Iranian Consumers and Products Made in China: A Case Study of Consumer Behavior in Iran's Market

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The origin of products is a crucial factor in consumers' purchasing decision making. They attribute country of origin to product. "Made in China" is observable almost in every product category in global markets and Iran's market could not be excluded. The purpose of this paper is to comprehend and survey Iranian consumers' attitude towards made in China products. It explores Iranian consumers' attitudes in three dimensions, namely cognitive, affective, and conative dimensions towards products made in China. The data was collected through a survey of 191 respondents and was analyzed through T-test; both exploratory and confirmatory factor analyses were employed. The findings suggest that the Iranian consumers do not have positive attitude towards the products "made in China", which serves as an indication that the Chinese marketers need to continuously improve their products to meet Iranian consumers' satisfaction.

INTRODUCTION

A substantial part of consumer behavior research and literature has focused on buyers' perceptions of a number of potentially influential factors, such as price, brand, and country-of-origin (COO). It is widely recognized that COO will generate certain effects on buyers' product perceptions. Scholars have extensively studied COO in the last several decades and different scholars working on the subject during this pilot study period, has come to almost the same conclusion.

While shopping, consumers look for different features of the products to select among various choices. There are some factors, such as; brand, packaging, price and product image along with some other factors which influence consumers' choices. Country of origin is one impressive factor that has a great impact on consumers' buying behavior. Because of globalized markets and vast communication between people in different parts of the world market,

consumers are dealing with different products and brands having different origins. As Watson and Wright (1999) indicate, international trade activity is becoming a central part of the world economy; it is undeniable that there is a greater necessity to gauge consumers' attitudes toward both domestic and foreign products (Netemeyer et al., 1991). Much of the research in this area has focused on the country of origin effect, investigating how consumers perceive products sourced from particular countries (Roth and Romeo, 1992).

Country of origin refers to the home country of the brand and product, and its image in consumer's mind. In recent years, several researches have been undertaking the impact of COO on consumers' behavior. And the influence of the factor is approved in most cases. Consumers may take the countries of origin into consideration when making purchasing decisions for their product choices. Researchers have shown that consumers use their knowledge of where products are made in the evaluation of their purchasing options. Such a country-of-origin effect seems to come about because consumers are often aware that a particular firm or brand name is associated with a particular country.

Moreover, consumers tend to have an established attitude or even a preference when it comes to a particular product being made in a particular country. This attitude might be positive, negative, or neutral, depending on perceptions or experiences. For instance, a consumer in one country might be positively value a particular product made in a country. On the contrary, another consumer might be negatively influenced when he learns that a television set he is considering is made in a country that he does not associate with fine electronics. Such country-of-origin effects influence how consumers rate quality and which brands they will ultimately select (Schiffman and Kanuk, 2006).

Freeman and Jahshan observed that studies have claimed the generalizability of their findings in the area of COO and the influence on consumer behavior when evaluating quality, determining the willingness to buy, and the final purchase decision for products in general, for specific categories of products and for specific brands (Knight and Calantone, 2000; Watson and Wright, 2000). Evidence was also found for COO effects on product attribute evaluations between domestic and foreign products (Papadopoulos & Heslop, 1990; Elliott & Cameron, 1994).

THE IMPACT OF COO ON CONSUMER BEHAVIOR

The importance of country of origin in consumers' pre-purchase evaluation and decision making and even post-purchase satisfaction or dissatisfaction has entered into marketing literature in recent years. As indicated previously, COO effects on buyers' product perceptions have been extensively studied ever since Ernest Dichter commented that "the phrase 'Made in' can have a tremendous influence on the acceptance of products." (Cited by Dzever and Quester, 1999). Since then, considerable progress has been made in researching COO and its effects on product perceptions. It has been demonstrated, for example, that information regarding the country of origin of a product can have significant effects on its evaluation by buyers (Dzever and Quester, 1999).

A number of studies have identified the influence of COO on consumer behavior. As mentioned by Larry and Carter (2002), Leading research publications have established country of origin information as an indicator used by consumers to infer the quality of products from a country (e.g., Hong and Wyer 1989, 1990; Klein, Ettenson, and Morris, 1998; Gürhan-Canli and Maheswaran, 2000).

COO effect refers to the extent to which the place of manufacture influences consumers' product evaluations. COO has furthermore been used as a foremost and primary cue by consumers in evaluating new products under several conditions, depending on their expertise (Maheswaran, 1994). As mentioned in Watson and Wright (1999) the country of origin effect, also known as the "made in" concept, has been broadly defined as the positive or negative influence that a product's country of manufacture may have on consumers' decision processes or subsequent behavior (Elliott and Cameron, 1994). Coo-effects emanate from internally stored schemas that are activated by stimuli like the 'Made in' label (e.g., Bilkey and Nes, 1982).

Consumers in dealing with foreign cultures have different reactions. According to Schiffman and Kanuk (2006) a portion of consumers' exposure to different cultures tends to come about through consumers' own initiatives—their living and working in foreign countries, or even their immigration to a different country. Additionally, consumers obtain a "taste" of different cultures from contact with foreign movies, theatre, art and artifacts, and most certainly, from exposure to unfamiliar and different products. This second major category of cultural exposure is often fostered by marketers seeking to expand their markets by bringing new products, services, practices, ideas, and experiences to potential consumers residing in a different country and possessing a different cultural view. Within this context, international marketing provides a form of "culture transfer" (Schiffman and Kanuk, 2006). Generally, a country's capability to provide certain products is often used by consumers as an important information cue. More broadly, consumers' willingness to purchase a product can be related to the economic, political, techno-logical and social characteristics of the origin country (Papadopoulos and Heslop, 1993).

Beyond perceptions of a product's attributes based on its country of manufacture, research evidence suggests that some consumers may refrain from purchasing products of particular countries due to animosity. A study of this issue found that *high-animosity consumers* in the People's Republic of China owned fewer Japanese products than *low-animosity consumers* (during World War II, Japan occupied parts of China). Although some Chinese consumers might consider SONY to be a high-end, high-quality brand (or perceptions of the product itself might be very positive), they might nevertheless refuse to bring a product manufactured in Japan into their homes. Similarly, some Jewish consumers avoid purchasing German-made products due to the Holocaust, and some New Zealand and Australian consumers boycott French products due to France's nuclear tests in the South Pacific (Schiffman and Kanuk, 2006).

The country of origin has a substantial effect on attitudes toward products and the likelihood of purchasing these products, often demonstrating effects that are as strong as or stronger than those of brand name, price, or quality (Ahmed and d'Astous, 1996).

The impact of country of origin on consumer behaviors depends upon different factors including culture, product category, demographic factors and etc. In their work Giraldi and Ikeda (2009) have stated that the characteristics of the consumer that may influence the country of origin effect are: educational level and conservativeness, age and sex, fluency on the language of the country, quantity of tips on the product, need of cognition, motivation, level of involvement, familiarity with the mark and the culture. The country of origin effect may vary depending on the country, the sampling method used and the products evaluated (Martin and Eroglu, 1993).

Besides, Schiffman and Kanuk (2006), mention that when consumer motivation is high and when a specific model of a product is being evaluated (as opposed to a range of products manufactured in a particular country), then consumers are less likely to base judgments on country-of-origin information. However, when consumers are less familiar with foreign pro-ducts, COO becomes an important extrinsic cue.

PRODUCTS MADE IN CHINA IN GLOBAL ECONOMY

In today's world market no one would deny the importance of China marketing and no one will ignore the increasingly tight connections between China and the rest of the world. "As China goes, so goes the world" has become almost a common sense shared by the business leaders in the world (Kotler, 2010). Based on The World Factbook reports, China in 2010 stood as the second-largest economy in the world after the US, having surpassed Japan in 2001. The dollar values of China's agricultural and industrial output each exceed those of the US; China is second to the US in the value of services it produces and the total export value of China to the world had been 1.506 trillion USD.

In 2009, the global economic downturn reduced foreign demand for Chinese exports for the first time in many years, but China rebounded quickly, outperforming all other major economies in 2010 with GDP growth around 10%. The economy appears set to remain on a strong growth trajectory in 2011. By the end of 2009, Iran's foremost trade partners have been UAE 15%, China 14.5%, Germany 9.7%, South Korea 7.3%, Italy 5.2%, and Russia 5.1%. In recent years the presence of Chinese products in Iranian market has increasingly extended and "Made in China" is observable in the bulk of shops and product categories.

According to International Trade Center (ITC) during 2009, Chinese companies had exported around 7,918,687,000 $ of electrical and other machinery to Iran, including data processing equipment, apparel, textiles, iron and steel, optical and medical equipment. On the other hand, Iran had exported commodities including petroleum 80%, chemical and petrochemical products, fruits and nuts and carpets. This research focuses on the impact of Chinese products on Iranian consumers. It seems that buyers in Iran have different attitudes towards "Made in China"; which depend on some elements including social class, lifestyle, price levels, product category, and so forth. This paper reports the results of a survey conducted among consumers in Iran by asking them to provide information about their perceptions of products made in China.

THE STUDY AND METHOD

With regard to the aforementioned figures, China is the second trade partner of Iran. Furthermore, Chinese products are available almost in all parts of Iran's market. Although most of Iranian consumers are using Chinese products, they usually do not have an affirmative word of mouth toward "Made in China". This contrast, motivated researchers to investigate consumers and explored their real image toward Chinese products. Having a real understanding of the issue, could be useful for different stakeholders. In order to figure out the issue, the overall objective of the research is to understand Iranian consumers' attitude toward "Made in China" as the country of origin of consumer products.

The specific sub-objectives of this research are to describe consumers' attitudes, including cognitive, emotional and cognitive elements, toward "Made in China" products. By determining the way country of origin interacts with variables influencing consumer attitudes toward brand alliances, marketers can determine when and how to utilize this information to potentially increase the probability of consumer favorableness of their cross-border partnerships.

We developed the following questions as our study guidelines: 1) Do Iranian consumers' cognitions about "Made in China" exert a significant effect on the formation of their attitude towards a product from that country? 2) Do Iranian consumers' affections about "Made in China" exert a significant effect on the formation of their attitude towards a product from that

country? 3) Do Iranian consumers' conations towards "Made in China" exert a significant effect on the formation of their attitude towards a product from that country?

A review of the literature indicates that different methodological approaches have been employed in studying the effects of COO on consumers' perceptions. This range from survey methods to qualitative, conjoint, experimental, and other designs .The present study utilizes a quantitative research methodology. In this research a semi-structured questionnaire was designed and pretested in order to scrutinize the aforementioned issues. Based on convenience sampling, a sample of 191 respondents selected and surveyed. The questionnaire was divided into two separate sections. Part I recorded a brief profile of the respondents in terms of age, gender, education level, and marital status. Part II focused specifically on the issue of COO influences and was articulated as followed: 6 questions for cognitive dimension of attitude, 5 questions for affective dimension and 8 questions for conative dimension.

TABLE 1
REVISED ITEMS OF QUESTIONNAIRE AND THEIR STATISTICS

Dimensions	Question No.	Statements	Mean	Std. Dev.
Cognitive	4	Made in China products are generally high quality.	2.29	.865
	6	People in developed countries are interested in made in China products.	2.81	.929
	7	Made in China products are comparable with products made in developed countries.	2.48	1.068
	8	The quality of made in china products is improving.	3.19	1.006
Conative	9	Made in China products are valuable to pay for.	2.75	1.135
	10	I usually buy made in China products.	2.60	1.131
	16	In the case of price, I prefer the low price "made in" China Sony camera to "made in" Japan Sony camera.	1.93	1.054
	18	My clothes and shoes are usually made in China.	2.33	1.118
Affective	12	The label "Made in China" on high-tech products like camera makes me trust the function of the product.	1.99	.948
	13	The label "Made in China" on consumer products like foods creates a sense of healthiness in me.	1.85	.879
	14	The label "Made in China" on clothes and shoes creates a good social sense in me.	1.82	.831
	15	I usually persuade my friends to use made in China products.	1.81	.739

Using a 5-point Likert scale, respondents were asked to indicate to what extent they agreed with each statement of questionnaire. Reliability of questionnaire is evaluated using Cronbach's Alpha, and as followed, the result shows that the score is higher than the acceptable level of 0.7 and therefore questionnaire has been reliable enough. The amended items of the questionnaire are presented in table 1. SPSS 16.0 computer statistical program was used to analyze the data. Some of the attitude statements needed to be recoded before analysis. In order to analyze the data and give answer to main research questions; T- test and factor analysis were used.

TABLE 2
RELIABILITY STATISTICS

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.835	.844	12

FINDINGS AND DISCUSSION

As it is demonstrated below, Table 4 presents the findings of one sample T-tests. The table demonstrates that Iranian consumers do not have a positive attitude towards Chinese products. By dividing attitude to three elements of cognitive, affective and conative, and testing related data, results indicate that Iranian consumers' attitude toward "Made in China" is not positive. Results of T-test are presented in tables 3 and 4.
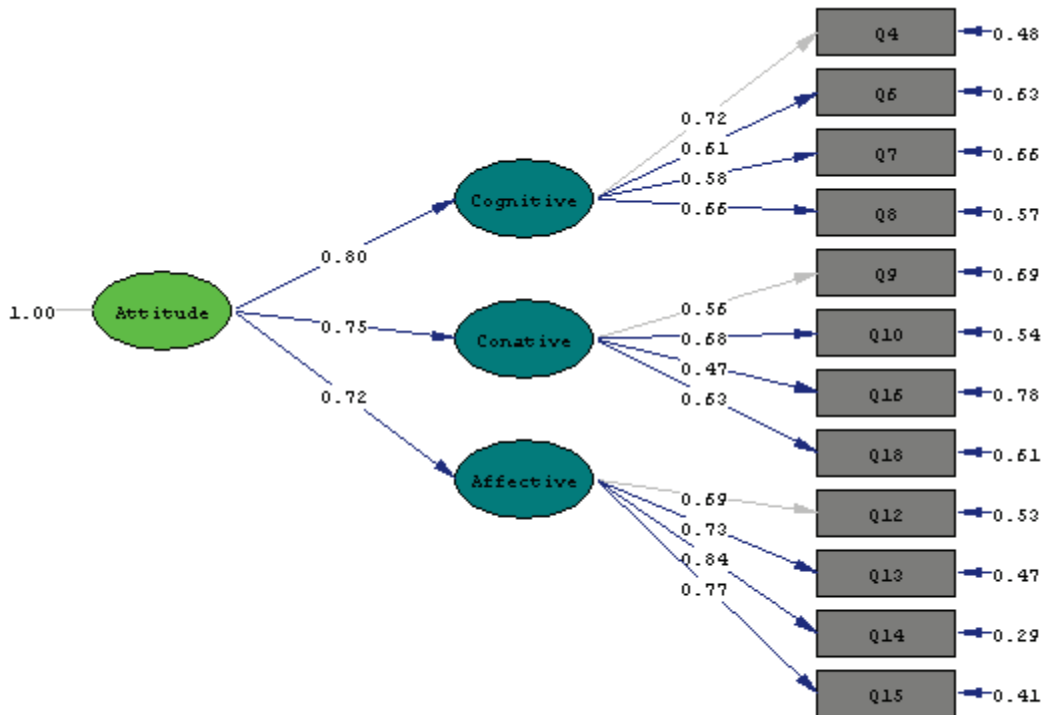
TABLE 3
ONE SAMPLE STATISTICS

	N	Mean	Std. Deviation	Std. Error Mean
Cognitive	191	2.6950	.72156	.05221
Conative	191	2.4001	.78338	.05668
Affective	191	1.8770	.71030	.05140

TABLE 4
ONE SAMPLE TEST

	Test Value = 3					
					95% Confidence Interval of the Difference	
	T	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Cognitive	-5.841	190	.000	-.30497	-.4080	-.2020
Conative	-10.584	190	.000	-.59991	-.7117	-.4881
Affective	-21.851	190	.000	-1.12304	-1.2244	-1.0217

Based on the results of exploratory factor analysis, 7 items of primary questionnaire (including 19 items) were excluded and the confirmatory factor analysis undertaken on 12 items, revealed a meaningful correlation between items and dimensions.

FIGURE 1
CONFIRMATORY FACTOR ANALYSIS BY LISREL

Chi-Square=123.84, df=51, P-value=0.00000, RMSEA=0.087

Since KMO and Bartlett's Test score is higher than acceptable score of 0.6, factor analysis is reasonable. The results shown in Figure 1 display acceptable factor loadings and covariances. The total factor variance defined by the 12 indicators equals 60.168 percent. Following indicators show that model fits the observed data: chi-square=123.84, df= 51, p-value=0.00000 and RMSEA= 0.087. An RMSEA between 0.08 to 0.10 can be an acceptable index for fitness of a model. (Browne & Cudech, 1993; MacCallum et al, 1996; Steiger, 1989). As the confirmatory factor analysis demonstrates the cognitive factor with 80% factor loading has the most correlation with attitude. As a result, this dimension explains the 64% of variance. Conative factor with 75% factor loading is in next position and explains 56% of variance. The third factor which entitled affective has the least correlation with attitude.

CONCLUSION AND SUGGESTIONS

In this paper, we studied Iranian consumers' attitude toward products made in China. In order to elicit the real mentality of Iranian consumers, we selected a sample of respondents and surveyed them by a structured questionnaire. We showed that Iranian consumers' attitude toward "Made in China" products is not so positive. However, the fact in this market point out another side of the reality; "Made in China" products are sold in large quantities and these products are available almost in every part of the country. Even in very small towns Chinese products could be found simply. Hence, as marketing literature verifies, consumers' decision making is not just the matter of the country of origin or attitude. In developing countries, most of the people cannot

afford high priced products. Furthermore, in most parts of this market, due to factors such as limited experience of global brands, lack of high quality products and some other factors, people even do not have sophisticated tastes. Consequently, it seems that consumer buying behavior in this country is not desperately based on attitude. As results show, respondents know Chinese products position in international markets and approve their capacity in worldwide market. But as a consumer they do not have good feelings about these products.

Iranian consumers do not have special interest in Chinese products, and as it could be realized in findings, they prefer not to purchase these products as far as they can. In addition; they have no impetus to encourage or persuade their friends or family to buy "Made in China" products. From marketing point of view, the current situation is not apt for Chinese products, and their long term success in this market is uncertain. By considering position of Chinese companies in worldwide market and their growing market share, we can plainly comprehend that they are great challengers of global market, and their products are well-sold even in western developed market. After all, the question is 'why Chinese products' image is not positive in Iran's market?' It seems that the main reason could be the type of products coming to this market. It seems that most of "Made in China" products available in Iran are in low caliber and Chinese high quality products rarely import to Iran.

Based on our research we suggest that Chinese marketers should rethink about Iran's market and try to export higher quality products to this market. Moreover, there are few advertising campaigns for Chinese brands in this market, while South Korean and Japanese brands are spending huge amounts on advertising in this country. So it looks that Chinese marketers should spend more on advertising in order to position their brands. However, our findings are not sufficient for different aspects of Chinese businesses in Iran, and there is an immediate necessity for more researches to cover issues like: the influence of advertising on Chinese brands position in Iran's market, measuring Iranian consumers' satisfaction of Chinese products and measuring Chinese brands' positions in Iran in comparison with other south Asian brands. Moreover, since the study only examined the consumers in Tehran (the capital city), the collection of more data in other cities is required in order to provide more general results; the respondents were from a convenience sample of consumers and further research is needed with broader and more randomized samples. Furthermore, there are a lot of COO models and studies in the literature and future researches can immerse the literature profoundly.

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