Country of Origin (COO) effects in the Chinese mobile telephone market: the perception of global versus local brands using Keller's CBBE model

Abstract

The paper investigates the relationship between different components of Keller's brand equity (CBBE) model and Chinese consumers' purchasing preferences. It also examines COO effects to explore whether the brand's origin country has an influence on consumers' purchase intention. The study uses a quantitative online survey of 826 effective respondents as well as 25 qualitative in-depth interviews. The results of the study show that: (1) Chinese consumers attached more importance to the 'functional' dimensions of the CBBE model rather than the more 'emotional' aspects. (2) The COO effect does appear to have an influence on purchasing preference, however this effect appears to be declining. Finally, the paper delivers managerial implications for global and domestic brands in the international mobile phone market.

Key Words: CBBE brand equity model, Country of Origin (COO) effects, purchasing preference, brand perception, mobile phone industry in China

1. Introduction

China represents a tremendous opportunity for both global and domestic brands. This study aims to investigate Chinese consumer purchasing behavior using Keller's CBBE brand equity model, (Keller, 2001), as well as Country of Origin (COO) effects for global versus local brands, using the Chinese mobile telephone market as the example.

Traditionally, Chinese consumers preferred imported goods from developed countries, such as the USA and Europe, and were willing to pay higher prices for them. In contrast, domestic brands were regarded as cheap and low quality. However now many local brands are catching up in quality with global brands and who also enjoy some special advantages, such as extensive distribution networks and more accurate marketing insights. For example, in China, P&G accounts for 19% of the personal hygiene industry while its global rival Unilever has only 9% with over 70% of the market dominated by Shanghai Jiahua United Company, Nice Group and other domestic companies. (Unilever annual report, 2017). Similarly, in the mobile phone industry Oppo has overtaken the iPhone as the most popular mobile phone in China. Hence this paper aims to investigate whether the country of origin still has influence on consumers' purchasing preference.

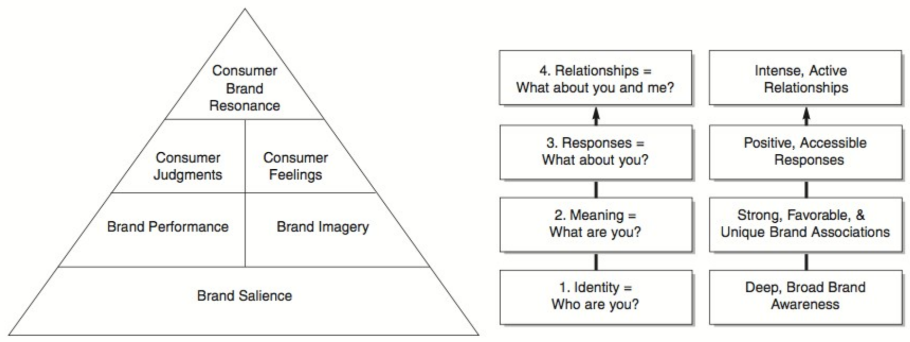
2. Literature Review

Brand Equity (CBBE model)

This paper uses the CBBE model proposed by Keller, (see Figure 1, Keller, 2001).

According to Keller, the basic premise of the model is that the power of a brand lies in what customers have learned, felt, seen and heard about the brand over time. The different elements of CBBE model could help us to explore what factors could affect consumers' behavior in emerging markets.

Figure 1. Customer-Based Brand Equity Pyramid



Brand Salience

The fundamental 'building block' is brand salience, which refers to the top of mind awareness when the product category is recalled in consumers' memory. Furthermore, the influence of salience would be enhanced greatly if the salience is related with the category need. In emerging markets, companies invest heavily to build brand salience to influence the consideration set and to enhance consumers' information or purchase motivation. In China, a trend was observed by MillwardBrown that global brands weakened in salience because Chinese brands greatly surpass multinationals in media spending. In a CTR research report in 2017, multinationals accounted for only 19.3% in media spending by the Top 15 advertisers, while Chinese local brands made up around 80.7%, while the percentage was 55.4% and 44.6% respectively in 2013.

Brand Performance

The second step of the pyramid could be divided into functional versus emotional consideration. (Brand Performance versus Brand Imagery). The basic requirement for any brand is to meet customers' functional expectations and needs, such as product characteristics, product reliability, service efficiency, style, design and price. Numerous studies have shown that consumers from emerging markets are more concerned about fulfilling basic needs, which are closely related to the functional attributes of brands.

Brand Imagery

Brand imagery deals with the intangible and psychological properties of the product that exists in consumers' minds, such as user profile, purchase and usage situation, personality and values, history, heritage and experience

In terms of user profile, the type of person or organization who use the brand may have influence on the brand association. Apple recognized this factor and achieved great success by launching its iconic "Get a Mac" advertising campaign in 2006a man dressed in casual clothes introduces himself as a Mac ("Hello, I'm a Mac."), while a man in a suit-and-tie combination introduces himself as a traditional "Windows" personal computer ("hello I'm a PC.").

Brand Responses

At the third level, brand equity is also defined by how customers respond to the brand in terms of how customers think and feel about the brand. Brand response can therefore be distinguished as rational "judgment" and emotional "feeling". Brand judgment involves how customers evaluate the brand and form different kinds of opinions with respect to the brand such as brand quality, brand credibility, brand consideration and brand superiority.
On the other side, brand feelings are customers' emotional responses and reactions evoked by the brand. The feelings towards the brand could be mild or intense, positive or negative, transient or enduring – such as warmth, fun, excitement, security, social approval and self-respect. The latter two are closely related with luxury goods purchasing in emerging markets. In summary, when positive and accessible responses are achieved, brand judgment and brand feelings could favorably impact consumer behavior in their encounters with the brand.

Brand Resonance

Finally, at the top of the pyramid, brand relationship focus upon the ultimate emotional resonance and identification between customers and the brand. Brand resonance could be divided into four categories:
1, Behavioral loyalty, loyal customers generate regular purchase frequencies and volumes. In order to build successful customer relationships, companies could start from evaluating customer lifetime value by RFM analysis (recency, frequency, monetary) – have customers purchased recently, how often do customer buy the products and how much do they spend every time?
2, Attitudinal attachment: Although behavioral loyalty is more directly beneficial for the brand, sometimes it is not sufficient. For example, some customers show high loyalty in purchasing behavior just because the brand is the only one in the market and they have no other choice. In this situation, the lack of attitudinal attachment makes the brand quite vulnerable to any market change, given that customers would easily shift to substitutes or potential competitors for more favorable offerings. Therefore, emotional attachment between the brand and consumer is necessary for creating resonance, and what's more, it does have influence on future purchase behavior.
3, Sense of community occurs when customers feel a kinship or affiliation with other people associated with the brand. The relationship could include those between the customer and the brand, between the customer and the company, between the customer and company employees, and among fellow customers.
4, Active engagement, refers to the highest level of brand loyalty. It occurs when customers are willing to invest time, money and other resources into the brand. Sometimes, consumers are so actively participating in brand communication that they act as the brand ambassador. In collective communities, where consumers tend to ask recommendations from friends and relatives in purchasing decisions, active engagement is even more important.

Global Brands

In his seminal 1983 article Levitt argued that companies should exploit the "economies of simplicity" and grow by selling standardised products all over the world. (Levitt, T. 1983). Holt et.al found that consumers associate global brands with three characteristics: as a quality signal, global myth and social responsibility. These three dimensions together explained 64% of the reason why consumers pick global brand, (Holt, D. B., Quelch, J. A., & Taylor, E. L. 2004). "Global citizens" regard global brands as a signal of high quality who also take responsibilities for social issues. China has a relatively high numbers of global citizens. "Global Dreamers" refer to customers who admire global brands and want to achieve a certain lifestyle by using global brands, they are less concerned with those company's responsibilities as are the global citizens. "Antiglobals" are skeptical of transnational brands and try to avoid global brands in their purchasing behavior. The percentage is also relatively high among Chinese customers. "Global Agnostics" are customers who are indifferent between global brands and local brands – there is a relatively low percentage of global agnostics in China.

COO effects and consumer ethnocentrism

Consumer ethnocentrism is defined as a "trait-like property of an individual's personality" and encompasses "the beliefs held by the consumers about appropriateness, indeed morality, of purchasing foreign-made products" (Shimp and Sharma, 1987)

There are many factors which could affect the degree of consumer ethnocentrism, one of them is product category. Sharma et al. (1995, in Piron, 2000), indicated that the less important a product category, the greater the ethnocentric tendencies and behavior exhibited by consumers. Additionally, the impact of consumer ethnocentrism is also influenced by the development level of consumers' home country. Wang and Chen (2004) pointed out that consumers from a developed country tend to appreciate more favorably domestic products over imported ones. The reverse has been observed in developing countries, where consumers spontaneously perceive products from developed countries as superior. However, the development gap between these countries is decreasing. China could serve as an example with the increasing emergence of Chinese entrepreneurial brands and more and more Chinese manufacturers positioning themselves as high-end providers with upgraded production systems and stricter quality control. Chinese product quality is improving and customer are seeing this change. Although there is still a gap between the new reality of Chinese product and consumer perception, the gap is narrowing, given that the changing perception of China itself. According to Millward Brown's 2017 BrandZ report, the perception is changing fastest for internet- driven brands, but also for traditional categories, such as fashion or food.

Lastly, to some extent, patriotism fosters consumer ethnocentrism, in recent years, the political conflicts between China and neighboring countries, such as Japan and South Korea, may have had an influence on purchasing behavior of Chinese consumers. On one hand, radical consumers spontaneously called for boycott of foreign good and disseminate inflammatory comments through social media platforms, including Sina Weibo, WeChat, and QQ etc. The worst conflict happened in 2012, China had large anti-Japanese demonstration across the whole country, in some cities, the demonstration turned into violence, and certain protestors smashed Japanese cars on the road and vandalized shops selling Japanese goods. On the other hand, more moderate Chinese customers, especially consumers from the older generation, regard "purchasing domestic goods" as patriotic behavior and would take "supporting domestic industry" into their purchasing consideration.

The definition of Country of Origin (COO) effect is that consumers' perceptions about imported products and their attributes are affected by the country of origin, (Zeugner-Roth et.al, 2015).
According to the research of Roth and Romeo (1992), the COO effect is attribute-specific. In evaluating the product, people will relate the product attribute with the strength of the country. For example, France is well-known for its wine and luxury fashion goods, but when people are considering to buy a car, French cars would become unfavorable and uncompetitive compared to German cars and Japanese cars. For the same reason, when the brands of clothes, art and jewelry are endorsed by the word "Italian", the items suddenly perceived as premium, high quality and stylish. Consumers may know nothing about the specific brand, but the word "Made in Italy" is enough to establish their first perceptions. Additionally, the similarities between two countries, in terms of economic development level, culture and politics can influence the magnitude of COO effect (Watson and Wright 2000). Consumers prefer the product from similar countries or economic superior countries, given that they assume the product quality would be better from those countries.

3. Hypothesis statement

This study aims to investigate the influence of CBBE components in Chinese market by using both an online survey (quantitative method) and in-depth interviews (qualitative method).

H1: Chinese consumers attach more importance to the functional side of the CBBE model.

As described earlier, the study assumes that in the purchasing decision-making process, Chinese consumers pay more attention to the functional elements, which refer to Brand Performance and Brand Judgment in the CBBE model.

H2: COO effects do have an influence on Chinese customers' purchasing behavior, with a preference for global brands over domestic brands.

This hypothesis is derived from the previous review of the COO literature.

4. Research method

Research objective

Five mobile phone brands were selected: two global brands, Apple (USA) and Samsung (Korea), and the three main domestic brands: Huawei, Vivo and Oppo.

Mobile phone industry in China

Thanks to its massive population and booming middle class, China has long been viewed as critical to global mobile phone manufacturers such as Apple and Samsung. China is now the world's largest mobile phone market, with over 1.3 Bn. Mobile phone subscriptions (Statista, 2017). According to Euromonitor the key factor in driving volume growth in

China is replacement sales and also mid-range to high-end smartphones have become more popular.

iPhone

iPhone enjoyed great success in China since the launch of iPhone 4, the numbers of iPhones currently in-use in Chine exceeded even those in the US but in recent years, due to fierce competition from domestic brands and more discerning consumers, iPhone was threatened to some degree in the Chinese market with five consecutive quarters of decline. (Dou, E, The Wall Street Journal, 2017) At present, iOS operating system accounts for 13.2% in market share while the number of Android is 86.4% (Kantar WorldPanel, 2017), indicating that Chinese market is still dominated by local brands.

Samsung

Samsung's mobile phone sales also declined in the last two years, mainly due to the deteriorating brand reputation and fierce competition from Chinese manufacturers. Famously also, they suffered a lot from the withdrawal of the explosion-prone Galaxy Note 7. Additionally, Samsung confronts fiercer competition from Chinese local brands as they are all supported by Google's non-proprietary Android operating system,

Huawei

As the third largest smartphone manufacturer in the world, Huawei undoubtedly ranks No.1 among domestic brands, holding a 17.8% volume share (Euromonitor, 2017). The success of Huawei mainly based on its excellent brand reputation. The brand is perceived as high quality and innovative. For example, Huawei's model P10 provided a dual-lens camera co-engineered with the renowned camera manufacturer Leica. Also, it offers a revolutionary battery life, a crucial attribute in the product category. To meet the growing demand for premium quality and advanced functions, Huawei continues to upgrade its product line and mainly focus on mid-range smartphone segment.

Vivo & Oppo

Vivo and Oppo are wholly owned by Guangdong BBE Electronics Corporation. In recent years, despite the overall slowdown, they are rising stars in the Chinese mobile phone market and continue to see significant growth. Just five years ago, Oppo and Vivo together held a mere 3% of the Chinese smartphone market. However, both brands' sales have surged since 2015. According to Euromonitor Vivo accounted for 9.8% of volume shares in 2017, while Oppo accounted for 9.0%. (Euromonitor, 2017) Furthermore, the latest smartphone sales data from Kantar World panel ComTech shows that Oppo R9 (price at around 400 euro) overtook iPhone and became the best-selling device in the Chinese market. Vivo and Oppo enjoy competitive advantages in terms of distribution network, especially in China's low-tier cities and rural areas. The smartphone market in China's first tier cities is already quite mature, but in smaller markets, there are still many first-time buyers – and thus, more growth opportunities. Additionally, their relatively low prices are favored by the mass of price-sensitive consumers.

5. Methodology

The research included a quantitative online survey and a qualitative component of in-depth interviews. The target respondents were individual customers who have used at least one of the chosen smartphone brands. A total of 826 effective questionnaires were returned. In addition, 25 respondents spread across the 5 selected brands received a 20-30 minute in-depth interview.

Survey Data collection

The questionnaire was divided into three parts: firstly, demographic information of age and gender, a filter question is designed to ensure that respondents are using the smartphone of the chosen brands; secondly, questions to test the influence of different components of the CBBE model; and thirdly, questions regarding COO effects. The survey was distributed through the researchers' social networks in China, such as WeChat and Sina Weibo. The survey population is not entirely representative therefore of all Chinese mobile phone users.

Demographic data

Out of a total of 862 effective respondents, 38% are male and 62% are female. In terms of age distribution, 21% of respondents are aged under 22 years, 40% between 22-35, 35% of them between 35-55 and 4% over 55 years.

Interpretation of online-survey results

In the survey, 57% of respondents are using iPhone. Compared to Vivo (5.5%) and Oppo (5.5%), Huawei, used by 17% of respondents, is the most popular domestic mobile phone brand (Fig 2).

选项	比例
Apple 苹果	57.36%
Huawei 华为	17.18%
Samsung 三星	5.83%
Oppo	5.52%
Vivo	5.52%
XiaoMi 小米	3.07%
Others 其它	5.52%
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Fig 2: respondents current brand users

The first layer of the CBBE model is brand salience, which refers to top-of-mind awareness. 63% of respondents answered iPhone as their most familiar brand, a slightly higher percentage than iPhone users in the survey (57%), indicating that iPhone enjoy the highest brand salience in our sample (Fig 3). This was an interesting finding, since traditionally, global brands had weaker brand salience, largely due to their limited access to distribution systems. The product launch of Apple was communicated every year via all kinds of media to consumers in China, almost in real time.

选项	比例
iPhone 苹果	62.88%
Huawei 华为	18.71%
Samsung 三星	3.68%
Oppo	4.91%
Vivo	5.52%
XiaoMi 小米	2.76%
Others 其它	1.53%
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Fig 3: the survey result of the most salient brand

Brand meaning includes functional-related brand performance and brand imagery. Strong brands typically have strong, favorable and unique brand associations with consumers. A previous study argued that consumers from emerging countries are more concerned about fulfilling basic needs, which are closely related to functional aspects of the brand. (Zarantello et al, 2017). In the survey, this consumer preference is confirmed. The top five choices, appearance/shape (45.4%), performance of the operating system (46.6%), Price (30.6%), Battery life (27.6%) and Screen Size (25.2%) all belong to brand functional performance. In contrast, the brand affinity or emotional attachment only accounts for 14.7% in purchasing consideration, and the percentage for brand loyalty is even lower, at 6.8%, (Fig 4).

选项	比例
Appearance/Shape 外观 / 形状	45.4%
Performance of the operating system(IOS, Android) 系统表现（苹果系统 / 安卓）	46.63%
Screen Size 屏幕大小	25.15%
Battery Life 电池续航能力	27.61%
Price 价格	30.67%
Uniqueness of the brand 品牌的独特性	12.58%
The brand is the most well-known 品牌知名度	14.11%
Emotional attachment (I love the brand) 品牌的偏好度，我喜欢这个品牌	14.72%
Brand loyalty 品牌忠诚度，我只买这个品牌	6.75%
Country of origin 品牌来源国（国产，外国产品）	6.44%
Recommendation from friends, relatives and opinion influencers 别人的推荐	7.98%
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Fig 4: the survey result of most important factor in purchasing consideration

At the top of CBBE pyramid is brand resonance. Cross analysis was used to see whether there is difference between consumers' relationship with global brands and domestic brands. The independent variable is the current mobile phone brand and the dependent variable is whether the respondents would continue to buy this brand in their next purchase. The result showed that 66.1% of Huawei users identified themselves as loyal customers of this brand and will continue to buy Huawei products. The percentage is significantly higher than Oppo (27.8%), Vivo (27.8%) and Samsung (21.1%), (Fig 5). iPhone users are also loyal, with 42.8% of them expressing their willingness to continue to buy. From the current result, the study could not draw any conclusion on the brand relationship difference between global brands and domestic ones. Thus, in the following qualitative interviews, the study tried to investigate deeper reasons for behavioral loyalty and to explore other categories of brand resonance: attitudinal attachment, sense of community and active engagement.

	Brand loyal	Not loyal	Not sure
Apple 苹果	43	17	40
Huawei 华为	66	7	27
Samsung 三星	21	32	47
Oppo	28	17	56
Vivo	28	11	61
XiaoMi 小米	20	10	70
Others 其它	38	28	33
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Fig 5: Survey result of brand loyalty (%’s)

Finally, four questions were designed to test consumers’ perceptions and attitudes toward origin country of the brands. For the first question: Are you willing to pay higher price for global brands? 43.6% of respondents gave a positive answer, and 56.4% of them said no, hence rejecting hypothesis 2. In the product category of mobile phones, respondents did not show a strong preference for global brands. When the survey asked “Does the origin country of mobile phone affect your purchasing decision, if yes, which origin country will have a positive influence on your purchase decision?” Surprisingly, 42% of respondents chose the domestic brand, and 34.4% respondents noted that they are indifferent to the origin country. Only a small part of respondents prefer imported products from economically superior countries: 18.4% for USA, 1.8% for Europe and 0.9% for Korea. This might be explained by the improved “Made in China” product quality, since 52.3% of respondent answered “I think Chinese product has already caught up in product quality as well as brand credibility, and global brand mobile phones do not have better quality than Chinese brands”, (Fig 6).

选项	比例
USA 美国	18.4%
Europe 欧洲	1.84%
Korea 韩国	0.92%
China/Domestic 国产	42.02%
Others 其它	2.45%
I'm indifferent 没影响	34.36%
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Fig 6: the survey result of COO effect

Interview Interpretation

In the initial online survey, hypothesis 1: Chinese consumers attach more importance to the functional side of CBBE model has been confirmed. However, for hypothesis 2, COO effects, the survey showed contradictory results. Therefore, qualitative interviews were designed to try to get a deeper analysis of these hypotheses. Since the brand positioning and target customer of Xiaomi are very similar to those of Oppo and Vivo, coupled with the fact that only 3.1% of respondents in the survey are using Xiaomi, the study did not interview Xiaomi users. The interview questions include their understanding of the brand, what it means to them, and how they feel about the brand going forward to measure the strength, favorability, and uniqueness of their mobile phone brand.

iPhone and Samsung

iPhone and Samsung are well-known global mobile phone manufacturers, who enjoy a high reputation in the industry. They both target Chinese high-end consumers who are willing to pay a price premium. Despite the recent decreasing market share in China, iPhone remains the most popular mobile phone brand in China. When interviewees think of this product category, iPhone easily comes top of mind. Meanwhile, Samsung face a much more serious brand challenge because of its battery explosion crisis. Ten interviewees mentioned their concern about the quality of Samsung.

The main point of uniqueness is Apple's proprietary operating system, which is also a part of functional brand performance. One interviewee responded, "I am used to the iOS system, so it would drive me crazy if I use an Android phone". This point of view is very interesting, because Samsung users noted that "I think Samsung is user-friendly mainly because it's non-proprietary."

Although favorable brand images, such as Apple's classic white colour and former CEO

Steve Jobs some of the interviewees expressed their strong dependency on iPhone, ranking handset performance as the most important consideration in the purchase.

Additionally, interviewees expressed their willingness to pay a price premium for iPhone, largely due to Apple's operating system and niche applications on App stores. Active engagement of iPhone also showed some decrease – "I no longer follow their news unless I need a new iPhone." The Samsung user is even more function-oriented. "I think Samsung is reliable and its quality is acceptable, but I do not have any emotional attachment with the brand, and I haven't participated in any brand activities", (Fig76).

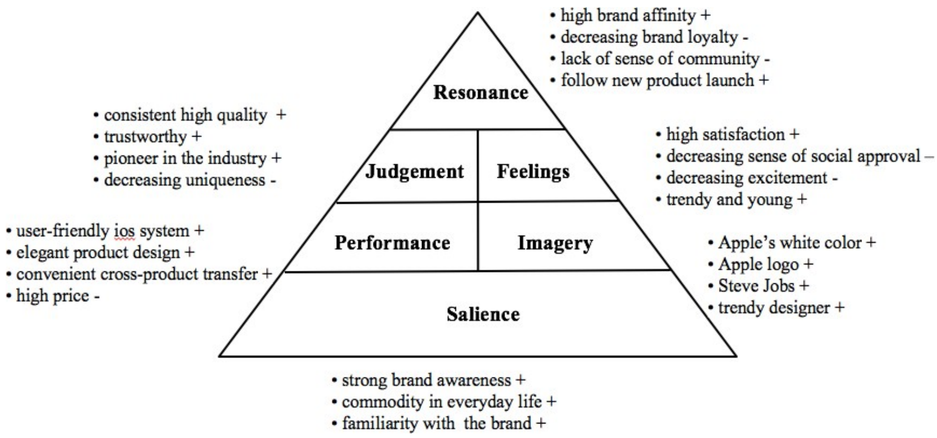

Fig 7: CBBE pyramid – iPhone

This response further verified hypothesis 1: Chinese consumers attach more importance to functionalities of a product.

Huawei

Consumers look for high quality, reliability and durability in mobile phones. Huawei traditionally values quality and technology, proving to be superior in offering Chinese consumers with high performance products at reasonable price. However, the consumer preference remains more at the functional level. Long battery life ranked first in consumers' reasons to buy Huawei handsets - "The brand image of Huawei is reliable but ordinary", one interviewee claimed. The lack of strong emotional ties to the brand makes consumers more likely to become frustrated when their needs are not sufficiently met. In the online survey, the result showed that Huawei enjoy highest behavioral loyalty among all the brands, with 66.1% of consumers choosing continue to buy Huawei product. One interviewee gave the answer, "All the mobile phones in the market are quite similar, I would continue to buy Huawei, just because their quality is not bad" In comparison, Huawei failed to build attitudinal loyalty, sense of community or active brand engagement, given that the brand satisfaction is largely based on its functional performance and interviewees never followed the news or social media account of Huawei, (Fig 8).

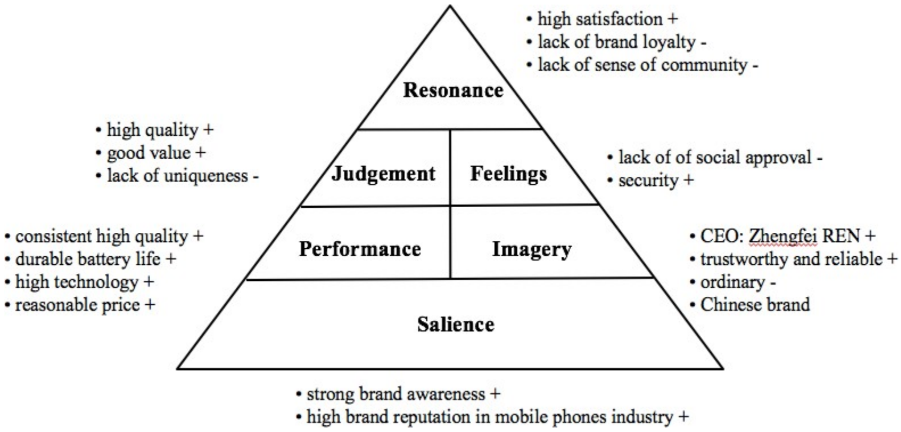

Fig 8: CBBE pyramid - Huawei

Oppo and Vivo

High salience of these two brands was built on massive distribution network and heavy advertising investment. BBK observe that consumers from rural areas tend to avoid online-shopping of electronic devices. Therefore, the company decided to expand direct stores aggressively across the country, mainly in low-tier cities. Interviewees of Vivo noted that "I can find Vivo everywhere, even in the supermarket in front of our university." Furthermore, Both Oppo and Vivo sponsored popular TV programs, used subtle product placement in movies and invited superstars as brand spokesman. As a result, Oppo increased 157% in millennial loyalty between 2014 and 2017 (Millwardbrown Brand Z report, 2017). The right celebrity can help communicate the attributes consumers seek in brands and the power of celebrity is especially appealing in Asian countries. One of the interviewees answered "My friends and I are quite familiar with Vivo, because Han LU (brand spokesman) appears on TV, holding the Vivo mobile phone everyday".

In the CBBE pyramid, the interviewees of these two brands are quite price-sensitive. They care mostly about basic functions of a mobile phone, such as product appearance, durable battery life and high pixel. There is a lack of strong emotional ties to the brand. In the interview, they are asked to openly describe their feelings about the brand. "It's just a commodity in my life and I only use it to call my friends, send messages and take photos, that's all. I do not have any feelings." The low level of brand affinity and attitudinal loyalty makes the brand very vulnerable in the market, since consumers would shift to other brands quite easily. For instance, interviewees of Oppo users mentioned that they previously used the mobile phones of Xiaomi and Vivo and that they might continue to change the mobile phone brand in the future, since from their perspective, all the mobile phones are quite similar, (Fig 9).

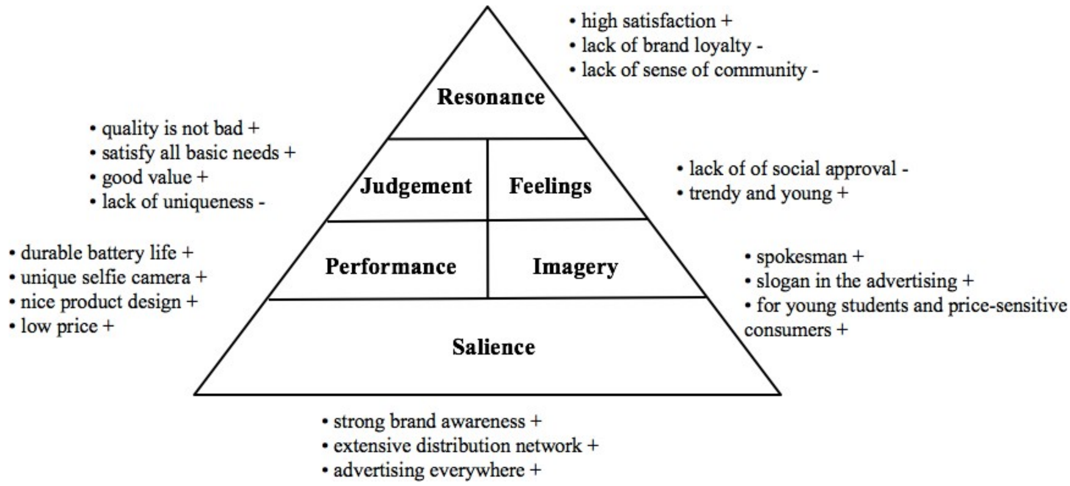

Fig 9: CBBE pyramid - Oppo and Vivo

Regarding the COO effect, all the interviewees reached the consensus that Chinese products improved a lot in both product quality as well as brand credibility. For this reason, none of the interviewees perceived domestic brand as less trustworthy and desirable. One of the interviewees noted that "I will not consider the mobile phones from underdeveloped countries, for instance, India or Malaysia but, for me, there is no difference between Chinese brands, Korean brands and American brands". This point of view is aligned with a previously cited study: the similarities between two countries, in terms of economic development level and culture influence the magnitude of the COO effect (Watson and Wright 2000). To some extent, COO effect still exist, but with the developing Chinese economy, the perception gap between domestic brands and global brands is narrowing.

Furthermore, the interviews reflected a tendency of consumer ethnocentrism among Chinese consumers, especially the middle-aged generation. Younger generations in China are arguably less likely to be involved in political topics. For example, one Huawei user, in her 40s, indicated that "one of the important reasons why my friends and I chose Huawei is because we want to support our national brand".

5. Conclusions and recommendations

Research Conclusions

The first hypothesis that Chinese consumers attach more importance to the functional side of the CBBE model was confirmed. The study assumes that in the purchasing decision-making process, Chinese consumers pay more attention to the functional elements, which refer to Brand Performance and Brand Judgment. From the online survey, the hypothesis was confirmed given that the top five most important factors when Chinese consumers purchase a mobile handset all belong to brand functional performance. Similarly, in the interviews, interviewees regarded functional performance rather than positive emotional attachment as more important considerations in the purchase.
However, differently from the second hypothesis, the study found out that Chinese consumers' perception of global brands and domestic brands turned out to be very close. In

fact, more than half of the respondents believe that Chinese product quality has improved and are not inferior to imported products. At present, COO effects still have an influence on Chinese customers' purchasing behavior, but the perception gap between Chinese products and global brand is narrowing.

In summary, the study supported previous studies on CBBE model and COO effects. At the same time, the current study added new insights into the comparison between functional-related and emotional related brand perceptions on Chinese consumers' purchasing behavior. In addition, the study indirectly confirmed that the magnitude of COO effect would be influenced by similarities of two countries as well as consumer ethnocentrism.

Managerial Implications

Being Locally Responsive

For global brands, the fundamental issue to gain competitive advantages in emerging countries is to balance the pressures for global standardisation versus those for local responsiveness. At present, the local adaptation Apple or Samsung have made is minor, especially when a customer perception shift is observed in emerging countries. For global brands, being foreign is no longer an adequate differentiator, given that the consumer perceived quality gap between global brands and domestic brands are narrowing.

However, customer preference, regulation, economics and values differ across countries. Chinese brands have tried to leverage their core strength: insight about the needs and wants of local consumers, and the capability to act quickly on these insights. For example, Vivo launched special selfie mobile phone, given that the young female, core consumer segment of Vivo, has high requirements for taking selfie photos.

Conversely, Apple partnered with the RED to launch a red iPhone but Chinese consumers called for a boycott of the new product on the Internet because the organization RED had some relationship with the Dalai Lama, who is seen as an extreme separatist in mainland China.

Therefore, being more locally responsive and understanding local customers' specific needs and preference become crucial in the competition with arising domestic brands.

Strengthening the emotional dimension

For domestic brands, improving top layers in the CBBE pyramid, which refers to favourable and unique brand responses as well as intense and active brand relationship, becomes more crucial in the future. When all the mobile phone brands satisfy the basic standards of quality, the lack of uniqueness and superiority could put the brand into a more 'passive' position. In order to stand out, establishing differentiated brand identity and building emotional attachment with consumers is crucial. Achieving this objective involves delivering a better consumer experience that helps the brand build deeper loyalty and engagement with selected consumers.

Furthermore, Chinese brands that have established strong presence and consumer acceptance in China still confront challenges when expanding abroad. Although these brands could rival Apple or Samsung in terms of quality or product design, consumers view these brands as inferior. It is important to create more positive brand images and communicate the brand story to global consumers, as evidenced for example by Oppo's sponsorship of Indian cricket.

Limitations and Future research

Firstly, the online survey was mainly distributed through researchers' social networks in China with 57% of the resulting respondents using iPhone, a much higher percentage than Apple's market share in China. The sample sizes for Samsung, Oppo, Vivo and Xiaomi were relatively smaller, although greater than 50 respondents in each case. The sample had a higher representation of younger and middle-aged females, (females 62%) Thus other consumer groups should be included in a more comprehensive research. Secondly, only 25 in-depth interviews were conducted, with five interviewees for each chosen brand. The interview results were obviously influenced by the interviewee's personal opinions and user experience for their own brand(s).

Future studies could use larger sample sizes with a more representative coverage across brands and consumer profiles.

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