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Historic Problem or Ongoing Crisis? An Exploratory Study of Causes and Consequences of Consumer Animosity in China.

1.0 Introduction

Since opening its doors for business in 1978, China has experienced rapid economic growth for more than 30 years. Alongside China's economic transformation and increased wealth of Chinese citizens, many countries and companies outside China also benefited from this remarkable growth. A vast number of foreign goods and services have since entered into this once isolated middle kingdom. As China overtook Japan as the world's second biggest consumer market in 2013, many have started to consider the Chinese consumer market as an engine of growth for the world's economy (The Economist, 2014). In the past, it is automatically presumed that foreign products were considered favourably by Chinese consumers, what if they actually do not like you? A 2008 Council on Foreign Relations report suggested that nationalism is growing and there were anti-West sentiments in China, American products have been subjected to boycott campaigns (Council on Foreign Relations, 2008). There were also internet campaigns to boycott French products after the immediate aftermath of the pro-Tibetan protesters disrupting the 2008 Beijing Olympic torch relay (Bloomberg, 2008). Campaigns for boycotting Japanese products have been popular for a number of years and it turned particularly widespread after the islands dispute in September 2012 (Financial Times, 2012). This study aims to a) examine the level and extent of Urban Adult Chinese Consumers (UACC)'s animosity towards the Japanese, American and French b) to assess whether Consumer Animosity (CA) affects willingness to buy c) explore the sources of animosity and d) test the impact of location, gender, age group and education level.

2.0 Literature Review

2.1 Consumer animosity

Klein, Ettenson and Morris (1998) introduced the concept of CA. It defined the construct of animosity as "the remnants of antipathy related to previous or ongoing military, political, or economic events" (Klein et al., p.90, 1998). It established that consumer animosity will negatively impact on the willingness to buy. Chinese consumers harbour animosity towards Japan, due to historic concerns particularly the Japanese occupation during WW2 and the key event of the 'Nanjing Massacre', were unwilling to purchase products from Japan. In addition, this impact is independent of the product quality judgements. Klein et al. (1998) summarised the causes of animosity as war based and economic based factors and constructed the animosity model. Klein and Ettenson (1999) and Klein (2002) argued that CA and 'Consumer Ethnocentrism' (CE) are conceptually distinct. CE is about consumers' general beliefs towards foreign products, whereas CA is specific to a particular country and is the result of hostilities stemming from consumers' perceptions of a target country's actions. CE affects product judgments and purchase intentions but CA influences purchase intentions that are independent of product quality evaluations. Fernandes-Ferrin et al (2015) further concluded CA and CE are conceptually distinct. Shin (2001) validated the animosity model in the Republic of Korea. Similar to China, Korean consumers' animosity towards Japanese negatively affected their willingness to purchase Japanese products, independent of product quality judgment. Nijssen and

Douglas (2004) concluded if domestic alternatives were available, Dutch consumers harbour animosity towards Germany were less likely to purchase German products. Ettenson and Klein (2005), Edwards et al. (2007) and Amine (2008) adopted longitudinal approach, and concluded CA could have long lasting effect. Bahae and Pisani (2009a) found that animosity significantly affected Iranian consumers' purchase intentions of American products. Demographic variables such as age, gender, income and experiences of foreign travel were concluded to be relevant to the levels of animosity. Bahae and Pisani (2009b) suggested education level was found to be significant, as more highly educated consumers seemed to distribute some of the blame to their own government. Maher and Mady (2010) discovered social pressure as an important factor. Amine, Chao and Arnold (2005) and Edwards et al. (2007) both suggested that working with local partners could reduce the effects of animosity. Jimenez and Martin (2010) concluded that using firm's reputation and building trust could override possible effects of animosity and Lwin, Stanaland and Williams (2010) proposed the use of symbols to emphasis the shared meanings and understanding could overcome negative animosity associations.

2.2 Source of animosity

Klein et al. (1998) identified war and economic based factors as the sources. Although some other issues had been highlighted, such as the French nuclear test in the South Pacific Ocean examined by Ettenson and Klein (2005), Edwards et al. (2007) and Heslop, Lu and Cray (2008), cultural intrusion by Russell and Russell (2006), war and economic based animosity were widely adopted as the standard sources of animosity. Riefler and Diamantopoulos (2007) suggested that other relevant sources of animosity were ignored, which subsequently identified foreign and economic policy, war in Iraq, religion, identity and mentality all contribute to the animosity of Austrian consumers aimed at United States, Germany and Turkey. It further classified the sources of animosity into war-related, political, economic and personal reasons. It indicated that as a fundamental issue of CA, sources of animosity in different countries need further investigation and this could result into some adjustments to the original animosity model proposed by Klein et al. (1998). Lee and Lee (2013) suggested there are major differences between historical animosity and contemporary animosity.

2.3 Types of animosity

Jung et al. (2002) and Ang et al. (2004) identified 4 different types of animosity: stable animosity, situational animosity, personal animosity and national animosity. Stable animosity refers to negative sentiments arising from a historical background such as previous economic or military clashes between countries. Situational animosity, however, refers to the negative feelings associated with a specific circumstance. Situational animosity tends to be short-term and not as deep rooted in societies. National animosity towards a country is based on perceptions of how well that foreign country has treated the home country. Personal animosity could be based on negative personal experiences one has with the foreign country or with people from that country. Leong et al. (2008) supported these animosity classifications.

3.0 Research Methods

3.1 Mixed methods

The investigation of CA was a major part of a wider study examining the effects of country of origin, consumer ethnocentrism and consumer animosity on UACC's product preference and willingness to buy. It adopted a mixed methods approach consists of street survey and semi-structured interviews. Due to the political sensitiveness of this topic in China, certain attitudes and beliefs could not be tested and discussed on the street, the semi-structured interviews conducted in private were designed to enable participants to openly express their views, therefore sources of animosity and its impact on purchase intentions could be thoroughly explored.

3.2 Measurement

Taken into account of the arguments of Riefler and Diamantopoulos (2007), this study adopted the statement developed by Klein et al. (1998) to test the general animosity and omitted war and economic based animosity statements. Two more statements were added to test animosity's impact on willingness to buy and impact of domestic alternatives as previously investigated by Nijssen and Douglas (2004). The 3 items measurements were: I don't like the Japanese/French/Americans; I never buy Japanese/French/American products; I only buy Japanese/French/American products if there are no domestic or other alternatives available.

3.3 Locations, gender, age groups and education levels

Both street surveys and semi-structured interviews were conducted in two Chinese cities – Shenyang in Northern China and Shenzhen in Southern China to compare regional differences. Shenyang was occupied by the Japanese during WW2 and Shenzhen as a new city has no wartime experience. Demographic information such as gender, age groups and education levels were collected to test the relevance of these variables as previously tested by Bahae and Pisani (2009b).

4.0 Results, Discussions and Implications

In total, 367 questionnaire were collected, 170 in Shenyang-Northern China and 197 in Shenzhen- Southern China. Twelve semi-structured interviews were conducted, 6 in each city.

4.1 Animosity towards the Japanese, American and French

The results suggested that UACC's animosity towards Japanese was relatively high, with 53.7% respondents indicated that they don't like the Japanese. By contrast, animosity towards the Americans and French were relatively low, 11.7% and 10.4% respectively. Wilcoxon Signed Ranks test confirmed that there are significant differences between animosity towards the Japanese and animosity aimed at the Americans and French. It is consistent with the previous findings of Klein et al. (1998) and Ishii (2009), that 16 years after the original study Chinese consumers still harbour strong animosity towards the Japanese. It provides further evidence to support

Edwards et al. (2007) and Amine (2008) that animosity could have long lasting effect. The qualitative findings also support Jung et al. (2002) and Ang et al. (2004)'s classifications of animosity. There were stable animosity towards the Japanese and situational animosity towards the French and Americans which were tricked by sudden events such as diplomatic clashes. It appears both national and personal animosity existed towards the Japanese.

4.2 Sources of animosity

Apart from factors been previously identified, such as Nanjing Massacre and economic concerns, this study discovered a wide range of sources including school education, media influence, Japan's close relationship to United States and attempts to curtail China's influence, concerns for further military clashes, Japanese government attitude towards war past, perceived consumer discrimination by Japanese companies, peer pressure etc. all contributed to UACC's animosity towards the Japanese. This study answered the calls of Riefler and Diamantopoulos (2007) that instead of assuming the standard war and economic based factors proposed by Klein et al. (1998), further sources of animosity should be explored and tested.

4.3 Animosity, domestic alternatives and willingness to buy

The Spearman's Rank Order Correlation confirmed there is a strong positive correlation between consumer animosity and unwillingness to buy Japanese products. It means the greater animosity displayed towards the Japanese, the less willing to buy Japanese products. The qualitative findings supported Klein et al. (1998), Klein and Ettenson (1999) and Klein (2002) UACC with animosity towards Japanese were unwilling to buy Japanese products while accepting Japanese products have good quality. The findings also support Nijssen and Douglas (2004) which concluded that war animosity appeared to play a greater role in affecting willingness to buy, when there was a local alternative available. If there is a viable domestic alternative, UACC expressed a strong desire to purchase Chinese products. The qualitative findings further indicate depending on the levels of animosity, there are 3 distinct purchase patterns: boycott, avoid and only avoid Japanese products if better alternatives are available.

4.4 Locations, gender, age groups and education levels

Whilst a Man-Whitney U test confirmed there was no significant difference between genders, there was significant difference of animosity levels between Shenyang and Shenzhen. It suggested that Northern China has stronger animosity towards Japanese than UACC living in Southern China. Kruskal-Wallis tests suggested that significant differences occurred between age groups, older generations appeared to have stronger animosity towards the Japanese than the younger generation. However, contrast to Bahae and Pisani (2009b), education levels were found to have no significant differences. This could be explained by the fact that Japanese invasion were taught extensively in Chinese schools' history education.

Animosity towards American and French are relatively low and it appears to be triggered by sudden events. It suggests that China still is a safe market for American and French enterprises. However, Consumer animosity towards the Japanese is quite strong and appears to be deep-rooted in society. It has complex origins, not just caused by historic war related issues, and could cause some UACC to exercise a complete boycott or avoid Japanese products when possible. This animosity could be reinforced by ongoing or further events, Japanese investments are vulnerable in China and they could become targets of nationalistic Chinese consumers. Japanese enterprises should have crisis management procedures in place. Forming local partnerships could be a workable solution, as suggested by Amine et al. (2005) and Edwards et al. (2007), Perhaps the real solution lies in the hands of both Japanese and Chinese governments to work on improving diplomatic relations, resolving historic baggage, building mutual trust and finding a pragmatic way to deal with differences. After all, Chinese –Japanese cooperation would bring stability and prosperity to both countries. Otherwise, tension and conflict between two of the world's largest economies and military powers will have damaging consequences that would be felt around the world.

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