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## **The influence of Country-of-origin effects on Portuguese consumers purchase intention: The Chinese mobile phone Brand**

Ying Ding

Master in International Management

Supervisor:

Prof. Rui Manuel Vinhas da Silva, Full Professor,  
ISCTE-IUL Business School

November, 2020



BUSINESS  
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Department of Marketing, Strategy and Operations

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## **Acknowledgement**

Writing a dissertation is the most challenging work during the student life. In order to finish it, I have spent quite amount of time to read loads of the literature, to get to know about those unfamiliar academic area, which in return has increased my knowledge in it.

First of all, I would like to thank my research Prof. Rui Manuel Vinhas da Silva for supervising me and dedicating his time and effort on this project. Especially I am not finishing this dissertation in Lisbon, his open-minded and flexible regarding communication through email, and response in a very short time. Giving me a lot of confidence to get this dissertation done. Really appreciate your dedication, advice.

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## Abstract

In the international market, the country of origin exerts a very important impact on consumer behavior. At present, China's economy still maintained a relatively stable development, "made in China" break into people's daily lives all over the world. At present, China's trade exports to Portugal are also growing rapidly, and Chinese mobile phone brands such as Huawei, Xiaomi and OPPO also have entered the Portuguese mobile phone market in succession, and with sales increasing year by year. Based on the market survey of Portuguese consumers, this dissertation studies Portuguese consumers' perception and purchase intention towards Chinese brand mobile phone.

On the basis of combing the relevant theories with a survey of 260 Portuguese consumers, this dissertation discusses the perception of mobile phone brand from China by the Portuguese consumers and their purchase intention, as well as the relationship between perception and purchase intention. The data collected were analyzed by variance analysis, correlation analysis, regression analysis and other statistical methods. And the conclusion is as followed: Country of origin has impact on the perceived value of Portuguese consumers towards Chinese brand mobile phone and further influences their purchase intention. Even though it has been proven by research and methodologies that the consumers could evaluate all the intrinsic characteristics of mobile phone by experiencing it personally, however extrinsic cues such as Country of origin still plays an important role in their judgement. During the process of purchasing decision, functional value has mediation effects on Portuguese purchase intention. Compared with the lower income family and limited education people, the people from higher income family and with higher education background will be less likely been influenced by the Country of origin.

**Keywords:** Marketing, Country of origin, Perceived value, Purchase intention



## Resumo

No mercado internacional, o país de origem exerce um impacto muito grande no comportamento do consumidor. Atualmente, a economia da China ainda mantém um desenvolvimento relativamente estável, "made in China" invadir a vida diária das pessoas em todo o mundo. Atualmente, as exportações comerciais da China para Portugal também estão a crescer rapidamente, e marcas de telemóveis chinesas como Huawei, Xiaomi e OPPO também entraram sucessivamente no mercado português de telemóveis, com vendas a aumentar ano a ano. Com base no inquérito de mercado aos consumidores portugueses, esta dissertação estuda a perceção e intenção de compra dos consumidores portugueses relativamente ao telemóvel de marca chinesa.

Com base no cruzamento das teorias relevantes com um inquérito a 260 consumidores portugueses, esta dissertação aborda a perceção da marca de telemóvel da China pelos consumidores portugueses e a sua intenção de compra, bem como a relação entre a perceção e a intenção de compra. Os dados coletados foram analisados por análise de variância, análise de correlação, análise de regressão e outros métodos estatísticos. E a conclusão é a seguinte:

O país de origem tem impacto na perceção do valor dos consumidores portugueses em relação ao telemóvel de marca chinesa e influencia ainda mais a sua intenção de compra em relação a marcas de telemóvel chinesas. Embora tenha sido comprovado por pesquisas e metodologias que os consumidores podem avaliar todas as características intrínsecas do telemóvel experimentando-o pessoalmente, no entanto, pistas extrínsecas como COO (país de origem) ainda desempenham um papel importante em seu julgamento. Durante o processo de decisão de compra, o valor funcional tem efeitos de mediação na intenção de compra portuguesa. Em comparação com as pessoas com renda familiar mais baixa e com escolaridade limitada, as pessoas com renda familiar e escolaridade mais altas terão menos probabilidade de serem influenciadas pelo COO.

**Palavras-chave:** Marketing, País de origem, Valor percebido, Intenção de compra

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## **Chapter 1. Introduction**

With the increased of international trade, the study of country of origin(COO) is developed more and more in-depth. Schooler (1965) introduced country of origin into the field of consumer behavior. Subsequently, a large number of researches on the influence of the country of origin and the consumers' purchase intention appeared. And with the development of social economy, it has gradually become an important research in the field of international marketing. Therefore, in the international marketing area, country of origin is an intangible asset for the enterprises, and can be used as the competitive advantage in the global marketing. Although Portuguese market is not as big as the other major economies in the world, due to the mature telecom industry, and the welcome and less aggressive attitude towards foreign brands, it could be a good experiment target to conduct the analysis.

The scope of this study will be revealing the influence of country of origin effects on consumer's purchase intention towards mobile phone from China, specifically in the setting of Portugal.

After this introduction, the dissertation presents the literature review in Section 2, where I state and explain the previous studies of the country of origin, perceived value and purchase intention. Afterwards, according to the review and summary of the previous literature, this dissertation puts forward the conceptual model and hypothesis of the influence of COO on consumers' purchase intention. And the questionnaire is designed in order to collect the information in the dimensions of the variables such as the country of origin, perceived value and purchase intention. Followed by empirical analysis in Section 5, according to the needs of research purposes, SPSS20.0 and PROCESS3.0 were used to analyze the conceptual model and hypothesis. Lastly, is the conclusion and limitation of this dissertation. According to the results of empirical analysis in Section 5, the corresponding suggestions are put forward and the limitations and deficiencies of the research are analyzed

## Chapter 2. Literature Review

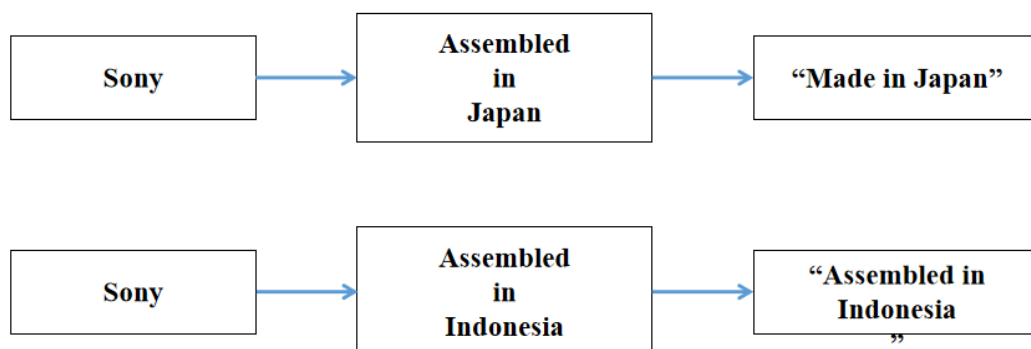
### 2.1 Country of-origin

The first time Dichter(1962) to put forward the "made in" would be a clue for consumers to decide whether or not to accept a product, especially when Schooler (1965) proposed the concept of Country of-Origin in his pioneering paper, which has soon draw lots of attention of many other scholars and set off a research upsurge.

In the study of Samiee (2011), today's economic globalization, more brands are jointly produced by multi-countries participating in parts assembly. In reality, it is difficult to attribute a product to a certain country. Papadopoulos (1993) proposed that the COO is further divided into "manufacturing place", "design place", "assembly place" and "nationality of manufacturer". Country of manufacture(COM) refers to the place where an enterprise manufactures a certain product, also known as source country. For example, multinational products such as Sony can distinguish between Made in Japan where it manufactured and Assembled in Indonesia where it has been assembled.

In sum, Country of-Origin (COO) is the home country of a product or an enterprise. It can also have called as Country of Manufacture, it indicates where the product is manufactured. Which can be confirmed by the “Made in...” on the product.

**Figure 1.1: Definition of Country of origin**



Source: Adapted from Baker and Michie (1995)

### 2.2 Country of-origin effect

In the underdeveloped international trade era, the production of an enterprises' products are mainly completed and sale in one country, it did not raised many attentions. But with the rapid development of the international trade, consumers will have different assessments on products from different countries.

Schooler (1965) was the first scholar to confirm the exist of the COO effect. Through the research of consumer evaluation of products in central and South American countries, he finds that there are some biases in the evaluation of products from different countries, and which leads to the conclusion that products from developed regions or countries are more welcomed by consumers. That is COO effects do exist, and it will have direct impact on consumers' cognition of products. Samli(1995) considered that the origin of the products play a decisive role in prompting information that if the products to be accepted by the market. Roth&Romeo(1992) defines COO effects as: stereotypes of consumers on a particular country. A study by Drozdenko and Jensen (2009) found that consumers are willing to pay higher prices for products from developed countries. The results supported by Parkvithee & Miranda(2012) that consumers concerned about which countries and where their products come from, and COO cue is taken into account when evaluating a product quality. Consumers symbolically use country of origin cues as associative links, the typical example like: France means fashion and design, Germany equals to technology and engineering, etc. Sohail, Sahin (2010). So in the process of making a buying decision, consumers consciously or unconsciously search the country of origin information and include it in their evaluation process (Henderson, Hoque, 2010).

Although the definitions above are not the same, they basically contain the meaning that the origin effect is an important information prompt that affects consumers' evaluation and attitude towards products and purchase intention. This paper argues that the country of origin effect refers to consumers' overall cognition of where the product is produced, which affects consumers' perceived quality, perceived value and then further affect their purchase intention.

### **2.2.1 The influencing factors of the COO effects**

While discussing the COO effect, the scholars also studied the influencing factors. Since the COO effect is based on the image of the COO, the influencing factors of the image of the COO will also affect the COO effect. Bannister and Saunders (1978), Agbonifoh and Elimimian(1999) both consider that the COO image will be influenced by the factors such as: politics, economics and the development level of technology etc. To sum up the researches on the influencing factors of COO effect, mainly focuses on the following aspects:

#### **1. The impact of prejudice hierarchy on product evaluation**

Prejudice hierarchy refers to that consumers will have different evaluations of national products with different levels of industrialization. This kind of prejudice not only existing in the countries with different development levels, but also existing in developed countries. Nagashima(1977) compares the brand cognition of the managers in industrial products

companies to each other. To see how the brand cognition differ among them on brands made in the United States, Japan, Germany, France and the United Kingdom, and came to the conclusion that the image of "made in America" is inferior to that of "made in Japan", while the Japanese firmly believe in the quality of Japanese product is the best. Cattin(1982) study the product evaluations of purchase managers in the United States and France, the conclusion is that the product evaluation of France, Germany and Japan is higher than that of developing countries. Seems like the level of product evaluation has a positive relationship with the level of economic development, the market has formed the inherent impression that brands from developed countries are better than those from developing countries.

## **2. The influence of consumer ethnocentrism on product evaluation**

The study from Han(1988) shows that under the same condition, consumers prefer the domestic products, and this phenomenon is called "consumer ethnocentrism". This kind of phenomenon will definitely affect consumers' evaluation of products or brands in different countries. The role of COO in ethnocentrism is that consumers believe that their domestic's products have a higher degree of trust and that they appreciate that products are made in their own country, including the positive impact on their economy. (Ling, D'Alessandro & Winzar, 2015). In the study of Balabanis & Diamantopoulos, ethnocentrism also has an impact on imported goods, with some consumers preferring products similar to their own.

## **3. The influence of demographic variables on product evaluation**

d'Astous and Ahmed(1993) analyze under the different degree of the involvement, how the COO effect influence product evaluation. He believes that demographic factors such as age, gender, education level, race and skin color will affect the COO effect. During the research, Greer(1971) finds that age will be an influencing factor on product evaluation. Tongberg(1972) supported his finding, older people speaks well of the foreign products than the younger people. Schooler(1971)and Dornoff(1974) find that the females giving higher rate on foreign products than the males does. But the paper of Domoff(1974) tells the opposite. He insists education level is the influencing variable of COO effect, but did not see gender has significant influence on COO effect. Schooler(1971), Domoff(1974) and Wang(1978) find that people with higher education level may give higher rate on foreign products than those with limited education. In terms of race, in the research of Schooler(1971) shows that nonwhite people from Nigeria, Latin America and India have higher evaluation on products than white people from the United States and North America; Wang (1978) found that nonwhite people have higher evaluation on products from Africa and Latin America than white people; generally speaking, people with higher income are more likely to accept foreign products than those with lower income.

#### **4. The influence of cultural differences on product evaluation**

A cross-cultural comparative study on the effect of COO shows that consumers' attitudes towards products from different countries vary greatly. Consumers in different countries have different perceptions on the products of the same country. For example, consumers in the United States and France have different opinions on the products produced in Germany, France or Japan. The former has higher positive evaluation than the latter. Tonberg (1972) found that consumers would give more positive evaluation to countries with similar cultural values or beliefs. Chinese scholar Wang Haizhong (2004) also found that under the same quality, Chinese consumers gave Japanese brands higher evaluation than European and American brands. The existence of such differences may be due to the different economic environment of different countries, or the degree of cross-border marketing activities the exporting countries organize, or influenced by the similarities and differences of consumers' beliefs between importing countries and product source countries, and the above differences are determined by cultural or political characteristics. Zeynep Guhan Canli and durairaj Maheswaran (2000) measured the impact of COO image on consumer evaluation products from two different cultural perspectives, individualism and collectivism. Through a survey of consumers in the United States and Japan, they found that in the context of individualism, only when domestic products are at least of the same quality as foreign products, will consumers give higher evaluation; if the products of two countries are of inferior quality, the evaluation will not be affected by the origin. In the context of collectivism, no matter whether the product is good or bad, as long as the domestic product and foreign product are homogeneous, the domestic product can get higher evaluation.

#### **5. The influence of cognitive risk on product evaluation**

The cognitive risk of the product will affect the product evaluation. First of all, for the same product, the cognitive risk of different countries is different. Hampton (1977) Li 'compared with the same product (made in the United States and made outside of the United States), it is found that, generally speaking, the risk of products manufactured abroad is higher, and only certain products are manufactured abroad with low risk. Hampton's research results show that the level of cognitive risk is inversely related to the degree of economic development. Therefore, products manufactured in the United States may be low-risk products, otherwise, if they are manufactured in low-level countries, they will become high-risk products. Secondly, Cordell (1992) found that due to the difference of cognitive risk among different product types, the influence of COO on different product types is not the same.

#### **6. The influence of product attributes on product evaluation**

Lillis and Naragana(1974), the research found that it is found that there are significant differences between different product attributes in terms of country of origin effect, that is, product attribute is an important variable affecting the effect of origin image. Zeithaml (1988) found that only when the intrinsic characteristic is an attribute that can be checked before purchase, can it have a significant impact on product evaluation. When product attributes are non-diagnostic, difficult to obtain in product evaluation, or need too much time or effort, extrinsic attributes become very important. According to Zeithaml (1988), the country of origin effect should be determined by the diagnosability and easy evaluation of product attribute information. Maheswaran (1994) supported the above conclusion, that is, when the product information provided to consumers is clear, consumers (experts) familiar with the product will not use the information of the country of origin to evaluate the product; but when the product information provided is vague, the product will be evaluated by the information of the country of-origin.

### **7. The influence of product knowledge on product evaluation**

Consumer's product knowledge, including consumer's familiarity with the product, product's professional knowledge and product's purchase experience (Alba & Hutchinson, 1987; Schmidt & Spreng, 1996) when consumers search for intrinsic and external clues, these knowledge will not only affect their search behavior, but also affect the process of information processing and decision-making (Alba & Hutchinson, 1987). Smith and Park (1992) found that when consumers have less knowledge of a certain kind of products, they have a higher perceived risk of purchase, and they will rely on brands. Therefore, it can be inferred that consumers' product knowledge will affect the role of brand and source country . Product knowledge is related to the awareness of consumers, and consumer understanding of the product or consumer confidence in the product (Lin Zhenzhen, 2005). The impact of product evaluation is explained from the perspective of product From the above discussion, it can be seen that theoretically, the more consumers know about the product, the less likely it is to use the clues of origin to evaluate products. As scholars Insch and McBride (2004) pointed out, if more product knowledge, especially more important clues, is introduced into the consumer decision-making process, the influence intensity of country of origin cues on consumer behavior will be reduced. Familiarity and product purchase experience.

### **8. Influence of product types on product evaluation**

The influence of the image of the country of origin on different types of products is different (kaynak and cavusgil, 1983; Han, 1989, etc.). Product category will restrict the influence of



origin effect on consumer product evaluation. (Eroglu&Machleit, 1989; Peterson&Jolibert, 1995). As Iyer & kalita (1997) mentioned in the research, consumers generally think that Japanese cars are better than France, while French wine is better than Japan; the quality of sports shoes and jackets in the United States is higher than that in Europe, while the quality of stereos and watches in Europe is higher than that in the United States.

It should be more sensitive. There are two reasons for this phenomenon. The first reason may be advertising, and the other reason may be that the risks of the two products are different. Kaynak and cavusgil studied the differences of the country of origin effect of different products, such as electronics, food, fashion goods and household goods. The conclusion is that Japanese brands have a high score in the field of electronic products, but a low score in the field of food, while France has a high score in the field of fashion products.

### **2.2.2 The formation mechanism of the COO effects**

The influence of the image of COO on consumers' purchase behavior has reached a consensus in both theoretical and academic circles. But how does the image of COO affect consumers' purchase decision. Is it a direct or indirect effect on consumers' cognitive process? Does it affect consumers' decision-making in different ways? The answers to these questions become the formation mechanism of the image effect of the COO. At present, there are several conceptual models in this area. The formation mechanism of the image effect of COO is as follows:

#### **1. The Halo effect**

Many scholars use halo effect to explain the formation mechanism of the image effect of COO. Among the them the research from Han(1988) has a widespread impact. He argued that the halo effect refers to a fact that when consumers are not familiar with the products from that country, then they turn to the perception of the country image, because they can not perceive the real quality of the products before purchase and using them. The image of the COO will be regarded as a kind of "halo" to infer the quality of the product, which will directly affect the attitude of consumers. The reason is that when consumers are not familiar with the attributes of foreign products, they tend to use indirect clues, such as the country of origin, to evaluate the brand and product attributes. In the halo effect model, the image of origin will affect consumers' beliefs about product attributes, and beliefs will affect their evaluation of brands or products. In other words, when facing unfamiliar products or brands, consumers tend to use the overall cognition of products to evaluate product attributes. There is a positive relationship between the image of origin and consumer beliefs.

## **2. Summary Construct model**

Different from halo effect, the premise of summary construct is that consumers are familiar with a country's products or brands, and they will abstract the image of the country from the product attributes, and then affect consumers' attitude towards products (Han, 1989). Obviously, the summary construct effects is based on consumers' cognition of the product attributes of a country or region. In the research of Johansson (1985), country of origin has been described as a shortcut to make a purchase decision, because consumers use it to simplify their evaluation. In addition, the summary construct effect can be actively applied to the evaluation of a country's products, and which has been associated with the overall national image (Park, Park & Dubinsky, 2011).

Under the influence of the summary construct effect, the experience of a country's product or brand will affect their belief, and then affect their cognition. The summary construct model has two meanings. First, contrary to the signal hypothesis, consumers abstract the product information into the image of the country of origin; second, the image of the country of origin directly affects consumers' evaluation of the country's products rather than indirectly through the product attributes.

### **2.3 Purchase intentions**

Consumers are a mirror of a company. Only when a company understands its consumers can it make a more suitable product for them. It is critical to all the business operations that deeply research in the factors which influence consumers purchase intentions and identify the key variable. The market planning and promotions are all based on the analysis, and an thorough analysis would definitely help company to optimize the limited resources, and continuously revise the distinguished mistakes in the past marketing strategy.

Dodds, Grewal and Monroe(1991) believe that purchase intention refers to the possibility that consumers plan to buy a certain product. Fishbein&Ajzen(2005) consider that whether consumers take specific actions against a certain object is determined by the intention of the person who takes the action. Another definition holds that purchase intention is the awareness of an individual trying to buy a brand (Shabbir, M. S., Kirmani, S., Iqbal, J., & Khan, B. 2009). Many research results show that consumers' purchase intention has a significant impact on the actual purchase behavior. For example, through the study of durable consumer goods, Armstrong(2000) shows that the intention of purchase is effective to predict the future purchase behavior of consumers. Morwitz(2007) has done a further research, which shows that consumers purchase intention and actual purchase behavior are more relevant in the following

situations: existing products are higher than new products, durable products are higher than non-durable products, short-term products are higher than long-term products, and specific products are higher than product categories. According to the researches, many marketers and scholars regard purchase intention as an important variable to predict consumers' actual purchase behavior.

In this paper, the purchase intention refers to the subjective ideas of consumers to purchase a specific product or brand. Some scholars divide the influencing factors into individual psychological factors and environmental factors, the others divide them into internal factors and external factors, and we also have some scholars divide them into cultural factors, psychological factors, social factors and personal factors, etc. According to the summary and induction of Chinese scholars Feng Jianying & Mu Weisong (2006), the influencing factors are listed below:

### **2.3.1 Consumer demographic profiles**

It is the most obvious variable for the market segment, there are huge differences between consumer demographic profiles. From the domestic and foreign literature on demographic profiles and consumer behavior, the demographic characteristics of consumers include gender, age, occupation, income, education level and geographical location; and the other demographic profiles are selected according to the research content and purpose, such as study the purchase intention of food will consider consumer's Study the purchase intention of food and consider the health status of consumers.

### **2.3.2 Intrinsic cues**

Intrinsic cues refer to the inherent properties of a product, such as quality, performance, reliability and durability etc. Different products emphasize different indicators, such as food products emphasize taste, nutritional quality, but automobile products will emphasize the lifetime of battery, the frequency of malfunction and other indicators. Intrinsic cues will be closely related to the use value of products. The reason why consumers make decision to purchase a product is that the products can meet their own needs, so the intrinsic cues of the products will exert impact on consumers' purchase intention directly. Chinese scholar Wu Liangjin et al. (2005) think that the factors that affect consumers' perceived value and their purchase intention can be divided into three categories: one of them is intrinsic cues. Through the research on the consumers behavior in retail industry, Babin(1995) finds out that attributes of the product itself is the major influencing factor to consumers purchase action. So the evaluation of product attributes is the most direct and main factor influencing consumers' purchase intention.

### **2.3.3 Extrinsic cues**

Extrinsic cues are a concept which relative to intrinsic cues, and it refers to those that cannot change the internal attributes of products and have nothing to do with their own attribute, such as price, brand image, assurance, reputation and country-of-origin etc. Wang Lifang(2005) study the impact of extrinsic cues on consumer purchase intention under the condition of information asymmetry. The study shows that due to the information missing between the buyer and the seller, the consumers does not fully understand the information of the seller's products. At this moment, the extrinsic cues like price, brand image, country-of-origin become important indicators to help consumers to evaluate the products and identify the quality and avoid the risks. Generally speaking, products with wider profile and good reputation have lower risks. Company can make some efforts on building up brand intangible assets to improve consumers purchase intention. It is generally accepted that price is the monetary expression of product quality and value, and there is a positive correlation between price and product quality and value. Economists believe that in the process of market transaction, price bearing the dual role of "information" and "distribution". It plays an role of information transmission and also reflects the redistribution of social resources. Consumers generally consider high price due to high production costs, and the price is the external performance of product quality to a certain extent.

### **2.3.4 The effect of environment**

The research on the influence of environmental factor on consumers' purchase intention has gone through the development process from single factor to overall environment. In the study of retail industry, Philip Kotler(1973) pointed out that just like price, advertisement, promotion and public relations, the environment consumers shopping in can be used as a powerful tool of marketing, shops can enhance the possibility of consumers' purchase by designing a suitable purchase atmosphere. Through empirical research, Shama et al. (1994) pointed out that store environment design, atmosphere and attitude of store staff will directly affect consumers' purchase intention. Bitner(1992) research about service environment, found that the atmosphere and environment have significant influences on consumers. During the entire shopping, consumers will form specific impression and make different evaluation to the product according to the environment and atmosphere they have been provided. So the shopping scene will greatly affect consumers' purchase intention and behavior.

### **2.3.5 Socio economic factors**

These factors mainly refer to macro environmental factors, such as political and legal, economic, cultural, natural environment, population, scientific and technological environment,

etc., which will affect consumers' expectations for the future, and then affect consumers' purchase intention.

## **2.4 Perceived Value**

Bradley T. Gale proposed in his empirical study that consumer value is the root of consumer purchase and consumer loyalty. He considers that consumers purchase decision based on the recognized value. Luo Jining (2002) pointed out that consumers often make purchase decisions based on their perceived value of goods. From the above discussion, we can see that perceived value is of great significance to enterprises, and has gradually become the focus of academic research. Zeithaml (1988) put forward the theory of consumer perceived value for the first time in an exploratory study, which had an important impact on the academic, and gradually has attracted many attentions on the study of consumer perceived value. He considers that perceived value is the consumer's overall evaluation of a product (or service) utility based on perceived gains and losses. The definition regards perceived value as the ratio or trade-off between the quality and price, that is, the conceptualization of cost performance. The concept contains two meanings: first, value is personalized, and different consumers perceive different values of the same product or service; second, value represents a trade-off between benefit and cost, and consumers will make purchase decisions according to their perceived value. Wang Gao (2004) believes that consumer perceived value is the trade-off between the total perceived benefits of the product or service purchased by the consumer and the total perceived cost of the product or service.

With the deepening of the research and investigation of customer perceived value, the concept is further refined and specific multi-dimensional indicators are gradually formed which are easy to measure. Woodruff and Flint (2002) divided perceived value into actual value and expected value. From the perspective of enterprises, the empirical study divides customer value into two dimensions: quality benefit and price cost. Aaker (2003) believes that consumption value includes functional value, emotional value and self-expression value. Sweeney and Soutar (2001) proposed four dimensions of perceived value, namely emotional value, social value, quality value and price value. Wang Yonggui (2005) divided customer value into four dimensions: functional value, emotional value, social value and perceived profit and loss.

## **2.5 The country of-origin effect on consumers' purchase intention**

The recent research on the influence of the country of origin on consumers' purchase intention still continues the multi clue thinking, linking the country of origin, country, product related attributes and the degree of consumer participation to explore the interaction between the

country of origin and the consumer's purchase intention. The information of country of origin is a combination of other information clues to consumers' purchase intention.

Most of the previous studies focused on the origin image and the country image respectively, but ignored their joint effect on consumer behavior. The recent survey on Chinese consumers' perception and evaluation of Canadian high-tech products shows that the two methods are combined in influencing consumers' purchase intention, which makes up for the deficiency of previous studies. Diamantopoulos (2011) conducted a study on the purchase intention of British consumers for American brands and Chinese brands based on the perspective of joint investigation of country of origin and brand image. It shows that when consumers buy products with high brand equity, but the brand comes from countries with low perception of country of origin, the good reputation of brand will promote consumers' perception of product quality, students love and purchase tendency. By investigating the interactive effects of the country of origin brand and personal product participation on the purchase intention of young consumers in Hong Kong, it is found that the country of origin brand can interfere with the purchase intention of consumers with lower level of purchase participation. VASSELLA (2010) found that the country of origin brand information plays a moderating role in the process of consumers' purchase intention with national superiority. The more specific and detailed the country of origin information is marked in the brand name, the stronger the influence of consumers' national superiority on their purchase intention. From a critical point of view, the consumers' perception of the country of origin does not depend on the consumers' perception of the country of origin and whether the consumers are sensitive to the information of the country of origin. From different perspectives, it points out the comprehensive mechanism of the country of origin information, consumer participation, consumer perception on consumer purchase intention and purchase decision. Recent studies on the role of the country of origin tend to build a multifactor comprehensive model and empirical test.

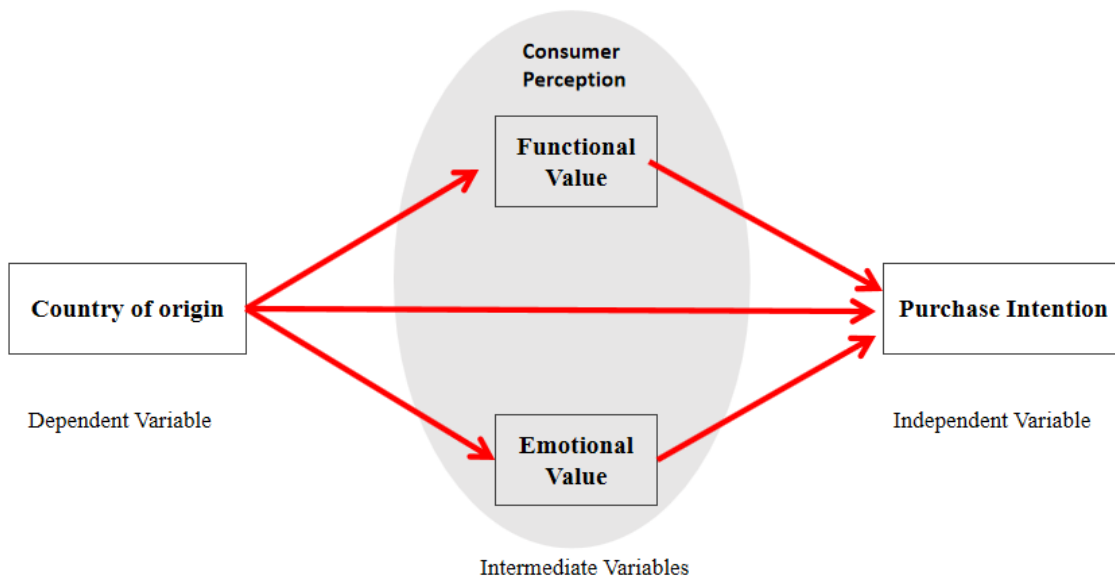
## Chapter 3. Conceptual Model and Hypotheses

### 3.1 Conceptual Model

From the previous literature review and summary, we can see that the research on the relationship between the country of origin and consumer purchase intention has made great progress. In the study of consumer purchase intention, Zeithamal (1988) proposed a consumer perceived value model, pointing out that the country of origin as an extrinsic cue will affect the perceived value, and the perceived value will further affect the consumer's purchase intention. Sweeney and Soutar (2001) studied which kind of consumption led to the change of purchase attitude and purchase behavior, we found that the Emotional Value consumers obtained from the product, the Functional Value of long-term running cost obtained from the product and the Functional Value obtained from the perceived quality and expected performance of the product. To sum up, consumers perceived value can be divided into 2 dimensions Functional Value and Emotional Value.

Therefore, based on the literature review, a proposed conceptual model as below (fig.2) to help us find out the relationship between country of origin and Portuguese consumer purchase intention towards mobile phone brand from China.

**Figure 3.1 Country of origin have influence on Portuguese purchase intention towards mobile phone brand from China**



Source: Authors' elaboration

The model is mainly consisting of the following variables:

First, the country of origin as an independent variable which has an impact on perceived value. Second, perceived value is an intermediate variable. The country of origin exert impact on perceived value, which is consisted of Functional Value and Emotional Value. And they are important criterion for consumers to evaluate or purchase products. Last, the output variable is purchase intention. The size of perceived value will affect purchase intention, and purchase intention can accurately predict consumer purchase behavior.

### **3.2 The Hypotheses**

Through the existing researches, generally speaking, a more developed countries come with a positive country-of-origin effect on product evaluations and consumer perceived value of the products (e.g. Gaedeke, 1973; Wall and Heslop, 1986; Papadopoulos, Heslop and Beracs, 1990), but the consumer has relatively negative value perception towards less developed countries (Krishnakumar, 1974; Khanna, 1986; Pappu, Quester and COOksey 2007). Based on the proposed model and the literature review above, following hypotheses have been raised below:

- H1: Country of origin has a significant positive effect on Portuguese consumers' purchase intention towards mobile phone brand from China**
- H2: Country of origin has a significant positive effect on Portuguese consumers' perception of Functional Value**
- H3: Country of origin has a significant positive effect on the perception of Emotional Value of Portuguese consumers**
- H4: The perception of Functional Value has a significant positive impact on Portuguese consumers' purchase intention towards mobile phone brand from China**
- H5: The perception of Emotional Value has a significant positive impact on Portuguese consumers' purchase intention towards mobile phone brand from China**
- H6: The perception of Functional Value has a significant mediating effect between the country of origin effect and the purchase intention of Portuguese consumers towards mobile phone brand from China**
- H7: The perception of Emotional Value has a significant mediating effect between the country of origin effect and the purchase intention of Portuguese consumers towards mobile phone brand from China**



## Chapter 4. Methodology

However, due to the limited amount of time and related conditions, the data mainly collects through online questionnaire. In terms of the sample size, the scale of sample size should meet certain requirements in order to do the factor analysis. For the general model, more than 200 sample size is appropriate. So, for this paper, a total number of 260 questionnaires were sent out online, and 224 usable responses were obtained. The data was collected from students, white collar worker, businessmen, uneducated people in Lisbon.

In order to evaluate the conceptual model proposed before, the questionnaires were designed. And to ensure the validity and reliability while being modified to fit the scope of this study, this survey adopted from the previous researches.

In terms of the Country of origin, the scale in Martin& Eroglu (1993) research is used to measure the factors of the country of origin, which will affect consumers' perception of the products towards a country. Specifically, the level of economic development, political level, industrialization level, living standard, technological level etc. Then, how well do Portuguese consumers know about China's politics, economy and Technology? Will their understanding of China affect their subsequent product perception and thus their purchase intention? We will get to the conclusion.

	<b>What do you know about China?(1-5)</b>
<b>Country of origin</b>	1. I think China has a high degree of political stability.
	2. I think China's marketization is highly stable.
	3. I think China has a high level of economic development.
	4. I think China has a high standard of living.
	5. I think China has a high degree of industrialization.
	6. I think China has a high level of science and technology.

In terms of the Functional Value and Emotional Value, which refers to the quality, performance of products and the emotional utility that consumers get from products or their brands respectively. The measurement items of product Functional Value adapt from the research of Nagashima(1970). The measurement items of products Emotional Value adapt from research of Li and Murray et al. (2000).

	<b>How would you perceive the Functional Value towards mobile phone brand from China(1-5)</b>
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<b>Perceived evaluation of the Functional Value</b>	1. The quality of Chinese mobile phone brand is stable.
	2. The Chinese mobile phone brand are very durable.
	3. The Chinese mobile phone brand have good performance and are trustworthy.

	<b>How would you perceive the Emotional Value towards mobile phone brand from China(1-5)</b>
<b>Perceived evaluation of the Emotional Value</b>	1. I like the Chinese mobile phone brand.
	2. The design of the Chinese mobile phone brand is very in line with my taste.
	3. The use of the Chinese mobile phone brand brings me some fun.

For the purchase intention, this paper defines it as the possibility of buying the brand and recommending it to others. Therefore, the measurement items of purchase intention is designed according to Ajzen and Fishbein (1980). And it consists of the 5-point Likert-scale questions (1 = Strongly Disagree and 5 = Strongly Agree) which enable respondents to express their level of agreement and select the best answer that suits them best.

	<b>Purchase Intention towards mobile phone brand from China (1-5)</b>
<b>Purchase Intention</b>	1. Would you consider the Chinese brand mobile phones your first choice?
	2. Would you prefer to buy a Chinese brand smartphone?
	3. Would you like to recommend someone else to buy?

The researcher's set of questionnaires is divided into five sections including the demographic information at the end.

<b>Demographic Information</b>	1. What is your gender?
	2. What is your age?
	3. What is your education level?
	4. Which of the following descriptions best fits your current social role?
	5. What is your family income

## Chapter 5. Analysis and Results

### 5.1 Sample Description

In this paper, the questionnaire is collected online, a total of 260 questionnaires were collected, 36 invalid questionnaires were excluded, and the final effective questionnaire was 224, and the effective rate of the questionnaire was 86.15%.

**Table 5.1: Descriptive Statistics of Samples**

Items	Categories	N	Percent (%)	Cumulative Percent (%)
Gender	male	122	54.46	54.46
	female	102	45.54	100
Age	18-24	25	11.16	11.16
	25-30	68	30.36	41.52
	31-35	75	33.48	75
	36-40	21	9.38	84.38
	41-45	28	12.5	96.88
	>46	7	3.13	100
Education Level	Senior High school and Below	38	16.96	16.96
	Undergraduate	101	45.09	62.05
	Postgraduate and above	85	37.95	100
Occupation	Government offices and schools	26	11.61	11.61
	enterprise	41	18.3	29.91
	student	157	70.09	100
Family Income	<€ 741	50	22.32	22.32
	€742-€1000	39	17.41	39.73
	€1001-€1500	45	20.09	59.82

	€1501-€2000	47	20.98	80.8
	€2001 以上	43	19.2	100

It can be concluding from the above table that total number of "male" accounts for the highest proportion of 54.46% in terms of sex. 45.54% of the respondents were female. In terms of age, more than 30% of the respondents were between "31-35", and 30.36% respondents were between age 25-30. In terms of educational level distribution, most of the samples are "undergraduate", accounting for 45.09%. In addition, the proportion of postgraduate and above was 37.95%. 70.09% of the respondents chose their occupation as "student". 22.32% of the respondent's family income less than €741.

## 5.2 Reliability

Reliability refers to the degree of consistency of the results when the same method is used to repeatedly measure the same thing. It is an index to test the quality of the questionnaire. In this study, Alpha reliability coefficient method was used to test the consistency between the scores of each item in the scale. The scale used in this study was calculated by SPSS 21.0 software.

### 5.2.1 Reliability analysis of Country of origin

Generally speaking, when the Alpha coefficient is higher than 0.7, the internal consistency is good. It can be seen from the above table 1 that the reliability coefficient is 0.716, which is greater than 0.7, indicating that the reliability quality of the research data is very good. For the "CITC value", because the corresponding CITC value of COO2 is less than 0.2, it shows that the relationship between COO2 and other analysis items is very weak, so it can be considered to delete. Because the CITC value of COO4 is less than 0.2, it shows that the relationship between COO4 and other analysis items is very weak, so it can be deleted. In conclusion, the reliability coefficient of the research data is higher than 0.7, which indicates that the reliability of the data is high and can be used for further analysis.

**Table 5.2: Reliability Statistics of Country of origin (Cronbach Alpha)**

Items	Corrected Item-Total Correlation(CITC)	Cronbach Alpha if Item Deleted	Cronbach $\alpha$
COO1	0.688	0.609	0.716
COO2	0.136	0.777	
COO3	0.7	0.603	
COO4	0.11	0.79	

COO5	0.661	0.616	
COO6	0.654	0.617	

### 5.2.2 Reliability analysis of Functional Value

From the table 3 below we know that the reliability coefficient is 0.651, greater than 0.6, which indicates that the reliability quality of the research data is acceptable. According to the " $\alpha$  coefficient of deleted items", the reliability coefficient will not increase significantly after any item is deleted, so it shows that the item should not be deleted.

**Table 5.3: Reliability Statistics of Functional Value (Cronbach Alpha)**

Items	Corrected Item-Total Correlation(CITC)	Cronbach Alpha if Item Deleted	Cronbach $\alpha$
FV1	0.47	0.541	0.651
FV2	0.381	0.657	
FV3	0.537	0.443	

### 5.2.3 Reliability analysis of Emotional Value

From the table 4 below we know that the reliability coefficient value is 0.632, which is greater than 0.6, indicating that the reliability quality of the research data is acceptable. According to the " $\alpha$  coefficient of deleted items", the reliability coefficient will not increase significantly after any item is deleted, so it shows that the item should not be deleted.

**Table 5.4: Reliability Statistics of Emotional Value (Cronbach Alpha)**

Items	Corrected Item-Total Correlation(CITC)	Cronbach Alpha if Item Deleted	Cronbach $\alpha$
EV1	0.402	0.587	0.632
EV2	0.444	0.53	
EV3	0.477	0.48	

### 5.2.4 Reliability analysis of Purchase Intention

From the table 5 below we know that the reliability coefficient value is 0.821, which is greater than 0.8, which indicates that the reliability quality of the research data is high. According to the " $\alpha$  coefficient of deleted items", the reliability coefficient will not increase significantly after any item is deleted, so it shows that the item should not be deleted.

**Table 5.5: Reliability Statistics of Purchase Intention (Cronbach Alpha)**

Items	Corrected Item-Total Correlation(CITC)	Cronbach Alpha if Item Deleted	Cronbach $\alpha$
PI1	0.691	0.739	0.821
PI2	0.66	0.769	
PI3	0.678	0.751	

### 5.3 Validity Testing

Validity usually refers to the validity and correctness of a measurement result, that is, how close the measurement result and the goal is. The more consistent the measurement result with the content to be investigated, the higher the validity; otherwise, the lower the validity. KMO value and Bartlett test were used to test. If KMO value is higher than 0.8, it indicates that it is very suitable for factor analysis; if the value is between 0.7 and 0.8, it is suitable for factor analysis; if the value is between 0.6 and 0.7, it means that factor analysis can be carried out; if the value is less than 0.6, it means that factor analysis is not suitable;

Factor analysis is used for information concentration research. Firstly, whether the research data is suitable for factor analysis is analyzed. It can be seen from the table below that KMO is 0.859, greater than 0.6, which meets the prerequisites of factor analysis, which means that the data can be used for factor analysis research. And the data passed Bartlett test ( $P < 0.05$ ), indicating that the research data is suitable for factor analysis.

**Table 5.6: KMO and Bartlett Test**

KMO		0.859
Bartlett test	Approx. Chi-Square	1253.753
	df	105
	p value	0

It can be seen from the table 7 : five factors are extracted from factor analysis, and the eigenvalue are all greater than 1. The variance interpretation rates of these five factors after rotation are 0.971%, 15.240%, 12.026%, 11.692%, 7.750%, respectively, and the cumulative variance interpretation rate after rotation is 67.679%.

**Table 5.7: Total Variance Explained**

Factor	Eigen values			% of variance (Initial)			% of variance (Rotated)		
	Eigen	% of Variance	Cum. % of Variance	Eigen	% of Variance	Cum. % of Variance	Eigen	% of Variance	Cum. % of Variance
1	5.129	34.194	34.194	5.129	34.194	34.194	3.146	20.971	20.971
2	1.634	10.896	45.09	1.634	10.896	45.09	2.286	15.24	36.211
3	1.268	8.453	53.543	1.268	8.453	53.543	1.804	12.026	48.238
4	1.108	7.384	60.927	1.108	7.384	60.927	1.754	11.692	59.93
5	1.013	6.752	67.679	1.013	6.752	67.679	1.162	7.75	67.679
6	0.908	6.051	73.73	-	-	-	-	-	-
7	0.74	4.934	78.664	-	-	-	-	-	-
8	0.637	4.246	82.91	-	-	-	-	-	-
9	0.594	3.962	86.872	-	-	-	-	-	-
10	0.462	3.077	89.949	-	-	-	-	-	-
11	0.398	2.657	92.606	-	-	-	-	-	-
12	0.337	2.249	94.855	-	-	-	-	-	-
13	0.305	2.033	96.888	-	-	-	-	-	-
14	0.25	1.665	98.554	-	-	-	-	-	-
15	0.217	1.446	100	-	-	-	-	-	-

In order to find out the corresponding relationship between factors and research items, the Maximal rotation of variance was used to rotate the data. The table 8 presents the information extraction of research items by factors and the corresponding relationship between factors and research items.

From the table below, it can be seen that the Communalities of all research items are higher than 0.5, which means that there is a strong correlation between research items and factors, and factors can effectively extract information. After ensuring the factor can extract most of the information of the research item, the corresponding relationship between the factor and the research item is analyzed. When the absolute value of the load factor is greater than 0.5, it means that the item and the factor has corresponding relationship.

**Table 5.8: Factor loading (Rotated)**

Items	Factor loading					Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	
COO1	<b>0.835</b>	0.171	0.197	0.147	0.055	0.79
COO2	0.09	-0.143	0.194	-0.044	<b>0.684</b>	0.536
COO3	<b>0.801</b>	0.187	0.234	0.206	0.071	0.779
COO4	0.014	0.121	-0.118	0.074	<b>0.789</b>	0.656
COO5	<b>0.811</b>	0.267	0.137	0.206	0.006	0.791
COO6	<b>0.798</b>	0.156	0.145	0.236	0.046	0.74
FV1	0.337	0.124	<b>0.638</b>	-0.046	0.161	0.564
FV2	0.022	0.105	<b>0.742</b>	0.24	0.051	0.623
FV3	0.309	0.174	<b>0.71</b>	-0.022	-0.11	0.643
EV1	0.122	0.132	0.329	<b>0.672</b>	-0.02	0.593
EV2	0.361	-0.036	-0.019	<b>0.648</b>	0.039	0.554
EV3	0.167	0.069	-0.032	<b>0.8</b>	0.018	0.674
PI1	0.185	<b>0.832</b>	0.132	0.071	0.023	0.749
PI2	0.14	<b>0.827</b>	0.137	0.031	0.066	0.728
PI3	0.256	<b>0.797</b>	0.104	0.072	-0.123	0.731

Through the analysis, COO2 and COO4 respectively become a factor, and can not be classified into a factor with other items, indicating that the two items have nothing to do with COO factor, so it is considered to delete them.

After deleting COO2 and COO4, we will do the factor analysis again. The results are as follows: the KMO is 0.870, greater than 0.6, which meets the premise requirements of factor analysis, which means that the data can be used for factor analysis. And the data passed Bartlett test ( $P < 0.05$ ), indicating that the research data is suitable for factor analysis. The results are as follows:



**Table 5.9: KMO and Bartlett Test**

KMO		0.87
Bartlett test	Approx. Chi-Square	1224.57
	df	78
	p value	0

Through the table below we know that four factors are extracted from factor analysis, and the eigenvalue are all greater than 1. The variance interpretation rates of these four factors after rotation are 23.655%, 17.626%, 14.038% and 13.640%, respectively, and the cumulative variance interpretation rate after rotation is 68.959%.

**Table 5.10: Total Variance Explained**

Factor	Eigen values			% of variance (Initial)			% of variance (Rotated)		
	Eigen	% of Variance	Cum. % of Variance	Eigen	% of Variance	Cum. % of Variance	Eigen	% of Variance	Cum. % of Variance
1	5.114	39.336	39.336	5.114	39.336	39.336	3.075	23.655	23.655
2	1.612	12.398	51.734	1.612	12.398	51.734	2.291	17.626	41.281
3	1.213	9.329	61.063	1.213	9.329	61.063	1.825	14.038	55.319
4	1.026	7.896	68.959	1.026	7.896	68.959	1.773	13.64	68.959
5	0.751	5.774	74.733	-	-	-	-	-	-
6	0.644	4.957	79.69	-	-	-	-	-	-
7	0.626	4.814	84.504	-	-	-	-	-	-
8	0.476	3.66	88.164	-	-	-	-	-	-
9	0.407	3.127	91.291	-	-	-	-	-	-
10	0.351	2.703	93.994	-	-	-	-	-	-
11	0.307	2.36	96.354	-	-	-	-	-	-
12	0.254	1.954	98.308	-	-	-	-	-	-
13	0.22	1.692	100	-	-	-	-	-	-

Through the table 11 that the attribution of factors is relatively good, so COO1, COO3, COO5, COO6 are combined into factor COO, FV1, FV2, FV3 are combined into factor FV,

EV1, EV2, EV3 are combined into factor EV, and PI1, PI2 and PI3 are combined into factor PI.

**Table 5.11: Factor loading (Rotated)**

Items	Factor loading				Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	
COO1	0.832	0.168	0.225	0.148	0.793
COO3	0.795	0.199	0.238	0.218	0.776
COO5	0.803	0.282	0.139	0.216	0.79
COO6	0.796	0.157	0.164	0.239	0.742
FV1	0.338	0.103	0.669	-0.044	0.574
FV2	0.008	0.105	0.736	0.255	0.618
FV3	0.285	0.164	0.738	-0.02	0.654
EV1	0.107	0.15	0.302	0.687	0.596
EV2	0.361	-0.027	-0.03	0.653	0.558
EV3	0.168	0.057	-0.02	0.79	0.656
PI1	0.177	0.835	0.133	0.073	0.752
PI2	0.135	0.835	0.128	0.037	0.733
PI3	0.239	0.806	0.104	0.073	0.723

#### 5.4 Descriptive Analysis

This part mainly uses SPSS 20 software to describe and analyze the sample data.

**Table 5.12: Descriptive Analysis**

Items	N	Min	Max	Mean	Std. Deviation	Median	Kurtosis	Skewness
COO	224	1	5	3.321	1.01	3.5	-0.69	-0.464
FV	224	1	5	3.1	0.831	3.167	-0.506	-0.14
EV	224	1	5	3.018	0.754	3	-0.667	-0.119
PI	224	1	5	2.949	1.147	3	-1.191	0.037

It can be summarized from the results that there is no missing value in the sample, and the mean value is greater than the standard deviation, indicating that the fluctuation of data is relatively small. Secondly, the absolute value of skewness is less than 3 and the absolute value

of kurtosis is less than 10, which indicates that the sample can be accepted as the basic normal distribution. The next analysis can be carried out effectively.

In terms of the average value, the average level of PI is the lowest, indicating that the purchase intention is not strong, and it is in the lower middle level. And the emotional value is also at a low level, indicating that the emotional value is not high. Overall, the overall level is only at the medium level.

### 5.5 Correlation Analysis

Correlation analysis is used to study the relationship between quantitative data, to find out whether there is a relationship, and the degree of closeness, etc.; Firstly, is to see if there is a significant relationship between Purchase Intention and Country of origin; Secondly the correlation is positive or negative, and the degree of closeness can be explained by the size of correlation coefficient. In this paper, correlation analysis was used to study the correlation between Purchase Intention and Emotional Value, Functional Value and Country of origin. And Pearson correlation coefficient was used to express the strength of the correlation. Specific analysis shows that: the correlation coefficients of Purchase Intention and Emotional Value, Functional Value and COO were 0.223, 0.360 and 0.454 respectively, and the correlation coefficient values were greater than 0, indicating that there was a positive correlation between Purchase Intention and Emotional Value, Functional Value and Country of origin.:

**Table 5.13: Pearson Correlation Results of the variables**

		PI	EV	FV	COO
PI	Coefficient	1			
	p value				
EV	Coefficient	0.223**	1		
	p value	0.001			
FV	Coefficient	0.360**	0.277**	1	
	p value	0	0		
COO	Coefficient	0.454**	0.492**	0.492**	1
	p value	0	0	0	

## 5.6 Regression Analysis

### 5.6.1 The Influence of COO on PI

Take COO, gender, age, education level, family income, occupation\_ Enterprise, occupation\_Student as independent variable and PI as dependent variable for linear regression analysis, the results as follow:

**Table 5.14: Regression analysis of the influence of COO on PI**

Dependent Variable: PI	Unstandardized Coefficients		Standardized Coefficients	t	p	VIF
	B	Std. Error	Beta			
Constant	0.611	0.376	-	1.625	0.106	-
COO	0.509	0.076	0.448	6.653	0.000**	1.283
Gender	0.266	0.137	0.116	1.941	0.054	1.006
Age	0.019	0.054	0.021	0.348	0.728	1.015
Education Level	0.114	0.1	0.071	1.147	0.252	1.08
Family Income	-0.029	0.053	-0.036	-0.538	0.591	1.243
Occupation_enterprise	0.195	0.257	0.066	0.76	0.448	2.135
Occupation_student	0.35	0.217	0.14	1.614	0.108	2.135
R <sup>2</sup>	0.236					
Adj R <sup>2</sup>	0.211					
F	F (7,216)=9.519,p=0.000					

As can be seen from the above table, the R-square value of the model is 0.236, which means COO, gender, age, education level, family income and occupation\_Enterprise, occupation\_Student can explain the reason for 23.6% change of PI. When the model was tested by F test, it was found that the model passed F test ( $F = 9.519$ ,  $P = 0.000 < 0.05$ ), which indicated also indicated that at least one of the item (gender, age, education level, family income, Occupation\_ Enterprise, Occupation\_ student) will affect PI, and the model formula is:  $PI = 0.611 + 0.509 * COO + 0.266 * gender + 0.019 * age + 0.114 * education\ level - 0.029 * family\ income + 0.195 * Occupation\_ Enterprise + 0.350 * Occupation\_ student$ . The regression coefficient of COO was 0.509 ( $t = 6.653$ ,  $P = 0.000 < 0.01$ ), indicating that COO had a significant positive effect on PI.

## 5.6.2 The Influence of COO on Functional Value and Emotional Value

### 1. Functional Value

Take COO, gender, age, education level, family income, occupation\_ Enterprise, occupation\_Student as independent variable and Functional Value as dependent variable for linear regression analysis.

**Table 5.15: Regression for the influence of COO on FV**

Dependent Variable: FV	Unstandardized Coefficients		Standardized Coefficients	t	p	VIF
	B	Std. Error	Beta			
Constant	1.444	0.261	-	5.54	0.000**	-
COO	0.339	0.053	0.412	6.395	0.000**	1.283
Gender	-0.208	0.095	-0.125	-2.189	0.030*	1.006
Age	-0.01	0.037	-0.016	-0.276	0.783	1.015
Education Level	0.127	0.069	0.109	1.838	0.067	1.08
Family Income	0.086	0.037	0.148	2.336	0.020*	1.243
Occupation_enterprise	-0.002	0.178	-0.001	-0.014	0.989	2.135
Occupation_student	0.195	0.151	0.108	1.294	0.197	2.135
R <sup>2</sup>	0.3					
Adj R <sup>2</sup>	0.278					
F	F (7,216)=13.250, p=0.000					

As can be seen from the above table, the R-square value of the model was 0.300, and the model passed the F-test ( $F = 13.250$ ,  $P = 0.000 < 0.05$ ). The formula of the model was:  $FV = 1.444 + 0.339 * COO - 0.208 * gender - 0.010 * age + 0.127 * education\ level + 0.086 * family\ income - 0.002 * occupation\_Enterprise + 0.195 * occupation\_Student$ .

The regression coefficient of COO was 0.339 ( $t = 6.395$ ,  $P = 0.000 < 0.01$ ), which indicated that COO has a significant positive effect on FV. The regression coefficient of gender was -0.208 ( $t = -2.189$ ,  $P = 0.030 < 0.05$ ), which means that gender has a significant negative impact on FV. The regression coefficient of family income is 0.086 ( $t = 2.336$ ,  $P = 0.020 < 0.05$ ), which means that family income has a significant positive impact on FV.

### 2. Emotional Value

Then go on to COO, gender, age, education level, family income, occupation\_Enterprise, occupation\_Student as independent variable and 2. Emotional Value as dependent variable for linear regression analysis.

**Table 5.16: Regression for the effect of COO on EV**

Dependent Variable: EV	Unstandardized Coefficients		Standardized Coefficients	t	p	VIF
	B	Std. Error	Beta			
Constant	1.662	0.239	-	6.942	0.000**	-
COO	0.328	0.049	0.439	6.731	0.000**	1.283
Gender	0.013	0.087	0.008	0.145	0.885	1.006
Age	0.035	0.034	0.059	1.01	0.314	1.015
Education Level	0.09	0.063	0.085	1.422	0.157	1.08
Family Income	0.038	0.034	0.071	1.112	0.267	1.243
Occupation_enterprise	0.058	0.164	0.03	0.354	0.724	2.135
Occupation_student	-0.234	0.138	-0.142	-1.69	0.092	2.135
R <sup>2</sup>	0.282					
Adj R <sup>2</sup>	0.259					
F	F (7,216)=12.139,p=0.000					

As can be seen from the table 5.16, the R-square value of the model was 0.282. The model passed the F-test ( $F = 12.139$ ,  $P = 0.000 < 0.05$ ). The model formula was:  $EV = 1.662 + 0.328 * COO + 0.013 * gender + 0.035 * age + 0.090 * education\ level + 0.038 * family\ income + 0.058 * occupation\_Enterprise - 0.234 * occupation\_Student$ .

The regression coefficient of COO was 0.328 ( $t = 6.731$ ,  $P = 0.000 < 0.01$ ), which indicated that COO had a significant positive effect on EV.

### 5.6.3 The combined effect of COO, Functional Value and Emotional Value on PI

Take COO, Functional Value and Emotional Value, gender, age, education level, family income, occupation\_Enterprise, occupation\_Student as an independent variable and PI as a dependent variable for linear regression analysis. As can be seen from the table 5.17, the R-square value of the model is 0.263. When the F-test is conducted on the model, it is found that the model passes the F-test ( $F = 8.469$ ,  $P = 0.000 < 0.05$ ). The model formula is:  $PI = 0.222 +$

0.417 \* COO + 0.270 \* fv-0.001 \* EV + 0.322 \* gender + 0.022 \* age + 0.080 \* education level - 0.052 \* family income + 0.196 \*occupation\_Enterprise + 0.297 \*occupation\_Student.

The regression coefficient of COO was 0.417 (t = 4.711, P = 0.000 < 0.01), which indicated that COO had a significant positive effect on PI. The regression coefficient of FV is 0.270 (t = 2.789, P = 0.006 < 0.01), which means that FV will have a significant positive effect on PI. The regression coefficient of EV was -0.001 (t = -0.010, P = 0.992 > 0.05), which means that EV has no effect on PI. The regression coefficient of gender was 0.322 (t = 2.357, P = 0.019 < 0.05), which means that gender has a significant positive impact on PI.

**Table 5.17: Regression for the influence of COO, FV, EV combined on PI**

Dependent Variable: PI	Unstandardized Coefficients		Standardized Coefficients	t	p	VIF
	B	Std. Error	Beta			
Constant	0.222	0.43	-	0.516	0.606	-
COO	0.417	0.089	0.368	4.711	0.000**	1.768
FV	0.27	0.097	0.196	2.789	0.006**	1.434
EV	-0.001	0.106	-0.001	-0.01	0.992	1.397
Gender	0.322	0.137	0.14	2.357	0.019*	1.029
Age	0.022	0.053	0.024	0.405	0.686	1.02
Education Level	0.08	0.099	0.05	0.805	0.422	1.106
Family Income	-0.052	0.053	-0.065	-0.974	0.331	1.28
Occupation_enterprise	0.196	0.254	0.066	0.772	0.441	2.136
Occupation_student	0.297	0.217	0.119	1.373	0.171	2.182
R <sup>2</sup>	0.263					
Adj R <sup>2</sup>	0.232					
F	F (9,214)=8.469,p=0.000					

### 5.7 Mediating effects

The mediating effects can be divided into three types of regression models. First, the first type of regression model is to construct the regression model of independent variable COO and dependent variable PI; then the second type of regression model is to construct the regression model of independent variable COO and intermediate variable FV and EV; the third type of

regression model is to construct the regression model of independent variable COO and intermediate variable FV and EV together with dependent variable PI;

From the previous analysis we know that it should include 4 models below:

- $PI = 0.611 + 0.266 * \text{gender} + 0.019 * \text{age} + 0.114 * \text{education level} - 0.029 * \text{family income} + 0.350 * \text{occupation\_Student} + 0.195 * \text{occupation\_Enterprise} + 0.509 * \text{COO}$

- $FV = 1.444 - 0.208 * \text{gender} - 0.010 * \text{age} + 0.127 * \text{education level} + 0.086 * \text{family income} + 0.195 * \text{occupation\_Student} - 0.002 * \text{occupation\_Enterprise} + 0.339 * \text{COO}$

- $EV = 1.662 + 0.013 * \text{gender} + 0.035 * \text{age} + 0.090 * \text{education level} + 0.038 * \text{family income} - 0.234 * \text{occupation\_Student} + 0.058 * \text{occupation\_Enterprise} + 0.328 * \text{COO}$

- $PI = 0.222 + 0.322 * \text{gender} + 0.022 * \text{age} + 0.080 * \text{education level} - 0.052 * \text{family income} + 0.297 * \text{occupation\_Student} + 0.196 * \text{occupation\_Enterprise} + 0.417 * \text{COO} + 0.270 * \text{FV} - 0.001 * \text{EV}$

There are six related indicators involved in the study of mediating effect:

1. c represents the regression coefficient of COO to PI, which is the total effect;
2. a represents the regression coefficient of COO to FV and EV; b represents the regression coefficient of EV and FV to PI, and then a \* b is the intermediary effect;
3. 95% BootCI represents the 95% confidence interval calculated by bootstrap sampling. If the interval does not include 0, then the result is significant;
4. c' represents the regression coefficient of COO to PI, which is the direct effect;
5. If a and b are significant and c' is not significant, it is a full mediation;
6. If a and b are significant, and c is significant, and a \* b is the same as c', it is a p partial mediation;
7. If a and b are significant, and c is significant, and a \* b is different from c' , it is masking effects;
8. If at least one of a or b is not significant, and 95% BootCI of a \* b includes the number 0, then the mediating effect is not significant;
9. If at least one of a or b is not significant, and 95% BootCI of a \* b does not include the number 0, and c' is not significant, then it is a full mediation;
10. If at least one of a or b is not significant, and 95% BootCI of a \* b does not include the number 0, and c is significant, and a \* b and c' are the same, then it is a partial mediation;
11. If at least one of a or b is not significant, and 95% BootCI of a \* b does not include the number 0, and c is significant, and a \* b and c' are the different, then it is masking effect;



The testing results are as follows:

**Table 5.18: Summary of Mediating Effect Size Results**

Items	c Total Effect	a	b	a*b mediating effect	a*b (95% BootCI)	c' direct effect	Conclusion
COO=>FV=>PI	0.509**	0.339**	0.270**	0.092	0.017 ~ 0.153	0.417**	partial mediation
COO=>EV=>PI	0.509**	0.328**	-0.001	0	-0.071 ~ 0.064	0.417**	mediating effect was not significant

After completing the mediating effect test, we can further analyze the effect amount (effect proportion) First, if it is a full mediation, the effect is 100%; Second, if it is a partial intermediary, the formula of effect proportion is  $a * B / C$ ; Third, if it is the masking effect, the effect amount is the ratio of the intermediary effect and the direct effect, and the calculation formula is:  $| a * B / C |$ ; Fourth, if the mediating effect is not significant, then the proportion of the effect is 0%.

The results are as follows:

**Table 5.19: Effect Proportion Summary**

Items	Results	c Total effect	a*b mediation effects	c' direct effect	Formula of effect proportion	Effect proportion
COO=>FV=>PI	partial mediation	0.509	0.092	0.417	$a * b / c$	18.024%
COO=>EV=>PI	mediating effects was not significant	0.509	0	0.417	-	0%

The results show that FV play a significant mediating role in the process of COO influencing PI, and FV is a partial mediator. EV plays no significant mediating role in the process of COO influencing PI.

## 5.8 Hypotheses Testing

According to the analysis of this paper, the hypothesis is verified as below:

**Table 5.20: Hypotheses Testing**

<b>Hypothesis</b>	<b>Test</b>
H1: Country of origin has a significant positive effect on Portuguese consumers' purchase intention towards mobile phone brand from China	TRUE
H2: Country of origin has a significant positive effect on Portuguese consumers' perception of Functional Value	TRUE
H3: Country of origin has a significant positive effect on the perception of Emotional Value of Portuguese consumers	TRUE
H4: The perception of Functional Value has a significant positive impact on Portuguese consumers' purchase intention towards mobile phone brand from China	TRUE
H5: The perception of Emotional Value has a significant positive impact on Portuguese consumers' purchase intention towards mobile phone brand from China	FALSE
H6: The perception of Functional Value has a significant mediating effect between the country of origin effect and the purchase intention of Portuguese consumers towards mobile phone brand from China	TRUE
H7: The perception of Emotional Value has a significant mediating effect between the country of origin effect and the purchase intention of Portuguese consumers towards mobile phone brand from China	FALSE

## **Chapter 6. Conclusion**

The measures for country of origin, functional value, emotional value and purchase intention were subjected to an item analysis. Through the previous analysis, we can answer the research questions that country of origin does have impact on the perceived value of Portuguese consumers towards Chinese brand mobile phone and further influences their purchase intention towards Chinese mobile phone brand. Even though it has been proven by research and methodologies that the consumers could evaluate all the intrinsic characteristics of mobile phone by experiencing it personally, however extrinsic cues such as COO still plays an important role in their judgement. But as we can see in the regression result that the impact of COO is not at a very high level. The research is consistent with Schooler(1971), Domoff(1974) and Wang(1978). In the setting of Portugal, compared with the lower family income and limited education people, the people with higher family income and education will be less likely been influenced by the COO. And the findings conformed with Heilmreich(2009), functional value associate with mobile phone purchase intention.

### **6.1 Limitations**

This dissertation focuses on the influence of the country of origin on consumers' purchase intention towards mobile phone brand from China. The empirical study shows that the country of origin effect will affect Portuguese consumers' functional and emotional perception of products, and then further affect mobile phone purchase intention. However, many problems and investigation methods need to be further studied. the scope of the sample and the sampling method may affect the depth of the study. Especially when utilized empirical research methods to analyze the data, we need to have sufficient and heterogeneous samples as a guarantee. Generally speaking, the larger the sample size, the stronger the heterogeneity of the sample, and the higher the applicability of the conclusion. In this study, the sample selected only in Lisbon area, which cannot reflect the differences of perception of different consumers in different regions of the Portugal.

### **6.2 Future Research**

With the development of global economic integration, the research on the country of origin on consumer purchase intention will gradually deepen. The research of this dissertation can be further expanded by introduce the dynamic factors of country of origin into the consumer purchase intention model. This dissertation studies the influence of the COO on consumers' purchase intention from a static perspective, and the dynamic is an important feature of the COO.



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## Appendix:

### Appendix A Questionnaires

#### A Questionnaire of the influence of the country of origin on consumers' purchase intention towards Chinese brand mobile phone

Dear sir/madam,

First of all, thank you for spending time filling in the questionnaire in your busy schedule. We are conducting a study on the impact of the country of origin on Portuguese consumers' purchase intention, and would like to know your opinions. There is no right or wrong to all the following questions. The key is to express your true feelings. So please fill in the answers carefully, which will help us to carry out our research work.

Notice: This survey is only used for academic research. We guarantee that your answers will be kept confidential. Thank you for your cooperation.

1. Have you ever bought or learned about any mobile phone brands from China?

- Yes
- No

2. What do you know about China? (1-5)

	<b>Totally Agree 5</b>	<b>Agree 4</b>	<b>Neutral 3</b>	<b>Disagree 2</b>	<b>Totally Agree 1</b>
I think China has a high degree of political stability.					
I think China's marketization is highly stable.					
I think China has a high level of economic development.					
I think China has a high standard of living.					

I think China has a high degree of industrialization.					
I think China has a high level of science and technology.					

3. How would you perceive the Functional Value towards mobile phone brands from China?  
(1-5)

	<b>Totally Agree</b> <b>5</b>	<b>Agree</b> <b>4</b>	<b>Neutral</b> <b>3</b>	<b>Disagree</b> <b>2</b>	<b>Totally Agree</b> <b>1</b>
The quality of Chinese mobile phone brand is stable.					
The Chinese mobile phone brand are very durable.					
The Chinese mobile phone brand have good performance and are trustworthy.					

4. How would you perceive the Emotional Value towards mobile phone brand from China? (1-5)

	<b>Totally Agree</b> <b>5</b>	<b>Agree</b> <b>4</b>	<b>Neutral</b> <b>3</b>	<b>Disagree</b> <b>2</b>	<b>Totally Agree</b> <b>1</b>
I like the Chinese mobile phone brand.					
The design of the Chinese mobile phone brand is very in line with my taste.					
The use of the Chinese mobile phone brand brings me some fun.					

5. How would you rate your degree of willingness to buy a Chinese brand mobile phone?

(1-5)

	<b>Totally Agree 5</b>	<b>Agree 4</b>	<b>Neutral 3</b>	<b>Disagree 2</b>	<b>Totally Agree 1</b>
Would you consider the Chinese brand mobile phones your first choice?					
Would you prefer to buy a Chinese brand mobile phone?					
Would you like to recommend someone else to buy?					

6. What is your gender?

- Male
- Female

7. What is your age?

- 18-24
- 25-30
- 31-35
- 16-40
- 41-45
- 46 above

8. What is your education level?

- High school or below
- Bachelor
- Master or above

9. Which of the following descriptions best fits your current social role?

- Enterprise employee
- Student
- Others

10. What is your family income?

- €741 or below
- €742 - €1000
- €1001 - €1500
- €1501 - €2000
- €2001 or above