

AN EXPLORATORY RESEARCH OVER THE CHINESE PRODUCTS ON THE ROMANIAN MARKET

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In this paper we studied the influence on the Asian products over the consumer decision making. We observed that because of the economic crisis most of the people are buying products made in China, although they now that the quality and the price are lower. The factors that change the habits and the consumer behavior decision making are: the lower wage, the small number of work places and the prices of the products. Regarding the low price of Chinese products quality, some times arouses suspicions. Romania is a parts of the European Union and on the market there are various products made in European countries but also products made in China. People with low wages from the last step of social classes are prone to buy lower prices products. Other consumers on the contrary became more sensitive and they prefer to pay more than to buy products made in China. The quality prevails over the price and sometimes over the quantity although the money to spend are dwindled.

The crisis affected consumer behavior, consumers have become more attentive to the country of origin and the disposable income for shopping. In order to validate some of the ideas the authors undertook a quantitative online research. The research had as purpose to identify the main influences of the decision making when the consumer buys Chinese products. The chosen investigation was the selective survey, the research technique was the exploratory interrogation and the research instrument – structured in online questionnaire. After research we found that the economic crisis caused consumer behavior change as a result of diminishing the income buyers, the consumer is placed in a position to buy products of questionable quality at low prices, mostly from China. Lower purchase price often makes Chinese goods represent an attractive option for consumers. On the other hand, the quality of Chinese products has proven to not comply with the quality expectations of the consumers, based on the use of products manufactured in other countries. Romanian consumer has been shifted his chooses because of the very low income and at the same time the culture purchasing pattern. For this reason, this research focuses on the changing buying behaviour in the period of economic crisis.

Keywords: Asian products, economic crisis, consumer's purchase decision, Romanian consumer
JEL codes: M31, N15, N35

1. Introduction

United States economic crisis began in the summer of 2007, no one ever dreamed that could affect the worlds economy. A year later, the economic crisis affected dramatically the developed countries, including countries in Europe, and possible candidates to the European Union. The Global Financial Crisis has brought also new challenges to European integration and the EU institutional architecture.

The EU integration project, which has been progressing successfully for more than half a century, is now facing what is likely to be the most serious sustainability test in its history. In particular, this relates to such crucial components as the Single European Market and the Economic and Monetary Union (EMU). The roots of the tensions that have appeared since the late summer of 2008 can be attributed to the incomplete nature of the EU project and its various asymmetries (Dabrowski, 2010).

The economic integration through European countries was much faster than political integration. The economic level in the countries from EU was different. For example Romania because is an emerging country, had loans from IMF for developing different economic sectors.

With European integration, Romanian consumers had the possibility to choose from a wide range of products made in Europe. The broad range of products coming from EU changed to some extent the consumer motivations to buy. On the other hand the economic crisis had a negative impact over the consumer behavior.

The consumer had a dilemma: the reduced income was due to the economic crisis and had changed his behavior and motivations of buying. In some cases consumers had preferred quality rather than quantity purchased, the price, was a decisive factor in purchasing decisions. He become more aware of the financial crisis and become more money minded. The consumption basket was also affected, the consumer could not spent money on premium products, although some consumers could afford. Most consumers bought only their necessities, switching to cheaper brands and had a more rational view on promotions. They started to compare different products and select based on price compromising quality (Nistorescu and Puiu, 2009).

In recent years, Chinese products are found increasingly more on European markets. European Union was the perfect marketplace for Chinese products, and encouraged European economic crisis thus purchasing cheaper products and lower quality. Although European markets were flooded with Chinese products, including the Romanian market, some consumers remained loyal to products from countries such as Germany, Spain, Italy, Norway etc.

Before describing the influence of the Chinese products on the market there will be a short analysis of the economic crisis in the Europe and Romania (section 2), followed by section three with the consumer behavior with the motivation of buying of the Chinese products and their opinion about the quality and the price. Section four focuses on the analyses of the research and discussions about the conclusion that we reached including a short overview about the Chinese products in Romanian market. The paper has three perspectives: the Romanian consumer profiling on the basis economic crisis, the influence of the Chinese products and the social factors.

2. Economic crisis

The crisis caused disturbances to powerful European and Asian economies putting them on the brick of deep recession. Other weaknesses in the global financial systems have surfaces. The crisis caused inflation and fluctuations in the prices of commodities, and hence, consumers started to take a shifted action towards their needs and wants. The social impact of the financial crisis can be seen more obvious in the developing countries where the poor are being severely hurt during the crisis as demand for their labor falls, prices of essential commodities rise substantially and social services are cut. The consumers cannot prevent the fall in total expenditure; they tend to adjust the basket of goods purchased. People may start buying less quantities, or switch to larger size items to avoid repeated purchases. They also started to switch brands, and focus on price rather than quality and they also have started to intensify the search on the web looking for valuable bargains (Durra Mansoor, 2011).

The buying behavior is considered a very complex phenomenon because it consists of a wide set of prior and after purchase activities (Hansen, 2004, p. 9). The buying process has five stages: recognizing the problem or need, searching for information, evaluating the alternatives, the purchase and the final stage, reevaluating the choice made.

There are four distinctive classes of consumer buying behavior identified by the literature. What differentiate these classes can be observed thorough the frequency of occurrence, emotional involvement, decision making complexity and risk. These types are known to be: programmed behavior; limited decision making buying behavior; extensive decision making buying behavior and impulsive buying (Arnould, 2002, p. 172).

Programmed behavior (also called habitual behavior) is distinguished by low complexity and little information search, this process is usually known as routine purchase of low cost items that consumer is used to buy out of habit: such as coffee, newspapers, bus tickets, etc. (Learn marketing, 2008). Limited decision-making buying behavior involves reasonable level of decision making and relatively low amount of information search in order to generate a purchase (Mansoor, 2011).

The extensive decision-making buying behavior is identified as being the opposing type to the limit decision-making buying behavior (Foxall and Goldsmith, 1994, p. 165). In this process the consumer would spend a relatively longer share of time in information search and would take longer period to make a decision regarding this purchase because this process is usually adopted when purchasing infrequent expensive product that takes a large share of the consumer's income and involves higher psychological risk (Peter and Olson, 2007, p. 89). The consumers pay more attention with their budget to spent, so they reduced the quantity of the products or changed the brands that they used to buy into cheaper ones, most of the times searching for the best price and bargains. These is a shift from expensive to inexpensive substitute, a shift from luxury to essential, a shift from huge quantities to small quantities and a shift from consumption to saving (Mansoor, D. and Jalal, A, 2011).

Alignment with the consumer needs in different countries, allocating product or service correctly is a challenge for the company. Consumers can choose products not just because they can bring the greatest satisfaction at the lowest price, but also to express personality, social status or group affiliation of consumer needs, choices and the consumer preferences for a particular product are generally affected by significant social cultural influences.

3. Consumer behavior

This paper's main objective is to analyze the influence of the Chinese products on the European markets, especially on the Romanian market, with special attention given on factors that influences consumer behavior. Before the European integration, Romania was a market with a great potential for the European products. Being a part of EU countries was a challenge because economical speaking the country was having an intense economical growth, but after a year the European countries faced the financial crisis on the global scale. So indirectly Romania was affected too.

Meanwhile in the Asian countries the global crisis was perceived on a smaller scale. China was developing to the fullest and was exporting a wide range of products. Republic of China is the largest country in East Asia and the most populated in the world. State is a booming economic and social. This has made Chinese consumers faced a new challenge, he must choose between maintaining traditional buying habits or total rethinking buying habits to effectively absorb the supply of foreign products in China.

Alignment with the consumer needs in different countries, allocating product or service correctly is a challenge for the companies. Consumers can chose products not just because they can bring the greatest satisfaction at the lowest price, but also to express personality, social status or group affiliation of consumer needs, choices and the consumer preferences for a particular product are generally affected by significant social cultural influences (Kiefer Lee, 2009). Monroe and Guiltman (1975) reckoned that consumers select a store first and then determine the product to be purchased within the store. In addition, they also considered that store choice is affected by the attitude towards store which, in turn, is influenced by the store's image. However recent studies made have seldom considered brand/store choice for a product that the purchaser buys for some to consume or use. (Yau, Chan si Lau, 1999).

In terms of empirical, emotional state is a decisive factor determining consumer purchasing decisions. The products that most of the time have a low monetary value at very low level of excitation of the senses, may induce to the consumer a habit behavior. As the product is more

expensive to both emotional level and monetary resources, the enjoyment will be higher. Purchase satisfaction, but previous acquisition and utility product directly influence consumer behavior. Chinese products are charged according to their utility (kitchen utensils, items of clothing, appliances and electronic items - laptops, iPads, mobile phones, tablets, e-readers) as having lower prices than products coming from the U.S. or Western Europe.

The financial crisis has increased the sensitivity of both buyer price and quality but unlike the previous crisis period, the origin place of the product is part of the top 10 reasons when the consumer plans to buy it. Lately the origin of the products is a crucial factor in purchasing decisions of consumers. They attribute the home to the product. Products manufactured in China can be seen in almost every category of goods, in world markets and the Romanian market could not be excluded. (Masoud Karami, Shahrzad Pourian, Omid Olfati, 2012).

In the sphere of marketing, reputation of products from certain countries has resulted in the concept "country of origin effect". The country of origin can be defined as any influence on the country of production, assembly, or the country where the product has been designed on consumer perception and behavior. A company competing in global markets produce goods worldwide, when the consumer becomes aware of the place of production, it is possible that this element to influence brand image (Ph. Cateora., 2006).

The country of origin means the influence of all factors associated with a country that plays a role and the assessment process products from that country. Lampert and Jaffe (1998) defined the home as "the impact that generalizations and perceptions about a country have on how an individual evaluates the products and brands." Country of origin is used rather as a strong indication in terms of quality brand than a precise definition of it. (Jean-Claude Usunier, Julie Ann Lee, 2005). China is the largest importer to the United States, with Chinese imports equaling \$321,443 billion in 2007, an increase of 11,7 % over 2006. China alone accounted for 16.5 % of U.S. total imports in 2007. Other major importers to the United States include Canada, Mexico, Japan and Germany. Significantly, none of these countries has experienced major recalls or safety issues rivaling the magnitude of Chinese goods. (Berman and Swani, 2010). A disproportionately high number recalled goods have been produced in China.

4. Methodology

In order to validate some of the ideas mentioned above, we applied an online questionnaire to various types of people. The scope was to obtain information about the Asian products and their quality and prices and the Romanian consumer. The quantitative part of the research identifies the reasons that economic status of the country pushes the consumer to buy. The four objectives of the research had focused on the factors that influence the buying decision, the products country of origin, income and group that influences the buying decision.

The population of this study was formed of male and female shoppers that had 18 and above, from Bucharest Romania. The study was applied online and the majority were university graduates. 42 % of respondents go shopping twice a week. There were only 112 questionnaires with a response rate 77%. However 26 questionnaires were incomplete, resulting only 86 completed. 74% of the respondents had between 20 and 40 years old, and 60% were females, and 40% were males. Usually, when buying people are influenced by family state of mind, attitudes towards products and recommendations of the friends or previous usage.

Research goal is to determine Romanian consumer attitudes towards products imported from China.

Research hypotheses

H1. Romanians believe the consumer products imported from China have questionable quality.

81% of respondents believe that the likelihood that products imported from China have questionable quality is high or very high.

H2. Romanian consumers associate low price with low quality. For over three quarters of respondents, the low price is a factor that arouses suspicions regarding the quality or inducing the idea that the product is inferior.

H3. Romanian consumers are willing to pay a higher price to buy a product from another country if they had a higher shopping budget. 46% of respondents said they are willing to pay a higher price to buy a product imported from another country than China, while for 40% of them is not important country of origin of the product.

H4. People believe that great brands image was not affected by outsourcing production to China. 67% of respondents feel great brand image was not affected by outsourcing production to Chinese market, either because they are not aware of this outsourcing, either because they have noticed changes in terms of product quality.

5. Results and Implications

The paper makes two important contributions to the existing literature: the first one is an empirical research, of the Romanian consumer that chooses Chinese products, and the second the paper extends the knowledge of a short Romanian consumer profiling that most of the times buys Chinese products because are cheaper.

During research it was observed that Chinese products on the Romanian market influences the consumer buying through the price, quality and the way is used. Depending on the type of product (clothing items, food, toys) and their frequency of purchasing, is higher in the household, unlike electronic products that have a frequency purchase lower (mobile phones, notebooks, tablets, e-readers).

They show that although the quality is low the Romanian consumer is unable to buy items with a higher quality or price so he prefers the Chinese products. But there the consumers with low to medium income prefer to make an effort and buy products with a higher quality or prefer to wait for bargains and promotions.

At the question „Have you ever bought Chinese products?“, 35% of respondents didn't buy such products, because they think they have a low quality, 11% because it would affect their image and 25% are afraid of some allergies that could be caused by counterfeit products. On the other hand, purchasing these products was made because of low income in most cases. 16% prefer to buy Chinese products because they are cheaper than the original products made in other countries, and 8% because they have a low budget. Only 5% of respondents said they had not noticed any difference in terms of quality between the two types of products. International brands have always been an inspiration to production in China. The luxury products concerned are generally food, drinks, clothes, perfumes and mobile phones. 37% of the respondents said they rarely or very rarely check the country of origin on product labels. 31% check it sometimes, and the remaining 32% check the labels frequently or very frequently. "Have you ever changed his mind about buying a product that has drawn just because it was produced in China?", 38% of respondents admit that they changed their mind about buying a product after they learned that it was produced in China. For 62%, the country of origin is not disturbed and not a hindrance in buying the product.

China is the largest importer to the United States, with Chinese imports equaling \$321,443 billion in 2007, an increase of 11,7 % over 2006. China alone accounted for 16.5 % of U.S. total imports in 2007. Other major importers to the United States including Canada, Mexico, Japan and Germany. Significantly, none of these countries has experienced major recalls or safety issues rivaling the magnitude of Chinese goods. (Berman and Swani, 2010).

6. Discussion and conclusion

This paper is focused on analyzing the factors that influence the consumer behavior during the crisis and chose that they made about Chinese products. Consumer behavior can vary depending on a number of factors, such as income, demographics, social and culture factors.

International economic crisis that was installed in Romania in recent years has reduced the number of jobs and income. For this reason, consumers have begun to turn to cheaper products, such as those imported from China. Noticing this trend, retailers have entered the Romanian market more and more products like this, having held such an invasion of Chinese products. Today, consumer goods from China dominate many markets. Lower purchase price often makes Chinese goods represent an attractive option for consumers. On the other hand, the quality of Chinese products has proven to not comply with the quality expectations of the consumers, based on the use of products manufactured in other countries. Thus, compared to products manufactured in other countries, the Chinese are perceived as having low quality and a lower value.

Because the study was conducted on a homogeneous sample that may not be representative and the results generalized to a larger scale would be difficult. It is therefore necessary to perform other more complex studies about consumer perception about luxury products from China or the changing trends in the consumer buying behavior in global economic crisis.b

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