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# Factors that Trigger Consumers' Repurchase Intentions of National Products: Take Chinese Brands for Example

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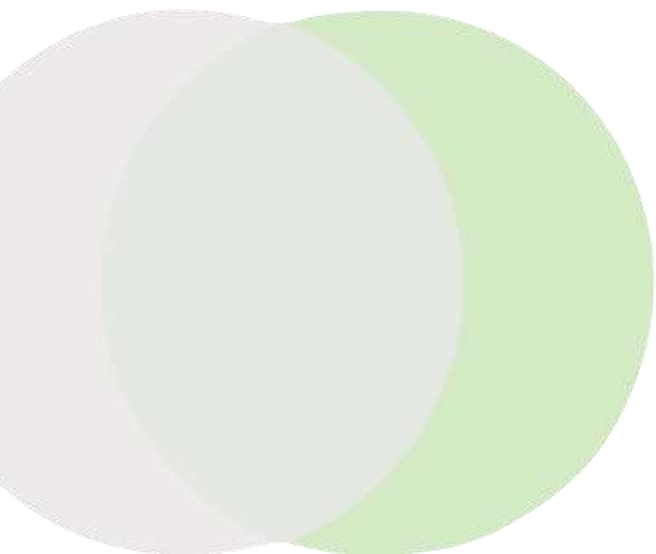
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# *INTRODUCTION*

# INTRODUCTION



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With consumers' consistent preference for domestic products, the tide of purchasing national products has been upgraded, which triggers a new phenomenon called **irrational ethnocentrism consumption**. It is specifically manifested as Chinese consumers flock to purchase national products irrationally in a short period.

Take Chinese sports brand **Hongxin Erke** for example, consumers flooded into its stores to buy sneakers, for this sportswear brand made 50-million-yuan donations to Henan deluge even the company is on the brink of bankruptcy; It is clear that Chinese consumers are willing to pay for ethnocentrism marketing strategies (Shan, 2022).



Figure 1: Logo of Hongxin Erke



Figure 2: Customers are crowded in Hongxin Erke's offline stores

# INTRODUCTION



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However, with the overnight the explosion, these brands have faced a challenge. Their popularity has **become a flash in the pan**, and gradually be forgotten by consumers who once purchased them irrationally.

As Chen (2021) said, Hongxin Erke's official TikTok account in July **increased to 15 million fans** at the moment of their donations to Henan, but now the number of fans **began to fall off sharply**, almost **dropping to 10000 each day**. In the past week, their cumulative sales via online live-stream were under 3 million yuan which is much less compared with the period under the wave of irrational consumption (Chen et al, 2022).



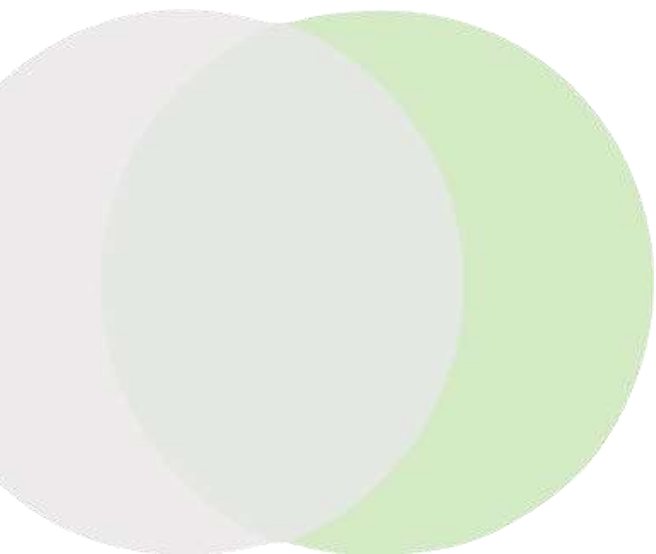
Figure 3: The sales of Hongxin Erke has declined recently and had be gradually forgotten by customers.



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# *Purpose of the Study*



# Purpose of the Study



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The purpose of the study is to learn the factors trigger consumers' **repurchase intentions** of national products; rendering domestic brands have **long development**. To reach the purpose of the study, the following research objectives should be facilitated:

1. To learn the **factors** that impact Chinese consumers' willingness to repurchase domestic products.
2. Defining the **roles of ethnocentrism** when customers repurchase the national products.
3. Making strategies for national brands to **increase the repurchase intention** of consumers, turning flash popularity into enduring development.



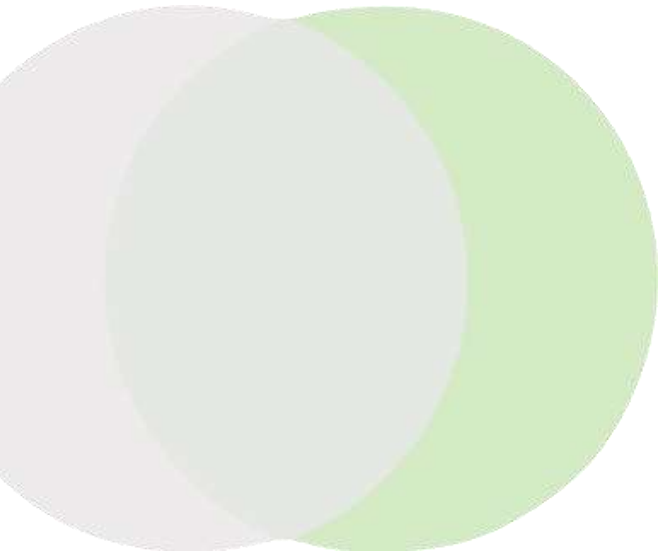
Figure 4: China fashion Poster



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# *Literature Review*



## The Overnight Explosion of National Products in China

Foreign brands used to have an advantage in the China market by projecting an idealized image of **a superior western lifestyle** (Wang et al., 2000). However, Chinese consumers now have more faith in **“made in China”**. The increased social media search trends about domestic products and the **47% growth** in the total sales value of national products through e-commerce, both illustrate the explosion of domestic products in Chinese markets (Hassett, 2021). With the improvement of national products, the Chinese market is going through **the tide of ethnocentrism consumption**; many domestic products get popular suddenly (Shan, 2022). However, these brands have faced a challenge with the overnight explosion. According to Long et al (2022), their popularity has become a **flash in the pan** and gradually be forgotten by consumers who once purchased them based on consumer ethnocentrism.

# Literature Review



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Source	Variables	Definition
Petrack, (2004) Cheng et al (2008) Pablo Maicas Lopez et al., (2006) Ladhari et al., (2019) Suh & Youjae (2006) Liu and Lee (2016)	<b>Perceived Quality</b>	Perceived quality refers to how customers view a product's quality; it reflects their opinion of a product's entire value (Zeithaml, 1988). In this study, perceived quality specifically means how Chinese consumers view the quality of domestic products and is measured by several criteria of Petrick (2002): reliability, advantage, and consistency.
Tsiotsou, (2006). Zeithaml, (1988). Petrack, (2002) Magda et., al (2018), Chaudhuri, (2002) Grunert, 2001	<b>Perceived Price</b>	Price perception is a term used to describe how customers value their money and the costs they incur to purchase a product (Petrack, 2004). In this research, perceived price is Chinese consumers' price perception of domestic products. And the perceived price is measured by price reasonableness and cost-effective according to Cheng et al (2008).
Park & Park, (2019) Keller (1993) Anwar et al., (2019); Wu et al., (2011) Park et al.,(1986); Sondoh et al.,(2007) Hsieh et al., (2004)	<b>Perceived Brand Image</b>	Brand image is regarded as a crucial element in differentiating businesses (Park & Park, 2019). Research on the brand image is also at the core of marketing studies. In this research, the perceived brand image indicates the image of national brands in the minds of Chinese consumers. According to Keller (1993), the brand image can be summed up as consumer impressions of the brand as shown by the associations they have with it.

# Literature Review



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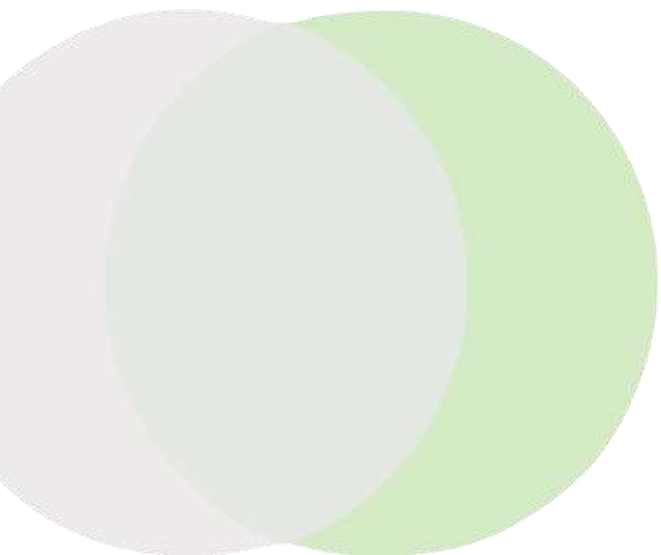
Source	Variables	Definition
Huddleston et al., (2001); Nguyen et al., (2008) He and Wang, (2015); Sharma et al., (1995) Bi et al., (2012) Chiang and Jang, (2007) Narasimhan, (2009) Shimp and Sharma,(1987)	<b>Moderation of Consumer Ethnocentrism</b>	Consumer ethnocentrism has earned many interests from scholars recently since it helps anticipate consumer behavior while making domestic product purchases (Huddleston et al., 2001; Nguyen et al., 2008). Theoretically, there is an inherent motivation for consumers to buy indigenous items when they feel that imports jeopardize their own well-being or the development of their nation.
Anderson & Fornell, (1994). Bitner & Hubbert (1994), Parasuraman, et al, (1994) Athiyaman, (1997); Bejou, et al, (1996) Anderson and Sullivan, (1993) Campbell, (1999) Xia et al. (2004) Roberts and Dowling, (2002). Upamannyu (2014), Zemke & Schaff, (1990) Boshoff, (1997) Sharma and Patterson (2000)	<b>Mediation of Customer Satisfaction</b>	Customer Satisfaction is a general assessment after having previous experiences with a company (Anderson & Fornell, 1994). According to Bitner & Hubbert (1994), customer satisfaction means consumer satisfaction or dissatisfaction is triggered by what the organization provides, which includes the perceived quality, price and brand image.



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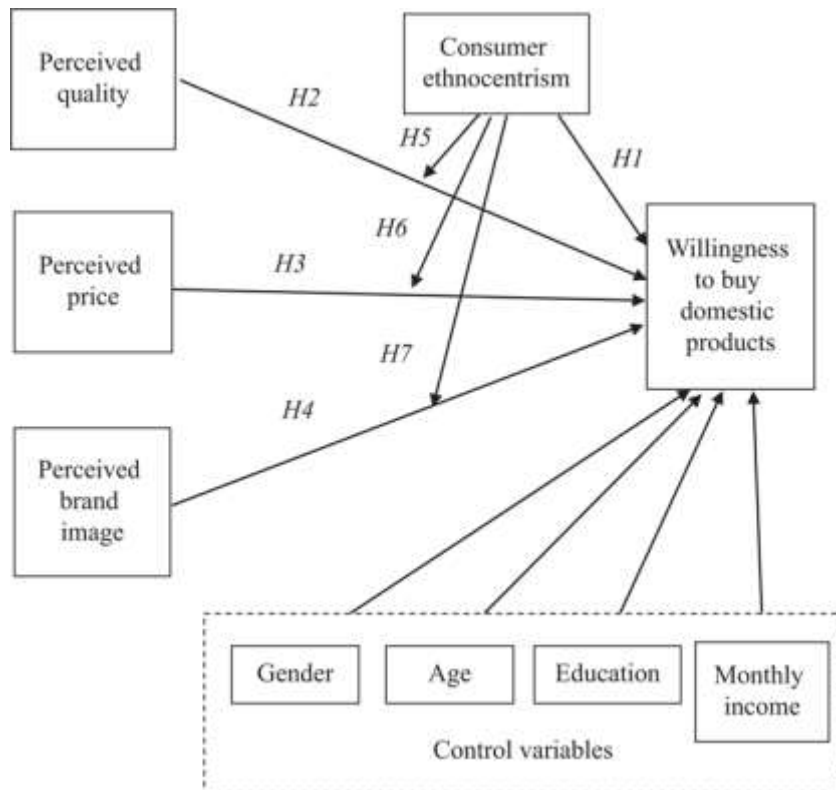


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# *Theoretical Framework*

## Extending Consumer Ethnocentrism Model (ECE)



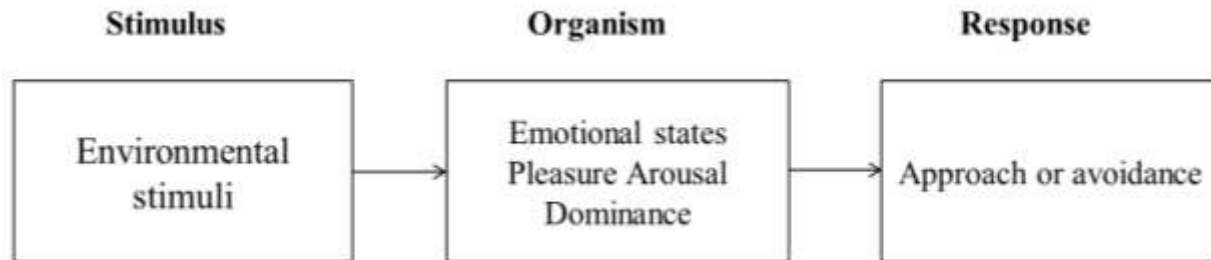
According to Yen (2018), the ECE Model makes two contributions; firstly, it illustrated that **perceived brand image, perceived price, and perceived quality** have a substantial influence when consumers make decisions to purchase domestic products.

Additionally, its conclusion proved that **consumer ethnocentrism is a significant mediator** in determining consumers' desire to purchase local goods.

This research applies the ECE model to test whether perceived brand image, perceived price and perceived quality are associated with customer satisfaction and repurchase intention. Moreover, the mediation of consumer ethnocentrism will also be examined.



## Stimulus-Organism-Response Model (S-O-R Model)



Mehrabian & Russell put forward the S-O-R model in 1974. It is composed **by Stimuli (S), Organism (O), and Response(R)**. According to Perumal & Shaarih (2021), stimuli (S) refer to environmental influences. Organism means an emotional state to express personal emotions and cognition, which leads to the actual behavior(R) at the end.

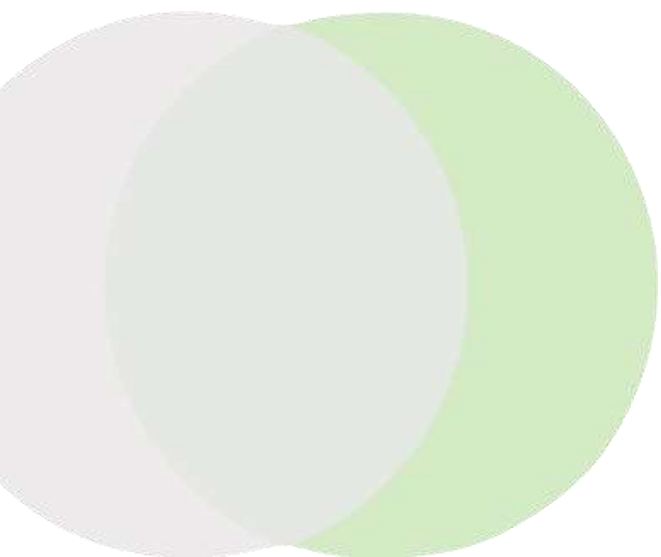
This study, which is based on the S-O-R framework, The stimuli include perceived quality, perceived price, and perceived brand image. The organisms refer to customer satisfaction and the response is the repurchase intention of domestic products.



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# *Conceptual Framework & Hypotheses*

# Conceptual Framework



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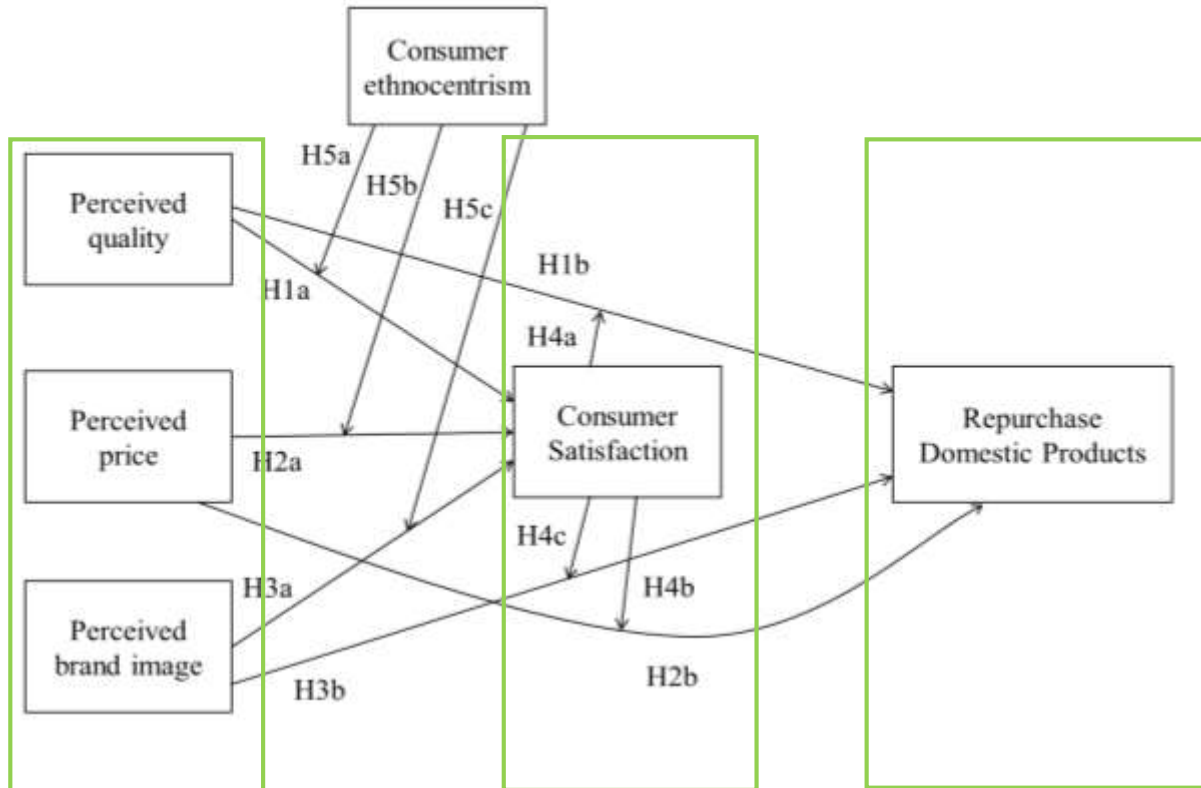


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## Stimulus

## Organism

## Response



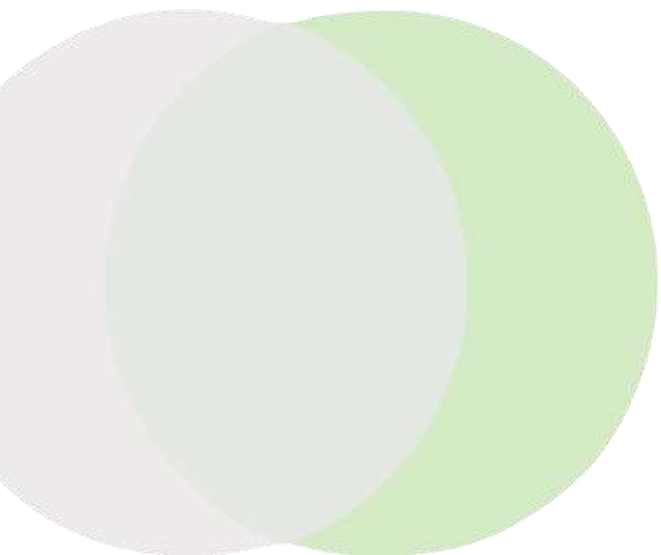
- H1a: PQ is positively associated with CS
- H1b: PQ is positively associated with RDP.
- H2a: PP is positively associated with CS.
- H2b: PP is positively associated with RDP.
- H3a: PBI is positively associated with CS.
- H3b: PBI is positively associated with RDP.
- H4a: CS is positively associated with RDP.
- H4b: CS mediates the relationship between PQ and RDP.
- H4c: CS mediates the relationship between PP and RDP.
- H4d: CS mediates the relationship between PBI and RDP.
- H5a: CE moderates the relationships between PQ and RDP.
- H5b: CE moderates the relationships between PP and RDP.
- H5c: CE moderates the relationships between PBI and RDP.



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*Methodology*

## **Empirical Study**



Using empirical evidence to gain knowledge by means of personal observation and experience

## **Quantitative Methodology**



Data collected by online questionnaire with 7 Likert scale

## **Reliability and Validity Tests**



All measurements passed the requirements



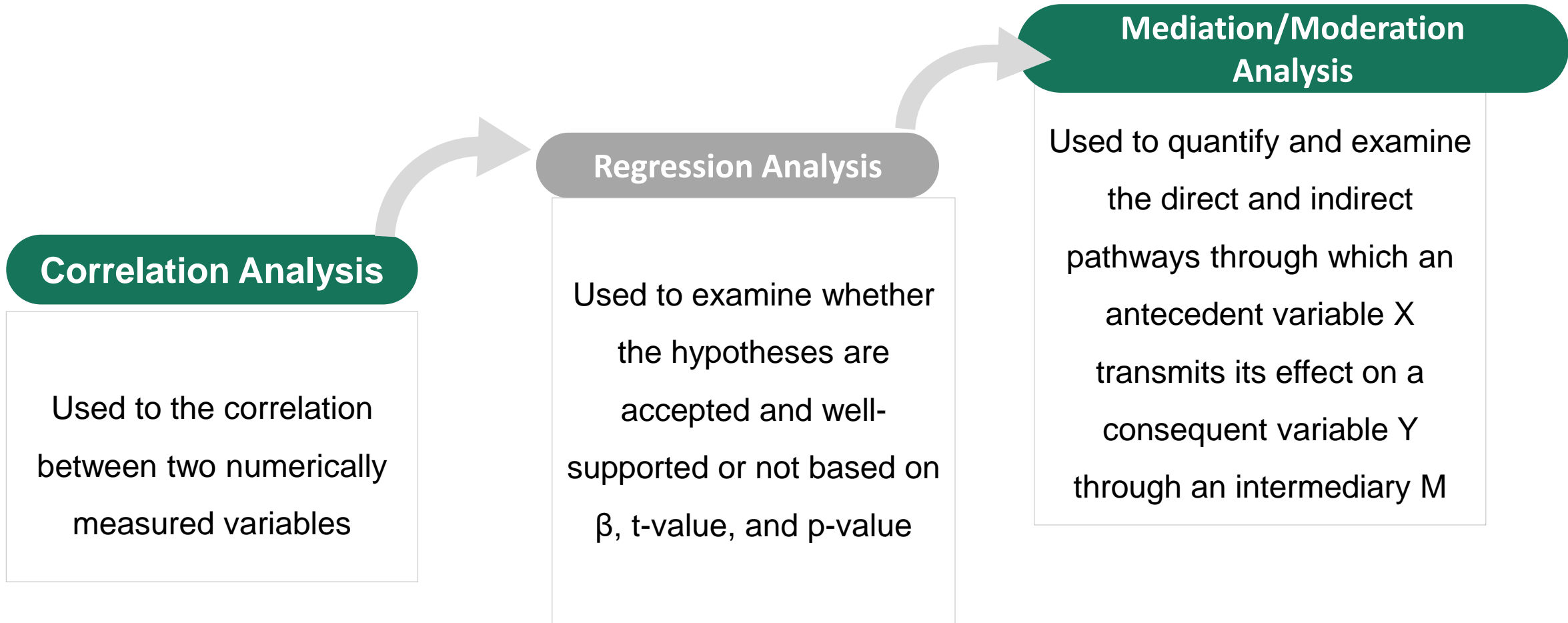
# Statistical Tools



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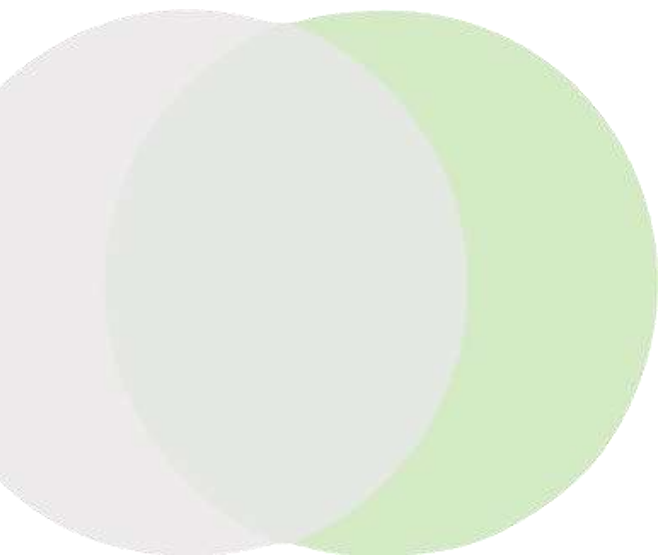




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*Results*

# Demographic Profile of Respondents



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Table 1. Demographics of respondents

Demographics	Frequency %
<b>Gender</b>	
Male	24
Female	76
<b>Age</b>	
≤17	0.4
18-22	55.8
23-27	8.5
28-32	0.8
33-37	3.9
38-42	3.5
43-47	7.8
≥48	19.4
<b>Occupation</b>	
Student	63.2
Full-time Job	34.5
Unemployed	2.3

## Monthly income

Less than 1500 RMB	18.6
1500-3000 RMB	31.8
3001-4500 RMB	16.3
4501-6000 RMB	8.5
6001-7500 RMB	5.4
More than 7500	19.4

## Frequency of buying domestic products

Never (or rarely)	0.8
Sometimes	32.6
Usually	41.1
Always	25.6

## Frequency of repurchasing domestic products

Never (or rarely)	2.7
Sometimes	26
Usually	42.6
Always	28.7

# Correlation Analysis



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Variable	PP	PQ	PBI	CE	CS	RDP
PP	1					
PQ	0.699**	1				
PBI	0.735**	0.782**	1			
CE	0.506**	0.669**	0.545**	1		
CS	0.752**	0.857**	0.751**	0.720**	1	
RDP	0.683**	0.745**	0.666**	0.804**	0.870**	1

\*\*. Correlation is significant at the 0.01 level (2-tailed).

\*. Correlation is significant at the 0.05 level (2-tailed).

**All Correlations Significant**

# Moderation Analysis



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Significant

Constructs	Effect	Coefficient	SE	t value	p-value	LLCI	ULCI
PQ>CE>CS	PQ,CE>CS	0.9502	0.1066	8.9113	0.0000**	0.7402	1.1602
		0.4946	0.1130	4.3758	0.0000**	0.2720	0.7173
PP>CE>CS	PP,CE>CS	0.9347	0.1165	8.0221	0.0000**	0.7052	1.1641
		0.8448	0.1250	6.7564	0.0000**	0.5986	1.0910
PBI>CE>CS	PBI,CE>CS	0.9271	0.1275	7.2690	0.0000**	0.6759	1.1782
		0.8130	0.1367	5.9486	0.0000**	0.5439	1.0822

# Mediation Analysis

Significant

Path	Effect	Boot SE	Boot LLCI	Boot ULCI
PQ>CS>RDP	Indirect	0.0644	0.6171	0.8696
PP>CS>RDP	Indirect	0.0680	0.5652	0.8304
PBI>CS>RDP	Indirect	0.0721	0.6081	0.8916

\*\*. Correlation is significant at the 0.01 level (2-tailed).



# Hypothesis Analysis



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Hypotheses	Path	Coefficient	<i>Significant</i> t value
H1a	PQ→CS	0.857**	26.574
H1b	PQ→RDP	0.745**	17.884
H2a	PP→CS	0.752**	18.277
H2b	PP→RDP	0.683**	14.969
H3a	PBI→CS	0.751**	18.203
H3b	PBI→RDP	0.666**	14.290

**\*\*.** Correlation is significant at the 0.01 level (2-tailed).

# Hypothesis Analysis



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Hypothesis	Results
H1a: Perceived quality is positively associated with customer satisfaction.	Supported
H1b: Perceived quality is positively associated with consumers repurchase domestic products.	Supported
H2a: Perceived price is negatively associated with customer satisfaction.	Supported
H2b: Perceived price is positively associated with consumers repurchase domestic products.	Supported
H3a: Perceived brand image is positively associated with customer satisfaction.	Supported
H3b: Perceived brand image is positively associated with consumers repurchase domestic products.	Supported
H4a: Customer satisfaction is positively associated with consumers repurchase domestic products.	Supported
H4b: Customer satisfaction mediates the relationship between perceived quality and consumers repurchase domestic products.	Supported
H4c: Customer satisfaction mediates the relationship between perceived price and consumers repurchase domestic products.	Supported

# Hypothesis Analysis



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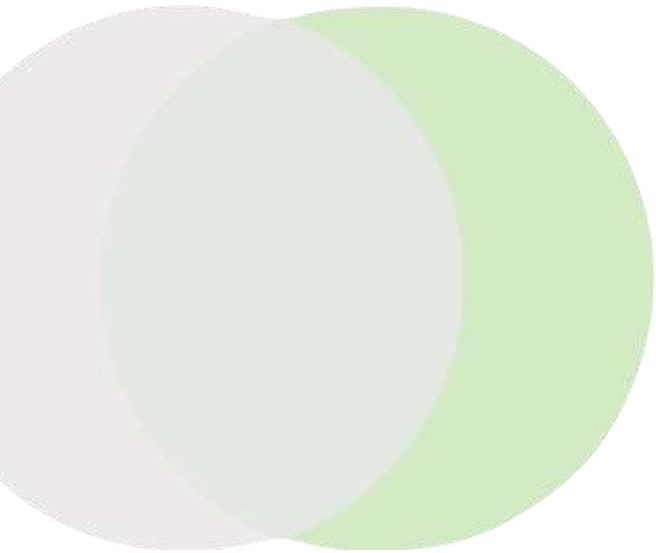
Hypothesis	Results
H4d: Customer satisfaction mediates the relationship between perceived brand image and consumers repurchase domestic products.	Supported
H5a: Consumer ethnocentrism moderates the relationships between perceived quality and consumers repurchase domestic products.	Supported
H5b: Consumer ethnocentrism moderates the relationships between perceived price and consumers repurchase domestic products.	Supported
H5c: Consumer ethnocentrism moderates the relationships between perceived brand image and consumers repurchase domestic products.	Supported



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# *Conclusion & Implication*

# Conclusion



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The findings reveal that the **perceived price**, **perceived quality** and **perceived brand image** are positively associated with the behaviors of repurchase the domestic products. To sum up, when domestic brands make products, they should pay attention to these **three factors**.

It also justifies that the **moderation of consumer ethnocentrism** affect the relationships between perceived price, quality, brand image and the customer satisfaction. However, the **timing of consumer ethnocentrism** still needed to be taken into the considerations since it can be short. Furthermore, this research confirm that the **mediation of customer satisfaction** affects repurchase domestic products.

# Theoretical Implication



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01

Most scholars hold a positive attitude toward the popularity of Chinese products, believing the power of “made in China”. Few papers point out that the flash popularity of national brands leads to a low repurchase rate. This study **fills the gap** in the research of factors which involve in the repurchase rate of domestic products.

This study also tests the moderation of consumer ethnocentrism when repurchasing the local goods which **lay solid foundation** for the customer ethnocentrism analysis in other areas.

02

03

This research **provides an overview** of the current situation of the domestic products in China, which will be valuable for future research. Furthermore, this report **elaborates on current market trends**, as well as repurchase intentions in the local goods business.

# Managerial Implication



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01

This study not only directs appropriate ways for the **development of Chinese brands**, to make them survive in the markets for a long time but also provides other brands and companies with marketing strategies when they **face a decline of sales**.

Also, this research serves as a bridge to help customers to **communicate with** the enterprises about their **needs** in the aspects of price, quality and brand image which will **optimize the strategic plans** for companies.

02

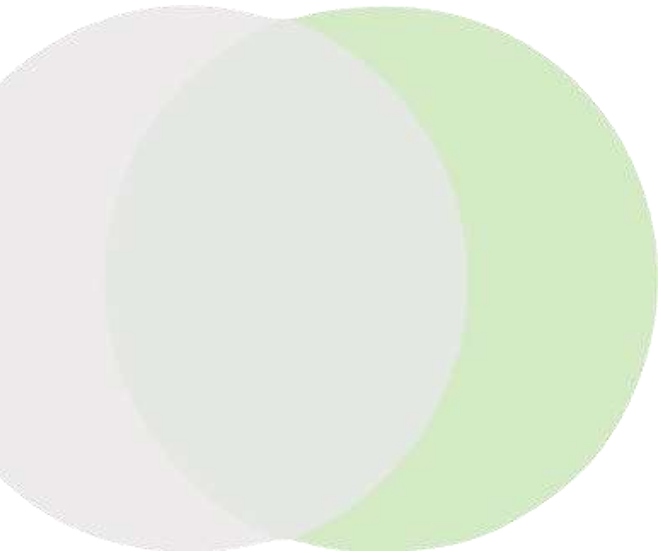




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*Future Research*

# Managerial Implication



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- 01 The data collected by this research is limited. Future researchers need to justify these variables in the **wider range**.
- 02 **Qualitative analysis** needs to be adapted to obtain more accurate and comprehensive findings.
- 03 In the future, **more influencing factors** beside the price, Quality and brand image should be taken into considerations



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*Thank You*

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*Please let me know if you have any questions*

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