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## 日本・中国 アカデミック・シンポジウム

- A Comparative Study: The Transfer to China of the Brands  
Made in Japan, Korea, the US and Europe -

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(要約)

自家用車、薄型テレビ、スキンケア化粧品の3分野について、2006年と2007年に実施した中国の消費者調査(3都市200人分×3分野、計1800人のインターネット・モニター)のデータを、構造方程式モデルにより分析。国家ブランドと原産国ブランドの選好度が、ブランドのイメージや選好度に深い影響を及ぼすことを、実証的に明らかにする。また、企業/ライン・ブランドそれ自体のブランド・エクイティ力が、国家ブランドと原産国ブランドとは独立して、企業/ライン・ブランドの選好度を左右することを検証する。

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**A Comparative Study: The Transfer to China of the  
Brands Made in Japan, Korea, US and Europe**

(“日韓米欧”発ブランドの中国市場への移転 - 構造方程式モデルによる  
国家ブランドと原産国ブランドの企業・ラインブランド選好度への総合効果)

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< 要約 >

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< 講演録 >

**Introduction**

My presentation title is related to brand transfer, not only from Japan, but also from Korea, the US and some European countries like France or Germany.

When you like Japan, do you think you will also like Toyota from Japan? If you like France then do you think you also like cosmetics from France? This is called psychological “halo effect”.

If you like or dislike a country, that association will be transferred to your

preference of the product brand of the same country.

Today I will analyze how the preference of a nation or a state such as Japan, US or France will affect your preference towards those brands from Japan, US or France.

Another aspect of the study is that if you would like to buy a brand, independently from the preference towards Japan, Korea or US, when you like the brand itself, you would prefer to buy it.

There are 3 hierarchical areas of developing preference towards a specific product brand. Firstly, your image about the country, and secondary, your image about the Country of Origin (COO), Japan as COO of cosmetics, COO of automobiles, or COO of FPD (Flat Panel Display) TVs, and thirdly, the brand itself.

I will talk about this subject in 4 phases; objectives of the study, findings, down to management summary and marketing implications for branding strategies in China for various multinational companies operating in this country.

## **Objectives**

This study is a comparative study, multi-country analysis.

I would like to introduce the methodology of SEM (Structural Equation Model) to analyze the factors and try to achieve the following objectives.

- (1) To identify the total effects of state brand preference on the development of the preference of corporate/ line brand.

How state brand will affect the preference of individual corporate line brand?

State brand, by that I would like to mean the image about the country itself, such as Japan, US, Korea, France, Germany and so on, independently from the product. If you like Japan, you may like Toyota.

- (2) To identify the total effects of COO brand preference on the development of the preference of corporate/ line brand

Think about Japan as a cosmetic country or Japan as an automobile country. If you like France as an automobile country, then you might be very special, peculiar people in the world. If you do like Japan as an automobile country, you are very clever and wise people, but unfortunately, Japan as a COO is not liked in China.

(3) To disclose the indirect effect of corporate/ line brand perception, independently from state and COO, on the development of the preference of corporate/ line brand.

The image of a brand, for example, what you think about Mercedes, will influence your preference toward Mercedes. Then you would like to buy a Mercedes, if you have money.

Those 3 objectives will be analyzed in combination to identify how much influence each of state / COO / brand perception gives on the preference of each individual brand.

### Methodology of the study

#### Direct / indirect effect

I will be talking about the state brand effect, the COO brand effect, and your perception or image about each brand. If they affect perception and brand preference, then here we call it direct effect. If you like Japan, you like Toyota, this is direct effect.

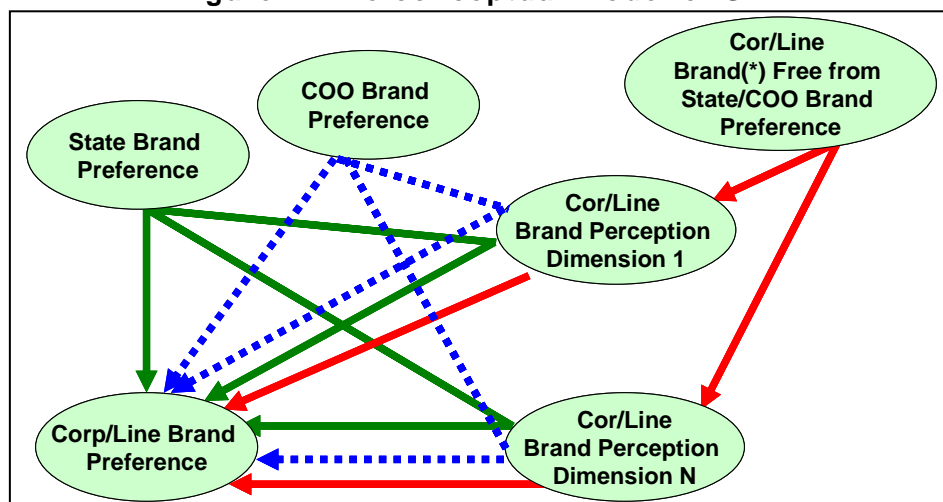
If you like Japan, then you will have a favorable image toward Toyota brand, and then this favorable image of Toyota will also influence your preference on Toyota. This is indirect influence.

Take France as a COO of cosmetics, for example. If you like France as a COO of cosmetics, then you will develop favorable image toward Lancôme. Then this favorable image will have an indirect effect on the preference of Lancôme.

Not many people know where Lancôme is from. Independent from state or COO image, Lancôme itself has its own equity through their marketing activities in China. That image will have a very good impact on the preference of Lancôme and the purchase intension of Lancôme.

This is the conceptual model of this study (Figure 1). Along with this model, I collected data in China.

Figure 1 The conceptual model of SEM



(\*)The Perception of the Corporate/Line Brand has its own effects on the preference of the Brand free from State Brand and COO Brand.

### State brand preference and perception

The preference of state brand of the US, China, France, Japan and Korea is measured on the 5-point scale. Then, attribute rating is measured.

### COO brand preference and perception

For the preference of COO brand of cosmetics, I measured US, China, France, Japan and Korea. Attribute rating is also measured.

### Corporate/line brand preference

For corporate line brands, I chose Avon, Dabao (大宝), L'Oreal, Laneige, Lancôme, Aupres(欧珀莱), Olay, Shiseido, SK-II, Mininurse (小護士).

Attribute rating of the corporate/line brands is also measured.

By the same approach, I also measured Chinese consumers for cars and FPD (Flat Panel Display) TV (See the Table 1 for details).

**Table 1 Measurement Design**

	Cosmetics	Cars	FPD TVs
State Brand	US, China, France, Japan, Korea	US, China, Germany, Japan, Korea	China, Japan, Korea
COO Brand	US, China, France, Japan, Korea	US, China, Germany, Japan, Korea	China, Japan, Korea
Corporate/Line Brand	Avon, Dabao (大宝), L'Oreal, Laneige, Lancôme, Aupres, Olay, Shiseido, SK-II, Mininurse (小護士)	Chery(奇瑞 QQ)、Ford、Geely(吉利), GM, Honda, BMW, Hyundai, Nissan, Mercedes-Benz, Toyota, VW	Changhong(長虹)、Hitachi, Hisense (海信), LG, Panasonic, Samsung, Sony, Skyworth(創維), Sharp

The research was conducted from December 2006 to January 2007 in Beijing, Shanghai and Guangzhou(広州). The number of respondents was 600 for each city, 1,800 in total, all recruited from Searchina’s monitors in the three cities. Characteristics of the respondents are shown in the table (Table 2).

**Table 2 Characteristics of the respondents**

Cosmetics	Cars	FPD TVs
Females 18-48 years old Purchasing skincare cosmetics for personal use. 600 respondents in total	Males & females 20-49 years old Having an owner car (62%) or intending to buy one within the next 2 years (48%) 600 respondents in total	Males & females 20-49 years old Having a FPDTV at home 600 respondents in total

**Findings of the study**

First, I explain how I present the results in the graphics.

Vertically, I present the power of the brand image that affects brand preference.

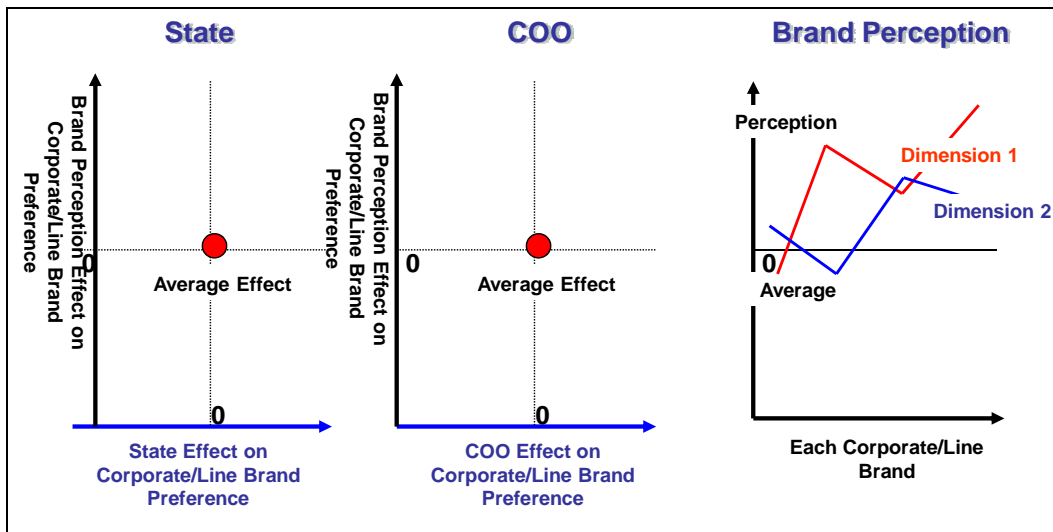
Horizontally I present how state brand will affect individual brand, and put average effect right in the middle. Horizontally, above zero, it represents positive or strong effect, below zero means negative or weak effect.

Same goes for COO effect.

Thirdly, the bar chart on the right indicates brand perception. The perception level is put vertically. And each individual brand is put horizontally.

The lines represent the image for brand 1, 2, 3 and 4. In this graph, for dimension 1, brand 4 is scored highest and brand 2 is the second highest.

Figure 2 Total effect map of state/COO preference vs. brand preference



## Results

### 1 Skincare

Japan as a nation has a very weak, negative effect on Shiseido. America is also disliked, which poses fairly strong negative effect on Olay and Avon. As for Aupres, it is liked by Chinese skin care users, because not many ladies know that this is from Shiseido, a Japanese company. Korea is very liked by Chinese ladies, much better than Japan. France is best liked. That strong affection has given very positive effect on Lancôme and L'Oreal.

Figure 3 Skincare: Total effect map of state/COO vs. brand preference

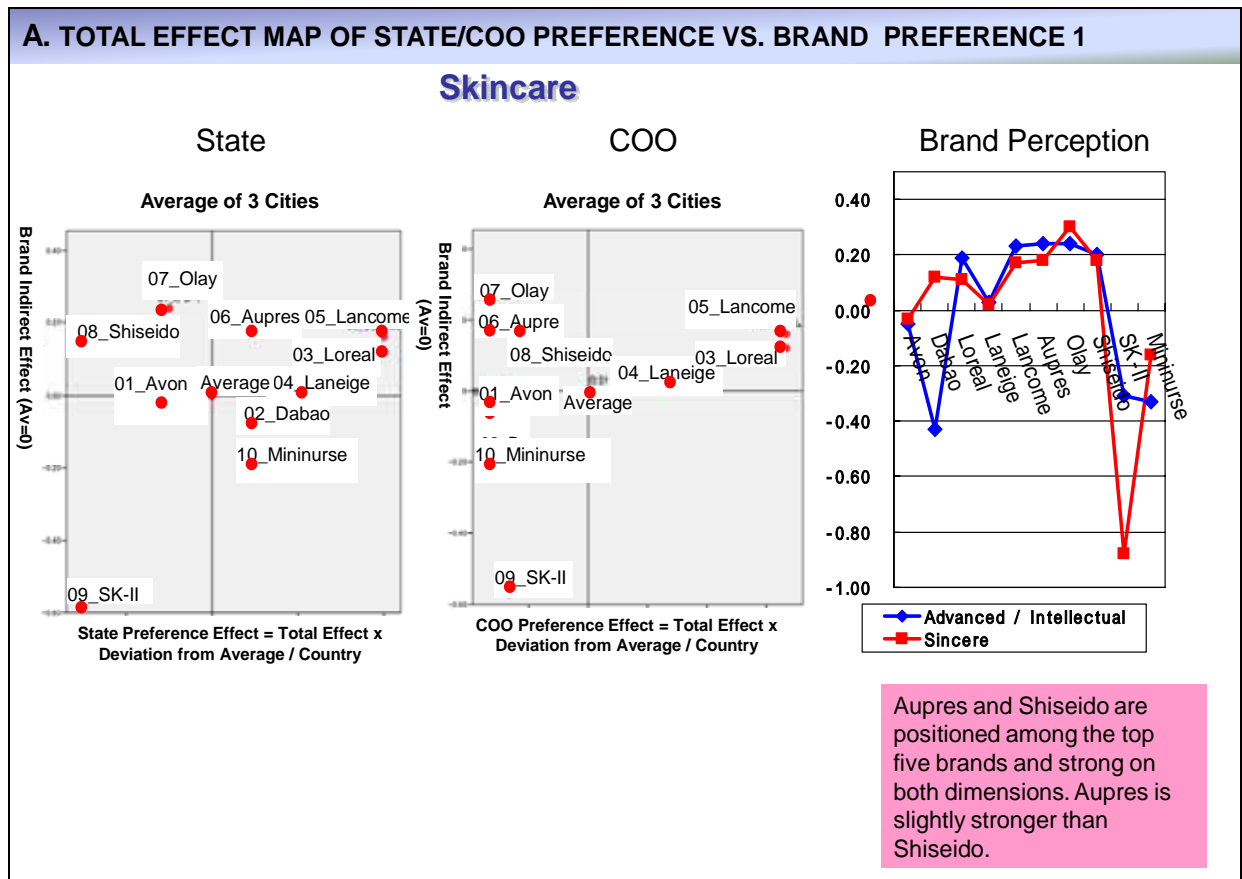


Table 3 Skincare State/COO/brand

	State	COO	Brand	Share	
USA	-	- - -	+++	CD	18.36%
China	+	- - -	--		
France	+++	+++	+++	Shiseido	12.98%
Korea	++	+	±	Chanel	9.84%
Japan	- - -	- -	(+++) ~ (++)	Lancome	6.13%

Source: 百度数据研究中心 Share : Premium Cosmetics (value)Q3/07



As COOs, Japan and the US are least liked as cosmetic countries.

This is the effect of nation and COO.

The vertical axis represents the image effect on the preference of each brand. Olay is most liked by Chinese ladies, although the US is disliked. Olay as a brand is doing very fine despite the unfavorable environment.

Same applies to Shiseido and Aupres. Shiseido's image as a brand is favorably ranked.

Aupres, Shiseido, Lancôme and L'Oreal are among the top group. I would say that Shiseido is doing fine, although it is working in the worst situation.

Looking at the attribute rating, Olay is very strong on "sincerity", although the US is not considered "sincere" at all. Olay is also considered "advanced" by Chinese ladies.

Shiseido is also very strong on both "advanced" and "sincerity".

Aupres is very good on "advanced" but weak on "sincerity".

### Skincare

1. Japan as a state brand tends to give "weaker negative" (from the average) effects on the preference of the Japanese cosmetic brands.
2. Meanwhile, Japan as a COO brand of the cosmetic industry is scored at being similar to China and the US or positioned in the tertiary group following France and Korea.
3. However the individual brands of Shiseido and Aupres are highly positioned in the top group and, separately from state/COO brand effects, expected to exert strong positive effects on the preference of the brands.
4. The IMC strategy of Shiseido and Aupres would be more effective when they could successfully improve the brand perception of being sincere and reliable in the minds of Chinese consumers.

## 2 Cars

As a state brand, Japan is very miserable, followed by Korea, average USA, and strong China. The best state is Germany.

Figure 4 Cars: Total effect map of state/COO vs. brand preference

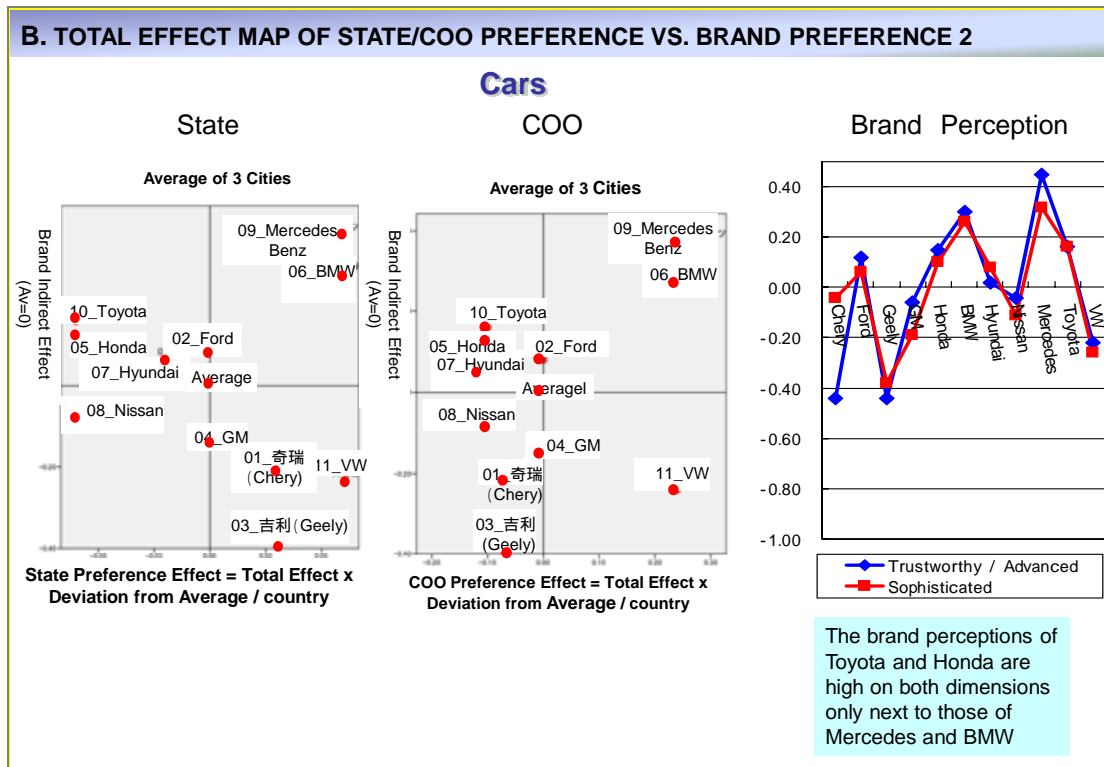


Table 4 Cars State/COO/brand

	State	COO	Brand	Share
China	++	-	(- -) ~ (- - -)	31%
USA	±	±	(+) ~ (-)	13%
Japan	- - -	-	(++) ~ (-)	26%
Germany	+++	+++	(+++)	18%
Korea	-	-	+	8%

Source: 自動車:蓋世汽車網(071707)

Share: First Half of 07 % Share Whole Year at 8.5M units (P)

As a COO, Korea is the worst, and Japan is the second worst. China is the third worst. The US is near the average. Germany is the only one winner as a COO.

As a brand, every Chinese likes Mercedes and BMW. But not many Chinese can afford to buy them, because they are very expensive.

You like a German car and German brand but don't have money, then you switch to Toyota, as a replacement. Toyota and Honda are in the second group. Toyota will be achieving an 8 % share this year, and Camry is almost sold out. It is gaining popularity.

Ford and Hyundai come in the third group.

Unfortunately, Chinese Geely and Chery still lag behind, in terms of brand image and preference. But they are selling from different reasons; "You like China, and buy a Chinese car," or consumer patriotism. Also, the price is one third of that of Toyota, and the distribution is abundant. So despite the image factor, Chinese are buying Geely and Chery with different reasons.

Strangely, although Volkswagen keeps the highest share in China, it has a very low image. It is because they sell cars for taxi. The car must be quite cheap, but is dirty in the taxi operation. So the image is very low, but Chinese are buying them in big numbers.

Looking at the attributes, "trustworthy" and "sophisticated" are very high for Mercedes, followed by BMW.

Nissan is in the poor position. Volkswagen is in a very miserable position for a biggest seller brand in China. They need to revitalize their brand image.

### Cars

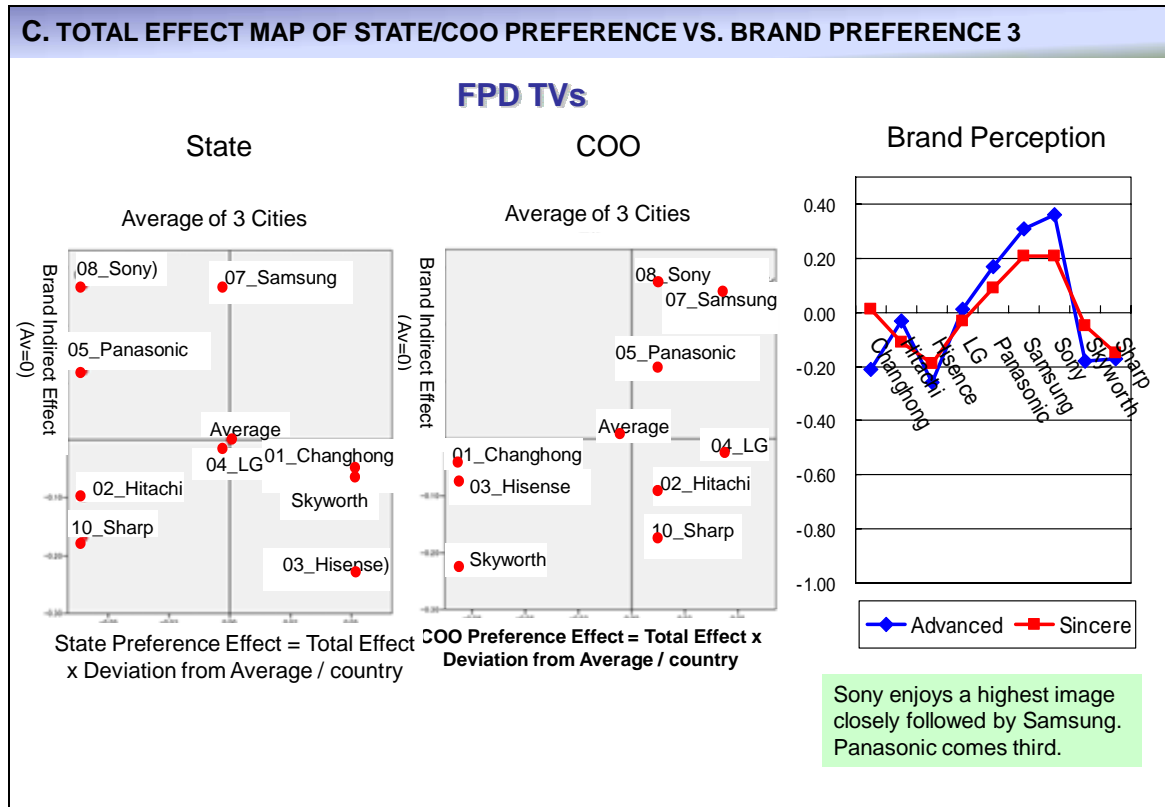
1. Japan as a state brand is positioned lowest and tends to give "weaker" negative (from the average) effects on the preference of the Japanese car brands.
2. Japan as a COO brand of the car industry tends also to give "weak" negative effects on the preference of the Japanese car brands. The Japan's image as a country of car origin should be improved jointly by the industry and the government.
3. However, the Japanese individual car brands represented by Toyota and Honda demonstrate "strong" positive effects on their own preference.
4. In terms of IMC, the more emphasis on and the increased acceptance of the "Sophistication / Dynamism" dimension would help Toyota and Honda boost the preference level of the Chinese consumers. Nissan's weakness on both dimensions would have to be fundamentally remedied.

### 3. FPD TV

As for FPD TV, this is interesting.

Looking at the COO of Japan for FPD TV, it is positive. But Korea is ranked the best as the COO for FPD TV.

**Figure 5 FPD TVs: Total effect map of state/COO vs. brand preference**



**Table 5 FPD TVs State/COO/brand**

	<u>State</u>	<u>COO</u>	<u>Brand</u>	<u>Share</u>	
				(Unit)	(Value)
<b>China</b>	+++	---	(±) ~ (---)	60.2%	48.0%
<b>Japan</b>	---	++	(+++ ) ~ (--)	21.3%	29.2%
<b>Korea</b>	±	+++	(+++ ) ~ (+)	12.1%	15.9%

Source: Display Search

Share: First Half of 07. % Share. Whole Year at 8.1M units vs. Japan's 8M units (P)

In terms of the brand, Sony and Samsung are among the top group, followed by Panasonic. The third group includes LG, Hitachi and Sharp.

Chinese brands are in the fourth group, but they are selling like bananas. There is strong consumer patriotism for “Made in China” products.

Imagewise, Sony and Samsung are among the top. Still, they need to improve the “sincerity” attribute.

#### FPD TV

1. Japan as a state brand tends to give “weaker” negative (from the average) effect on the preference of the Japanese FPD TV brands.
2. However Japan as a COO brand of FPD TVs demonstrates strong positive effect on the preference of the Japanese individual Corporate/ Line brands. Japan is positioned second, next to Korea.
3. By brand, Sony is preferred most, closely followed by Samsung. Panasonic comes third. Hitachi and Sharp are still on the long way toward developing their brand acceptance in China.

## **Implications for the Japanese brands**

### **Cosmetics**

The IMC strategy of Shiseido and Aupres in the future could be more effective if they could develop the image of sincerity and reliability in the minds of Chinese consumers.

### **Cars**

Toyota and Honda need to improve the image of being sophisticated or dynamic vis-à-vis German cars, and they will be better off and will be getting stronger acceptance of Chinese consumers.

Nissan needs to do something from scratch.

### **FPD TV**

Although Sony and Panasonic are receiving consumer support, they need to strengthen “sincerity” attribute toward stronger support in China.

## **Management summary**

The graphical image represents how the 3 hierarchies of brand perception, i.e., state, COO and individual corporate/ line brand, are affecting brand preference (Figure 6).

In the area of cosmetics, France enjoys the most favorable position in China; strong state effect, strong COO image effect and very favorable brand image.

From the latest data of the premium cosmetics market, all those French brands, such as Lancôme and Chanel, are doing well in China.

Meanwhile, despite this unfavorable situation, Shiseido is doing well.

As for cars, Germany is in the best choice in every aspect. German car's share is 18 %. Japanese cars have 26% share and Chinese cars hold a share of 31%.

Despite the unfavorable brand image and COO perception, the share of Chinese car is increasing because of the “Buy Chinese” mentality.

In the field of FPD TV, Chinese companies have 60 % unit share. It is incredible. If you think brand image is the only motivator of purchase, you would be misled. Chinese consumers are buying Chinese products, although they don't like the image of Chinese brands, but love “Made in China”.

The Japanese brands hold a total share of 21% and Korea has 12% share.

Figure 6 State/COO/Brand/share

		<u>State</u>	<u>COO</u>	<u>Brand</u>	<u>Share</u>
<b>Skincare</b>	<b>USA</b>	-	- - -	+++	Premium Cosmetics (value)Q3/07
	<b>China</b>	+	- - -	- -	CD 18.36%
	<b>France</b>	+++	+++	+++	Shiseido 12.98%
	<b>Korea</b>	++	+	±	Chanel 9.84%
	<b>Japan</b>	- - -	- -	(+++) ~ (++)	Lancome 6.13%
<b>Car</b>	<b>China</b>	++	-	(- -) ~ (- - -)	31% } 13% } First Half of 07 26% } % Share 18% } Whole Year at 8.5M 8% } units (P)
	<b>USA</b>	±	±	(+) ~ (-)	
	<b>Japan</b>	- - -	-	(++) ~ (-)	
	<b>Germany</b>	+++	+++	(+++)	
	<b>Korea</b>	-	-	+	
<b>FPDTV</b>	<b>China</b>	+++	- - -	(±) ~ (- - -)	60.2% 48.0% 0.80
	<b>Japan</b>	- - -	++	(+++)	21.3% 29.2% 1.37
	<b>Korea</b>	±	+++	(+++)	12.1% 15.9% 1.31

Source: 自動車: 盖世汽车网(071707)、薄型テレビはDisplay Search、化粧品は百度数据研究中心

First Half of 07. % Share  
Whole Year at 8.1M units  
vs. Japan's 8M units (P)

**Q & A**

Q.(Professor Guijin) How do you measure preference?

A. In terms of preference, I asked to measure the level of preference on a 5 point scale. Same goes for COO brand preference, and corporate brand preference.

The image is measured on a 5 point scale on 7 image attributes; sincere, advanced, sophisticated, intellectual, dynamic, etc.

By comparison, COO has a stronger and more significant effect on preference than state brand.

If you like Japan as a COO of Toyota, they you tend to be more influenced by that. COO is more important than state brand.

As you remember in the presentation in the FDP TV area, Japan as COO, is ranked positively, although Japan is rated negatively as state brand. Now this starts working.

Q. (Professor Ueda) The situations must be different between low-priced cars and high-priced cars.

A. Your next presentation will be covering that topic, I know. I wanted to develop the “overall” image of car marketing in China, because of time and money constraints.

Q. Do you think a country can improve the state image effect?

A. It is a touchy subject. I would like to avoid to be trapped by political questions between China and Japan, because I like China very much.

About the state brand, there is nothing that any single company can do. But as for COO images, the government and Toyota should be doing something to influence Chinese consumers in more favorable ways towards Japan as a COO of the car.

In other words, now China is in the transition period from a brand-free marketing society to a more brand-oriented and consumer-oriented marketing society.

As I observed, for instance, in developed countries like the US and Japan, COO effect does not mean anything except an only minor, final, summary effect. The US consumers, if they like Sony or Toyota, they don't care where those brands come from.

When the brand-oriented society comes to a reality in China, then this kind of 3 hierarchical brand study will become useless. I believe that China is in transition.

Q. Why do you use the SEM?

A. It is simply because SEM (Structural Equation Modeling) is the most useful methodology to analyze those relationships between brand preference and various factors, for example, brand perception, state image, COO image, corporate image or whatsoever. You may think it useful to analyze influential factors to brand purchase.

Thank you very much.

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