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A Consumer Study of Chinese Smartphones

Influences of Purchase Intention in Sweden

by

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Abstract

Title: A Consumer Study of Chinese Smartphones: Influences of Purchase Intention in Sweden

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Key Words: International Marketing; Consumer Behavior; Purchase Intention; Brand Familiarity; Product Quality; Country of Origin; Huawei; Chinese smartphones; marketing strategy.

Purpose: The purpose of this research was to explore the elements that influence purchase intention of Chinese smartphones in Sweden. Precisely, the researchers investigated some of the possible reasons why Swedish consumers are switching from traditional brands to Chinese brands of smartphones and the elements that influenced their decision.

Methodology: The researchers followed an abductive approach and applied qualitative methods for data collection all backed up on the basis of social constructionism. Specifically, these choices were sustained by the need understand the elements that have led Chinese smartphones to acquire a large market share of the European market, particulary in Sweden. This research utilized a consumer study strategy to answer the research and sub-research question.

Theoretical Perspective: The study focused on analyzing and evaluating the areas of literature that were most relevant to achieve the aims of this study and to answer the research question and sub-research question. The researchers examined studies in the areas of consumer behavior, purchase intention, and international marketing.

Empirical Data: The researchers applied a triangulation method for the collection of data. In particular, scholars conducted 2 focus groups and 3 semi-structured interviews. The methods of data collection were combined with direct observation and documentation in order for the researchers to obtain a particular view of the influences that made the most impact for the Swedish smartphone consumer.

Conclusion: The researchers developed a revised theoretical model, which allowed them to visualize more concretely what are the elements that affect purchase intention. In addition the researchers compared the old model with the answers from the respondents and found similar and different aspects that were included in a revised theoretical model. Furthermore, the revised model was able to shed some light on the elements that influenced each individual construct of purchase intention, which allowed us to categorize consumers into different types: price sensitive and trust sensitive. The model also guided the researchers to give descriptions of the elements that influenced each type of costumer.

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1   Introduction

1.1   China's Growth and Structural Change

In 2001 China joined the World Trade Organization, which allowed for China to experience more foreign direct investment and to be known as the "World Factory". It is important to note that to drive growth there should be policy reforms that allow for structural change and most importantly there should be significant enhancement of productivity. China's growth was also impelled with the rise of its prime-age population (Wei et al., 2016). Although there was a lot of growth during this period, wages in China increased and but the economic surplus because of what some scholars claim happened due to the Lewis Turning Point. When the Lewis turning point has been reached countries need to add growth policies. Scholars argue that China reached this point in 2010, but other researchers claim that this point has not yet been reached (Zhang et al., 2011). China knows that the path to boost its productivity is to invest in the fourth factor of production -entrepreneurship/innovation. China has started to invest more in research and development in order to become a leader in innovation (Wei et al., 2016). In 1991 China only invested 0.7% of its GDP in research and development in compared to 2014 with 2.05% of its GDP. Not only has China invested more money into research and development, there are also now a higher number of researchers with a 151 percent increase in the number of researchers per million people in the past 20 years. Looking at famous Chinese technology companies we can see signs that China is already seeing the rewards of these implementations. Several examples of this can be seen with Tencent, which is the owner of the famous application called WeChat, an integrated app that provides a chatroom, video and voice calls and financial exchanges. China has had a huge advantage in the smartphone and telecommunications industry by having a massive growth in companies like Xiaomi which has capitalized a lot from forming brand communities (China Economic Review, 2016), and Huawei which has topped the list of patent filings for the past three years (EPO, 2016), and which we will be basing this consumer study on.

1.2   Growth in Purchases of Chinese Smartphones in Sweden

It has come to our attention that in Sweden and Europe as a whole, there has been an increase in the market share that Chinese Smartphones possess. ''*Ultimately, the power of a brand lies in the minds of consumers or customers*'' (Keller, 2000, p. 157). Our speculation is that Chinese Smartphone brands would not have been able to acquire this if the perceptions they have of Chinese smartphones had not changed. Umbrella brand-image refers to the fact that the brand image perception is under the influence of country image perceptions. There is some discussion on how consumers can also influence each other and can change other consumers' perspective (Nisbett & Wilson, 1977). Our assumption is that Chinese companies are putting more efforts on employing factors that influence purchase intention of their products in a positive way.

In the first quarter of the 2016 global smartphone market reports, Huawei was listed as the third top-selling device maker worldwide (Strategy Analytics and International Data Corporation, 2016). According to Fortune magazine (2016), Huawei is now the most profitable Android device on the market. GFK also reported the tremendous growth for its smartphones in several countries in Europe with 124% in the Czech Republic, 118% in Denmark, 512% in Finland, 214% in Greece, 82% in Norway, 833% in Poland, 252% in Romania and 435% in Sweden. Austria showed the largest market share growth with an increase of 1144%. Because of this notable growth in the Swedish market (435%) Huawei's market share grew to 5.4% in 2016 compared to the previous year (GFK, 2016).

1.3   Purchase Intention and Country of Origin

The country of origin effect has been a trending topic for the past decades. In Sweden, it is common for many companies to capitalize on the "Made in Sweden" statement to increase brand recognition when expanding their business abroad (Samli, 1995). Many marketers have accepted that this country of origin effect (COO) is very significant in consumer decision-making. During the past decades, the "Made in China" reputation has not been very positive in the minds of consumers. When utilizing Google to search for the term "Chinese products", the first three most popular searches are "Chinese products are crap", "Chinese products are low quality" and "Chinese products are junk…". Although China has shown a remarkable growth in manufacturing in the past ten years, the image of Chinese companies and products

are still perceived as low quality. To deal with this issue, China has engaged in numerous product development projects which have helped grow its market share, allowing for quality to improve and for product and brand development to be the main focus of tech companies.

1.4 Purpose and Research Question

The purpose of this study is to examine the factors that influence the purchase intention of consumers of Chinese smartphones in Sweden. Regarding the theoretical contributions, we try to address purchase intention by looking at consumer behavior and its influences in international marketing. By carefully examining the aspects influencing purchase intention of Chinese products in Sweden, particularly smartphones, we attempt to identify the main elements that have influenced Swedish consumers to make a purchase. Moreover, by investigating the main elements that have influenced each construct, this research will increase knowledge and contribute to the area of consumer behavior. Furthermore, this study will provide new insights on the potential elements to address when foreign brands try to enter the Swedish market.

Regarding our research questions, we present it as follows: What are the factors that affect purchase intention of Chinese Smartphones in Sweden? As a sub-question, we would like highlight the main elements of the factors themselves. Do these factors affect purchase in a positive way or in a negative way?

1.5 Thesis Outline

The first chapter of our study provided the reader with background information on the research topic and triggered the analysis at a more general level with international marketing and reducing it to the concept of purchase intention. We also presented the problem, research purpose questions and subquestions as well as the theoretical and practical implications of our research. Following, the second chapter will examine the literature of the elements, which we believe influence purchase intention and finally, purchase intention itself. Supported by our literature review, we will introduce the theoretical framework that will be utilized as a baseline for the analysis of this study. In the third chapter, we describe our research philosophy, design, and the data collection process. This chapter will provide a detailed description of the approach utilized in conducting this study. In Chapter 4 we present the

empirical findings that we obtained through the research methods outlined in Chapter 3. Subsequently Chapter 5 will focus on the analysis of the findings we obtained in Chapter 4. We will analyse the results derived from the data collected, and establish a revised framework, which will help us answer our research and sub research questions. Lastly in Chapter 6 we consolidate the conclusions of the study, and will also discuss the theoretical and managerial contributions as well as its weaknesses and suggestions for further research

2 Theoretical Framework

This chapter digs deeper into the literature that pertains to our research question and aim of this study. In chapter 1 we focused on exploring the factors that offset the country of origin effect and purchase intention, particularly in regards to Chinese smartphones. With this goal in mind, we have identified literature that will guide us on the different influences of purchase intention, country of origin, brand familiarity and product quality. As indicated in the first chapter, making a distinction on which factors have helped Chinese smartphone brands attain a larger market share can be used as a marketing tool for other brands to capitalize on and to target consumers better. Such perceptions like product quality, brand familiarity and country of origin are discussed in detail in order to gain a better understanding of how they impact and influence consumer's purchase intention. The empirical tool used for this research is purchase intention; essentially, the chosen topics for this literature review will demonstrate previous research and their relationship to the composition of our theoretical model.

2.1 Background

This research aims to contribute to **international marketing**. In the contemporary world, even though some forms of deglobalization have happened, globalization is still the biggest trend. Therefore, international marketing is still an essential topic for almost every international corporation. On a more specific basis, we try to analyze previous research and data from a **consumer behaviour perspective** in the international arena. In detail, international marketing is regarded as a comprehensive strategy to meet consumer satisfaction under the fierce international competitive environment (Kotabe et al., 2005), which makes consumer behaviour studies critical for marketers in order to make informed decisions regarding appropriate marketing strategies. Generally, companies will have different marketing strategies based on the development of their particular industry, competitive power, or the degree of experience, and this strategy will evolve and develop regularly in light of

changes over time (Kotabe et al., 2005). Therefore, updating consumer behaviour studies based on the international marketing environment has become of crucial importance for today's managers.

In terms of consumer behaviour, **purchasing** is one of the most important fields of study because purchase intention can affect sales and companies' profit directly (Agarwal & Rao, 1996). Therefore, the literature review of this thesis will start from previous studies about purchase intention, followed with the three most important influencing factors: country image; brand familiarity; and product quality. These constructs above are part of our initial hypothesis as the major influencers of purchase intention. To conclude, the interaction between each construct will be shown in order to devise a more organized framework. Starting from the perspective of international marketing, the flow of chapter is shown in the image below (Figure 1).
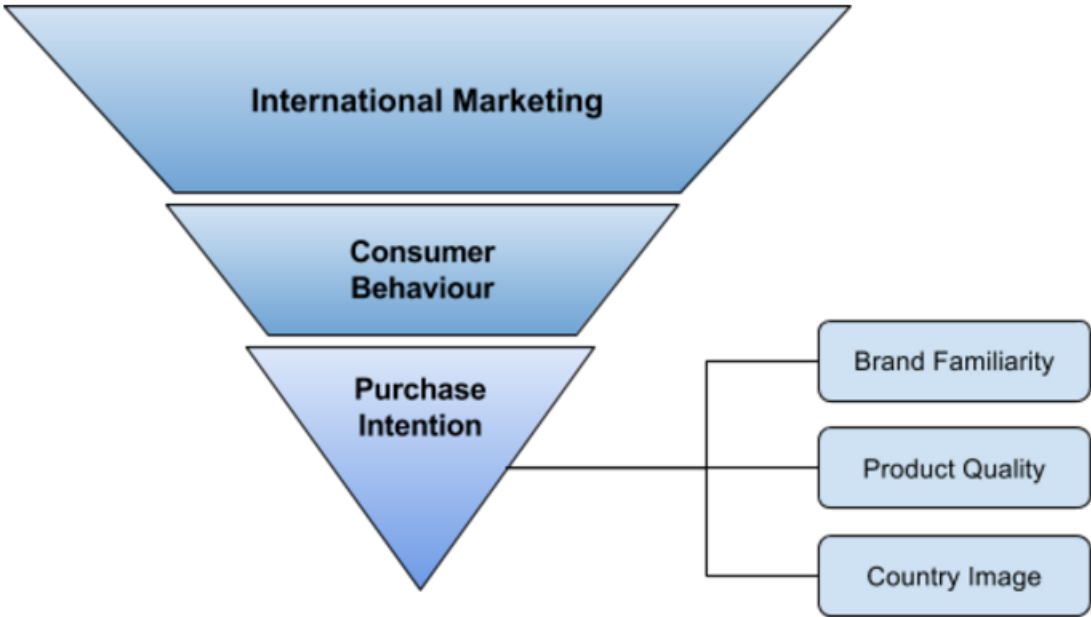
Figure 1. Research Positioning

2.2   Purchase Intention

Purchase intention is always a critical research objective in the area of consumer behaviour. Purchasing itself has two kinds of value, one for its functional utility and the other for its prestige utility (Pohlman and Mudd, 1973). Purchase intention is generally regarded as the intention that consumers have when making decisions regarding consuming a product or service (Cronin et al., 2000; Wang et al., 2004; Zeithaml et al., 1996). Most studies point out that purchase intention is largely linked to customer satisfaction and impacts on the post effects of purchase, particularly in communicating their review or recommendation to their friends or relatives, even in more specific categories, such as mobile purchase (Wang et al., 2004, Lin & Wang, 2006). Therefore, purchase intention is an essential topic for marketers and researchers to review and manage in order to create more value for their company. Centered on the platform of consumer behaviour, we narrow down the concept and examine purchase intention to gain insight into the valuable implications that purchase intention can have on consumer behavior.

In consultation with the literature in this area, we identified several factors that affect purchase intention. These factors are **country of origin**, **brand familiarity**, and **product quality,** which will be explained further in the following subchapters. This chapter will conclude by presenting a detailed explanation regarding the interaction of these factors and their impact on purchase intention.

2.3   Brand Familiarity

The level of information available to the public has increased significantly over the past few decades, allowing for the average person to obtain more product and brand information by entering a couple of keywords on a mobile device. It has come to our attention that brand familiarity pays a key role in consumers' purchasing decisions and the amount of trust they invest in a particular brand. For the purpose of bringing more clarity to our research we begin by defining brand familiarity and we touch on the important aspects of brand familiarity that influence purchase intention. Brand familiarity is an important variable that can influence consumer processing and the stages of habituation and tedium (Campbell and Keller, 2003). In terms of the definition, Baker, Hutchinson, Moore, and Nedungadi (1986) and Alba and Hutchinson (1987) describe brand familiarity as a unidimensional construct that is directly

related to the amount of time spent processing information about the brand, regardless of the type or content of the processing involved. Hoch and Deighton (1989) refer to familiarity as the number of product-related experiences accumulated by the consumer. Furthermore, previous studies have also identified that consumers in the low-context cultures of North America and Northern Europe tend to have and rely on fewer informational networks and hence, require more detailed information from impersonal sources (Pae et al., 2002). As they are more relatable, the advertising execution styles tend to be informative, and their contents rely more on comparative, factual and/or unique selling propositions (Pae et. al., 2002).

2.3.1   Brand Familiarity and Consumer Satisfaction and Trust

Brand familiarity is a term that encompasses numerous aspects and can be related to many other important subjects like consumer expertise, prior knowledge and strength of belief, although this relationship is not always perfect it is worth mentioning as an important element of these constructs (Ha and Perks, 2005). Familiarity also appears as a necessary condition for the development of expertise and the ability to perform product-related tasks successfully. Research evidence also indicates that brand familiarity reduces the need for information search. For example, Biswas's (1992) study reveals that consumers tend to spend less time shopping for a familiar brand than they do for an unfamiliar brand. There has been very little research on consumer behavior associated with brand familiarity on the web. Menon and Kahn (2002) proposed that when experiences, initially encountered in e-commerce situations, are judged to be more pleasant by consumers, they are more likely to linger or explore further. Such behavior appears to be closely related to positive brand familiarity. In Menon and Kahn's study, brand familiarity has been defined as a store of favorable knowledge about a particular website, accumulated by the consumer's experience. When a significant amount of time is spent searching for information on a website, it can leave a deep brand impression on the consumer. Accordingly, it can be considered that a high level of familiarity with a brand may produce feelings of greater satisfaction or trust (unless the consumer has a negative perception of a brand). The most interesting finding of a research study conducted by (Corritore et. al, 2003) indicates that there is no strong correlation between simple internet site usage and trust, instead familiarity is found to be a more important indicator of brand trust. Ha and Perks (2005) suggest that the relationship between brand familiarity and brand trust will be affected by another mediator, namely satisfaction, as well as through the direct

relationship. Indeed, Lane and Jacobson (1995) found that brand familiarity influences a brand's performance (e.g satisfaction) in the stock market. It is posited here, however, very few Chinese brands (e.g. Huawei) have yet achieved the level of familiarity necessary to achieve satisfaction.

2.3.2   Brand Familiarity and Commercials

Brand familiarity reflects the extent of a consumer's direct and indirect experience with a brand (Alba & Hutchinson, 1987; Kent & Allen, 1994). Brand familiarity captures consumers' brand knowledge structures, that is, the brand associations that exist within a consumer's memory (Campbell & Keller, 2003). In the current era, where media is developing more rapidly, marketers will be inclined to use commercials to expand the recognition and familiarity of the brand. However, commercials do not always have this effect. Although many advertised products are familiar to consumers, many others are unfamiliar, either because they are new to the marketplace or because consumers have not yet been exposed to the brand (Stewart 1992). Familiar and unfamiliar brands differ in terms of the knowledge regarding the brand that a consumer has stored in memory. Consumers tend to have a variety of different types of associations for familiar brands. Consumers may have tried or may use a familiar brand, they may have family or friends who have used the brand and told them something about it, they may have seen prior ads or marketing communications for the brand, or they may know how the brand is positioned, packaged, and so on, from the press (Campbell & Keller, 2003). In the case of many Chinese brands of smartphones, consumers lack many associations for unfamiliar brands because they have not had any of these types of experiences with them.

A potential consideration is that consumers have already been exposed to quite a lot of commercials of familiar brands, allowing for advertisement of unfamiliar brands to become a novelty in their minds (Campbell & Keller, 2003). Campbell and Keller (2003) consider that the processing of unfamiliar versus familiar brands actually suggests the hypothesis that commercials for unfamiliar brands can wear out more quickly than these for familiar brands, as follows. Because of differences in knowledge, consumers are likely to have different processing goals when exposed to advertisements sponsored by unfamiliar and familiar brands. People tend to attempt to learn about and evaluate novel stimuli (Sujan,1985). Thus, when consumers are exposed to an advertisement for an unfamiliar brand, they are more

likely to have a goal of learning about and forming an accurate impression of the brand (Hilton & Darley, 1991). To put it another way, if adverts for unfamiliar brands appear more novel and interesting, they will therefore elicit more extensive processing. In contrast, when exposed to an advert for a familiar brand, consumers already have some knowledge about the brand and therefore, are more likely to update their existing knowledge (Snyder & Stukas, 1999). Since consumers already know something about familiar brands, they are likely to engage in relatively less extensive, more confirmation based processing when exposed to an advert for a familiar brand (Keller 1991; MacKenzie & Spreng, 1992). Familiarity can itself use cognitive capacity such that processing of a familiar, relative to an unfamiliar, stimulus is diminished (Britton & Tesser, 1982), although it should be recognized that consumers may not always engage in highly involved processing, in an absolute sense, in either case. The more extensive processing elicited by adverts for unfamiliar brands increases the resource availability since, as noted above, excess resource availability leads to wearout (Cacioppo & Petty, 1979; Calder & Sternthal, 1980), these ads should show decreased repetition effectiveness at a lower number of ad exposures relative to ads for familiar brands.

2.4   Product Quality

There has not been much research done regarding product quality and purchase intention directly. There are many researchers who have tried to define product quality. For example, Chang and Wildt (1994) use 'perceived value' in their study, while Oh (2003) and Woodruff (1997) use 'customer value', Ruyter, Wetzels, Lemmink, and Mattsson (1997) use the term 'value', and Sweeney, Soutar, and Johnson (1999) use 'perceived value for money'. Mostly, the study of quality is connected with customer satisfaction, which is becoming increasingly important in the current world (Matzler & Hinterhuber, 1998). From the consumer's perspective, quality evaluation, or product performance evaluation, will happen under some specific situations assessed by specific signals, such as brand names (Akerlof, 1970; Darby & Karni, 1973; Olson, 1977; Ross, 1988), brand advertising (Milgrom & Roberts, 1986), product appearance (Nelson, 1970; Olson, 1977), price (Leavitt, 1954; Milgrom & Roberts, 1986; Olson, 1972,1977; Rao & Monroe, 1989; Scitovsky, 1945; Wolinsky, 1983), and product reputation or guarantees (Cooper & Ross, 1985; Emons, 1988; Olson, 1977; Rao & Monroe, 1989).

Even though some generalizable findings are achieved, the importance of the different signals is relative and follows their specificity. For example, only some competitive products shared a brand name while more competing products can share prices and physical features, which means prices and physical features are less specific compared with brand names. The use of a signal in assessment of product quality enhances with higher degree of specific engagement (Cox 1962; Olson, 1972, 1977).

When talking about product quality, price always acts as a critical controlling role. According to the previous research, price actually plays two different roles in consumers' assessments of product alternatives, namely, as a measure of sacrifice and an informational cue; the former refers to the amount of money consumers need to spend and the latter refers to the quality and status inferred by ownership of the product (Völckner, 2008). Price may also cause an evaluation of the price image of the item (e.g., prestige goods) and the store (e.g., low price supermarkets) (Dickson & Sawyer, 1990). Prior research also indicates that perceived quality and price influence each other (Monroe & Krishnan, 1985; Olson & Jacoby, 1972). Furthermore, perceived quality and price associated together to become the most critical combination that influence the formation of consumers' value perceptions, with quality positively related to perceived value while price negatively related to perceived value (Sawyer & Dickson, 1984; Zeithaml, 1988). There is more than one stated dimension about the measure of quality, which all represent a similar meaning to some extent. Sheth, Newman, and Gross (1991) propose in their paper that the dimension of perceived value should include **price** and **quality** value, which is supported later by Sweeney and Soutar (2001).

2.5   Country of Origin

With the development of international marketing, an increasing number of studies have been conducted on the topic of country image since the mid 1960s (Han, 1989), and the effect of country image or **country-of-origin effect (COO effect)** has become a popular topic in the area of international business for decades (Wang et al. 2012). Almost each country conducts research on the image derived from consumer perspectives, and this research has shown that country image will influence customer perspectives significantly. For example, a lot of researchers have found that country image plays an important role in the consumer's' evaluation process (Bilkey & Nes, 1982; Erickson et al., 1984; Johansson et al., 1985). Basically, scholars who have studied the country image will focus on product image (Agarwal

& Sikri, 1996; Han, 1989; Han & Terpstra, 1988; Roth & Romeo, 1992), country-product image (Papadopoulos & Heslop, 1993; Parameswaran & Pisharodi, 1994; Pappu, Quester, & Cooksey, 2007), or image related to country of design and country of assembly (Chao, 1998; Insch & McBride, 2004).

The definitions of country image in the literature are quite irregular even though most of them follow a specific conception framework. In some research, even though the product image can help shape a country's image, a country's general image is independent of product image (Pappu et al., 2007; Parameswaran & Pisharodi, 1994) while in some other research, country image will be influenced significantly or has even created product image as well (Papadopoulos & Heslop, 1993; Parameswaran & Pisharodi, 1994; Pappu et al., 2007). Concerning the rigorousness, we aim in this thesis to combine the country image and product image in order to generate rounder analysis about country-of-origin effect. For the specific country image, it is regarded as a **mental representation** of a specific country.

2.5.1 Country Image and Product Image

Since the very beginning the studies on the country of origin, conflicting outcomes showing the relationship between country image and purchase intention have already existed because of the lack of a clear and accurate definition to a great extent (Peterson & Jolibert, 1995; Verlegh & Steenkamp, 1999; Wang et al. 2012). A lot of scholars, especially in the early periods of study, claimed that they have found the positive relationship between country image and purchase intention (Baughn & Yaprak, 1993; Han, 1990; Wang & Lamb, 1983; Papadopoulos & Heslop, 1993). In contrast, others argued that country's image only affects consumer's purchase intention under specific categories or only affects certain product attributes and would not influence product attitudes and purchase attention directly (Erickson et al., 1984; Johansson et al., 1989; Pecotich and Rosenthal, 2001; Hui & Zhou, 2002; Ahmed et al., 2004; Samiee, 2010).

Different from country image, product image represents a kind of perception of products, such as stereotypes, or the general belief of products that consumers associated with a certain country (Parameswaran & Pisharodi, 1994; Nagashima, 1970, 1977). Such a kind of image will be stored in the consumer's mind as given knowledge which consumers will recollect when told the original country of a product (Hamzaoui & Merunka, 2006). This finding has constructive meaning to the international management strategy.

In summary, country of origin and country image are comprised of two dimensions, cognitive facets and affective facets, which has been shown in several studies (Yaprak & Parameswaran, 1986; Papadopoulos et al., 1990; Parameswaran & Pisharodi, 1994; Laroche et al. 2005), and will become our theory standpoint in the aspect of country image and country of origin measurement.

2.6 Interaction Among Constructs

In this paper, our main attention is on the **interaction relationship** between purchase intention and three critical influencing factors-brand familiarity, product quality, and country of origin. The relationship is shown in our original theoretical framework (Figure 2).
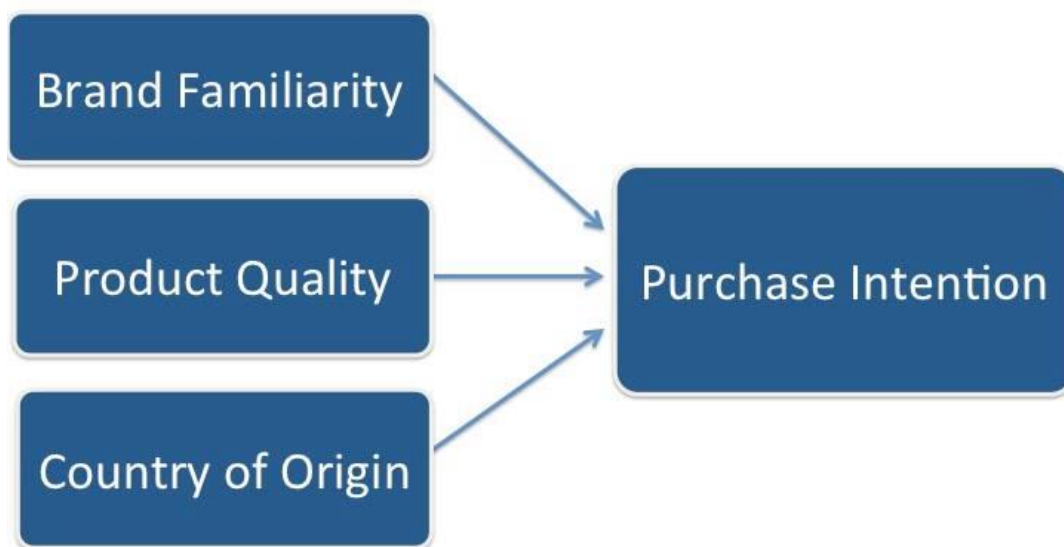

Figure 2. Original Theoretical Framework

2.6.1 Brand Familiarity and Purchase Intention

As already mentioned in the previous section on the literature of brand familiarity, brand familiarity is believed to have critical associations with consumer purchase intention.

According to the research by Sundaram and Webster (1999), the most important factor that affects brand familiarity which leads to consumer purchase intention is not commercials but word of mouth (WOM). The importance of WOM in the marketplace is well recognized because of the definitive role it plays in shaping consumers' attitudes and purchase behavior. Consumers frequently rely on WOM communications to make purchase decisions because of the trust of the words from whom are trusted. Findings of studies have extracted more insights on how the impact of word of mouth has effects on purchase intentions and brand attitudes. While positive word of mouth benefits both familiar and unfamiliar brands, the unfamiliar brand has more to gain from positive WOM (Sundaram and Webster, 1999). On the other hand consumer evaluations become less favorable for both familiar and unfamiliar brands as a result of negative WOM, the negative messages have a detrimental effect on unfamiliar brands than familiar brands. Overall, unfamiliar brand evaluations are more susceptible to change as a result of WOM communication than familiar brand evaluations (Sundaram and Webster, 1999).

2.6.2 Product Quality and Purchase Intention

Product quality, as critical product features, has a clear connection with purchase intention. Product features is considered as one of the two main factors that influence consumers' product evaluations and purchase behaviour (Chang & Wildt, 1994). In the early stage of the research, some constructs (Olson & Jacoby 1972; Zeithaml, 1988), perceived quality, and perceived value, are proved to have the influence on purchase intention. According to the prior literature, higher perceived value, which is formed by perceived quality to a great extent (Sawyer & Dickson, 1984; Zeithaml, 1988), will lead to the positive purchase intention (Dodds & Monroe, 1985; Monroe & Chapman, 1987; Zeithaml, 1988). As mentioned before, quality has a significant positive relationship with customer satisfaction (Matzler & Hinterhuber, 1998), and customer satisfaction reduces price elasticities which means customers are willing to pay more for higher quality products (Hinterhuber et al., 1997). This illustrates that quality can influence consumer purchase intention to some extent (Reichheld & Sasser, 1990). What's more, quality and customer satisfaction have an influence on market share because positive perceived quality will enhance the positive brand image and the positive WOM (Matzler & Hinterhuber, 1998).

All the above constructs and their relationships to purchase intention led us to the theoretical framework which was presented above. In order to find the extent of the validity of

our assumptions we proceeded with constructing a method in order to evaluate our initial hypothesis and provide our research with more clarity, the following chapter describes our methods and criterias used in order to carry on this research.

2.6.3   Country of Origin and Purchase Intention

According to previous research, the results of the relationship between country of origin and purchase intention are clear. Studies from Insch and McBride (2004) and Manrai et al., (1998) on country of origin and buying decisions studies from Awada and Yiannaka (2012) and Godey et al. (2012) have shown some empirical evidence to support this claim. These studies stressed the significance of COO and price sensitivity in explaining customer purchase behaviors. Country of origin is usually regarded as related to the image, stereotype, and the reputation that manufacturers and consumers attach to products of a specific country according to variables such as national traits, political circumstances and economic, history, and traditions (Nagashima, 1970). Roth and Romeo (1992) also proposed that this definition has broadly been accepted in the subsequent literature. Consumers' perceptions on stereotype images about countries are referred as the country-of-origin effect (Lotz & Hu, 2001). Bilkey and Nes (1982) argued that such images acts as an extrinsic marketing cue in influencing the evaluation of products from different origins. Additionally, numerous previous studies have confirmed that the country of origin of a product affects customers' evaluations and purchase decisions (Awada & Yiannaka, 2012; Insch & McBride, 2004; Josiassen, 2010; Lee et al., 2013; Manrai et al., 1998; Veale & Quester, 2009). Veale and Quester (2009) suggested that country of origin may generate concrete contributions, for example, it can increase the attractiveness of a product. Moreover, Askegaard and Ger (1998) proposed that country of origin is likely to link a product to yield product-country imagery, with affective, sensory, and ritual connotations. Fournier (1998) revealed that country of origin transmits the national identity of a product, which can produce a strong emotional connection to certain brands and products. Botschen and Hemettsberger (1998) indicate that consumers connect country of origin not only to product quality, but also to feelings of national pride and memories of past vacations. Besides, Dobrenova et al. (2015) confirmed that consumers with more positive country of origin have significant effects on product perception and purchase intention.

2.7   Chapter Summary

In conclusion, this chapter organized and explained the main idea and outcomes from previous literature. Firstly, we explained the general background about international marketing. As the chapter progresses, we narrow it down to focus on consumer behavior, which we think is rather critical for management because of the linkage to a company's performance and reputation. Based on consumer behaviour and the experience of changing perspectives on consumption, we decided to approach specifically the topic of purchase intention related to Chinese smartphones. Basing ourselves on this specific approach, we reviewed a great deal of reports and articles, in order to arrive to the three main influencing factors which affect Swedish consumers to conduct purchase intention for Chinese smartphones - Country of Origin, Brand Familiarity, and Product Quality. In the next chapter, the methodology and research design will be shown and explained, followed with the data collection generation and processing.

3   Methodology

In this chapter, we will discuss our chosen research methodology. Essentialy, the research design will be discussed, ensuring the validity and reliability of this study. Then, the biases and limitation of the methods will be addressed. Next, the data collection and data analysis methods will be explained in order to show an overall approach of this empirical work. As a final point of this chapter, the credibility of this research will be discussed in order to keep the validity of the study. All the research was conducted along with the continuous review of the literature presented on the previous chapter

3.1   Research Methodology

Standing on the point of social constructivism, which is linked with relativist ontology, there are several main methodologies that are usually used by researchers: action research, cooperative inquiry, archival research, ethnography and narrative methods (Easterby-Smith et al., 2015).

Action research assumes that the society is changing instead of being static, whereas the cooperative inquiry is a representative method of a stronger version of constructionism, which believe that people stand in the first place and subjects become partners in the research process (Easterby-Smith et al., 2015). Unlike action research and cooperative inquiry, archival research focuses on the prepared data and textual information existing in the public domain, such as annual report of the company, instead of searching and analysing new data.

Apart from the cooperative inquiry, ethnography is another methodology that fits the strong form of constructivism, which emphasizes the differences between different groups of people. Therefore, under ethnographic methodology, researchers have to engage themselves in the specific setting in order to understand people's behaviour. A unique methodology for constructionist research is narrative methods, which focus on the collection and analysis of organizational stories, whichs allow researchers to gain insights of organizational life.

Because of the lack of additional contributions from Chinese smartphone manufacturers' part, this paper will not take into account this methodology.

This research is based on the relativist ontology and social constructivism ethnography with the general aim to uncover the truth of changing consumer behaviour. Therefore, standing on a changing society, this research employs action research as the final methodology in order to achieve the goal of this project. At the same time, the analysis of numerous existing research and reports was conducted during the whole research process, which means the archival method will be used as a 'partner' in this research in order to get a more rounded outcome.

3.2   Research Strategy

Research strategy is chosen based on the research objectives and research questions, monitored by the adopted philosophy (Easterby-Smith et al., 2015). Generally, there are positivist research strategy, experimental strategy, survey, case analysis strategy, and mixed strategy which are used most widely in research and studies (Easterby-Smith et al., 2015). After summarizing our research objective, research question, and philosophical background, we decided to choose a mixed strategy in order to strengthen the validity and reliability of our research. In more detail, this research will combine the primary data collected from the focus groups and interviews which got from Chinese smartphone users directly and the secondary data collected from the related reports, research, and documentation. Through employing a triangulation analysis, which will measure the same issue from different aspects, we will be able to achieve a more representative and generalized model. More specifically, we will mix the documentation, focus groups, semi-structured interviews, and analysis of existing reports, which will be explained further in detail in the following section.

3.2.1   Research Method

As mentioned above, the type of research question we had together with abundant sources of literature available to us, suggest the use of an inductive approach. Firstly, we examined previous research and existing studies in the related area. In order to analyze and demonstrate the findings of literature in the fields expressed above we performed extensive research on Google Scholar and Researchgate with the purpose of narrowing down our search process to

concentrate on the topics related to our research question. In order to find the appropriate journals and publications we utilized a number of keywords (i.e "brand image", "quality", "country image", "brand familiarity", "chinese products", "country of origin", "innovation", "purchase intention"). The terms stated above were selected in light of our previous experience and studies in Marketing, specially in relation to consumer culture. We have examined marketing and branding textbooks as well as an abundant number of articles in order to ensure the relevancy of the chosen keywords. The keywords were used in different combinations in selecting the most relevant journals and research. Together with the terms, we were able to eliminate studies that were not relevant in terms of helping us find gaps and relationships to our research question, due to the fact that the concepts of country of origin and purchase intention change over time as consumers ideas of the world change. The literature covers papers such as: PHD thesis, peer-reviewed journal articles, and internet articles relevant to the research topic. We also reviewed textbooks included as part of our class syllabus which we identified basing ourselves on the keywords mentioned above and which form part of our initial theoretical framework. The research data was collected on the grounds of this theoretical framework and later adapted the new elements discovered through our questions related to COO, brand image and purchase intention.

In conclusion, our data was collected utilizing the theoretical framework we examined in Chapter 2 and revealed new observations that permitted us to develop a model that can identify factors that can offset the country of origin effect on purchase intention, in this case for Chinese smartphones.

In Chapter 2, we reviewed several studies on brand image, taking into consideration the relevance and the amount of market share Chinese products possess globally (The Economist, 2015). As a result of the previous research regarding purchase intention, we questioned what consumers in Sweden thought about Chinese smartphones to gain further insight on the specific attributes that motivated their purchase of a Chinese smartphone. Interestingly, regarding purchase intention, in Sweden there are a specific set of characteristics that have influenced customers in purchasing Chinese smartphones instead of other specific brands (see arguments for case study in section 3.3.1), and we wished to understand how this specific aspect of consumer behavior has significantly contributed to assist these companies acquire a high market share.

We favored qualitative research methods because they allowed us to realize the opinions and perceptions of actual Chinese smartphone users through their own views and language. We wanted to understand "what" made Chinese smartphones something different in their eyes, "what" made them finalize the purchase. Utilizing qualitative research methods permitted us to gain a better understanding of the consumer's decision-making process when it came to making a smartphone purchase. In line with our research philosophies and approach, it is our belief that qualitative methods have assisted in obtaining more integrated and richer observations than by employing quantitative methods.

Our research was constructed as a qualitative single case to be carried within a week with two focus groups in Lund, Sweden. Using as a basis the aforementioned grounds in Chapter 2 about the importance of the elements that can lead to purchase perception. To be in tandem with our methodology and our research strategy and philosophy, we collected data utilizing multi-qualitative methods. We did this in order to rationalize the relationship of the findings of the study through different approaches of qualitative methods. The time horizon for completing this research was ten weeks, from which it took us around a 3 week period in order to collect the data from both the focus groups and the semi-structured interviews. Regarding the qualitative methods selected for this study, we selected focus groups and semi-structured interviews.

- **Documentation**

  We browsed the online resources and documents at the beginning of the research in order to generate a general understanding and identify the most important elements that helped finalize purchase intention in Sweden. At the same time, collecting and analyzing these documents helped us decide which company should be selected in order to ensure the validity of research to be collected. Consequently, we had a more comprehensive understanding of the questions and area to investigate further and this also permitted us with an opportunity to fully prepare consumer interviews and focus groups. Moreover, following the collection of data and information from journals and peer-reviewed articles, we elected to untake the studies utilizing the following two representatives of Chinese smartphones, Huawei and Xiaomi, in order to focus our interview questions and gather data relevant to the area of investigation. In examining the required documentation, we were able to familiarize ourselves with the different aspects of purchase intention of Chinese smartphones.

- **Focus Groups**

  Two focus groups were conducted in order to get a comprehensive understanding and representative data through the interaction of group members during the group discussions. Focus groups can give participants opportunities to listen to others' ideas and perspectives rather than only presenting their own, compared with in-depth interview or semi-structured interviews (Ritchie et al., 2013).

- **Semi-structured interviews**

  These were conducted along with the focus groups, in order to get some further insights and ideas from the consumers and gain additional points from a diverse range of consumers. We collected the data through interviewing the Huawei and Xiaomi users and generated new points following detailed participants discussions. We chose the semi-structured interviews as it is possible to listen to the perspectives of consumers without the disruption of others and give participants freedom to discuss the related issues and ideas apart from the designed questions and aspects in the assumptions we made when we created our theoretical model. The interviews were also used after the focus groups to provide further information regarding the main points that were missing or unclear during the focus groups.. This helped us adjust our original model and create a better, much more specific model.

The data collection and analysis of each method mentioned above will be explained in detail in the later subchapter. In order to have more clear understanding of our employed qualitative methods, a framework is shown in the image below (Figure 3).
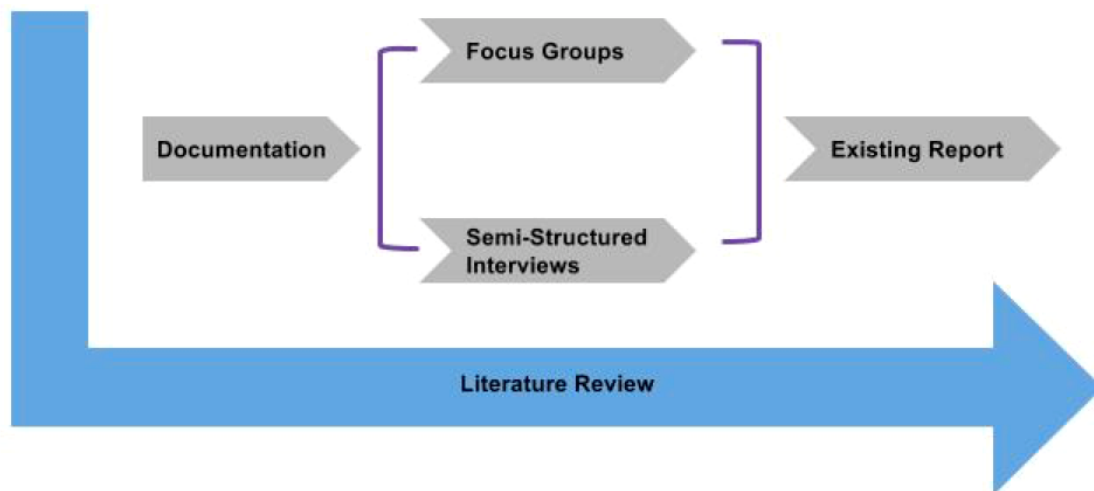
Figure 3. Research Flow

To summarize, this paper will employ multiple methods including; documentation analysis, focus groups, and semi-structured interviews in order to ensure the validity and credibility of our research through triangulation qualitative methods. We utilized different methods of qualitative research to help us validate and make the study more reliable. The different approaches sustained each other and helped answer our research question. The further steps about data collection and data analysis are shown below.

3.3 Data Collection and Pattern Generation

3.3.1 Data Collection

In terms of the approach utilized to retrieve our conclusions, we utilized the transcription of the **focus groups** and the **semi-structured interviews**. First we individually analyzed the data and removed the findings in which we could not come to an agreement. Prior to

analyzing the information, we constructed a shared systematic approach which we deduced from the literature on country of origin, brand familiarity, product quality and purchase intention. We deliberated on which were the most important constructs of Chinese smartphones that could be generated from the consumers' perspective before examining the constructs in order to fully understand the factors that influence Swedish consumers to make a purchase.

Given our argument and conclusions about quantitative research, we utilized quantitative data to answer the research question. Specifically, we used convenience sampling due to time constrictions and easier access to respondents through the networks available in our university. Based on this, we made **two focus groups** and three **follow-up semi-structured interviews** later. This approach allowed us to gain insights on Chinese smartphone brands and the brand image of Chinese products. The following table (table 1) is used to explain the location date and methods that were used to collect out data. The details and results of the focus groups and interviews will be discussed further in the next parts.

Location	Date	Data Collection Method	Data Collection Time
• Sparta • Sparta • Sparta	• April 5th, 2017 • April 6th, 2017 • April 18th, 2017	• Focus Group • Focus Group • Semi-Structured Interviews	• 37'38 • 42'25 • 23'10, 18'43, 16'21

Table 1. Data Collection Methods

After Collecting our data, we went over the findings from our focus groups and interviews regarding the elements that influenced purchase intention of Chinese smartphones. By establishing a well structured shared knowledge of what each of the elements which we wanted to link in the literature review stand for, we were able to find consistency in the way we analyzed the information gathered. We looked for words or expressions similar to *"quality", "my friend told me", "feels good in the hand", "online reviews", "premium*

brand", "good features", "I saw it online", or *"friends' recomendation"* to retrieve our conclusions. We deliberated on which were the most important attributes related to our research question. When the respondents were discussing shock resistance (product quality) and then they talked about online reviews (brand familiarity), we deduced their way of thinking and perceptions in a way that could be relevant to the initial set of purchase perception excerpts found in our literature. Finding attributes that were in line with our literature was a priority but we also attepted to locate different attributes that were not included in our initial theoretical framework but that could contribute to it.

As a result of this, we were able to source attributes that could fit within our original model, but also some which were different and had a substantial contribution. We will discuss this further in Chapter 4 and 5.

Semi-structured interviews allowed us to have face-to-face interaction with Huawei and Xiaomi smartphone users in order to acquire a **greater understanding** that could explain ideas that were obtained from the focus groups. During the interviews we controlled our level of involvement by remaining as moderators in the conversations. This strategy allowed for the flow of opinions to be given freely and for small discussions to take place amongst the members of the participants of the focus groups. To summarize, the use of focus groups and semi-structured interviews allowed us to have an enhanced understanding of what Chinese smartphone users think and consider in relation to purchase intention.

Data Collection - Focus Groups

The focus groups were both conducted in Sparta, Lund, Sweden. The focus groups took place on *April 5th, 2017*, and *April 6th, 2017*. All the members of the focus groups spoke and understood English fluently. All of the respondents in the focus groups were also of Swedish nationality and current users of Chinese smartphones. In total there were 12 people, 6 people per focus group. The first focus group consisted of 4 males and 2 females and the second focus group had 3 males and 3 females. The first focus group was interviewed and it involved around 37 minutes and 28 seconds. The second focus group took around 42 minutes and 25 seconds. The difference in the amount of time was due to the punctuality of some of the members of the first group, the engagement of the participants and the amount of insights shared.

The location of the interview can have an influence on the interview process, taking this into consideration, we therefore held the focus groups in one of the meeting rooms in Sparta. Since most of the respondents were students, they were quite familiar with this setting and were able to give their opinions in a comfortable location. All the respondents were informed that the focus group session was going to be recorded over the phone and that only their first names will be used when writing the study. We also provided the respondents with snacks and coffee in return for the time spent participating in the focus group.

We followed a certain order in the conducting of the focus group. Firstly we asked respondents what their reasons were for why they had elected to purchase a Chinese smartphone. We utilized our theoretical framework in order to try to ask the respondents questions related to brand image (i.e. brand familiarity, country image, product quality), all of which we found to be linked to purchase intention through our literature. Our involvement in the focus groups was mostly limited to the roles of interviewers and moderators in order to keep the flow of ideas constant and on the right track.

The **contents of the questions** for the focus groups were adapted to ensure that the respondents were familar with the terms could take part and understand in the focus group discussions. After the questions were asked and we determined everyone had a chance to contribute, there was time for discussion and deliberation amongst the respondents. To realize this, in the second phase we provided the respondents with a paper listing the attributes of a Chinese smartphone and asked them to number these attributes from 1 to 5, and also to write down spearately any other attributed not included in the list provided. In ranking the attribute from 1 to 5, the scale we provided was 1 as the most important attribute for them in a cell phone and 5 the least important. The items listed were: camera, price, battery, physical appearance and internal features. As a third step, we then mentioned different names of Chinese smartphone brands and asked them to give a thumbs up if they thought the brand was good and thumbs down if they considered the brands were bad. In the case of a neutral response they had to just keep their hand in the middle. The final step was to ask the entire group what were their major takeaways from the discussion and whether they felt that they had actually gotten some new insights as well by taking part in the focus group.

In conclusion, we were very satisfied with the flow of information during the focus groups. Also, we were able to pose questions to the respondents which were open and could be tailored to the specific respondents in each focus group, allowing us to collect relevant data.

The semi-structured interviews were similarly conducted in *Sparta, Lund, Sweden*. The interviews took place on *April 18ᵗʰ, 2017*. Since the interviews were organized as a follow-up to the focus groups, there were only 3 persons interviewed. Each interview lasted for an average of 19'24 minutes. The variability of the interview duration was due to the level of engagement and interest the respondents had in discussing Chinese brands and their choice of smartphone. The location was also chosen in order to help the interviewees feel comfortable and relaxed in order to get more accurate information from them. In addition, the respondents were also informed that the interview would be audio-recorded in view of our detailed analysis process (Yin, 1994) and that only their first names will be used in our study. Moreover, we explained the interview procedure in detail to the respondents and emphasized our autonomy from any Chinese company and our role of researchers on behalf of Lund University (Sweden).

In regards to the sampling, we utilized convenience sampling due mainly to the lack of resources and the availability of users of Chinese smartphones in such a small town as Lund in Sweden. The respondents' age ranged from the *18 - 43* and all had Swedish nationality. Most of the respondents were students and around 30% of the respondents were part of the workforce.

3.3.2   Pattern Generation

Using the data collection process that we stated in the above section, we continued with generating patterns by identifying similar expressions in the users' responses and then we used those distinctive characteristics to include them in the new theoretical framework. For each topic we discovered and tabbed from the transcribed interviews and focus groups we directed ourselves to understanding which trend/dimension the comment/insight was directed to, making sure to relate it to the similar themes and insights from the opinions of other members of the focus groups. For example, when discussing the product quality dimension, we identified many similarities concerning the durability of phones. One respondent, Christofer, said "*I have dropped this phone so many times and I pick it up and it doesn't even have a scratch.*" Another respondent, Clemens also stated that "*I always wonder why I haven't even bothered on buying a cover for my phone and that is because it really doesn't*

need one, the screen never breaks." We realized that these were specific patterns in the responses that could be traced back to the codes and terms we had provided to the respondents: durability, feels good on the hand and shock-resistant (attributes of product quality).

After defining the codes that were hidden in the constructs that lead to purchase intention, we discovered there were some patterns applicable to our constructs, while others were not applicable. In this case, we had to make a record of these constructs and attempt to make a new construct underwhich these attributes could be placed in. For example, one of the respondents, Ed, considered that "*It (Huawei) is not a premium brand, because I think the price is too cheap I think something with it being to cheap still makes me skeptical of placing it at a higher position*". However, other respondents gave answers such as "*I love it, its value for money*" which lead to us obtaining mixed results from the focus group sample. We asked further questions to clarify their opinions and statements, especially when there were mixed responses given. These examples will be explained later in Chapters 4 and 5.

3.4   Project Validity

The credibility or trustworthiness of research designs becomes increasing important as the outcomes of the research should be convincing and these outcomes should be reached through selected methods. In terms of trustworthiness, according to Golden-Biddle and Locke (1993), there are three key criteria that need to be identified:

- Authenticity

- Plausibility

- Criticality

Based on the definition proposed above, the trustworthiness of the methodology will be evaluated in this part. The outcomes were generated after interviewing two focus groups (12 people), formed by the representative samples - Huawei or Xiaomi users. The interviews were conducted **without any leading questions** except the starting questions such as "*You are all the Huawei or Xiaomi users, so let's talk about the reasons why you choose Huawei/Xiaomi?*" Additionally, there were some leading questions designed and provided to the respondents in

order to elicit an answer to a specific phenomenon, for instance, "*Do you think your phone is an innovative product? What makes you feel this way?*" At the same time, existing reports and research were analysed which were helpful in providing an understanding of the background of the phenomenon. Therefore, this research can meet the demand of authenticity mostly because of a rigorous and multi-dimension research design.

In terms of the plausibility, which requires the research connects with the ongoing research, it is clear that this research meets the requirements. At the beginning of the research, a **rounded literature analysis** was conducted and basic information about the changing phenomenon was gathered. Moreover, **existing research and reports** were collected and analyzed along the whole research process in order to obtain plausible outcomes.

Lastly, this research was conducted with **criticality**, meaning that we, as the authors, gave assumptions in advance, offered genuinely collected data and information, and left room for readers to question these assumptions. Accordingly, our research is motivated by critical thinking, which questions previous findings and matters for the development of research and theory.

In sum, this paper meets the requirement of credibility and trustworthiness, which is considered to be enhanced by employing the triangulation method, defined as analyzing the same phenomenon with different methods (Höst et al., 2006). As shown above, we used a **multidimensional method** to analyze the problem in order to make this thesis more valid and trustworthy.

3.5   Chapter Summary

In summary, this chapter states our overall research methodology throughly. This study is based on qualitative research methods, guided by the social constructivist conception. We explained how we generated the idea and how we conducted the research, (i.e through a triangulation method) and later on we developed in detail the data collection and pattern generation process. At the end of the chapter, we argued for the trustworthiness of our project in order to make sure the validity of our research was adequate. In the next chapter, we show the answers that respondents gave to the general questions both from the focus groups and the

semi-structured interviews all according to the constructs we designed in our original theoretical framework.

4   Analysis

4.1   Identifying and Interpreting Effects on Purchase Intention

In this chapter we introduce and investigate the empirical data and findings we gathered through conducting our focus groups and semi-structured interviews. To be more precise, we cover the drivers of purchase intention for Chinese smartphones, which were dimensions included in the initial theoretical framework (which is attached below). The elements found were used using the initial theoretical model as a protocol, thus it is important to state that the order of the dimensions discussed do not represent any priorities. The following sections explain the results of the methods to collect data that were discussed in Chapter 3.
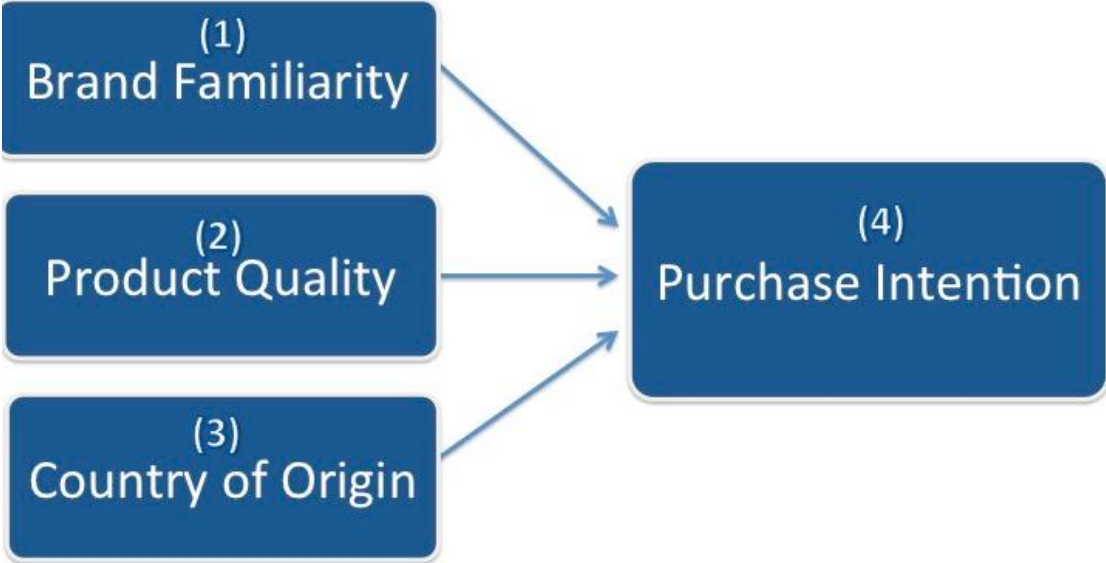

Figure 4. Theoretical Analysis

4.2   Focus Groups' Analysis and Findings

As stated above, in this part of the chapter we will showcase our findings through the main quotes from the respondents and these quotes demonstrate their views regarding the factors that resulted in their purchase of Chinese phones. The focus groups and interviews resulted in these findings:

4.2.1   Brand Familiarity

In relation to brand familiarity (element 1 on figure 4) and online reviews, when questioned about what motivated them to purchase a Chinese smartphone, the respondents divulged similar experiences. Maria saw Huawei advertised on Facebook and said, *"my friend posted a Youtube video where they were doing stress tests on phones and it really caught my attention."* The other respondents shared similar experiences in regards to their first exposure to Huawei. For instance, Jamie said *"I didn't know Huawei before I found this webpage ... I trusted Huawei because it was in the ranking of top smartphones and apparently many people already bought the phone and were satisfied."* Florianne and Clemens also found out about Huawei using Internet searches while looking for a new phone. Florianne said *"[...] I was searching for a new mobile phone on google [...] I searched for "best mobile phones 2013". I found a ranking of the best phones and it was in the 3rd place so I bought it on amazon."* Similarly, Clemens said *"I wanted to buy a new phone and Huawei came up as one of the top ten phones on the lists on the Internet, and when I saw the brand I started doing more research online and I saw it had so many good reviews [...]."*

The respondents were also questioned about their purchase intentions and the impact of word of mouth. Christofer remarked *"I saw a lot of advertisement when I was one my way to Brazil, on Copenhagen airport and Brazil as well. Clemens also had bought his phone and was very happy with it, so he really recommended the phone."* Norman was also influenced by positive word of mouth reviews about Huawei and said *"I am an electronics engineer so I kind of knew about it because my classmates talked a lot about new technology."*

In their responses, the interviewees also conveyed store interaction as a further element pertaining to their exposure to the brand Huawei. Julia's response was *"I went inside the store, and out of all the phones that I found there it was that was promoted the most [...]. The store clerk also seemed to know a lot about the phone."*

Moving on to the advertising Cristofer said *"I have seen it everywhere on Facebook, Instagram, I think it was because I googled Huawei and then the analytics kept redirecting adversting to me"*. On the same topic Clemens replied *"Not from the company per se, but all those companies Telia, Comviq they are pushing the product a lot"*.

4.2.2 Product Quality

The second element of our framework (element number 2 on figure 4) is product quality. The responses from the focus group and interviews revealed several key phrases in relation to the brand quality of Huawei: *"feels good in your hand"; "pretty solid"; "really good features"; "durable";* and *"less plastic"*.

In regards to the quality of Huawei, Clemens stated that *"I compare it to my brother's Galaxy S7 Edge, and I feel that mine feels better in the hand it has glass both in the front and the back I feel like they stepped up their game with less plastic more glass and more metal, more quality that feels good in your hand."* Imran made specific reference to the durability of the product, *"if I told you the number of times that I have dropped my phone, I don't even remember… and I am always saying to myself I should buy a cover for my phone, but then I realize it doesn't need one, it can really take a hit."*

The quality of the screen was also identified as a valued product feature. Hanna in particular made the following assertion regarding screens, *"I like the screen... I always go for the best screen, for when I am buying a phone, I don't think, cause the processor is the second thing, because I need that power, but I go for the screen. If its full HD if its 4k, if it is a good screen I am good. It has to be visible in the bright light outside."*

When questioned about the technology and innovation of the features, Kasper gave the response, *"Huawei it seems to be at the forefront of technology by coming up with features on its own, like the*

fingerprint sensor on the back nobody else has it there." Albin agreed with Kasper, saying *"for me it was a selling point when I knew that it had a fingerprint sensor in the back, it was something new".*

4.2.3 Country of Origin

Country of origin was the third feature in the model. The focus group responses under this construct were varied. When questioned about Chinese products in general Julia felt, *"Most are fake and do not last longer. Low or poor standard may lead to health problems. Poor customer satisfaction."* These sentiments were reiterated by Norman, who felt that *"Most Chinese products are not good quality"* and Maria, *"Most of the time, you doubt of its quality just like when the world doubted about Japanese products in the 70s and 80s."* Comparatively, Jamie expressed the view that *"I think in general you get what you pay for, its value for money".* Kasper also said, *"If the companies developing the products are responsible, then they can come up with really good products".* Notably, Ed opined, *"Chinese products have a bad reputation, but experience now tells me that when it comes to technological products they are actually at a very good place".*

Hana suggested that when it comes to the country of origin, *"It depends on the brand, but some like Xiaomi and Huawei are making great advances and creating amazing product with a very competitive price."*

Some of the respondents expressed uncertainty and misgivings about the quality of products from certain countries of origin. For example, Imran expressed the following:

"I think that they are doing pretty well. A lot of people like, I have heard of Foxconn let's say, but a ton of people know what Motorola is, Lenovo is, what was IBM previously, but I don't really know any other examples of Chinese companies that are still top notch, I still...I don't know. I have talked to my friends and they will say "I wouldn't trust a Chinese brand" because I did another sort of study as well, and I was discussing with them, why, then you tell them that Lenovo is actually Chinese, you know that because Lenovo is all over Sweden. Everyone has a Lenovo laptop and it's Chinese, it's completely Chinese, but the fact that people remember that it is IBM or that it used to be owned by IBM, they tend to forget that it had a setup in America, it's working, I mean ahhh the whole design, everything is done by the American branch of the system and just the money is coming from China. So they ignore that."

Christofer agreed with Imran in the focus group discussion and stated:

"That is really interesting because I really think that, I agree with you, I don't think of neither of my laptop or my Huawei phone as Chinese products pretty much because there are so many things that I am associating with Chinese things, some things like clothes it's super easy to say it's made in China its bad quality, but they really succeeded in what we said earlier Huawei has really succeeded in positioning themselves as premium, ahh so like, forgetting that it is a Chinese product actually helps them establish themselves here actually."

4.2.4 Purchase Intention and Price

The fourth element of the model is purchase intention. The focus groups were provided with keywords regarding purchase intention, such as, 'wanted to buy' and 'made me buy'. Hanna responded that *"At that time, I was looking for a phone with good specifications (powerful) and as affordable as possible. Huawei Honor 6 had a good balance."* Clemens gave the view that *"I think basically everything you get from a higher end phone like Apple or Samsung but for a much cheaper price."*

In relation to the 'price' of the product, the key words, 'price', 'value for money', 'cheap' and 'expensive' were provided to the respondents. Maria felt price was relevant to her purchasing a Huawei and said, *"Yes. Mostly because it was good quality at cheap price."* Florianne expressed a similar view, *"Apple and Samsung were expensive, and Huawei seemed like a good option to buy for the price it was offered."* Kasper and Albin also used price comparison when considering whether to purchase a Huawei and said respectively; *"[....] the price they are asking is quite less for the same specs from other companies.... thus it has to be pretty good on innovation"* and *"Since I'm a student I normally seek to buy products with a good performance/price ratio or products which are cheap."*

The camera was also identified as a key factor in regards to price considerations. Ed said *"Just the camera itself, makes it good value for money"*. Norman also stated that *"I have a Huawei P6 and it has a comparably good camera to a quite reasonable price"*.

4.3   Chapter Summary

As we stated at the beginning of this chapter, during our focus groups sessions and individual interviews we asked respondents to share their opinion and aspects that influenced their purchase of a Chinese Smartphone. By utilizing their perspectives we came to realize that there was a dimension in our model that missing which that had a significant influence on purchase intention and which we will include in our revised model. We also were able to realize that some dimensions of our model actually have mixed answers, which will be further analyzed in detail in the next chapter.

5 Outcomes and Findings

This study was helpful in illustrating the entire process that influences the purchase intention of Chinese smartphones in the Swedish market. When it comes to the whole construct of country image, our research produced interesting results in understanding the influence of country image and the constructs of the purchasing process. Our study determined that the main elements affecting purchase intention were the constructs of product quality, brand familiarity and country of origin. These constructs are not given in any particular order as they merely illustrate the factors effecting the purchasing process. Taking into consideration the respondents' answers, we have come to the conclusion that while our original model described many aspects of purchase intention, it did not include an element that adds more detail to the whole phenomenon. This element is price and will be described later on in this chapter.

5.1 Analysis of the Main Research Question

In considering how to answer our research question, *What are the factors that affect purchase intentions of Chinese smartphones in Sweden"?*, we compared the elements from our first theoretical framework. Utilizing what the respondents said, we were able to identify that most of the respondents were first exposed to their smartphone either by word of mouth, general advertising, or online reviews. In particular, we determined that, in making purchasing decisions, it is very important for the consumer to read positive online reviews of smartphones. These online reviews provided the respondents with a better sense of security and trust from the beginning of the decision making process regarding the purchase of a smartphone. For instance, Clemens said *"I wanted to buy a new phone and Huawei came up as one of the top ten phones on the lists on the internet, and when I saw the brand I started doing more research online and I saw it had so many good reviews, all with much details about the phone [...]* which made me go to the store". Likewise, Jamie stated that "*I trusted Huawei because it was in the ranking and apparently many people already bought the phone*

and were satisfied". Another element we examined was the impact word of mouth played in relation to brand familiarity. This element was raised by the respondents during the focus group and Christofer observed that *"Clemens also had bought his phone and was very happy with it, so he really recommended the phone."* Similarly, Norman said *"I am an electronics engineer so I kind of knew about it because my classmates talked a lot about new technology."* The last element we identified related to brand familiarity was advertising and in-store experience. Christofer claimed that "*I saw a lot of advertisement when I was one my way to Brazil, on Copenhagen airport and Brazil as well[...]"* and Julia considered that *"[...] out of all the phones that I found there it was that was promoted the most [...]. The store clerk also seemed to know a lot about the phone."* Clemens explained that "*I would have never bought a Huawei, when the Iphone 4 came out [...] but now with this phone I have a different picture. But I think it's their marketing that has made me realize that they have changed their image. With all the advertisement around, it gave me a chance to look at it"* Accordingly, these responses demonstrate that it is through online reviews that most users became familiar the brand and started building trust. This is supported by a study on trust and brand familiarity by (Pae et., al 2002) which found that consumers in the low-context cultures of North America and **Northern Europe** tend to have and rely on fewer informational networks and hence, require more detailed information from impersonal sources. As they are more comfortable, the advertising execution styles tends to be informative, and their contents rely more on comparative, factual and/or unique selling propositions. Therefore we can conclude that online reviews, being a comparative selling proposition, a crucial element to building trust in Swedish costumers.

Moving on to product quality, we were able to identify from the answers of the respondents key words they consider whern looking for in quality in smartphone. Clemens' responded *"I compare it to my brother's Galaxy S7 Edge, and I feel that mine feels better in the hand it has glass both back and forth and I feel like they stepped up their game with less plastic more glass more metal more quality that feels good in your hand."* Imran also said *"I am not a very good user. I have dropped my phone so many times and I get angry at myself and ask why don't I buy a cover for it, but this phone has taken more than any of my previous phones. It falls and nothing happens, it's safe".* Furthermore, the respondents tended to visit the store in person to assess quality of the phone, testing out how the phone feels in their hand. Most of the respondents were persuaded by features of the phone. On this matter Kasper responded *"I think Huawei has raised the bar for other smartphones out there, and is an example for that*

Chinese products can be of good quality". In particular, the innovative aspect of having a fingerprint sensor at the back of the phone compared to the traditional phones having it in the front and the feel of it having less plastic. From the above statements it can be determined that good quality leads to satisfaction. This satisfaction leads to trust in Swedish customers. Additionally when users were questioned if they would recommend their phone to their friends all respondents gave positive answers like: *"absolutely"* or *"definitely"*. This was mentioned many times by respondents like Ed *"I trust Chinese electronics more, I would recommend my phone to my friends".* Ha and Perks (2005) suggest that the relationship between brand familiarity and brand trust will be affected by another mediator, namely satisfaction, as well as through the direct relationship. Indeed, Lane and Jacobson (1995) found that brand familiarity influences a brand's performance (e.g satisfaction) in the stock market. Kasper felt that *"Huawei it seems to be at the forefront of technology by coming up with features on its own, like the fingerprint sensor on the back nobody else has it there."* and Albin agreed with Kasper saying, *"I agree with Kasper, for me it was a selling point when I knew that it had a fingerprint sensor in the back."*

The last factor in our original model was Country of Origin. Most of the respondents held negative perceptions of Chinese products, for example Norman found *"Most Chinese products are not good quality."* Julia also said *"Most are fake and do not last longer. Low or poor standard may lead to health problems. Poor customer satisfaction"*. However the respondents had differing opinions in regards to smartphones specifically. Hanna said *"It depends on the brand, but some like Xiaomi and Huawei are making great advances and creating amazing product with a very competitive price."* Ed also stated that *"Chinese products have a bad reputation, but experience now tells me that when it comes to technological products they are actually at a very good place."*

As stated previously, there was an important dimension that we had not considered in our original model. The factor of price was found to be an important consideration that influenced the repondents' decisions, and for many this was also one of the main aspects relevant to their choice to purchase the product. We included price as an indicator of purchase intention due to the number of times the respondents mentioned this aspect and how literature has included as part of perceived value.

The insights gained from the responses allowed us to come up with an enhanced model that identifies and explains some of the factors that allows consumers to put aside a negative

country image and purchase products from that country. The majority of the respondents stated that price was one of the key reasons for why they purchased a Chinese smartphone. In relation to the specific terms that influenced their purchase, many of the respondents stated terms such as "*value for money*" and *"gave the same specifications as other phones at a more affordable price"* provided considerable influence in making purchase decisions. Moreover, the factor of price has a significant influence on consumers with regards to undertaking price judgments concerning the brand and competing brands, choosing among brands and formats (Niedrich et al., 2009), evaluating the attractiveness of advertised promotions (e.g., in flyers, advertisements, and stores), and improving or reducing price search and comparison behaviors (Srivastava & Lurie, 2001). Understanding price is crucial not only for academics interested in identifying the sources of influence for price, but also to retail managers whose pricing strategies may rely on the level of consumers' price sensitivity. By analyzing the statements above we were able to come up with a more concrete model that better describes the main factors that affect purchase intentions of Chinese smartphones in the Swedish market, which will be shown at our conclusions in Chapter 6. Price has demonstrated its significant impact on consumers' evaluation of product alternatives and their final buying decision (de Medeiros et al., 2016; Moser, 2016). In the study by Chang and Wildt (1994), the empirical research shows that consumers often compare the prices which affect the purchase intention directly. Furthermore, their study also proves that perceived value, formed by the combination of perceived price and perceived quality, positive influence consumer's purchase intention significantly (Chang & Wildt, 1994).

Other important opinions to analyze are the ones given at the end related to the questions of price and country of origin. *"I have talked to my friends and they will say "I wouldn't trust a Chinese brand", and I was discussing with them, why, then you tell them that Lenovo is actually Chinese, you know that because Lenovo is all over Sweden. Everyone has a Lenovo laptop. And it's Chinese, it's completely Chinese, but the fact that people remember that it is IBM or used to be owned by IBM, they tend to forget that it had a setup in China, it's working, I mean the whole design, everything is done by the American branch of the system and just the money is coming from China. So they ignore that."* (Imran) *"That is really interesting because I really think that the, I agree with you (talking to Imran), I don't think of neither of my laptop or my Huawei phone of Chinese products pretty much because there are so many things that I am associating with Chinese things, some things like clothes it's super easy to say it's made in china its bad quality, but they really succeeded in what we said earlier*

Huawei has really succeeded in positioning themselves as premium, like, forgetting that it is a Chinese product actually helps them establish themselves here actually." (Christoffer). Based on the above statements we are able to come up with an analysis of what happens when customers decide to buy a Chinese phone.

In essence, this study permitted us to identify to types of customers. There are those consumers who are price sensitive in that they accept that a smartphone is Chinese and made in China and have therefore been motivated to purchase a smartphone predominately by the price factor. Price sensitivity is defined as the extent of consciousness and reaction displayed by consumers when finding differences in prices of products or services (Monroe, 1973). The second type of consumer is more "trust-sensitive". We define a "trust-sensitive"consumer as the type of consumer who does not prioritize price as the major factor influencing their willingness to purchase, instead a "trust-sensitive"consumer needs to be able to trust the new brand and does so by the influence of brand familiarity, particularly through word of mouth and internet reviews. We argue that a "trust-sensitive" consumer elects to ignore the country of origin because of brand familiarity, product quality and as the last element, price (perceived value). As stated above price will be a part of the decision making process, but not be the main factor leading to purchase. All of these are analysis which we were able to obtain by carefully evaluating all the details that respondents mentioned during their interviews.

5.2   Analysis of the Sub-Research Question

In order to make our research more specific we decided to have a sub research question which explored in detail the dimensions that were covered in our theoretical framework: *Do the factors affect purchase intention in a positive way or in a negative way?*

For each dimension we had in our initial theoretical framework we were able to see through smartphone users' perception using the codes we developed in our methodology upon our analysis and reflection of the interview transcriptions. When it comes to discussing the main effects that influence a customer's purchase intention of Chinese smartphones the table below illustrates the general main points. When discussing product quality, the respondents were very happy with the durability of their phones and their innovative features. In this respect, the camera, battery life and the aesthetics were the main aspects that consumers considered when mentioning the best aspects of their smartphone. The most innovative quality aspect for

the majority of the respondents was the following: the fingerprint sensor on the back of the phone; weight; the materials from which the phone was made of (i.e. more metal, less plastic); and the inclusion of all good features in one package (i.e. good camera, user interface, battery life, external appearance) all other smartphones had in one package. When a smartphone had a most of the items they were looking for and they performed properly, these aspects of product quality worked in a positive way towards the brand and the product. If a product did not include many or any of the above features, it changed the quality perception that users had of the smartphone.

Moving towards the brand familiarity area, respondents showed that online reviews and word of mouth played a very important part of their decision making process. Online reviews, especially youtube reviews of experts and regular users analyzing the specifications of the phone and the quality of the materials made a huge impact that influenced their purchase. They compared it to reviews of other Chinese products Imran said "An internet review of a Chinese drone will say "*this is a drone… it flies*", versus a review for a Huawei phone will be so detailed, "*the new Huawei P9 is a smartphone that has a 15 megapixel double sided camera, and can be submerged into the water for more than 45 seconds…*". Most of the respondents had conducted a lot of research in order to build up their trust of the brand. Word of mouth played an important role on brand familiarity and purchase intention due to the fact that most people have recommended their phone to others and around 70% of the respondents had heard from someone else that phone was of good quality and that it was worth the investment. As expressed by Julia "*If I hear from a little of people who have used their phones, and I have not given it a try, as Clemens said (talking to Clemens) I would definitely give it a try*". Also, all the respondents have been exposed to some sort of advertising of Huawei. Mostly above the line advertising which led them to do research and become exposed to below the line advertising particularly through the internet and social media as the respondents stated earlier.

When it came to evaluating the effects country of origin had on purchase intention we discovered mixed results. For Chinese products in general, most respondents thought that Chinese products were not good or were bad quality, but all respondents agreed that when it came to smartphones they were less affected by the country of origin because Chinese *smartphone* companies have established a good reputation. One important observation was that at the time of asking respondents for answers, some Swedish users of Chinese smartphones, when finding out that the company that produced their phone was Chinese they

made one of either one of two choices: either they accepted that the smartphone was Chinese and did not mind the country of origin because of the price and were therefore more price sensitive consumers or; they decided to ignore the country of origin because of other aspects like brand familiarity, product quality and price had a larger effect for them than the country of origin, therefore making these more "trust-sensitive" consumers. This observation is interesting but due to the time constaints and lack of resources, were unable to undertake further reasearch in this area and constitutes a limitation in our reseach.

The last dimension explored is price. This dimension provided mixed results as it was perceived as a positive aspect for most users and was a major influence on purchase intention. However, for some users, price was not an effective indicator in influencing brand perception as they understood price in correlation to good quality premium brands. For example, while some respondents did consider price as a positive attribute, some thought it was a negative perception because a good quality product should not have a cheap price in general. Interestingly, while questioning the respondents, some said that price was not a reliable factor because it made them perceive the brand as not high end. For instance, Albin said *"I can feel it is not as premium as Samsung, it's a little below, but its price worthy... Maybe just the price is still in my head, maybe that or maybe that I am still not so used to the model."* Jamie also said *"I was skeptical about it but the price was a big factor for me so I took a leap of faith and I kind of knew it's going to be fine at least for an year but I think most electronics don't have a big lifespan these days anyhow."* Thus, price can be perceived as both a negative and positive attribute towards brand image and purchase intention. This is also an area that would benefit from further research.

Finally, by analyzing our figure and table (Table 2) below we have been able to highlight the most important aspects of each of the constructs of our new theoretical framework. These can be studied even further as they can help brands from emerging economies have a better understanding of what are the main constructs that affect the purchase intention on Swedish consumers.

Dimension	Product Quality	Brand Familiarity	Country of Origin	Price
Most Important Aspects	Camera, Battery, Durability	Online Reviews, Advertising, Word of Mouth	Users choose to ignore the COO or accept COO. Depends on whether they are price-sensitive or "trust-sensitive"	Is a huge motivation for purchase intention, but derives skepticism towards brand image and product positioning

Table 2. Summary of Major Elements of Influence per Construct

5.3   Chapter Summary

Through our analysis of the respondents' answers on purchase intention questions we were able to position and discern the elements that led them to purchase a Chinese Smartphone. The elements were Brand Familiarity, Product Quality, Country of Origin and Price. Regarding our sub research question, we were able to analyze the most important elements that formed our constructs and whether they were perceived as positive or not. In the next chapter we will summarize our findings and discuss the theoretical and practical contributions of the above analysis.

6 Conclusions

In this chapter we summarize our thesis by restating our research questions and subquestion and the answers found though the process of conducting the entire data gathering. We also discuss the theoretical contributions and practical, marketing implications as well as areas for further research.

6.1 Answer to Research Question and Sub Research Question

Our main research question was: *What are the factors that affect purchase intention of Chinese Smartphones in Sweden?* We were able to discern through our data collection methods that our initial theoretical framework (i.e. Product quality, brand familiarity and country of origin) were constructs that affected the final purchase intention. We were also able to find and define a fourth element which was price. Price was a very important factor that influenced the motivation to purchase a Chinese smartphone in our sample group. Our main target was to identify the main constructs that affect purchase intention, and through our study we are now able to conclude this research has illustrated that the main constructs which influence purchase intention are: band familiarity, product quality, country of origin and price.

Our sub research question was: *Do these factors affect purchase in a positive way or in a negative way?* The results obtained from this data collection were interesting as of the four main constructs that comprised our final theoretical framework we found out that two of the elements had a positive effect for purchase intention (i.e. product quality and brand familiarity) and the other two constructs (country of origin and price) showed mixed results. Most respondents have shown that the country of origin construct can be offsetted by a mix of elements for a given consumer group. We call this group the "trust sensitive" consumers, who need to build trust in the brand either through brand familiarity or product quality or a mixture of both. The trust-sensitive consumer is not that price sensitive, therefore price is the last

attribute they consider when looking to purchase a smartphone. Alternatively, we identified the price-sensitive consumers who simply ignored that the product was made in China by basing themselves on only one construct: price. Price for price-sensitive consumers was worth taking the risk to trust the brand. The price construct in itself also gave mixed results as for some customers it was a main reason to finalize a purchase but at the same time, price did not allow them to see Chinese smartphone brands as premium.

6.2   Theoretical Contributions

As explained above the purchase process was influenced also by price. After careful examination of the answers of the respondents we were able to come up with a new theoretical model, which better explained the main factors that influenced the purchase intention of Chinese Smartphones (Figure 5).
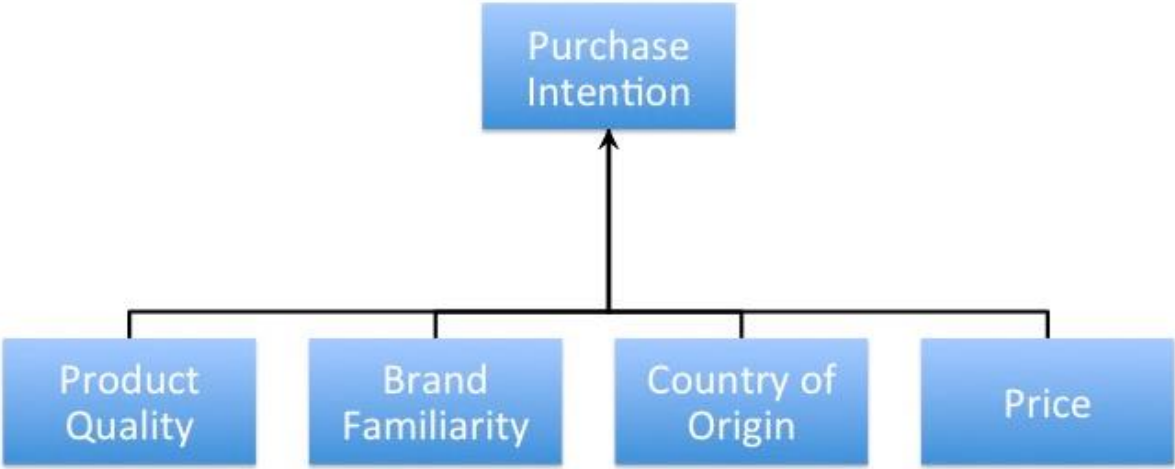
Figure 5. Model of Effects on Purchase Intention

This model can now describe in a better way what are the main constructs that influence purchase intention of Chinese Smartphones in Sweden. Purchase intention in consumer behavior can lead to a better understand of what are the main elements that consumers consider when purchasing smartphones.

6.3   Practical Implications

The recent shift in China's policies towards innovation have lead some of its companies to acquire a significant market share in developed countries, especially in the smartphone sector. Through this research we aimed to gain more insights into what factors that have led Swedish customers to embrace Chinese companies, in this case Chinese smartphones instead of well-established brands like Apple and Samsung. This is a different approach to highlight what key aspects consumers consider important when buying a phone. As many of the smartphone brands engage in international marketing, knowing how to create a marketing strategy per market group is of key importance to be able to obtain market share in the area of interest. Once identified, these aspects can later on be used as a guideline for companies to focus on when doing research and development. Particularly the aspects of this research in which consumers have shown to give mixed results, as these mixed results can result in different perceptions in different countries and areas. By identifying through our sub research question two types of consumers, managers can now think of different strategies on which pricing strategies to use when dealing with price-sensitive consumers and identifying which strategies to use when dealing with "trust-sensitive" consumers is an major area for future research. There are more implications to this study, not just in consumer behavior and international marketing but also in brand management and strategic marketing. This new theoretical framework on purchase intention on Chinese smartphones aims to contribute to these areas, as the constructs presented can be used in order to allow foreign companies to improve efforts in certain areas to increase sales and market share and researchers to gain more insights on consumer behavior. This research can also be helpful to Chinese companies or foreign companies in general who want to step away from the country of origin effect and develop a better market image of their products. Special attention should be placed in the areas of the research question that gave mixed results for different perceptions are involved in these two areas.

6.4   Limitations and Recommendations

This section will show not only the limitations of our research findings but also offer recommendations for future research. Although the study results allowed us to answer our research question and sub question in order to meet our research objectives, there are a number of possible limitations which need to be covered.

The limitations of our study are primarily related with the **qualitative nature** of our research. We choose to conduct qualitative research in order to gain a deeper insight on consumer perspectives. However, since we focused on the electronics industry and, specifically, we only choose two Chinese smartphone brands, it is not possible to generalize the findings to be applicable to all Chinese smartphones. In view of that weakness, future researchers could spend effort on research based on more Chinese smartphone companies in order to get a more general perspective which can get a more generalizable theoretical framework for Chinese smartphones in their totality.

Another weakness of this research is that we focus on collecting data from consumers until the collected answers were able to answer our questions, once we learned that just the focus groups were not going to be enough, we were able to obtain additional insights from the semi-structured interviews. We accept that compared with quantitative research, the sample size of our study is far smaller which makes it almost impossible for the findings to be broadly generalized. Moreover, because our data was collected by the means of a verbal discussion, the findings and conclusion were obtained under the influence of the interview processes and the researcher's own abilities and ways of thinking.

Therefore, in future research, researchers could design a rounder interview including a broader range of consumers and different brands or could design a quantitative study enabling to have a bigger sample size. Another key area for future research is the whole thinking process that price-sensitive consumers and "trust-sensitive" consumers go through. We were able to identify these consumers through this research but we believe that the entire thought process of these two consumers groups could lead to greater contributions in the areas of consumer behavior and strategic marketing. Another area found in this research that could lead to further studies is the how price perceptions can influence brand image. Some respondents mentioned that they could not position Chinese smartphones as a premium brand, mostly because of price reasons. Building upon these perceptions can lead to further research in brand management as well.

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Appendix A

LUND UNIVERSITY
School of Economics and Management

_____*]Thesis title]*

_____*[your name/s]*

Interview Consent Form.

I have been given information about
_____*[thesis title]* and discussed the
research project with _____*[your name/s]*
who is/are conducting this research as a part of a Master's in
_____ *[programme name]* supervised by
_____*[thesis advisor's name]*.

I understand that, if I consent to participate in this project I will be asked to give the researcher a
duration of approximately _____ *[interview time]* of my time to participate in the process.

I understand that my participation in this research is voluntary, I am free to refuse to participate and I
am free to withdraw from the research at any time.

By signing below I am indicating my consent to participate in the research as it has been described to
me. I understand that the data collected from my participation will be used for thesis and journal
publications, and I consent for it to be used in that manner.

Name: ………………………………………………………………………

Email: ………………………………………………………….

Telephone: ……………………………………………….

Signed: …………………………………………………………….