the literature focusing on Chinese cultural dimensions has been developing (Hall 1979, Bond et al 1987, Hofstede and Bond 1988, Redding 1990). The review of the literature demonstrates three major separate and interrelated themes regarding Chinese culture. First theme is suggested by Hall, who argued that Chinese culture is a high-context culture, in which people are deeply related to one another and that most of the information is relayed and deciphered in the context in which the information occurs, while very little is transmitted through the coded, explicit message. Chinese culture is rooted into the

past, slow to change and highly stable (Hall, 1979). The second argument is from Hofstede, who identified Chinese culture as Collectivist, Low Uncertainty Avoidance, Large Power Distance, Moderate Masculinity, and Long-term Oriented (Hofstede, 1994). Finally, Chinese culture has deep roots in Confucianism, which emphasizes the hierarchical relationship between individuals (ruler and ruled, father and son, husband and wife, elder brother and younger brother) and five virtues that people should follow: humanity/benevolence (*ren*), righteousness (*yi*), etiquette (*li*), wisdom (*zhi*), and honesty/trustworthiness (*xin*)(Xing, 1995). While these three major themes provide insight into Chinese culture from different perspectives, they share significant commonalities from which we can draw several basic cultural factors that are particular to Chinese culture.

2.3.1 Collectivism and Harmony

Collectivism is frequently cited as typical of Chinese culture, in which individuals are inherently related and dependent on one another. Individuals should first consider the interest of group to which they belong rather than the interest of themselves as the guideline of their behaviour. The maintenance of the collective interest of the group and the continuation of a harmonious relationship between members within the group is emphasized (Kirkbridge Tang & Westwood, 1991). Confucianism stresses and the Chinese believe that “family” rather than the “individual” is the basic unit of the all social structures and therefore more important than the individual. In Great Learning, one of the four major doctrines recording the speech delivered by Confucius, it is stated that men should regulate the family before governing the country, and some of the researchers even indicate that Chinese culture is a familial collectivism (Yang, 1988). Chinese people have been taught to sacrifice individual interest for the well being of the group. Modesty and self-effacement are highly valued (Gong, 2003). Harmony and peace among are highly appreciated and can be fostered through reciprocity, sentiment, and kinship networks (Joy, 2001).

2.3.2 Large Power-Distance and Obedience

Hofstede's empirical study shows that South-East Asian Chinese-dominated societies score high in power distance dimension and low in uncertainty avoidance (Hofstede, 1980 & 1994.). In these Chinese societies, authority and social rank are respected and obedience to superiors is a social norm. These Chinese cultural characteristics also comply with Confucian doctrine, which emphasis the hierarchical relationship between individuals. In addition, Chinese culture scores low in uncertainty avoidance dimension, which suggests that the Chinese prefer self-discipline rather than clear, structured and written rules. Large power distance and low uncertainty avoidance are also the reflections of Confucian values, in which individuals have been programmed to respect parents and the elders in family and authority in society. The ideal of life is adaptation to environment; being flexible to situational change; the acceptance of one's fate by seeking harmony and happiness with the given.

Long-Term Oriented

In addition, Chinese culture is believed to be long-term oriented (Bond 1987, Hofstede 1991) which also complies with Confucian values. On this dimension, the Chinese are both past and future oriented. For the past, the Chinese respect tradition and fulfil social norms; for the future, Chinese prefer thrift and perseverance.

2.3.3 Contextualism

Hall (1976) classified Chinese culture as a High-context culture, in which the meaning or explanation of a coded, explicit message can vary in different situations or contexts. Redding (1980) suggested that Chinese thought processes could be characterized by a holistic perspective and by a high degree of sensitivity to context (Redding, 1980). It could be suggested therefore that Chinese people will attempt to relate a particular issue to the context in which the event or issue occurs rather than to deal with the issue in isolation.

Although studies of Chinese cultural characters and factors have been increasing as the pace of the Chinese economy increases, studies of Chinese consumer behaviour on imported products are few and far between, and research focusing on Chinese consumers decision-making process on imported health foods from both cultural and demographic perspectives is even harder to find.

2.4 Chinese consumer decision process—from culture perspective

It is clear that Hofstede's definition of culture covers much more area than that of Engel et al's (1993) in their consumer behaviour textbook. Culture as defined by Hofstede is not merely one of the environmental factors that influence consumer behaviour, rather, culture is a critical programming process that shapes individuals' values, sets the social norm, differentiates the consumers in one group from those in another, and also influences consumer behaviour in profound ways. The influence of culture involves all three groups of factors that influence consumer behaviour suggested by Engel et al (1993), that is, culture may impact not only on the environmental factors (e.g. social class, family and situation, etc.) and individual factors (e.g. motivation, attitudes, values, lifestyle, etc), but also on psychological processes (e.g. information processing, learning, etc.).

It is logical that culture may influence the consumer decision process in all its five stages. Therefore, by generalizing and analysing Chinese cultural characters and factors, one should be able, to a large extent, to generalize and predict Chinese consumer behaviour patterns in all five stages of the decision process. Based on the literature review, Chinese culture has four basic characteristics, namely Collectivism, Large Power Distance, Long-term oriented and Contextualism. Next, this project reviews how these Chinese characters and factors help shape Chinese consumer behaviour, particularly the Chinese consumer decision-making process in purchasing imported health foods.

2.4.1 Paradox in Need Recognition

As discussed before, Chinese culture has deep roots in Confucianism. Some researchers believe that Chinese consumers tend to enjoy available things and continue to use products that are out of date but are still in good condition (Gong, 2003). Thrift is highly valued in Chinese culture. If that is true, then Chinese consumers are like those “actual state style” consumers described by Bruner (1998). Modesty and collectivistic values shape Chinese consumer behaviour so that the Chinese often feel uncomfortable in novel, unknown, and surprising situations that are different from the usual, and therefore try to avoid them. Chinese consumers are reluctant to try or accept new products and have few desires. It would be relatively harder to trigger Chinese consumers’ need recognition for new products.

However, Chinese culture is also a familial collectivistic culture (Yang, 1988) with hierarchy (Large Power Distance) and emphasizes the harmony relationship between individuals. Family is almost always the first priority on the Chinese agenda. Taking care of younger and senior members in the family is the social norm and is strictly followed even today. In addition, sending gifts to others is the social norm, because by doing this, Chinese believe they can foster relationships and maintain harmony between individuals. Chinese tend to buy luxury products in order to send them to individuals within their group or individuals in other groups to which they aspire. For instance, luxury food products, such as expensive alcohol, cigarettes and imported package foods are often bought by consumers, not for the consumers’ own personal use, but for the purpose of sending them to people of a higher social rank, elders in the family, and friends. Growing up in a High-context culture, Chinese have learned to make decisions based on the environment and context in which the event occurs rather than deal with the event in isolation (Redding 1980, Kirkbride et al 1991). Therefore, a Chinese consumer might be more likely than their western counterpart to trigger/recognize a purchase need based on the context associated with the target product, rather than based on the individual/self need. In other words, due to the

combined impact of collectivism, large power distance, and contextualism, Chinese need recognition might be more social oriented than for their western counterpart. Further, due to social function and the risk associated with the particular products Chinese would buy for people other than for themselves, sending cheap low quality gifts is viewed as a high social risk of losing face or hurting the existing harmonious relationship, which should be carefully avoided.

2.4.2 WOM—Most credible information source

Moore (1998) found that Chinese use more distributional information (past experiences of one's own or others) than Americans when making a decision. When a product is new and the consumer lacks the internal information regarding the particular product, they would seek external information to fill the information gap. Bruner (1988) proposed that “actual state style” of consumers rely more on “personal-non-marketer dominated” information sources for the external information search. It is logical to propose that Actual State Style Chinese consumers in a collectivistic culture may rely more on word-of-mouth (WOM) communication for product information through seeking advice from friends and family members. However, because Chinese culture is a one with high power distance, Chinese consumers tend to believe and respect the authority and are more likely to believe the information from the media with the most trustworthy authority (Gong, 2003).

2.4.3 Price is not the most important evaluation criteria

The consumer behaviour literature suggests that price, brand, and country of origin are major criteria in the consumer evaluation process (Engel et al, 1993). Studies have showed that consumers have different perceptions of products made in different countries, and these diverse perceptions have impact on consumer evaluation process.

For instance, researchers have found that Singaporean consumers were more likely than foreigners who lived in Singapore to use the country of origin cue in their purchase decision (Ahmed et al., 2002), Koreans rely more on country of manufacturer information (Hong and Yi, 1992).

Studies also indicated that Chinese consumers regard imported products as better than domestic ones (Tai, 1998), and that the Chinese have more favourable attitudes towards imported consumer products (from Japan, the United States, and European countries (in general)) than domestic ones for attributes, such as quality, design, innovation, customer service and overall value (King and McDaniel, 1989).

Besides of country of origin, price is also an important factor that consumers use in their evaluation process. The analysis of Chinese cultural factors and their influence on Chinese consumers' decision process may provide some insight into understanding the Chinese evaluation process. In 1994, Gallup China Ltd. conducted the first national consumer survey by a foreign research company in China. Based on a sample of 3,400 people aged between 18-60, the survey reported that Chinese consumers are pragmatic, price and quality conscious, patriotic and careful planners (Li, Gallup and Alec, 1995). Gong (2003) proposed that the acceptable price range for Chinese consumers is narrower than that for Westerners due to the strong role of thrift in Confucian culture. However, due to the influence of large power distance and collectivism, Chinese consumers tend to put heavy weight on the social risks involved in purchasing, especially when the purchase activities are related to gift giving. Chinese also believe that "cheap product never good", consequently, purchasing a cheap product may cause buyers to lose face and harm the relationship between individuals.

2.4.4 Comparing three shops before purchase

The Gallup survey (1995) indicated that the pragmatic “actual state style” Chinese consumers are fully planned or partially planned purchasers, which means that Chinese consumers may have conducted extraordinary searches through internal and external information searches and may have also compared alternatives as much as possible; impulse purchasing is not likely to happen with Chinese consumers. “Compare three shops before purchasing” is a popular long-time Chinese idiom, which reflects exactly the Confucian value of thrift. The waste of money is shameful (Gong, 2003), and should be avoided.

2.4.5 Formally complaining is not popular

Chelminski classified consumer complaining behaviour into three categories: A. voice response to the party directly involved in the complaint; B. negative word of mouth or brand switching; and C. legal action. The desire to maintain harmony both in the individual’s own mind and with the environment makes the Chinese consumer hesitant to complain in the form A and C about their dissatisfaction with a purchase. Research has found that the Chinese are less likely than Australians to conduct a formal complaint for a faulty product (Lowe & Corkindale, 1998). The Confucian “Doctrine of Mean” guides their behaviour in daily life, especially when dealing with confrontations and conflicts. Confucianism recommends individuals to adapt to the context, to control their own motions, to avoid competition and conflict, and to maintain inner harmony (Hsu, 1949). Extremes, either in action or even in emotion will damage the harmonious relationship between individuals. Consequently, disputes should be avoided as much as possible. One study argued that Chinese modesty and humility tend to increase Chinese consumers’ level of tolerance with dissatisfaction (Lowe and Corkindale, 1998). Chinese value associated with collectivism and harmony would lead to the avoidance of conflict and to the seeking of harmonious (Ho 1979, Kirkbride et al 1991).

2.5 Demographic factors and their impact

Besides the significant influence of cultural factors on the consumer decision process in general, demographic factors, such as gender, age, income level, educational level, etc, may also play important roles in the consumer decision process across different demographic groups and cause deviation from general patterns of consumer decision making in a particular culture. For instance, studies have revealed that gender, education, income and age differentiate the consumers' information search process (Sherman et al, 1987; Schaninger and Sciglimpaglia, 1981; Zeithaml, 1985). Researches shown that men are less likely than women to complain when dissatisfied with a good or service (Solnick and Hemenway, 1992; Schwartz and Overton, 1987); less likely than women to spread negative word of mouth (Smith and Cooper-Martin, 1997); less likely than women to read labels for nutritional information (Mangleburg et al., 1997; Mueller, 1991), and are significantly less likely than women to use specialist magazines as a source of information prior to purchasing expensive goods such as property.

For instance, since economic reform launched in China in 1978, a large group of young, educated, and wealthy consumers has emerged. Consumption preferences are changing dramatically among the young generation that has been exposed to the outside world and also has more disposable income (Gong, 2003). They are more likely to accept new products, especially from abroad. A survey conducted by China-Europe International Business School in Shanghai demonstrated that Chinese consumers in different age groups have different sensitivity to and rely on different information sources (Landry, 1998).

CHAPTER THREE: METHODOLOGY

3.1 Research Questions and Research Formulation

The purpose of the current exploratory research is to explore Chinese attitudes toward imported health food products, to draw out Chinese behaviour patterns on all five stages of the decision-making process on imported health food products, and to better understand Chinese decision-making patterns from cultural and demographic perspectives.

It is hoped that the answers obtained from the present work would help international marketers to understand more about Chinese consumers' five-stage decision process in a Chinese cultural context, to better predict Chinese behavioural patterns for the category of imported health food products, and to recognize the deviations on the general patterns existing among different demographic groups.

Based on the literature review conducted previously, the author believes that among the major Chinese cultural factors/characters, Collectivism, Large Power Distance, and High-Context, along with the Confucian doctrine stressing harmonious relationships and "Doctrine of Mean" are the most important features that help shape and direct Chinese behaviour towards imported health food products in a particular way, and the influence of these cultural factors can be seen and predicted, more or less, in all five stages of the Chinese consumer's decision making process on these products. Through the current research, we would like to answer the following questions to better understand the Chinese decision-making process in purchasing imported health food products:

1. What are Chinese attitudes toward imported health food products?
2. What information source do the Chinese believe to be the most reliable for product information search?
3. What visible feature do the Chinese believe to be the most important while evaluating alternatives?
4. How many brands do the Chinese tend to compare before purchasing?
5. What activity do Chinese tend to conduct when they are dissatisfied with the product or service associated with the product?

3.2 Research Design and Instrument

In order to obtain the information necessary to analyse the above research questions, a questionnaire survey was conducted with Chinese citizens living currently in the People's Republic of China.

The items in the research instrument were developed based on the literature review. The survey was first developed in English and then translated into Chinese. Both English and Chinese version were modified using back translation technique to minimize errors in translation and to make sure the both versions carrying the same meaning.

A pilot test was conducted before the administration of the survey in China, both English and Chinese versions of the instrument were pre-tested on about 10 individuals who spoke either

English or Chinese with the purpose of refining the instrument. They were asked to complete the survey and report the time it took to complete and to note any wording or question they thought was unclear or confusing. Their input led to some minor adjustments on the format and wordings.

The survey was available in Chinese in only one format: hard copy. The reason for not choosing Internet survey through e-mails is to avoid possible selection bias, in which respondents having no access to Internet or without e-mail address would have been excluded.

As with any research involving the use of human subjects, the survey was presented to the University Research Ethics Review Committee with a "Request for Ethical Approval". An approval letter from the Office of research Ethics was provided and can be seen in Appendix A, B.

The survey consists of 21 questions and was divided into two sections. The first section includes fourteen questions with the purpose of finding experienced Chinese consumers' attitudes toward health food purchase as well as their decision-making process for the products, including the typical behavioural patterns for need recognition, information search, alternative evaluation, purchase and post-purchase.

The first question was designed with the purpose of distinguishing the experienced Chinese shopper of health food products from non-consumers and to cover as much as possible the sub-categories belonging to the health food product category. The current research follows the category methodology employed by the industry professional journal, the *Nutritional Business Journal's Supplement Business Report 2001*, in which the health food products are divided into five sub-categories, namely, Vitamins or Multivitamins, Mineral supplements (e.g. Calcium, etc.), Herbal supplements (e.g. Grape Seed Extract, Ginkgo, Garlic etc.), Specialty supplements (e.g. Fish Oils, Plant Oils etc.), and Nutritional sports supplements (e.g. Protein Powders, Fat Burners etc.).

The subsequent questions also had their own purposes in identifying Chinese consumer behavioural patterns on all five stages of decision-making process. For instance, question 2 is about Chinese consumers' information search pattern. The answers to this question would help us understand what is the most important information source that Chinese rely on in their information search process. Questions 3, 4, 5, 6, 8, 9, 11, 12 focus on Chinese attitudes toward imported health food products regarding the frequency of purchase, the purpose of purchase, the impulsion of purchasing new products, the quality perceptions on imported ones, and the willingness to pay premium prices for imported products. The author believes that the knowledge of Chinese attitudes toward imported health foods is crucial in understanding Chinese need recognition of the products. Question 7 addresses Chinese evaluation patterns of health food products and aims to know what are the most important criteria that Chinese use to evaluate their alternatives. Question 13 intends to know how many brands that Chinese compare before purchase; and question 14 is designed with the purpose of knowing Chinese complaint patterns when dissatisfied with the products and services they purchased.

The second section contains 7 questions with the purpose of collecting demographic information about the respondents, including age, gender, marital status, level of education, level of income, etc. All these demographic factors may influence their values, perceptions, and behaviour patterns and cause deviations of Chinese decision-making process patterns on health food products among these different demographic groups.

3.3 Data Collection Procedure

Once the instrument was finalized with the comments and suggestions obtained from the pre-test and the Ethical Approval Letter was received, the questionnaires were distributed. The sample was considered a convenient one, because friends and family of the researcher helped in the distribution of the surveys to those who could answer it. The surveys were given to friends and family who then distributed to people in their workplaces or to friends. They were also in charge of receiving and returning the answered questionnaires. As a means to protect the identity of the respondents, personal information of the respondents was not required as a part of the questionnaire. Those interested in receiving the results of the research could write their information on a detachable piece of paper so as not to be able to linked to their responses.

250 hard copies of the survey were distributed in three cities in China, including Shanghai, Suzhou, and Shenzhen. There are two reasons for choosing these three cities to conduct the survey. The first one is that the researcher had lived previously in these three cities and therefore has a strong network there; which would then ensured that the survey would go smoothly and conveniently without the researcher being present. The second reason is more important than the first one: because these three cities are all Chinese urban centres sharing strong economic growth, dramatic changes in demographic factors, and the rapid emergence of middle-class consumers. Shenzhen is the first economic special zone located in the Pearl River Delta in Southern China and borders Hong Kong, with 9 million residents. Both Shanghai and SuZhou are located in the Yangtze River Delta in South-Eastern China, with 12 million and 6 million residents respectively. According to the *China Statistical Yearbook 2003*, Shanghai, Shenzhen, and Suzhou are all ranked among the top five cities in terms of GDP volume, GDP growth rate, and destination for FDI. We believe that the samples from these three cities would be more representative and have more business implications than the samples from other cities of China,

due to the larger concentration of middle-class consumers in these areas and therefore the bigger potential for marketing imported health food products.

Of the 250 hard copies of the questionnaires that were distributed, 227 copies were finally collected, giving a response rate of 90.8 percent, of which 7 were not usable due to either incompleteness or misplacement of data in the most critical criteria, such as assigning the same importance rank to more than two variables which need to be ranked in order regarding the importance of decision making, having not completed the questionnaire, or checking more than one choice in a category, such as gender, age, level of education of the respondent, leaving a total of 220 surveys to analyse.

Because the purpose of the present research is to find out the experienced Chinese health food consumers' attitudes toward and their decision-making patterns on imported health food products, the job of classifying and distinguishing the experienced Chinese health food consumers from the average Chinese consumer without experience of health food products is essential to conduct the research. The first question of the survey was designed to differentiate experienced health food consumers from the consumers without experience as discussed previously. By doing the classification, we obtain 160 respondents out of the 220 (around 73% of the useful samples) useful samples and the subsequent analysis is based on these 160 Chinese samples of experienced consumers of health food products.

CHAPTER FOUR: RESULTS

4.1 Frequency Counts

Product Category

Among the 160 experienced Chinese health food consumers, Vitamin and Multivitamins is the single most popular category, which more than one-fifth (21.3%) of them reported having purchased. 44.3% female consumers had purchased more than one item from the categories, while only 27.1% male consumers had bought more than one item.

Gender

The gender distribution among the total 220 samples was 60% female and was 40% male, and was the same among the 160 experienced health food consumers was 60.6% female respondents versus 39.4% male respondents respectively.

Education

46.9% of the respondents have a university degree and 38.1% of them have high school education. Only 5.6% of the 160 respondents have only secondary or primary education. Because the samples from the three categories are few (e.g. 1 from primary, 8 from secondary, and 15 from graduate), the variables were recoded by collapsing the five total categories of education into two in order to make the analysis statistically meaningful and more convenient. The two new categories are “Up to High School ” and “University and beyond”, the revised samples distribution is, 43.8% of the 160 experienced respondents have either primary, secondary or high school education, while 56.3% of them have a university or graduate degree.

Age

The majority (75.6%) of the respondents belong to the age groups between 23-40, in which the largest percentage comes from the age group between 31 and 40 (45%), and the next comes from the age group between 23 and 30 (30.6%). Only 23.8% of them are between the ages 41 and 60. The uneven distribution of the respondents in different age groups might be explained by the fact that health food is a relatively new product category that is more likely to attract young consumers. Because the samples from some of the age groups are too few (only one from the age group “younger than 23” and 8 from the group “61 or older”, the original 6 age groups were collapsed to three age groups. The three new age groups are “30 and younger”, “Between 31 and 50”, and “51 and older”, and the sample distribution of these three age groups are 31.3%, 57.5%, and 11.3% respectively.

Income

Among these 160 experienced health food consumers, 85% have a monthly income ranging from RMB1001 to RMB5000; 59.4% have a monthly income from between RMB1001 and 3000, while 25.6% receive a monthly income from between RMB3001 and 5000. The distribution of income level among the samples may not be representative of the distribution of income levels of the Chinese consumer population; however, it does provide the best guess, at least, for Chinese consumers within a monthly income ranging from RMB3001 to RMB5000 who may represent a major part of the target market in China for health food marketers.

Marital status

20.6% of the 160 samples are single while 76.9% of them are married; only 4 respondents are either from “divorced” or “others” categories. For the convenience and for better analyses of marital status, we dismissed these four samples, leaving the number of samples used at 156.

After the re-categorizing the demographic variables, the new demographic variables are listed in the following table.

TABLE 2. New Demographic Variables After Re-categorization

<i>Demographic Variables</i>	<i>New Categories</i>
Q15-----Gender	Same as Original
Q16##---Educations	Up to High School (1) University and Up (2)
Q18##---Age	30 and Under (1) 31-50 (2) 51 and Up (3)
Q17-----Income	Same as original
Q19#----Marital Status	Same as original, but dropped 4 samples

4.2 Data Re-coding

Besides the data re-coding of the demographic data, such as education level, age, and marital status, several other questions were recoded by collapsing some of the categories and having fewer ones to better reflect the reality or to make the new categories more statistically meaningful.

For question 3 (Frequency of purchase), we re-categorized the categories and decreased the number of categories from 5 to 2; the new categories are “Frequent purchaser” (one purchase in less than three months) and “Non-frequent purchaser” (one purchase in more than three months). The author believes that dividing the samples into frequent and non-frequent purchasers

as categories of investigation is helpful in understanding the Chinese consumers' decision-making process.

After re-categorizing the data from Question 4 and question 5 ("Purpose of buying domestic products" and "Purpose of buying imported products"); the new categories are "Purchase for self and/or family members" and "Purchase for neither self nor family members" to better reflect the nature of the health food business and Chinese "familial collectivism" (Yang, 1988). The reason for conducting the data re-categorization is based on two facts. First, Chinese culture is a collectivist culture with great emphases on family; second, due to the speciality of the health food category, people tend to buy health food products to share with their family members, it is therefore logical to put family as a category and all the people outside family as another category.

Question 6 was used to know the Chinese consumer's intention of buying new imported health food products; and the re-categorization decreased the number of categories from 4 to 2, with the new categories "Buying right away"(Early buyer) and "Not buying until having more product information" (Later buyer).

Questions 8 and 9 were designed to understand the Chinese consumers' overall perceptions of quality of the imported products, domestic products and domestically manufactured products owned by foreign investors. After data collapsing, the new categories for question 8 are "The quality of imported products is higher or the same compared to the quality of the domestic products" and "The quality of imported products is lower than the quality of the domestic products". The similar data collapsing was conducted for question 9, and the new categories are "The quality of imported products is higher or the same compared to the quality of domestic products made by foreign invested manufacturers" and "The quality of imported products is lower than the quality of domestic products made by foreign invested manufacturers".

Question 14 was designed to understand the Chinese consumers' reactions they might experience when dissatisfied with products or services they have purchased. Based on the literature review done previously, the data were re-coded, decreasing the number of categories from 6 to 2. The new categories for question 14 are "Formal Complaint" and "Non-formal Complaint".

The re-categorized variables are list in the following table.

TABLE 3. Re-categorized New Variables

<i>Name of the New Variables</i>	<i>New Categories</i>
Q3#Frequency of Purchasing	Frequent Buyers (1) Non-frequent Buyers (2)
Q4#Purpose for Buying Domestic Products	For Self and/or Family (1) For Neither Self Nor Family (2)
Q5#Purpose for Buying Imported Products	For Self and/or Family (1) For Neither Self Nor Family (2)
Q6#Timing of Purchase	Buy Right Away (1) Not Buy Until Get More Info (2)
Q8#Perceptions of Quality (Imported vs. Domestic)	Quality Same and/or Higher (1) Quality Lower (2)
Q9#Perception of Quality (Imported vs. Domestic-JV)	Quality Same and/or Higher (1) Quality Lower (2)
Q14##Reactions to Dissatisfaction	Formal Complaint (1) Non-formal Complaint (2)

4.3 Need Recognition

To better understand Chinese need recognition for imported health food products, a set of questions asked about the frequency of their purchase, the purpose of their purchase, the likelihood of purchasing imported products, the perceptions of the quality of imported products, and the intention to pay premium prices for imported products. Though the answers to these questions might not be able to reveal all the mystery of Chinese consumers' need recognition process, the author believes the answers for these questions is crucial in understanding Chinese need recognition process on imported health food products and thus assist in creating right marketing strategy to trigger Chinese need for imported health food products.

4.3.1 Frequency of Purchase

51.9% of the respondents are frequent health food purchasers, who buy health food products at least once every 3 months; while 48.1% of the respondents are non-frequent purchasers, who buy the products once more than 3 months.

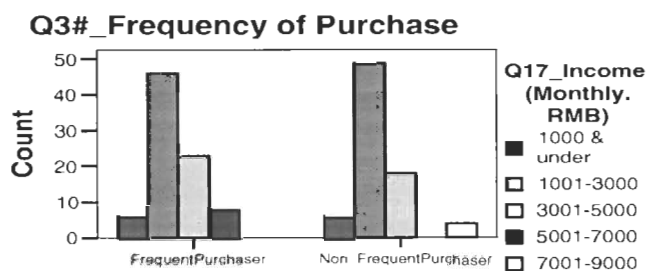
TABLE 4. Frequencies of Purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Frequent Purchaser	83	37.7	51.9	51.9
	Non-Frequent Purchaser	77	35.0	48.1	100.0
	Total	160	72.7	100.0	
Missing	System	60	27.3		
Total		220	100.0		

After running the cross tabulation analysis between purchase frequency and other demographic factors, we have found that the purchase frequency has no relation to gender, education, age or marital status. However, the purchase frequency does have an association with income level (Sig.=0.014, Chi-Square=12.497), the higher income level the respondents have, the more likely they are to be frequent purchasers. It may be explained that people with a higher income level have more disposable income to go shopping than those with a lower income level.

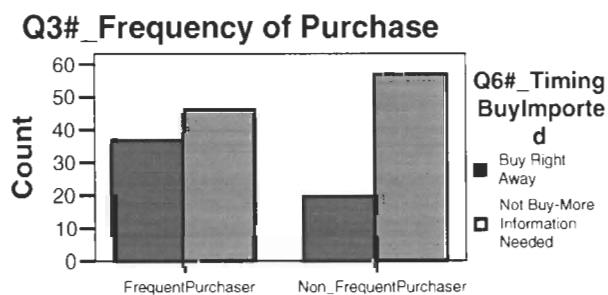
Figure 1 Frequencies of Purchase & Income

Figure 1: blsahglhal;ghal;sghqls wlghqwlqhwgf



The “Frequency of purchase” also has an association with the “Timing for purchase” (Sig.=0.014, Chi-Square=6.028). The result of the cross tabulation analysis indicates that “Earlier buyers” are more likely than “Later buyers” to be the frequent purchasers (64.9% vs. 44.7%), while frequent purchasers are more likely than non-frequent purchasers to be the ready purchasers (44.6% vs. 26%).

Figure 2 Frequencies of Purchase & Timing of Purchase



4.3.2 Purpose of Purchase

For the purpose of purchasing domestic health food products, 86.8% of the respondents buy either for their own use or their family members, or buy for both; while 13.2% of the respondents buy for neither themselves nor family members, which means they buy for the

individuals not belonging to their family group. 15% of the respondents report that they buy imported health food products for people outside their family.

Figure 3 Purposes of Buying Domestic Products

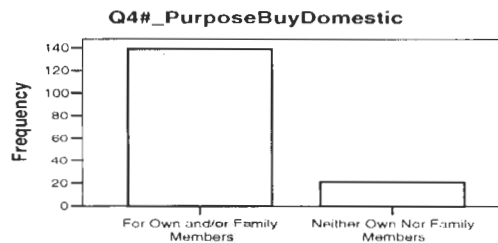
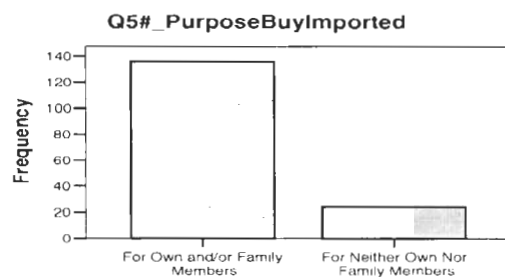


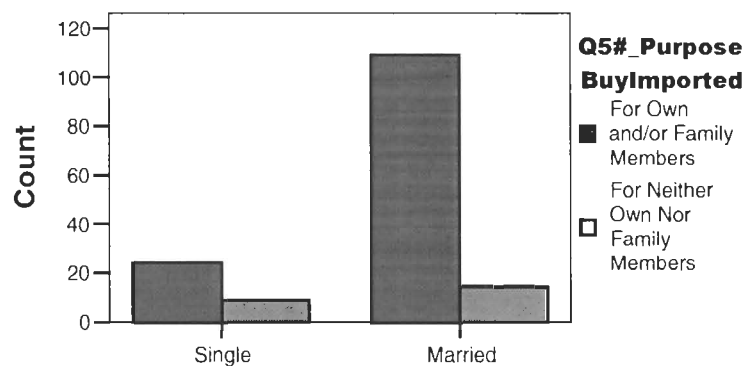
Figure 4 Purposes of Buying Imported Products



The cross tabulation analysis was run on both the “Purpose for buying domestic products” and the “Purpose for buying imported products” with demographic factors such as gender, education level, income level, age, and marital status, separately and respectively. The results indicated that, for the purpose of buying domestic health food products, there is no difference between male and female, between respondents with higher and lower income level, between elder and younger, between single and married, and between respondents with higher and lower education. For the purpose of buying imported health food products, the results are quite similar except for one exception: single and married respondents do differentiate in their purpose for buying imported health food products. 72.7% of single respondents buy imported health food products for themselves and/or family members; while 88.6% of married respondents

buy imported products for themselves and/or family members. 27.3% of single respondents buy imported health food products for individuals not belonging to their family group, much higher than the overall percentage got from whole 160 samples. Based on the level of significance of the Pearson Chi-Square (sig.=0.022, Chi-Square value=5.227), it is believed that there is an association between marital status and the purpose for buying imported health food products. Single people are more likely than married respondents to buy imported health food products for people other than themselves or their family members, while married people are more likely than single people to buy imported health food products for themselves and/or family members.

Figure 5 Purposes of Buying Imported & Gender



The further run of the cross tabulation analysis with “purpose for buying imported products”, “marital status”, and “gender” together, indicated that a large percentage--41.7% of single male respondents buy imported health food products for gift giving, because they buy imported health food neither for their own use nor for their family members. Based on the analysis result (Sig.=0.050, Chi-Square=3.847), it seems that single males are much more likely than married males (41.7% vs. 16%) to buy imported health food products for people outside the family group; and more likely than single females (41.7% vs. 19%) to buy imported health food products for people other than themselves or family members.

The result of the analysis may be explained by the fact that first, Chinese males have more social relationships than females to maintain, thus they are more likely than females to buy expensive imported health food products as gifts to give individuals not belonging to the family (single males vs. single females—41.7% vs. 22.3%; married males vs. married females—16% vs. 8.2%); second, as family is the center of Chinese culture, married males are more likely than single males to buy imported health food products for their family members (84% vs. 58.3%).

4.3.3. Quality Perception

Regarding the perception of quality of imported and domestic health food products, the majority of the respondents (91.9%) believe that the quality of imported health food products is higher or of the same quality of domestic products, while only 8.1% believe that imported products have a lower quality than domestic ones. When asked to compare the quality of imported products and domestic ones made by joint ventures with foreign investors, only 79.4% of the respondents believe that imported ones are of a superior quality, while 20.6% of the respondents believe that the imported ones are of a lower quality.

Figure 6 Histogram of Quality Perception-Imported vs. Domestic

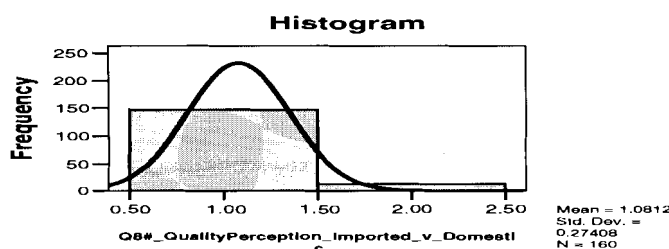
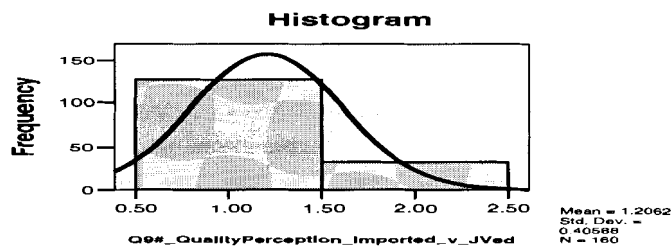


Figure 7 Histogram of Quality Perception-Imported vs. Domestic-JV



A T-test to compare the means from the two variables, at a 99% confidence level, found that the two variables are significantly different (Sig.=0.000, $t=-4.300$). The results could be interpreted to mean that the majority of the sample believes that overall, imported health food products are of a superior quality to domestic ones; and that domestic products made by foreign invested joint venture companies are superior in quality to domestic products made by local manufacturers.

The cross tabulation analysis for the “perception of quality of imported products vs. domestic” with other demographic variables indicates that there is no significant difference between groups as defined by gender, education, income, and marital status for the perception of quality of imported health food products vs. those made domestically. The one exception is that age has an association with the perception of quality of imported health food products. For the age group “30 and younger”, 94% of the respondents believe that imported health food products are of superior quality compared to domestic ones, while in the age group “51 and older”, only 77.8% of the respondents choose the same category. The results show that younger respondents are more likely than the older ones to believe that imported health food products are of better quality than the domestic ones (Sig.=0.067, Chi-Square=5.411).

For a better understanding of the impact of the perception that imported health food products are of superior quality to domestic ones, a cross tabulation analysis was run on the variable with other variables such as “Information search”, “Purpose of Purchase”, “Premium

range”, “Compare patterns”, “Timing of purchase”, and “Reactions on dissatisfactions” etc., with the purpose of seeing if the perception of the quality of imported health food products would influence the respondents’ decision making behavior.

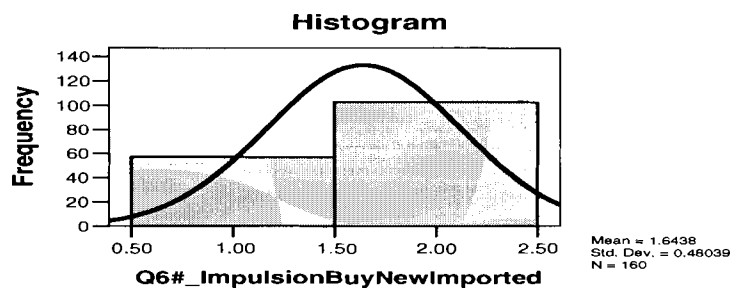
The results of the analysis indicate that the “perception of the imported quality” influences what respondents would like to pay for the imported products (Sig.=000, Chi-Square=19.762). If the respondents believe that the imported health food products are of better quality than domestic ones, they would be more likely to pay a higher premium than those who do not hold the same perception. 52.6% of the believers are willing to pay a 11%-50% premium, while only 25% of the non-believers are willing to pay the same premium for imported products. It is interesting to see that 50% of those non-believers (with the perception that the quality of the imported products is lower than the domestic ones) are willing to pay a premium up to 10% for the imported health food products. It could be explained that as well as the perceived quality, there must be some other reasons to drive the respondents to pay a premium for imported products even if they believe that the quality of the imported health food products is lower than that of the domestic ones. One explanation could be that the expectation of a higher price for imported products sets a higher reference price/acceptable price level for Chinese people.

It is also somewhat surprising to find that the “Perception of quality” has an impact on the “Purpose for buying domestic products” (Sig.=0.049, Chi-Square=3.863). When the respondents believe that imported products are superior in quality to domestic ones, they are much less prone to purchasing domestic products than non-believers for individuals outside the family group (11.6% vs. 30.8%).

4.3.4. Timing of Purchasing Imported Health Foods

Regarding the timing of purchasing imported health food products, 35.6% of the respondents would buy right away when a new imported product is available on the market, while 64.6% of the respondents say that they would not buy until they get more information about the product.

Figure 8 Histogram of Timing of Buying New Imported



Cross tabulation analysis on this variable with other demographic factors found no association between the timing of purchasing imported health food products and demographic factors.

To better understand the Chinese timing of purchasing imported health food products, the cross tabulation analysis was run on this variable with other variables, such as “Purchase frequency”, “Perception of product quality of country of origin”, “Willingness to pay a premium”, and “Reactions to dissatisfactions”, etc. The following results have been found:

“Timing of purchasing imported products” was related to “Frequency of purchase” (Sig.=0.014, Chi-Square=6.028). 44.6% of the frequent buyers would choose “buy right away” for the new imported products, while only 26% of the non-frequent buyers would choose the same category. It may be explained that frequent buyers have more exposure to the product

information and are more educated about the product information than non-frequent buyers; thus the frequent buyers' purchase intention would be more easily triggered than the non-frequent purchasers.

It is interesting to find that "Timing of purchasing imported products" had a relation to "Quality perception of the country of origin". In survey question 10, the respondents were asked to choose one country among six that they think has the best quality of health food products (Japan, Germany, United Kingdom, France, United States, and Canada). 43.8% of the respondents believe that health food products from the United States have the best quality, 17.5% of them choose Canada, 15.6% and 14.4% of the respondents choose Japan and Germany respectively. However, the result of the cross tabulation analysis showed an interesting fact (Sig.=0.010, Pearson Chi-Square=15.078): 80% of the respondents who believe that French products have the best quality choose "buy right away", 56% of the respondents who believe that Japanese products have the best quality choose "buy right away", followed by 46.4% for Canada, with the United States ranking number 4 by 27.1%. It seems that the perception of quality of the country of origin does not necessarily transfer to earlier purchasing of the imported products. It may be explained that there are much more health food brands from the United States than those from France and Japan, and make consumers harder to choose the optimal one from alternatives.

The cross tabulation analysis was also run on the variable "Timing of purchasing imported products" with "Reactions to dissatisfaction" to see if there was any relationship between the two variables. The result of the analysis indicated that "Timing of purchasing imported products" did have a significant relation to the "Reactions to dissatisfaction" (Sig.=0.034, Pearson Chi-Square=4.515). Early buyers are more likely than later buyers to conduct formal complaint (complaining to the parties directly associated with the products purchased, such as sales person, manufacturers, etc.) about the products and services they are dissatisfied with (63.2% vs. 45.6%); while later buyers are more like than early buyers to express

their dissatisfactions (Non-formal complaint) through internalizing the negative experience in their memory (switching brands in next purchase) or spread their negative attitudes toward the products through their family members and friends.

In addition, the cross tabulation analysis running on the variable “Timing of purchasing imported products” with the variable “Willingness to pay a premium for imported products” indicated that there is a relation between these two variables (Sig.=0.032, Pearson Chi-Square=4.606). The early buyers are more willing than later buyers to pay a premium for imported health food products (61.4% vs. 43.7%). Among those who are not willing to pay premium prices for imported products, 72.5% of them are later buyers. It may be explained by the fact that frequent purchasers have more disposable income to go shopping and have ability to pay premium for imported heal food products they like to buy.

4.3.5. Who is willing to pay a premium for imported products?

To better understand Chinese consumer behavior in regards to imported health food products, the author would like to know who is willing to pay a premium for imported health food products, and if they are, what will be the range of the premium.

Figure 9 Frequencies of Paying Premium Prices for Imported Products

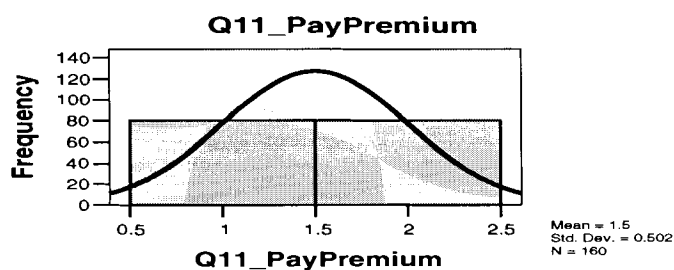
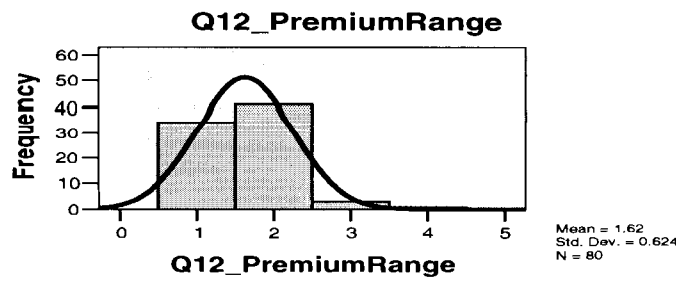


Figure 10 Frequencies of Paying Premium Range for Imported Products



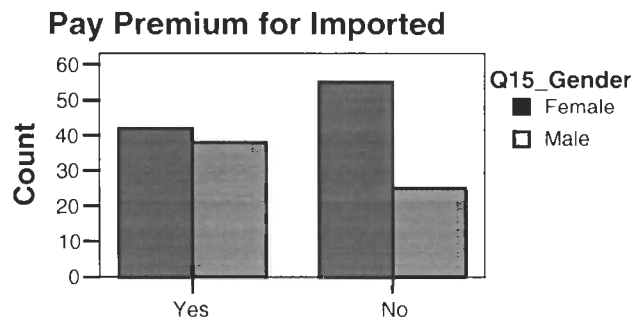
From the 160 respondents, half of them were willing to pay a premium for imported health food products. Among these who were willing to pay a premium, the majority (95%) was willing to pay a premium of 1%-50% higher than for domestic products.

TABLE 5. Paying Premium Range for Imported Products

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Pay 1-10% Premium	35	15.9	43.8	43.8
	Pay 11-50% Premium	41	18.6	51.3	95.0
	Pay 51-100% Premium	3	1.4	3.8	98.8
	Pay over 100% Premium	1	.5	1.3	100.0
	Total	80	36.4	100.0	
Missing	System	140	63.6		
Total		220	100.0		

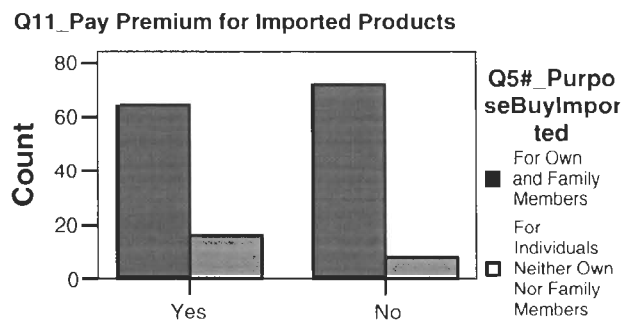
A series of cross tabulation analysis running on the variable “Pay premium” with the demographic variables indicated that “gender” and “income level” have a relationship with the “Willingness to pay a premium for imported health food products”. Male respondents are more willing than female respondents to pay a premium for imported health food products (60.3% vs. 52.5%)(Sig.=0.035, Chi-Square=4.425), while respondents with higher incomes are more willing than respondents with lower income to pay a premium for imported health food products (Sig.=0.005, Pearson Chi-Square=14.837).

Figure 11 Paying Premiums for Imported & Gender



In addition, the results also found that the variable “Pay premium” has a relation to the variable “Purpose of purchase imported products” (Sig.=0.077, Chi-Square=3.137). The result showed that respondents are more willing to pay a premium for the imported health food products if the purpose is for giving the products to others rather than for personal and family member use (66.7% vs. 33.3%).

Figure 12 Paying Premiums & Purchases of Buying Imported Products



The “Pay premium” variable also has an association with “Timing of purchasing imported products” (Sig.=0.032, Chi-Square=4.606). Early buyers are more likely than later buyers to pay a premium for imported health food products (61.4% vs. 43.7%), while later buyers are more likely than early buyers to choose to not pay a premium for imported heal food products (56.3% vs. 38.6%).

4.4. Information Search

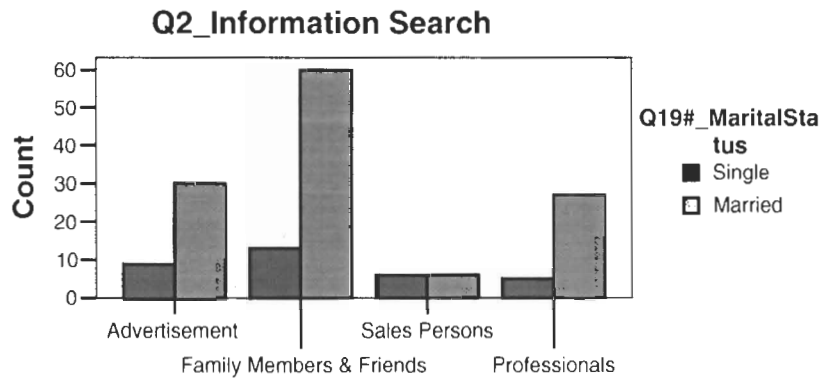
47.5% of the respondents believe that the information from family members and friends (Personal-non-marketer information source) is the most reliable, followed by information from advertisement 25% (Non-personal-marketer information source), information from professional magazines 20% (Non-personal-non-marketer information source), and information from sales people (Personal-marketer information source). The findings are consistent with the result from Bruner (1988), who suggested that for both “actual state” and “desired state” consumers, personal-non-marketer information would be the most important information source, followed by information from non-personal-marketer information source.

TABLE 6. Information Search

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advertisement	40	18.2	25.0	25.0
	Family Members & Friends	76	34.5	47.5	72.5
	Sales Persons	12	5.5	7.5	80.0
	Professionals	32	14.5	20.0	100.0
	Total	160	72.7	100.0	
Missing	System	60	27.3		
Total		220	100.0		

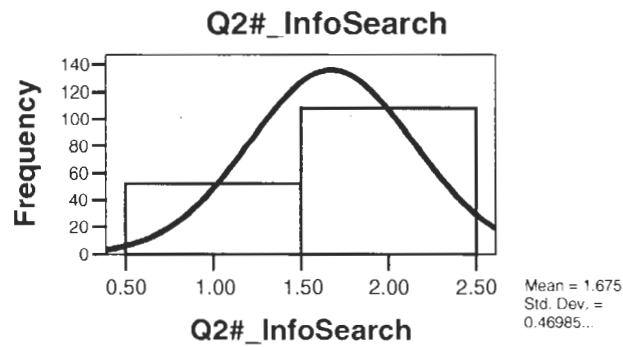
The results of the cross tabulation analysis running the variable “Information source” with all the demographic variables demonstrated that there is no statistically significant difference among different demographic groups of the importance of the information source they rely on. However, there is an exception in regards to marital status (Sig.=0.067, Chi-Square=7.150), which implies that marital status does make a difference on information source being relied upon.

Figure 13 Information Search & Marital Status



To better understand the impact of marital status on the importance of information sources, the original four information sources were recoded as two new categories: “Marketer information” and “Non-marketer information”, and a cross tabulation analysis was run on the new variables of the information source with all the demographic variables. The result indicated that marital status does differentiate the information source the respondents rely upon (Sig.=0.078, Chi-Square=3.098). Both single and married people rely more on information from non-marketer sources than from marketer sources (54.5% and 70.7% respectively), however, the single people are more likely than married ones to rely on the information from marketer source (45.5% vs. 29.3%). In addition, the results indicated that “education” differentiates the information source being relied upon as well (Sig.=0.074, Chi-Square=3.191). Though all the respondents tend to believe the information from a non-marketer source more, the higher the education of the respondents, the less likely they are to believe information from a marketer source. (26.7% vs. 40.0%).

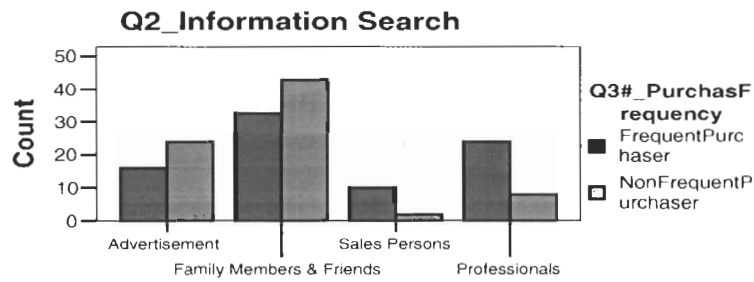
Figure 14 Frequencies of Information Search



To better understand the respondents' most important information source, a cross tabulation analysis was run on the variable "Information search" with "Frequency of purchase" and "Reactions to dissatisfaction". The results demonstrated that the respondents' most reliable information source is related to both respondents' purchasing frequency and their reactions to dissatisfaction.

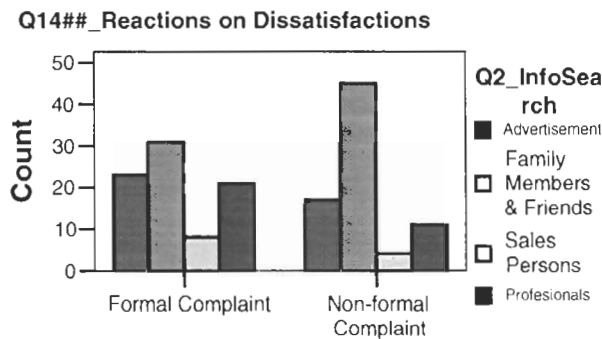
For the "Frequency of purchase", both frequent purchasers and non-frequent purchasers rely the most on information from friends and family members (Personal-non-marketer information source) (39.8% and 55.8% respectively). However, frequent purchasers are less likely than non-frequent purchasers to rely on information from advertisements (Non-personal-marketer information source) (19.3% vs. 31.2%); at the same time, frequent purchasers are much more likely than non-frequent purchasers to rely on information from sales person (Personal-marketer information source) (12.0% vs. 2.6%) and information from professional magazines (Non-personal-non-marketer information source) (28.9% vs. 10.4%) (Pearson Chi-Square value =16.047, Sig.=0.001).

Figure 15 Frequencies of Purchase & Information Search



For the “Reactions to dissatisfaction”, both the “ Formal Complainer” and “Non-formal complainer” rely the most on information from friends and family members (37.3% and 58.4%). However, the respondents who rely the most on information from friends and families are less likely to complain (40.8% vs. 59.2%), while the respondents who rely the most on the other three information sources are more likely to complain when feel dissatisfied with products or services (Advertisement—57.5% vs. 42.5%, Sale persons—66.7% vs. 33.3%, Professionals—65.6% vs. 34.4%) (Sig.=0.052, Chi-Square=7.723).

Figure 16 Information Search & Reactions to Dissatisfaction



4.5. Evaluation of alternatives

4.5. Evaluation of alternatives

The survey question number 7 asked the respondents to rank the importance of the five visible features of a certain imported health food product in their alternative evaluation. Number 5 refers to the most important feature, while number 1 refers to the least important feature. The five features are price, packaging, brand, country of origin and function claimed on the label. By calculating the scores cited for each feature, the mean for every feature was obtained, with the highest mean for function (4.05), the second highest mean for price (3.41), brand the third (2.91), country of origin the fourth (2.69), and the lowest mean for packaging (1.95).

Table 7. Means of the Importance of Evaluation criteria

		Q7_1_ Evaluation_ price	Q7_2_ Evaluation_ package	Q7_3_ Evaluation_ brand	Q7_4_ Evaluation_ COO	Q7_5_ Evaluation_ function
N	Valid	160	160	160	160	160
	Missing	60	60	60	60	60
Mean		3.41	1.95	2.91	2.69	4.05
Percentiles	.001	1.00	1.00	1.00	1.00	1.00

The means for all five evaluation alternatives indicated that the function rather than the price of the product is the most important evaluation alternative when the respondents conduct the alternative evaluation process. To better understand the impact of demographic factors on respondents' alternative evaluations, the cross tabulation analysis was run on all five alternatives (Price, Packaging, Brand, Country of Origin, and Function) with demographic variables, such as gender, education, income, age, and marital status separately. The results found the following facts:

The importance of the price is different among the different education levels (Sig.=0.060, Chi-Square=9.058) and different marital status (Sig.=0.008, Chi-Square=13.693). The higher the education the respondents have, the more likely they view price as an important evaluation

criteria, while single respondents are more likely than the married ones to believe that price is less important.

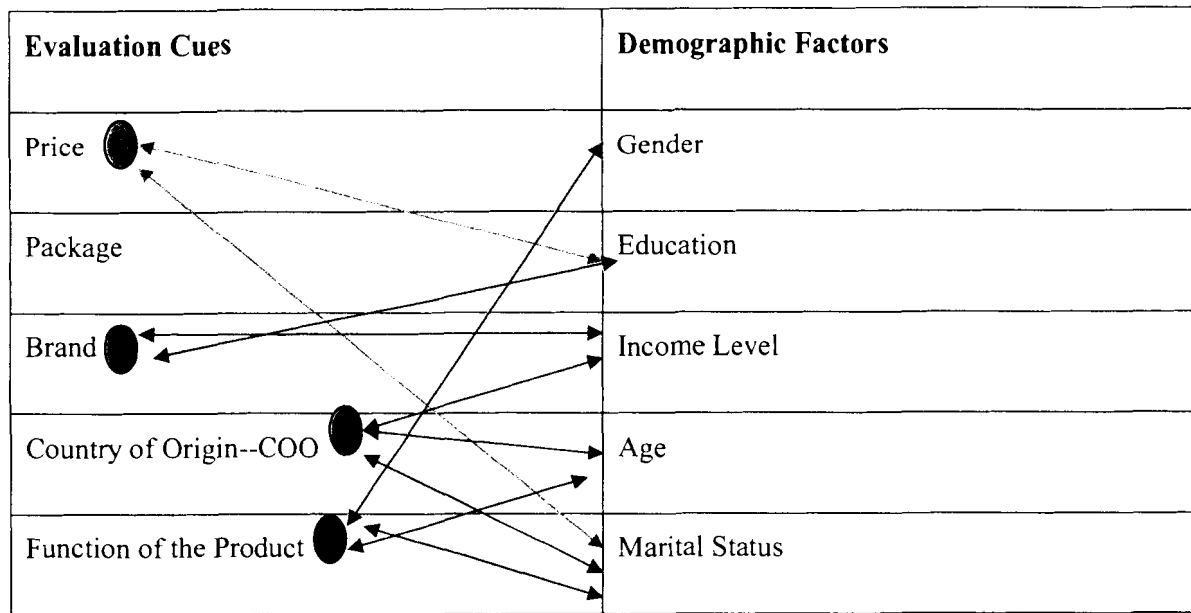
The importance of the packaging has no relation to demographic variables; in fact, all the demographic groups put packaging in the least important category.

The importance of the brand is different among different income levels (Sig.=0.011, Chi-Square=31.606) as well as among the education levels (Sig.=0.069, Chi-Square=8.706). The higher the income of the respondents, the more likely they believe the brand to be important. The higher the education level of the respondents, the more likely they are to believe that the brand is important.

Age, marital status, and income make a difference in terms of the importance of the country of origin. Young respondents are more likely than older ones to feel that the country of origin is more important than other features (Sig.=0.027, Chi-Square=17.354). Single respondents are more likely than married ones to rate that the country of origin higher in terms of importance in evaluating (Sig.=0.042, Chi-Square=9.898). It is interesting to note that the higher income of the respondents, the more likely they are to view the country of origin as a less important evaluation criteria (Sig.=0.055, Chi-Square=25.965).

Finally, gender, age, and marital status differentiate the importance of function while evaluating alternatives. Female respondents are more likely than male respondents to see the function of the products as a more important evaluation criteria (Sig.=0.053, Chi-Square=9.329). Younger respondents are more likely than older respondents to put the function of the products as a less important evaluation criteria (Sig.=0.009, Chi-Square=20.479). Single people are more likely than married ones to consider the function as more important in an alternative evaluation (Sig.=0.052, Chi-Square=9.409)

Table 8. The Evaluation Cues & Demographic Factors



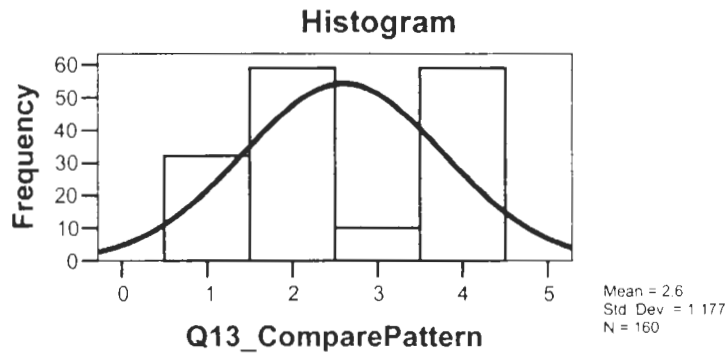
4.6. Purchase comparison

When purchasing imported health food products, the majority of respondents tend to compare among either three or five brands, 36.88% vs. 36.88% respectively.

Table 9. Comparison Patterns

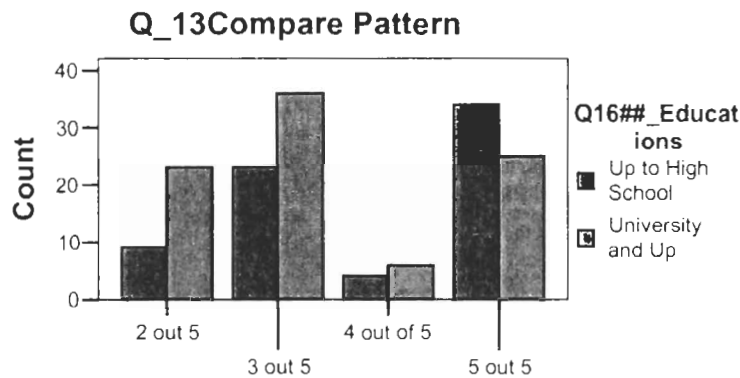
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2 out 5	32	14.5	20.0	20.0
	3 out 5	59	26.8	36.9	56.9
	4 out of 5	10	4.5	6.3	63.1
	5 out 5	59	26.8	36.9	100.0
	Total	160	72.7	100.0	
Missing	System	60	27.3		
Total		220	100.0		

Figure 17. Histogram of Frequencies of Comparison Pattern



The results of the cross tabulation analysis running on the variable “purchase comparison” with all the demographic variables indicated that there is an association between the “purchase comparison” and demographic variables on education. It is interesting to find that education level plays a role in comparison patterns (Sig.=0.039, Chi-Square=8.393). The higher the education of the respondents, the more likely they tend to compare from three brands; which the lower the education of the respondents, the more likely they are to compare all five brands.

Figure 18. Comparison Pattern & Education



4.7 Post-purchase (Complain)

When dealing with dissatisfaction after purchase, 48.1% of the respondents chose “Non-formal complaint” category, in which, they either share their negative attitude with their friends and family members or they internalised the negative attitude into their personal experience. The rest of the respondents chose the “Formal complaint” category.

Table 10. Reactions to Dissatisfaction

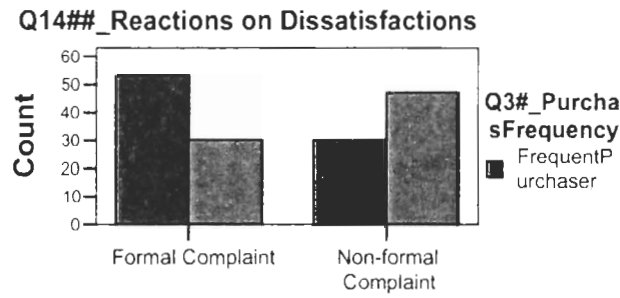
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Formal Complaint	83	37.7	51.9	51.9
	Non-formal Complaint	77	35.0	48.1	100.0
	Total	160	72.7	100.0	
Missing	System	60	27.3		
Total		220	100.0		

The cross tabulation analysis running on the variable “reactions to dissatisfaction” with the demographic variables indicated that the respondents’ reactions to dissatisfaction are no different among different demographic groups.

For a better understanding of the respondents’ reactions upon dissatisfaction, cross tabulation analyses were run on the variable “reactions to dissatisfaction” with other variables that represent the other decision making process to know if the post-purchase action (“Formal complaint” or “Non-formal complaint”) has an association with the respondents’ other decision making steps. The results indicated that “reactions to dissatisfaction” has associations with “Purchase frequency”, “Premium range”, “Timing of purchase”, and “Information search”.

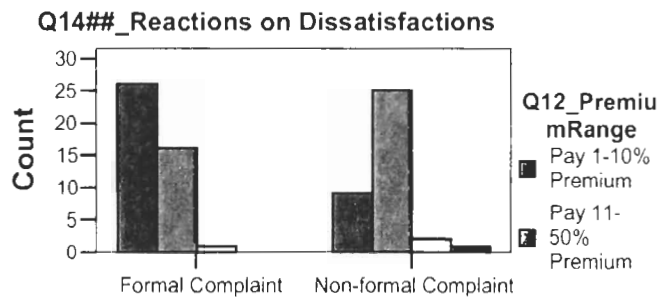
Frequent purchasers are more likely than non-frequent purchasers to conduct formal complaint when they feel dissatisfaction with the products they have purchased (Sig.=0.002, Chi-Square=9.916). 63.9% of the frequent purchasers would formally complain, while only 39% of the non-frequent purchasers chose the same category.

Figure 19. Reactions to Dissatisfaction & Frequencies of Purchase



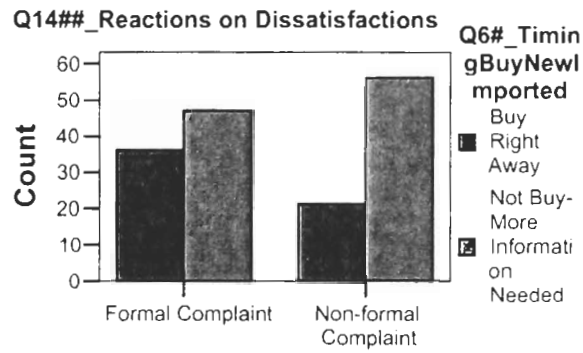
The respondents who are willing to pay a higher premium for imported health food products are more likely than those who are willing to pay lower premium to choose the “Non-formal complaint” category (Sig.=0.011, Chi-Square=11.179). 61% of the respondents paying 11%-50% premium for imported health food products chose the “Non-formal complaint” category, while only 25.7% of the respondents paying up to 10% premium for imported health food products chose the same category.

Figure 20. Reactions to Dissatisfaction & Paying Premium Range



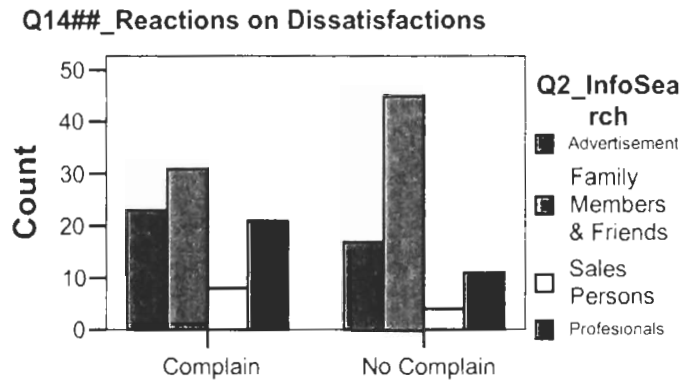
The later buyers are more likely than the early buyers to choose the “Non-formal complaint” category (54.4% vs. 36.8%) (Sig.=0.034, Chi-Square=4.515).

Figure 21. Reactions to Dissatisfaction & Timing of Purchasing Imported



In addition, the “Reactions to dissatisfaction” has an association with the respondents’ information sourcing patterns (Sig.=0.052, Chi-Square=7.723). The respondents who rely most on information from a “Personal-non-marketer source” are less likely than respondents who rely most on the other three information sources to complain (40.8% vs. 57.5%, 66.7%, and 65.6% for advertisements, sales persons, professionals respectively.)

Figure 22. Reactions to Dissatisfaction & Information Sourcing Patterns



CHAPTER FIVE: DISCUSSION AND CONCLUSION

The analyses conducted provide the answers to the research questions.

5.1 Chinese attitudes toward imported health food products

To answer the question “What are Chinese attitudes toward imported health food products?” and to gain insight into the influence of cultural factors on Chinese need recognition, we need to focus on three questions: “Purpose of purchasing imported health food products”, “Quality perception of imported health food products”, and “Willingness to pay for imported health food products”. Though little empirical analysis of the Chinese need recognition has been offered, the author believes the answers to the above mentioned questions would provide a general picture for Chinese attitudes overall toward imported health food products and would also help to understand Chinese need recognition process for imported health food products.

5.1.1 Chinese purpose of purchasing imported health food products

For the purpose of purchasing imported health food products, the majority of the respondents (85%) reported that they purchase for “Own use and/or family members”, while 15% purchase for “Neither own nor family members”, which means they purchase for individuals outside the family group. There is no significant difference between the purpose for buying imported and domestic health food products. However, we have found that marital status does differentiate respondents’ purpose of buying imported health food products (sig.=0.022, Chi-Square value=5.227), 72.7% of single respondents buy imported health food products for their own use and/or family members; while 88.6% of married respondents buy imported products for their own use and/or family members. 27.3% of single respondents buy imported health food

products for individuals not belonging to the family group, 82% higher than the overall percentage we got from the whole 160 sample (15%). In addition, marital status and gender together make a difference in the purpose for buying imported health food products. 41.7% of single male respondents buy imported health food products for people outside the family, while only 19% of single female respondents buy for the same purpose. 16% of married male respondents buy imported health food products for people outside family, while only 8.2% of married female respondents buy for the same purpose. Both single and married males have almost double the likelihood than single and married females to buy imported health food products for people outside family groups.

These results may be explained by the influence of Chinese cultural factors that stress the importance of family and the difference in gender's social role. First, Chinese familial collectivistic culture (Yang, 1988) has shaped Chinese value that the family is the most important in their lives. Taking care of younger and senior members in family has long been a Chinese tradition that was also stressed in Confucian doctrines. Marriage plays an extremely important role in Chinese life, meaning the birth of a new family and a change of the focal point of life. Once a Chinese person gets married, the chance that he/she buys imported health food for people outside the family decreased no matter what gender he/she is (decreased from 41.7% to 16% for men, and decreased from 19% to 8.2% for women). Second, men and women have different social roles, in that Chinese men are more likely than Chinese women to buy imported health food products for people outside the family, while Chinese women are more likely than Chinese men to buy imported health food products for family members (20.6% vs. 11.3%). These findings may be explained because long-term shaped social values and gender roles in Chinese culture determine that Chinese males have more relationships outside the family to maintain than Chinese females and have more social roles to perform, while Chinese females have more

responsibility to family members. That phenomenon has been reflected in the Chinese idiom “Men deal with the outside, while women master the inside”.

5.1.2 Chinese perception of the quality of imported health food products

A large percentage (91%) of the respondents believe that imported health food products are of the same or superior quality than domestic ones. Young people are more likely than elders to believe that imported health food products are superior in quality to domestic ones. It may be explained by the fact that young Chinese are more exposed to and more open to influence from abroad, and are more willing to accept new products from abroad.

In addition, the perception of quality of imported health food products will influence the Chinese purpose for buying domestic health food products. When the Chinese believe that imported health food products are of superior quality compared to domestic products, the chance that they buy domestic products for individuals outside the family was decreased significantly by 62% (decreased from 30.8% to 11.6%). The author believes that this phenomenon is also the evidence of the influence of Chinese culture. Purchasing something imported, expensive as a gift to others is the social norm, because by doing this, Chinese believe they can foster relationships and maintain harmony between individuals. Chinese tend to buy luxury products to send to individuals outside their family whom they believe to be important, such as friends or people of a higher social rank. Growing up in a High-context culture, the Chinese have learned to make a decision based on the environment and context in which the event occurs rather than deal the event in isolation (Redding 1980, Kirkbride et al 1991). Therefore, the Chinese are more likely than their western counterparts to trigger/recognize a purchase need based on the interface or context associated with the target product, rather than based on the individual/self need. In other words, due to the combined impact of collectivism, large power distance, and contextualism, Chinese need recognition might be more socially oriented than their western counterparts.

However, due to social function and risk associated with particular products (gifts), the quality of the imported health food products is an important aspect, so that sending cheap gifts, referring not only to the price but also the quality, is viewed as a high social risk of losing face or hurting the existing harmonious relationship, which should be carefully avoided. The Chinese perception of the quality of imported health food products and the culture-bound purpose for purchasing may provide international marketers a great opportunity to explore the Chinese health food market.

5.1.3 Willingness to pay premium prices for imported health food products

50% of the respondents report that they are willing to pay premium prices for the imported health food products. Among those who are willing to pay a premium, the majority (95%) is willing to pay a premium of 1-50% higher for the imported products over domestic products.

Male respondents are more willing than female respondents to pay premium prices for imported health food products. The finding maybe related to the fact that Chinese men are more likely than Chinese women to buy health foods to send to individuals outside the family (60.3% for men vs. 52.5% for women), and to the highly social risks associated with the gift giving in Chinese culture. It is not surprising that respondents with higher incomes are more willing than respondents with lower incomes to pay a premium for the imported products because they have more disposable income to buy the products they want.

More importantly, if the purpose for purchasing imported health food products is for individuals outside the family (purchasing as a gift), the percentage of the respondents who are willing to pay premium prices is double the number of the respondents who are not willing to pay premium prices (66.7% vs. 33.3%). When the purpose of purchasing imported health food products is for own or/and family members, the odds are almost reversed—47.1% of the respondents are willing to pay premium, while 52.9% are not. This fact is again the evidence of the influence of Chinese culture, in which maintaining harmonious relationship among

individuals is stressed; and one of the ways to foster the relationship are to send valuable gifts to people of importance and to carefully avoid giving out cheap gift.

Based on the analysis and discussion conducted previously, the conclusion is drawn that Chinese overall attitudes toward imported health food products are quite positive: they generally believe that imported health food products are of superior quality to the domestic ones, they are willing to pay premium prices for the imports when the purpose of purchase is for individuals outside the family as gift giving. Chinese cultural factors, such as familial collectivism, high-context, and Confucianism have an impact on Chinese purchases of imported health food products; and this understanding can be a starting point for further exploring other stages of the Chinese decision-making process on imported health food products.

5.2 The information source that Chinese most rely on

47.5% of the respondents believe that the information from family members and friends (Personal-non-marketer information source) is the most reliable, followed by information from advertisement 25% (Non-personal-marketer information source), information from professional magazines 20% (Non-personal-non-marketer information source), and information from sale persons (Personal-marketer information source). The findings agree with the result from Bruner (1988), who suggested that for both “actual state style” and “desired state style” consumers, “personal-non-marketer information would be the most important information source, followed by information from non-personal-marketer information sources, with other two information sources being less important.”

The results of the analysis indicate that “actual state style” Chinese consumers in collectivistic culture do rely more on word-of-mouth (WOM) communication for product information through seeking advice from friends and family members. Given the huge success of both Amway and NuSkin in China (both companies doing direct sale business, in which most of

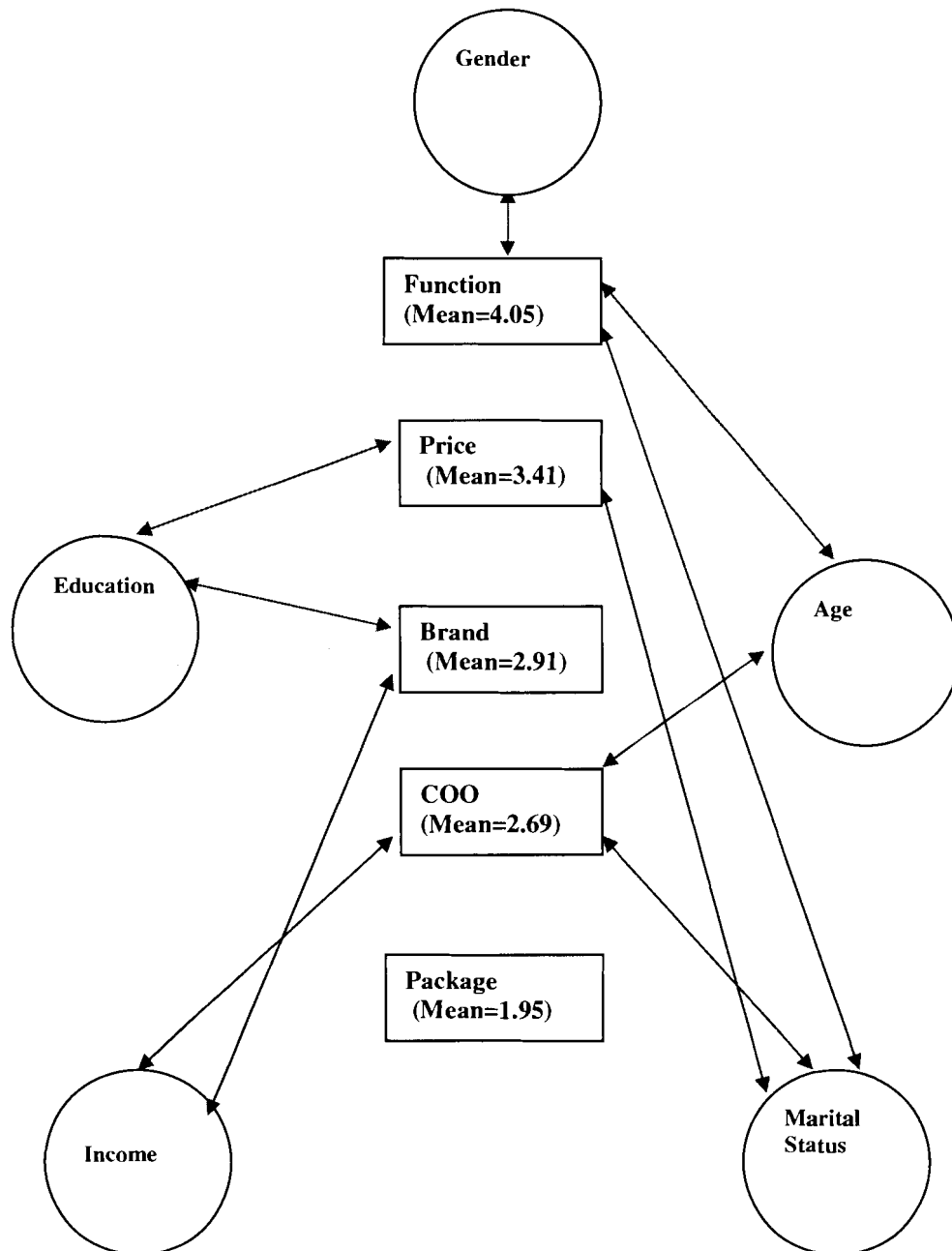
the product information is spread through the word of mouth rather than advertisements), many international marketers should reconsider the business model they employ in the Chinese market.

5.3 The most important criteria used in evaluation process

The current research indicates that price is not the most important evaluation criteria when Chinese conduct the evaluation process on imported health food products. Function rather than price is the most important feature, followed by price, brand, country of origin, and packaging.

However, there are differences among different demographic groups on the importance of evaluation criteria while conducting an evaluation process on imported health food products. Females, elders, and married ones are likely to use the function of the product as their evaluation cue. Higher educated and married people have a tendency to view the price as more important than other criteria. Higher educated and wealthier people are more inclined to use brand to evaluate their choices. Single and young people are apt to use country of origin as their evaluation cue. The results are very useful in understanding the demographic deviations on the Chinese evaluation process, and valuable in generating the appropriate marketing strategy to the target market

Figure 22 **Alternative Evaluation & Demographic Factors**



5.4 Comparing three shops before purchase

The Gallup survey (1995) indicated that the pragmatic Chinese consumers are fully planned or partially planned purchasers, which means that Chinese consumers may have conducted extraordinary searches through internal and external information searches and may have compared alternatives as much as possible. The current research result details with the perception that Chinese tend to compare from three or all brands available in the market.

“Comparing three shops before purchase” is a popular long-time Chinese idiom, which exactly reflects the Confucian value of thrift. A waste of money is shameful (Gong, 2003), which should be avoided. Education also plays a role in the Chinese comparison pattern: higher educated people tend to compare less, while lower educated people are inclined to compare all of the brands available in the market.

5.5 Formally complaining are not popular

The Confucian “Doctrine of Mean” has long been a guide of Chinese behaviour. It stresses that individuals should adjust themselves to context, to control their emotions, to avoid competition and conflict, and to maintain their inner harmony (Hsu, 1949). Consequently, disputes should be avoided as much as possible. One study argues that Chinese modesty and humility tend to increase Chinese consumers’ level of tolerance with dissatisfaction (Lowe and Corkindale, 1998). Chinese value associated with collectivism would lead to the avoidance of conflict and to the seeking of harmony (Ho 1979, Kirkbride et al 1991). Other research argues that a fatalistic attitude toward problems gives Chinese lower expectations of purchased products (Gong, 2003), hence they are less likely to be dissatisfied.

While dealing with dissatisfaction upon purchase, 48.1% of the respondents chose “Non-formal complaint” category, in which, they either share their negative attitudes toward the products they have purchased with their friends and family members or internalise the negative attitude into their personal experience (memory). The “Reactions to dissatisfaction” (Formal

complaint or Non-formal complaint) has no association with demographic factors, however, it does have association with “Frequency of purchase”, “Premium range”, “Timing of purchase” and “Information source”. Generally speaking, the frequent purchasers and early purchasers are tend to conduct formal complaint; the people who are willing to pay higher premium prices for imported health food products are inclined to carry out formal complaint; and people relying on the information from personal-non-marketer source are less likely to do formal complaint.

More specifically, people relying on information from marketer sources and non-personal-non-marketer source have around a 60% probability to conduct a formal complaint when feeling dissatisfaction with a purchase (57.5%, 66.7%, 65.6% for information sources from advertisement, salespersons, and professional magazines respectively); while those relying most on the information from friends and family members have only a 40.8% likelihood of formally complaining. The phenomenon may be explained by the influence that Chinese culture plays on the keeping of face of individual within the group (friends and family members) in order to maintain the harmony relationship within the group. Even conducting formal complaint to someone (sales person, company, public media, etc.) other than the information provider is not likely.

CHAPTER SIX: LIMITATION AND SUGGESTIONS

6.1 The limitation of the research

There are several limitations to the present research. First, the findings may be influenced by the common methods variance because of the use of self-report measures. Second, the statistical power of research was compromised by the limited sample size for time and convenience considerations. Third, the lack of comparable data makes the research limited to an exploratory research, stronger conclusions regarding the influence of the Chinese culture on Chinese decision making process on imported health food products could have been drawn if comparative data from another culture can be collected and studied.

6.2 Suggestions for future research

China is becoming and will be the world's largest market. To better understand Chinese consumers' behaviour is crucial for those foreign companies exploring or planning on exploring the Chinese market. However, empirical research on Chinese consumer decision-making is limited, and even less has been offered on the Chinese decision-making process and the Chinese cultural influence on Chinese decision-making process. Future research could focus on the influence of Chinese cultural factors on the Chinese consumers' decision-making process given comparative data being collected; also, a detailed and empirical measure of Chinese cultural factors could be developed for the future research.

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APPENDIX A ETHICS APPROVAL

SIMON FRASER UNIVERSITY

OFFICE OF RESEARCH ETHICS



BURNABY, BRITISH COLUMBIA
CANADA V5A 1S6
Telephone: 604-291-3447
FAX: 604-265-6755

April 1, 2004

Sean Lee
Graduate Student
Faculty of Business Administration
Simon Fraser University

Dear Sean:

**Re: Influence of cultural factors and demographic deviations on
Chinese Consumers' purchasing behavior on imported
health food products**

The above-titled ethics application has been granted approval by the Simon Fraser Research Ethics Board, at its meeting on March 15, 2004 in accordance with Policy R 20.01, "Ethics Review of Research Involving Human Subjects".

Sincerely,

Dr. Hal Weinberg, Director
Office of Research Ethics

* For inclusion in thesis/dissertation/extended essays/research project report, as submitted to the university library in fulfillment of final requirements for graduation. Note: correct page number required.

APPENDIX B NAME CHANGE APPROVAL

SIMON FRASER UNIVERSITY

OFFICE OF RESEARCH ETHICS
ROOM 2165 STANFORD BLDG



QUINCY BRIS FOLEY BLDG
CANADA V5A 1S9
Telephone: 604-271-1111
FAX: 604-271-8665

February 9, 2005

Sean Lee
Graduate Student
Faculty of Business Administration
Simon Fraser University

Dear Sean:

**Re: An application of a five-stage consumer behaviour decision making model: An
Exploratory study of Chinese purchasing of imported health food – Ref. # 05036
*Title Change***

Your request on February 7, 2005 for a title change from "Influence of cultural factors and demographic deviations on Chinese Consumer's purchasing behavior on imported health food products", has been and approved by the Director, Office of Research Ethics, on behalf of the Research Ethics Board in accordance with REB policy.

Good luck with the project.

Sincerely,

Dr. Hal Weinberg, Director
Office of Research Ethics

cc: Dr. Rosalie Tung, Supervisor

/smv

APPENDIX C

THE FUNCTIONS OF HEALTH FOOD PRODUCTS

1	Immune Regulation
2	Alleviation of Aging
3	Memory Improvement
4	Promotion of Growth and Development
5	Anti-Fatigue
6	Weight Loss
7	Anti-Oxidization
8	Anti-Radiation
9	Anti-Mutation
10	Regulation of Blood Fat
11	Regulation of Blood Glycogen
12	Improvement of Gastrointestinal Function
13	Sleep Improvement
14	Improvement Nutritional-Induced Anaemia
15	Protection of the Liver from Chemical-Induced Damage
16	Promotion of secreting milk
17	Looks Improvement
18	Improvement of Eye
19	Promotion of Excretory
20	Pharynx Cleansing and Larynx Moistening
21	Regulation of blood pressure
22	Nutritional Supplements

APPENDIX D QUESTIONNAIRE

Dear Participant,

Thank you for your participation and time. Answering the present questionnaire will take around 8 to 10 minutes.

The data obtained from this questionnaire will be used as part of a research project required for the completion of an MBA at Simon Fraser University.

Participation is voluntary and any information that is obtained during this study will be kept confidential to the full extent permitted by law. You may choose to terminate completion of the questionnaire at anytime during the survey. Knowledge of your identity is not required. You will not be required to write your name or any other identity information on the research materials. You will not be contacted for any sales solicitation as a result of your completing the survey. Materials will be held in a secure location and will be destroyed after the completion of the study. Only aggregate data will be presented. The return of the questionnaire constitutes consent to participate in the study.

Should you have any concern regarding the present research please contact the project supervisor Dr. R. Tung via e-mail at tung@sfu.ca.

If you would like to receive a copy of the results derived from this research project, please fill out the information at the end of the questionnaire or contact the researcher at:

Sean Henry Lee
MBA Candidate
1218-1030 West Georgia Street
Vancouver, B.C.
V6E 2Y3
Canada

e-mail: xlif@sfu.ca
Tel: 001 (604) 682-3818

Your time in filling out this questionnaire is highly appreciated. Thank you for your contribution.

1. Have you ever bought any of the following categories of health food products in the past 12 months? Please check one of the following choices that can best represent your experience.

- Vitamins or Multivitamins
- Mineral supplements (e.g. Calcium, etc.)
- Herbal supplements (e.g. Grape Seed Extract, Ginkgo, Garlic etc.)
- Specialty supplements (e.g. Fish Oils, Plant Oils etc.)
- Nutritional sports supplements (e.g. Protein Powders, Fat Burners etc.)
- More than one item mentioned above
- None of the items mentioned above

If your answer is “None of the items mentioned above”, please go to Question #15, otherwise, keep on going to the next question.

2. Please check one of the following choices to indicate from which of the following sources you believe that you can get the most reliable information regarding “health foods”.

- Advertisement (including Newspaper, Magazine and TV advertising, etc)
- Friends/Family members’ advice
- Sales persons
- Newspaper and magazine articles in nutritional science

3. Please check one of the following choices to indicate the frequency of your purchases of the particular health food products.

- Once a month
- Once in two months
- Once in three months
- Once within 3-6 months
- Once over 6 months

4. While purchasing certain domestic health food products, you are purchasing for (Please check one of the following choices)

- Your own use
- Yourself and your family members
- Family members only
- Friends only
- People other than family members, friends, and yourself

5. While purchasing certain imported health food products, you are purchasing for (Please check one of the following choices)
- Your own use
 - Yourself and family members
 - Family members only
 - Friends only
 - People other than family members, friends, and yourself
6. There is a new imported health food product available in the market. While there is no comparative domestic product available, you know that the product is quite popular abroad and it seems that the product is what you have been looking for. Please check one of the following choices that can best represent your opinion.
- I would buy it for myself right away
 - I would buy it for my friends or family members right away
 - I would buy it as a gift to someone who is important to me
 - I would not buy it before I can get more reliable information regarding the product
7. Before buying certain imported health food product, there are following visible features of the product that may influence your purchase decision. Please rank these features in terms of their importance for you to make the purchase decision and write a number (from “5” to “1”) in the bracket located on the end of each item respectively. (the number “5” referring to the most important feature, the number “4” refers to the second important feature, and so on, the number “1” referring to the least important feature.)
- The price of the product ()
 - The package of the product ()
 - The brand name of the product ()
 - The country of origin of the product ()
 - The function listed in the label of the product ()
8. Compared to the domestic health food products, the imported health food products generally present better quality. Please check one of the following choices that can best represents your opinion.
- Strongly Agree
 - Agree
 - Neutral
 - Disagree
 - Strongly Disagree

9. Generally speaking, compared to the quality of imported health food products, the quality of domestic products made in foreign invested joint venture companies are relatively lower. Please check one of the following choices that can best represents your opinion.

- Strong Agree
- Agree
- Neutral
- Disagree
- Strong Disagree

10. In your opinion, in terms of the quality of the imported health food product, which of the following country of origins represents the best quality. Please check one of the following choices.

- Products made in Japan
- Products made in Germany
- Products made in United Kingdom
- Products made in France
- Products made in the United States
- Products made in Canada

11. Suppose there are two health food products with identical ingredients and functions. One is domestic product, while the other is imported. Would you be willing to pay premium price for the imported product? Please check one of the following choices.

- Yes
- No

12. If your answer to the Question 11 is “ No”, please go to the Question 13. If your answer to the Question 11 is “Yes”, please check one of the following choices to indicate what the premium price you would be willing to pay for the imported product comparing to the domestic one?

- I would like to pay 1 to10 percent premium for the imported one
- I would like to pay 11 to 50 percent premium for the imported one
- I would like to pay 51 to 100 percent premium for the imported one
- I would like to pay more than 100 percent premium for the imported one

13. If you are going to purchase a certain imported health food product and there five different brands from which you can select. You are going to compare among at least

- Two of them
- Three of them
- Four of them
- All of them

14. If you are not satisfied with the service or quality of the imported health food product you have purchased, please indicate which of the following actions you would be most likely to take.

- Complain to the company directly
- Complain to the public media
- Complain to the government authority (e.g. Consumer Right Committee)
- Tell your friends your negative experience with the product.
- Keep quiet and will not purchase the same product next time.
- Compliant to the direct salesperson.

15. Please indicate your gender

- Male
- Female

16. Please check one of the following choices to indicate the highest level of education you have obtained.

- Primary
- Secondary
- High school
- University
- Graduate

17. Please indicate your average monthly income

- Lower than RMB1000
- Between RMB1001 to RMB3000
- Between RMB3001 to RMB5000
- Between RMB5001 to RMB7000
- Between RMB7001 to RMB9000
- Over RMB9000

18. How old are you? Please check one of the following age groups you belong to.

- Less than 22
- From 23 to 30
- From 31 to 40
- From 41 to 50
- From 51 to 60
- 61 or more

19. Please check one of the following choices to indicate your marital status?

- Single
- Married
- Divorced
- Other

20. If you are married, please indicate your spouse's nationality.

- People's Republic of China
- Non-People's Republic of China

21. Please indicate your nationality.

- People's Republic of China
- Non-People's Republic of China

Thank you for your cooperation.

If you are interested in receiving a copy of the result of the present research, you can detach the following part, fill it with your information, and send it to the researcher.

-----cut here-----cut here-----

Name: _____ E-mail address: _____

Address:
