

## **Bilateral Effects of Pro-China Ads of Multinational Brands: A Win-win or a Trade-off Situation?<sup>1</sup>**

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**Abstract:** Multinational brands sometimes tailor localized content in their ads, more and more ads target their emphasis on pro-China sentiment in Chinese market. These brands may either adopt traditional Chinese element, show respect to China or advocate favorable emotions directly. This research aimed to examine the bilateral effects of these pro-China ads: How would Chinese consumers react to brands using such ads? And on the other side, what would be the reactions from brand origins' domestic consumers who share the same country origin with the brand? Based on consumer-brand associations and brand relationship perspective, we proposed consumers reactions and latent mechanism behind and tested our hypotheses through a set of cross-cultural experiments. The results showed that when a target brand adopts pro-China ads, Chinese consumers react with more positive attitudes and behavior intentions, while brand origins' domestic consumers revealed lower level of trust, intimacy and behavior intentions. Moreover, competitors' adoption of such ads would also affect Chinese and domestic consumers' reactions. Specifically, when competitors are of different origin from target brand, domestic consumers attributed target brand's adoption of pro-China ads to environmental factors such as competition. Compared with pure exposure of target brand's pro-China ads, domestic consumers showed increase in trust and behavior intentions towards target brand.

**Key words:** Localized Advertising; National Sentiment; Brand Relationship; Self Connections

### **1 Introduction**

With increasing trends of globalization in marketing and branding, how to establish a stable, effective relationship between brand and customers has become an important issue in international business. Many multinational corporations adopted localized advertising strategy in their marketing practice in China. For example, they may incorporate Chinese cultural elements in ads' appeals, such as Coca-Cola used windmill, dragon kites, Chinese ink painting in its ads. They may also show respects to Chinese local consumers, such as KFC's slogan "Change for China". Or, they may directly express positive feelings to China, such as Samsung's slogan "Loving China". Here, we considered all these three type of ads which try to express intimacy to Chinese local consumers as "pro-China ads".

The purpose for using pro-China ads is to enhance brand relationship with Chinese consumers. However, the effects of such pro-China ads as localized communication strategy are

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unexplored. Multinational corporations need to consider two issues: Firstly, how would Chinese consumers react to these pro-China ads? Secondly, domestic consumers, who are of the same country origin with international brand, may have exposure to these pro-China ads. How would the domestic consumers react? For example, Samsung, which is originated from Korean, appeared on its advertising poster a red heart shape with the slogan "Loving China". For Chinese consumers, how would this advertising poster influence their brand relationship with Samsung? On the other hand, if the domestic Korean consumers are exposed to this advertising poster, how would they react from brand relationship perspective? Facing increasing adoption of pro-China ads in marketing practice, we are interested in two questions: 1) What are consumers' reactions to these pro-China ads, from both Chinese and domestic consumers' perspectives; 2) What is the underlying mechanism behind consumers' reactions.

Some studies have considered the adoption of pro-China ads by Chinese brands. One marketing communication strategy commonly used by Chinese brands is emphasizing on national sentiment. Some typical example includes MengNiu's "Milk make Chinese stronger", Wahaha's "Chinese's own Coke" and Haier's "Created in China". These ads put emphasis on national sense of belonging, national sentiment and recognition in Chinese domestic products (Zhuang et al. 2006). Some researchers explored the effect of national sentiment on consumers' preference on brands as well as attitudes towards using Chinese brands. The findings indicated that national sentiment played a role in consumers' attitudes and behaviors towards Chinese brands. For example, within some specific product categories the role of national sentiment is important. However, national sentiment does not play a decisive role. There are other factors that influencing consumers' preference on Chinese brands, such as product quality and country image of brand origin (Wang and Zhao 2004; Zhou and Hui 2003). Also, consumers' individual characteristics, including ethnocentrism, animosity and national-brand consciousness, may also influence their attitudes. Take national-brand consciousness as an example, in some crucial product categories, Chinese consumers have a strong preference to Chinese brands rather than foreign ones, even though the Chinese brands are inferior in brands recognition and prices (Roth and Romeo 1992; Watson and Wright 2000).

However, few literatures have explored the effect of pro-China ads adopted by foreign multinational brands. Findings in Chinese brands' pro-China ads can hardly be used to infer the effect of ads when adopted by international brands. On one hand, the mechanism behind Chinese brands' pro-China ads is the shared belonging between consumers and brands. When foreign international brands adopted pro-China ads, Chinese consumers may perceive and attribute not in the same way as Chinese brand, and therefore react differently. On the other hand, few studies have shown how domestic consumers from international brand's country of origin would react. Could the brand's strategy gain support and understanding from domestic consumers, or the strategy would backfire from contradiction between pro-China ads and domestic consumers' ethnocentrism? Therefore, in this paper, we explored the bilateral effects of pro-China ads adopted by international brands, as well as the psychological mechanism behind consumers' reactions.

Facing the same pro-China ads appeal, such as Samsung's slogan "Loving China", it is intuitive to expect that Chinese consumers and domestic consumers may react in quite different way. The underlying mechanism leading to the differences lies in two aspects: Chinese consumer and domestic consumers, on one hand, would have different perceptions and attribution towards the ads. For instance, Chinese consumers may perceive the pro-China ads as a marketing strategy

intended to get close to local consumers; while Korean consumers may consider the slogan contradictory to their deep-rooted values such as being loyal and patriotic to Korea. On the other hand, these two groups of consumers have established different type of brand relationship with Samsung. For Korean consumers, Samsung has stronger self-associations, representing a large proportion of common characteristics with consumers on both brand personality and its symbolic values. Samsung, as a result, may be considered as an in-group relationship partner. Contradicted to Korean consumer, Chinese consumers may consider Samsung more as a foreign friend, which is an out-group relationship partner. In analyzing the consumer-brand relationship, we adopted Fournier's perspective, which draws analogy of consumer-brand relationship to inter-personal relationship. Inter-personal perspective of consumer-brand relationship takes dynamic interactions between consumers and brands into consideration, and can help us to capture the dynamic characteristics of relationship when consumers exposed to pro-China ads.

In summary, our research tried to identify both Chinese and international brand origin's domestic consumers' reactions to pro-China ads and the psychological mechanism behind. Specifically, there are two questions that we concern: 1) Facing pro-China appeals in international brand's ads, how would Chinese and brand origin's domestic consumers react, respectively? 2) When competitors adopt similar pro-China communication strategy, whether the effect of pro-China ads would change? This article's structure is as follows: Firstly, we reviewed literatures in localized communication strategy, consumer self-brand associations and brand relationship. We then analyzed the difference in two groups' reactions and proposed the reason behind. Thirdly, we designed four groups of experiment to test our hypothesis and discussed experiment results. Finally, we discussed the limitation in this article and future research directions.

## **2 Literature Review**

### **2.1 Consumer Self-brand Associations**

The consumption or ownership of a certain brand can satisfy consumers' psychological demand, including building, enhancing or expressing their self concepts (Belk 1988). Consumers not only care about functional values that brands bring, but also the psychological meaning that brands carry: brand meaning, through which brands bond with consumers' self concept. For example, when Korean consumers are exposed to Samsung cell phone, they would not only consider the utility of product attributes, but also perceive the brand meanings of Samsung: such Samsung is a well-known national corporation, national-product and loving Korea. The brand meanings behind Samsung brand highly associate with Korean consumers' social concepts, such as national belonging.

A lot of literatures discussed how consumers form self-brand associations. One stream of researchers considered self-brand associations from the consistency between brand meaning and established consumer self-concept. The association between self-concept and brand may come from ownership or usage of a certain brand (Ball and Tasaki 1992), such as consumers who want to emphasize on unique personality may be more likely to purchase Apple brand. Also, the association may be a result of reference group, which is a stable, consistent perception of a brand's typical consumers (Escalas 2004; Escalas and Bettman 2003). For a brand with stable and consistent reference group, the positive bonds between consumers and brand's reference group, such as admire or belonging feeling, may be transformed into positive connections between consumers and brand. For instance, Samsung's reference group is Korean local consumers. The

connection between Korean consumers and Samsung can be formed by the national belonging feeling. Another stream of researchers, however, proposed that consumers perceive brands as a relationship partner. And their perception and attribution of the relationship are based on inter-personal social rules (Aaker et al. 2004; Aggarwal 2004; Fournier 1998). Basically, consumers would perceive brand as a relationship partner and merge the brand into his social self concepts. This idea is consistent with the literature which proposed that social partner can be incorporated as a part of self concepts (Cross and Madson 1997). As Cross et. al showed in their research, consumers would incorporate “important others” like close friends into their self concepts (Cross et al. 2000). Moreover, the social self concepts are more important to people in collectivism culture rather than in the individualism one. The collective consumer would depict themselves more with shared characteristics and values with their important social partners. Such idea can be extended to brand relationship in a way that: brands, as social partners, can be perceived as “important others” and incorporated into consumers’ self concept.

In our research, we consider consumers' perceptions of self-brand association are based on judgment on their relationship with reference group. This is consistent with the stream of brand relationship studies, which proposed consumers would treat brand as social partners. In global marketing context, we consider consumers who are from country of origin of the brand may establish strong self-brand association. This is because by perceiving brand as a partner, domestic consumers would perceive the brand as an in-group partner since they feel close with brands' reference consumer and share common characteristics. The idea of brand as a social partner can also explained Escalas et. al's reference group explanation. Consumers' perception of brand's reference group can be considered as antecedent to anthropomorphic of brands, for one instance they may incorporated their attitudes and emotions to reference group into perception of brand. Following previous Samsung example, the reference group of Samsung is massive Korean people. Consumers may use personality and their evaluation of Korean people to construct the personality of Samsung and brand relationship. In this research, we considered reference group as an important source for consumers to perceive brand partners. Considering the pair of relationships, consumers and reference group as well as brands and reference group, consumers may perceive brand as an in-group or out-group relationship partner. According to social exchange theory (Emerson 1976), whether one perceive its partner as an in-group or out-group member depend on the common features between one and the partner. Taking the Samsung example, compared with Chinese consumers, Korean consumers have more common features with Samsung in country of origin, culture, national sentiment and values. They may therefore perceive it as an in-group social partner. For Chinese consumers, however, Samsung is a out-group social partner. In summary, the perspective of brand anthropomorphic can also explain the effect of reference group on self-brand association. For brands with reference group which consumers like or feel belongs to, consumers may build strong self-brand associations and perceive it as an in-group social partner. On contrary, for the brand with unfamiliar reference group, consumers may have weak self-brand associations and perceive it as an out-group partner.

Here, an important problem is, when brand's ads appeals are not consistent with in-group members' attributes or values, how would consumers react? Escalas and Bettman proposed that the self-brand association of in-group consumers would be weakened when brand's appeals connect with out-group members. From brand as a relationship partner perspective, as connections between brand and out-group members become stronger, it is less likely for consumers to perceive

the brand as an in-group partner. Samsung's slogan "Loving China" may decrease the strength of self-brand association with domestic Korean consumers, and therefore, influence the characteristic and strength of the brand relationship between Samsung and Korean consumers.

## **2.2 Brand Relationship Theory**

Social interaction theories of how in-group and out-group members interact can be applied to explain consumers' reactions to brands' communication strategies and resulting change in brand relationship. Previous literatures regarding brand relationship have examined two aspects: brand relationship quality and brand relationship norm. Along with increasing exploration in brand relationship, some researchers intended to apply interpersonal theories on demonstration of brand relationship strength and characteristics (Aaker et al. 2004; Aggarwal 2004; Fournier 1998). Some other researchers tried to identify factors influencing self-brand association, including brand personality (Aaker 1997), relationship norm (Aaker et al. 2004), reference group (Escalas and Bettman 2005) etc. As mentioned in literature review on consumers' self-brand association, we would adopt the perspective of treating brand as a social partner. Under this perspective, consumers may perceive brand as either in-group or out-group members, therefore build brand relationship with various strength and norms. The difference in brand relationship may lead to consumers' heterogeneous reactions to pro-China ads. To explore this question, we first reviewed two relationship norms when treating brand as a social partner: communal and exchange relationships, as well as their effect on information processing, brand attitudes and behaviors. We also summarized emotional dimensions in brand relationship strength, and chose trust and intimacy as two dimensions related with consumers' emotions.

### **2.2.1 Emotional Dimensions in Brand Relationship Strength**

Fournier, adopting brand as relationship partner view, proposed the concept of brand relationship quality, which includes love and passion, dependency, self association, personal commitment, intimacy and partner quality these six dimensions (Fournier 1998). Among these dimensions, love and passion and intimacy are built on consumers' emotional foundations. Based on Fournier's relationship quality concept, Aaker, Fournier and Brasel proposed brand relationship strength, which represents the degree of intimacy between consumers and brand. They indicated that satisfaction, commitment, intimacy and self associations constructed relationship strength, among which intimacy and self association were two dimensions that related with emotional reactions (Aaker et al. 2004). Overall speaking, the emotion-related dimensions proposed by researchers are: love and passion, intimacy and self associations. Considering overlap between love and intimacy (Bengtsson 2003) as well as self association and self-brand association, we only adopted intimacy as the first emotion-related dimension. According to interpersonal relationship theories, there are basically two components in intimacy: one is understanding of relationship partner through information appeals; the other is positive psychological feelings towards relationship partner, such as positive emotions (Helgeson et al. 1987). In our research, we focused more on the latter component, and defined intimacy as consumers' positive feeling towards brand.

Another dimension related with consumers' emotional aspect is trust. Previous studies pointed out that trust is a fundamental in brand relationship strength (Blackston 2003; Fournier 1998). As Chaudhuri and Holbrook demonstrated that the trust consumers had on a brand can enhance brand relationship (Chaudhuri and Holbrook 2001). Specifically, trust can be rooted on both cognition and

emotion. McAllister (McAllister 1995) identified interpersonal trust as cognition-based trust and emotion-based trust. Such identification can be extended into examination of consumer-brand relationship: on one hand, trust may be based on cognitive evaluation of products, including judgment on brand reliability and ability to realize commitment; on the other hand, trust can also take emotion aspect as a base, such as taking care of each other.

Chinese researchers have also explored brand relationship scales which are adapted to local culture. He (He 2006) developed Chinese brand relationship quality (CBRQ) scale, which included six dimensions under Chinese culture: trust, dependency, commitment, self association, social value expression as well as due emotions and real emotions. In Chinese brand relationship quality scale, there are two dimension which related with emotional aspects: the first one is due emotions and real emotions. Real emotions are some rooted from deep heart such as love and passion; while due emotions are rooted in responsibility, for example, ethnocentrism. Real emotions and due emotions are not necessarily two completely independent component (He and Lu 2007). The second emotion-related dimension is trust. Trust plays more crucial role of interpersonal interactions in eastern culture, and is defined with broader meaning. Trust not only include reliability and ability to realize commitment, but also “act as spoke”, honesty and kindness to in-group members (He 2006). In summary, due emotions and real emotions overlap with intimacy dimension. Because both due and real emotions evoke feeling of intimacy, though differ in motivation behind the emotion. Moreover, from trust aspect, our research specified trust as honesty and reliability judgment. Addition to trust and intimacy summarized from literatures, we also considered consumers’ behavioral intentions towards brand, including purchase and recommendation intention.

### **2.2.2 Brand Relationship Norms**

Interpersonal relationship theories indicated that people followed certain social rules in social interactions, in order to guide their behavior and provide evaluation criterions on relationships. Clark and Mill (Clark and Mils 1993) proposed two type of social norms that guide people’s benefit trading behavior: exchange norm and communal corm. People often use exchange norm to guide their relationship with unfamiliar out-group members. According to the exchange norm, people would anticipate returns that are equivalent to pays from their relationship partner. However, they would use communal norms to guide relationship with familiar in-group partners, and emphasize on shared benefits and goals. Based on interpersonal social norm theory, Aggarwal (Aggarwal 2004) considered a brand as a social relationship partner, and relationship norm would further guide consumer’ evaluations and behaviors towards the brand. That is, marketing communication strategies such as pro-China ads appeals, would be evaluated according to brand relationship norm. The relationship norm is influenced by whether the brand is perceived as in-group or out-group member. People are more likely to build communal relationship norm with in-group partners rather than out-group ones. Follow the analogy of brand relationships to interpersonal relationship, the brand being perceived as in-group member would share communal relationship norm, such as Korean consumers and Samsung; while the ones perceived as out0group partners, like Chinese consumers and Samsung, would follow exchange relationship norm.

Similar to interpersonal relationship norms, communal and exchange norms affect consumers’ information processing, attitudes and behaviors. In information processing, consumers in different relationship norm would choose different information processing strategies:

consumers who are in communal norms would process information in an abstract strategy, while those who are in exchange norms would adopt more concrete processing way (Aggarwal and Law 2005). In the aspect of attitudes and behaviors, consumers follow two distinct norms would evaluate and judge the brand quite differently. Generally, consumers in communal relationship have stronger relationship strength than those in exchange relationship, and therefore evaluate brand more positively (Aggarwal 2004).

Moreover, when brand conducted strategies that are contradicted to social norms, consumers in different relationship norm would react differently towards the transgression: For consumers in communal relationship with brand, transgression of communal norm would reduce consumers' evaluation; however, for consumers in exchange relationship with brand, transgression of exchange norm would not lead to decrease in evaluation. Aggarwal reviewed service recovery literatures and analyzed brand relationship from attribution perspective. The underlying mechanism behind this asymmetric effect of transgression lies in guilty and distribution justice theory (Smith et al. 1999; Tax et al. 1998). For the brand shared communal relationship with consumers, the transgression lead to consumers perception of destroying the cornerstone of this relationship. Thus, satisfaction and self-brand association would be decreased. In addition, Aggarwal pointed out that the mediation variable is the perceived degree of transgression (Aggarwal 2004).

### **3 Hypotheses**

This article mainly discussed when facing international brand's pro-China ads appeals, how Chinese consumers and brand origin's domestic consumers react. Based on literature reviews, we summarized three factors that lead to different reactions by Chinese and brand origin's domestic consumer: 1) The brand relationship strengths established before exposure to pro-China ads are different between the two groups. Regardless of ads appeals, Chinese consumers and brand origin's domestic consumers have different degree in brand-self association. Thus, they established different type of relationship with the brand, and this may further lead to how they react to pro-China ads; 2) the perceived degree of transgression and the effect of transgression on consumers' reactions are different between Chinese consumers and brand origin's domestic consumers; 3) when international brand and its competitors both adopted pro-China ads appeals, competitors may provide new piece of information for attribution. Consumers' attribution of pro-China appeals would be changed after being provided with additional information (Crittenden and Wiley 1980; Mizerski 1978), thus affect consumers' reaction to the brand. Based literature review on above three factors, we proposed following hypotheses:

#### **3.1 Consumer Self-brand Association and Brand Relationship**

Consumer self-brand association refers to perceived tightness between brand meaning and consumers' self concepts. If consumers share more common features with brand, or have close bond with brand's reference group, the self-brand association between consumers and brands are stronger. Self-brand association is not only one dimension to measure brand relationship quality, but also has influence on relationship norm between consumers and brand. From brand as a social partner perspective, self-brand association would also influence consumers' anthropomorphic perception of brand, for instance, whether or not perceive the brand as an in-group member. Related with marketing practice, for a particular international brand, its origin's domestic consumers tend to have more features in common and feel belonging to its reference group. The

self-brand association between domestic consumers and brand, therefore, is stronger than that between Chinese consumers and brand. Compared with Chinese consumers, brand origin's domestic consumers would perceive the brand as an in-group social partner, with whom they follow communal relationship norm and stronger strength. This further implies that domestic consumers may have higher evaluation on emotional aspect of the relationship as well as more positive behavioral intention. Based on the analysis above, we proposed the first set of hypothesis:

**H1a:** When absent to pro-China advertising appeals, international brand origin's domestic consumers have higher degree of trust compared with Chinese consumers;

**H1b:** When absent to pro-China advertising appeals, international brand origin's domestic consumers have higher degree of intimacy compared with Chinese consumers;

**H1c:** When absent to pro-China advertising appeals, international brand origin's domestic consumers have higher degree of positive behavioral intention compared with Chinese consumers;

### **3.2 Adoption of Pro-China Ads and Brand Relationship**

When exposed to international brand's pro-China advertising appeals, brand origin's domestic consumers and Chinese consumers show different reactions and psychological mechanism. For brand origin's domestic consumers, the ads appeals emphasizing on loving other countries contradict with core values in communal relationship such as loyalty. Moreover, as mentioned in previous literature review regards relationship norms, the acts of transgression to communal relationship would reduce consumers' evaluation and positive behavioral intentions towards the brand. This further indicated that brand origin's domestic consumers would lead to decrease in evaluation and positive behavioral intentions. For Chinese consumers, however, the act of transgression to exchange relationship would not necessarily lead to negative outcomes, though pro-China ads appeals violate exchange norms. This is consistent with the asymmetric effect of transgression in communal and exchange relationships. As Aggarwal mentioned, for consumers in exchange relationship with brand, brand's acting according to communal norms would actually improve consumers' evaluation on the brands. Based on the analysis above, we further proposed the second set of hypothesis

**H2a:** When exposed to pro-China advertising appeals, the trust from international brand origin's domestic consumers would be reduced; while the trust from Chinese consumers would be improved;

**H2b:** When exposed to pro-China advertising appeals, the intimacy from international brand origin's domestic consumers would be reduced; while the intimacy from Chinese consumers would be improved;

**H2c:** When exposed to pro-China advertising appeals, the positive behavioral intention from international brand origin's domestic consumers would be reduced; while the positive behavioral intention from Chinese consumers would be improved;

### **3.3 Competitor's Adoption of Pro-China Ads and Brand Relationship**

Competitor's adoption of pro-China appeals can serve as an information cue, which influence how consumers attributed the appeals and judgment on transgressions. Interpersonal relationship theories suggested, people's attribution of partner's acts relied on environmental cues, which help people assign proper attribution to the acts. Relating interpersonal relationship theories to marketing practice, the phenomenon that a brand and its competitor both adopt pro-China appeals is pervasive. Competitor brand's adoption of pro-China appeals may influence consumers' reaction and judgment on pro-China ads. However, it is important to take competitor's country

origin into concern. On one hand, if the competitor is of the same origin with the brand, domestic consumers would attribute competitor's acts to inner causes, the same as with the international brand alone. This is because both competitor and the brand are perceived as in-group members, and there is no additional cue for consumers' to change their attribution. Also, same analysis can be applied on Chinese consumer. Based on above analysis, we proposed the third set of hypothesis:

**H3a:** When competitors from same origin adopt pro-China appeals, both domestic and Chinese consumers' trust on the brand would remain the same, compared with the situation that the brand adopt pro-China appeals alone;

**H3b:** When competitors from same origin adopt pro-China appeals, both domestic and Chinese consumers' intimacy on the brand would remain the same, compared with the situation that the brand adopt pro-China appeals alone;

**H3c:** When competitors from same origin adopt pro-China appeals, both domestic and Chinese consumers' positive behavioral intention on the brand would remain the same, compared with the situation that the brand adopt pro-China appeals alone;

On the other hand, if competitor is of different origin from the brand, consumers' reactions maybe changed. For brand origin's domestic consumers, competitors' action provide a cue to attribute the adoption of pro-China appeals to outside reasons, such as pressure from competition. This would lead to increase in evaluation from domestic consumers. For Chinese consumers, they also changed their attribution to outside causes, such as market expansion. Since the outer attribution accords with established exchange relationship with the brand, the evaluation from Chinese consumers would not decrease if competitor uses the same strategy. Based on above analysis, we proposed the fourth set of hypothesis:

**H4a:** When competitors from different origin adopt pro-China appeals, compared with the situation that the brand adopts pro-China appeals alone, domestic consumers' trust would increase and Chinese consumers' trust would remain the same;

**H4b:** When competitors from different origin adopt pro-China appeals, compared with the situation that the brand adopts pro-China appeals alone, domestic consumers' intimacy would increase and Chinese consumers' intimacy would remain the same;

**H4c:** When competitors from different origin adopt pro-China appeals, compared with the situation that the brand adopts pro-China appeals alone, domestic consumers' positive behavioral intention would increase and Chinese consumers' positive behavioral intention would remain the same;

## **4 Methods**

### **4.1 Subjects and Stimulus**

To examine our hypotheses, we conducted a cross-cultural study. Korean international brand was selected as stimulus, and Korean and Chinese consumers were selected as research subjects. The reasons for select Korean brand and consumers in the research lie in: first of all, Korean and Chinese consumers have similar cultural and economic background. They also have little difference in multicultural competence or ethnocentrism. In pretest, the average score in ethnocentrism, on a 1-5 scale, is 2.87 (standard deviation 1.17) for Korean consumers and 3.06 for Chinese consumers (standard deviation 1.00). Using two-tail T-test, the difference between Korean and Chinese consumers is not significant ( $t$ -value=0.18,  $p$ -value=0.43). There is no animosity

between these two countries. Negative emotions such as animosity can be a confounding variable in the experiment. Secondly, there is some brands which are considered as Korean national product, such as LG and Samsung, representing the image and spirit of Korea. Finally, Korean national brand also possess high brand recognition in international market, especially in Chinese market.

We sampled 120 university students in Beijing and Seoul respectively, and collected 211 valid observations. The response rate is 87.92%. In the research, we recruited students who volunteer to participate in the experiment and paid with subject reward. After reading introduction to the experiment, subjects were exposed to four advertising posters as experiment stimulus. Then their evaluation and behavioral intentions towards target brand were collected. At the end of the questionnaire, we also included demographic information such as gender and age.

Specifically, we selected Samsung's (from Korea) poster with the slogan "Loving China" as international target brand stimulus, LG's (from Korea) poster with the slogan "Cheers for China" as same-origin competitor stimulus and Adidas' (from U.S.), Panasonic's (from Japan) Olympic posters as different-origin competitor stimulus. All these posters were actually used by the brand in 2008. The reasons we selected real advertising stimulus are: Consumers are highly familiar with these ads; and also, the appeals in actual ads campaign are less likely to contradict with established brand image or previous campaigns.

#### 4.2 Experimental Design and Measurement

To examine the effect of international brand's pro-China ads, we designed four groups of experiments according with subtraction law: 1) Control group. In this group, we exposed four poster pictures that are neutral and without brand name to subjects. Control group is to measure domestic (Korean) consumers and Chinese consumers' evaluation on the target brand (Samsung); 2) Experiment group 1: Subjects in group1 were exposed to three neutral Samsung posters and one "Loving China" poster, in order to measure both Korean and Chinese consumers' reactions to Samsung pro-China ad alone; 3) Experiment group 2: we exposed to subjects in group 2 with two neutral posters from Samsung and LG, one Samsung "Loving China" poster and one LG "Cheers for China" poster; 4) Experiment group 3: we showed four pro-China poster from four brands: Samsung "Loving China", LG "Cheers for China", Adidas "Together 2008" and Panasonic "Cheers for Chinese athletes". The summary of four-group design is shown in Table1. In addition, it is important to note that the neutral posters were edited from actual posters, by shielding the brand logo and slogans carrying pro-China appeals. We used between-subject design in the research. Among all valid questionnaires, each group has at least 21 Chinese consumers and 30 Korean consumers.

**Table 1 Experimental Design**

	Control	Experiment1	Experiment2	Experiment3
Neutral	√	√	√	-
Samsung pro-China	-	√	√	√
LG pro-China	-	-	√	√
Adidas pro-China	-	-	-	√
Panasonic pro-China	-	-	-	√

We randomly assign subjects to one of the four groups and measured their attitudes and

behavioral intention on target brand Samsung on 1-5 scales. To measure intimacy, we adopted intimacy items in Brand Relationship Quality Scale by Aaker (Aaker et al. 2004), and measured the fun and interest a brand brings to its consumers (Cronbach's alpha=0.900). To measure trust, we referred to related items in trust dimension from Chaudhuri and Holbrook (Chaudhuri and Holbrook 2001) and He (He 2006), and measured consumers' perception on trustworthy, reliability and honesty (Cronbach's alpha=0.953). To measure behavioral intentions, we asked purchase intention and recommendation intention, as referred to previous marketing literatures (Cronbach's alpha=0.939).

## **5 Results**

### **5.1 Consumer Self-brand Association and Brand Relationship**

In control group, both Korean and Chinese subjects are exposed to four neutral posters without pro-China appeals or any brand name. Subjects were then asked to evaluate Samsung, and the result showed that:

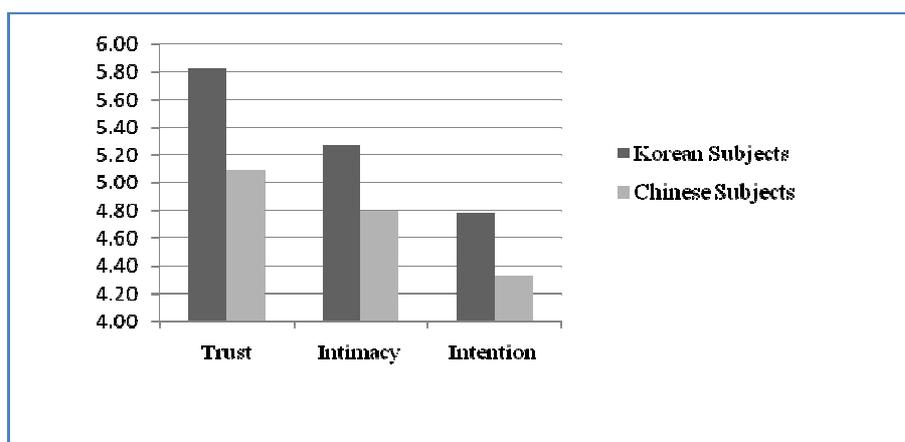
1) In brand trust aspect, the average evaluation on trust is 5.82 for Korean subjects (standard deviation 1.33) and 5.09 for Chinese subjects (standard deviation 0.81). Using two-tail T-test, the difference in trust between Korean and Chinese subjects is significant under 0.05 level (t-value=3.456, p-value=0.001). Compared with Chinese subjects, Korean subjects have a significant higher degree of trust. This result supports H1a;

2) In brand intimacy aspect, the average evaluation on intimacy is 5.27 for Korean subjects (standard deviation 1.00) and 4.80 for Chinese subjects (standard deviation 1.10). Using two-tail T-test, the difference in intimacy between Korean and Chinese subjects is significant under 0.05 level (t-value=2.348, p-value=0.023). Compared with Chinese subjects, Korean subjects have a significant higher degree of intimacy. This result supports H1b;

3) In behavioral intention aspect, the average evaluation on behavioral intention is 4.79 for Korean subjects (standard deviation 1.06) and 4.33 for Chinese subjects (standard deviation 1.02). Using two-tail T-test, the difference in behavioral intention between Korean and Chinese subjects is significant under 0.05 level (t-value=1.833, p-value=0.033). Compared with Chinese subjects, Korean subjects have a significant more positive behavioral intention. This result supports H1c.

In summary, when subjects were absent to pro-China appeals, the differences in attitude and behavioral intention between Korean and Chinese consumers are shown in Figure 1:

**Figure 1 Comparison between Korean and Chinese consumers in Control Group**



## **5.2 Adoption of Pro-China Ads and Brand Relationship**

In order to examine the effect of pro-China appeals on consumer's reaction, in this part we compared evaluation in control group and experiment group1. Compared with control group, experiment group1 differs in one more Samsung poster using pro-China appeals "Loving China". The results showed that:

1) In brand trust aspect, Korean subjects' average trust evaluation is 5.82 in control group (standard deviation 1.33), and 5.15 in experiment group1 (standard deviation 1.20). Using two-tail T-test, the difference in trust from Korean subjects between experiment group1 and control group is significant under 0.05 level ( $t$ -value=2.748,  $p$ -value=0.008). Korean subjects' trust in Samsung is reduced when exposed to pro-China poster. For Chinese subjects, the average trust evaluation is 5.09 in control group (standard deviation 0.81), and 5.40 in experiment group1 (standard deviation 0.75). Using two-tail T-test, the difference in trust from Chinese subjects between experiment group1 and control group is significant under 0.05 level ( $t$ -value=2.086,  $p$ -value=0.042). Chinese subjects' trust in Samsung is improved when exposed to pro-China poster. Integrating the change in trust from both Korean and Chinese subjects, H2a is supported;

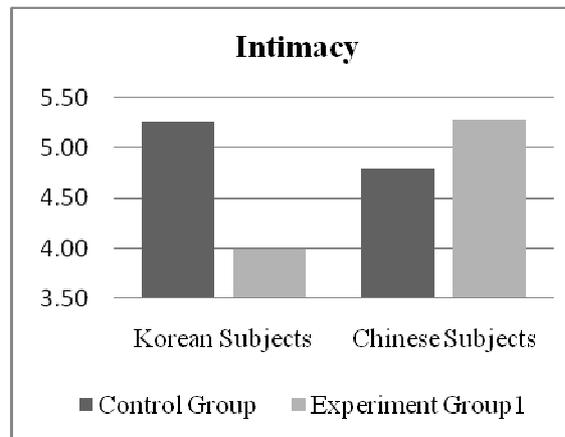
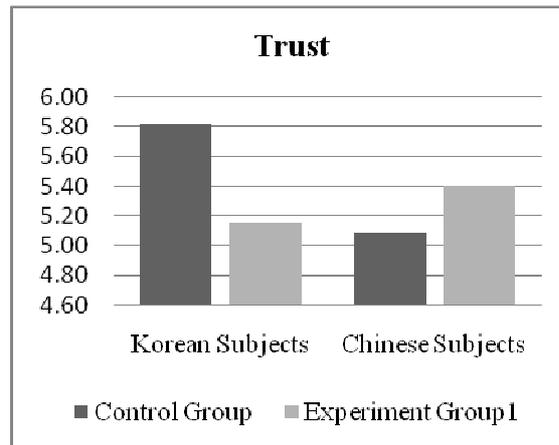
2) In brand intimacy aspect, Korean subjects' average intimacy evaluation is 5.27 in control group (standard deviation 1.00), and 4.00 in experiment group1 (standard deviation 1.04). Using two-tail T-test, the difference in intimacy from Korean subjects between experiment group1 and control group is significant under 0.05 level ( $t$ -value=6.468,  $p$ -value=0.000). Korean subjects' intimacy in Samsung is reduced when exposed to pro-China poster. For Chinese subjects, the average intimacy evaluation is 4.80 in control group (standard deviation 1.10), and 5.27 in experiment group1 (standard deviation 1.24). Using two-tail T-test, the difference in intimacy from Chinese subjects between experiment group1 and control group is significant under 0.05 level ( $t$ -value=2.116,  $p$ -value=0.039). Chinese subjects' intimacy in Samsung is improved when exposed to pro-China poster. Integrating the change in intimacy from both Korean and Chinese subjects, H2b is supported;

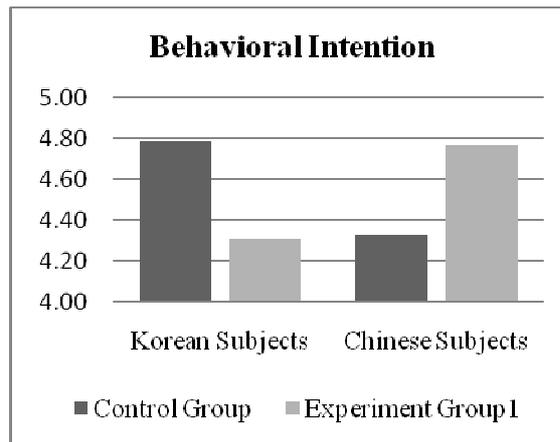
3) In behavioral intention aspect, Korean subjects' average behavioral intention evaluation is 4.79 in control group (standard deviation 1.06), and 4.31 in experiment group1 (standard deviation 1.08). Using two-tail T-test, the difference in behavioral intention from Korean subjects between experiment group1 and control group is significant under 0.05 level ( $t$ -value=2.307,  $p$ -value=0.025). Korean subjects' behavioral intention in Samsung is reduced when exposed to

pro-China poster. For Chinese subjects, the average behavioral intention evaluation is 4.33 in control group (standard deviation 1.00), and 4.77 in experiment group1 (standard deviation 1.23). Using two-tail T-test, the difference in behavioral intention from Chinese subjects between experiment group1 and control group is significant under 0.05 level (t-value=2.116, p-value=0.039). Chinese subjects' behavioral intention in Samsung is improved when exposed to pro-China poster. Integrating the change in behavioral intention from both Korean and Chinese subjects, H2c is supported.

In summary, when subjects were exposed to pro-China appeals alone, the changes in attitude and behavioral intention are shown in Figure2:

**Figure 2 Comparison between Control Group and Experiment Group1**





Note: In control group subjects were absent to pro-China ads; while in experiment group1 subjects were exposed to Samsung pro-China ads.

### 5.3 Competitor's Adoption of Pro-China Ads and Brand Relationship

Considering competitors' communication strategy as one factor influencing the effect of pro-China appeals of target brands, how consumers react may be partly determined by the country origin of competitor brand.

First of all, we first considered the case that competitor who adopts pro-China appeals is from the same country origin with Samsung, like LG. To examine this, we analyzed the differences in reactions between experiment group1 and group2. Compared with experiment group1, experiment group2 differs in one LG's pro-China ads with slogan "Cheers for China". And the result showed that:

1) In brand trust aspect, Korean subjects' average trust evaluation is 5.15 in experiment group1 (standard deviation 1.20), and 5.16 in experiment group2 (standard deviation 1.14). Using two-tail T-test, the difference in trust from Korean subjects between experiment group1 and experiment group2 is insignificant under 0.05 level ( $t\text{-value}=0.044$ ,  $p\text{-value}=0.482$ ). Korean subjects' trust in Samsung remain the same when exposed to LG pro-China ads. For Chinese subjects, the average trust evaluation is 5.40 in experiment group1 (standard deviation 0.75), and 5.42 in experiment group2 (standard deviation 0.87). Using two-tail T-test, the difference in trust from Chinese subjects between experiment group1 and experiment group2 is insignificant under 0.05 level ( $t\text{-value}=0.107$ ,  $p\text{-value}=0.458$ ). Chinese subjects' trust in Samsung remain the same when exposed to LG pro-China ads. Integrating the change in trust from both Korean and Chinese subjects, H3a is supported;

2) In brand intimacy aspect, Korean subjects' average intimacy evaluation is 4.00 in experiment group1 (standard deviation 1.04), and 4.01 in experiment group2 (standard deviation 0.99). Using two-tail T-test, the difference in intimacy from Korean subjects between experiment group1 and experiment group2 is not significant under 0.05 level ( $t\text{-value}=0.051$ ,  $p\text{-value}=0.480$ ). Korean subjects' intimacy in Samsung remain the same when exposed to LG pro-China ads. For Chinese subjects, the average intimacy evaluation is 5.27 in experiment group1 (standard deviation 1.24), and 5.15 in experiment group2 (standard deviation 0.89). Using two-tail T-test, the difference in intimacy from Chinese subjects between experiment group1 and experiment group2 is not significant under 0.05 level ( $t\text{-value}=0.610$ ,  $p\text{-value}=0.272$ ). Chinese subjects' intimacy in Samsung remain the same when exposed to LG pro-China ads. Integrating the change

in intimacy from both Korean and Chinese subjects, H3b is supported;

3) In behavioral intention aspect, Korean subjects' average behavioral intention evaluation is 4.31 in experiment group1 (standard deviation 1.08), and 4.33 in experiment group2 (standard deviation 1.04). Using two-tail T-test, the difference in behavioral intention from Korean subjects between experiment group1 and experiment group2 is not significant under 0.05 level (t-value=0.607, p-value=0.273). Korean subjects' behavioral intention in Samsung remain the same when exposed to LG pro-China ads. For Chinese subjects, the average behavioral intention evaluation is 4.77 in experiment group1 (standard deviation 1.23), and 4.98 in experiment group2 (standard deviation 1.18). Using two-tail T-test, the difference in behavioral intention from Chinese subjects between experiment group1 and experiment group2 is not significant under 0.05 level (t-value=0.903, p-value=0.370). Chinese subjects' behavioral intention in Samsung remain the same when exposed to LG pro-China ads. Integrating the change in behavioral intention from both Korean and Chinese subjects, H3c is supported.

Then we considered the case that competitor who adopts pro-China appeals is from a different country origin with Samsung, such as Adidas and Panasonic. To examine this, we analyzed the differences in reactions between experiment group1 and group3. Compared with experiment group1, experiment group3 differs in pro-China ads from LG, Adidas and Panasonic. And the result showed that:

1) In brand trust aspect, Korean subjects' average trust evaluation is 5.15 in experiment group1 (standard deviation 1.20), and 5.74 in experiment group3 (standard deviation 1.03). Using two-tail T-test, the difference in trust from Korean subjects between experiment group1 and experiment group3 is significant under 0.05 level (t-value=2.742, p-value=0.008). Korean subjects' trust in Samsung was improved when exposed to competitor's pro-China ads. For Chinese subjects, the average trust evaluation is 5.40 in experiment group1 (standard deviation 0.75), and 5.14 in experiment group3 (standard deviation 0.72). Using two-tail T-test, the difference in trust from Chinese subjects between experiment group1 and experiment group3 is not significant under 0.05 level (t-value=1.865, p-value=0.068). Chinese subjects' trust in Samsung remain the same when exposed to competitor's pro-China ads. Integrating the change in trust from both Korean and Chinese subjects, H4a is supported;

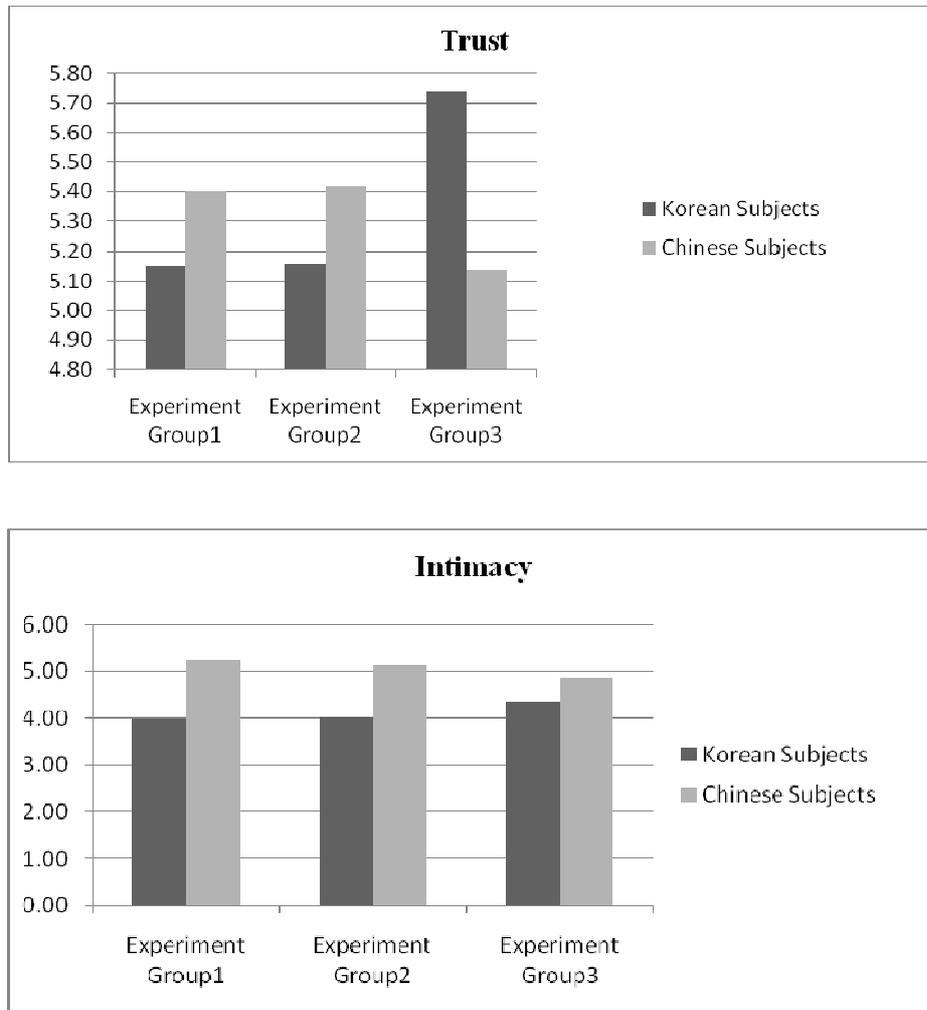
2) In brand intimacy aspect, Korean subjects' average intimacy evaluation is 4.00 in experiment group1 (standard deviation 1.04), and 4.35 in experiment group3 (standard deviation 1.00). Using two-tail T-test, the difference in intimacy from Korean subjects between experiment group1 and experiment group3 is not significant under 0.05 level (t-value=1.783, p-value=0.080). Korean subjects' intimacy in Samsung remain the same when exposed to competitor's pro-China ads. For Chinese subjects, the average intimacy evaluation is 5.27 in experiment group1 (standard deviation 1.24), and 4.89 in experiment group3 (standard deviation 1.07). Using two-tail T-test, the difference in intimacy from Chinese subjects between experiment group1 and experiment group3 is not significant under 0.05 level (t-value=1.734, p-value=0.089). Chinese subjects' intimacy in Samsung remain the same when exposed to competitor's pro-China ads. Integrating the change in intimacy from both Korean and Chinese subjects, H4b is supported;

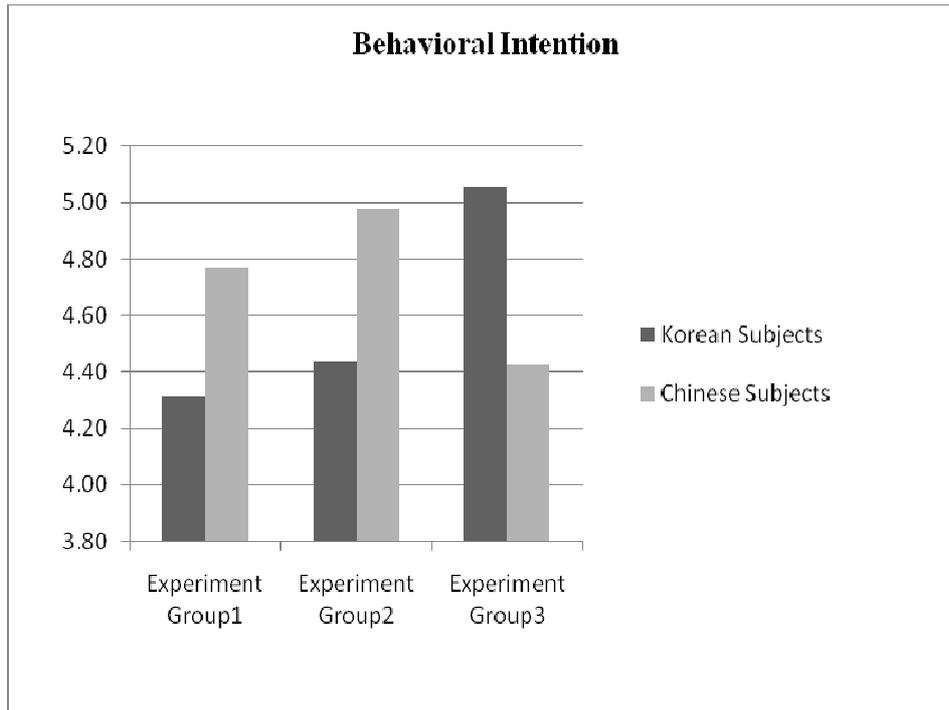
3) In behavioral intention aspect, Korean subjects' average behavioral intention evaluation is 4.31 in experiment group1 (standard deviation 1.08), and 5.05 in experiment group3 (standard deviation 1.12). Using two-tail T-test, the difference in behavioral intention from Korean subjects between experiment group1 and experiment group3 is significant under 0.05 level (t-value=3.500,

p-value=0.001). Korean subjects' behavioral intention in Samsung remain improved when exposed to competitor's pro-China ads. For Chinese subjects, the average behavioral intention evaluation is 4.77 in experiment group1 (standard deviation 1.23), and 4.43 in experiment group3 (standard deviation 1.24). Using two-tail T-test, the difference in behavioral intention from Chinese subjects between experiment group1 and experiment group3 is not significant under 0.05 level (t-value=1.434, p-value=0.157). Chinese subjects' behavioral intention in Samsung remain the same when exposed to competitor's pro-China ads. Integrating the change in behavioral intention from both Korean and Chinese subjects, H4c is supported;

To summary, when competitor from the same origin with Samsung adopts pro-China appeal, there would be no change in trust, intimacy and behavioral intention for both Korean and Chinese consumers. However, when competitor from the different origin with Samsung adopts pro-China appeal, the case is different. Brand origin's domestic consumers improved in trust, intimacy and behavioral intentions; while Chinese consumers remain the same in attitudes and behavioral intention. The above result can be shown in Figure3:

**Figure 3 Comparison among Experiment Group 1, 2 and 3**





## 6 Conclusions and Discussions

### 6.1 Conclusions and Managerial Implications

This article discussed how domestic and Chinese consumers react to pro-China appeals and the psychological mechanism behind. We adopted self-brand association and brand anthropomorphic perspective into analysis. Specifically, the results showed that: first of all, when consumers were not exposed to pro-China posters, brand origin's domestic consumers had stronger self-brand association compared with Chinese consumers, established communal relationship and high-quality relationship with brand. In our experiment, our research discovered that Korean consumers had more trust, intimacy and behavioral intention with Samsung than Chinese consumers. Secondly, when consumers' were exposed to target brand's pro-China ads alone, brand origin's domestic consumers showed decrease in trust, intimacy and behavioral intentions. This is because Samsung's "Loving China" slogan violated the communal relationship between Korean consumers and Samsung. Chinese consumers, on the other hand, would evaluate Samsung more positively when exposed to its pro-China poster, though Samsung's communication strategy violates the exchange norm. Thirdly, we also took competitor's communication strategy into concern, and argued that competitor's adoption of pro-China ads would influence consumers' attribution. If competitor is from the same origin with target brand, domestic consumers would attribute the act to outside causes and evaluate Samsung more positively. In contrary, Chinese consumers would remain the same because outer attribution of pro-China appeals performs is consistent with exchange relationship norm.

For brand management practice, the problems managers concerns include: As a foreign brand, would adoption of pro-China appeal help in enhancing brand relationship with local consumers? And, if competitor adopts similar communication strategies, how the effect on local consumers be diluted? From brand origin's consumer perspective, would pro-China ads backfire? If it is, what is the negative influence on domestic consumers? Facing these questions, we explored consumers'

reaction to pro-China ads and the psychological mechanism behind by cross-cultural study.

We discovered that foreign brands' adoption of pro-China ads can enhance brand relationship with local consumers. Consumers exposed to such communication strategy showed increase in trust, intimacy and positive behavioral intentions. But Chinese consumers would not perceive brand as an in-group member. That is, pro-China communication strategy can enhance the strength of relationship, but cannot change relationship norm. Moreover, the positive effect of pro-China ads would not be diluted when competitors adopt similar strategy. The underlying mechanism behind is that, Chinese consumers follow exchange relationship norm with foreign brand. No matter they attribute pro-China appeals to inner or outer causes, they would not perceive the communication as a transgression. What managers should note is the possible backfire of pro-China ads on domestic consumers. Domestic consumers may perceive such communication strategy as a transgression and attribute to inner causes, therefore lead to negative evaluation and behavioral intention. However, such backfire can be eliminated when there are other competitors adopt similar strategy and change attribution to outside causes.

In summary, when implementing pro-China appeals in Chinese local market, brand managers should not only consider responses from Chinese consumers, but also evaluate possible backfire to domestic consumers as well as competitor's strategies. This paper can help brand managers understand the underlying mechanism behind consumer's response and also provide solutions to influence consumers' attribution and perception. We can help corporations to improve marketing efficiency and avoid possible public crisis.

## **6.2 Limitation and Future Direction**

First of all, hypothesis 4b is partly supported in our study. When exposed to multiple competitors' pro-China ads, Korean consumers' evaluations increase in trust, but not in intimacy. That is, Korean consumers are able to attribute pro-China ads to outside factors such as competition, but still cannot "forgive" Samsung from emotional aspect. Theories regard brand transgression and consumers' emotional reactions give us possible explanations. As Chung and Beverland (2006) proposed, the negative emotions caused by brand's transgression are the key to gaining consumers' forgiveness. Even though consumers make proper attribution in cognition, it does not imply the negative emotion can be neglected.

This paper is an exploratory research on the effect based on student sample. Our future research would address the generalizability issue of our conclusions in this paper. Moreover, we also considered to incorporate Chinese local brand into our study as experiment stimulus, in order to further explore how Chinese consumers react differently to local brands and foreign brands. From self-association and brand relationship perspective, Chinese consumers are more likely to perceive local brand as an in-group member. The research questions we interested in include: when local and foreign brand both stated with pro-China appeals in ads, how consumers react different from emotional aspects? In addition, if foreign brand uses pro-China appeals alone but local brand does not, how would Chinese consumers change their evaluation on local brands? Also, we can consider recruit Korean subjects who work in China as another group of consumers, since they have tight self-association with both China and Korea.

Finally, as mentioned, this is an exploratory research regarding the effect of pro-China ads. In this article, we basically examine how such pro-China ads would influence consumers' established relationship with brands. Our future research would further examine the underlying mechanism of

consumers' reactions. We would focus on following directions: From consumer perception aspect, how would consumers from different culture attribute pro-China ads. From emotional aspect, what type of emotions would be involved when exposed to pro-China ads. Also, in future research, we planned to explore the moderation of individual characteristics on the effect of pro-China ads, such as ethnocentrism, multicultural competence. Firstly, there are apparent group differences in ethnocentrism among Chinese consumers. People from more developed area have lower tendency in ethnocentrism. This can help managers in targeting communication strategies to various segmentations. Also, as Peng and Zou (2007) pointed out, consumers' multicultural competence moderate on brand origin effect. People with high competence in multicultural ability are less likely influenced by brand origin effect. This finding also suggest possible moderation of multicultural competence on consumers' emotional reaction towards brands.

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