
Do Chinese Consumer Prefer to Buy Imported Wine?

——the Effect of Country-of-Origin

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Abstract

As China's economy has grown rapidly during the last few decades, the size of its market and the purchasing power of the Chinese consumers have greatly expanded. In addition, since China has entered the WTO, the barriers and cost of trading with companies in China have been substantially reduced. More and more foreign companies are now considering the Chinese market as their key developing market while Chinese customers are becoming more familiar with imported products. Wine companies are no exception. Whether wine companies could be successful in China would greatly depend on how well they understand the Chinese customer behaviors when purchasing wine. Unfortunately no studies concerning such an issue have been conducted up to the present time. The purpose of this research is therefore to explore Chinese customers' wine purchasing behaviors and to investigate the effect of country of origin (COO) information on their wine evaluations.

The findings of this research confirmed that Chinese customers consider COO as the most important factor in their wine evaluation when a single-cue approach is applied. When a multi-cue approach is used, however, the results showed that there was no significant difference in the importance in COO & price as indicators when Chinese consumers evaluate wine. In addition, COO is more important than brand as a wine quality evaluating indicator when Chinese consumers are evaluating wine for special occasions and COO is also more important when evaluating wine for gift giving & drinking in public than for own consumption.

Keywords: COO effects, buying behaviour, China, culture

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1.Introduction

In the present world, wine consumption has taken on a socio-cultural significance and hedonistic values. A fundamental part in this change has been played by a new desire to improve the quality of one’s life. Although there has been a steady decline within a number of significant wine-consuming nations, wine consumption is still increasing in many other countries, especially in East Asia such as China, Japan, South Korea, Singapore and Taiwan (Dewald, 2003).

In China, the rapidly growing economy has translated into huge consumer spending and the expanding size of the market. At the same time, the Chinese market is flooded with imported

foreign goods including wines as a result of a series of tariff reductions since China's WTO accession. With increased disposable income, some Chinese consumers are moving up-market and the demand for luxury goods including wine is rapidly increasing. It is estimated that the demand for wine in China will be 80,000 tons by the year of 2010 (Li, 2000). In response to this changing market place, many of the world's large scale wine companies have entered the Chinese market. Some wine producers from France, Australia and Italy even brought their most expensive "Supreme" and "Super" series of wine, produced in a very limited quantity.

It has been noted that successful marketing involves seeing the business from the customers' point of view (Moss & Vinent, 2001). In addition, many studies have acknowledged that consumers have significantly different perceptions about products made in different countries, and that these general perceptions have important effects on consumers' evaluation of the products manufactured in a particular country (Schooler, 1965). Chaney (2002) also supports the view that the perception of origin and the presentation of origin information in a retail environment can have a great influence on wine sales. It can influence both the international marketing strategies and consumer purchasing decisions. It is therefore interesting yet important to examine Chinese consumers' attitudes towards imported wine and the role which the COO (**country-of-origin**) effect plays in their wine evaluation. Thus, the objectives of this research are:

- **To explore the major factors influencing Chinese consumers' wine purchasing behavior (buyer experiences)**
- **To examine the importance of country-of-origin (COO) on Chinese consumers wine evaluation in relation to other factors**
- **To investigate the importance of COO on Chinese consumers' wine evaluation in different situations**

2. Literature Review

2.1 Factors in Influencing Customers' Wine Purchasing Behavior

2.1.1 The Food / Beverage Preference Choice Model

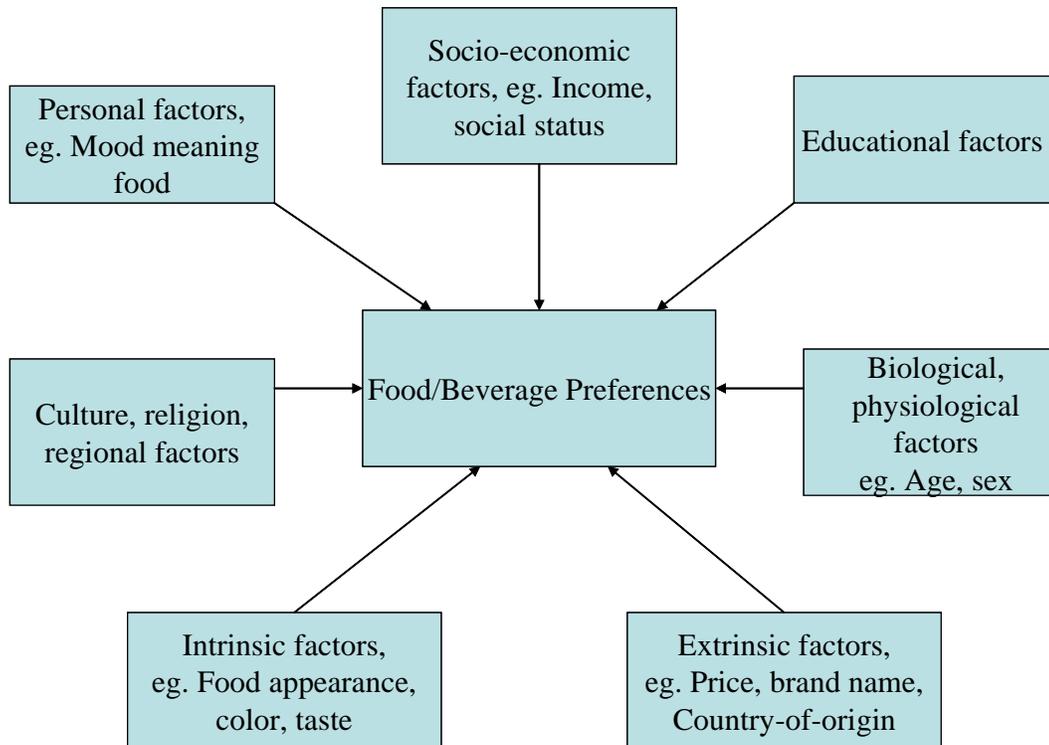
Since food choices are affected by many interrelating factors, food choice models are sometimes used to represent the relationships between these factors.

Yudkin (in Shepherd, 1994) first listed a range of factors which can influence food choice in three categories: 1) physical (geography, season, economics, technology); 2) social (religion, social custom, social class, advertising, education); 3) physiological (heredity, allergy, acceptability, nutritional need). Since that time a variety of models have been put forward which have many similarities. A number of these models have common features. These include the identification of cultural and socio-economic factors, personal or individual characteristics such as demography, knowledge, attitude, extrinsic factors and intrinsic factors to the product itself (see Figure 1).

A similar model was developed by Khan (1981), to analyze those factors, interrelating with one another, that have an influence on food /beverages preference. These are divided into seven categories, which are:

- 1) Personal factors such as familiarity, influence of other persons, and emotional meaning associated with food/beverages;
- 2) biological, physiological, and psychological factors such as age and gender;
- 3) extrinsic factors, such as advertising and seasonal variations;
- 4) intrinsic factors (of the food/beverages), such as appearance, odor, flavor, and texture;
- 5) cultural, religious and regional factors including geographic regions;
- 6) educational factors including nutrition education;
- and 7) socio economic factors such as income and the cost of food/beverages.

Figure 1 Factors influencing food preferences and choice



Source: Shepherd and Sparks, 1994

In general, it can be seen from the above models, that the variables are divided into those related to the food/beverages, to the person making the choices and to the external environment (Shepherd and Sparks, 1994)

2.1.2 Intrinsic and Extrinsic factors:

Consumers would conduct a search for information prior to their purchase. They evaluate products based on information cues, such cues can be intrinsic such as taste, design and specifications of a product or extrinsic for example price, brand name, guarantees and warranties (Jacoby *et al.*, 1977).

Gabbott(1991) identified that wine consumers utilize both intrinsic and extrinsic cues to aid

in the choice process. Lockshin and Rhodus (1993) found that quality perception of wine was based on intrinsic cues, such as grape variety, alcohol content and wine style, which relate to the product itself and the processing method, as well as on extrinsic cues, including price, packaging, labeling and brand name, which can be altered without actually changing the product. Other research, however, suggested that consumers used only a small amount of the information available to make a decision (Foxall, 1983, Olshavshy & Grambois, 1979).

2.1.3 Country of origin

Extensive research has been undertaken to ascertain whether country of origin (COO) affects product evaluation. It has been accepted that COO refers to “consumers’ overall view of products from a particular country, based primarily on their prior perceptions of that country’s strengths and weaknesses in production and marketing” (Roth and Romeo, 1992: 480). Numerous studies have indicated that COO bears a significant influence on consumer perception and decision making. It has also found that COO may incorporate variables such as traditions, political status, economic liberalization and general country perceptions. Studies have shown that country-of-origin influences consumers’ product evaluations by signaling product quality when they are unable to detect the true quality of a country’s product (Huber and McCann, 1982). In particular, country-of-origin can be an indicator of quality when it is difficult to assess by other objective means (Elliot and Cameron, 1994). Wall *et al.* (1991) found that country-of-origin information is more important in affecting product quality assessment than price and brand information.

It was found that consumers’ product evaluations depend on consumers’ familiarity with the product. When consumers are not familiar with a country’s product, they will use the country’s image as a “halo” in product evaluation (Maheswaran, 1994). This “halo effect” presumes that the consumers infer the product’s quality from his or her stereotyped beliefs about the country-of-origin (Erickson *et al.*, 1984).

Sometimes country-of-origin perception covers an entire country’s products. Products produced in less developed countries tend to have a less positive image than products from more

developed countries (Cai, *et al.*, 2004; Cordell, 1992; Delener, 1995; Han, 1988; Keynak and Eren, 1995). For example, Siu and Chan (1997) found that Chinese consumers in Hong Kong perceived American products to be prestigious, Japanese products to be innovative, and Chinese product to be cheap. Similarly, a product with a developed country origin is seen as insurance regarding the product's quality and performance (Kaynak, 2000). In addition, past research also indicated that Chinese consumers weigh a product's country-of-origin heavily, but perceive a product made outside of China as a strong positive stimulus or attribute to consider while making selection and purchasing decisions (Zhang, 1996).

When applying the COO effect to wine purchasing, Batt and Dean (2000) found that the origin of the wine was one of the most important variables influencing consumers' decision to purchase wine. When studying wine purchasing behavior in Spain, it was found that the region of production and the vintage year are the main determinants of market price (Angulo et al, 2000). Wade (1999) also suggested that there was a correlation between the region and the price of wine. This finding was supported from a broader European context where research by Skuras and Vakrou (2002). Koewn and Casey(1995) and Gluckman(1990) also suggested that country of origin was a primary and implicit consideration of consumer in their decision to purchase wine.

The unique characteristics of wine markets make consumers particularly sensitive to information about the origin of the wines (Duhan, 1999). There are two primary reasons for this. First, since there are so many types of wines and brands competing for attention in retail outlets, consumers are likely to use decision short cuts (called decision heuristics) to form their choice (Duhan, 1999; Chaney, 2002). Decision heuristics typically simplify decision-making focusing on one or two characteristics of the products at a time (Duhan, 1999). The use of country-of-origin information helps to reduce dissonance in the purchase process (Lascu and Babb, 1995). The second reason for sensitivity to origin information in the wine market is that the origin of wines is often perceived (rightly or wrongly) as an indicator of quality (Lockshin and Rhodus, 1993). As a result, origin information is frequently the basis of decision heuristics regarding wine for consumers (Duhan, 1999).

Furthermore, supermarkets and the majority of wine retailers tend to display wine by country-of-origin highlighting the country as a choice criterion. This means of grouping merchandises simplifies the purchase for the consumer, particular those who are naïve wine consumers (Chaney, 2002)

2.2 Chinese consumers and wine consumption: the role of culture and situation

Within the Chinese context, the traditional Chinese Confucian culture still plays an important role influencing consumers' purchasing behavior. "Face saving" is one of the important factors that will be considered during decision-making. Face is lost when conduct or performance fall below the minimum level considered acceptable or when some essential requirements corresponding to one's social position are not satisfactorily met (Ho, 1976). Thus, people in this culture are always under strong constraints to act to meet the expectations of others so as to maintain face.

China evolved from a feudal society where one's position in the hierarchy is demonstrated through the concept of "face". If someone can afford an expensive product, especially one that is imported, this shows others that the individual has succeeded economically (Anderson & He, 1998). That is why expensive bottles of red wine have become the latest "trophy drink" of the Chinese new rich, who like to drink such wines when eating out, in order to show they are successful and have both the money and good taste to be wine drinkers.

The Chinese wine consumer is typically a market follower, not a leader. He needs to feel safe about the wine he is drinking and does not want to 'lose face' by choosing the wrong wine or admit that his knowledge of wine is limited. Thus, it is important for wine companies to use their packaging to inform consumers where their wine is from and why it is a quality wine (USDA, 1998). The new Chinese food labeling law declares that: the labels for wines, champagne, and sparkling wines should include the following mandatory label contents in Mandarin Chinese (Canadian Embassy, 2003):

1. Name or Brand of the wine

-
2. Ingredients
 3. Net Content (ml)
 4. Alcoholic Content (%) (V/V)
 5. Production Date (yy/mm/dd)
 6. Packer / Distributor / Importer (Name & Address)
 7. Content of Must (%) (Sake is exempted from this requirement)
 8. Country of Origin
 9. Quality Guarantee and/or Storage Period (yy/mm/dd)
 - 10 .Content of Sugar (gram/l)

Combris et al. (1997), noted that these characteristics are significant in influencing the price and the purchasing of wine. However, within these characteristics, not every one has the same important function as an indicator when consumers are selecting wine. As there are several hundred wines and brands competing for attention in retail outlets, consumers are likely to use short cuts to form their choice set. Producers tend to emphasize the product's origin on the label as a choice criterion that provides an easy way for consumers to select wine.

The key finding from Hall and Lockshin's research (2000) was that all the factors aforementioned were related to the situation in which the consumer intended to drink the wine. Different consumption situations amplified or muted the importance of different wine attributes.

Yang (1989) found that Chinese consumers are in a low-involvement situation when products are used for private consumption: they are likely to adopt a rather simple cognitive stance, favoring the physical functions of the product and being mostly concerned with price and quality. In contrast, there is a high level of involvement when the Chinese consumers buy products for their social symbolic value. It was asserted that when purchasing for home consumption, Chinese consumers tend to focus their purchasing decisions on the price of a product and buy whatever is the least expensive. However, when choosing an alcoholic beverage for consumption in a public place, Chinese consumers generally focus on quality, taste, and the image of the drink (USDA, 1998).

3. Methodology

As the objectives are to understand the role of COO in relation to other factors, such as price and brand, on Chinese customers' wine evaluation and purchasing decision-making in different scenarios, it seems possible to formulate the following hypotheses based on the literature review conducted earlier.

Hypothesis 1: Country of origin is an important factor on Chinese consumers' wine purchasing evaluation.

Hypothesis 2: There is significant difference in the importance of COO and price as wine quality evaluating indicators when Chinese consumers evaluate wines in general.

Hypothesis 3: There is significant difference in the importance of COO and brand as wine quality evaluating indicators when Chinese consumers evaluate wine for special occasions.

Hypothesis 4: There is significant difference in the importance of COO between Chinese consumers' purchasing wine for personal consumption and for gift giving & public consumption

Sampling Method

The survey was simultaneously undertaken in Shanghai and Hangzhou, China. Consumers in Shanghai and Hangzhou were chosen as the population for the research for several reasons. Firstly, Shanghai and Hangzhou were chosen as the population for the research for several reasons. Firstly, Shanghai, as the largest city in China, ranks the 3rd in population density of all the cities in China, after Chongqing and Beijing (Shanghai Bureau of Statistics, 2005). Secondly, Shanghai is a modern and metropolitan city. The disposable income of the citizens has been always been above the national average. Finally, Shanghai has always been an international city; one of the chief ports for China. It has a long history of foreign trade and therefore Shanghai people may have a wider choice of imported wine. The choice of Hangzhou lies in its proximity to Shanghai and the easy access.

In this research, a systematic sampling method was chosen. The interviewees were selected

randomly by choosing every 8th consumer who entered the Century Mart (Pudong Mall) and Super Brand Mal in Shanghai and Hangzhou. The data was collected by two assistants at the entrance to the above shopping Malls for two weeks, including three weekends, to reduce the bias of the data and to reach people from different backgrounds. 100 questionnaires were each distributed in two different cities and 148 useful returns were obtained in total, representing a response rate of 74%.

The questionnaire was first drafted in English. As the respondents were Chinese, back-to-back translation was used to improve the understanding of the questionnaire. The 148 respondents whose data were used in the analysis were either wine consumers or people intending to consume wine within half year. The Cronbach alpha coefficient of a scale is 0.7012 indicating that the questionnaire was reliable.

The questionnaire was divided into 3 sections.

- Section A contained questions about the respondents' demographic information such as gender, age, income, and educational level. There were also questions whose purpose was to ask about the respondents' past experience of evaluating & purchasing wine or if they intended to purchase it in the near future.
- Section B was concerned with Chinese customers' wine consuming habits and preferences. Questions included: where they buy wine, what wine they would normally buy, for what occasion and which country's wine they like to buy most.
- Section C contained questions aiming to collect information pertaining to several facets of COO. In order to establish the importance of the COO, questions regarding the impact of other cues affecting the consumers' wine evaluation, such as price and brand factor, were also included. Moreover, some specific questions regarding the importance of the COO effect within different scenarios were included in this section.

4. Analysis and results

4.1 Places in which customers usually purchased wine

Our result showed that most of the people (65%) buy wine from supermarkets or consume wine in restaurants when they have dinner with friends and relatives, and 20% of the respondents indicated that they normally consume wine when in entertainment places, and 15% consumed wine when they were in hotels.

4.2 What kind of wine that consumers normally buy in China

It was found that red wine, white wine and beer has each grabbed an equal market share (30%), while the expensive champagne and sparkling wine only has 10% of the market among the respondents' consumption.

4.3 On what occasion do consumers drink wine most frequently

40% of the respondents indicated that dining in a restaurant would be their main opportunity to consume wine. 30% choose special occasions and celebrations as the main reason to consume wine. 25% respondents reported dinner at home is an attractive occasion to consume wine and 5% of the respondents claimed other reasons as being their motivation for consuming wine.

4.4 What information sources have important effect on wine purchasing evaluation

Our survey showed that when the Chinese consume wine, they mainly rely on their past experience, TV & Radio and word of mouth recommendations from their friends and relatives. In our sample, 35% people have chosen past experience, 25% selected word of mouth and 15% choose TV & Radio as their important information sources for their wine purchasing evaluation. 15% consider that information from magazines has an important influence on their wine purchasing evaluation and only 10% reported that newspapers have important influence.

5. Factors that have important effects on wine purchasing evaluation

In terms of factors affecting their purchasing decision, 35% of respondents indicated that country of origin of wine is the most important factor. 25% of the respondents consider both taste

and price of wine as the most important factors affecting their purchasing decision. However, only 15% of the respondents reported that brand of wine would be the most important factors affecting their buying decision. This would probably result from the Chinese consumers current lack of brand image knowledge of wine, especially of foreign brand named wine.

4.1 Which country's wine do consumers prefer to buy?

According to this research, 30% of the respondents indicated they still chose wine produced in China as their first preference, 20% selected wine from France as their favorite, followed by wine from Australia and Chile. It showed that Chinese consumers still recognized wine from China as having good quality or value for money.

Testing Hypothesis

Regression analysis was performed on selected pairs of variables.

Hypothesis 1

Country of origin is an important factor on Chinese consumers' wine purchasing evaluation.

The null hypothesis was rejected as there was a significant difference ($p < 0.01$) between the values of the two variables selected (COO important vs. not important).

The results of the paired-sample t-test are as follows:

Table 1. Paired Samples Statistics of COO Importance in General

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	COO Important	2.17	100	1.083	.108
	COO not Important	2.84	100	1.089	.109

Source: Own field study

Table 1.2. T statistic of COO Importance in General

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 COO Impt - COO not Impt	-.67	1.652	.165	-1.00	-.34	-4.056	99	.000

Source: Own field study

In addition, we also calculated the effect size for paired-sample test by using the following formula (Pallant, 2002, P 184):

$$\text{Eta squared} = t^2 / t^2 + N - 1$$

We obtained a value of Eta squared of 0.1424 which was bigger than 0.14 indicating a large effect of the difference (Cohen and Holliday, 1996). We thus are able to reject the Null Hypothesis and accept that the country of origin factor of wine is important when Chinese consumers evaluate wine.

Hypothesis 2

There is significant difference in the importance of COO and price as wine quality evaluating indicators when Chinese consumers evaluate wine.

Similarly, after applying the same testing technique as above, the results obtained are as follows:

Table 2. Paired Samples Statistics of Price vs. COO

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	price is impt as it reflect quality	2.76	100	1.327	.133
	COO is impt as quality rely on wine quality rely on the local condition	2.61	100	1.325	.132

Source: Own field study

Table 2.1. T statistic of COO vs. Price

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Price impt as it stand fro quality &COO impt as wine quality rely on local condition	.15	1.298	.130	-.11	.41	1.156	99	.251

Source: Own field study

Both the T statistic ($p > 0.05$) and Eta squared (0.013187) allow us to accept the null hypothesis that there is not much difference in terms of the importance of COO effect and price when Chinese consumer evaluate the quality of wine. This is not surprising. Extant literature shows that there is strong link between the COO effect, price and quality. *Ceteris paribus*, the higher the price, the better the quality. The COO is very often used as a substitute indicator for quality in product evaluation when the quality of the product is difficult to detect (Huber and McCann, 1982, Elliot and Cameron, 1994).

Testing Hypothesis 3

There is significant difference in the importance of COO and brand as wine quality evaluating indicators when Chinese consumers evaluate wine for special occasions.

The test results are as follows:

Table 3. Paired Samples Statistics of COO vs. Brand

	Mean	N	Std. Deviation	Std. Error Mean

Pair 1	COO is impt as it reflect taste status when for special occasion	2.16	100	1.032	.103
	Brand is impt as it reflect taste status when for special occasion	2.71	100	1.274	.127

Source: Own field study

Table. 3.1. T statistic of COO vs. Band

		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	COO is impt as it reflect taste status when for special occasion & Brand is impt as it reflect taste status when for special occasion	-.55	1.149	.115	-.78	.32	-4.786	99	.000

Source: Own field study

Both t statistic ($p < 0.06$) and the Eta squared value of 0.1878 confirmed Hypothesis 3, namely, that the COO is more important than brand as a wine quality evaluating indicator when Chinese consumers evaluate wine for special occasions. This result is very interesting. One the one hand, it supports the previous studies regarding the importance of the COO effect in relation to price and band, such as Wall (1991). Wall showed that the COO was more important in affecting product quality evaluation than price and brand. On the other hand, it may also reveal the low awareness of wine brand of the Chinese consumers.

Hypothesis 4

There is significant difference in the importance of COO between Chinese consumers' purchasing wine for personal consumption and for gift giving & public consumption.

Table 4. Paired Samples Statistics of Own Consumption vs. Gift Giving and Consumption in Public

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	COO is imp't for own consumption	2.60	100	1.025	.102
	COO is imp't for gift giving & consume in public	3.46	100	1.259	.126

Source: field of research

Table. 4.1. T Statistics of Own Consumption vs. Gift Giving and Consume in Public

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	COO is imp't for own consumption & COO is imp't for gift giving & in public	-.86	1.949	.195	-1.25	-.47	-4.413	99	.000

Source: Own field study

Based both t statistics ($p < 0.05$) Eta squared (0.1643), it would be possible to reject the null hypothesis and accept the alternative hypothesis that is COO is more important when evaluating wine for gift giving & public consumption than for own consumption.

5. Discussion and Conclusions

This study set out to explore the major factors influencing Chinese consumers' wine purchasing behaviors and wine evaluation, specifically the importance of country-of-origin (COO).

Major factors effecting Chinese consumers wine purchasing behaviors

Although factors affecting Chinese people when evaluating wine are open to discussion, according to the literature review, people's food and beverage purchasing behaviors are in general affected by:

- Personal factors, such as familiarity, influence of other persons, and emotional meaning attached to food/beverages;
- Biological, physiological, and psychological factors such as age and sex,
- Extrinsic factors of the food/beverages such as advertising and seasonal variations
- Intrinsic factors (of the food/beverages), such as appearance, odor, flavor, and texture
- Cultural, religious and regional factors including geographic regions.
- Educational factors including nutritional education, and
- Socio economic factors such as income, the cost of food/beverages .

In particular, the consumers' wine purchasing behavior and evaluation would be affected by **COO**, price and the brand of wine. The empirical results in this study show that

- Country of original effect is in general important when Chinese consumer evaluate wine
- There is no significant difference in the importance of COO & price as indicators of quality when Chinese consumer evaluate wine
- COO is more important than brand as an indicator of wine quality when Chinese consumers evaluate wine in special occasions
- COO is more important when evaluating wine for gift giving & in consuming in public than for personal consumption.

Our results are consistent with the literature that consumers are more likely to use extrinsic factors such as country-of-origin, price and brand for wine quality assessment. This may be because the Chinese customer still lacks knowledge about imported wine. Without past experiences of wine consumption, it's very difficult for consumers to establish the performance criteria of a particular wine, such as its taste, flavor and aroma etc. As a result, consumers have to rely on the extrinsic factors for wine evaluation. This finding has also revealed some salient characteristics of Chinese consumers buying behavior associated with the unique Chinese culture. Namely, when the Chinese are evaluating wine for gift giving & consuming wine in public, they tend to attach more importance to COO than to other variables and are more likely to purchase foreign or imported wine instead of domestic brands. This is clearly a reflection of the preserving 'face' culture in the country. Indeed, some researcher regard "face" as people's recognition of one's social standing and position (Wong and Leung, 2001). Purchasing imported wine, which often means paying a premium price, would give people some pride because the 'face' is maintained.

6. Managerial implications

The findings of this research dictate important guidelines for wine dealing companies that wish to enter China's wine market or to better understand the customers' behaviors. The results of this study would be useful for wine wholesalers and retailers when making decisions in marketing and promotional campaigns.

Research has shown that Chinese consumers have greater reliance generally on COO information when evaluating wine especially for special occasions, gift giving and consuming wine in public. An effective marketing strategy may be formulated to target the specific market segment. In the meantime, a differentiated price strategy could be very effective in this market.

7. Limitations and future recommendations

The present study has several limitations. First, only respondents from Shanghai and Hangzhou were chosen, limiting the representativeness of the sample. Ideally, marketing research that aims to assess foreign markets should consider at least five major 'cities' in order to achieve a representative sample of the population (Malhorta and Birks, 2003). Resource limitations prohibited a more extensive study involving a larger sampling size. Future research drawing on samples from various cities in China would make the research results more generalized.

Second, consumer demographic characteristics may influence the exact nature of the COO effects. However, in this research, the author did not analyze the impact of COO on consumers' demographic factors.

The questionnaire only asked the respondents their opinions ranging from strongly agreeing to strongly disagreeing on a Likert scale of 1-5. This might limit the respondents in reflecting on their exact views regarding the questions asked. Their latest experiences may strongly influence their attitude when answering the questions and their earlier consistent experiences may have been ignored.

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