

**Consumers' Motivations for
Consumption of Foreign
Products: an Empirical Test in
the People's Republic of China**

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ABSTRACT

This study seeks to examine the purchasing motives of young Chinese consumers for foreign products in the People's Republic of China. Specifically, it offers empirical results of young Chinese consumers' perceptions of brand prestige, brand quality, and brand value as motives for purchasing foreign products. To collect data, a convenience sample of 400 respondents was recruited across four major campuses in a large, major university in Zhejiang, China. Surveys were administered using personal interviews to ensure quality of data collection. The empirical evidence provides insights into the impact of product category (conspicuous versus inconspicuous products) on consumers' susceptibility to social influence (high versus low social compliance groups). The results of the analysis are reported, the implications for marketing communications on consumer acceptance for foreign brands are discussed, and suggestions for future research are derived.

INTRODUCTION

In the recent years, competition among brands has become more complicated as the number of nonlocal, foreign brands increase. As a result, many newer foreign brands compete with older local brands, and this is further exemplified in developing markets. Specifically, consumers in developing markets possess various motives for purchasing newer nonlocal or foreign products. From a strategic perspective, research into the underlying psychological reasons that drive their purchase decisions is of significant importance, as this can help marketers understand why consumers in developing countries choose to purchase conspicuous versus inconspicuous foreign products. Indeed, additional insight into consumers' purchasing motives can help support and enhance the strategic positioning of the two different categories of products. Although research on foreign brands have been widely noted in the literature (Bearden and Etzel 1982; Yip 1995), there is still a lack of research on consumers' purchasing motives for foreign brands across different product categories as well as various individual difference variables (Steenkamp, Batra, and Alden 2002).

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To address the current gap in the literature, this study examines consumers' purchasing motives for two categories of foreign products. Focusing on a specific developing market – the People's Republic of China, we propose that young Chinese consumers have three underlying purchasing motives for conspicuous versus inconspicuous foreign products: higher perceived prestige, higher perceived quality, and higher perceived value. We investigate the effects of these three purchasing motives (perceived prestige, perceived quality, and perceived value) between two product categories: conspicuous versus inconspicuous products. Specifically, conspicuous products can be seen and identified by the general public, while inconspicuous products cannot be observed and recognized as easily. We further examine the effects of the three purchasing motives within the two product categories based on two different groups of social compliance: high versus low social compliance groups.

Our study covered a wide range of product categories, from conspicuous (i.e., casual clothes, athletic shoes, and mobile phones) to inconspicuous products (i.e., toothpaste, shampoo, bottled water, and beer), and used actual consumers' perceptions of brand prestige, quality, and value. In the next section, the relevant literature supporting the major hypotheses is reviewed. An empirical study of 400 consumers is then presented, against which the hypotheses are tested using multiple regression analysis. Finally, the results of the analysis are reported, their practical relevance for managers is discussed, and suggestions for future research are derived.

Perceived Prestige

The definition of prestige may vary for different consumers, depending on their socioeconomic background. In marketing terms, consumers develop prestige meanings for brands based upon interactions with people (e.g., aspired and/or peer reference group), object properties (e.g., best features), and hedonic values (e.g., sensory beauty) (Vigneron and Johnson 1999). The general assumption is that prestige brands are infrequently purchased, require a higher level of interest and knowledge, and strongly relate to an individual's self-concept. As such, a consumer's perceived prestige towards a brand is created from a multitude of interactions between the consumer and elements within the environment, hence it is expected that consumers would have different perceptions of prestige levels for the same brands.

Building on the above definition, Kapferer (1997) suggests that consumers may prefer foreign brands because of associations of higher prestige. In general, foreign brands have higher prestige because of their relative scarcity and higher price compared with local brands (Batra et al. 2000; Bearden and Etzel 1982). In addition, certain consumers prefer to buy foreign brands as it enhances their self-image as being cosmopolitan, sophisticated, and modern (Friedman 1990). Therefore, perceived prestige associated with foreign brands provides intangible value to consumers, and consumers tend to reciprocate value by enhancing their brand loyalty as well as transferring its good image to others through positive word-of-mouth. Further to this, Steenkamp et al. (2002) argue that the influence of perceived prestige on purchase intention is stronger when the product category is more conspicuous and its ownership or consumption is more publicly visible. To reinforce this, Veblen (1899) posited that conspicuous consumption was used by consumers to signal wealth, power, and status. Hence, higher perceived prestige of foreign products may display wealth and power,

and one could consider that highly visible products would dominate the conspicuous segment of consumers. Given the preceding discussion, we propose the following hypothesis:

H1: Perceived prestige has a greater effect on purchase intention for conspicuous foreign products than for inconspicuous foreign products

Perceived Quality

Within the field of marketing, the construct of perceived quality has been widely acknowledged as the primary driver of purchase intention (Jacoby and Olson 1985). In general, perceived quality is defined as a consumer's evaluation of a brand's overall excellence based on intrinsic (e.g., performance, durability) and extrinsic cues (e.g., brand name, warranty) (Kirmani and Baumgartner 2000). These assessments of quality are similar to attitudinal judgments, and frequently, consumers rely on how well the target brand satisfies internal quality standards in their assessment of a brand's overall excellence with regards to their consumption experience. Specifically, these internal reference points may include stored evaluative information about the target brand or cognitive comparison standards that can be used to evaluate individual attributes (Kirmani and Baumgartner 2000).

Brand name is a key indicator of quality (Rao and Monroe, 1989), and foreign brands generally help enhance a brand's perceived quality. Accordingly, consumers rely on quality cues to evaluate their perceptions of foreign brand quality. For example, a low level of quality would play a negative role over the perception of the brand. In contrast, if consumers perceive the brand as having an excellent level of quality, their quality perceptions would play a positive role over their perception of the brand. Most often than not, consumers' perceived quality of a brand is considered more rewarding when its consumption is largely inconspicuous and of relatively low social display value. To reinforce this view, Kirmani and Baumgartner (2000) suggest that consumers rely more on internal or intrinsic standards to evaluate a brand's quality. Without a doubt, consumers who experience a high level of perceived quality is more likely to exhibit positive behavioral intentions (i.e., positive word-of-mouth and repurchase intentions) towards the brand, and this has a greater effect if the product has a relatively low social display value, and is purchased and consumed in private. Hence, the hypothesis:

H2: Perceived quality has a greater effect on purchase intention for inconspicuous foreign products than for conspicuous foreign products

Perceived Value

Perceived value has been posited as a key strategic variable that helps explain repeat purchase behavior and brand loyalty (Parasuraman and Grewal 2000). Perceived value has been defined as "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml 1988, p. 14). Embedded within this definition, Zeithaml (1988) noted four diverse meanings of value: (1) value is low price; (2) value is whatever one wants in a product; (3) value is the quality that the consumer receives for the price paid, and (4) value is what the consumer gets for what they give. In the past, most of the studies that investigated the construct of perceived value have focused on the fourth definition (Bojanic 1996;

Zeithaml 1985), and this definition of value is adopted in this study. When assessing value, consumers are more likely to be externally oriented. As seen in the above definition, value connotes the idea of a comparative assessment of the benefit and sacrifice combinations of different brands. Subsequently, consumers are more likely to rely on external or extrinsic information to evaluate a brand's value (Kirmani and Baumgartner 2000).

Previous research revealed that a perceived limited supply of products enhances a consumer's perceived value and preference for a brand (Pantzalis 1995; Verhallen 1982). To reinforce this view, Solomon (1994) posits that items that are in limited supply have high value, while those readily available are less desirable. Indeed, consumers generally perceive products with a high level of value as limited and rare items, and scarcity of such products has a greater effect on demand if the product can be purchased and consumed in public contexts. Given this, the following hypothesis is proposed:

H3: Perceived value has a greater effect on purchase intention for conspicuous foreign products than for inconspicuous foreign products

Social Compliance

Social compliance is a construct that refers to conformity to social and normative reference group influence. Social compliance, also known as a consumer's susceptibility to reference group influence, is positively related to the conspicuousness of a product (Bearden and Etzel 1982). According to Park and Lessig (1977), a reference group is referred to as an actual or imaginary group conceived of having significant relevance upon an individual's evaluations, aspirations, or behavior. In this context, reference groups are groups used as standards for self-appraisal or as sources of personal norms, values, and attitudes. In particular, people's desire to possess certain brands may serve as a symbolic maker of group membership. Within various product categories, Bearden and Etzel (1982) conclude that publicly consumed luxury products were more likely to be conspicuous products rather than inconspicuous products. Further, in a study conducted by Mehta, Lalwani and Ping (2001), publicly consumed services were found to have higher social compliance or reference group influence than privately consumed services.

To explore the notion of social compliance further, we examine the effects of the three purchasing motives within the two product categories based on two different groups of social compliance: high versus low social compliance groups. We generally expect substantial differences in consumers' purchasing motives between high versus low social compliance individuals. To illustrate further, high social compliance individuals have high frequency of informal social contacts, high intensity of peer pressure on one's choice behavior, and high visibility of social approval in a group. On the other hand, low social compliance individuals have low frequency of informal social contacts, low intensity of peer pressure on one's choice behavior, and low visibility of social approval in a group.

METHOD

Sample and Design

This study employed a sample of young Chinese consumers in a specific developing market – the People’s Republic of China. After remaining virtually closed to the rest of the world for 30 years since 1949, China has since initiated various significant policy changes in an effort to develop its economy and increase the standard of living of its citizens (Zhang 1996). Young Chinese consumers were selected not because they per se are of interest to this study, but because they represented the following characteristics needed for this study. First, young Chinese consumers represent a fairly homogeneous sample, which is deemed appropriate for empirical tests with a theoretical perspective. Second, the similarity in social and cultural orientation among young Chinese consumers allows generalization of the findings across different regions. Third, the use of a specific consumer group in the investigation of consumer preference for foreign brands has been advocated in several previous studies (i.e., Batra et al. 2000; Steenkamp et al. 2002).

Focusing on young Chinese consumers, a convenience sample of 400 respondents was recruited across four major campuses in a large, major university in Zhejiang. Given the nature of the products investigated in this study, the use of students as actual consumers is deemed appropriate. Surveys were administrated using personal interviews to ensure quality of data collection. Participation in this study was entirely voluntarily. Four pairs of trained individuals visited student hostels in the assigned campus location during evening hours. Each pair surveyed 100 undergraduates who were selected on a convenience basis, and supervisors back checked 15 percent of the interviews conducted. The respondents’ age ranged from 18 to 32 years old (with an average age of 22 years old), 58 percent were female, and more than 75 percent came from the Zhejiang Province. An imitation leather mobile phone case, a popular item among young Chinese consumers, was offered to each respondent as a token of appreciation.

Respondents were asked to indicate their responses on Likert scales which measured perceived brand prestige, quality, value, purchase intention, and social compliance. Relevant demographic information was also elicited. The data was collected across seven different product categories, ranging from five to fourteen brands per category. A total of 34 foreign brands were included in the questionnaire.

Selection of Product Stimuli

Product categories were selected taking into consideration their applicability to young consumers as well as their variability in product category (conspicuous or public consumption versus inconspicuous or private consumption). Using these criteria, we selected seven categories: toothpaste, shampoo, bottled water, beer, casual clothes, athletic shoes, and mobile phones. As part of the pre-test, two focus group interviews consisting of 12 participants each were conducted. The focus group interviews revealed that publicly consumed products associated with conspicuous consumption include: casual clothes, athletic shoes and mobile phones, whereas privately consumed products associated with inconspicuous consumption include: toothpaste, shampoo, bottled water, and beer.

In order to address the major concerns that have been validated in previous studies (Batra et al. 2000; Steenkamp et al. 2002), the brands within each product

category were selected using a two-step process. In the first step, we visited four major supermarkets and departmental stores across the target region and recorded all the available brand names within the selected product categories. On completion of the fieldwork, we developed a list of brand names within the product categories of interest. In the second step, we surveyed the respective store managers and presented them with the brand list, and asked them to identify the top fourteen (because of the availability in some cases, the top five cutoff point was used) “most recognizable” brand names within each product category. In addition, a check on the local media exposure (newspaper ads, outdoor ads, and television commercials) of the target brands was conducted. A final list of brand names in each product category was chosen to represent foreign brands which the target segment was reasonably familiar with. A total of 66 brands were selected, and among them, 34 were foreign brands, including Nike, Adidas, Nokia, Ericsson, Motorola, Samsung, Giordano, Hazeline, Colgate, Lux, Nestle, and Pantene. The results reported in this study are based on the foreign brands only.

Procedure and Measures

For each brand, respondents were asked to indicate their perceptions of brand prestige, brand quality, and brand value on three 7-point Likert scales (1 = very low; 7 = very high). Following, they were asked to indicate their purchase intention towards each target brand on a 7-point Likert scale (1 = very unlikely; 7 = very likely). To measure the construct of social compliance, five items were used: my tendency to consume foreign brands: 1) “makes me look good among my social group”; 2) “provides me with a sense of belonging”; 3) “boosts my image in front of my peers”; 4) “reflects a modern lifestyle”, and 5) “makes me feel part of the social trend”. To avoid potential measurement bias of a neutral point, each statement was measured using 6-point rather than the typical 7-point scales. The scale was anchored from 1 = strongly disagree to 6 = strongly agree. The coefficient alpha estimate of these five measurement items was 0.81, which was deemed acceptable in terms of reliability.

RESULTS

Descriptive Results

The means, standard deviations, and correlations for purchase intention, perceived brand prestige, quality, and value are shown in Table 1.

Table 1: Results of Means, Standard Deviations, and Correlations

Variables	1	2	3	4
Mean	4.26	4.67	4.63	4.61
Standard Deviation	0.87	0.73	0.66	0.64
1. Purchase Intention	1.00			
2. Perceived Prestige	0.79*	1.00		
3. Perceived Quality	0.79*	0.85*	1.00	
4. Perceived Value	0.49*	0.54*	0.56*	1.00

* $p < .01$ (two-tailed)

To test the hypotheses, the three independent variables (perceived brand prestige, perceived brand quality, and perceived brand value) and the dependent variable (purchase intention for the brand) were entered simultaneously into a multiple regression analysis. We ran the regression model separately by product category (conspicuous versus inconspicuous products) and by social compliance group (high versus low social compliance groups). In order to determine the two levels of social compliance, the median value was used as a cutoff point for dividing the respondents into low and high social compliance groups. The standardized estimates of the regression coefficients are presented in Table 2.

Table 2: Results of Regression Analyses

DV = Purchase Intention			
Product Categories / Predictors	Whole Sample (N = 400)	High Social Compliance Group	Low Social Compliance Group
1. Conspicuous Products			
Perceived Prestige	.303***	.312***	.314***
Perceived Quality	.334***	.459***	.253***
Perceived Value	.269***	.125**	.342***
2. Inconspicuous Products			
Perceived Prestige	.245***	.324***	.196***
Perceived Quality	.461***	.298***	.574***
Perceived Value	.217***	.322**	.138**

*** $p < .01$

** $p < .05$

Between Product Categories

As predicted, the effect of perceived prestige on purchase intention is more profound for conspicuous products ($\beta = .303$, $p < .05$) than for inconspicuous products

($\beta = .245$, $p < .05$), therefore *H1* is supported. This finding is consistent with Steenkamp et al.'s (2002) study, which found out that the influence of perceived prestige on purchase intention is stronger when the product category is more conspicuous and its consumption or ownership is more publicly visible. In contrast, the effect of perceived quality on purchase intention is less profound for conspicuous products ($\beta = .334$, $p < .05$) than for inconspicuous product ($\beta = .461$, $p < .05$), as a result *H2* is also supported. This is not surprising, given that consumers rely more on internal or intrinsic standards to evaluate a brand's quality (Kirmani and Baumgartner 2000). As such, in evaluating brand quality for beer, an inconspicuous product, intrinsic standards such as taste and texture would be considered more important than extrinsic standards such as packaging or labeling. Hence, the effect of brand quality is considered more rewarding when its consumption or ownership is less conspicuous and of relatively low social display value.

One noteworthy feature is that, both the beta values for perceived quality are the highest among the whole sample, for both conspicuous and inconspicuous products. This further reinforces the importance of brand quality as a significant predictor of purchase intention. Subsequently, similar to the influence of perceived prestige, the effect of perceived value on purchase intention is more profound for conspicuous products ($\beta = .269$, $p < .05$) than for inconspicuous products ($\beta = .217$, $p < .05$), thus *H3* is supported. As such, consumers tend to rely on external or extrinsic information to evaluate a brand's value (Kirmani and Baumgartner 2000). This finding is in line with previous research, which revealed that a perceived limited supply of products enhances a consumer's perceived value and preference for a brand (Pantazis 1995; Verhallen 1982), and scarcity of such products has a greater effect on demand if the product can be purchased and consumed in public contexts.

Within Product Categories

Conspicuous Products. Within the conspicuous product category, consisting of products such as casual clothes, athletic shoes and mobile phones, there is no significant difference in the effect of perceived brand prestige on purchase intention between high and low social compliance groups ($\beta = .312$ vs. $\beta = .314$, $p < .10$). This suggests that products with high social display value are equally appealing on the prestige dimension for both groups of consumers. However, the perceived brand quality effect on purchase intention is more profound for consumers who are high in social compliance than for those who are low in social compliance ($\beta = .459$ vs. $\beta = .253$, $p < .01$). This implies that perceived brand quality can be regarded as a social justification for consumption when consumers have a high need for social compliance. One possible explanation could be due to the intrinsic attributes of brand quality, where high social compliance individuals prefer to seek the endorsement of an individual or group in their attempt to comply with the preferences or expectations of the individual or group. Also, due to the conspicuous nature of the product, consumers are able to observe the products and brands purchased by referents or interact with referents regarding the appropriate products or brands to buy (Mehta et al. 2001). In contrast, the perceived brand value effect on purchase intention is less profound for high social compliance group than for low social compliance group ($\beta = .125$ vs. $\beta = .342$, $p < .01$). This suggests that low social compliance group consumers are more concerned with brand value related to their actual product consumption.

Inconspicuous Products. Within the inconspicuous product category, with products such as toothpaste, shampoo, bottled water, and beer, the perceived brand prestige effect on purchase intention is greater for high social compliance group than for low social compliance group ($\beta = .324$ vs. $\beta = .196$, $p < .01$). Interestingly, unlike the case of conspicuous products, perceived brand prestige is more likely used as a justification leading to purchase intention among high social compliance consumers when the products are associated with low social display value. Contrary to the findings for conspicuous products, the perceived brand quality effect on purchase intention is greater for low social compliance group than for high social compliance group ($\beta = .574$ vs. $\beta = .298$, $p < .01$). As such, low social compliance consumers seemed to emphasize more on the value of perceived brand quality for inconspicuous products. This further strengthens the support for *H2*, where brand quality is considered more rewarding when its consumption or ownership is inconspicuous and of relatively low social display value. Finally, the perceived brand value effect on purchase intention is greater for high social compliance group than for low social compliance group ($\beta = .322$ vs. $\beta = .138$, $p < .01$). To this end, perceived brand value seems to appeal more to high social compliance consumers when the social display value of the product is relatively low.

DISCUSSION AND MANAGERIAL IMPLICATIONS

In line with the literature, the data supported all the three hypotheses. As predicted, perceived prestige has a greater effect on purchase intention for conspicuous foreign products while perceived quality has a greater effect on purchase intention for inconspicuous foreign products. Similar to the former, perceived value has a greater effect on purchase intention for conspicuous foreign products.

The findings of this research have significant implications for managers. These findings help explain the purchasing motives of young Chinese consumers for conspicuous versus inconspicuous foreign products. Taken together, purchasing motives for foreign brands varied by product category as well as by consumers' susceptibility to social influences. Generally speaking, perceived brand quality has a greater effect on purchase intention when the product consumption is associated with low social display value (i.e., inconspicuous products), while perceived brand prestige and perceived brand value has a greater effect on purchase intention when the product category is of high social display value (i.e., conspicuous products).

By taking into account individual differences with respect to their susceptibility to social influence, this study revealed additional insights. The findings showed that for conspicuous products, perceived brand quality is seen as a major purchasing motive by the high social compliance group, whereas perceived brand value is a more influential factor in determining purchase intention among consumers belonging to the low social compliance group. Surprisingly, there is no significant difference in consumers' purchasing motives for their feelings of perceived brand prestige across the two social compliance groups. This could be attributed to the social display value as reflected in the conspicuous nature of the product category. On the other hand, for inconspicuous products, purchasing motives are highly related to perceived brand prestige and perceived brand value for consumers with high social compliance; and in contrast, consumers with low social compliance show greater interest in their purchasing motives for perceived brand quality.

The findings are useful from a market segmentation point of view as well as from a market positioning point of view. From a market segmentation perspective, clustering consumer groups based on their purchasing motives for conspicuous versus inconspicuous foreign products may reveal other demographic or psychographic characteristics which may better represent these consumers. Further, these different consumer profiles may indicate distinct market segments to which various product appeals or advertising strategies could be implemented. From a market positioning perspective, managers could monitor the change in the levels of purchasing motives, and identify and concentrate on the specific purchasing motive which is stronger for conspicuous versus inconspicuous foreign products. Accordingly, managers may change the advertising message or emphasize the benefits of the product in order to create a competitive advantage. As such, an organization's marketing communication strategies should reflect its product type (conspicuous versus inconspicuous) along the social consumption tendencies (high versus low) of its target consumers.

LIMITATIONS AND FUTURE RESEARCH

It is worthwhile to note that the current research was conducted among more educated young adults in one specific Chinese province. According to Quelch (1999), young consumers made up the majority of consumers of foreign brands. This trend was reinforced by a study of 6,500 teenagers conducted across 26 countries (see Quelch 1999). Despite this, future research should sample a wider domain of countries (i.e., developed versus developing) and product categories to further increase the generalizability of these findings. Also, it might be fruitful to examine the applicability of these findings to older consumers within the Chinese market, as foreign brands may appeal to different consumer segments for different reasons and motives, given the possible regional and cultural diversity of China. Finally, future research should explore possible geographic (i.e., city versus suburb) differences in purchasing motives for foreign brands.

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