

## CHINESE CONSUMERS' PERCEPTION OF INDIAN PRODUCTS A MULTI-YEAR COMPARISON

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### Abstract

*Recently, China became India's top trading partner. The two countries have announced a series of deals aimed at boosting economic growth in both countries. According to estimates by PHD Chamber of Commerce, bilateral trade between India and China is expected to increase to over \$80 billion by March 2017. Although the trade gap between the two countries stood at \$35 billion in favor of China last year, it is expected that India will be exporting more products to China in the near future.*

*From a strategic planning perspective, information about Chinese consumers' perception of the quality of products from India and their willingness to purchase products from India would be useful to Indian managers planning to export their product(s) into China. The findings also have strategic implications for managers from China who are considering importing products from India. The current research reports the perception of the quality of products made in India by respondents from China over a seventeen year period.*

### INTRODUCTION

Economic reform and opening to the outside world have become global trends, with international markets becoming important for trade throughout the world. Globalization has been made possible by world-wide foreign direct investment, production and marketing; advances in telecommunication technologies and the internet; increases in world travel; the growth of global media; and technological advances that have made it easier and quicker to complete international transactions-both trade and financial flows- and to acquire information about other countries (Ozsomer and Simonin, 2004; Steenkamp and Hofstede, 2002; Stremersch and Tellis, 2004; Van Everdingen, Aghina, and Fok, 2005). Moreover, this trend is not limited to developed countries. In an effort to accommodate the movement toward an integrated world economy one sees socialist countries, and some of the developing countries, making an effort to restructure their economies while adopting an open

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door policy toward trade. China and India are two countries increasing bilateral trade with each other.

### **China-India Trade Background**

Trade between China and India has occurred for centuries. One of the earliest trade routes in the world originated in Chang'an, China (now Xi'an). This trade route, which was named the Silk Road, was in use from the second century BC to the fourteenth century AD. The route stretched from the East, linking to the Mediterranean in the West, transporting goods to the Roman Empire. One of the countries linked to China via the Silk Road was India.

Historically, the political relationship between India and China has been fraught with difficulties. Dispute over border issues resulted in a brief war between the two countries in 1962. Occasional border skirmishes still erupt and need to be resolved. Recently, China committed \$20 Billion into India infrastructure with the goal of modernizing India's railways, thereby improving the efficiency of trade between the two countries. This move has been viewed with some suspicion by India's leaders.

During the past decade, business relations between the two countries have boomed and trade between the countries has increased rapidly. According to a study by the PHD Chamber of Commerce, an industry trade group in New Delhi, 2014 marks the year that China became India's leading trade partner (PHD, 2014). According to the study, China has edged out the United Arab Emirates-India's previous top trading partner-and is comfortably ahead of the US and Saudi Arabia. China's newfound role as India's top trading partner is a sign of growing "south to south" trade (PHD, 2014). Both China and India are among the world's top trading countries, with 35 countries naming China as their top trading partner and six countries naming India as theirs.

Sino-Indian trade reached \$49.5 billion in 2014 (Pacific Tycoon, 2014). This is compared to Sino-India trade of \$7 billion in 2004, \$38 billion in 2008 and \$65 billion in 2013. The two countries have pledged to increase bilateral trade to \$100 billion by 2015 (Times of India 2014).

However, while the two countries share a huge trade volume, the balance is very much in China's favor. For example, in 2013 New Delhi exported \$15 billion worth of goods to China while importing \$51 billion in return (PHD, 2014). According to Kant (2014) this trade deficit between the two countries is not sustainable in the long run and Indian officials are concerned that Chinese companies will dump cheaply manufactured goods in the Indian market that will push out domestic competitors. Recently, Indian officials discussed imposing import duties on Chinese goods in an effort to minimize the trade imbalance. However, it is possible that if India does place tariffs on Chinese goods, the move may be viewed as protectionism by China and India will be criticized for stifling the competitiveness of Chinese firms (Kant, 2014).

The trade imbalance issue was discussed by Indian Prime Minister Narendra Modi and Chinese President Xi Jinping during President Xi Jinping's visit to India in September 2014. Prime Minister Modi requested that measures be taken to help reduce India's deficit. One such measure was that the Indian Government invited the Chinese to invest in India. President Xi Jinping, during his September 2014 visit to India, committed \$20 billion for India's infrastructure, earmarking railways, industrial parks and, potentially nuclear power as priority industries to receive the financing. The Indian Government also invited Chinese firms to begin manufacturing in India. During the September 2014 visit to India, President Xi Jinping was quoted as saying "if the two countries speak in one voice, the whole world will attentively listen."

Placing import duties on Chinese goods would most likely result in a backlash from the Chinese government. One way to avoid placing import duties on Chinese goods would be for India to export more consumer goods to China. From a strategic planning perspective, information about Chinese consumers' perception of the quality of products from India and their willingness to purchase products from India would be useful to Indian managers planning to export their product(s) into China. The findings also have strategic implications to managers from China who are considering importing products from India. The current research reports the perception of the quality of products made in India as viewed by respondents from China over a seventeen year period. A brief overview of the research in areas relevant to the current paper is presented below.

## **SURVEY OF RELEVANT LITERATURE**

Foundational studies related to research on stereotyping of products based on their origin originated over 40 years ago with Schooler's (1965) foundational study. The country-of-origin effect has been defined as "buyers" opinions regarding the relative qualities of goods and services produced in various countries (Bilkey 1993, p. *xix*). The country-of-origin effect refers to consumers' tendencies to view products from a given country in a consistent fashion, which results in national stereotyping. According to Johansson and Thorelli (1985), this stereotyping must be taken into consideration when determining an appropriate marketing strategy for imported goods since the source country of an imported product will often be a salient factor in the consumer's evaluation process. They posit that the effect of country stereotype will be to shift the position of the product within the consumer's perceptual space and thereby alter the overall evaluation of its merits. The final outcome of this process, according to Johansson and Thorelli (1985), is that the competitive strength of the product will be affected by country biases and country stereotyping may help explain differences in perceptions of the quality of products due to country-of-origin (Liu and Johnson 2005).

The primary aspect of the country-of-origin effect is that consumers form an image of various countries and their products, which in turn, may affect purchase behavior. Research has demonstrated that a consumer's image of the country in

which a product was made influences the evaluation and, in some cases, the purchase intention of products from a given country (Schooler 1971; Bilkey and Nes 1982; Erickson, Johansson, and Chao 1984; Johansson, Douglas and Nonaka 1985; Johnson and Thorelli 1985; Barker 1987; Darling and Arnold 1988; Han and Terpstra 1988; Hong and Wyer 1989; Thorelli, Lim and Ye 1989; Papadopoulos, Heslop and Bamossy 1990; Roth and Romeo 1992; Baughn and Yaprak 1993; Chao 1993; Gurhan-Canli and Maheswaran 2002; Klein 2002; Olsen and Olsson 2002).

While most authors agree that country-of-origin image has a direct influence on product evaluations, other authors suggest that the country-of-origin image indirectly affects purchase intention through other variables such as product evaluation, brand image, brand equity and perceived value (Hui and Zhou 2002; Parameswaran and Pisharodi 2002, Cervino, Sanchez and Cubillo 2005). Liefeld (1993) documented that the saliency of country- of origin effects on consumer perceptions may be dependent upon product type. For example, Bandyopadhyay (2001) chose to evaluate consumer perceptions of electrical and electronic products for their relevance as status symbols within India's emerging consumer market. Some research studies have focused on the comparison of multiple product categories within single studies, such as automobiles and blenders from both Germany and South Korea (Parameswaran and Pisharodi 1994) or Japanese, Canadian and Mexican stereos placed within German and South Korean automobiles (Bluemelhuber, Carter and Lambe 2007).

Some debate exists about whether product quality images are global in nature or product-specific. Research conducted using the general image of a country's products usually use the approach of Nagashima (1977) which asks respondents to rate "products from Country\_\_\_\_\_." Research conducted using the specific-product approach generally asks respondents to rate specific product categories, such as electronics or specific products, such as television sets.

## **METHODOLOGY**

### **Survey Instrument**

The research instrument consisted of a self-explanatory, self-administered questionnaire containing several sections related to the various components of the research. Survey questions addressed the perceived quality of specific categories of Indian products by Chinese respondents. There was also a question for products in general (i.e., not listing a specific product category) as well as a question asking the likelihood of purchase of a product made in India. Another section addressed the impact of trade upon the Chinese economy.

The questionnaire was originally written in English and then translated into Chinese using two iterations of translation/back translation (Insch and McBride, 2004; Sinaiko and Brislin, 1973; Brislin, 1970). The questionnaires were then pre-tested in China. The pretest subjects were instructed to complete the questionnaire

written in their country's language and to note any ambiguity in the phrasing in the items of the questionnaire. No major issues were identified during this process.

One section of the instrument investigated the respondent's perception of trade with other countries by asking if they *Strongly Disagreed* (1) or *Strongly Agreed* (5) with the following 7 statements concerning Trade with other countries.

Trade 1: *Products imported from other nations tend to be low quality products.*

Trade 2: *Trade with other nations increases domestic unemployment.*

Trade 3: *Trade with other nations results in higher prices for domestic goods*

Trade 4: *Trade with other nations results in inefficient use of raw materials.*

Trade 5: *Trade with other nations results in inefficient utilization of world resources.*

Trade 6: *Trade with other nations results in inequitable world welfare.*

Trade 7: *A policy of free trade would be beneficial to my country.*

The next section of the survey instrument presented the Chinese respondents with a seven point scale (1 = *very low* to 7 = *very high*) asking them to rate the quality of products (i.e., products in general) as well as the quality of mechanical products, food products, fashion merchandise and electrical products. In addition, respondents were asked to indicate 'how likely are you to purchase a product made in India' on a 7 point scale where 1 = *not at all likely to purchase* and 7 = *very likely to purchase*. The third section of the instrument asked demographic questions concerning Age and Gender.

## **Data Collection**

Survey research techniques were utilized to obtain the data for the study from a convenience sample of respondents in China in 1994, 2005, 2006, and 2011. Respondents for the study were then given the option of answering the survey written in English or in their country's language (i.e., Chinese). In order to preserve the integrity of the data collection process, individuals who helped with the data collection were provided with precise instructions in case a respondent had a question about a survey question.

## **RESULTS**

### **Sample**

The sample used in this study came from four administrations of a survey which investigated attitudes towards countries products. This instrument was administered in 1994, 2005, 2006 and 2011. Due to the closeness of administration the 2005 and 2006 administrations were combined and are referenced as the 2006 administration. The number of subjects for the 1994 administration was 60, for the 2006 administration 489 and for the 2011 administration 315. Table 1 indicates

the breakdown of Gender by administration. This resulted in a total sample of 864 subjects.

**Table 1**  
**Gender by Administration**

|        |         | <i>PRC 1994</i> | <i>PRC 2006</i> | <i>PRC 2011</i> | <i>Total Row</i> |
|--------|---------|-----------------|-----------------|-----------------|------------------|
| Male   | Count   | 27              | 239             | 109             | 375              |
|        | Col %   | 49.1%           | 50.3%           | 44.7%           |                  |
|        | Tot %   | 3.5%            | 30.9%           | 14.1%           |                  |
| Female | Count   | 28              | 236             | 135             | 399              |
|        | Col %   | 50.9%           | 49.7%           | 55.3%           |                  |
|        | Tot %   | 3.6%            | 30.5%           | 17.4%           |                  |
| Column | Count   | 55              | 475             | 244             | 744              |
| Total  | Col %   | 7.1%            | 61.4%           | 31.5%           | 100.0%           |
|        | Missing | 5               | 14              | 71              | 90               |

For purposes of this study the age was recoded into 7 groups. The breakdown of the ages by administration is shown in Table 2.

**Table 2**  
**Age by Administration**

|          |         | <i>PRC 1994</i> | <i>PRC 2006</i> | <i>PRC 2011</i> | <i>Total Row</i> |
|----------|---------|-----------------|-----------------|-----------------|------------------|
| Under 18 | Count   | 1               | 26              | 5               | 32               |
|          | Col %   | 1.8%            | 5.7%            | 2.6%            |                  |
|          | Tot %   | 0.1%            | 3.7%            | 0.7%            |                  |
| 18-25    | Count   | 55              | 216             | 130             | 401              |
|          | Col %   | 98.2%           | 47.6%           | 68.1%           |                  |
|          | Tot %   | 7.8%            | 30.8%           | 18.5%           |                  |
| 26-35    | Count   | 0               | 90              | 38              | 128              |
|          | Col %   | 0.0%            | 19.8%           | 19.9%           |                  |
|          | Tot %   | 0.0%            | 12.8%           | 5.4%            |                  |
| 36-45    | Count   | 0               | 66              | 15              | 81               |
|          | Col %   | 0.0%            | 14.5%           | 7.9%            |                  |
|          | Tot %   | 0.0%            | 9.4%            | 2.1%            |                  |
| 46-55    | Count   | 0               | 32              | 3               | 35               |
|          | Col %   | 0.0%            | 7.0%            | 1.6%            |                  |
|          | Tot %   | 0.0%            | 4.6%            | 0.4%            |                  |
| 56-65    | Count   | 0               | 19              | 0               | 19               |
|          | Col %   | 0.0%            | 4.2%            | 0.0%            |                  |
|          | Tot %   | 0.0%            | 2.7%            | 0.0%            |                  |
| Over 65  | Count   | 0               | 5               | 0               | 5                |
|          | Col %   | 0.0%            | 1.1%            | 0.0%            |                  |
|          | Tot %   | 0.0             | 0.7             | 0.0             |                  |
| Column   | Count   | 56              | 454             | 191             | 701              |
| Total    | Col %   | 8.0             | 64.8            | 27.2            | 100.0%           |
|          | Missing | 4               | 35              | 124             | 163              |

In order to test whether there are significant differences in the means of the three administrations for each of the five product-related questions, as well as the question related to purchase intentions of India’s products, Analysis of Variance (ANOVA) was performed. Where the results of the ANOVA indicate significant differences in the means, post hoc analyses using the Scheffe test were performed to identify exactly where the significant differences exist. The results are presented below.

**China’s Perception of Trade With Other Countries**

Respondents were asked if they agreed with the statement: “Products imported from other nations tend to be low quality products.” In 1994, the mean result was 1.7899, which indicated that the respondents *Strongly Disagreed* with the statement “Products imported from other nations tend to be low quality products.” Both the 2006 and 2011 administration differed significantly from the 1994 ( $F = 66.0515, df = 2, 808, prob. = .0000$ ) in that their mean responses were 3.4948 and 3.1090 respectively. This shift would indicate more agreement with the statement. It should also be noted that the 2006 and 2011 administrations also differed in that the 2006 response was significantly higher than the 2011 administration.

**Table 3**  
**Trade 1: Products Imported from other Nations Tend to be Low Quality Products**

|         |        |        | 1: Strongly Disagree |        |        | 5: Strongly Agree |      |      | Scheffe .050 level |     |
|---------|--------|--------|----------------------|--------|--------|-------------------|------|------|--------------------|-----|
|         |        |        |                      |        |        | 1994              | 2006 | 2011 | N                  |     |
| ANOVA   |        |        | Means                |        |        | 1994              |      |      | 60                 |     |
| F Ratio | df     | prob   | 1994                 | 2006   | 2011   | 2006              | X    |      | 485                |     |
| 66.0515 | 2, 808 | 0.0000 | 1.7833               | 3.4948 | 3.1090 | 2011              | X    | X    | 266                |     |
|         |        |        |                      |        |        |                   |      |      | Total              | 811 |

In regards to perceptions of the Trade 2 statement: “Trade with other nations increases domestic unemployment”, significant difference was found between the 1994 samples and the 2006 and 2011 samples ( $F = 16.3837, df = 2, 798, prob. = .0007$ ). Again, we find the 1994 sample agreeing more with the statement than the other 2 samples.

**Table 4**  
**Trade 2: Trade with other Nations Increases Domestic Unemployment**

|         |        |        | 1: Strongly Disagree |        |        | 5: Strongly Agree |      |      | Scheffe .050 level |     |
|---------|--------|--------|----------------------|--------|--------|-------------------|------|------|--------------------|-----|
|         |        |        |                      |        |        | 1994              | 2006 | 2011 | N                  |     |
| ANOVA   |        |        | Means                |        |        | 1994              |      |      | 60                 |     |
| F Ratio | df     | prob   | 1994                 | 2006   | 2011   | 2006              | X    |      | 482                |     |
| 16.3837 | 2, 798 | 0.0007 | 3.6333               | 3.0809 | 3.1660 | 2011              | X    |      | 259                |     |
|         |        |        |                      |        |        |                   |      |      | Total              | 801 |

The third trade statement: “Trade with other nations results in higher prices for domestic goods” found agreement with all the samples. A significant difference was found between the samples ( $F = 6.6443$ ,  $df = 2$ , 801,  $prob. = .0014$ ) with the 2006 sample being different from the 1994 and 2011 samples.

**Table 5**  
**Trade 3: Trade with other Nations Results in Higher Prices for Domestic Goods**

|         |        | 1: Strongly Disagree |        | 5: Strongly Agree |        | Scheffe .050 level |      |       |     |
|---------|--------|----------------------|--------|-------------------|--------|--------------------|------|-------|-----|
|         |        |                      |        |                   |        | 1994               | 2006 | 2011  | N   |
| ANOVA   |        |                      |        | Means             |        | 1994               | X    |       | 60  |
| F Ratio | df     | prob                 | 1994   | 2006              | 2011   | 2006               |      |       | 483 |
| 6.6443  | 2, 801 | 0.0014               | 3.4667 | 3.0538            | 3.2829 | 2011               | X    |       | 258 |
|         |        |                      |        |                   |        |                    |      | Total | 801 |

An ANOVA of the Trade 4 statement: “Trade with other nations results in inefficient use of raw materials” resulted in a significant difference between the samples ( $F = 19.1214$ ,  $df = 2$ , 797,  $prob. = .0000$ ). A Scheffe analysis indicated that the 1994 administration (mean = 2.2333) was significantly different from the 2006 (mean = 3.0373) and 2011 administrations (mean = 3.1518).

**Table 6**  
**Trade 4: Trade with other Nations Results in Inefficient use of Raw Materials**

|         |        | 1: Strongly Disagree |        | 5: Strongly Agree |        | Scheffe .050 level |      |       |     |
|---------|--------|----------------------|--------|-------------------|--------|--------------------|------|-------|-----|
|         |        |                      |        |                   |        | 1994               | 2006 | 2011  | N   |
| ANOVA   |        |                      |        | Means             |        | 1994               |      |       | 60  |
| F Ratio | df     | prob                 | 1994   | 2006              | 2011   | 2006               | X    |       | 483 |
| 19.1214 | 2, 797 | 0.0000               | 2.2333 | 3.0373            | 3.1518 | 2011               | X    |       | 258 |
|         |        |                      |        |                   |        |                    |      | Total | 801 |

In regards to perceptions of Trade 5: “Trade with other nations results in inefficient utilization of world resources,” a significant difference ( $F = 26.0725$ ,  $df = 2$ , 797,  $prob. = .0000$ ) was found. The Scheffe test indicates that the 1994 sample significantly differs from the 2006 and 2011 administrations and the 2006 sample is significantly different from the 2011 administration.

When asked if they agreed with the Trade 6 statement: “Trade with other nations results in inequitable world welfare,” a significant difference ( $F = 11.4667$ ,  $df = 2$ , 799,  $prob. = .0000$ ) was found between the samples. The 2006 sample differed significantly from the 1994 sample and the 2011 sample.



**Table 7**

**Trade 5: Trade with other Nations Results in Inefficient Utilization of World Resources**

|         |        |        | 1: Strongly Disagree |        |        |      | 5: Strongly Agree |   |  |  | Scheffe .050 level |       |      |     |
|---------|--------|--------|----------------------|--------|--------|------|-------------------|---|--|--|--------------------|-------|------|-----|
|         |        |        |                      |        |        |      |                   |   |  |  | 1994               | 2006  | 2011 | N   |
| ANOVA   |        |        | Means                |        |        |      | 1994              |   |  |  |                    |       |      |     |
| F Ratio | df     | prob   | 1994                 | 2006   | 2011   | 2006 | X                 |   |  |  |                    |       |      | 482 |
| 26.0725 | 2, 797 | 0.0000 | 2..3000              | 3.3382 | 3.0504 | 2011 | X                 | X |  |  |                    |       |      | 258 |
|         |        |        |                      |        |        |      |                   |   |  |  |                    | Total | 800  |     |

**Table 8**

**Trade 6: Trade with other Nations Results in Inequitable World Welfare**

|         |        |        | 1: Strongly Disagree |        |        |      | 5: Strongly Agree |   |  |  | Scheffe .050 level |       |      |     |
|---------|--------|--------|----------------------|--------|--------|------|-------------------|---|--|--|--------------------|-------|------|-----|
|         |        |        |                      |        |        |      |                   |   |  |  | 1994               | 2006  | 2011 | N   |
| ANOVA   |        |        | Means                |        |        |      | 1994              |   |  |  |                    |       |      |     |
| F Ratio | df     | prob   | 1994                 | 2006   | 2011   | 2006 |                   |   |  |  | X                  |       |      | 59  |
| 11.4667 | 2, 799 | 0.0000 | 3.3051               | 2.8082 | 3.1550 | 2011 |                   | X |  |  |                    |       |      | 485 |
|         |        |        |                      |        |        |      |                   |   |  |  |                    | Total | 802  |     |

The last statement, Trade 7, asked about trade, “A policy of free trade would be beneficial to my country,” has a very significant F ( $F = 144.3514$ ,  $df = 2, 801$ ,  $prob. = .0000$ ) for which the Scheffe revealed significant differences between the 1994 and 2006 samples. The 1994 sample had a mean response of 2.3793, the 2006 administration had a mean response of 2.1996 and the 2011 sample had a mean response of 3.5500. This would indicate that the 2011 sample agreed significantly more than the other two samples that trade would be beneficial to their country (i.e., China).

**Table 9**

**Trade 7: A Policy of Free Trade would be Beneficial to my Country**

|           |        |        | 1: Strongly Disagree |        |        |      | 5: Strongly Agree |   |  |  | Scheffe .050 level |       |      |     |
|-----------|--------|--------|----------------------|--------|--------|------|-------------------|---|--|--|--------------------|-------|------|-----|
|           |        |        |                      |        |        |      |                   |   |  |  | 1994               | 2006  | 2011 | N   |
| ANOVA     |        |        | Means                |        |        |      | 1994              |   |  |  |                    |       |      |     |
| F Ratio   | df     | prob   | 1994                 | 2006   | 2011   | 2006 |                   |   |  |  |                    |       |      | 58  |
| 144.35142 | 2, 801 | 0.0000 | 2.3793               | 2.1996 | 3.5500 | 2011 | X                 | X |  |  |                    |       |      | 486 |
|           |        |        |                      |        |        |      |                   |   |  |  |                    | Total | 804  |     |

**China’s Perception of Quality of India’s Products**

Table 10 presents the results of an ANOVA to determine if the perception of the quality of India’s products changed over the three administrations ( $F = 27.0937$ ,  $df$

= 2, 808, prob = 0.000) indicating that the perceived quality of Indian products did change over the years of administration. An examination of the means indicates that the perceived quality of Indian products was not very high for any of the administrations, with a Mean of 3.7966 in the 1994 administration being the highest. The Scheffe test indicates that the 1994 administration differs significantly from the other two administrations.

**Table 10**  
**Perceived Quality of India's Products by Administration**

|         |        | 1: Very Low |        |        | 7: Very High |      |   | Scheffe .050 level |      |      |   |
|---------|--------|-------------|--------|--------|--------------|------|---|--------------------|------|------|---|
|         |        |             |        |        |              |      |   | 1994               | 2006 | 2011 | N |
| ANOVA   |        | Means       |        |        | 1994         |      |   |                    | 59   |      |   |
| F Ratio | df     | prob        | 1994   | 2006   | 2011         | 2006 | X | 485                |      |      |   |
| 27.0937 | 2, 808 | 0.0000      | 3.7966 | 2.9269 | 2.9963       | 2011 | X | 267                |      |      |   |
|         |        |             |        |        |              |      |   | Total              | 811  |      |   |

### China's Perception of Quality of India's Mechanical Products

As indicated in Table 11, there is a significant difference in Chinese respondents' perception of India's products over the three administrations ( $F = 18.3928$ ,  $df = 2, 805$ , prob = 0.0000). The Scheffe test indicates that a significant difference occurs between the 1994 administration and the 2006 and 2011 administrations.

**Table 11**  
**Quality of Indian Mechanical Products by China**

|         |        | 1: Very Low |        |        | 7: Very High |      |   | Scheffe .050 level |      |      |   |
|---------|--------|-------------|--------|--------|--------------|------|---|--------------------|------|------|---|
|         |        |             |        |        |              |      |   | 1994               | 2006 | 2011 | N |
| ANOVA   |        | Means       |        |        | 1994         |      |   |                    | 58   |      |   |
| F Ratio | df     | prob        | 1994   | 2006   | 2011         | 2006 | X | 486                |      |      |   |
| 18.3928 | 2, 805 | 0.0000      | 3.7586 | 3.0844 | 3.0265       | 2011 | X | 264                |      |      |   |
|         |        |             |        |        |              |      |   | Total              | 808  |      |   |

### China's Perception of Quality of India's Food Products

The results of the ANOVA ( $F = 10.8981$ ,  $df = 2, 804$ , prob = 0.000) for the quality of India's food products (Table 12) indicates that Chinese consumers are not consistent in their evaluation of the quality of India's food products over the years. The post hoc Scheffe test indicates significant differences between the means of the 1994 administration and between the 2006 and 2011 administrations. The 2006 sample rated the quality of Indian food products lower than the 1994 and 2011 samples. One possible explanation for this is that food scandals are a major concern to Chinese

consumers. A 2013 McKinsey report indicates that Chinese consumers are more concerned about food safety than healthcare, unemployment and even crime.

There were food safety incidents before the 1994 data collection. However, media scrutiny has increased both from the China’s domestic press and also the international media following China’s membership to the World Trade Organization in 2001. Before the 2006 administration there were food safety incidents involving counterfeit drugs, school food poisoning, contaminated turbot fish, pesticide residue on vegetables, soy sauce made from human hair and many other safety incidents. These incidents were widely reported by media and respondents in the 2006 sample may have carried their generalized food safety concerns of Chinese food products to India’s food products. According to Woetzel and Towson (2014), when consumers do not trust the quality of food, they look to brands that they trust. Since there were not many food product brands from India in China at that time, one could surmise that is a possible reason for the low rating. Since 2006 the crisis in confidence in China’s food industry there has been an emphasis on ‘safe food’ with some Chinese firms acquiring firms to vertically integrate to control suppliers and some firms have made overseas acquisitions (Woetzel and Towson, 2014). Although there remain many issues with food scandals in China, by the time of the 2011 data collection Chinese consumers were also hearing ‘good’ things about the industry and may have assumed that Indian food products were also higher in quality.

**Table 12**  
**Quality of Indian Food Products by China**

| <i>1: Very Low</i> |        |        | <i>7: Very High</i> |        |        | <i>Scheffe .050 level</i> |             |              |            |
|--------------------|--------|--------|---------------------|--------|--------|---------------------------|-------------|--------------|------------|
|                    |        |        |                     |        |        | <i>1994</i>               | <i>2006</i> | <i>2011</i>  | <i>N</i>   |
| <i>ANOVA</i>       |        |        | <i>Means</i>        |        |        | <i>1994</i>               |             |              | <i>59</i>  |
| F Ratio            | df     | prob   | 1994                | 2006   | 2011   | 2006                      | X           |              |            |
| 10.8981            | 2, 804 | 0.0000 | 3.4828              | 2.9281 | 3.0115 | 2011                      | X           |              |            |
|                    |        |        |                     |        |        |                           |             | <i>Total</i> | <i>807</i> |

**China’s Perception of Quality of India’s Fashion Merchandise**

As presented in Table 13, the ANOVA ( $F = 6.0526$ ,  $df = 2, 798$ ,  $prob = 0.025$ ) there are significant differences over the years in how Chinese respondents view India’s fashion merchandise. The results of the Scheffe test indicate these differences are between the 1994 administration and the other two administrations.

**Table 13**  
**Quality of Indian Fashion Products by China**

| ANOVA   |        |        | Means  |        |        | Scheffe .050 level |      |      | N   |
|---------|--------|--------|--------|--------|--------|--------------------|------|------|-----|
|         |        |        |        |        |        | 1994               | 2006 | 2011 |     |
|         |        |        |        |        |        | 1994               | 2006 | 2011 | 58  |
| F Ratio | df     | prob   | 1994   | 2006   | 2011   | 2006               | X    |      | 485 |
| 6.0526  | 2, 798 | 0.0025 | 3.4655 | 3.1134 | 3.0155 | 2011               | X    |      | 258 |
|         |        |        |        |        |        | Total              |      |      | 801 |

### China's Perception of Quality of India's Electronic Products

As with the other product categories, the results of the ANOVA indicate a significant difference ( $F = 61.5217$ ,  $df = 2$ ,  $798$ ,  $prob = 0.0000$ ) between the samples (Table 14). An examination of the Scheffe test indicates that there are significant differences between the 1994 and 2006 samples and between the 2006 and 2011 samples.

**Table 14**  
**Quality of Indian Electronic Products by China**

| ANOVA   |        |        | Means  |        |        | Scheffe .050 level |      |      | N   |
|---------|--------|--------|--------|--------|--------|--------------------|------|------|-----|
|         |        |        |        |        |        | 1994               | 2006 | 2011 |     |
|         |        |        |        |        |        | 1994               | 2006 | 2011 | 58  |
| F Ratio | df     | prob   | 1994   | 2006   | 2011   | 2006               | X    |      | 482 |
| 61.5217 | 2, 798 | 0.0000 | 3.7931 | 2.6826 | 3.4521 | 2011               |      | X    | 261 |
|         |        |        |        |        |        | Total              |      |      | 801 |

### Purchase Intentions of India's Products by Chinese Respondents

As shown in Table 15, the ANOVA reveals a significant difference ( $F = 34.1731$ ,  $df = 2$ ,  $815$ ,  $prob = 0.000$ ) in Chinese respondents intention to purchase India's products by year of administration. The Scheffe test indicates that there is a significant difference between respondents' purchase intentions between 1994 and 2006 and between 2011 and the other two administration years. An examination of the means

**Table 15**  
**Purchase Intention of Indian Products by Chinese Respondents**

| ANOVA   |        |        | Means  |        |        | Scheffe .050 level |      |      | N   |
|---------|--------|--------|--------|--------|--------|--------------------|------|------|-----|
|         |        |        |        |        |        | 1994               | 2006 | 2011 |     |
|         |        |        |        |        |        | 1994               | 2006 | 2011 | 60  |
| F Ratio | df     | prob   | 1994   | 2006   | 2011   | 2006               | X    |      | 483 |
| 34.1731 | 2, 815 | 0.0000 | 5.1667 | 3.5093 | 4.0291 | 2011               | X    | X    | 275 |
|         |        |        |        |        |        | Total              |      |      | 818 |

in Table 15 indicates that Chinese respondents were the most likely to purchase Indian products in 1994 and the least likely to purchase products in 2006.

It is interesting to note that the overall perceptions of the quality of India's products are increasing and this in turn is resulting in an increase in the likelihood to purchase Indian products by Chinese consumers.

## **MANAGERIAL CONTRIBUTIONS**

The results of the survey reported in this paper have allowed us to examine the perception of the quality of products made in India by respondents from China. These results have strategic implications for managers from China, as well as managers from India.

Research has shown that in a given purchase or consumption situation, consumers often evaluate products from a country with economic, political, and social orientations which may be significantly divergent from those of the domestic market. Furthermore, consumers may evaluate imported products in a manner quite different from the way they look at domestic products. Thus, in a given purchase or consumption situation, consumers will evaluate a product based on the information that is available, including the country-of-origin of the product.

Consumers often choose between products based upon perceived quality. Evaluations of perceived quality usually occur within a comparison context wherein a product's quality is evaluated as high or low depending upon its excellence or superiority versus its failings or inferiority relative to other products, which are perceived by the consumer to be substitutes. Thus, consumers judge a product's attributes relative to another product's attributes, including the country-of-origin of the product. Therefore, from a strategic management/planning perspective, marketing managers planning to export their product(s) into country need information about consumers' perception of products from the exporting country. Likewise, knowledge of the perceptions of consumers from the 'home' country toward the products from an exporting country would be beneficial for managers planning to import product(s).

Given that consumption is fast becoming a global phenomenon; local suppliers are no longer guaranteed special status. Domestic preference is not universal, nor can it be counted on to be resistant to marketplace changes. As a result, the uncertainty, and therefore the risk, surrounding marketing decisions regarding the effective allocation of marketing expenditure, tends to increase when potential trade partners consist of countries with different economic, cultural, and political environments. In addition, the prediction of change within a given industry becomes more difficult. Furthermore, given the dynamic nature of the competitive environment, an efficient and effective marketing strategy at one particular time may not be efficient and effective at another point in time.

Thus, the results of this study will be beneficial to managers in their strategic planning process.

Managers from Chinese firms want to import products from a country with a reputation for having good quality products. Managers from India who plan on exporting to China would also want to know consumer perceptions of their product(s). The strategic window of opportunity provided by favorable product quality perceptions must be taken advantage of while it exists. For negative product perceptions, strategies must be implemented to change the negative perception.

## LIMITATIONS AND FUTURE RESEARCH

Some limitations of this study provide opportunities for further research. The survey items related to trade addressed trade in general. The survey did not ask respondents to address trade with India. It would be beneficial for future research to ask respondents not only about their attitude toward trade in general but also for the specific country of interest. Another area of consideration is that the specific product categories (i.e., mechanical, food, fashion and electrical products) made in India may not be goods that the respondents have been exposed to and therefore may not be considered by the Chinese for purchase. Finally, a longitudinal study would provide a wealth of information.

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