STRATEGIC MARKET PLANNING IN CHINA: A MEANS-END CHAIN APPROACH TO MARKET SEGMENTATION WITHIN THE BEIJING MOBILE PHONE MARKET

(Ph.D)

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ABBREVIATIONS

AIO	Actives, Interests, and Opinions
APT	Association Pattern Technique
AVEDEV	Average Deviation Value
BEM	Big Emerging Market
BMI	Business Monitor International
CCV	Chinese Culture Value
CDMA	Code Division Multiple Access
CM	Contract Manufacturer
FDI	Foreign Direct Investment
GDP	Gross Domestic Product (the total value of goods and services produced by a nation)
GSM	Global Standard for Mobile Communications
HVM	Hierarchical Value Map
IDV	Individualism Index (Hofestede's Cultural Dimensions)
IT	Information Technology
LOV	List of Values
LTO	Long-Term Orientation Index (Hofestede's Cultural Dimensions)
MAS	Masculinity Index (Hofestede's Cultural Dimensions)
MEC	Means-End Chain
MECCAS	Means-End Conceptualisation of the Consumers' Cognitive Structures
MNC	Multinational Companies
NPD	New Product Development
PC	Personal Computer
PDI	Power Distance Index (Hofestede's Cultural Dimensions)

PEST	Political, Economic, Social, and Technological analysis
PRC	the People's Republic of China
RVS	Rokeach Value Scale
SMP	Strategic Marketing Planning
SOE	State-Owned Enterprise
STP	Segmentation, Targeting, and Positioning
TV	Television
UAI	Uncertainty Avoidance Index (Hofestede's Cultural Dimensions)
VALS	Value and Lifestyle
WTO	World Trade Orgnisation

PUBLICATIONS ARISING FROM THE THESIS

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Williams, A.J., & Sun, Q, "Consumer Perception of Value & it's Implication for Product & Brand Development Strategy in China" in International Conference on Innovation by Brand and Design management : 2004 Design Brand management Conference & the 12th DMI Academic Forum, Seoul, November 2004.

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ABSTRACT

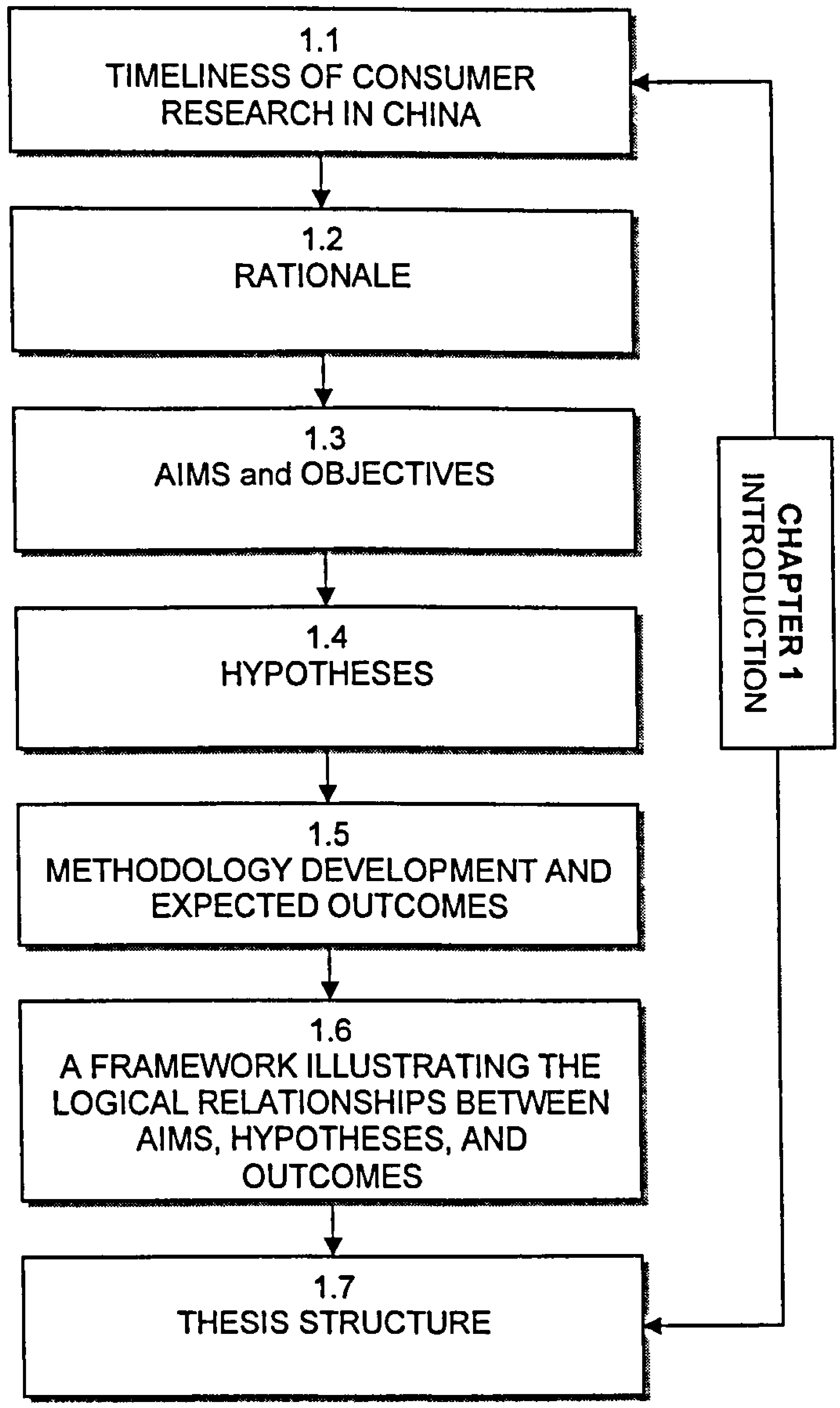
With a dramatic economic growth rate of 10% per year, China, as one of the Big Emerging Markets, has drawn increasing attention from both academia and industry. Its market potential and growth rate is believed to be the top attraction for global investment. In many sectors, the increasing number of options available to consumers has led to the emergence of a consumer society in China and has further fed the development of variance in consumer behaviour. This has imposed imperatives of consumer research in China, especially market segmentation research, on both foreign multinational companies and indigenous manufacturers, in order i) to identify the unique needs of consumers, ii) to provide more desirable product/service packages, and iii) to communicate brand value via more appropriate messages to targeted consumers.

This study therefore aims to: i) generate a deeper understanding of Chinese consumers and their decision making processes; ii) identify value orientations of Chinese consumers and how these indicate distinct market segments; and iii) build case exemplars of market segmentation schemes for use as a business tool to inform each stage of the strategic market planning process.

A Means-End Chain (MEC) approach is adopted in the study to achieve these aims. Following three pilot studies, which identify an appropriate approach for the purpose of the study, forty in-depth interviews are conducted within the Beijing mobile phone market, using a soft laddering technique. MEC Analysis of the interview data has generated the following key outcomes: i) construction of a hierarchical value map (HVM) to represent aggregate consumer cognitive structures; and ii) identification of nine dominant MEC perceptual orientations, indicating nine unique market segments with distinct cognitive structures. Case exemplars are further analysed to demonstrate the usage of the resultant MEC segmentation in implementing the strategic marketing planning process within the mobile phone market in Beijing. A business tool is subsequently proposed for organisations operating in China, which supports the implementation and evaluation of strategic marketing planning, and ensures consistency between product and brand offerings.

Chapter 1 INTRODUCTION

Figure 1-1 Chapter 1 Structure



This Chapter provides an overview on the thesis. It starts by addressing the urgency and significance of consumer research in China, leading towards the development of aims and objectives. Rationales are outlined concerning theory and practice in the area of Marketing and Means-end Chain theory. Aims and objectives, hypotheses, methodology development, and expected outcomes are summarized to provide guidance on the logical embraced in the study, which is further illustrated in Figure 1-2. Towards the end of the chapter, the structure of the thesis is introduced to provide guidance for readers.

1.1 TIMELINESS OF CONSUMER RESEARCH IN CHINA

China, as one of the "Big Emerging Markets" (BEM), is undergoing tremendous economic changes, achieving a GDP growth of almost 10% per year, since it's "open door" policies of the 1970s (Economist 2005 a). This dynamic economic growth has thus led to the emergence of a consumer society in China, bringing a wide variety of goods within reach of a growing number of consumers. Packaged foods, as an example, already constitute a $47 billion category that is expanding by 8% per year – a pace rarely seen these days in developed markets, where sales of some types of consumer goods are stagnating or even shrinking (Chen and Penhirin 2004).

China's huge market potential – the promise of 1.3 billion consumers – is therefore believed to be the top attraction for foreign direct investment (FDI) (A. T. Kearney 2004), and to be the real long-term opportunity in China (Spiegel 2002). However, translating these trends into actual marketing success has never been a certainty for either foreign MNCs or indigenous manufactories.

Many MNCs have missed the fact that there are significant cultural differences between Western and Chinese consumers, and have tried to impose Western models of marketing on China (Cui 1997). Unique cultural qualities have a significant impact on consumer behaviour and form a unique set of attributes characterising Chinese consumers, reflected in various ways through consumption behaviour (Yan 1994; Lowe and Corkindale 1998; Ackerman and Tellis 2001; Malhotra and McCort 2001; Toffoli and Laroche 2002). At the same time, economic reform over the past 30 years has dramatically increased regional income inequalities. Growing income differentials are reflected not only in the extent, but the diversity of consumption, one feature being greater consumer discernment evidenced by increased fragmentation. In some sectors, such as TVs, supply exceeds demand, while in others the pattern is reversed (Taylor 2003). It seems that China's consumers are too dispersed, too inaccessible and too different from each other (Economist 2004 a), and one is unlikely to find a nationwide, majority middle class in China like that of Japan or the United States (Cui 1997).

In recent years, many sectors, such as Chinese consumer goods, home appliances, personal computers, and mobile phones, have become increasingly competitive. Many of the Chinese companies that did not exist 15 years ago, have since surpassed their foreign MNC peers, and MNCs have been beaten out by domestic players. However, as the level of competition increases and the level of marketing activity increases, it is believed that companies need to know how to keep their share via knowing their consumers better (Bowman 2005), and competitive costs and prices will no longer be enough to succeed with the marketplace growing more mature (Chen 2003). Further, it is also recognised that the translation of research findings into useable information is crucial for many local companies (Bowman 2005).

It is therefore important to spend time building a deep and unbiased understanding of the unique characteristics and needs of consumers in order to succeed in these market sectors (Prahalad and Lieberthal 2003); further, the ability to understand diversity among consumers and its implications for marketing strategies is equally essential for success (Batra 1997). Thus, *"putting marketing at the heart of the company"* is believed to be imperative for both foreign MNCs and Chinese indigenous brands (Business Week Online 2004).

However, research in the field of marketing has not kept pace with the development in China's consumer market (Zhang 1996). It is recognized that most existing research in this area is at the level of descriptive information such as rapid urbanization and other macro-economic statistics, and has sometimes led to a distorted view of the marketplace and misreading of consumer demand (Cui and Liu 2000). Although the popular press has written much about the growth of the Chinese market, accurate analysis of China's consumer demand has been a common problem especially for foreign MNCs. While most of the efforts have concentrated on the economic and industrial conditions that influence investment and business decisions in China, little research has focused on the Chinese consumer. As a consequence, knowledge about the Chinese consumer still remains scarce.

The focus on market segmentation in the context of China is especially recent. As a logical extension of the marketing concept itself (Hooley and Saunders 1993), and a major way of operationalising the marketing concept, market segmentation is essential for ultimate consumer satisfaction, especially in increasingly heterogeneous markets. As such, it can provide guidelines for a firm's marketing strategy and resource allocation against consumers' preference (Wind 1978). Within consumer research literature in China, some segmentation approaches have been used to investigate distinct consumer groups, such as geographic (Schmitt 1997; Yao and Liu 1998; Cui and Liu 2000; Herrmann-Pillath, Kirchert et al. 2002), demographic (Laurent 1982; Anderson and He 1998; Cui and Liu 2001; Taylor 2003; Economist 2005 b), and psychographic / lifestyle (Li and Xiao 1998; Tam and Tai 1998; Veeck and Veeck 2000; Hiu, Siu et al. 2001; Wang, Chan et al. 2001; Wang, Yee-Man Siu et al. 2002; Dickson, Lennon et al. 2004; Wang, Siu et al. 2004). However, given the dramatic evolution of the market environment in China, market segmentation research within a cultural context of China is presented with new challenges.

Given the emergent issues within China's domestic market, this research attempts to conduct an empirical study, in order to generate knowledge on Chinese consumers and provide a business tool for translating consumer knowledge into practical guidelines. The aims of the study are further discussed in section 1.3.

1.2 RATIONALE

1.2.1 Market Orientation and Strategic Marketing Planning

The emergence of a consumption oriented society after World War Two, when consumers were given a larger array of choices, as conditions of economic scarcity waned and consumers could demand more precise and total response to their needs and wants, is seen as the beginning of the age of the consumer in the West (Webster 1994). Sales became a company's focal point, and the "*selling*" concept replaced the emphasis on efficient manufacturing leading to a "*products and production*" concept (Nijssen and Frambach 2001). The selling concept assumes that profits can be gained through increasing sales volume by selling and promoting efforts, whilst the products and production concept proposes that consumers will favour those products that offer the most quality, performance, or innovative features, and will prefer products that are widely available and inexpensive (Hooley and Saunders 1993; Engel, Blackwell et al. 1995).

Given that increased competition leads to a necessity for understanding and responding to consumer needs and wants, the market concept consequently emerged in the 1950s and 1960s. This concept proposed that the purpose of a business is to "*create a satisfied customer*" (Drucker 1954). It is different from previous concepts, as:

> *Selling focuses on the needs of the seller, marketing on the needs of the buyer. Selling is preoccupied with the seller's need to convert his product into cash, marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it.* (Levitt 1960)

Creating customer value and satisfaction are at the heart of modern marketing thinking and practice, and "*marketing is the delivery of customer satisfaction at a profit.*" (Perreault and McCarthy 2004). Kotler and

Armstrong (1999) propose that marketing, more than any other business function, deals with customers; and thus leads to *"the management philosophy that holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than do competitors"*. That is, current marketing must be understood not in the old sense of marketing a sale – 'telling and selling' – but in the new sense of satisfying customer needs; and striving for a clear understanding of consumers' present and probable behaviour, plus a willingness to respond positively to that understanding, is a mark of the outstandingly successful business enterprise.

This concept is also reflected in business strategies. Many agree with this perspective that customers and the satisfaction of their needs is the final driver of strategy (Golub, Henry et al. 2000). Therefore, it is believed that only if you start with the customer can you better focus on what is truly important – customer needs, and the ability to concentrate on customers and understand their changing needs is the first step in focusing the organization on a winning vision (Webb and Gile 2001).

Given that the marketing concept is the fundamental philosophy of any business, and consumer perspective of strategy is increasingly important in the current marketplace, a more effective approach to the marketing function – *"strategic marketing planning"* (SMP) is therefore crucial (McNamara 1972).

1.2.2 Market Segmentation

Market segmentation, as the initial step of Strategic Marketing Planning (SMP) and a logical extension of the marketing concept itself (Hooley and Saunders 1993), has long been recognized as a central concept in both marketing literature and practice.

Diversity and variations in both the supply / production process and consumer demand, especially after the Second World War, have grown rapidly (Stewart 1991). The need for segmentation arises as a result of the increase in the affluence of consumers and the increase in the number of alternative products and services available to them. Smith (1956)'s article on market segmentation firstly recognised that systematic differences in the variance of consumers could be identified. The concept of market segmentation was born. As Wind (1978) defined it: *"market segmentation involves viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desires of consumers for more precise satisfaction of their varying wants."* The analytical goal of market segmentation is, therefore, to measure consumer behaviour and place each person into a group (or segment) that will minimize the variance in behaviour between each member of the segment and maximize the variance between segments, according to market partitioning of a firm's product/market mix.

Management acceptance of the market segmentation concept has resulted in the use of segmentation research to answer a wide range of marketing questions about the response of market segments to a firm's marketing strategies (price changes, new product offerings, product changes, advertising themes, promotional efforts) as well as the selection of target market segments for each of the firm's planned marketing offerings (Wind 1978).

1.2.3 A Means-End Chain Approach

The selection of appropriate segmentation bases is crucial with respect to the number and type of segments that are identified in segmentation research, as well as to their usefulness to the firm (Wedel and Kamakura 2000).

Over the years, almost all variables have been used as bases for market segmentation, and market segmentations based on different variables show different merits and drawbacks (Wind 1978). However, despite much attention and frequency of use, segmentation has been the object of frequent criticism.

Davis (1987) suggested that segments are almost always too few and the populations within that too heterogeneous to be of practical value. It is recognised that the often used segmentation bases, such as demographics and socioeconomics, show a lack of homogeneity within members of a segment in terms of their motivation, wants, needs, and behavioural patterns, and as a consequence, generally a low level of correspondence between background variables and behaviour (Hooley and Saunders 1993). Therefore, segmentation based on these variables is appropriate to locating a target market, but fails to provide accurate information for strategic marketing planning.

Further, it is argued that even if a market can be partitioned into homogeneous segments, market segmentation will be useful only if the effectiveness, efficiency and manageability of marketing activity are influenced substantially by discerning separate homogeneous groups of customers; therefore, for a segmentation scheme to be useful to marketing management it should seek not only to describe differences in consumers but also to explain them (Wedel and Kamakura 2000). These traditional segmentation schemes may describe the differences in consumers but fail to explain them, and therefore lack a causal relationship.

Recent changes in the market environment present new challenges and opportunities for market segmentation. The increasing number of options available to consumers both in the West and now China has resulted in an exponential increase in the variance of consumer behaviour, which carries with it an increase in the number of potential segments within the market. A significant increase in the variance of consumer behaviour may require a change in the orientation of segmentation research and move the focus of segmentation from the marketer to the consumer (Stewart 1991). Consequently, marketers are now sharpening their focus on smaller segments with micro marketing and direct marketing approaches. On the other hand, the increasing globalization of most product markets is leading many multi-product manufacturers to look at global markets that cut across geographic boundaries. These developments have led to rethinking of the segmentation concept (Wedel and Kamakura 2000). Identification of these consumer defined segments requires a more complex approach to segmentation that recognizes the purposefulness of consumer behaviour and uses individual usage situations as the basic building blocks for segmentation.

In this respect, the "means-end chain" approach (Gutman 1982; Olson and Reynolds 1983; Reynolds and Gutman 1988) to market segmentation is believed to offer better prospects, and can be used most effectively in understanding the two main issues in consumer decision making: i) what choice criteria consumers use to evaluate the choice alternatives and choose among them; and ii) why consumers find these particular choice criteria to be personally relevant (i.e. salient or important). In this sense, *"the MEC can not only describe consumer decision making but also understand it"* (Reynolds and Olson 2001).

The advantages of the MEC approach to market segmentation, are assumed to provide more accurate and actionable information for Strategic Market Planning (SMP) of an organisation operating in China. Given that no existing segmentation research in China has engaged the MEC approach, it is clear that investigating the appropriateness of this approach within the Chinese context is a significant opportunity.

1.2.4 The Mobile Phone Sector in China

Given the high degree of saturation in many of China's domestic markets and the high level of sophistication shown by its consumers, it is imperative for both foreign MNCs and local Chinese manufacturers, who want to win in China's domestic consumer market, to compete via a better understanding of their consumer and the application of consumer research findings to inform their strategies. The mobile phone market within urban China is analysed within this study as an exemplar for other typical market sectors, such as PCs, due to its high penetration, sophistication, relatively short life span, (and therefore need for repeated sales), and rapid rate of development.

Increasingly cheaper mobile connection and subscription rates, together with rapid development in mobile technology, have encouraged mobile phone ownership. With 20% of the world total, and 5 million consumers signed up as new subscribers every month, China is the largest market for mobile phones (Economist 2003). Over the period of 1999-2003, the number of mobile phone users in China increased by 505.7%, and grew to 262.3 million in 2003, representing for RMB35,898 million (US$4,330 million) (Euromonitor 2004 a). It is widely believed that China has significant potential for further expansion since only 20% of China's 1.3 billion people use mobile phones, compared to a 70 - 80% user rate demonstrated in developed economies, although it may never reach this level of saturation.

The growing number of mobile phone users has prompted mobile phone manufacturers to increase investment, reaching RMB210 billion in 2003. There are 40 mobile-phone brands selling over 800 models per annum; demand is expected rise from 80 million to 100 million units by 2006, but supply will double to 200 million; consequently prices are plummeting (Economist 2004 a). Competition between mobile phone manufacturers has increased significantly. Several foreign brands, including Sweden's Ericsson, have all but vanished. America's Motorola and Finland's Nokia still maintain relatively high portions of market share, with half the market between them, but they are rapidly losing share (Economist 2003); whilst, indigenous Chinese brands, such as TCL, Bird and Amoisonic, which in 1999 had less than 3% of a fairly small market. Further, the evolution of both foreign MNCs and indigenous manufacturers demonstrates that the context of operations is extending substantially beyond basic manufacturing into marketing, service, and product design. In many maturing sectors, increased competition has placed an imperative on organisations to differentiate their products/services to match the unique needs of distinct consumer groups.

1.2.5 Summary – Rationale for the Research Study

As discussed earlier, evolution in the theory of marketing and strategy has revealed that consumer orientation is now a fundamental philosophy of any business. The thesis takes this perspective and presumes that:

(Proposition 1): the fundamental philosophy of an organisation is to satisfy its customer; and strategic marketing planning (SMP) is therefore essential for a market orientated strategy.

Within China's consumer market, the competition in many sectors has become intense and consumer behaviour has increasingly diversified. In order to win the battle for consumers, adopting the marketing concept within organisations has become imperative in the increasingly competitive marketplace in China. Therefore, it is presumed that:

(Proposition 2): Both those international MNCs operating in China and indigenous manufacturers have evolved to a marketing stage, therefore, market orientation has become crucial to winning in increasingly competitive domestic markets.

Based on the two propositions, it might be argued that market segmentation has become essential for consumer satisfaction, especially in increasingly heterogeneous markets, as it provides guidelines for a firm's marketing strategy and resource allocation against consumer preference (Wind 1978). A relatively new focus on identifying Chinese consumer market segments in the literature has indicated the use of various approaches, such as geographic, demographic, and psychographics / lifestyle indicators. However, a significant increase in the variance of consumer behaviour may require a change in the orientation of segmentation research and move the focus of segmentation from the marketer to the consumer (Stewart 1991). Discovery of these consumer defined segments requires a more complex approach to segmentation that recognizes the purposefulness of consumer behaviour.

The means-end chain is therefore proposed for market segmentation based on its provision of a deeper understanding of consumers and their cognitive structures. It is proposed that in many sectors, typified by the Beijing mobile phone market, identification of MEC market segmentation is becoming necessary, and the study with attempt to test whether it constitutes to be an appropriate segmentation scheme that can inform the strategic marketing planning process with accurate consumer information.

1.3 AIMS and OBJECTIVES

Aims and objectives are developed based on the propositions.

1.3.1 Aims

Three aims are established in the thesis to address the emerging issues within China's domestic market.

The increasingly competitive market environment has placed urgency for the companies to build a deep and unbiased understanding of their consumers, in order to keep their share in China's domestic market. However, the current literature is mostly at the level of descriptive information and knowledge of Chinese consumers remains scarce. Therefore, firstly, the study aims to:

(Aim 1): generate a deeper understanding of Chinese consumers and their decision making processes.

China's rapid economic growth is bringing a wide variety of goods within reach of a growing number of consumers, leading to increasingly diversified consumer behaviour. Consequently, market segmentation in maturing sectors, typified by the Beijing mobile phone market, is imperative and timely for both foreign MNCs operating in China and Chinese indigenous manufacturers. Therefore, the study aims to:

(Aim 2): identify value orientations of Chinese consumers to indicate distinct market segments.

Further, although it is reported that growing numbers of local brands and companies are waking up to the crucial role of research in growing share and building awareness, for more strategic research – for example, branding, usage and attitude studies, or market segmentation – it is still hard for many local companies to translate research findings into useable information (Bowman 2005). Market segmentation will be useful only if the results of the segmentation study can be projected to the relevant marketers and market opportunities can be accordingly matched with marketing programmes based on the segmentation results (Wedel and Kamakura 2000). Thus, the study aims to:

(Aim 3): build case exemplars of market segmentation schemes for use as a business tool to inform each stage of the strategic market planning process.

1.3.2 Objectives

In order to achieve the aims, an empirical study will be undertaken i) to test the MEC theory within the context of China, and ii) to investigate how the MEC approach can be used to generate an understanding of consumers, and an accurate and actionable market segmentation scheme. Subsequently, objectives are developed:

(Objective 1): to review current research investigating: i) marketing and market segmentation theory; ii) MEC theory and practice; and iii) the Chinese consumer market. This review will be used to develop hypotheses presenting a rationale supporting an MEC approach to understanding consumers and market segmentation within the context of China;

(Objective 2): to conduct pilot studies in order to experiment with relevant laddering methods and to identify a more appropriate combination of laddering methods within the context of China;

(Objective 3): to conduct an empirical study to collate MEC data, following the findings of the pilot studies, via an MEC analysis on the primary data i) to generate consumer MECs and a hierarchical value map (HVM); and ii) to identify consumer MEC orientations that indicate market segmentation schemes;

(Objective 4):to implement MEC results to evaluate the performance of brands present in China as case examples, demonstrating the application of the resultant MEC segmentation schemes on i) implementing SMP; and ii) in evaluating the consistency of SMP with an offering and across an organisation.

1.4 HYPOTHESES

The principle research aims of this study can be achieved via testing the following five linked hypotheses. Detailed discussion of hypotheses can be found in Chapter 6. (The logical links between aims and hypotheses are demonstrated in Figure 1-2)

1.4.1 Hypothesis 1

Hypothesis 1 is related to Aim 1 (proposed to generate a deep understanding of decision-making as undertaken by Chinese consumers). Given that personal relevance is central to understanding consumer decision-making (Olson and Reynolds 2001; Gengler and Reynolds 1995), the MEC model addresses the two important issues in relation to it: i) what are the salient choice criteria consumers use to evaluate the choice alternatives and choose among them; and ii) why those particular choice criteria are personally relevant to the consumer (Olson and Reynolds 2001). It is therefore assumed that:

H1: MEC models allow researchers to identify the three levels of consumer knowledge exhibited by Beijing mobile phone users; respectively,

H1a: product attributes – representing consumers' buying criteria;

H1b: consequences – representing what the product does or provides to the consumer at a functional or psychosocial level;

H1c: values –being cognitive representations of consumers' most basic and fundamental needs and goals.

1.4.2 Hypothesis 2

Hypothesis 2 is proposed to achieve Aim 2 (to identify consumer value orientations indicating market segmentations), and also to contribute to Aim 1 (understanding of consumers). An MEC model is a personal value approach. The enduring nature of values, and their central role in personality structure, make them ideal for application in understanding market segmentation (Engel, Blackwell et al. 1995). In addition to other value based approaches, the MEC recognises that a person strives to satisfy different values across different consumption occasions that further differ across product classes. Thus, MEC segmentation is not merely based on personal values, but identifies the certain chains/pathways of ideas connecting a product or services with the self. In this sense, market segmentation based on MECs, provides a causal linkage between behaviour and motivations, thus providing both accurate and in-depth segmentation information for marketers (Reynolds and Rochon 2001). Therefore, it is assumed that:

H2: when the MEC approach to market segmentation is applied in the Beijing mobile phone market, market segmentation is identifiable.

1.4.3 Hypothesis 3

Hypothesis 3 is related to Aim 3 (to provide a business tool for SMP). MEC segmentation is based on the belief that effective segmentation is a result of differentiating a heterogeneous population, based on the decision-making criteria used to select a product, as well as by the dimensions of consumer behaviour of greatest interest to the marketing manager (Reynolds and Rochon 2001). Therefore, MEC segmentation, including both attitude and behaviour variables, allows management to i) efficiently target customers with appropriate communication strategy, and ii) deliver the most appropriate message to target groups.

H3: MEC segmentation enables marketers to effectively implement the 3 key stages within the SMP process:

H3a: in "choosing the value" – choice of value by the organisation;

H3b: in "delivering the value" – the development of specific product features, prices, and distribution routes to provide the value; and

H3c: in "communicating the value" – communication of the value to consumers via advertising and sales promotion.

1.4.4 Hypothesis 4

Further to Hypothesis 3, Hypothesis 4 is also related to achieving Aim 3 (MEC to SMP). Specifically, given that in practice, the key stage of the SMP process are typically not well coordinated and are often undertaken by different people at different locations at differing times both inside and outside the organization (Myers 1996); an operational tool becomes essential to integrate these functions together in order to deliver the maximum consumer value. Therefore, it is assumed that:

H4: an MEC segmentation scheme can be applied as a tool to assess the consistency of the SMP process across each of its stages and to provide guidance to link and integrate these distinct roles and functions in accordance with a consumer perspective.

1.5 METHODOLOGY DEVELOPMENT AND EXPECTED OUTCOMES

In order to achieve the aims and to test the hypotheses, a methodology is developed as described as follows: (the logical relationships between the aims, hypotheses, and outcomes are also shown in Figure 1-2)

1.5.1 Method Development – Pilot Studies

Given that there are arguments on the various approaches used to conduct MEC study (soft laddering, hard laddering, and adapted hard laddering) in the related literature, it is essential to test the relevant methods before the main study, in order to identify a more appropriate combination of methods within the context of China. Three pilot studies are conducted to explore i) soft laddering; ii) hard laddering; and iii) adapted hard laddering, across the three stages of the MEC study: 1) attribute elicitation; ii) laddering; and iii) analysis.

The findings of the pilot studies identify both advantages and disadvantages of the tested methods, and suggest an appropriate approach for the main study. These are used to define both i) the research questions and structures; and ii) the analysis process.

1.5.2 Main Study

Following the development of a more appropriate method for the main study, the research questions and process are defined and 40 interviews are conducted within the Beijing mobile phone market to collate primary data.

Analysis of the data generates MECs for interviewees, including information on i) consumers' product knowledge; ii) personal values; and iii) personal relevance. A *"hierarchical value map"* (HVM) is constructed to depict the content and structure of consumer knowledge in a graphical way. The findings are shown to confirm Hypothesis 1 (MECs enabling researchers to identify 3 levels of consumer knowledge and decision making process); and contribute to achieving Aim 1 (the generation of a deep understanding of Chinese consumers) (as shown in Figure 1-2).

Further, via MEC analysis, discrete consumer value orientation types are identified, indicating distinct market segmentations. The findings confirm hypothesis 2 (that an MEC approach enables researchers to generate market segmentation within the Beijing mobile phone market); and contribute to achieving aims 1 and 2 (generating market segmentation in China's domestic market, as shown in Figure 1-2).

1.5.3 Evaluation of Findings – Case Examples

Following discussion of the results, a further stage is undertaken in order to demonstrate the implication of the findings on the SMP process. Four leading brands present in the Beijing mobile phone market are taken as examples to demonstrate how the resultant MEC segmentation scheme can be used to inform the NPD process, the brand communication strategy, and further brand value propositions within each segment. Further, the findings are used as a benchmark to evaluate each stage of SMP process of the four brands against consumer expectations. The results demonstrate that the proposed framework is an effective tool for evaluating consistency across the various stages of SMP.

The case examples confirm Hypothesis 3 (the role of MECs in implementing SMP) and 4 (the role of MECs in evaluating the consistency of SMP). Given that the analysis is based on second hand data and lacks sufficient information, confidence in the findings is relatively low. However, this does not invalidate the achievement of aim 3, and demonstrate its application as a business tool is proposed for practical usage in SMP (as shown in Figure 1-2).

1.6 A FRAMEWORK ILLUSTRATING THE LOGICAL RELATIONSHIPS BETWEEN AIMS, HYPOTHESES, AND OUTCOMES

Figure 1-2 summarises the discussion in sections 1.3, 1.4, and 1.5, illustrating the logical relationships between aims, hypotheses, and outcomes.

In this figure, the three aims are summarised in column 1 (Aims) at the left hand side. In order to achieve these aims, four key actions, outlined as objectives, are shown at the bottom row: i) via literature review, four hypotheses are developed as shown along the second column (Hypotheses); ii) via pilot studies, the MEC approach is tested and an appropriate methodology is developed as indicated in column 3 (Methodology); iii) via the main study, a HVM of Chinese consumers and consumer value groups are generated as the first two outcomes, as shown in column 4 (Outcomes); and iv) case exemplars are further analysed to demonstrate the usage of MEC results in implementing SMP and in evaluating the consistency of SMP, as shown as the third and forth outcomes in column 4 (Outcomes).

Each outcome is further linked by arrows with specific hypotheses and aims, to illustrate which hypotheses are confirmed and which aims are achieved via specific outcomes. For example, the first outcome – HVM – confirms hypothesis one (MECs to understanding consumers) and further achieves aim 1 (an understanding of consumers).

In the figure, the logical relationships between aims, hypotheses, and outcomes are visualised; the role of hypotheses in addressing the key aims is illustrated; the relevance of the objectives to key actions is explained; and how the outcomes confirm the hypotheses and achieve the aims is demonstrated.

Figure 1-2 Aims, Hypotheses and Outcomes

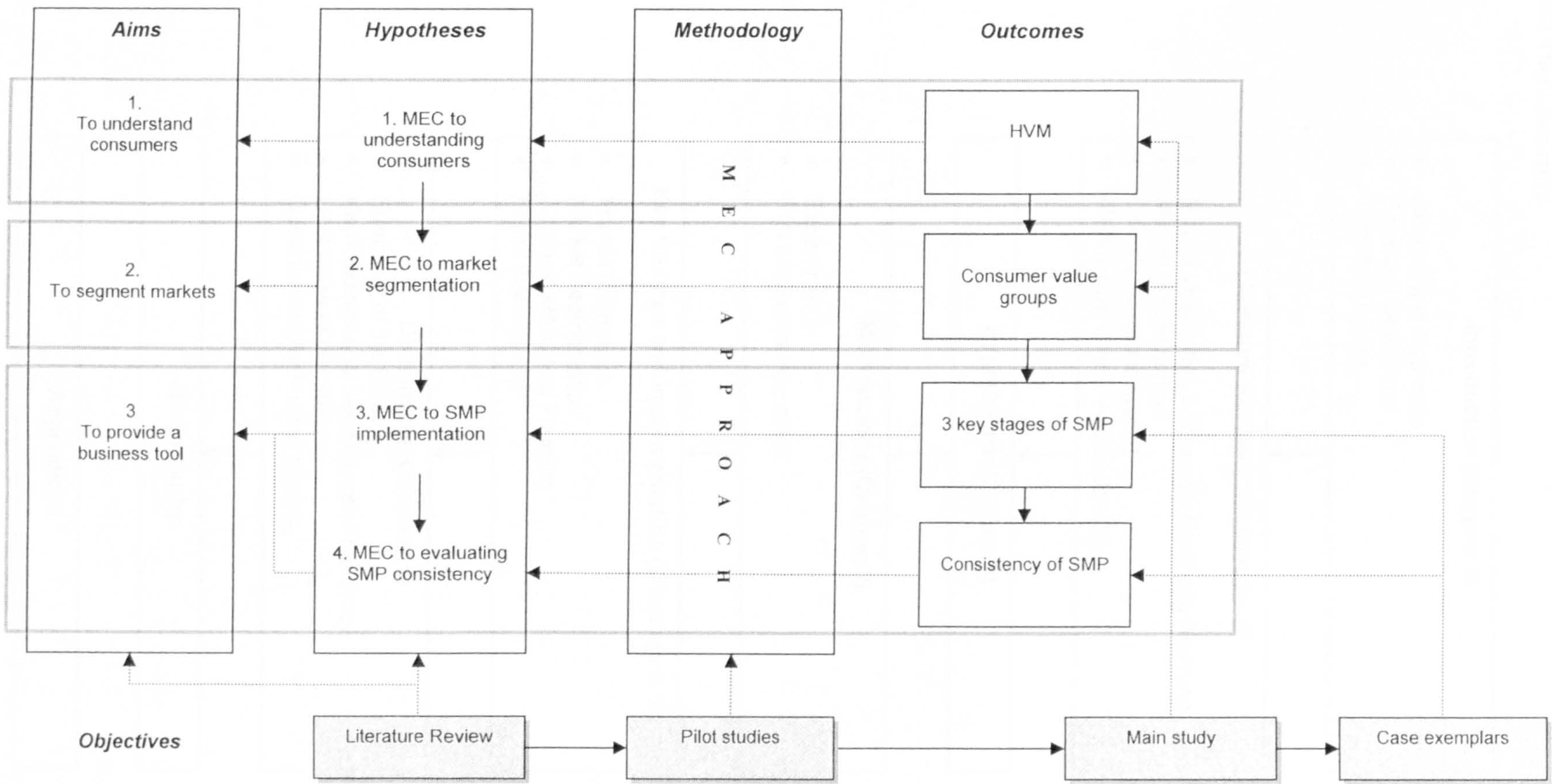
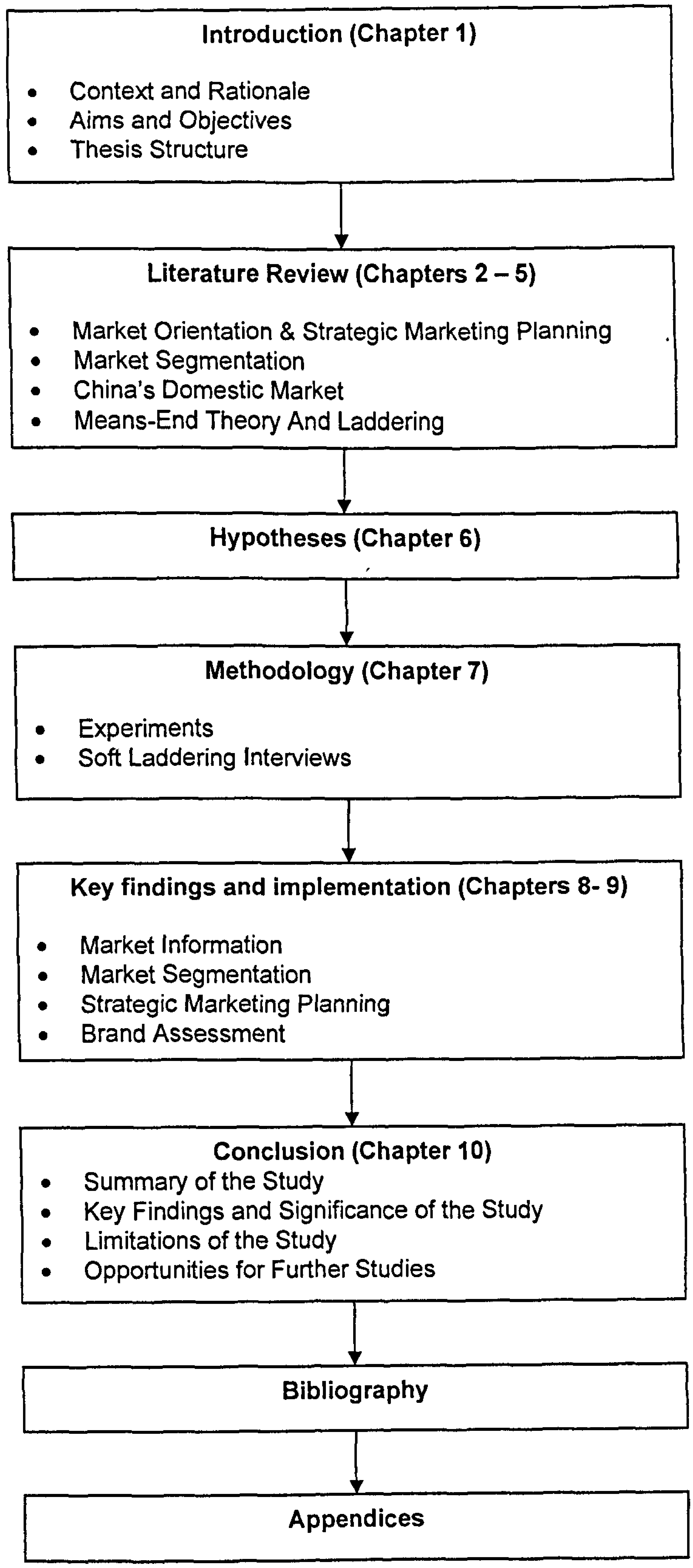


Figure 1-3 Thesis Structure



1.7 THESIS STRUCTURE

The thesis is organized into discrete 6 parts: an introduction (Chapter 1), literature review (Chapters 2 – 5), hypotheses (Chapter 6), methodology (Chapter 7), key findings and implementation (Chapters 8 – 9), and conclusion (Chapter 10), as illustrated in Figure 1-3.

1.7.1 Literature Review

The literature on the background and main concepts and perspectives in related theories is reviewed in Chapters 2 to 5.

In Chapter 2, a brief history of the marketing concept is introduced, together with the key arguments and perceptions in the field of marketing and business strategy. It is apparent that the philosophy guiding a company's marketing efforts, or the company orientation toward the marketplace, evolves as a reaction to the changing business environment. In the current marketplace, the role of consumers is shown to have become increasingly important, and consequently, using consumer orientation as an integrated approach to business management is thus crucial. The chapter develops a proposition that market segmentation is a prerequisite as applying market strategic planning is imperative.

Chapter 3 introduces the definition of, and concepts relevant to, market segmentation. As the selection of appropriate bases is crucial for a segmentation scheme, significant emphasis is placed on this. Disadvantages and advantages of these variables are discussed, based on a classification model of segmentation variables proposed by the author. Given that increasingly fragmented markets lead to a need for a more complex approach to segmentation that recognizes the purposefulness of consumer behaviour (Wedel and Kamakura 2000), the means-end chain approach is introduced as an alternative technique for current market segmentation (the means-end chain is fully explored in the following chapter – Chapter 5). At the same time, the question is raised as to whether China, as one of the biggest emerging markets has grown to a point at which significant levels of segmentation have occurred (this will be discussed in Chapter 4).

Chapter 4 includes two main aspects of China's domestic market. It starts with an overview of China's economic growth, along with the evolution of both indigenous manufacturers and foreign MNCs operating in China. The mobile phone market, as an example of a maturing sector, is further explored. Subsequently, literature on the evolution of Chinese consumers is reviewed, where dramatic economic transformation has formed their unique characteristics. Two aspects – cultural difference and diversity – are further explored. Given the highly fragmented nature of the consumer market together with its unique cultural value system, consumer research is perceived to be essential for winning in China. In doing so, another proposition is developed – that in many sectors, increasing competition has put an imperative on the need for all parties to compete on marketing functions, requiring a better understanding of consumers and the more accurate identification of distinct consumer needs.

Chapter 5 explores the means-end theory and laddering methodologies. It starts by introducing background theory and a conceptual framework for the means-end chain (MEC). It then explains the laddering method and discusses various techniques and arguments which occur at differing stages of data collation and analysis. The application of means-end theory and laddering is discussed thereafter. Focus is placed on marketing segmentation, as it is one of the most widely applied areas and is strongly correlated with strategic marketing planning. This chapter provides theoretical rationales for the later development of the hypotheses.

1.7.2 Hypotheses

Chapter 6 discusses the main arguments in the literature reviewed, and subsequently develops the 4 hypotheses.

1.7.3 Methodology

Chapter 7 presents the process of defining an appropriate methodology for this study. It commences by reviewing the key arguments in laddering – an approach for collating and analysis means-end chain data. It then presents 3 pilot studies, designed to test 3 identical methodologies: soft laddering, hard laddering, and adapted hard laddering. Based on the results of these experiments, a structured methodology is proposed, within which soft laddering is considered to be most appropriate for the purpose of this study. Subsequently, 40 in-depth soft laddering interviews are conducted to collate primary data, and the design of questions and sample selection methods are described thereafter.

1.7.4 Key Findings and Discussions

Chapter 8 presents the key findings of the in-depth laddering interviews. In the first section, it presents the results of interview questions 6 to 15 regarding consumers' experience of mobile phones and their brand preference; these result in two principle findings related to i) consumer knowledge in terms of product criteria and ii) the Beijing mobile phone market. In the second section, the process of means-end chain (MEC) analysis is presented and a hierarchical value map (HVM) is constructed to represent aggregate consumer cognitive structures (related to hypothesis H1). Following this, 9 dominant MEC perceptual orientations are identified, indicating 9 market segments with distinct cognitive structures, which are then illustrated visually via individual hierarchical value maps (related to H2). The resultant market segments are further compared with existing studies (Gallup surveys and Hofestede's cultural value dimensions), revealing a strong correlation between the findings of this PhD study and these studies; moreover, the homogeneity of each cluster in terms of consumer cognitive structure will also be seen to show that the MEC approach is more appropriate than demographic segmentation approaches, especially in the cultural context of the Chinese market (related to H2). Hypotheses 1 and 2 are addressed respectively in this Chapter.

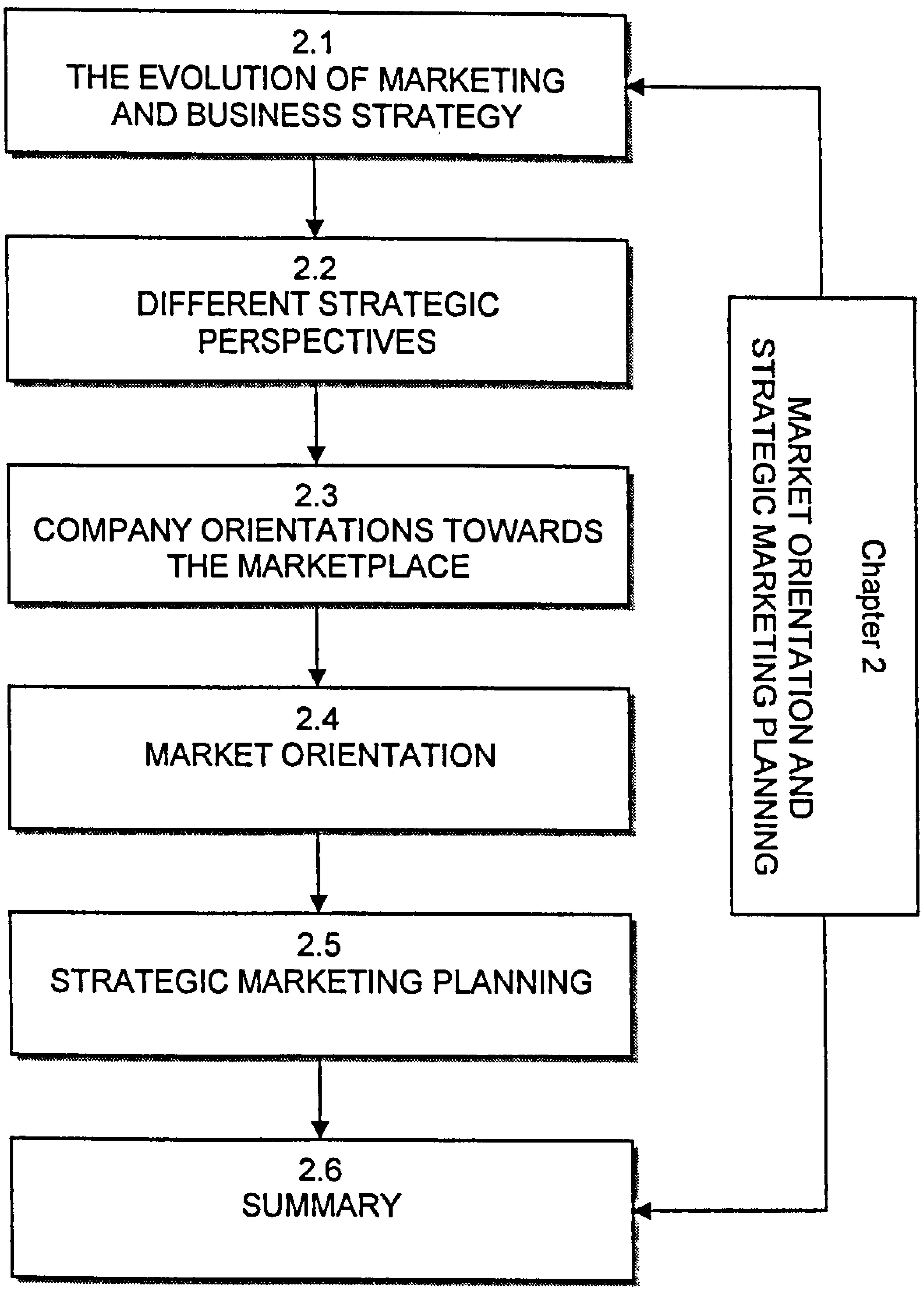
Chapter 9 further i) discusses how the 9 consumer groups and their MEC structures inform strategic marketing planning in NPD and advertising strategy (related to H3); and ii) assesses existing brand value propositions reflected in product offering and advertising using the consumer criteria and value structures (related to H3), and accordingly raises implications for the consistency in Strategic Marketing Planning (SMP) within the four brands present in the Beijing mobile phone market (related to H4). This chapter concludes with a discussion of the significance of this study, in terms of the identification of previously undiscovered consumer groups, the development of a tool for SMP, and demonstration of the MEC approach as being appropriate for market segmentation.

1.7.5 Conclusions

Chapter 10 commences with a short summary of this study, a restatement of the original objectives and hypotheses, and their validity given the evidence base in Chapters 8 and 9. It then discusses the main findings and contributions to knowledge, in terms of both i) methodology and ii) insight into Chinese consumer behaviour. The chapter concludes by reviewing the limitations of the study, and its implications for further research.

Chapter 2 MARKET ORIENTATION AND STRATEGIC MARKETING PLANNING

Figure 2-1 Chapter 2 Structure



In this chapter, key concepts and arguments in the field of marketing and strategy are reviewed. It begins with the evolution of marketing and business strategy which reveals that the philosophy guiding a company's marketing efforts, or the company orientation toward the marketplace, evolves in reaction to the changing business environment. In the current marketplace, given that the role of the consumer is increasingly important, using consumer orientation as an integrated approach to business management is shown to be crucial.

Following this, the main strategic perspectives and marketing principles are discussed together with the role of marketing in strategic management. Via strategic marketing planning, these roles of marketing are translated into practice. Subsequently, it introduces a framework for a value delivery system and the key elements in strategic marketing planning – segmentation, targeting and positioning.

The chapter concludes that the fundamental philosophy for business is to satisfy its consumers given that the consumer is the key to a company's prospects in today's business environment. To an organisation, market orientation and transforming this philosophy into action are therefore important. In doing so, this chapter develops a proposition that market segmentation is a prerequisite when applying market strategic planning is imperative for organisations.

The structure of the chapter is shown in Figure 2-1.

2.1 THE EVOLUTION OF MARKETING AND BUSINESS STRATEGY

After World War Two, Western consumers were given a larger array of choices as conditions of economic scarcity waned and consumers could demand more precise and total responses to their needs and wants, and seen by many as the beginning of the age of the consumer (Webster 1994). Up until this time, the focus of management had been on *products and production*, not on consumers. With the emergence of a consumption oriented society, sales became a company's focal point and the *selling concept* replaced emphasis on efficient manufacturing (Nijssen and Frambach 2001).

Increased competition results in the need to understand and respond to consumer needs and wants. *Consumer orientation* as a fundamental philosophy of business has been generally championed by management gurus in the 1950s and 1960s. One of them, Drucker (1954), simply stated that the purpose of a business is to create a satisfied customer, and believed that *"starting out with the customer's utility, with what the customer buys, with what the realities of the customer are and what the customer's values are – this is what marketing is all about".* His thoughts became the foundation for the modern marketing concept, with its central tenet of customer orientation, and the basic assertion that the company should always put the customer first.

Levitt (1960) is another pioneer who has had significant influence on the modern consumer value theory, who argued that *"the view that an industry is a customer-satisfying process, not a goods-producing process, is vital for all businessmen to understand."* He questioned the single minded selling concept and mass production that does indeed generate great pressure to 'move' the product, but what usually gets emphasized is selling (that focuses on the needs of seller), not marketing (that focuses on the needs of the buyer).

He built a convincing argument that the business should not define itself by its products but by the basic customer needs it was committed to satisfying. The success of DuPont and Corning Glass Works revealed what a thoroughly customer-oriented management could do to keep a growth industry growing after the obvious opportunities have been exhausted.

However, the concept of consumer orientation had not been fully developed and applied in practice in the 1960s. It was found that continued product and manufacturing orientation, and continued emphasis on sales volume rather than long – term profitability based on customer satisfaction pervaded, instead of true customer orientation, managing for profitability, and integrated marketing at the business unit level (Webster 1994).

At the same time, another management concept, strategic planning, came along, when companies began to realise that planning based on budget issues and simple projections were inadequate for the environmental changes happening at that time, such as the oil crises, economic recessions, saturated markets and increased globalization. It was realised that monitoring the markets and environment, and following the changes taking place, were essential for company survival in order to fortify the company's strengths and to repair its weaknesses. Anticipation replaced reactive thinking and as a result strategic planning was born (Ansoff 1965). At first, the marketing concept and strategic planning were integrated into a common concept of long-range planning. Over time, however, strategic planning became increasingly dominated by an apparently more sophisticated analytical framework from the field of financial management (Webster 1994). The customer's point of view no longer dominated and the shareholders came first, which led to a view of profit as the objective of business activity, rather than as the reward for creating a satisfied customer.

The field of strategy has largely been shaped around a framework first conceived by Kenneth R. Andrews (1971) in his classic book *The Concept of Corporate Strategy*, where he presented the SWOT model. Strategic planning was further developed to become strategic management when implementation was taken into account. Porter is one of the fundamental leaders in this strategy field. His five forces analysis introduced in his book *Competitive Strategy* (1980), is a means of analyzing industries and competitors, and identifying the forces which affect the level of competition on an industry (Johnson and Scholes 1999). It is undoubtedly useful to understand the industry structure that the business unit is in or intends to enter because the first fundamental determinant of a firm's profitability is industry attractiveness. He suggests that competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness (Porter 1980). Another book by Porter, *Competitive Advantage* (1985), introduced a systematic way, based on a value chain model, to examine all the activities a firm performs and how they interact which is necessary for analyzing the sources of competitive advantage. It assumes a company's competitive advantage stems from a collection of discrete activities a firm performs. Each of these activities can contribute to a firm's relative cost position and create a basis for differentiation. His industrial structure and value chain models (Porter 1980; Porter 1985) have a correspondingly strong impact on the profitability of individual corporate strategies (Collis and Montgomery 1995).

Strategic management theory significantly influenced the business culture of the United States in the late 1980s. At the time, organizations in the United States were obsessed with the rising Japanese economy which was seen to be the result of a rivalry-based competitive model (Golub, Henry et al. 2000). However, the wisdom of a single-minded focus on rivalry and industry structure has been questioned; Ohmae (1988) clearly asserts that "*in many cases the customer—not the competition—is the key to a company's prospects*" . He reminds the reader that the best strategists, though they will not walk away from battles that clearly must be fought, avoid competition whenever they can, and he argues forcefully that strategy should be less about defeating the competition and more about creating value for customers.

The notions of customer orientation which had been popular 25 years earlier have been revisited, evidenced by the widely held belief in, and application of, the consumer oriented marketing concept in both academic and practice. Kotler and Armstrong (1999) suggest that *"the management philosophy that holds that achieving organizational goals depends on determining the needs and wants of target markets and delivering the desired satisfactions more effectively and efficiently than do competitors"*. They believe that marketing, more than any other business function, deals with customers. Creating customer value and satisfaction are the heart of modern marketing thinking and practice, and *"marketing is the delivery of customer satisfaction at a profit."* Therefore, it is believed that today marketing must be understood not in the old sense of marketing a sale – 'telling and selling' – but in the new sense of satisfying customer needs.

Nijssen and Frambach (2001) are of the view that in today's marketing environments, the increasing pressures of high competition from globalisation, the internet and shortening technology and product life cycles make it imperative for firms to understand consumers and to use consumer orientation as an integrated approach to business management to gain competitive advantage. The survival and growth of firms requires accurate knowledge about consumers, and understanding how to create and deliver superior customer value is essential for organizations to operate successfully.

Conviction that the important role of consumers in today's marketplace leads to a new concept – "relationship marketing" (Christopher, Payne et al. 1991), which views marketing as a means of building a long term relationship with consumers rather than the traditional transaction marketing concept. The relationship with the consumer is seen as an access channel to the customer's ongoing value-creating activities (Normann and Ramirez 1993). It predicates that the relationship between the firm and its customers adds value beyond that of a mere exchange, thus it is believed to be capable of contributing genuinely to the strategic discourse of contemporary organizations (Tzokas and Saren 1997). This concept is widely adopted not only within customer markets but also in supplier markets, employee markets, referral markets, influence markets and internal markets.

2.2 *DIFFERENT STRATEGIC PERSPECTIVES*

Reviewing the evolution of marketing and business strategy, it is apparent that it has always been business focused and prospective shifted from time to time, among consumers, competitor/ environments and a company's inner recesses. Although there are numerous perspectives regarding strategy making, it is unarguable that striving for a clear understanding of consumers' present and probable behaviour, plus a willingness to respond positively to that understanding, is a mark of the outstandingly successful business enterprise; there are always arguments on what is the ultimate cause for business and it is especially arguable what is the starting point or what perspective an organization takes in terms of a business strategy. Of the dozens of views in this field, environment, internal and consumer are the main perspectives in the context of business strategy.

2.2.1 Environment / External Perspective

The environment perspective was started as the traditional form of long term planning in reaction to changes in the macro business environment when it was realised that monitoring markets and the environment, and following the changes taking place, was essential for company survival. Therefore, understanding the environment in which the organization is operating is seen to be important for managers because the environment creates both opportunities for, and threats to, the organization's strategic development (Johnson and Scholes 1999).

The PEST analysis is the most common approach for considering the external business environment in general. It refers to political, economic, social, and technological change and roughly defines the scope of what is required in terms of the business environment. However, PEST is not a rigorous analytical technique but rather a broad framework for reviewing changes in the outside world that may affect a particular enterprise (Macmillan and Tampoe 2000).

Porter's "five forces" analysis (Porter 1980) is another example of strategy models taking an outside or environment approach. However, according to Johnson and Scholes (1999), one of the problems in analyzing competition is that the idea of the "industry" is not always helpful because its boundaries can be unclear and are not likely to provide a sufficiently precise delineation of competition.

2.2.2 Internal Perspective / Resource Based View / Core Competence

Traditionally strategy has taken greater notice of the external environment and hence put more emphasis on external analysis. Over the last few years there has been more emphasis on the significance of resources and capabilities as a basis for strategy making.

Core competence is a comparatively new concept which has now been used extensively in the field and there is a growing body of literature on how the concept can be used in practice (Macmillan and Tampoe 2000). It is defined as "a technical or management subsystem which integrates diverse technologies, processes, resources and know-how to deliver products and services, which confer sustainable and unique competitive advantage and added value to an organization" (Tampoe 1994). Further, Normann and Ramirez (1993) see competencies as the technologies, specialized expertise, business processes and techniques that a company has accumulated over time and packaged in its offerings.

The concepts of resource-based core competence and competing on capabilities assumed that the roots of competitive advantage were inside the organization and that the adoption of new strategies was constrained by the current level of the company's resources (Collis and Montgomery 1995). Analyzing the strategic capability of an organization is clearly important in terms of understanding whether the resources and competencies fit the environment (Johnson and Scholes 1999) and especially important nowadays because of the unpredictability of the external world and the importance of enterprise capability in the context of strategy (Macmillan and Tampoe 2000).

However, some people argue whether the core competence can be the starting point of business strategy. Matheson and Matheson (1999) argue that because the ever-changing market is full of uncertainty, the core competence of a company is often eroded and no longer competitive, and an inside-out perspective often leads to poor decision making. Webb and Gile (2001), using Honda's entry to the American market as an example, argue that companies focused on their own "cores" can be blindsided if customer requirements shift in a direction counter to the way core competencies are aligned; they state explicitly that *"most companies look at their core competencies when they want to build competitive advantage, but they're grabbing the wrong end of the value chain."* They thus question Porter's value chain model and suggest that it is necessary to *"revise the value chain"* starting with the consumer and company, and ending with supplier.

2.2.3 Consumer Perspective

Among various views in the field of strategy, some have taken a consumer perspective and been more concerned with meeting the needs of the customer. They believe that in many cases the customer — not the competition — is the key to a company's prospects (Ohmae 1988). Customers and the satisfaction of their needs is the final driver of strategy (Golub, Henry et al. 2000). Levitt (1960) believes that given the customer's needs, industry develops backwards, first concerning itself with the physical delivery of customer satisfactions. It then moves back further to creating the things by which these satisfactions are in part achieved. Many agree with Levitt's point of view. According to Macmillan and Tampoe (2000), strategy is defined as *"the way in which a corporation endeavours to differentiate itself positively from its competitors, using its relative strengths to better satisfy customer needs"*, which explicitly clarify customers and the satisfaction of their needs as a driver of strategy. Webb and Gile (2001) believe that only if one starts with the customer can one better focus on what is truly important –

customer needs. The ability to concentrate on customers and understand their changing needs is the first step in focusing the organization on a winning vision.

Matheson and Matheson (1999) present an outside-in strategic model which reverses the belief that the roots of good strategic decision making are in cultural and organizational norms and patterns; they believe that to develop good strategy, a firm must have an outside-in perspective, working inward from the motivation and forces acting on customers toward the implications for the company.

Foxall and Goldsmith (1994) see the key to achieving sustainable competitive advantage for virtually any organization is the ability to provide customers with an offering that is perceived to be valuable and unique. It requires a profound understanding of the value creation opportunities in the marketplace, choosing what value to create for which customers, and how to deliver that value in an effective and efficient way.

Among these different views in this field, it is apparent that it is arguable what perspective a sound strategy should take: should it be the inside-out (resource based core competence) or outside-in (the external consumer perception of value)?

Other authors such as Normann and Ramirez (Normann and Ramirez 1993) perceive them to be equally important to an organization and explicitly point out that what really matters in today's economy is "*knowledge and relationships of an organization's competencies and customers.*" They argue that the established customer base is another key asset for any company, together with core competence; and that knowledge alone is not enough, because, apparently, a company's competencies are worthless without customers willing to pay for them. In this respect, "*strategy is the way a company defines its business and links together the two key resources*" and "*the underlying strategic goal is to create an ever-improving fit between competencies and customers*".

2.3 COMPANY ORIENTATIONS TOWARDS THE MARKETPLACE

Reviewing the evolution of marketing and business strategy, it is also shown that the philosophy guiding a company's marketing efforts, or the company orientation toward the marketplace, evolves accordingly. Very often, these orientations and interests conflict. There are three competing concepts under which organizations conduct marketing activities: the production and product concept, the selling concept, and the marketing concept.

2.3.1 The Product/Production Concept

The product and production concept is one of the oldest concepts in business, and holds that consumers will favour those products that offer the most quality, performance, or innovative features and will prefer products that are widely available and inexpensive (Kotler 2000). Product/production-oriented companies often design their products with little or no customer input and an "if we can make it, it will sell" management philosophy characteristic of this concept (Perreault and McCarthy 2004). According to Levitt (1960) this can lead to *marketing myopia.* When production capability improved greatly by 1930, the key issue was not just to produce but to beat the competition and win customers. The selling concept emerged in reaction to increasing competition.

2.3.2 The Selling Concept

After the World War II, with the emergence of a consumption oriented society in the West, sales became a company's focal point and the *selling concept* replaced the emphasis on efficient manufacturing (Nijssen and Frambach 2001). Most firms practice the selling concept when they have overcapacity and their aim is to sell what they make rather than make what the market wants (Kotler 2000). The selling concept assumes that profits can be gained through increasing sales volume by selling and promoting efforts. According to Kotler (2000), marketing based on hard selling carries high risks due to a lack of concerns to consumer satisfaction.

2.3.3 Marketing Concept

Distinct from selling concept, the marketing concept refers to where "*an organization aims all its efforts at satisfying its customers – at a profit*" (Perreault and McCarthy 2004). Levitt (1960) drew a perceptive contrast between the selling and marketing concepts:

> *Selling focuses on the needs of the seller, marketing on the needs of the buyer. Selling is preoccupied with the seller's need to convert his product into cash, marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering and finally consuming it.*

2.3.3.1 Definition

A review of the literature reveals many diverse definitions of the marketing concept. Felton (1959) defines the marketing concept as "*a corporate state of mind that insists on the integration and coordination of all the marketing functions which, in turn, are melded with all other corporate functions, for the basic purpose of producing maximum long-range corporate profits*". McNamara (McNamara 1972) takes a broader view and defines the concept as "*a philosophy of business management, based upon a companywide acceptance of the need for customer orientation, profit orientation, and recognition of the important role of marketing in communicating the needs of the market to all major corporate departments*".

Although the definition of the marketing concept may differ in scope, it is clear that there are three basic ideas and core themes within the definitions (Kotler 2000):

(i) customer focus: It seems that a 'give the customers what they need' approach is obvious; however, understanding customer needs and wants are not always simple even when the target market can be defined.

(ii) a total company effort: when all the company's departments work together to serve the customer's interests, the result is *integrated marketing*.

(iii) profit – not just sales – as an objective: the ultimate purpose of the marketing concept is to help organizations achieve their objectives.

2.3.3.2 Concept Fundamentals

It is believed that the marketing concept holds that the key to achieving its organisational goals consists of the company being more effective than competitors in creating, delivering and communicating customer value to its chosen target markets. Hooley and Saunders (1993) outline a set of basic marketing principles that they believe serve to guide both marketing thought and action. These fundamentals are:

(i) The customer is king

It is recognized that the long-run objectives of the organisation, are best served through achieving a high degree of customer satisfaction. Kotler (1999) see that *customer satisfaction depends on a product's perceived performance in delivering value relative to a buyer's expectations*. Thus, it requires a close investigation of customer wants and needs followed by a clear definition of how the company can best serve them.

The following quotation by Levitt (1960) provides an insight into what is fundamental in the marketing concept:

> *A truly marketing-minded firm tries to create value-satisfying goods and services that consumers will want to buy. What it offers for sale includes not only the generic product or service, but also how it is made available to the customer, in what form, when, under what conditions, and at what terms of trade. Most important, what it offers*

for sale is determined not by the seller but by the buyer. The seller takes his cues from the buyer in such a way that the product becomes a consequence of the marketing effort, not vice versa.

(ii) customers do not buy products

Levitt (1960) once argued: '*customers do not need a drilling machine, they need a hole in their wall*', which explicitly points out that what the consumer is after is the benefit/value that the product can bring. Thus, consumers are less interested in the technical features of a product or service than in what benefits they get from buying, using or consuming the product or service. Products or services are just a means of pursuing value or 'bundles of benefits' for consumers.

(iii) marketing is too important to leave to the marketing department

It is easy to understand that once an organisation is convinced about a marketing orientation, all departments are supposed to work together to serve the customer's interests and thus marketing is the job of everyone in the organization. However, it is not always true in reality. After reviewing the export marketing performance of manufacturing companies in Great Britain over the past 30 years, King (2001) has pointed to a number of misconceptions as to what marketing is. One of the most sinister ones is what he terms as 'marketing department marketing', where the marketing men have understood that the company's success depended on studying the consumer's wants, and genuinely made progress in doing so, but all too often they have been given little real authority and, because of these departmental barriers, have not been able to do much about meeting those wants. Hooley and Saunders (1993) thus reckon that "*marketing is so central to both survival and prosperity that it is far too important to leave only to the marketing department.*"

(iv) markets are heterogeneous

It has long been recognized that most markets are not homogenous, but are constituted with different sub groups of consumers that have relatively similar needs and wants within these. Recognition of this heterogeneous characteristic of markets is a key for organizations to reconstruct the market mix to meet the unique needs and wants of selected targets. Therefore, many people believe that market segmentation is the key strategic concept in marketing today. Myers (1996) reckons that benefit segmentation is one of the most useful ways of segmenting markets because it relates the segmentation back to the real reasons for the existence of the segments in the first place – different benefit requirements .

(v) markets and customers are constantly changing

Together with the heterogeneous characteristic, it is recognized that markets and customers are constantly changing, especially in today's market place, where organisations have encountered enormous challenges due to the emergence of new behaviours and new phenomena in a radically changing marketplace; these are typically a result of major societal forces such as technological advances, globalisation, and deregulation. Consequently, customers are becoming increasingly sophisticated and show less loyalty. Monitoring changes in the market is imperative for an effective market strategy.

The marketer's argument for embracing the marketing concept is simple (Kotler 2000):

1. The company's assets have little value without the existence of customers;
2. The key company task therefore is to attract and retain customers;
3. Customers are attracted through competitively superior offerings and retained through satisfaction;
4. Marketing's task is to develop a superior offering and deliver customer satisfaction;
5. Customer satisfaction is affected by the performance of other departments;
6. Marketing needs to influence these other departments to cooperate in delivering customer satisfaction.

2.4 MARKET ORIENTATION

Recognition of the marketing concept as a core of any business leads to the concept of market orientation. Terms such as *marketing orientation, customer orientation, marketing driven* and *customer centric* have been widely used, but these terminologies are ambiguous; for example, marketing orientation (business philosophy), market orientation (implementation of that philosophy), customer-led (satisfying customer expressed needs), and market-oriented (satisfying customer latent needs) (Phillips, Davies et al. 2001). Whilst, they vary in scope and meaning from one term to another, and application of these terms is confusing, there is a common understanding that to most extents they all refer to the way that an organization implements the marketing concept – "*an organization aims all its efforts at satisfying its customers at a profit*". (In this dissertation, the term 'market orientation' is used to refer to this concept).

2.4.1 Definition

Market orientation was originally defined as "*an organization –level culture – a set of shared values and beliefs about putting the customer first in business planning*" (Narver and Slater 1990). It is apparent that the concept of market orientation generally consists of the main idea of the marketing concept: (i) customer orientation and targeting, (ii) integrated marketing organization, that is, the integration of effort by all areas of the organization to satisfy corporate goals by satisfying customer needs and wants, and (iii) profitability (Kohli and Jaworski 1990; Kotler 2000; Perreault and McCarthy 2004).

Kohli and Jaworski (1990) provide a more precise and operational view of the market orientation definition and structure. They argue that being consumer oriented goes far beyond the traditional view that a customer focus involves just obtaining information from customers about their needs and preferences. They see that consumer orientation involves taking actions based on market intelligence rather than verbalized customer opinions alone, including i) consideration of exogenous market factors (e.g., competition and regulation) that affect customers' current as well as future needs and preferences; and ii) profitability, one of the basic ideas of the marketing concept according to Kotler (2000), is viewed as a consequence of a market orientation rather than a part of it.

Therefore, market orientation has been redefined as *"a set of activities or behaviours relating to market intelligence gathering, market intelligence dissemination, cross-functionally within a firm, and the action responses based on this intelligence"* (Kohli and Jaworski 1990). This definition quantifies the concept as three components –*"generation of, dissemination of, and responsiveness to market intelligence"*, – thus enabling an organisation to diagnose its level of market orientation, identify specific deficiencies, and design interventions tailored to the particular needs of an organization. Thus marketing orientation can be seen as a framework for understanding the implementation of the marketing concept. Further, Narver and Slater (1990) have defined the dimensions of marketing orientation and believe that three fundamental behavioural components of market orientation are *"customer orientation"*, *"competitor orientation"*, and *"inter-functional coordination"*.

2.4.2 The Effect of Market Orientation on Business Performance

The hypothesis that more marketing oriented firms seem to enjoy a higher level of business performance has been evidenced by many empirical studies which show that a business adopting a market orientation can substantially improve its market performance (Levitt 1960; Kotler 1984; Narver and Slater 1990; Jaworski and Kohli 1993; Webster 1994; McDonald 1996; Chang and Chen 1998), producing superior quality, enhanced productivity and stronger customer loyalty (Zeithaml, Parasuraman et al. 1990); and is most likely to lead to higher customer satisfaction and repeat business, organizational culture, job satisfaction, employee commitment, and thus business performance (Narver and Slater 1990). At the same time, marketing orientation can contribute to long-term success in terms of profitability and sales growth in both commodity and non-commodity businesses (Narver and Slater 1990; Narver, Jacobson et al. 1999). Further, Rodriguez Cano, Carrillat et al. (2004)'s meta-analysis, including studies conducted in 23 countries spanning five continents, suggests that the relationship between market orientation and business performance is positive and consistent worldwide.

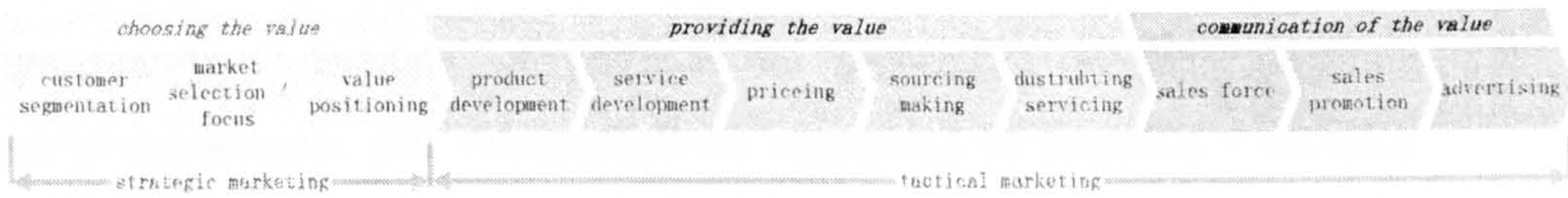
2.5 STRATEGIC MARKETING PLANNING

Once convinced of the need for a customer orientation, attention then turned to a more effective approach to the marketing function– *"strategic marketing planning"* (SMP) (McNamara 1972).

Given that the roles of marketing are (i) identification of customer requirements, wherein the first critical task of marketing is to identify the requirement of customers and to communicate them effectively throughout the organisation; (ii) deciding on the competitive positioning to be adopted, and recognising that the heterogeneousness of market placement leads to the need to decide clearly which target market or markets the organization will seek to serve; and (iii) implementing the marketing strategy, where the third key task of marketing is to marshal all the relevant organisational resources to plan and execute the delivery of customer satisfaction (Hooley and Saunders 1993), these can be realized via the strategic marketing planning process.

Strategic marketing holds the belief that consumer value is the core of the business process, and places marketing at the beginning of the planning process. Strategic marketing proposes that companies see themselves as part of a value creation and delivery sequence (Kotler 2000). As shown in Figure 2-2, this sequence consists of three parts: (i) choosing the value, including the formula *"segmentation, targeting, positioning (STP)"* which is seen as the essence of strategic marketing; (ii) providing the value, where developing specific product features, prices, and distribution are part of tactical marketing; and (iii) communicating the value, utilizing the sales force, sales promotion, advertising, and other promotional tools to inform the market about the product.

Figure 2-2 Value Creation and Delivery Sequence



source: (Kotler 2000) p85

It is apparent that the marketing process begins before there is a product and continues whilst it is being developed and after it becomes available. Nijssen and Frambach (2001) believe that marketing strategy is a functional strategy under both business and corporate strategy, and is seen as the strategy that bridges the gaps between business strategy's decisions for creating customer value and filling in the marketing mix to realize it at the customer end. As such, Keegan (2004) suggests that strategic marketing planning is *"a twenty-first century perspective"*.

In many companies, the key elements of the strategic marketing planning process – segmentation, positioning, and new product planning and development – are considered separately; are not well coordinated; and are often done by different people at different locations, both inside and outside the organization. Therefore, it is suggested that these distinct roles and functions in the strategic marketing planning process need to be carefully coordinated and integrated because they provide the basic foundation on which marketing operating plans are developed for each major product or service line (Myers 1996). Strategic marketing planning thus becomes essential to integrate these functions together to deliver the maximum consumer value. Further, a lack of diffusion is found in the private and public sector (Saunders, Saker et al. 1996) which reflects the fact that its practice is not as straightforward as the prescriptive literature suggests (Greenley and Bayus 1994). Therefore, it is suggested that a strategic marketing formalization might have a greater impact on the success of market orientation (Claycomb, Germain et al. 2000).

Within the value creation and delivery sequence, illustrated in Figure 2-2, the first phase, "choosing the value" consists of three main elements: i) segmentation – deciding on variables for segmenting markets, profiling emerging segments, and validating these segments); ii) targeting – deciding on a targeting strategy, and targeting single or multiple segments for marketing strategy development; and iii) positioning – understanding consumer perceptions, positioning products in the mind of consumer, and designing appropriate strategies to differentiate products or a company from its competitors (Dibb, Sally et al. 1991). The formula "segmentation, targeting, positioning" (STP), which is the essence of strategic marketing (Kotler 2000), is further discussed in the rest of this chapter.

2.5.1 Segmentation

Market segmentation is an effort to increase a company's precision marketing and has long been recognized as a central concept in both marketing literature and practice. The identification of target customer groups (a homogeneous group of people with similar types of needs/wants) is called "market segmentation", where customers with similar requirements (expectations) and buying characteristics are aggregated into the same group (Kara, Ali et al. 1997). It is broadly agreed that the use of segmentation research can help organizations to align market strategy against the selected target market segments for each of the firm's planned marketing offerings, including price changes, new product offerings, product changes, advertising themes, promotional efforts, and the like (Wind 1978).

Further, the process of segmenting and selecting markets makes the allocation of corporate resources more efficient in the sense that funds and human resources are allocated to relatively smaller groups of consumers than if the whole market were the target. The practice of segmentation also makes the design of marketing strategy more effective because the manager has the sense of directing resources at specific and identifiable groups of people rather than diverse collections of individuals (Foxall and Goldsmith 1994).

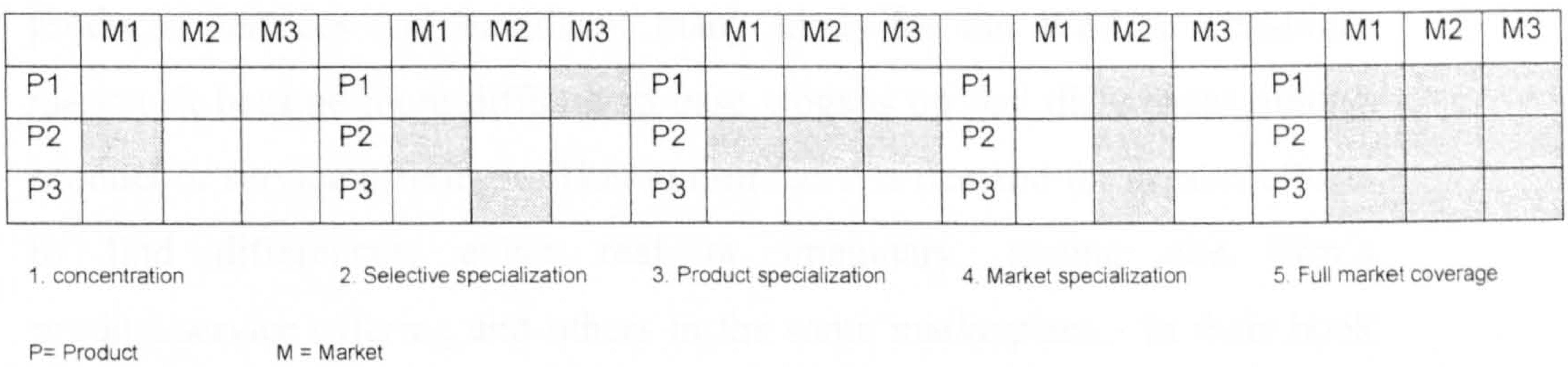
2.5.2 Targeting

Once market segments has been profiled, the most fundamental decision a company faces is its choice of market or markets to serve (Hooley and Saunders 1993). The segment's overall attractiveness, and company's objectives and resources, are two main evaluation factors for selecting markets.

Many models and tools have been developed, following the strategic disciplines, to analyse a segment's attractiveness, such as Porter (1980)'s "five forces" industry model. Following Abell and Hammond (1979)'s categorization, the quality of a market is dependent on a number of factors, namely: market factors, economic and technological factors, competitive factors, and environmental factors. Segments which are big and growing, offer the best prospects for the future, whilst, of prime importance is the scope for building a valuable and defensible position for the company in that segment (Hooley and Saunders 1993). Therefore, a clear identification of the company's strengths with regard to the proposed segment is required. Accordingly, of the many modules and tools proposed, Abell and Hammond (1979) have summarized these relating to the assessment of a firm's strength, or its ability to serve a particular market under three main headings: i) the firm's current market position, ii) the firm's economic and technological position, and iii) the firm's capability profile.

Following evaluation, the next step is selecting the market segments to target. As noted by (Kotler 1984), there are three broad approaches a company can take to its market, having identified and evaluated the various segments that make up the total. The company can pursue i) *"undifferentiated"* marketing, essentially producing a single product designed to appeal broadly to all segments, which is carried out in the cost leadership strategy proposed by Porter (1980); ii) *"differentiated"* marketing, offering a different product to each of the different segments; or iii) *"concentrated"* marketing, focusing attention on one, or a few, segments. Further, Abell (1980) has provided a more analytical pattern as shown in Figure 2-3, where five generic strategies for target market selection have been illustrated.

Figure 2-3 Five Patterns for Target Market Selection



Source: (Kotler 2000) P. 274

It is suggested that a mass marketing or undifferentiated marketing strategy (towards the right hand side of Figure 2-3) makes more sense when customer needs and wants are similar, as well as in small and simple markets where the scope for segmentation is less. Conversely, niche strategy or concentrated, focused marketing (towards the left hand side of Figure 2-3) can be applied when preferences are clustered.

Given that the selection of which potential market segments or segments to serve is the crucial step in developing a comprehensive marketing strategy based on market segmentation studies, Hooley and Saunders (1993) concluded that until the targets have been clearly identified, and their requirements and motivations fully explored, it is not possible to take fully rational decisions concerning the remainder of the market mix.

2.5.3 Positioning

The notion of positioning is that a company, product, or service should stand for something important that could be expressed concisely and repeatedly in promotional efforts of various kinds (Myers 1996). Foxall and Goldsmith (1994) take a more executional view and believe that position refers to the use of strategic marketing tools and the marketing mix, to give a brand a specific and often unique image or position in the minds of the consumers in each target segment.

In the 1960s, when the growing economy had produced a surge in new products, services and brands of many kinds for the Western consumer market, it became more difficult to base slogans on real differences among product or service offerings. This in turn led to a demand for greater efforts to find differences, either real or imaginary, among one firm's product/service offering and others in the same marketplace. In their book "*Positioning: The Battle for Your Mind*", Ries and Trout (2001) proposed a new approach to communication termed "*positioning*". They believed that the basic approach of positioning is not to create something new and different, but to *"manipulate what's already up there in the mind, to retie the connections that already exist"* (p.5) *and "Positioning is not what you do to a product. Positioning is what you do to the mind of the prospect. That is, you position the product in the mind of the prospect"* (p.2).

Positioning has a central role within modern marketing, providing a bridge between the company and its target customers, describing to customers how the company differs from current or potential competitors. Positioning therefore becomes the actual designing of the company's image so that the target customers understand and appreciate what the company stands for in relation to its competitors (Kotler 1984). Foxall and Goldsmith (1994) believe that marketing managers should allocate corporate resources to the achievement of this end – positioning; that is, they must spend their limited funds in the four areas of product development, pricing, distribution, and promotion with the goal of positioning a brand into a unique place in the market, and that positioning is the aim and inevitable result of executing a market strategy. Further, because the position can be central to customers' perception and choice decisions, the positioning decision is often the crucial strategic decision for a company or brand, and positioning can be approached either by differentiation of (i) attributes, (ii) price/quality, (iii) use or applications, (iv) product-users, (vi) the product class , or (vii) the competitor (Aaker and Shansby 1982).

In marketing, segmentation and positioning are inseparable. While segmentation identifies homogeneous groups of potential customers, positioning research shows how those customers perceive the competing products or services. Both segmentation and positioning research are therefore ways of enhancing a picture of how customers in a market can be grouped, and how those customers group the products or services on offer (Hooley and Saunders 1993). Market segmentation and positioning are inextricably related as buyers and sellers seek mutual accommodation in product/service offers that best satisfy preference and profit objectives (Green and Krieger 1991).

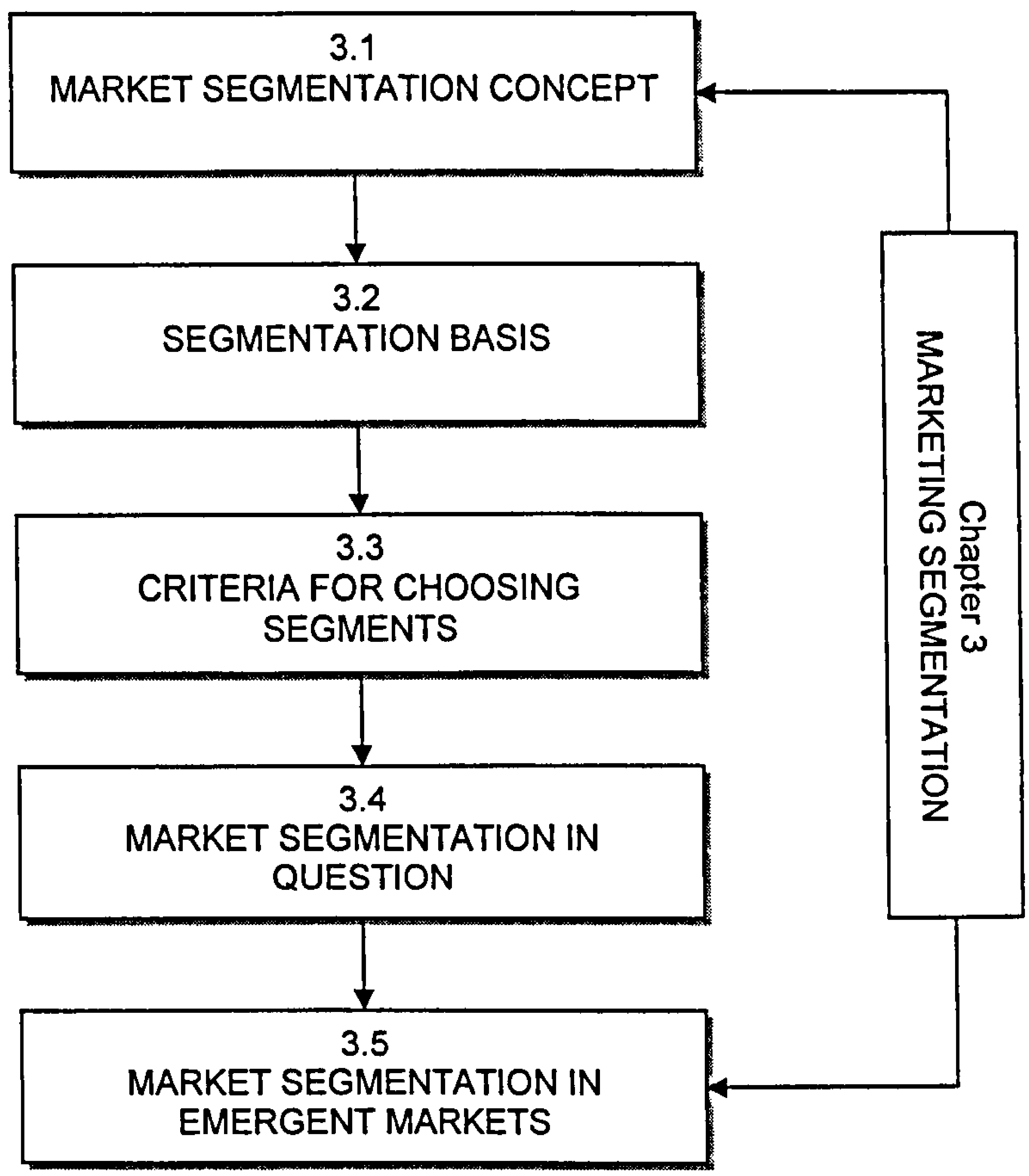
2.6 SUMMARY

This chapter has reviewed the strategy and marketing concepts that have been developed alongside the evolution of business environment. It has demonstrated that the marketing concept and consumer value perception is importance in providing a guiding approach to doing business in the face of increasingly competitive and less predictable marketing environments.

Given the imperative for a market orientation for today's business environment, and the essential role of the strategic marketing planning process, market segmentation as an initial input is therefore seen to be important.

Chapter 3 MARKETING SEGMENTATION

Figure 3-1 Chapter 3 Structure



This chapter introduces the relevant concepts and approaches to market segmentation. It begins with the essentiality of market segmentation in the evolving consumer market. The concept of market segmentation and the levels of segmentation are discussed. It then explores various bases for market segmentation given that the selection of appropriate bases is the crucial decision for a segmentation scheme. Disadvantages and advantages of these variables are discussed based on a classification model of segmentation variables proposed by the author. Following this, the criteria for choosing segmentation bases are introduced.

Increasingly fragmented markets present new challenges and opportunities for market segmentation and lead to a need for a more complex approach to segmentation that recognizes the purposefulness of consumer behaviour and uses individual usage situations as the basic building blocks for segmentation (Wedel and Kamakura 2000). In this respect, the means-end chain approach is introduced as an alternative for current market segmentation and will be fully explored in Chapter 5. At the same time, the question is raised as to whether China, as one of the "biggest emerging markets", is faced with the same challenges, discussed above, and whether it has grown to a point at which significant levels of segmentation have occurred. This will be discussed in Chapter 4.

3.1 MARKET SEGMENTATION CONCEPT

Since Smith's (1956) article on market segmentation, where it had been recognised that systematic differences in the variance of consumers could be identified, the concept of market segmentation has become seen as a fundamental component of marketing strategy (Palmer and Millier 2004) and a logical extension of the marketing concept itself (Hooley and Saunders 1993). As market-oriented thinking has evolved within firms, the concept of market segmentation has emerged (Wedel and Kamakura 2000).

The need for segmentation arises as a result of the increase in the affluence of consumers and the increase in the number of alternative products and services available to them. The diversity and variations in both supply / production processes and consumer demand, especially after the Second World War, has grown rapidly (Stewart 1991). Mass marketing has become less effective in economies in which people differ significantly from others in their motivations, needs, decision processes, and buying behaviour. Consequently, the theory of perfect competition and pure monopoly (Chamberlin 1933) became inadequate as an explanation of the modern business scene. Engel, Blackwell et al. (1995) believe that in industrially advanced societies there are few mass markets left, and that there are only variations in the size of segments. They perceive that the segmented markets are caused by (i) affluence which permits consumers to afford products that reflect variations in their individual preferences and behaviour; (ii) sophisticated approaches to consumer measurement and databases which permit product designers and marketing strategists to understand variations in consumer decision making and behaviour; (iii) custom manufacturing which permits production processes to be computer controlled and tailored to smaller production runs without corresponding increases in costs; and (iv) new forms of distribution.

Further, this diversity among consumers is amplified by advertising and promotional activities that tend to emphasize appeals to selective rather than primary buying motives and to point out the distinctive or differentiating features of the advertiser's product or service offer; therefore, as a result of both the planned and uncontrollable differences that exist in the products of an industry, sellers make different appeals in support of their marketing efforts (Smith 1956).

3.1.1 Definition of Market Segmentation

In marketing literature, the term "market segmentation" is used frequently to refer to a management strategy rather than a market condition or perception of a market condition. Authors such as Engel et al (1995) define "market segmentation" as *"the process of so designing or featuring a product or service that it will make a particularly strong appeal to some identifiable subpart of a total market"*. Dickson and Ginter (1987) see the market segmentation and segmentation strategy as two separate concepts. They define market segmentation as *"heterogeneity in demand functions exists such that market demand can be disaggregated into segments with distinct demand functions"* and market segmentation strategy as the *"alteration of perceptions so as to result in a state of product differentiation"*.

The essence of these definitions is that market segmentation presupposes heterogeneity in buyers' preferences (and ultimately choices) for product/services and that companies can react to or possibly produce preference heterogeneity by modifications of their current product/service attributes, distribution and advertising/promotion (Green and Krieger 1991). As Wind (1978) states: *'market segmentation involves viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desires of consumers for more precise satisfaction of their varying wants.'*

The analytical goal of market segmentation is, therefore, to measure consumer behaviour and place each person into a group (or segment) that will minimize the variance in behaviour between each member of the segment and maximize the variance between segments, according to market partitioning of the firm's product/market mix. The alternative is called market aggregation or mass marketing, in which all consumers are offered identical products or services.

Management acceptance of the market segmentation concept has resulted in the use of segmentation research to answer a wide range of marketing questions about the response of market segments to the firm's marketing strategies (price changes, new product offerings, product changes, advertising themes, promotional efforts) as well as the selection of target market segments for each of the firm's planned marketing offerings (Wind 1978).

It is apparent that consumer satisfaction is the ultimate objective of market segmentation. Besides being one of the major ways of operationalising the marketing concept, segmentation provides guidelines for a firm's marketing strategy and resource allocation against consumers' preference (Wind 1978). Moreover, earlier research (Narver and Slater 1990; Slater and Narver 2000) has demonstrated that market segmentation is an important tool for increasing profitability. Faced with heterogeneous markets, a firm following a market segmentation strategy can usually increase the expected profitability (Narver and Slater 1990; Slater and Narver 2000), providing a major theoretical rationale for the segmentation concept (Frank, Massy et al. 1972).

3.1.2 Levels of Market Segmentation

The starting point of any segmentation is *"mass marketing"*, where the seller engages in the mass production, mass distribution, and mass promotion of one product for all buyers (Kotler 2000). The argument for mass marketing is that it creates the largest potential market, which leads to the lowest costs, which in turn can lead to lower prices or higher margins.

However, with increased splintering of the market, it is almost impossible to satisfy all customers in a single market with a single marketing strategy. Therefore, firms offer a multitude of products and brands to different market segments. In this way, these firms move away from mass marketing towards *"segment marketing"* where the focus is on a particular group of customers. A market segment consists of a large identifiable group within a market with similar wants, purchasing power, geographical location, buying attitudes, or buying habits. Segment marketing offers several benefits over mass marketing, as a company can create a more finely-tuned product or service offering and price it appropriately for the target audience; consequently, the choice of distribution channels and communications channels becomes much easier when faced with fewer competitors in the particular segment (Kotler 2000).

It is argued that success in planning marketing activities requires precise utilisation of market segmentation, targeting and positioning as a component of marketing strategy development (Kotler 2000). The changing characteristics of consumers, coupled with the transformations taking place in the technological environment and problems associated with segmentation studies, have stimulated the search for creating new ways of dealing with fragmented markets (Kara, Ali et al. 1997). Given that segmentation is not a very refined way of differentiating parts of a market, a more refined scheme has evolved termed *"niche"*, which is a more narrowly defined group, typically a small market whose needs are not well served (Kotler 2000). The concept of niche has been developed by many researchers (Keegan, Moriarty et al. 1991; Shani and Chalasani 1992; Raynor and Weinberg 2004). Kotler (2000) suggests that the key idea in niche marketing is specialisation and an ideal niche is described as having the following five characteristics: i) the niche is of sufficient size and purchasing power to be profitable; ii) the niche has growth potential; iii) the niche is of negligible interest to competitors; iii) the firm should have the required skills and resources to exploit the niche; and iv) the niche should provide entry barriers for competitors through accumulated customer goodwill. Niche marketing suggests serving one well but precludes serving others, and there are thus inevitable trade-offs in providing the kind of service expected of a niche (Raynor and Weinberg 2004).

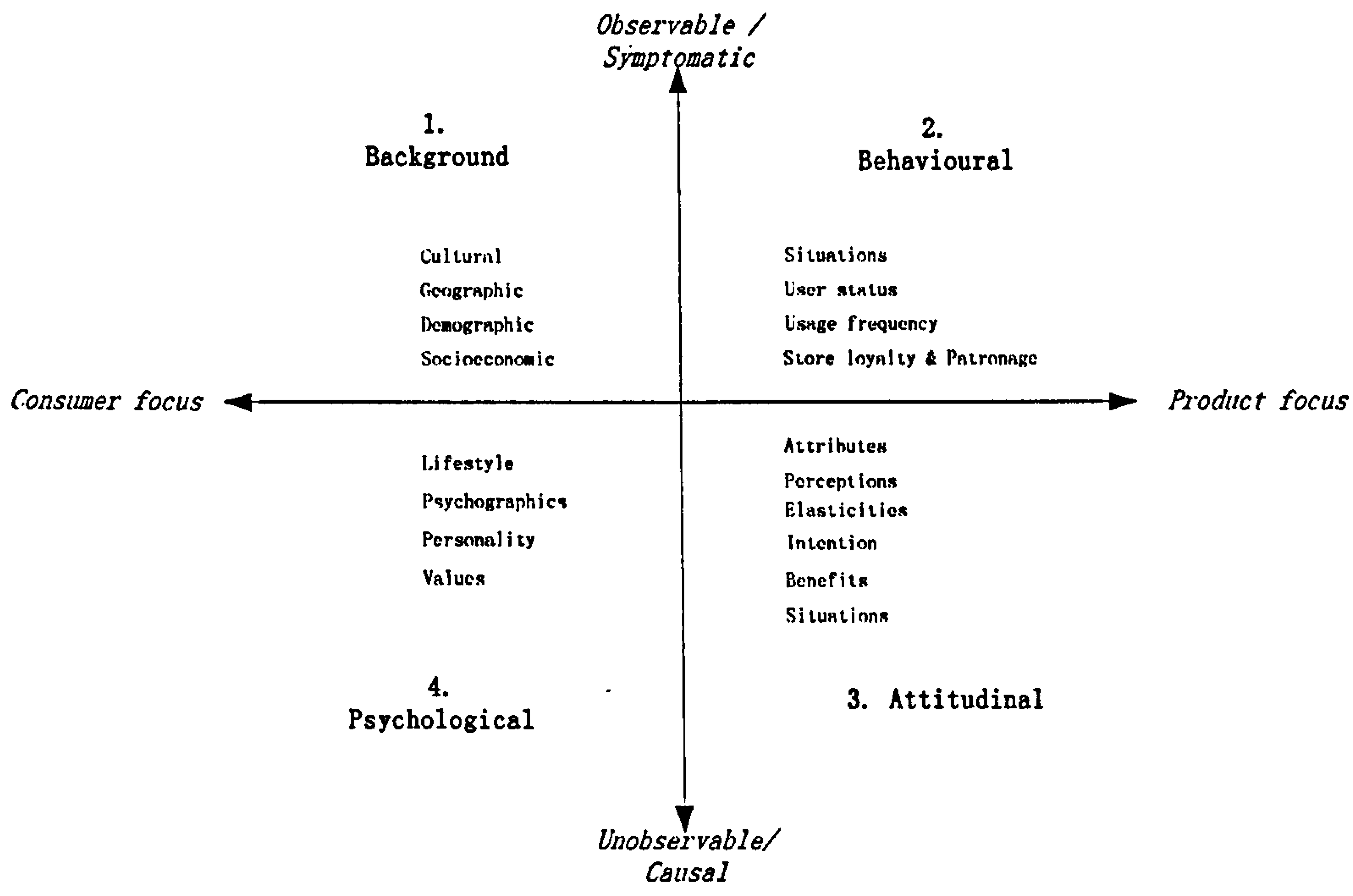
Although segmented and niched, the market has not yet quite reached its ultimate level of internal differentiation. The ultimate level of segmentation leads to *"individual marketing"* (Kotler 2000), with a *"mass customiser"* that efficiently provides individually customized goods and services, and a *"one-to-one marketer"* that elicits information from each customer about his or her specific needs and preferences (Pine Ii, Peppers et al. 1995). Marketers are increasingly pursuing the "segment of one", whilst, Dibb's (1993) study suggests that one-to-one segmentation faces similar barriers to those encountered by "'traditional" segmentation researchers. This means that not all businesses will have the capability or desire to pursue a customer-centric approach. Similarly, not all consumers will choose to take advantage of the new one-to-one purchasing opportunities. He thus concluded that while one-to-one marketing will play an important role in future marketing strategy, it will continue to co-exist with "traditional" segmentation.

However, Engel, Blackwell et al. (1995) suggests that it is important to measure and identify groups within broader markets that are sufficiently homogeneous to warrant separate products or marketing programmes. Doing this increases the profitability or effectiveness of the organisation to the extent that the economic benefits provided by consumers exceed the costs of the segmentation process.

3.2 SEGMENTATION BASIS

Market segmentation is a theoretical marketing concept involving artificial groupings of consumers constructed to help managers design and target their strategies. Therefore, the identification of market segments and their elements is highly dependent on the bases or variables used to define them. The selection of appropriate segmentation bases is crucial with respect to the number and type of segments that are identified in segmentation research, as well as to their usefulness to the firm (Wedel and Kamakura 2000).

Figure 3-2 Segmentation Bases



Adapted from figure 2.1 p7 (Wedel and Kamakura 2000) and figure 2.1 p18 (Myers 1996)

The first step in segmentation is selection of a basis (the dependent variable) as well as descriptors (the independent variables). These variables can be divided into two groups: (i) personal variables (such as demographic, geographic, and psychographic characteristics) and (ii) situational variables (such as product usage and purchase patterns, attitudes, and responses to specific marketing stimuli). At the same time, in terms of whether the variable is explicit or implicit to a consumer, two groups are distinguished as termed "observable" and "unobservable". (See Wind 1978; Green and Krieger 1991; Engel, Blackwell et al. 1995; Kotler 2000; Wedel and Kamakura 2000)

The author subsequently posits these variables into a two dimensional matrix – "consumer focus" vs. "product focus", and "observable / symptomatic" vs. "unobservable / causal" – as shown in Figure 3-2. Four areas are distinct: i) area 1 "background" in which the variables provide macro background information about consumers; ii) area 2 "behavioural", related to a consumer's behaviours towards products or service; iii) area 3 "attitudinal", in which variables are product focused whilst unobservable, that is, often related to consumers' attitudes towards a product or service; and iv) area 4 "psychological", in which variables are consumer focused whilst implicit, and psychologically related.

Based on this means of grouping variables, widely used segmentation bases are discussed further.

3.2.1 Demographics

Demography refers to the vital and measurable statistics of a population (Schiffman and Kanuk 2004) and in many cases demographic information includes socioeconomic information such as income, education , occupation, etc. Demographics help to locate a target market and reveal ongoing trends that signal business opportunities, such as shifts in age, gender, and income distribution. Demographic information is the easiest measurement because it can be objectively measured, and thus is often the most accessible and cost-effective way to identify a target market.

However, according to Hooley and Saunders (1993), the major drawback of demographic characteristics as bases for segmenting markets is that they cannot be guaranteed to produce segments which are internally homogeneous but externally heterogeneous in ways of direct relevance to the marketer. As a consequence, a generally low level of correspondence between demographics and behaviour has been found in the academic marketing research literature (Hooley and Saunders 1993).

Therefore, this approach falls short of revealing to the manager what his target consumer is 'really like'. That is, for those who wish to design products and promote them, additional information describing the feelings, behaviours, motives, and attitudes of consumers is needed to fill out the stark descriptions of consumers revealed by demographic data (Foxall and Goldsmith 1994). Market segmentation efforts often fail because beginners start with the whole mass market and try to find one or two demographic characteristics to segment this market. Customer behaviour is usually too complex to be explained in terms of just one or two demographic characteristics (Perreault and McCarthy 2004).

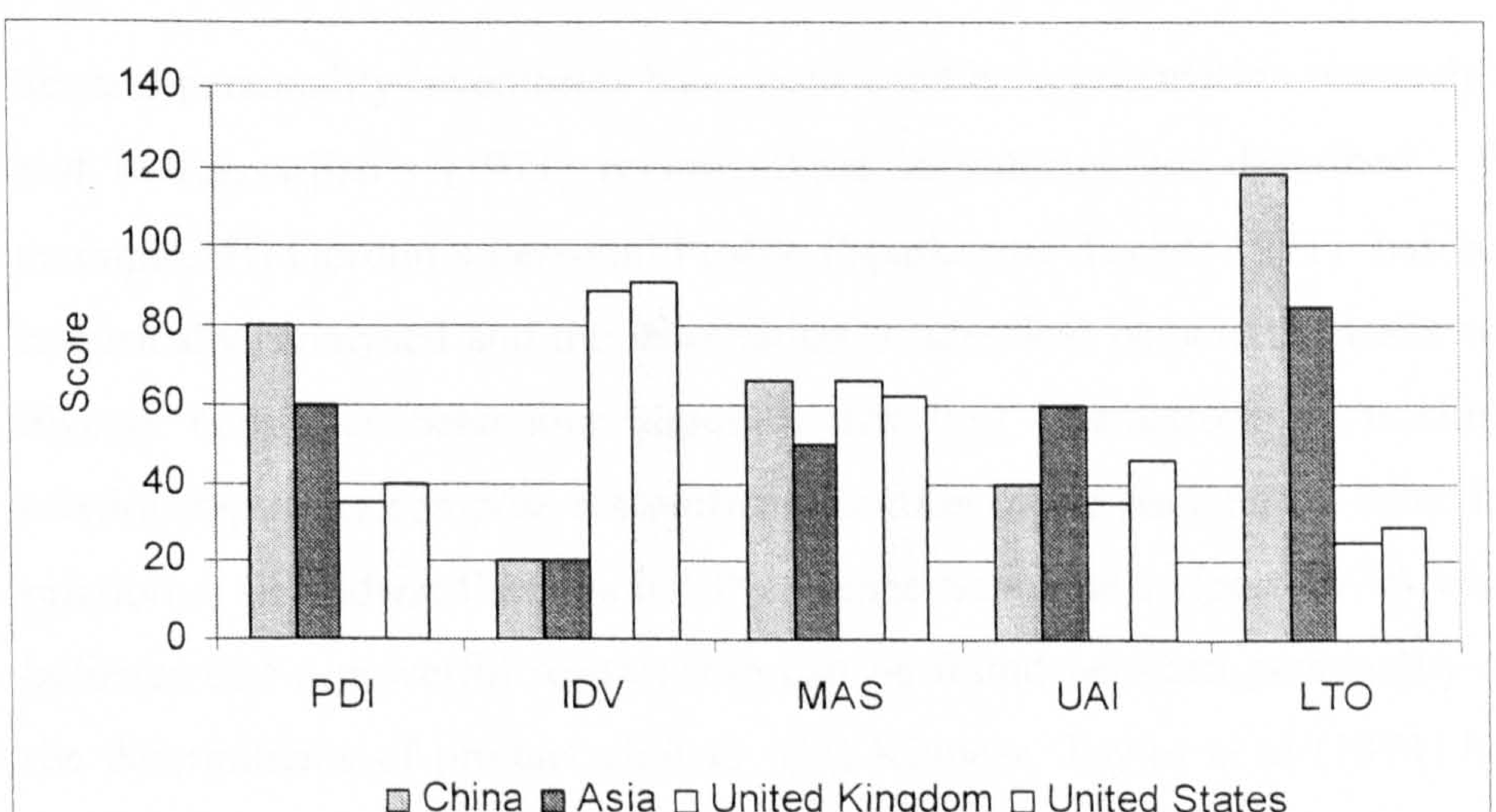
3.2.2 Culture Segmentation

Sociocultural variables refer to sociological and anthropological variables that can be used to subdivide consumer markets into segments on the basis of stages in the family life cycle, social class, core cultural values, subcultural membership, and cross-cultural affiliation (Schiffman and Kanuk 2004). Among them, culture refers to a set of values, ideas, artefacts, and other meaningful symbols that help individuals communicate, interpret, and evaluate as members of society. Culture provides people with a sense of identity and an understanding of acceptable behaviour within society (Engel, Blackwell et al. 1995). Segmentation on the basis cultural heritage is itself based on the belief that members of the same culture tend to share the same values, beliefs and customs. Hofstede (2005) believes that "*Culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster.*"

However, for a culture to be of importance for segmentation purposes, Frank, Massy et al.(1972) proposed two major requirements: (i) that membership of the culture is relatively enduring and not transient; and (ii) that membership of a subculture is of central importance in affecting the individual's attitudes and/or ultimate behaviour. That is, only if these two requirements are fulfilled, can the cultural variables be used for segmentation purposes. Therefore, Schiffman and Kanuk (2004) argue that demographics help to locate a target market, whereas, psychological and sociocultural characteristics help to describe how its members think and how they feel.

Cultural segmentation is particularly successful in international marketing given that marketers understand fully the target country's beliefs, values and customs (the cross-cultural context). Further, it is found that culturally distinct segments can provide prospects for the same product but often are targeted more efficiently with different promotional appeals (Schiffman and Kanuk 2004) .

Figure 3-3 Hofstede's Cultural Dimensions



Source: (Hofstede 2005)

Using the data collated from more than 70 countries, Hofstede (2005) has developed a model that identifies five primary dimensions to assist in differentiating cultures: Power Distance – PDI; Individualism – IDV; Masculinity – MAS; Uncertainty Avoidance – UAI; and Long-Term Orientation – LTO. His research has indicated significant differences among different cultures (as shown in Figure 3-3), and thus demonstrates that cultural segmentation is practically useful for international market segmentation.

3.2.3 Personality

Personality is a concept borrowed from psychology that refers to inter-individual differences in broad patterns of behaviour (Mischel 1976), and in consumer studies, personality is defined as *"consistent responses to environmental stimuli"* (Kassarjian 1971).

The personality approach believes that behaviour in the marketplace is critically reflective of the individual (Sparks and Tucker 1971). Therefore, the most promising line in this research focuses on the relationship between personality and information-processing variables and thus is more effective than attempting to explain behavioural outcomes with personality alone (Engel, Blackwell et al. 1995).

Several personality inventories have been used by segmentation researchers, and in Kassarjian's (1971) review, these inventories are described. For example, (i) Gordon's Personal Profile (Sparks and Tucker 1971) has been empirically analysed and the association of identical personality traits with diverse consumer behaviour suggests that trait interactions or nonlinear relationships may compose a significant portion of the personality-behaviour relation; (ii) Edward's Personal Preference Schedule (Alpert 1972) which believes that a powerful relationship can be found between personality and the determinants of product choice; (iii) Kinnear, Taylor et al (1974) have empirically explored the 'Jackson Personality Inventory' and found a strong relationship between the socioeconomic and personality characteristics of consumers and the amount of ecological concern they indicate.

However, it is recognized in much of the literature (Sparks and Tucker 1971; Hooley and Saunders 1993) that behaviour and reasons behind it will vary within segments defined on the basis of personality characteristics alone.

Although personality characteristics are more difficult to measure than demographic or geographic segmenation, Engel, Blackwell et al (1995) argue that this approach can help explain how consumers behave in various stages of the decision process, and that the personality variable of "*need for cognition*" appears to be related to how advertisements may influence the formation of attitudes toward a consumer product. Consequently, it is believed that the main value of personality measures lies in creating the background atmosphere for advertisements, and in some instances, package design and branding.

However, according to Hooley and Saunders (1993) in most instances, personality measures are most likely to be of use for describing segments once they have been defined on some other basis.

3.2.4 Psychographics and Lifestyle

In an attempt to make personality measures developed in the field of psychology more relevant to marketing decisions, lifestyle research was pioneered by advertising agencies in the early 70s. Lifestyle is a summary construct defined as "*patterns in which people live and spend time and money*" (Engel, Blackwell et al. 1995) Psychographics is an operational technique to measure lifestyle (Engel, Blackwell et al. 1995) and is often used interchangeably with AIO measures, or statements to describe *Activities, Interests, and Opinions* (AIOs).

Over the past two decades, lifestyle and psychographics have been increasingly used as a basis for market segmentation (Kamineni 2005).

Market researchers have found that psychographic research provides a valuable base for new systems of market segmentation. Advertisers have recognized the useful role psychographic research plays in the selection of target audiences and advertising strategy. It is a relatively new area of exploration, and psychographic segmentation efforts are frequently reflected in firms' marketing messages.

Psychographic analysis allows marketers to understand lifestyles of core customers in order to communicate more effectively with people in that segment; as a consequence, the significant advantages of lifestyle research are again in guiding the creative content of advertising. The analysis can also lead to efforts to position new or existing products closely to consumers in a lifestyle segment, more effectively than if the segment were described only by demographics. However, it is unlikely that lifestyle research will supplant demographics as a major segmentation variable due to the major tasks involved in gathering the data (Hooley and Saunders 1993). Engel, Blackwell et al.(1995) also suggest that a better practice is to avoid definition of the segments through AIOs in favour of using AIOs to better understand segments that have been defined with more traditional variables.

It is apparent that values are relatively enduring whilst lifestyles change more rapidly; therefore another approach- the values and lifestyle (VALS) (refer to 3.2.5) - appears more convincing (Engel, Blackwell et al. 1995).

3.2.5 Personal Values

Values represent consumer beliefs about life and acceptable behaviour. Conceptualisation of the term value reflects the interest of several disciplines such as anthropology, sociology and psychology. In the discipline of consumer value, Rokeach's (1968) view from the standpoint of psychology exploring attitudes and personal motives has been widely used. Rokeach (1973) has defined a value as "*an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence*". A person's values are assumed to come from "culture, society, its institutions, and personality" (Rokeach 1973). Personal values reflect the choices an individual makes from the variety of social values or value systems to which that individual is exposed (Engel, Blackwell et al. 1995). Value can be either personal or social (Refer to *3.2.2*). Personal values reflect the choices an individual makes from the variety of social values or value systems to which that individual is exposed.

Table 3-1 The Rokeach Value Scale

Terminal (Desirable End-States)	Instrumental (Modes of Conduct)
A comfortable life	Ambitious
An exciting life	Broad-minded
A sense of accomplishment	Capable
A world at peace	Cheerful
A world of beauty	Clean
Equality	Courageous
Family security	Forgiving
Freedom	Helpful
Happiness	Hones
Inner harmony	Imaginative
Mature love	Independent
National security	Intellectual
Pleasure	Logical
Salvation	Loving
Self-respect	Obedient
Social recognition	Polite
True friendship	Responsible
Wisdom	Self-controlled

Source: (Rokeach 1973)

The enduring nature of values and their central role in personality structure have led them to be applied to understanding market segmentation (Engel, Blackwell et al. 1995). Vinson, Scott et al. (1977) believed that knowledge of consumer value provides an efficient, measurable set of variables closely related to needs which expand the marketer's knowledge beyond demographic and psychographic differences. Based on the use of value profiles to segment markets, a marketer can therefore develop programmes which would maximally enhance the important values of consumer in each market segment. Thus, in additional to the more traditional variables, values could be employed as a standard consideration in market analysis and as a tool to achieve greater precision and effectiveness in market segmentation. Careful assessment of values and emerging value trends allows the identification of new product opportunities and the repositioning of existing products together with a more effective promotional strategy to create and reinforce a preference by appealing to centrally held values.

The Rokeach Value Scale (RVS) is the most often used measurement of values for consumer research. He believes that values are concerned both with the goals (end-state or terminal elements), and the ways of behaving (instrumental components) to obtain goals are know as 'Rokeach Value Scales (RVS)' as shown in Table 3-1.

Further to the RVS, Vinson, Scott et al. (1977) proposed a framework to organize the consumer's value-attitude system. In this framework, values are investigated at three mutually dependent and at least partially consistent levels of abstraction, arranged in a hierarchical network, which refers to: (i) global values: enduring beliefs concerning desired states of existence or modes of behaviour (at the central level); (ii) Domain-specific values: beliefs relevant to economic, social, religious and other activities (at the intermediate level); and (iii) evaluation of product attributes (at the least central level). Domain-specific values are hypothesized to bridge *"the gap between the traditional conception of closely held but general global values and the less closely held descriptive and evaluative beliefs about products' attributes"* (Vinson, Scott et al. 1977).

Most applications in the past have used the RVS to describe the differences between segments defined a priori as demographic or other variables (Vinson, Scott et al. 1977), whilst, increasing marketing applications have begun to use RVS as the criterion for segmenting the population into homogenous groups of individuals who share a common value system (Kamakura and Mazzon 1991). These applications of segmentation are conjoined with lifestyle approaches and known as values and lifestyle (VALS) by Mitchell (1983). The VALS system defines a typology of three basic categories of consumer values and lifestyles, with nine more-detailed types, respectively *survivors, sustainers, belongers, emulators, achievers, I-am-me, experiential, societally conscious, and integrated.* The impact of VALS has been widespread and dramatic and many companies, such as ATandT, and Boeing (Kahle, Beatty et al. 1986) have used this approach. One alternative to VALS is the *"list of values"* (LOV), which was developed by researchers at the University of Michigan Survey Research Center (Kahle 1983). The LOV modifies Rokeach's terminal values into a smaller set of nine primarily person-oriented values more directly related to a person's daily-life roles and situations (Kamakura and Mazzon 1991). Kahle, Beatty et al. (1986) compared VALS with LOV and found that the LOV has greater predictive utility than VALS in consumer behaviour trends. Novak and MacEvoy (1990) argue that VALS appears to be better than LOV, but when demographic data is included with LOV, the latter approach is more effective.

The value orientations and lifestyle variables also offer separate implications for marketing, especially for promotional strategies (Assael 1987). For example, a promotional strategy could be formed to meet a specific value orientation and therefore enable targeted consumers to identify themselves with the product (Schopphoven 1991).

3.2.6 Benefit Segmentation

Benefit segmentation takes the basis of segmentation right back to the underlying reasons why customers are attracted to various product offerings (Hooley and Saunders 1993). It is believed that the benefits which people are seeking in consuming a given product are the basic reasons for the existence of true market segments; therefore, it is perhaps the closest means yet to identifying segments on the basis of factors with a causal relationship to future purchase behaviour (Haley 1968; Haley 1983). Conjoint analysis is the main technique used to identify benefit segments (Hooley 1982). This approach has been applied to a wide variety of markets such as banking, fast-moving consumer products and consumer durables. Haley's (1971) study also argued the advantages of benefit segmentation in media, and the association between benefit segmentation and media buying.

According to Hooley and Saunders (1993), this approach gets closer to the underlying reasons for behaviour and uses them as the basis for segmenting the market, whilst requiring costly primary research and sophisticated data analysis techniques.

3.2.7 Summary

Reviewing the literature on segmentation variables and related techniques, it is apparent that each individual variable has distinctive characteristics and thus can be of advantage as well as disadvantage in terms of application, summarized as follows:

'Background variables' such as demographics are relatively objective and are easy to measure and thus have been a popular approach among marketing practitioners. However, a lack of homogeneity within members of a segment in terms of motivation, wants, needs, and behavioural patterns – and as a consequence, a general low level of correspondence between background variables and behaviour – makes segmentation based on these variables appropriate to locating a target market, but fails to provide accurate information for strategic marketing planning. Cultural segmentation is particularly successful in international marketing given that the marketer understands fully the target country's beliefs, values and customs. However, it has the same disadvantage as demographic segmentation, and the effectiveness of this segmentation relies on the extent to which the cultural trend is stable and to which the culture impacts on consumer behaviour.

'Behavioural variables' such as brand and product usage are often used for segmentation primarily because of the ease in obtaining this sort of data from secondary sources (Wedel and Kamakura 2000). Because of a lack of causal relationships, a segmentation scheme based on behavioural variables can describe the differences in consumers but fails to explain them, and is thus less useful to marketing management.

'Attitudinal variables', such as benefit, provide a closer means to identifying segments on bases directly relevant to marketing decisions; however, it requires costly primary research and sophisticated data analysis techniques.

'Psychological variables' have drawn increasing attention from both academia and practice. i) Personality variables can help explain consumers' cognitive process in various stages of decision making and thus appear to be related to how advertisements may influence the formation of attitudes towards a consumer product. However, research to date has identified few clear relationships between personality and behaviour; thus personality measures are most likely to be of use for describing segments defined on other bases. ii) Personal values: the enduring nature of values and their central role in consumer psychological structure have made them an important segmentation variable. This measurement takes the basis of segmentation right back to the underlying casual link with consumer behaviour – personal values. They are enduring and guide consumers' motivation and cognitive structure, when used with lifestyle descriptions, such as VALS and LOV provide rich information to marketers. iii) Lifestyle and psychographic research are valuable for guiding the creative content of advertising; however because of the major tasks involved in gathering the data, it is unlikely lifestyle research will supplant demographics as a major segmentation variable. While traditionally useful for the purpose of media selection and advertising atmospheres, this characteristic, as with demographics and sociocultural variables, is often too general in nature to be of specific value to marketers (Hooley and Saunders 1993).

Given that different variables have different merit and drawbacks, Wind (1978) has suggested that the major considerations in the selection of variables for the segmentation model, are (1) management's specific needs and (2) the current state of marketing and consumer behaviour knowledge about the relevance of various variables as bases for, and descriptors of, market segments. Consequently, he classifies different variables into different strategic purposes as shown in Table 3-2.

Table 3-2 Variables in Different Situations

For general understanding of a market:
- Benefits sought (industrial markets, the criterion used is purchase decision)
- Product purchase and usage patterns
- Needs
- Brand loyalty and switching pattern
- A hybrid of the variables above

For positioning studies:
- Product usage
- Product preference
- Benefits sought
- A hybrid of the variables above

For new product concepts (and new product introduction):
- Reaction to new concepts (intention to buy, preference over current brand, etc.)
- Benefits sought
- For pricing decisions:
- Price sensitivity
- Deal proneness
- Price sensitivity by purchase/usage patterns

For advertising decisions:
- Benefits sought
- Media usage
- Psychographic / life style
- A hybrid (of the variables above and or purchase/ usage patterns)

For distribution decisions:
- Store loyalty and patronage
- Benefits sought in store selection

Source: Adapted from (Wind 1978)

3.3 CRITERIA FOR CHOOSING SEGMENTS

The objective of any segmentation research is not merely to explain differences among the specific respondents or to segment the sample, but rather to project the results of the study to the relevant marketers and to accordingly match market opportunities with marketing programs based on the segmentation results. As stated by Wedel and Kamakura (2000), even if a market can be partitioned into homogeneous segments, market segmentation will be useful only if the effectiveness, efficiency and manageability of marketing activity are influenced substantially by discerning separate homogeneous groups of customers. Ideally, segmentation studies can provide information indicating what kind of product/service consumers want, price ranges or sensitivity, advertising and promotion approaches that are likely to be most effective and preferred channels of distribution (Myers 1996). Therefore, the criteria based on which to choose a segment model are crucial to the success of the application of segmentation in market strategy.

The existing literature in this field has provided various criteria for choosing effective segments. For example, Kotler (2000) suggests five criteria to accomplish the process including i) *measurability* – the information obtainable about the size, nature, and behaviour of a market segment; ii) *accessibility,* or the degree to which segments can be reached; iii) *substantiality* – the size of market segments, iv) *differentiability* – how well members of a market segment fit together; v) and *actionablity* – whether effective programme can be formulated for attracting and serving the segments. In addition to criteria listed, Wedel and Kamakura (2000) have suggested that *stability,* and *responsiveness* are important for selecting an effective segmentation in respect to the marketing strategy formulation.

Wind (1978) has also suggested *data reliability and validation* as important criteria. He believes that implicitly assumed reliability may not in fact exist and some variables (e.g. demographic characteristics) may be more reliable than others (e.g. attitudes and psychographic characteristics). Moreover, he believes that most of the commercially based segmentation studies ignore the question of validity and thus the validity of segmentation is by far the most crucial question facing management. Additionally, questions should be asked regarding segment validation, such as whether the segments discovered in a segmentation study exist in the population; whether the estimated segment size is accurate; and how accurate the estimated segment responses to the firm's marketing actions are.

3.4 MARKET SEGMENTATION IN QUESTION

Hooley and Saunders (1993) summarised the benefit derived from segmenting a market in five points: – i) segmentation is particularly useful for the smaller company as it allows target markets to be matched to company competencies and makes it more possible for the smaller company to create a defensible niche in the market; ii) it helps to identify gaps in the market and thus can provide areas for new product development or extension of the existing product or service range; iii) in mature or declining markets, it may be possible to identify specific segments that are still in growth thus extending the product lifecycle; iv) segmentation enables the marketer to more closely match a product or service to the needs of the target market and thus help to built a stronger competitive position; v) competitive advantage can be lost to competitors if the company fails to take advantage of segmenting the market when competitors do.

Despite the benefits noted above, the attention it has received and the frequency with which it has been used, segmentation has been the object of frequent criticism. Davis (1987) has suggested that segments are almost always too few and the populations within that too heterogeneous to be of practical value. McDonald (1985) has questioned whether any segmentation system is useful for developing persuasive marketing programmes.

Recent changes in the market environment present new challenges and opportunities for market segmentation. For example, new developments in information technology provide marketers with much richer information on customers' actual behaviour and with more direct access to individual customers via database marketing and geo-demographic segmentation. The increasing number of options available to consumers has resulted in an exponential increase in the variance of consumer behaviour, which carries with it an increase in the number of potential segments within the market. A significant increase in the variance of consumer behaviour may require a change in the orientation of segmentation research and move the focus of segmentation from the marketer to the consumer (Stewart 1991). Consequently, marketers are now sharpening their focus on smaller segments with micro marketing and direct marketing approaches. On the other hand, the increasing globalization of most product markets is leading many multi-product manufacturers to look at global markets that cut across geographic boundaries. These developments have led to rethinking of the segmentation concept (Wedel and Kamakura 2000). Discovery of these consumer defined segments requires a more complex approach to segmentation that recognizes the purposefulness of consumer behaviour and uses individual usage situations as the basic building blocks for segmentation.

In increasingly fragmented markets, marketers are turning more and more to segmentation methods to identify prime market targets and a major decision facing most companies is what basis to segment on. Over the years, almost all variables have been used as bases for market segmentation and there has long been a debate about what is/are the best basis/bases for segmentation in practice (McCann 1974; Wind 1978; Dickson and Ginter 1987; Stewart 1991). Although the most used characteristics are product/brand usage and demographics/ socioeconomics, primarily because of the ease of obtaining this sort of data from secondary sources (Hooley and Saunders 1993), for a segmentation scheme to be useful to marketing management it should seek not only to describe differences in consumers but also to explain them. Day et al.(1979) have argued that there are two underlying premises for effective segmentation of a market: (i) customers seek the benefits that products provide rather than the physical products themselves; thus a particular product or service constitutes a particular combination of the benefits and their resultant costs; and (ii) customers and potential customers view the available benefit bundle alternatives from the vantage point of usage contexts of which they have experience or the specific applications they are considering. It is apparent that these debates indicate a shift of segmentation from a product focus to consumer focus, and from a macro to micro perspective.

In this respect, the "means-end chain" approach to market segmentation (Gutman 1982; Olson and Reynolds 1983; Reynolds and Gutman 1988) may offer better prospects. This approach, linking product attributes, benefits sought, and ultimate values together, as the basis of segmentation, provides rich information that covers product related segmentation variables, benefit segmentation, and value segmentation. Reynolds and Olson (2001) believe that the two major superiorities of means-end segmentation are that i) it includes both attitude, psychological and behaviour variables to allow management to efficiently target customers with appropriate communications; and ii) it allows marketers to deliver the most appropriate message to the target group based on the resultant means-end segmentation scheme.

Details of this approach and relevant methodology will be fully explored in Chapter 5.

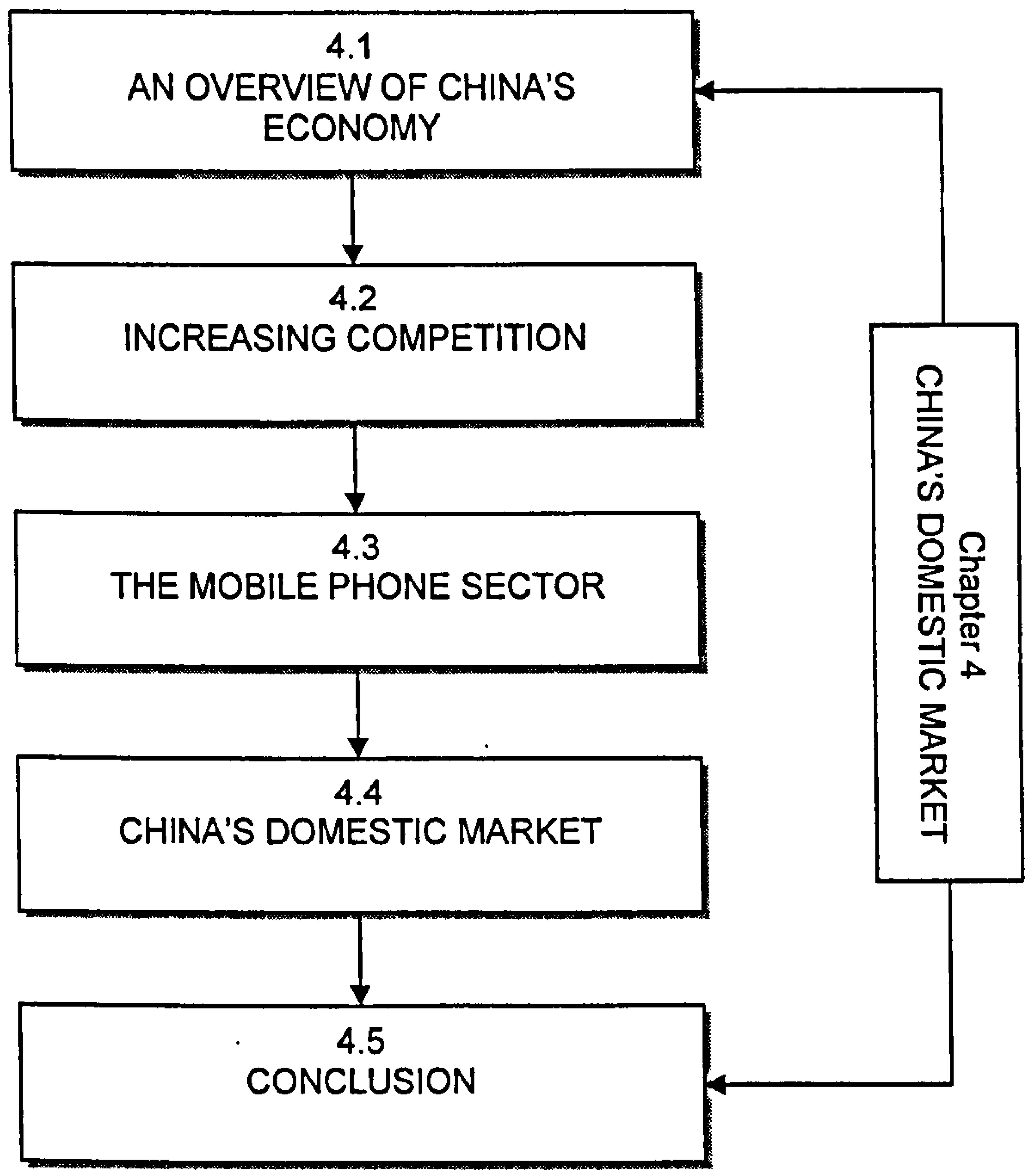
3.5 MARKET SEGMENTATION IN EMERGENT MARKETS

It is widely suggested that in developing economies, the pent-up demand for basic products is so great that the most effective strategy is to provide basic functional benefits at the lowest possible price, and the mass market or identical product strategy is often used effectively (Engel, Blackwell et al. 1995). This usually means a standardized product, produced at low cost in long, homogeneous production runs and sold through basic distribution channels with few services (Engel, Blackwell et al. 1995). Market segmentation becomes essential when the market evolves to the point at which organisations could offer product variations, even with higher prices, to appeal to different segments of the market and where most consumers already own the functional or core benefits.

The issue as to whether China, as one of the biggest emerging markets, has grown to a point at which significant levels of segmentation have occurred will be discussed in Chapter 4.

Chapter 4 CHINA'S DOMESTIC MARKET

Figure 4-1 Chapter 4 Structure



In this chapter, two main aspects related to China's domestic market are discussed, based on literature reviewed.

The first part relates to the evolution of the indigenous manufacturers and foreign multinational companies (MNCs) operating in China, including an overview of China's economy, an investigation into the increasing competition between MNCs and indigenous manufacturers. The mobile phone market is further investigated as an exemplar of maturing market sectors in China. The chapter concludes that both the MNCs and indigenous manufacturers have different competitive advantages over each other, such as that i) MNCs enjoy a reputation for high product quality and have required marketing skills gained from other markets whilst having comparatively less knowledge about the local markets and consumers in China; ii) the indigenous manufacturers enjoy government protection to some extent, and have knowledge of local logistics and markets, but lack essential marketing skills and an ability to transfer market knowledge into marketing practice. However, after years of operating in China, as suggested by Ferdows's (1997) model, both parties have evolved to the stages of marketing that require a better understanding of consumers and more accuracy in the identification of consumer needs and wants.

At the same time, the other aspect of this chapter discusses the imperative of understanding the Chinese consumer from the consumer's point of view. It begins with an assessment of the significance of China's domestic market with regard to foreign MNCs and consequently, the imperative placed on consumer research in China. The fact that many MNCs have failed to capture the market can to some extent be attributed to limited knowledge about consumers and a lack of accurate analyses of China's emerging consumer demand. Subsequently, it explores the evolution of the Chinese consumer since the late 1970s. This dramatic economic transition has allowed the Chinese people to be *'reborn'* as consumers in a metaphoric sense and form their unique characteristics which combines influences from traditional, communist, and more recently, Western cultures. As the significant inequalities in consumer buying power suggest that China's consumer market is enormously fragmented, an appropriate market segmentation scheme ought to allow companies to enact more effective strategies. Further, it investigates existing segmentation research in China's consumer market based on differing variables such as geographic, demographic, and psychographic factors. It is recognised that consumer research on China's market is still scarce, especially in market segmentation areas, and given the ever growing importance of China's domestic market to both MNCs and indigenous manufacturers, market segmentation research has apparently not kept pace with the development in China's consumer market.

Consequently, this chapter concludes that further research within China's domestic market is imperative, especially in relation to market segmentation in urban areas.

The structure of the chapter is illustrated in Figure 4-1.

4.1 AN OVERVIEW OF CHINA'S ECONOMY

Since the initiation of a series of economic reform and "open-door" policies in the late 1970s, the Chinese economy has undergone tremendous changes with a growth rate of almost 10% per year (Economist 2005 a). One of the most important systematic innovations is the introduction of market mechanisms into what was a rigid centrally planned system, to decentralize economic decision making from central government to local authorities and production agents (Yu 1998). Along with many other open-door policies, in early 1988 the Chinese leadership initiated a coastal development policy as an export-oriented development strategy designed to emulate the successful adjustment policies that South Korea and Taiwan had followed since the 1960s (Yang 1991). Meanwhile, the establishment of Special Economic Zones (SEZ) has enabled the authorities to offer tax incentives to attract foreign direct investment (FDI).

Consequently, China's progressive reforms have fundamentally changed its economic structure. The increasing role of private and collective enterprises and foreign investors has contributed significantly to the boom in manufacturing output. The situation where output was dominated by large state-owned enterprises (SOEs), evident in the late 1970s and early 1980s, has changed and by 2003 the share of state-owned and state-holding enterprises in gross industrial output value had shrunk to 37.5% (Economist

2005 a). Meanwhile, the growing services sector has risen from 21% in 1979 to over 30% 10 years later, with a steady fall in agricultural output within GDP to 14.6% by 2003. Thus industrial production has maintained its dominant role in gross output value (Economist 2005 a).

However, although the invisible 'hand' of the market has gained a greater role, the state sector remains large and the government has close influence and control over important elements of the economy. One of the downsides has been reflected by the performance of China's SOEs, which has deteriorated steadily during the 1990s. Chinese officials realised that further reforms, namely the rationalisation of the inefficient state-owned sectors of the economy, were needed. Since 1998 the government has been aggressively pursuing a "three-pronged" strategy in order to restructure lossmaking SOEs and to increase their efficiency, such that by 2001, officials claimed that the difficulties in the larger SOEs had been basically solved and that SOEs in the industrial sector had produced a profit since 2000, with a 140% year on year growth (Economist 2005 a).

In 2001, China entered the World Trade Organization (WTO). Since then, China has begun the process of adapting its institutional and legal system to comply with WTO-related undertakings. It is believed that China's entry into the WTO makes China's door even more open and both foreign investment and foreign trade are expected to increase (Chow 2000). The WTO entry is expected to bring short-term benefits for China in addition to the longer-term boost to GDP growth attributed to successfully restructuring the domestic economy. i) The need to prepare industry for further liberalisation consequent on membership of the WTO, and ii) the need to improve the health of the banking sector, have pushed the government to continue to promote SOE reform (Economist 2005 a). The WTO agreement has therefore added urgency to the issue of structural reform and has thus been seen as reinforcement for reform policies.

Many take an optimistic view on China's future growth; for instance, Business Monitor International (BMI) (2005) forecasts that up to 2009, China will maintain an average 8% growth rate in GDP and China's current expansion could be sustained another 10 years (Tirschwell 2005).

4.1.1 FDI and MNCs

As an essential element of the economic reform process, the open-door policy encourages foreign investment and promotes export. FDI, as one of the major sources of investment, accounted for USD 53,507 million in 2003 (UNCTAD 2005). Many believe this extraordinary economic performance in China rivals the records of Japan and the newly industrialized East-Asian economies in the late 1960s, where the economic growth was largely attributed to capital accumulation and export explosion (Yu 1998). Accordingly, many researchers have debated the impact of investment and export on China's economic growth and a majority of them have positive conclusions (Liu, Song et al. 1997; Yu 1998; Chen and Feng 2000; Chow 2000; Liu, Wang et al. 2001; Zhang and Felmingham 2001; Economist 2005 c).

During the1980s and 1990s, hordes of multinational corporations (MNCs) attracted to China by generous tax incentives provided by the government, and by a seemingly infinite supply of cheap labour, have flocked to China to set up what they assume will be highly rewarding businesses. However, by the late 1990s, given the impact of a slower Chinese economic growth rate, the Asian financial crisis, and the perilous condition of state-owned enterprises at that time (Economist 2005 a), many felt less optimistic and failed to gain expected returns after year of investing; evidenced by A. T. Kearney (1999)'s survey where just two out of every five participants reported that their consolidated Chinese operations were profitable.

The common wisdom has been that many problems exist, such as: i) infrastructure problems – inefficient distribution systems, poor banking facilities, and inadequate logistics; ii) rapidly escalating competition using local business expertise; iii) unreliable partners within joint ventures; iv) low sales volumes; and v) a scarcity of local managerial talent (Shaw and Meier

1993; Ayala, Lai et al. 1996; Prahalad and Lieberthal 2003). Accordingly, many have felt that *"China is — and will long remain — a difficult and uncertain operating environment for MNCs"* (Shaw and Meier 1993).

Although problems exist, in view of the fact that China has a potentially vast domestic market, and an environment from which it is easy to export (Economist 2005 d), China is still a major FDI destination. For the first time since 2000, a sizable majority of leading executives has been more optimistic about the global economy and the economy of China has shown strong growth again since the end of 2002, China overtaking the United States for the first time and becoming the largest FDI destination in the world in 2003. A. T. Kearney (2004)'s FDI Confidence Index survey concludes that China will continue as the most attractive market for FDI and there are more investors expected to achieve their profit targets in China than investors in any other big emerging market.

4.1.2 The Evolution of MNCs

Foreign MNCs have been in China for almost two decades since China officially opened its doors to foreign investment with the initiation of a joint venture law. During this period, MNCs have undergone fundamental structural changes, in terms of entry modes, industry selection, project location, investment size, and operational phases (Luo and O'Connor 1998).

Shaw and Meier (1993) have characterized the pattern of development of China-related activities and identified three phases: i) "an opportunistic experimenter", ii) "strategic investor", and iii) "dominant local player" as shown in Figure 4-2.

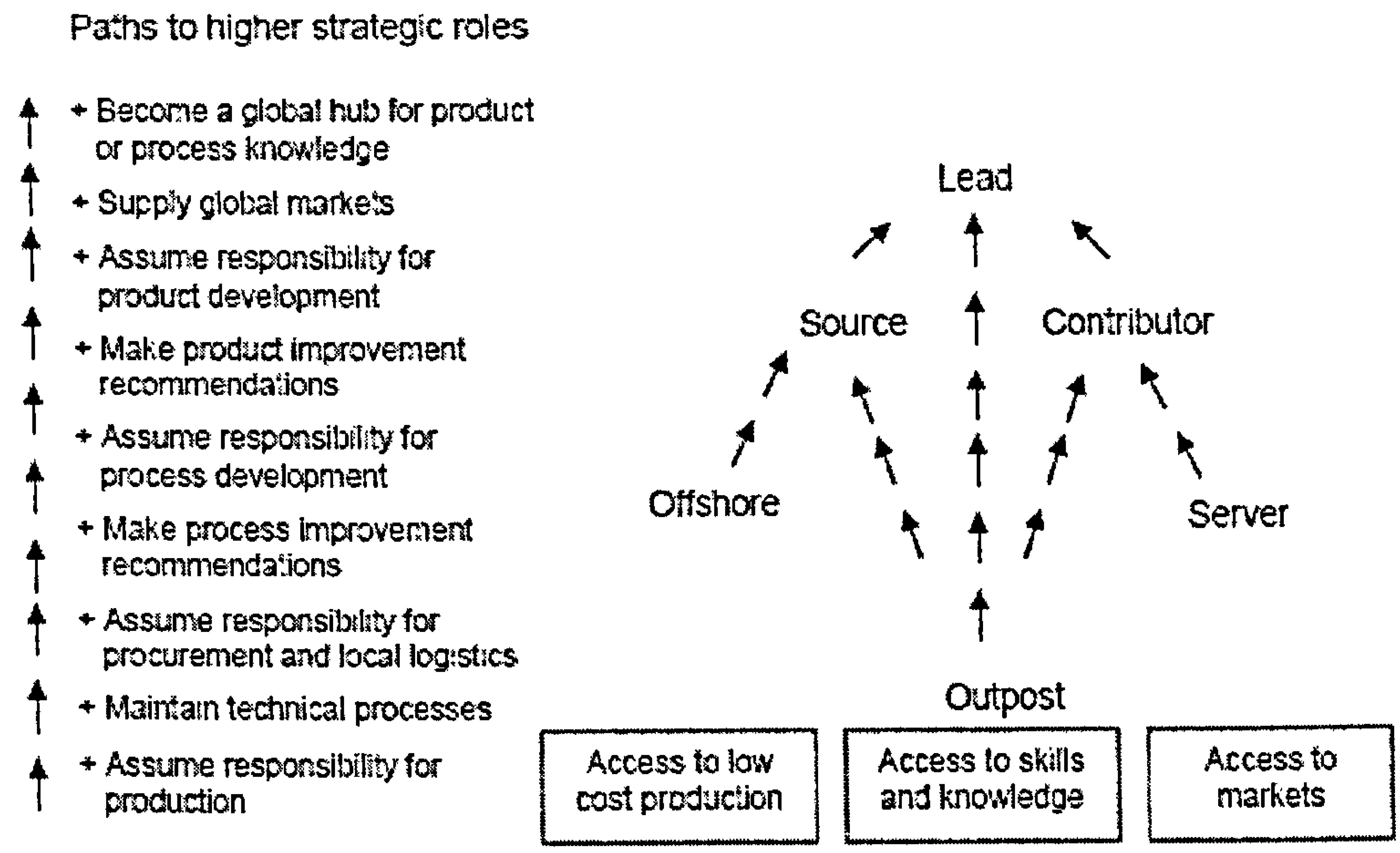
The early phase involves a very low level of corporate commitment. The major objective of FDI is to establish a small local presence, learn how to operate and manage business in the Chinese market, and assess the risks and potential rewards in making additional investments. With increased familiarity, foreign investors may move to the second stage of investment as 'strategic investors' and the "*Second generation*" (Shaw and Meier 1993) approach translates into a much higher corporate commitment to the local market than during the earlier stage. The second generation MNCs have raised their strategic sights significantly with the new objective of building and holding a dominant share of the Chinese market. Their business scope has extended substantially from basic manufacturing into marketing, service, and product design. Later on, foreign investors may step to the next stage as "dominant local players". Some well-known early-mover MNCs have already entered this phase, such as Motorola, Volkswagen, and Coca-Cola (Luo and O'Connor 1998). Multinational corporations at this stage aim to secure the dominant share of a market within an industry sector. Furthermore, whilst it is apparent individual MNCs may be at various stages of entry and strategy, and that the level of market maturity is broad, many commentators believe that a majority of MNCs have entered the second stage since the mid 1990s (Shaw and Meier 1993; Luo and O'Connor 1998).

Figure 4-2 Stages of MNC Business-Building in China

	Stage 1	Stage 2	Stage 3
	"Opportunistic experimenter"	"Strategic investor"	"Dominant local player"
Primary objectives	Establish small local presence Learn about market Learn how to operate and manage in China Assess risks and rewards of making additional investments	Build broader multi-regional or national presence (through sales or facilities) Preempt competitors by seizing first-mover advantages Develop substantial local management capability	Secure dominant share of market (and mind) within industry sector Shape industry structure and conduct to achieve sustained superior returns
Key characteristics of operations	One or two ventures achieving limited coverage; an extension of trading-based opportunities Simple operations with low asset commitment/ exposure Active experimentation with localization, business system design, and partnerships Only a footnote on corporate "radar screen"	Multiple ventures in various geographies and/or product areas with umbrella management High exposure to China sales and assets Substantially expanded business systems beyond basic manufacturing into sales, service, product design, etc. High corporate attention to and tracking of progress in China relative to key competitors	Highly localized management running significant operations (full business system) Viewed as truly local player by consumers and as market leader by customers and suppliers Viewed by government as long-term partner in aiding China's economic progress Significant earnings engine for the corporation
Level of corporate commitment to China	Low	Very high	Extremely high

Source: Figure 6 in (Shaw and Meier 1993)

Figure 4-3 Ferdows' Model in the Context of China



Source: (Bruun and Bennett 2001)

Other authors have looked at the impact MNCs have had on domestic industries Ferdows (1997) has devised a strategic matrix to help managers visualize the evolution of an offshore manufacturer's strategic role within a company's business strategy. In order to increase manufacturing's strategic contribution, a company must generally upgrade the role of its foreign factories, moving them up the matrix (see Figure 4-3). Alternatively, it may choose to keep a given factory in its current role, to move it horizontally across the matrix (from source to contributor, for example), to move it down the matrix, or, if it is already at the bottom of the matrix, to close or divest from it. Bruun and Bennett (2001) have adopted Ferdows' model to analyse the activities of MNCs in China, and concluded that over the years, the context of operations has evolved, i.e. business units are now aiming for higher positions in the model, implying a greater degree of independence and competence, and are based on a longer-term strategy; in turn, this seems to have resulted in a change in the form of ownership, i.e. towards the wholly foreign owned enterprise, in order to structure and manage the organisation and its functions, and ultimately as a way of dealing with a detailed level of knowledge and technology (Bruun and Bennett 2001).

Given that MNCs' commitment to local markets is evidently increasing, and that their business systems are extending substantially beyond basic manufacturing into marketing, service, and product design, appropriate approaches to "localisation" at various levels have become a major issue. Accordingly, emergent articles have explored localisation related topics; for example, the localisation of human resource management in order to build local management capability (Chan and Holbert 2001; Cooke 2004); international transfer pricing (Chan and Chow 2001); and the localisation of component sourcing (Eberhardt, McLaren et al. 2004). Many researchers thus believe that developing organisational mechanisms to improve efficient knowledge transfer and information flows, either inwardly to subsidiaries or externally from outside relations, is becoming increasingly important (Zhou and Xin 2003; Bjorkman, Barner-Rasmussen et al. 2004; Wang, Tong et al. 2004; Li 2005). However, many studies reveal significant differences between Western MNC executives and their Chinese counterparts (Chiang-nan Chao, Mockler et al. 2003), especially in the perceptions of the marketing process between home office marketing departments at MNCs and those of their Chinese subsidiaries (Chan and Holbert 2001; Samiee, Jeong et al. 2003). Chang Yaping and Jun (2002)'s case study relating to Mercedes-Benz cars indicates that Mercedes-Benz's conservative strategies on product distribution and after service have collided with "earthy" and specific demands within the Chinese market. As more and more multinational corporations are converging their marketing efforts in China's transitional economy of China, it is considered vital to understand the Chinese cultural environment and marketing infrastructure. Chiang-nan Chao, Mockler et al. (2003) suggest that in order to understand this market better for future success in China, MNCs need to continuously assess the business conditions in China, focus on joint venture partners' marketing capabilities, and bridge the differences between joint venture partners.

4.2 INCREASING COMPETITION

Together with the evolution of MNCs, the marketplace within China has been significantly transformed as a result of increasing competition, as Crocker and Tay (2004) describe:

> *Two decades ago, foreign companies penetrating the China market faced little competition in many product areas, although enormous obstacles in production and distribution. A decade ago, both firmly and newly established foreign manufacturers in China began to feel the heat from lower-priced domestic competition, though the foreign manufacturers maintained a significant quality advantage. In today's China, brand competition is intensifying – foreign and joint-venture brands, local copy-cats, and increasingly enticing domestic brands, both national and local, all crowd the market.*

In recent years, many sectors, such as Chinese consumer goods, home appliances, personal computers (PCs), and mobile phones, have grown increasingly competitive. For example, in the mobile phone sector, there are 40 mobile-phone makers selling over 800 models annually; demand is expected to rise from 80M units to 100M by 2006, but supply will double to 200M, and consequently prices are plummeting; margins within Motorola's handsets in China, for example, are even thinner than the group's poor 6% global average (Economist 2004 a).

The increasing competition in such sectors is reflected in the fact that many of the Chinese companies that did not exist 15 years ago, have since surpassed their MNC peers, and MNCs have been beaten out by domestic players. As of now, few foreign companies can made a serious play for the mass market (Chen and Penhirin 2004), as illustrated in the four following examples:

Table 4-1 Market Share

	Companies	Market share (%) in 2003
Personal Computer		
	Lenovo *	27.0
	Founder *	9.0
	Tsinghua Tongfang Co Ltd *	8.3
	Dell	7.4
	TCL *	4.4
Mobile Phone		
	Chinabird Corp *	14.0
	TCL Communication Equipment Co Ltd *	11.0
	Nokia Group	10.0
	Motorola	9.0
	Konka *	6.0
	Note: * Chinese Manufacturers	

Sources: (Euromonitor 2004 a; Euromonitor 2004 b)

i) Following many years of leadership from Japan's Uatsushita Electric Industrial Co., Ltd. (Panasonic), since 1996 the sector has been taken over by Changhong Electric Co., Ltd. and Konka, two large Chinese TV manufacturers; by 1999, the eight best-selling TV brands in Beijing were all domestic;

ii) Before 1996, foreign brands dominated China's PC market; at the beginning of 1996, the young Chinese PC firm Legend Group Ltd. (now called 'Lenovo') surpassed IBM Corp., Compaq Corp. (now owned by Hewlett-Packard Co.), and the former AST Computer LLC, to become the nation's top PC seller. Lenovo's market share reached 27% in 2003; while Dell only reached a 7.4% penetration; (see Table 4-1)

iii) The success of white goods' maker Qingdao Haier Group has long been cited as a capitalist miracle in a socialist setting; With nearly 40% of domestic refrigerator sales and a third of washing machine and air conditioner sales, the Shandong company has shown an unparalleled mastery of price, service and distribution in China's difficult consumer market; Haier's 1996 revenues reached US$747m with projected revenues in 1997 as high as US$1.2 billion (Business China 1997).

iv) A group of domestic mobile handset producers has doubled its market share to 40% over the 18 months from 2002 to 2004; Ningbo Bird and TCL, two Chinese manufacturers, have overtaken both Motorola and Nokia in the national market (see Table 4-1).

4.2.1 MNCs

Although it is widely acknowledged that the current consumer market in China has a three-tiered pyramid structure, revealed in many studies (Cui and Liu 2001), in many cases, MNCs have tended to bring their existing products and marketing strategies to emergent markets without accounting for these market pyramids properly and they end up, therefore, becoming high-end niche players (Prahalad and Lieberthal 2003). In effect, this approach of positioning their products at the top of China's market pyramid involves building a premium brand aimed at the wealthiest 5-10% of consumers, mainly concentrated in the biggest and most sophisticated markets, such as Beijing and Shanghai. Given their relatively low buying power, Chinese consumers are generally pragmatic, as suggested in many consumer research surveys in China e.g. (Cui 1997; McDermott and Choi 1997; Li and Xiao 1998; Cui and Liu 2001) (see Chapter 6). 'High-price strategies' are therefore believed to be one of the many possible factors leading to MNCs' failure in capturing market opportunities in rapidly growing mid- to low-end market segments and constraining their market shares (Chen and Penhirin 2004). On the other hand, low prices and growing markets have helped local firms become market leaders and low-price strategies have allowed local firms to grow dramatically. Although many people anticipated that China's WTO entry would enable MNCs to gain advantages in many industries, as market barriers weakened, the aggressive price behaviour of China's home appliance companies suggests that local firms can gain competitive strength and even surpass MNCs in China without significant government protection (Chen and Penhirin 2004).

Furthermore, it is recognized that many MNC subsidiaries have limited ability to monitor and capture market opportunities throughout the country, and they may even have difficulty reaching customers in different parts of China (Chen 2003). Many studies have revealed that China's domestic consumer market is extremely fragmented given its geographical, demographical, and psychographic variations (refer to Chapter 6). Whilst, some MNCs have mistakenly viewed China as a homogeneous market and as a result have failed to differentiate their strategies and practices in different segments, at the same time, others have been ineffective in educating customers about the value of their advanced products (Chen 2003), given that the majority of Chinese consumers are 'value-for-money' oriented.

Therefore, Chen and Penhirin (2004) consider that MNCs will not create truly large-scale consumer goods businesses in China without tackling the mass-market segments or without changing the way they manufacture and market products. At the same time, continuing to be in the premium segment has its advantages, as it is still growing and margins are adequate to earn a reasonable return. However, to reach these segments, competitive costs and prices will no longer be enough to succeed, once domestic competitors have gained experience and are aggressively targeting MNCs' core (upper-middle to high-end) business segments. Chen (2003) thus suggests that MNCs must rely on research and development and strong products to stay competitive. Other researchers (Prahalad and Lieberthal 2003) suggest that MNCs should adjust the price/performance equation, and undertake brand management, product design, packaging and improve capital efficiency.

Before improving organisations' internal process and offering, Chen and Penhirin (2004) suggest marketers should start by researching the consumers' needs, segmenting them into "premium needs" on the one hand, and generic benefits, on the other, and then establish a clear differentiation between premium products and value-priced variants. Succeeding in those broader markets therefore requires spending time in building a deep and unbiased understanding of the unique characteristics and needs of their consumers. As Yan (1994) put it, "to reach Chinese consumers – adopt Guo Qing" ('Chinese characteristics' or 'the special situation in China'); accordingly, MNCs need to adapt their global strategic imperatives to local conditions.

4.2.2 Indigenous Manufacturers

While overseas companies tend to concentrate on the premium market, China's domestic consumer goods companies compete largely for middle- and low-income consumers. In some categories, such as home electronic appliances and PCs, Chinese firms have been the market leaders for a few years; and in many other categories, such as shampoo, laundry products, and biscuits, their total share of the market has increased. Chinese manufacturers have certain strengths in competing in these segments, including not only an understanding of their target segments' tastes and habits but also low prices as a result of lean cost structures (Chen and Penhirin 2004). Other advantages such as government relations, product quality, pricing, distribution, advertising- are all factors in the competitive calculus for the fast growth of domestic firms (Crocker and Tay 2004).

However, Ferdows' model also indicates the evolution of the Chinese manufacturers, spanning 'low cost production' to 'skills and knowledge', and onto 'marketing'. In many fully developed markets, most successful Chinese companies have started to put substantial effort into upgrading their products and improving technologies (Chen 2003), and it is widely acknowledged that one of the biggest challenges facing Chinese companies is a lack of marketing knowledge (Business Week Online 2004; Crocker and Tay 2004). It may sound simplistic to say that multinationals should develop Chinese managers in relation to their increased commitment to local markets (Martin 1995); however, for the most part, Chinese companies have apparently been unable to capitalize on the management know-how brought into the country by multinationals (Khanna 2004). This lag in general marketing sophistication is thus reflected in, for example, branding. Travyn Rhall (managing director, regional customised research, Asia-Pacific, with ACNielsen) thinks that his clients (the Chinese companies) *"often don't have a strong understanding of brand image"* (Bowman 2005). Failing to understand "what a brand is" and "what it takes to build a brand" due to lack of experience, makes Chinese companies – such as Lenovo or Haier – into *"brand names and aspire to be brands"*, but not brands in a real sense;

Shelly Lazarus, CEO of Ogilvy and Mather, thus believes that the biggest challenge to organizations is *"putting marketing at the heart of the company"* (Business Week Online 2004), as *"if you don't have the skills of marketing, the only way you can differentiate is on price"* (Business Week Online 2004). With the marketplace growing more mature, competitive costs and prices will no longer be enough to succeed (Chen 2003). Dai Maoyu, Bird's executive vice-president, considers diversification into other less developed sectors such as cars, as *"he is making phones he cannot sell and a price war is destroying everyone's margins"* (Economist 2004 a). Therefore, learning how to market and brand with greater skill has become imperative for Chinese companies, especially in fully developed sectors such as the mobile phone.

At the same time, many local companies seem to know the market well since they have launched products and done well without market research before. As Gilbert Lee (national research director, Research International China) puts it: *"Some local firms' senior management believe that because they've worked in the market for over 30 years, they know the market better than the consumers"*; however, as the level of competition increases and the level of marketing activity goes up, it is believed that Chinese companies need to know how to keep their share via knowing their consumers better (Bowman 2005). The fact that a lot of Chinese managers do not believe in consumer research is believed to be an obstacle to their brand-building goals (Business Week Online 2004). Moreover, although it is reported that growing numbers of local brands and companies are waking up to the crucial role of research in growing share and building awareness, for more strategic research – for example, branding, usage and attitude studies, or market segmentation – it is still hard for many local companies to translate research findings into useable information (Bowman 2005).

4.3 THE MOBILE PHONE SECTOR

Given the high degree of saturation in many of China's domestic markets and the high level of sophistication shown by consumers, it is imperative for both foreign MNCs and local Chinese manufacturers, who want to win in China's domestic consumer market, to compete via a better understanding of their consumer and the application of consumer research findings to inform company strategies. The mobile phone market within urban China is therefore explored further as an exemplar for other saturating markets.

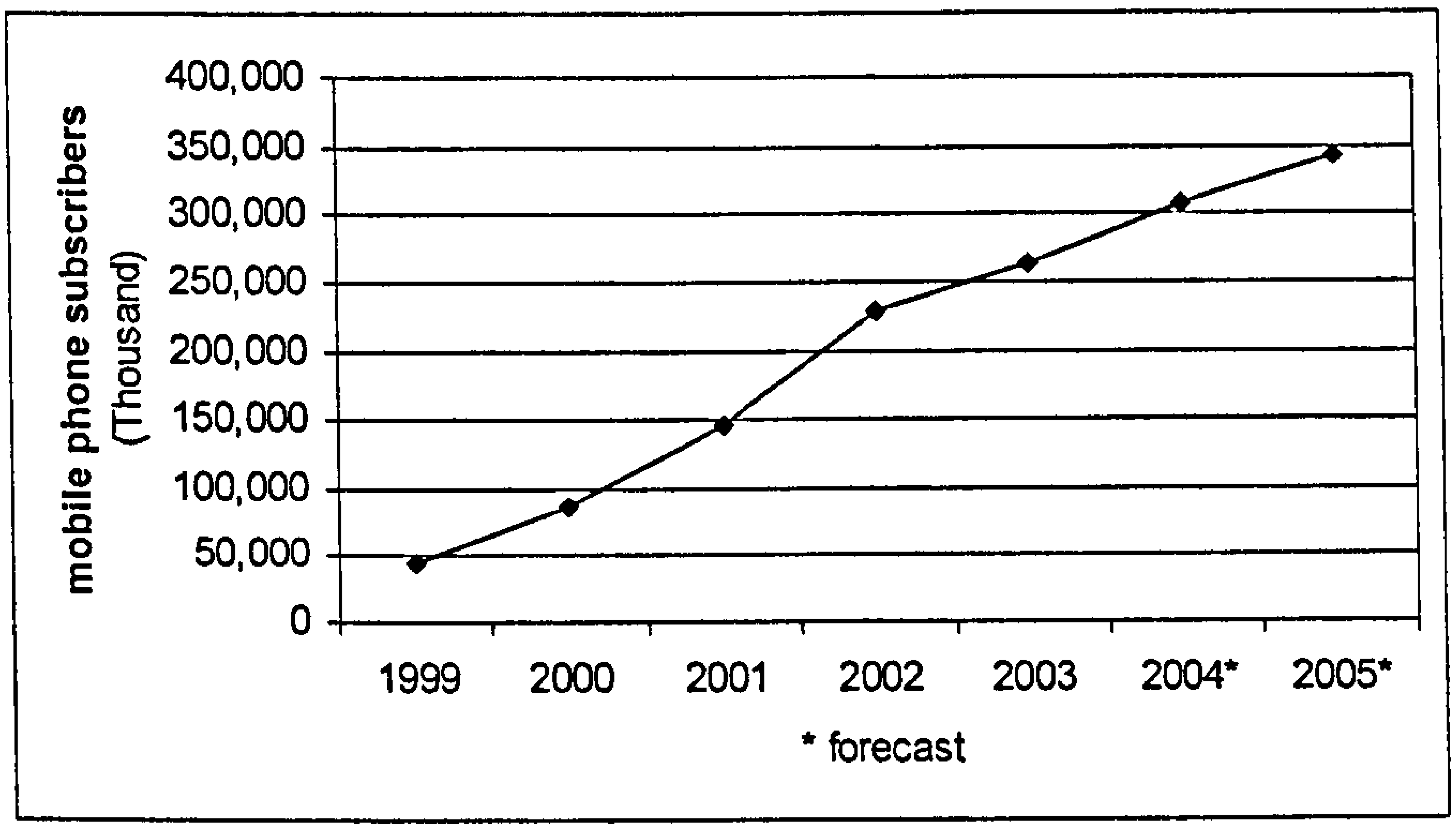
4.3.1 Market Potential

With 20% of the world total, and 5M consumers signing up as new subscribers every month, China is the largest market for mobile phones (Economist 2003). Over the period of 1999-2003 the number of mobile phone users in China increased by 505.7%, and grew to 262.3 million in 2003, representing RMB35,898 million (US$4,330 million) (Euromonitor 2004 a). It is widely believed that China has huge potential for further expansion, since only 20% of China's 1.3 billion people use mobile phones, compared to a 70-80% user rate in developed economies. Euromonitor (2005) forecasts that mobile phone subscribers are expected to remain a high growth rate and reach 343M subscribers in 2005 (see Figure 4-4).

In 1998, mobile phones were still beyond the reach of the most of the population who lived in the rural areas, at a price of about RMB 10,000 (Euro 1,000) for the first year, including the cost of the handset [Conghua Li, 1998]. However, the concentration of economic activity in China's eastern coastal region has given its mobile operators large economies of scale, enabling lower prices. Increasingly cheaper mobile connection and subscription rates, together with rapid development in mobile technology, have encouraged mobile phone ownership. Mobile phone users have mainly been concentrated in the Northern, Eastern, and Southern regions of China. The burgeoning Chinese middle class fuelled robust growth as many were embracing mobile phones for the first time, especially in the urban cities, such as Beijing, Shanghai, and Guangzhou, which have a larger number of middle class consumers with higher disposable incomes. Consequently, Beijing, Shanghai, and Guangzhou have had the highest mobile phone subscribers' penetration rate at 77.48%, 67.41% and 50.99%, respectively;

approximately 90% of the mobile phone users in these three cities have purchased at least one brand of mobile phone within 2003 alone (Euromonitor 2004 a).

Figure 4-4 Mobile Phone Subscribers



Sources: National statistical offices, International Telecommunications Union, World Bank, Trade sources, Euromonitor (Euromonitor 2004 a)

The rapid expansion of demand for wireless phones could be attributed to the slowly growing fixed-line infrastructure, which had a penetration of less than 5% in 1999 (Neupert 1999). However, in China, mobile phones, combined two irresistible features: efficiency and status (Li 1998), and thus have quickly come to be regarded as fashion items. It has been found that Chinese consumers are developing profound emotional bonds towards these "gadgets", and that mobile phones are so integral in consumers' lives that they influence their daily behaviour (Madden 2002). The underlying growth in Asia of mobile phones continues to demonstrate the value of the product as a *"must-have"*, and *"a fashion and lifestyle statement,"* says Andy Drake, GfK Asia's managing director. *"The outlook is particularly positive when overlaying countries where product ownership is still in its relative infancy."* (Dano 2005)

4.3.2 Mobile Phone Manufacturers

On the provider side, the growing number of mobile users has prompted mobile phone manufacturers to increase investment, reaching RMB210 billion in 2003. The boom in mobile services triggered a mobile phone manufacturing surge in China, which increased by 54.5% over 2002, totaling 186 million units in 2003. China is now the largest GSM cell phone chip market in the world, surpassing even Europe (Robertson 2002). However, with inventories and capacity outpacing sales, prices and profit margins have fallen in 2003 (Euromonitor 2004 a). The competition between domestic manufacturers and foreign MNCs has, since 1999, become extremely intense.

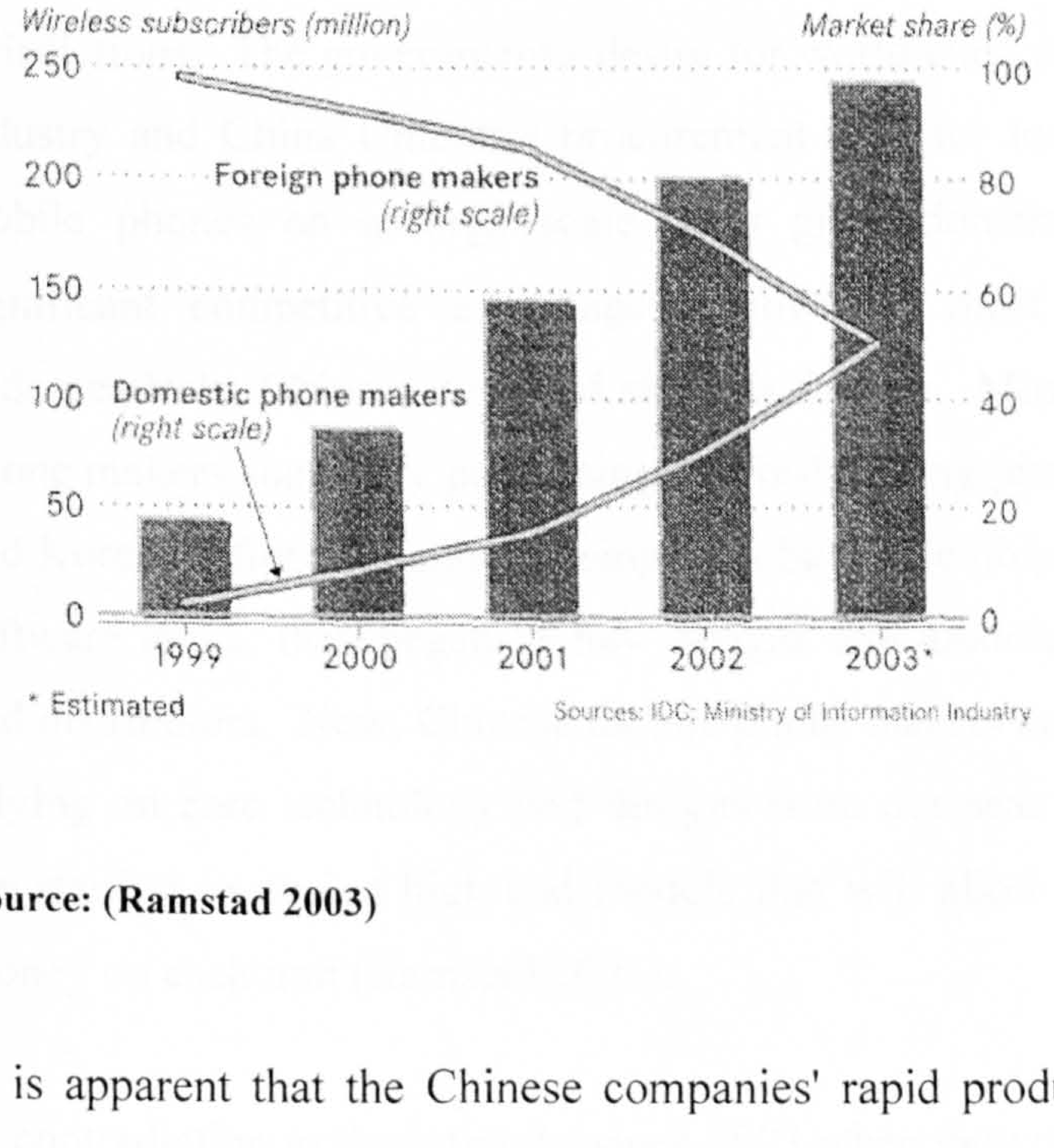
Previously, Motorola had dominated this market with more than 70% of the mobile phone market. This strong position also allowed it to earn high profits. However, with the introduction of the GSM system in late 1994, Motorola has lost market share, with Ericsson displacing the US company as China's dominant supplier of mobile telephony in 1999. Similarly Nokia secured a large portion of the handset and transmission markets. Nokia are full range manufacturers and hence are able to offer turnkey solutions/one-stop shopping to the provincial Post and Telecommunications Administrations (PTAs), and hence lock up more exclusive supplier relationships (Neupert 1999). Samsung has not been as competitive in price due to its lack of Joint Ventures (JVs) in Chin, in producing GSM cell phones. However, the recent launch of a JV with Kejian has enabled Samsung to gain a substantial foothold in the Chinese CDMA market.

As subscriber numbers soar, Chinese mobile phone markers have begun to "wrest" the home market from foreign manufacturers. (See Figure 4-5)

Suddenly, nobody is dismissing local brands such as TCL and its two main rivals, Ningbo Bird and Amongsonic. In 1999, they had less than 3% of a fairly small market. Now the market is the world's largest—with about 200m subscribers and 60m handsets sold in 2002. Several foreign brands, including Sweden's Ericsson, have all but vanished; America's Motorola and

Finland's Nokia still retain relatively high portions of market share, with half the market between them, but they are rapidly losing share (Economist 2003). In 2003, domestic mobile phones dominated the Chinese market for the first time (See Figure 4-5). In the CDMA market (a new technology of standards for third-generation services), Chinese mobile phone makers took a much greater share, with ZTE Corp, a Chinese IT construction company, ranking one of the top three, representing 16.1% of China's CDMA market (SinoCast China Business Daily News 2005).

Figure 4-5 Mobile Phone Market Share in China



Source: (Ramstad 2003)

It is apparent that the Chinese companies' rapid product development and quick response to market demand is one key to standing out in a very crowded market. For example, after ZTE received the news that China Unicom would buy tailored mobile phones, ZTE researched and developed C220 mobile phones within two and a half months, and China Unicom substantially placed a one million unit order with ZTE (Ramstad 2003; SinoCast China Business Daily News 2005). Moreover, Chinese companies apparently know more about their consumers' tastes: its faux-diamond ornamentation is *"egregiously kitschy"* to most foreigners but the Chinese appear to love it, and so TCL has surpassed Siemens and Samsung to become China's third-largest handset vendor after Motorola and Nokia, two firms that it now has in its sights (Economist 2003). Further, the sales of Chinese domestic manufacturers are attributed to their aggressive marketing promotions especially in TV commercials in 2003 (Euromonitor 2004 a). However, the government's effort in cultivating a home grown industry with a protectionist stance that requires foreign firms to transfer knowledge and capital to access the Chinese market still largely contributes to the Chinese mobile phone makers' strong achievements (Euromonitor 2004 a). The national government controls many of the country's electronics manufacturers, subsidizing their losses, while provincial and local governments favour manufacturers that operate and pay taxes in their jurisdictions. The government's desire for world-class stature in every basic industry and China Unicom's procurement plan for low- and medium-end mobile phones on a large scale, thus gives domestic manufacturers a significant competitive advantage. However, most of the technology underneath the Chinese-designed shells is foreign. Most of China's mobile-phone makers started by purchasing and re-labelling phones made in Taiwan and Korea. After the Chinese companies built assembly lines and developed software skills, they began to buy designs and modules from chip makers and distributors. Now, Chinese mobile phone makers are moving away from relying on core technology and designs from overseas suppliers, and some are starting to design high-end models that will allow them to make more money on each unit (Ramstad 2003).

In contradiction to these trends, since 2003 when they once took over half of the market share in total, new research shows Chinese handset makers like Ningbo Bird Co. Ltd., TCL Communications Technology Holdings Ltd., and others, are losing market share to industry leaders like Motorola Inc. and Nokia Corp, especially in the country's 121 largest cities where foreign brands have increased their share from 60 percent in 2003 to 62 percent in 2004 (Liu 2004; Dano 2005). The increased market share is believed to be evidence that international products retain a technology advantage over local products when retailing high-end products among to the more affluent populations within the leading cities (Dano 2005).

It is apparent that the mobile phone market suffers from a "chronic oversupply" and that all signs point to an imminent cycle of massive consolidation among dozens of handset players. Although such consolidation has yet to happen, and the market continues to 'groan under its own weight', it is imperative for both foreign MNCs and Chinese manufacturers to sustain competitive advantage via technology and marketing.

4.3.3 Summary

Table 4-2 summarises the advantages and disadvantages experienced by both MNCs and local manufacturers, in relation to Politics / Government, NPD, Manufacturing / Production / Logistics, Technology, and Marketing.

Table 4-2 Summary of Advantages and Disadvantages Faced by Both Foreign MECs and Indigenous Manufacturers

	Foreign MNCs	*Local Chinese Manufacturers*
Politics / Government	WTO entry will result in weakened market barriers, thus enabling MNCs to gain competitive advantages.	government efforts directed at cultivating a home grown industry
NPD and Manufacturing / Production / Logistics	Quality	speedy product development, quick response to market demand, better knowledge of their consumers' tastes informing product design, access to cheaper material and resources.
Technology	Strong technology advantage	Rely on technology outsourcing and licensing agreements
Marketing	Sophisticated marketing knowledge gained from other markets (mainly western).	Know more about their consumers. However, scarce marketing experience, knowledge, and skills. Tendency to regard consumers as homogenous.

i) The Chinese government's efforts in cultivating a home grown industry have apparently given local manufacturers advantage to some extent. However, with WTO entry, market barriers will eventually be eliminated and such advantages will fade accordingly.

ii) Local manufacturers demonstrate rapid product development, quick response to market demand and closely fulfil local consumers' taste demands where identified. In addition they have access to cheaper material and resources, and can thus provide cheaper products. Overall, they have some product advantages, however foreign MNCs enjoy good product quality reputations due to technological advantages and advanced production knowledge.

iii) Technology has been perceived to be the most significant advantage held by foreign MNCs compared to local manufacturers (Dano 2005). However, accessibility to technology markets and the design and manufacture of ICs has enabled local manufacturers to reduce the technology gap suffered by their products compared with the larger international brands. Further, instead of relying on long-term relationships with a few suppliers, as Motorola and Nokia have has to become global leaders, the Chinese buy components from a broad array of firms. As a result, Chinese mobile phone makers are opening up new opportunities to many technology suppliers; and their offerings represent *"a relatively well-engineered set of products that have taken advantage of Western components"* (Ramstad 2003); hence, managing the transition from a seller's to a buyer's market according to Porter (1980)'s 'five force' model. At the same time, companies like Huawei and ZTE, two Chinese network providers, have started to develop and apply their own technologies.

In summary, MNCs demonstrate significant advantages in technology and product quality, whilst local Chinese manufactures are favoured by government policies, have low manufacturing and logistics costs, and quick response to market demand. However, these advantages will eventually be diffused for both parties in an increasingly saturated market with equal access to technology, according to the evolutionary route suggested by Ferdows (1997). Competing in marketing and consumer interfacing is thus becoming one of the most crucial aspects for mobile phone markets in China, especially in the more mature markets in large urban cities. Although foreign MNCs have sophisticated marketing knowledge gained from other international markets, whether this knowledge can be applied to the Chinese markets and how to apply it still remains contentious, given the unique situation evident in Chinese markets ('Guo Qing') (see H2 in chapter 6). Understanding Chinese consumers has thus become imperative for MNCs. On the other hand, although local manufacturers apparently know more about their consumers, the scarcity of marketing knowledge and skills required for research has left local manufacturers unable to engage appropriate marketing strategies. Further, some local manufacturers do not even appreciate the importance of marketing to their future competitive advantage.

There is therefore a clear need for both parties to i) better understand Chinese consumers, using ii) techniques better suited to identifying the demands of these consumers.

Given that, from the providers' perspective, increasing competition places an imperative on a better understanding of consumers and indicates a need for adopting the market concept into organisational strategies, the following section further investigates the evolution of Chinese consumers in order to identify the current stage of development in China's domestic market and the circumstances of consumer research in China.

4.4 CHINA'S DOMESTIC MARKET

The Economist (2005 d) believes that China has two main attractions for foreign investors: a potentially vast domestic market, and an environment from which it is easy to export. This correlates with A. T. Kearney (2004) report indicating that the top five main attractions for foreign investors building businesses in China, when compared with India, another large emerging market, are i) market size, ii) market growth potential, iii) access to export markets, iv) government incentives, and v) production/ labour costs.

Without doubt, cheap material and labour attract MNCs to manufacture in China. However, it is mainly China's huge market potential – the promise of 1.3 billion consumers – that lures international companies and brands flood into the Chinese market (Economist 1999). *"The real long-term opportunity is China's domestic market,"* commented Andy Bryant, president of Avnet Electronics Marketing (Spiegel 2002). For many MNCs, China's indigenous market is more substantial than the business of serving Western market via contract manufacturers (CMs). Research findings in to profitability also support this opinion: in fact, the foreign companies that were most profitable overall were those that sold more of their China-made products internally than overseas, and those foreign MNCs that set up business in China aiming only at "ample and inexpensive labour" perform worse than others in China's markets (Rheem 1996).

At the end of 2002, China had a population of 1.28 billion, of which two-fifths (502m) lived in urban areas and the rest in rural ones, and was growing at 0.65% a year. Measured by GDP per person, this breached $1,000 in 2003, placing China half-way to becoming a middle-income country as measured by the World Bank (Economist 2005 e). Now, with rapid economic growth, demand is taking off. Packaged foods already constitute a $47 billion category that is expanding by 8% per year – a pace rarely seen these days in developed markets, where sales of some types of consumer goods are stagnating or even shrinking (Chen and Penhirin 2004). Rapid economic growth is also bringing a wider variety of goods within reach of a growing number of consumers.

Winning in China has, therefore, become a top priority for ambitious MNCs, many of whom see China as "a once-in-a-lifetime opportunity to catapult themselves into position for global leadership" (Ayala, Lai et al. 1996).

However, translating these trends into actual marketing success has never been a "sure bet" and although the popular press has written much about the growth of the Chinese market, accurate analysis of China's consumer demand has been a common problem for MNCs. Despite the publicity surrounding the newfound spending power of the Chinese people and the successes of many foreign firms, a number of MNCs have discovered, soon after entering the market, that China's huge population has not translated easily into a steady stream of customers. Many MNCs have been successful in creating brand awareness and a favourable image among consumers, but a standardized marketing strategy relying on global brand appeal alone may not be sufficient to capture markets in transitional economies (Cui and Liu

2001). The Economist (1994) estimated that *"China's potential consumer market is enormous, but it is not as rich as some imagine--and it is devilishly difficult to get at'.* Back in the Mid 1990s, the most often addressed problem is "*who are Chinese consumers?*" (Economist 1995). The example of Siemens' defeat in China has led many to the view that investing to produce for the Chinese domestic market is fraught with danger (Preece 2005).

Zhang (1996) considers that despite the obvious implications for Western countries from which China sources most of its imports, research in the field of international business and marketing has not kept pace with the development in China's consumer market. It is recognized that most existing research in this area is mostly at the level of descriptive information such as rapid urbanization and other macro-economic statistics, and has sometimes led to a distorted view of the marketplace and misreading of consumer demand (Cui and Liu 2000). Using the discrepancy in sales figures for soft drinks as an example, Kahn (2003) proposes that the lack of reliable consumer data in China makes it difficult for multinational corporations to compete in China.

While most of the efforts have concentrated on the economic and industry conditions that influence investment and business decisions in China, little research has focused on the Chinese consumer. As a consequence, knowledge about the Chinese consumer still remains quite scarce.

4.4.1 Evolution of the Chinese Consumer Market

Since China started its economic reform and "Open Door" policies, moving from a central command economy to a market economy, this transition has provided the Chinese people an opportunity to "*be reborn as consumers in a real sense*" (Li and Xiao 1998). Economic reform has thus led to the emergence of a consumer society.

The Chinese government has outlined a timetable of development informed by changes in consumption patterns, constituted by 3 stages: where i) at a first stage, consumption is focused on basic necessities typified by food and clothing; ii) at a second phase, characteristic of Western countries entering an industrialised society consumption, is typified by the provision of consumer goods, cars and improved housing; and iii) a third, and as yet unentered stage, typified by a knowledge economy of information products and services, to which advanced Western countries have begun the transition (Taylor 2003).

Based on this strategic plan, China's consumer revolution has taken place in the context of the restructuring of state enterprises, and reform in one sector has mandated reform in others. It is believed that currently, much of urban China is entering, or has just entered the second stage, even though the middle-class lifestyle of the Eastern seaboard is more representative of the third phase (Taylor 2003).

It is acknowledged that the "stagnation" of China's consumer market has been one of the bottlenecks in the whole development of the country. The prerequisites for a burgeoning consumer market are legal and fiscal measures, the removal of local protectionism and provision of consumer protection and credit facilities. However, by the 1990s, consumers in China still had no means of financing any of their purchases, other than borrowing money from friends. The banks at that time did not make personal loans and there was no credit card system (Banks 1994).

In the 1990s there had been a tendency for the increased rate in consumption to fall and for that of savings to rise. The accelerating reform of SOEs have moved away from an "iron rice bowl" system of full employment and social subsidence, and people themselves have had to make provision for unemployment, sickness and retirement; it has thus bread an atmosphere of insecurity and stimulated a propensity to save among those able to do so (Taylor 2003; Economist 2004 a). A survey, based on 800 door-to-door interviews in Guangzhou, found that, 83% respondents were concerned about higher health-care costs, while 58% had increased levels of saving over the previous year; half expressed a "real sense of uncertainty" about the future; in addition, 78% said that they were concerned about the escalating cost of buying or renting a home. It was found that *"people are looking to save rather than spend"* (Saywell 1998).

Following the Asian financial crisis of the late 1990s, Chinese economic planners have learnt the undesirability of excessive reliance on foreign markets, and have thus redirected policies for maintaining growth from expanding production to increasing demand. Consumption has been predicted to accelerate under the direct stimulus of government policy, reflected in the priorities of the Ninth and Tenth Five Year Plans (1996-2000 and 2001-2005). One of the examples is the banks' new policies that deluge consumers with credit cards, mortgages and car loans in an attempt to make growth more balanced by encouraging consumer spending. The Economist (2005 f) reports that a tenth of all outstanding bank loans, or around 2 trillion yuan ($242 billion) is now owed by consumers; mortgages, which account for 90% of this, grew at an annual compound rate of 115% between 1998 and 2004, according to KGI, a securities firm.

Economic growth since then has in turn, fuelled consumption of goods beyond basic necessities, with growth in expenditure on consumer durables – typified by electrical goods and, in some cases, even cars, hitherto beyond the reach of most private Chinese consumers – as well as expenditure on leisure pursuits such as entertainment and travel. Importantly, expenditure on housing, a harbinger of future consumer spending, has grown consistently (see Table 4-3 and Table 4-4).

Taking consumer goods as an example of the evolution of the consumer in urban China, Table 4-4 listing the ownership rate of major consumer durable goods over three decades, illustrates the rapid proliferation of new consumer items and thus indicates that urban living standards have moved beyond subsistence levels to relative comfort.

Table 4-3 Disposable Income and Expenditures for Consumption in Urban Households (1990 – 2003)

	1990	1995	2000	2002	2003
Per Capita Disposable Income (yuan)	1510	4283	6280	7703	8472
Expenditures for Consumption (%)					
Food	54	50	39	8	37
Clothing	13	14	10	10	10
Household Facilities, Articles and Service	10	7	7	6	6
Medicine and Medical Service	2	3	6	7	7
Transport, Post and Communication Services	1	5	9	10	11
Education, Cultural and Recreation Services	11	9	13	15	14
Residence	7	8	11	10	10
Miscellaneous Commodities and Services	1	3	3	3	3

Source: (NBS-China 2004)

Table 4-4 Number of Major Durable Consumer Goods Owned Per 100 Households at the Year-end (1985 – 2003)

	1985	1990	1995	1998	1999	2000	2002	2003
1970s								
Bicycle	152.3	188.6	194.3	182.1	183.0	162.7		
1980s								
Colour Television	17.2	59.0	89.8	105.4	111.6	116.6	126.4	130.5
Refrigerator	6.6	42.3	66.2	76.1	77.7	80.1	87.4	88.7
Washing Machine	48.3	78.4	89.0	90.6	91.4	90.5	92.9	94.4
Video-recorder			18.2		21.7	20.1	18.4	17.9
1990s								
Hi-Fi Stereo			10.5		19.7	22.2	25.2	26.9
Oven		0.3	8.1		24.5	30.8	51.1	61.8
Camera					12.2	17.6	30.9	37.0
Air Conditioner	8.5	19.2	30.6	36.3	38.1	38.4	44.1	45.4
2000s								
Mobile Telephone					7.1	19.5	62.9	90.1
Computer					5.9	9.7	20.6	27.8
2010s								
Automobile					0.3	0.5	0.9	1.4

Sources: (NBS-China 2001; NBS-China 2004); adopted from table 6.4 of (Davis 2000)

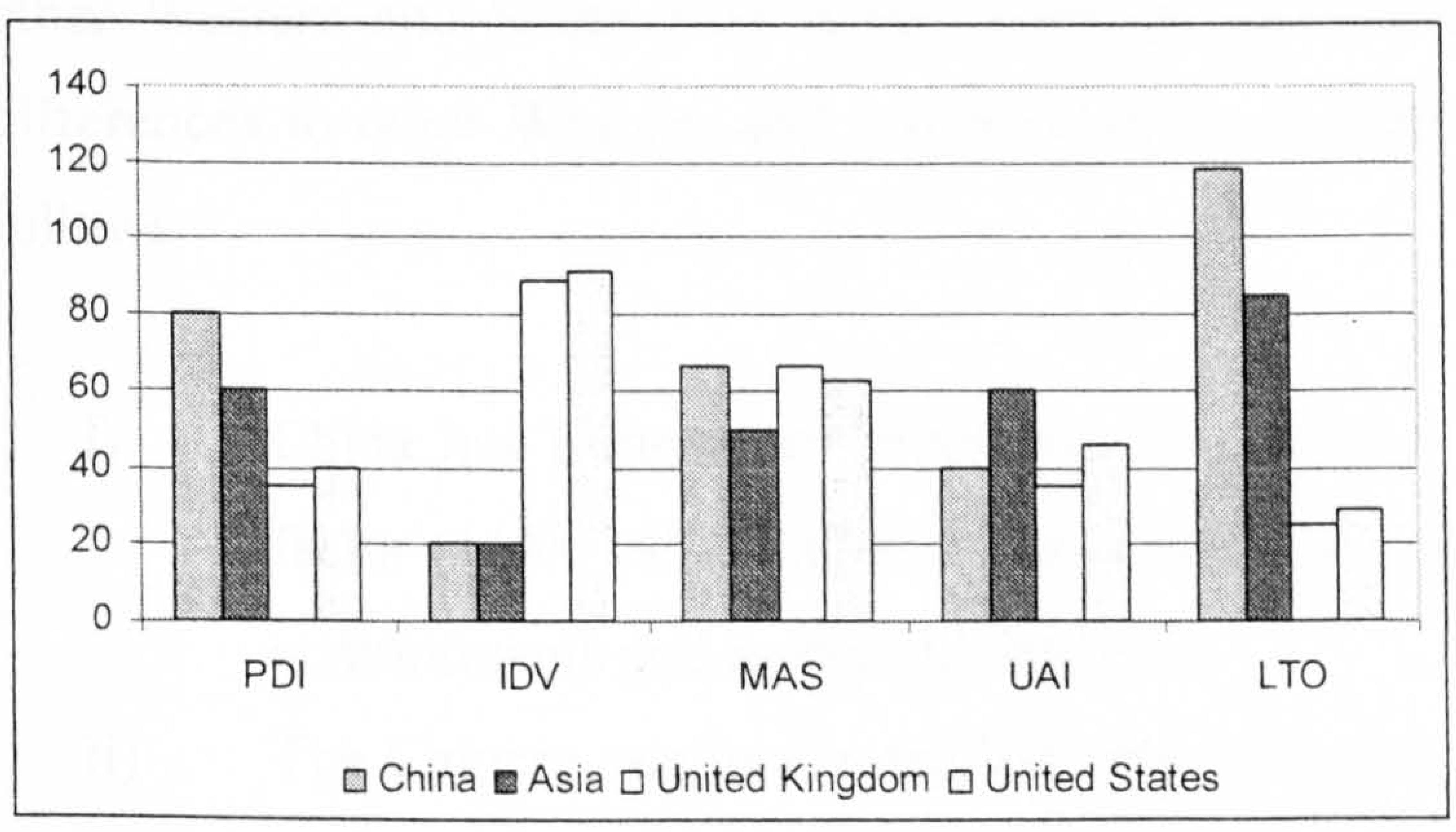
It is estimated that there are now around 10-13m mainland customers for luxury goods – mostly entrepreneurs and young professionals working for multinational firms and living on the country's Eastern seaboard in big cities such as Shanghai, Beijing and Dalian (Economist 2004 b). The Economist (2004 b) suggests that the "three on the bund" is a vision of the future of Chinese consumerism. Many luxury firms see Chinese shoppers as the new

Japanese – a potentially huge group of status-conscious, increasingly wealthy people hungry for brands and fanatical about shopping.

4.4.2 Cultural Differences

Many MNCs have tried to impose Western models of marketing on China and have tended to gear their products and pitches to those Chinese consumers, who mostly resemble the prototypical Western consumer. As a result, they have missed the fact that there are significant cultural differences between Western and Chinese consumers. Succeeding in these broader markets requires companies to spend time building a deep and unbiased understanding of the unique characteristics and needs of consumers (Prahalad and Lieberthal 2003) .

Figure 4-6 Hofstede's Cultural Dimensions



Sources: adapted from (Hofstede 2005)

It is acknowledged that contemporary Chinese culture in the PRC consists of three major elements: traditional culture, communist ideology and, more recently, Western values (Hiu, Siu et al. 2001). Confucianism is undisputedly the most influential philosophy, which forms the foundation of Chinese cultural tradition and still provides the basis for the norms of Chinese consumer behaviour (Fan 2000). The mix of cultural influences on consumers have been analysed in various approaches. For example, Hofstede (2005) has developed a series of cultural value measurements –

"Cultural Dimensions" – to analyse social value differences across cultures. These can be summarised as: i) a Power Distance Index (PDI) focusing on the degree of equality, or inequality, between people in the country's society; ii) Individualism (IDV) focusing on the degree to which the society reinforces individual or collective achievement and interpersonal relationships; iii) Masculinity (MAS) focusin on the degree to which the society reinforces, or does not reinforce, the traditional masculine working role model of male achievement, control, and power; iv) an Uncertainty Avoidance Index (UAI) focusing on the level of tolerance for uncertainty and ambiguity within the society - i.e. unstructured situations; and v) Long-Term Orientation (LTO), focusing on the degree to which the society embraces, or does not embrace, long-term devotion to traditional, forward thinking values.

Applying these dimensions to the Chinese consumer (see Figure 4-6), it is apparent that consumers have different rankings in each dimension from other Western and South East Asian countries, thus indicating significant differences to other Western and Asian cultures. Hofstede's analysis is as follows:

i) China has Long-term Orientation (LTO) as the highest-ranking factor (114), indicating that it ascribes to the values of long-term commitments and respect for tradition.

ii) The Chinese rate low in the Individualism (IDV) ranking which it is believed may be attributed, in part, to the high level of emphasis on a Collectivist society instilled by Communist rule. The low Individualism ranking is manifest in a close and committed member 'group', be that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount. The society fosters strong relationships where everyone takes responsibility for fellow members of their group.

iii) China's significantly higher Power Distance ranking is indicative of a high level of inequality of power and wealth within the society. This condition is not necessarily forced upon the population, but rather accepted by society as their cultural heritage.

However, Fan (2000) suggests that the scope of Hofstede's Culture Dimensions is too narrow or simplistic to describe Chinese cultures. Based on a substantial literature review, Fan (2000) has classified the core Chinese cultural values into a list of 71 Chinese Culture Values (CCVs) as shown in Table 4-5, which provides a comprehensive perspective on Chinese cultures that potentially affect consumers' behaviour. It is noteworthy that Hofstede's dimensions are included within, but are not sufficient to encompass the list.

Many cross cultural studies, comparing differences in culturally-influenced reasoning between Chinese consumers and those from other cultures, have revealed the significance of these behavioural differences. This is reflected in various ways, including the manner in which Chinese consumers respond to advertising and marketing (Yan 1994; Lowe and Corkindale 1998; Ackerman and Tellis 2001; Malhotra and McCort 2001; Toffoli and Laroche 2002), and complaint behaviours (Chiu, Tsang et al. 1988; Au, Hui et al. 2001; Ho 2001).

For example, Lowe and Corkindale's (1998) research finds that there are differences in both cultural values and the attitudes/perceptions towards various marketing stimuli between Australians and Chinese from the PRC; these differences were fundamentally associated with cultural differences in the respondents' value systems.

Table 4-5 Chinese Culture Values

Table 1a: Chinese Culture Values	
National Traits	38 Thrift (saving)
1 Patriotism	39 Persistence (perseverance)
2 A sense of cultural superiority	40 Patience
3 Respect for tradition	41 Prudence (carefulness)
4* Bearing hardships	42 Adaptability
5 Knowledge (education)	
6* Governing by leaders instead of by law	**Business Philosophy**
7* Equality /egalitarianism	43 Non-competition
8 Moderation, following the middle way	44*Not guided by profit
	45*Guanxi (personal connection or networking)
Interpersonal Relations	46*Attaching importance to long-lasting relationship not gains
9 Trustworthiness	47 Wealth
10 Jen-ai / Kindness (forgiveness, compassion)	48 Resistance to corruption
11*Li / Propriety	49 Being conservative
12*People being primarily good	50*Morality
13 Tolerance of others	
14 Harmony with others	**Personal Traits**
15 Courtesy	51*Te (virtue, moral standard)
16 Abasement / Humbleness	52 Sense of righteousness / Integrity
17 A close, intimate friend	53 Sincerity
18 Observation of rites and social rituals	54 Having a sense of shame
19 Reciprocation of greetings, favours and gifts	55*Wisdom / Resourcefulness
20 Repayment of both the good or the evil that another person has caused you	56 Self-cultivation
21 Face (protecting, giving, gaining and losing)	57 Personal steadiness and stability
	58 Keeping oneself disinterested and pure
Family /Social Orientation	59 Having few desires
22 Filial piety	60*Being gentleman anytime
23 Chastity in women	61*Obligation for one's family and nation
24*Kinship	62*Pragmatic / to suit a situation
25*Vebneration for the old	63*Contentedness with one's position in life
26 Loyalty to superiors	
27*Deference to authority	**Time Orientation**
28 Hierarchical relationships by status and observing this order	64*Past-time oriented
29*Conformity / group orientation	65*Continuity / time viewed as circular rather than linear
30*A sense of belonging	66*Taking a long rang view
31*Reaching consensus or compromise	
32*Avoiding confrontation	**Relationship with Nature**
33 Benevolent autocrat / Paternalistic	67*The way (Tao)
34 Solidarity	68*Fatalism / Karma (believing in one's own fate
35*Collectivism	69*Yuam
	70*Harmony between man and nature
Work Attitude	71*Unity of Yin and Yang
36 Industry (working hard)	
37 Commitment	

Amended and revised from the Chinese Value Survey by the Chinese Culture Connection.
* Those with asterisk are added by Fan (2000).

Source: (Fan 2000)

In the West, marketing communication strategies usually hinge on an image or lifestyle association, or managing brand-equity, and manufacturers often assume that consumers have a basic knowledge of a product. However, such strategies may be inappropriate for Chinese consumers. In China, it is those communication imperatives for products which use simple, direct approaches work that best. (Yan 1994). Zhou and Belk (2004) find two dialectic reactions within Chinese consumers: one is largely driven by the desire for global cosmopolitanism and status goods for the sake of "mianzi" (prestige or face), whereas the other is motivated by a more nationalistic desire to invoke Chinese values that are seen as local in origin. Yaohan, CEO of a large Japanese retailer, reportedly felt puzzled when dealing with Chinese consumers. He explained that the retail chain's failure may have lain in the curious way in which the Chinese respond to advertising and marketing (Economist 1997).

This has specific implications in consumer relationship management, an example of which is that Chinese cultural values have significant effects on consumers' complaint behaviours. The values of social harmony, moderation, face, and reciprocity affect the type of action carried out when dealing with dissatisfaction, especially when this may be handled by way of public confrontation, such as litigation (Ho 2001); given the salience of face concerns in Chinese culture, consumers appear to be less likely to complain when the situation involves direct confrontation with the responsible party than when it does not (Chiu, Tsang et al. 1988).

These cultural values have thus formed a unique set of attributes characterising Chinese consumers. Some studies have attempted to identify these characteristics in terms of various buying behaviours (McDermott and Choi 1997; Anderson and He 1998; Li and Xiao 1998; Davis 2000; Sun, Horn et al. 2004). Sun, Horn et al.(2004)'s study found that consumers in the more individualist cultures (e.g. the UK and the USA), compared with those from China (one of the more collectivist cultures) were more "brand-savvy", travel-oriented, satisfied with their lives and finance, and generally more optimistic. A Gallup survey has identified that the average Chinese consumer is generally pragmatic, price and quality conscious, a careful planner, and patriotic (Cui 1997). Others have found that they are: i) optimistic about the future; ii) positively disposed to trying new products; iii) sophisticated shoppers who make well-informed purchases, and who value performance rather than brand image; and iv) family focused; saving more to cover costs of health care and their children's education, as the government gradually cuts back on various subsidies. (McDermott and Choi 1997)

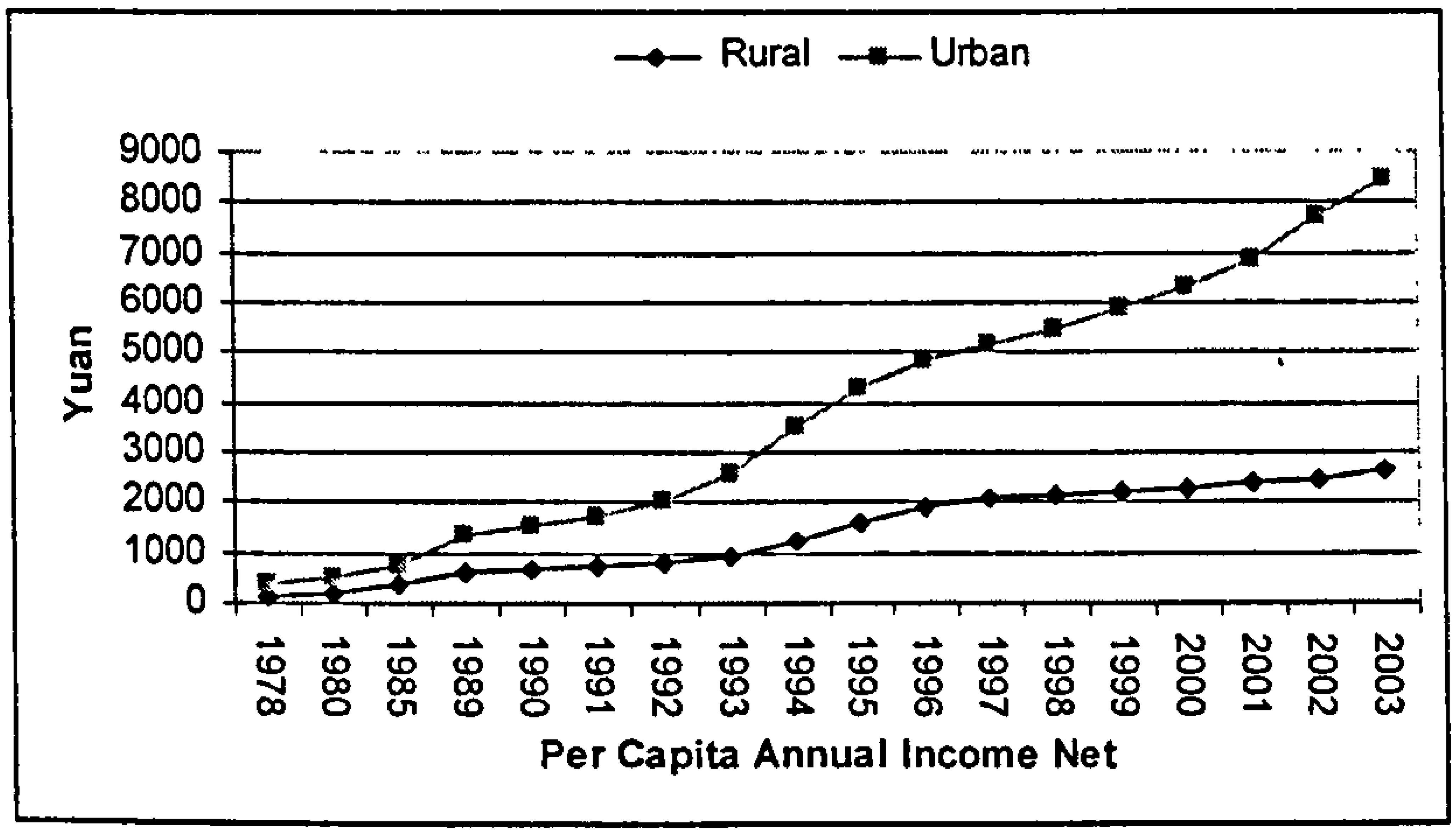
These characteristics have therefore been perceived to have three major implications for foreign marketers in China (McDermott and Choi 1997):

- They will find it difficult to achieve customer loyalty
- They need to offer consumers product information
- They will enjoy competitive advantage if they can deliver superior 'value-for-money' products.

4.4.3 Diversity

Although it is assumed that the common cultural heritage shared by China's population leads to a level of standardization and coordination in product introduction and advertising within China (Cui 1997), the misconception of China as a homogeneous market often leads to difficulties in assessing market demand and enacting effective strategy (Cui and Liu 2000). As a result many MNCs have failed to differentiate the strategies and practices in different segments, and although some have recorded impressive sales growth, many have suffered from sluggish sales and elusive profits. China has 31 provinces, 656 cities, 48,000 districts, seven major dialects and 80 spoken tongues. Climate and geography vary from the freezing northern plateaus to the semi-tropical south. There are enormous disparities in income, education and lifestyle between city dwellers and farmers, and between the wealthy east coast and the poor west and north-east. For most products, there is no such thing as a national market. China's consumers are too dispersed, too inaccessible and too different from each other (Economist 2004 a). In many cases, foreign as well as Chinese firms have seen less than gratifying returns on their investments as they have fallen victim to the "edifice complex": rushing to expand their operation, they have failed to understand fully Chinese consumer preferences.

Figure 4-7 Per Capita Annual Income Net of Rural and Urban Households



Sources: (NBS-China 2004)

In addition, a significant number of MNCs have overestimated the demand for their products in China; whilst, China is still largely rural and poor with an average income of just $360 per head per year (Economist 1999), as of 1999 refer to Table 4-6. "*For most of its 1.2 (then) billion people the purchase of electronic goods, stylish clothes or even ice cream remains a distant dream; products that might not even be considered luxury items in the West could end up with price tags out of the reach of most Chinese*" (Economist 1994). Although category sales growth is often high, such a phenomenon is largely due to the growth of high income groups, not that of the overall population (Cui and Liu 2001). A very small part of the consumer elite may mislead many companies to overestimate the buying power of the whole Chinese consumer population. Foreign companies are unlikely to find a nationwide, majority middle class in China like that of Japan or the United States (Cui 1997). Among low-income urban dwellers and those in the countryside, certain consumer durables are by no means universal. For instance, the number of colour television sets in China's villages had reached 4.72 per hundred households in 1990 and even though the number increased to 22.9 in 1996, this was far below the level found in the cities (see Table 4-4).

It is apparent that consumers from various geographical regions have different values, lifestyles, and customs (Cui and Liu 2001). Economic reform over the past 20 years has dramatically increased regional income inequalities. In fact, growing income differentials are being reflected not only in the extent, but the diversity of consumption, one feature being greater consumer discernment evidenced by increased disparity (see Figure 4-8). Urban markets for certain consumer goods, such as the television, and washing machine, are already satiated, but there is a dearth of high technological quality commodities. Thus, in some sectors supply exceeds demand, while in others the pattern is reversed (Taylor 2003).

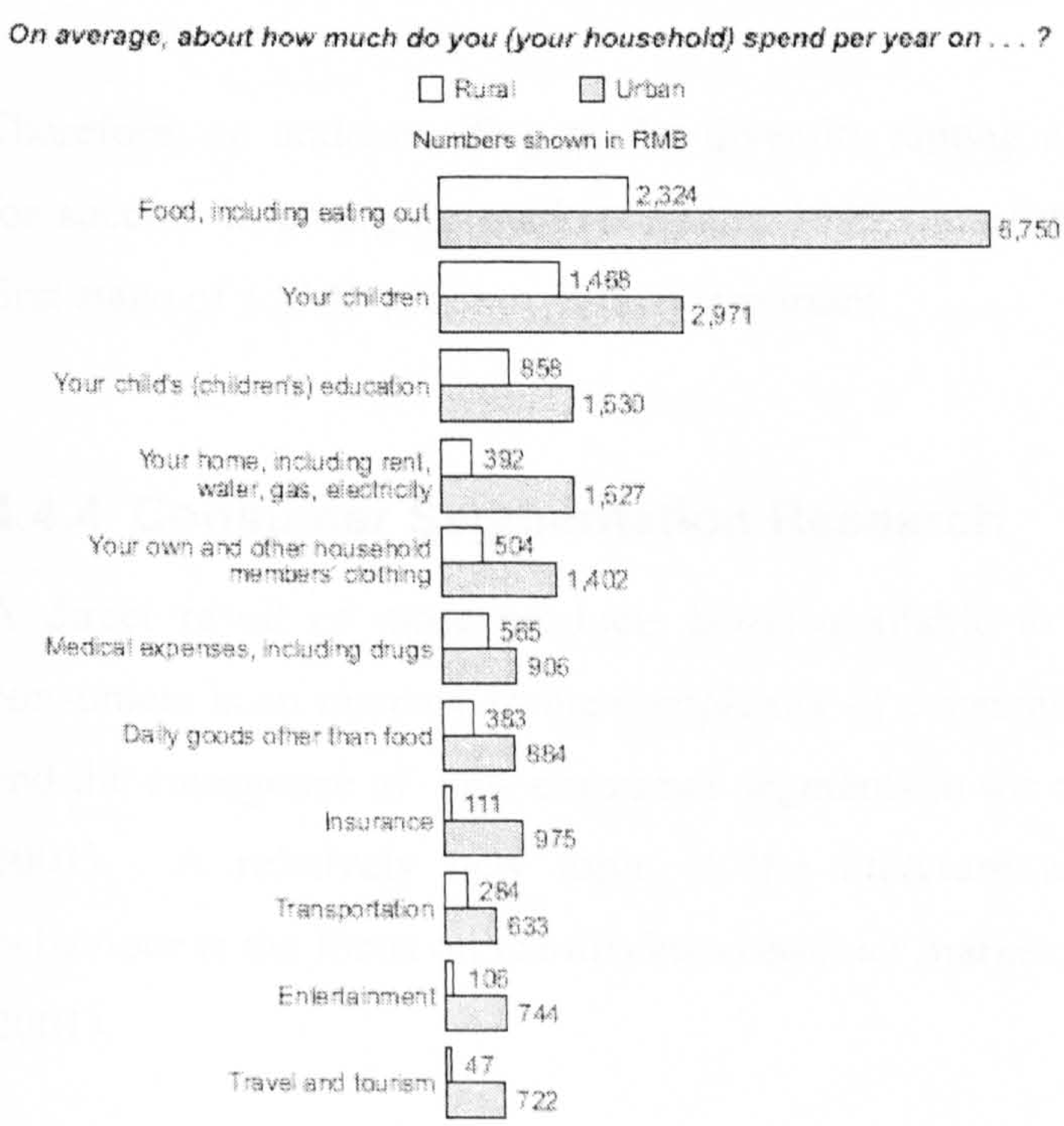
Many studies manifest the significance of regional income disparity (see Figure 4-7). During the 1980s and 1990s, government policies increased the disparities between regions, causing the eastern (coastal) region to advance at a greater rate than the western and central regions. Even though the Chinese government has consistently emphasised a policy of achieving economic equality between the nation's geographic and administrative regions, disparity between regions and cities persists, and in recent years it has even increased (Song, Chu et al. 2000).

Another study by Zhang et al. (2001), attempting to investigate the reasons behind China's regional per capita income convergence, also suggests that the inequality among western, central and coastal regions are significant and economic reforms have widened the gaps much further.

Moreover, such inequities have changed continuously. According to Lee (2000) study, the dominant sources of overall regional inequality in output have shifted from intraprovincial to interprovincial inequality, from rural-urban to intrarural inequality, and also from a disparity within coastal areas to one between the coast and the interior. In the case of consumption, however, the intraprovincial inequality, rural-urban inequality, and the disparity within coastal regions are the major factors in overall regional inequality (Lee 2000). Herrmann-Pillath, Kirchert et al. (2002) investigation of the impact of different levels of spatial aggregation on the assessment of regional disparities in China has concluded that nationally homogenous discrimination still advantages urban areas, and that in many rural areas, despite clear growth, these is an increasing divergence re urban areas.

As would be expected given the income disparities, consumption habits differ significantly. These differences are magnified where discretionary spending is concerned. Taking the consumption between urban and rural China as exemplars (see Figure 4-8), the average urban household spends 15 times more on travel and tourism and 7 times more on entertainment than the average rural household. The urban/rural gap is smallest when it comes to spending on medical expenses and one's children – priorities for both urban and rural Chinese. (Arora 2005)

Figure 4-8 Consumption Pattern of Rural and Urban Consumers



Sources: (Arora 2005)

Income disparities together with differences in consumption power, education, personal habits, and tastes, have led to the fragmentation of Chinese domestic consumer market. Disparate incomes and divergent lifestyles result in different levels of consumer readiness and responsiveness to marketing efforts (Cui and Liu 2001). Income disparities do not exist only between consumers from rural and urban area, but also between urban consumers. For instance, at a $5,600 per capita GDP, Shanghai is more than five times higher than it is in Chongqing, in the interior of the country (Economist 2001). This also can be reflected by the extent of brand ownership between consumers from various regions: consumers from coastal areas or big cities show more willingness to purchase international brands, in contrast, consumers from rural areas seem to be more often use local brands (Cui, 1997). It has been perceived that *"China's consumers are more diverse and more discriminating – than some marketers of foreign goods may realize"* (Cui 1997). This urban homogeneity and rural disparity also be seen to have implication for the transferability of Beijing region in figures 8.3 and 8.4.

Therefore, an understanding of the diversity among consumers is essential for success in emerging markets (Batra 1997); market segmentation, as the first stage of a SMP process, is thus important.

4.4.4 Consumer Segmentation Research

A direct result of more products being available to the average Chinese consumers is an increase in the complexity of consumers' choice behaviours and the emergence of new consumer segments in the market (Hiu, Siu et al. 2001). A relatively new topic in the literature on Chinese consumer behaviour is the focus on identifying consumer market segments (Sin and Ho 2001).

After reviewing literature in the area of consumer research in Greater China (including Mainland China, Hong Kong and Taiwan) over the 1979 to 1997 period, Sin and Ho (2001) have suggested that, while a considerable breadth of topics have been researched, much remains to be done: i) specifically there is further room for theoretical development in Chinese consumer behaviour studies; ii) and the methodologies used need improvement and further refinement. This is especially true in the field of market segmentation research.

In order to show the scope and depth of activities in the area of market segmentation, the author has summarised the recent research recorded in the literature reviewed, as shown in Table 4-6. Specific emphasis is placed on i) approaches including segmentation bases and descriptive variables, ii) methodology including products used for testing, sample coverage, sampling and analysis methods; and iii) the content of results.

It is apparent that the segmentation research undertaken on China's domestic market has adopted a wide range of segmentation variables, markets studied, and methods. However, although some studies of Chinese consumers have examined demographic and geographic differences, Dickson, Lennon et al.(2004) note that these studies have not generated multi-faceted market segments using the characteristics explored; but instead have explored regional variations in consumer characteristics and their marketing implications. More comprehensive market segments have been generated around psychographic and lifestyle differences and profiled by their demographic and geographic characteristics, but this research has apparently not kept pace with the developments in China's consumer market, given the importance of China's market to both MNCs and indigenous manufactures. Further, whilst several studies have focused on specific groups of Chinese consumers, it is debatable whether the limited geographic coverage and samples are valid (Cui and Liu 2000).

Table 4-6 Segmentation Research Conducted in China (by Basis and Author)

Type	*authors*	*variables*	*Descriptive variables*	*product/s*	*sample*	*location*	*Sampling method*	*analysis methods*
Geographic and Socio-economic	(Cui and Liu 2000)	geographic	Purchasing power Attitudes Lifestyle Media use		(Gallup data) 3727 households	41 major cities in China cross China	questionnaire	
	(Herrmann-Pillath, Kirchert et al. 2002)	Economy GDP and Income	geographic					
	(Yao and Liu 1998)	Economy GDP				Rural		
Demographic	(Cui and Liu 2001)	Demographic. income	lifestyle activities, media use; Monthly Expenditures; Consumption Patterns		(Gallup data) urban sector . interviews to 2609 hour-long inhome interviews	41 major cities in China cross China	representing the entire nation	ANOVA and chi-square statistics
	(Laurent 1982)	Family life cycle						
	(Anderson and He 1998)	Age	Price	Camera, cosmetics, fast food, beverages	2,960	Beijing	quota	
Lifestyle	(Tam and Tai 1998)	Psychographic. demographic, 36 lifestyle variables and shopping practice			558 Working females aged 18 to 35	Guangzhou, Hongkong and Taipei	quota	principal component factor and Cluster analysis
	(Wang, Yee-Man Siu et al 2002)	psychographic and demographic	shopping orientations, demographic variables and fashion information searching behaviours	fashion				
	(Wang, Chan et al. 2001)	psychological variables such as consumer sentiment and attitude		property				hybrid approach
Behavioural	(Dickson, Lennon et al. 2004)	Product attributes and purchase intentions	demographic and geographic characteristics, apparel expenditures, and perceptions of US-made pants	foreign apparel products	1,628 married adult consumers	Beijing, Guangzhou, and Shanghai		conjoint analysis
	(Veeck and Veeck 2000)	Criterion for purchase Behaviours	Socioeconomics. Demographic and Household	food	Focus group and survey 150 households	Nanjing	Convenience	Cluster analysis
	(Li and Xiao 1998)	Consumer Perceptions and Attitudes	Information orientation; Purchasing style; Life objective; Social and economic factor.		100 residents via resident committees	Beijing	Convenient sampling	
	(Wang, Siu et al. 2004)	Products (domestic or imported brands)	decision-making styles and other consumer behavioural characteristics	clothing				

4.4.4.1 Geographic Segmentation

As noted in the above, China's domestic market is, geographically speaking, exceptionally large and fragmented, with significant regional disparities and multicultural consumer groups; As MNCs continue to increase their stake in the country, understanding of regional differences in consumer purchasing power and lifestyles is critical for MNCs to assess local market demand accurately and to enact effective marketing strategies (Schmitt 1997).

Much literature has recorded this regional diversities (Yang and Zhou 1999; Lee 2000; Song, Liu et al. 2001; Zhang and Felmingham 2001; Zhang and Zhang 2003; Arora 2005). Given that these geographic divisions have significant implications for understanding Chinese consumers and improving market strategies (Cui and Liu 2000), some authors have suggested the geographic segmentation of China based on location, economic development and local culture (Schmitt 1997; Yao and Liu 1998; Cui and Liu 2000; Herrmann-Pillath, Kirchert et al. 2002).

The series of surveys of Chinese consumers conducted by the Gallup Research Co. Ltd. (China) is believed to provide solid findings representative of the entire nation and various demographic groups, due to the use of a statistically representative samples of all groups, nationwide coverage, and method of data collection. The data set contains demographic information, and also consumer attitudes, lifestyle activities, media usage, household expenditure and consumption patterns, and knowledge of many domestic and foreign brands. These surveys therefore are thought to produce a revealing psycho-graphic profile of the urban Chinese consumer (Cui and Liu 2001).

According to Schmitt (1997), Gallup's survey has revealed sharp differences between rural and urban consumers, and he recommends that the continuum ranging from 'big city' at one end and 'small village' at the other end is perhaps the most significant segmentation variable.

However, due to poor accessibility, little, with the exception of Yao and Liu (1998), is known about sub segments within the rural segment. Given the huge inequality in buying power between rural and urban consumers (see Figure 4-8), research interest has been focused on consumers from large cities or coastal areas.

Based on the Gallup survey, Cui and Liu (2000) analysed diversity among Chinese consumers across seven regional markets, and identified the three following regional segments (Figure 4-9):

i) 'growth markets' within South and East China; these are more advanced in economic development and have more affluent consumers than hinterland provinces.
ii) 'emerging markets' within North, Central and Southwest China; this regional economy has grown rapidly over the last few years and attracts investment from many countries.
iii) 'untapped markets' within Northeast and Northwest China; these are still waiting exploration by foreign firms, and receive little FDI.

This analysis suggests that consumers from various regions are significantly different from one another in terms of purchasing power, attitudes, lifestyles, media use, and consumption patterns. Therefore, Cui and Geng (2000) suggest that MNCs need to take a cautionary approach when expanding into the inland regions, and must adapt to the local market conditions and devise sustainable strategies.

Moreover, there are noteworthy differences among cities. Other research undertaken by Herrmann-Pillath, Kirchert et al. (2002) investigates the impact of different levels of spatial aggregation on the assessment of regional disparities in China and concludes that the disparities among cities are growing.

Figure 4-9 Regional Markets

Sources: (Cui and Liu 2000)

Whilst, it is suggested that "urban-rural" or "urban-suburban-rural" segmentation is important, segmentation of the Chinese consumer should not stop there. Schmitt (1997) believes that more needs to be known about sub-segments among the urban markets.

4.4.4.2 Demographic Segmentation

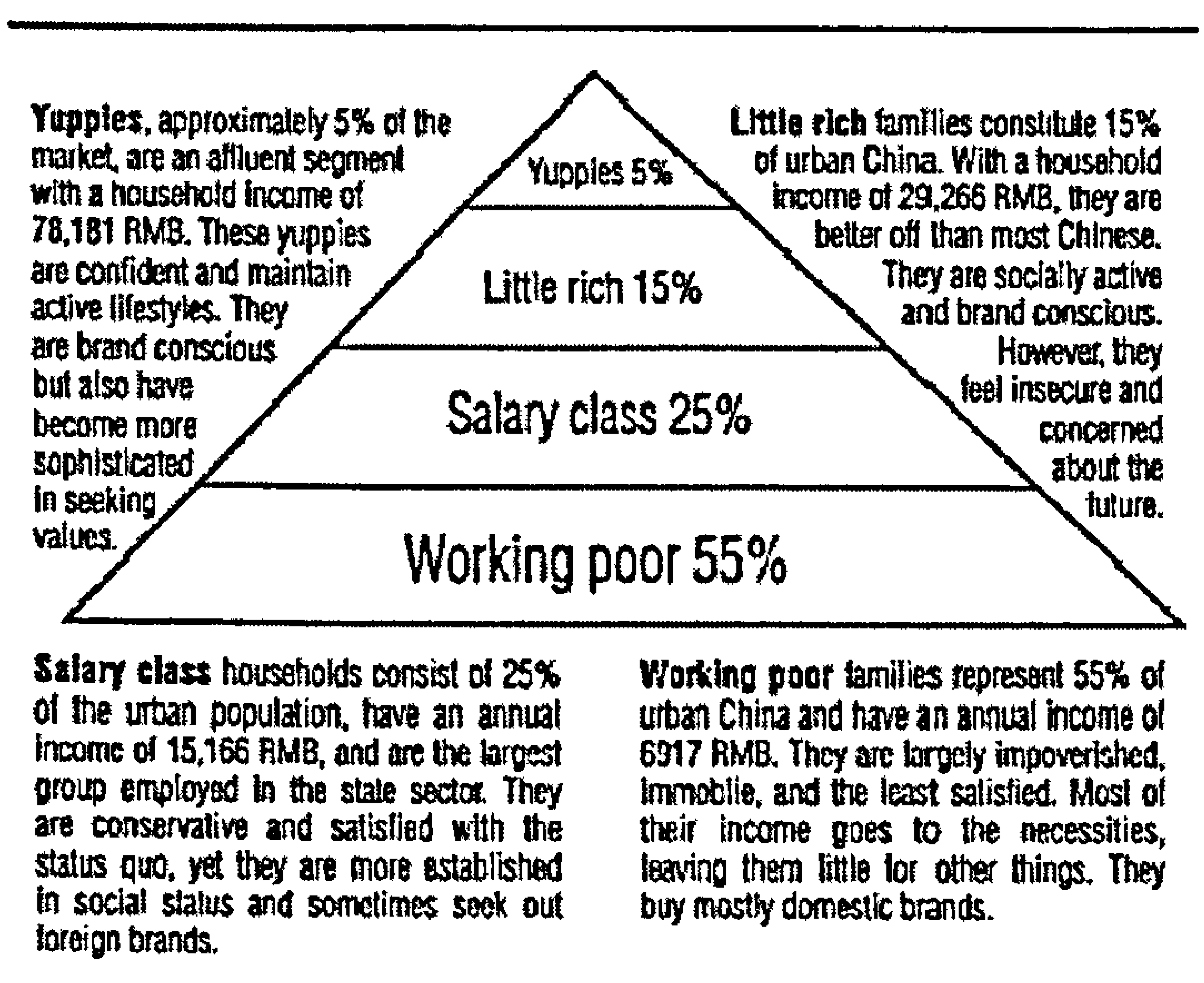
Demographic segmentation has been applied to some sub-markets in urban China. The variables used have included age and sex; income; and family lifecycle. Among them, Cui and Liu (2001) believe that income is one of the primary factors that influences consumer behaviour, and thus income segmentation is an effective approach for China's market, especially by reason of significant diversities among consumers. This is especially true for imported goods and those made by foreign companies in China, which are usually more expensive than domestic products (Cui and Liu 2001). An examination of consumer trends also suggests market segmentation based on growing personal and regional income inequalities (Taylor 2003). Anderson and He (1998)'s survey of Beijing consumers regarding both durable and nondurable goods, has concluded that consumer age and product price are two effective approaches to segmentation.

One example of income segmentation is put forward by (Cui and Liu 2001). Based on data regarding urban consumers from Gallup's 1997 national survey, Cui and Liu (2001) adopt total household income as the a priori factor for market segmentation and identify four consumer segments for urban residents across China. Their findings suggest that the four groups would appear to constitute distinctive market segments. As Figure 4-10 suggests, China's market structure resembles a pyramid, with a very small upper class, a small middle class, and a majority lower class. At the same time, each group has characteristics that are notably different from the others in terms of demographics, psychographics, and lifestyle activities.

Cui and Liu (2001) therefore suggest that : i) the pyramid shape of the consumer structure – which is different from that of many developed markets, such as the West, that have a majority middle class – suggests that the effective market size in China for comparatively expensive imported goods is smaller than many western MNCs may have expected; ii) a strategy focusing on the small group of "yuppies" may work initially, yet has limited long-term growth potential; especially as this only accounts for 5% of the urban population; Cui and Liu (2001) suggests that MNCs must move beyond this elite group to reach a wider market; iii) although household income plays a key role in distinguishing between these segments, value orientations and lifestyle activities have a significant effect on purchase behaviour, whilst the various characteristics of each segment suggest different market approaches.

Some researchers have attempted to apply other bases than income to segmentation. It is predicted that China faces an aging society due to the one-child policy, which suggests the importance of age segmentation and (Economist 2005 b) argues that companies targeting domestic consumers in China should focus on the older consumers. A survey reported by Anderson and He (1998), with a sample of 3,000 responses from Beijing, has provided information which differentiates the 'price influenced segment' from that 'not influenced by price', and 'younger' from 'older' segments. In a further piece of research, Laurent (1982) has investigated the family life cycle concept within Chinese culture and has suggested a segmentation based on family lifecycle.

Figure 4-10 Urban Consumer Segments



Source: (Cui and Liu 2001)

4.4.4.3 Psychographic Segmentation

It is believed that psychographic and lifestyle segmentations promise to be a useful way to move beyond economic and demographic descriptions of Chinese consumer segments in order to provide an in-depth understanding of the psychology of the Chinese consumer (Schmitt 1997). Cui and Liu (2001) suggest that although income plays a key role in distinguishing segments, value orientations and lifestyle activities have a significant effect on purchase behaviour.

Wang, Yee-Man Siu et al's (2002) study indicates that the combination of psychographic and demographic variables in describing consumer choice patterns provides rich information about each consumer segment. Wang, Chan et al. (2001) also believe that psychological factors add incremental explanatory and predictive power to traditionally used demographic variables, as with the exception of household income levels, psychological factors were better than demographic variables in differentiating "intenders" from "non-intenders" in China's emerging property market.

Some studies have been conducted via a psychographics approach (Li and Xiao 1998; Tam and Tai 1998; Veeck and Veeck 2000; Hiu, Siu et al. 2001; Wang, Chan et al. 2001; Wang, Yee-Man Siu et al. 2002; Dickson, Lennon et al. 2004; Wang, Siu et al. 2004) (Table 4-6). Although there has been debate about the limited geographic coverage and sample validity due to the use of specific groups of Chinese consumers (Cui and Liu 2000), most have provided in-depth information on Chinese consumers and strategic implications.

For example, Li and Xiao (1998) have utilized consumers' attitudes/perceptions towards commercial information, including advertising and price as variables to a group of respondents selected from Beijing consumers, and in so doing have identified four types of Chinese consumer.

Among them, i) 50.8% were the "pragmatic" type who seek practical aspects of consumer goods without caring about commercial information, ii) 33.9% were the "commercialized" type, pursuing marketing information and brand name products, iii) 11.7% were the "sociable" type, getting information mainly from friends, and only iv) 3.6% were the "conservative" type, ignoring marketing information and disliking social change.

After investigating the changes in food purchase patterns in China, based on a survey of urban households in Nanjing, Veeck and Veeck (2000) identified three distinct segments i) "Convenience shoppers"; ii) "Frequent shoppers" and iii) "Traditional shoppers". Hiu, Siu et al. (2001)'s study using the measurement instrument of consumer decision-making style has found that quality and price were the major concerns in Chinese consumers' product choice and that they tended to stick with familiar local brands. Tam and Tai (1998) have used psychographic dimensions in their research to segment the female consumer market in Greater China (the People's Republic of China, Taiwan, and Hong Kong) and have distinguished four distinct segments, referred to as "conventional women" (40.7 per cent), "contemporary females" (21.9 per cent), "searching singles" (19.4 per cent) and "followers" (18.1 per cent). Research by (Wang, Siu et al. 2004) reveals that consumers who prefer to buy imported brand clothing tend to have a unique lifestyle and shopping orientation that differ from those who prefer domestic brand clothing.

It is apparent that since a large portion of the 'middle class' consumers identified in the West or Japan, do not exist in China's domestic market, segmenting China's market – by examining all psychographic factors including geographics, demographics, and differences in attitudes, values, beliefs, or even personality – paints a more realistic picture of the different consumer categories in China, as well as each group's "readiness" to purchase foreign-made goods. The research viewed in this respect provides in-depth information on lifestyle activities that have significant effects on purchase behaviour. Accordingly, the various characteristics of each segment suggest different market approaches. However, the appropriate choice of approaches is dependant on accurately identifying segments.

4.4.5 Summary

Reviewing the context of China's domestic market and relevant consumer research, especially segmentation studies, it is possible to conclude that:

1. Much cross cultural research has revealed significant differences in consumer behaviour, reflected in various ways including the manner in which consumers respond to advertising, marketing, and other behavioural measures. Those companies which have tried to impose Western models of commerce on China, or to gear their products and pitches to Chinese consumers, have missed the fact that there are significant cultural differences between Western and Chinese consumers.

2. The process of transition in China's economic reform has provided the Chinese people an opportunity to be "reborn" as consumers, as well as shaping consumers' characteristics embraced in China's unique 'Guo Qing' – the increasingly large disparities at various levels among Chinese consumers. Whilst, Chinese consumers share a common cultural heritage and language, this often misleads companies into regarding the Chinese market as homogenous.

3. The 'urban-rural' or 'urban-suburban-rural' segmentation is important as it provides an overview on regional diversities. Whilst more needs to be known about the sub-segments, both research and practice interests have been focused on urban areas due to higher buying power and higher levels of consumer readiness. It has been acknowledged

that income is an effective way to segment Chinese urban consumers, and the resultant consumer structure suggests that the effective size of markets in China is smaller than expected; and that only by moving beyond the elite groups to reach a wider market can MNCs generate profit. Substantially more research needs to be done to understand how consumer value orientations and lifestyle activities have an impact on purchase behaviour; whilst other psychographic research has provided some in-depth information, the various characteristics of each segment suggest the need for different market approaches.

4. Given that consumer research into China's markets is still scarce, especially in market segmentation areas, and the ever growing importance of China's domestic market to both MNCs and indigenous manufacturers, market segmentation research has apparently not kept pace with the development in China's consumer market.

4.5 CONCLUSION

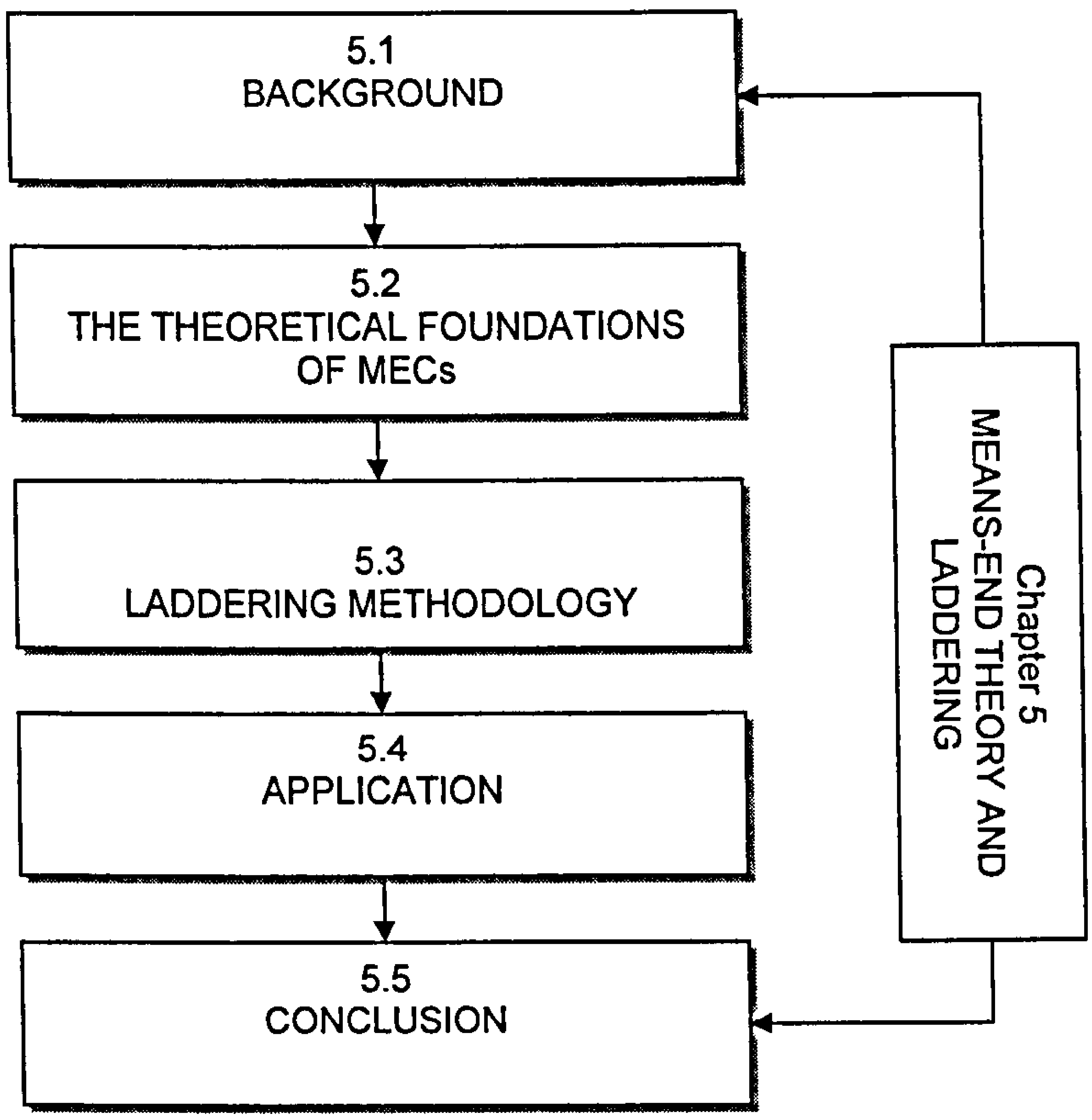
With the rapid growth of China's economy, the marketplace within China has been significantly transformed and many sectors have shown dramatically increased competition. Consequently, both indigenous manufacturers and those foreign MNCs operating in China have evolved to a stage that requires a transformation from manufacturing to marketing, which has placed an imperative on a better understanding of consumers and of appropriate approaches to identifying the demands of consumers. This is especially relevant to the mobile phone market that represents the more maturing markets in China.

At the same time, investigation of the evolution of Chinese consumers reveals their unique characteristics and significant lack of homogeneity, attributed to i) cultural heritages that are significantly different from other cultures ii) rapid economic transition, and iii) substantial regional diversities. Therefore, it is proposed that the highly fragmented nature of the China's domestic market requires appropriate market segmentation research, thus providing organisations with actionable segmentation schemes for further strategic marketing planning. It is recognised that i) market research in China's domestic market is still scarce and that ii) existing segmentation studies are likely to be faced with similar problems to those in a Western context. As noted in Chapter 3, increasingly fragmented markets lead to a need for a more complex approach to segmentation rather than reliance on traditional ones such as demographics and geographics.

Therefore, the central tenet of this thesis is that maturing market segmentation in China will give rise to issues in developing markets associated with a lack of homogeneity. Given that market segmentation research in these maturing market sectors in China is faced with the same challenges as that of Western markets, this thesis will attempt to test MEC approaches to identify segments within the urban Chinese mobile phone market.

Chapter 5 MEANS-END THEORY AND LADDERING

Figure 5-1 Chapter 5 Structure



This chapter explores the means-end theory and laddering methodologies. It starts by introducing background theory and a conceptual framework for the means-end chain (MEC). It then explains the laddering method and discusses various techniques and arguments which occur at differing stages of the process. The application of means-end theory and laddering is discussed thereafter. Focus is placed on marketing segmentation, as it is one of the most widely applied areas and is strongly correlated with strategic marketing planning. This chapter concludes with the proposition that means-end theory and the laddering method are powerful tools for understanding consumer value and can be successfully applied to many marketing areas, especially marketing segmentation and advertising.

5.1 BACKGROUND

The basic premise of the marketing concept is that a product (or service) is a "bundle" of physical and perceived attributes, which provides a customer with an associated "bundle" of benefits to satisfy his/her needs and goals. This is also a central tenet of means-end theory (Peter & Olson, 1993) which implies that these attributes, which a customer values and considers important in a product, are connected to those benefits derived from it, which then facilitate the achievement of end goals as perceived by the customer. It would seem to be particularly appropriate for the purpose of enabling SMP within target markets, due to the ability of the MEC to provide a deeper understanding of the customer decision making process, based on which a *"strategic marketing planning"* (SMP) process can be applied.

Means-end chains (MECs) and the use of laddering as a corresponding interviewing technique are finding increased acceptance in marketing research. Botschen and Thelen (1998) believe that the MEC and laddering is one of the most promising developments in consumer research within the last decade. According to Olson (1995), means-end chains are hierarchical cognitive structures that model the basis for personal relevance by relating consumers' product or service knowledge to their self-knowledge. The fundamental idea underlying the MEC is that decision makers choose courses of action that seem most likely to achieve important outcomes.

5.1.1 A Brief History

Means-end chain theory builds upon the work of psychologists (Tolman 1932) and economists (Abbott 1955), who had long recognized that consumers do not buy products for the product's sake, but for what the product can do for them (Hofstede, Audenaert et al. 1998). Other theoretical concepts and perspectives have made a significant contribution to the development of the means-end approach, such as the "personal value" concept (Rokeach 1968; Vinson, Scott et al. 1977), the "benefit segmentation" concept (Haley 1968), and "personal construct" theory (Kelly 1955).

Table 5-1 Previous Approaches to Means-End Theory

Young and Feigin (1975)'s "Grey benefit chain" in which a product is linked to a concept termed the "emotional payoff" through a chain of benefits:

Product → Funtional benefit → Practical benefit → Emotional payoff

Gutman and Reynolds's early version of the means-end model combining Howard and Rokeach's value measures:

Product attributes → Choice criteria → Intrumental values → Terminal values

Myers and Shocker have described a similar set of linked concepts:

Physical characterisitcs → Pseudo-physical characteristics → task or outcome referent (benefit) → User referent (imagery)

Source: (Olson and Reynolds 1983)

Their work has served as a basis for many marketing scholars to elaborate the means-end model. Among the earliest of these was Howard (1963) whose generic model of buyer behaviour included many means-end ideas and discussed how a means-end perspective on consumers could be useful in marketing. Various other scholars, such as Young and Feigin (1975), Myers (1976), Geistfeld, Sproles et al. (1977) and Cohen (1979), have further explored aspects of this approach. Their discussions all share the same assumption and objective of amalgamating a selected stimulating force (e.g. set of values, goals in life) with the physical attributes relevant to the conception of marketing activities (See Table 5-1).

As of the early 1980s, researchers began to combine these early intellectual elements with ideas from cognitive psychology about associative networks and levels of abstraction to form the 'means-end' model (Gutman 1982; Gutman, Reynolds et al. 1982; Olson and Reynolds 1983; Gutman 1984).

5.1.2 A Conceptual Model of the Means-End Chain

Gutman (1982) defined a *"means-end chain"* (MEC) as a model that *"seeks to explain how a product or service selection facilitates the achievement of desired end states"*, whilst, Olson and Reynolds (1983) suggested the means-end chain as *"a rudimentary taxonomic scheme of attributes, consequences, and values based on levels of abstraction; these representations are ordered hierarchically from lower to higher levels of abstraction to form a kind of cognitive structure – a means-end structure."* It proposes that consumer product knowledge is hierarchically organized, spanning different levels of abstraction, where products are seen as means through which consumers obtain valued ends. According to the theory, consumers choose products driven by the belief that the specific attributes can help them to achieve desired values through the consequences or benefits of product-use.

The MEC model is based on two fundamental assumptions about consumer behaviour: i) personal values play a dominant role in guiding choice patterns, and ii) people cope with the tremendous diversity in products by grouping them into sets or classes so as to reduce the complexity of choice; at the same time, it is also assumed that all consumer actions have consequences and consumers learn to associate particular consequences with particular actions (Gutman 1982). Reynolds and Gutman (1988) simply put it that the general premise of the MEC is that consumers learn to choose products containing attributes which are instrumental to achieving their desired consequences, whilst MEC theory simply specifies the rationale underlying why consequences are important; namely, personal values.

In the most general means-end formulation, consumers have three levels of product-related knowledge – product attributes, the consequences or outcomes of using a product, and the broad goals or values that may be satisfied by use of that product. These three levels of consumer knowledge are combined to form a simple, hierarchical chain of associations, arrayed in various levels of abstraction (as shown in Figure 5-2), where i) attributes represent the concrete, tangible characteristics of the product; ii) consequences refer to what the product does or provides to the consumer at a functional or psychosocial level; and iii) values are intangible, higher-order outcomes or ends, being cognitive representations of consumers' most basic and fundamental needs and goals.

Figure 5-2 The Basic Means-end Model

Attributes → Consequences → Values

Sources: (Olson and Reynolds 1983) & (Olson and Reynolds 2001)

This set of associations is called a means-end chain because consumers see the product and its attributes as a means to an end (Olson and Reynolds 2001). The *'means'* are the product and its attributes; the desired *'end'* involves satisfaction of self-relevant consequences and values; and the *'chain'* is the set of connections or linkages between attributes, consequences, and values.

Some researchers(Olson and Reynolds 1983, and Olson and Reynolds 2001) have proposed a more complex six-level model to distinguish finer graduations of attributes and consequences (as shown in Figure 5-3), allowing a better analysis of the types of mental representations that a person may have stored about a product, the levels of abstraction reflected by those representations, and the extent to which those representations are linked together to form an overall means-end structure.

Figure 5-3 Six-level Means-end Chains

Concrete attributes → Abstract attributes → Functional consequences → Psychosocial consequences → Instrumental values → Terminal values

Sources: (Olson and Reynolds 1983) & (Olson and Reynolds 2001)

A MEC is thus a directed, hierarchically organized structure of interconnected levels of product knowledge of varying abstraction. A product category or brand can be typified by several means-end chains. The entire product schema referred to, in the means-end terminology, as Hierarchical Value Map (HVM), is thus embedded within a larger associative network of product knowledge, including evaluations, affects or emotions, decision roles, product-usage situations, and so forth (Claeys and Abeele 2001).

In summary, the MEC can be used most effectively in understanding the two main issues in consumer decision making: i) what choice criteria consumers use to evaluate the choice alternatives and choose among them; and ii) why consumers find these particular choice criteria to be personally relevant (i.e. salient or important) (Olson and Reynolds 2001).

5.1.3 Motivational vs. Cognitive Structure Perspectives

Some researchers believe that MEC theory integrates two major approaches used to understand and predict consumer behaviour- the cognitively oriented and the motivational approach (Claeys and Abeele 2001); for example, Brunso, Scholderer et al. 's (2004) framework provides a comprehensive means of incorporating these two perspectives to interpret the MEC. It assumes i) the semantic aspects are predominant when a means-end chain is primed from the bottom end (initiating a categorization process), but that ii) motivational aspects are predominant when a means-end chain is primed from the top end (initiating goal-directed action); however, it is generally believed that regarding the theoretical foundation of MEC, two basic views can be distinguished – the "*motivational*" and the "*cognitive structure*" view (Grunert and Grunert 1995).

The "*motivational*" view is concerned with obtaining qualitative insights into consumers' consumption motives in specific situations, i.e., in the way basic motives are linked to shopping behaviour. The means-end approach would thus be a modern variant of motivation research in the Tolman (1932) tradition, in that the central premise – that objects have value only because they produce desirable consequences or enable one to avoid negative consequences – is at the heart of the conceptualization of motivation. More specifically, the means-end approach closely parallels expectancy – value theories of motivation in stressing a product's role in achieving one of several desired states, rather than conceiving of the product itself as the repository of value (Cohen 1979; Cohen and Warlop 2001). Grunert and Grunert (1995) have suggested that its usefulness can be evaluated by the extent to which its users feel they have achieved a better understanding of the consumer's decision-making process.

At the same time, the *"cognitive structure"* view is that the means-end chain is a model of consumers' consumption-relevant cognitive structures, i.e. of the way consumption relevant knowledge is stored and organized in human memory. Means-end theory reflects a perspective grounded in cognitive psychology, as it focuses on the linkages between attributes that exist in products (the means), the consequences for the consumer provided by those attributes, and the personal values (the ends) that the consequences reinforce (Olson and Reynolds 1983). The evaluation of the usefulness of an application of cognitive MEC would be the predictive ability of the uncovered cognitive structures, when used as input in a theory which explains behaviour by how, in a given situation, information is retrieved from the cognitive structure and used in decision-making (Grunert and Grunert 1995).

A majority of researchers, such as Gutman, Olson, and Reynolds (Gutman 1982; Gutman, Reynolds et al. 1982; Olson and Reynolds 1983; Gutman 1984) adopt a cognitive structure perspective, defining the hierarchical map derived MEC data as an aggregate map of cognitive structure. They believe that a key factor in developing a useful understanding of consumer behaviour, and perhaps the most important aspect, is consumers' cognitive structures of knowledge in memory, given that cognitive structures are essential in explaining information-processing behaviour and in turn, overt behaviours like purchase choice are a function of these cognitive processes.

5.2 *THE THEORETICAL FOUNDATIONS OF MECs*

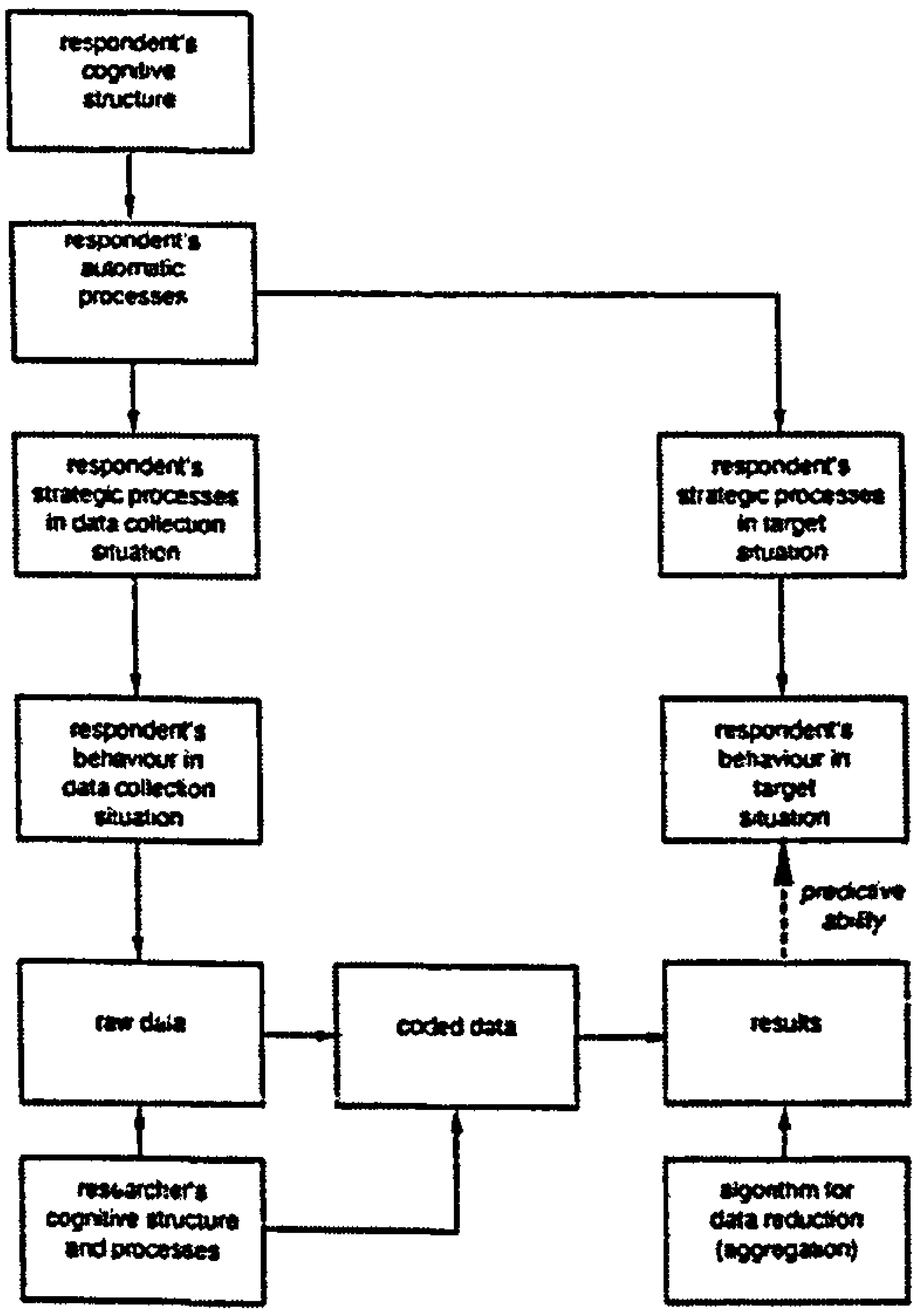
The development of MECs has been based to a large extent on researchers' intuitions about solving a particular practical problem; the MEC is thus seen as a method used in business practice but lacks a clearly specified theoretical foundation although some argue this to be remains implicit. Reynolds and Olson (2001) believe that despite the general neglect of the theoretical basis for the MEC, it is possible to position it within a rich theoretical framework as it has ties to several influential theories in psychology, including the work on personal construct theory, human values, cognitive structure, and others. Related theories are explored in the following sections.

5.2.1 Cognitive Structure

The cognitive structure view of MEC has been developed based on the research work in this field undertaken by Scott (1969). A cognitive structure is the organisation of experience and other types of information in human memory, and human behaviour is the result of an interaction of cognitive structures and cognitive processes (Grunert and Grunert 1995). The cognitive view of human beings regards behaviour as being directed by cognitive structures and cognitive processes, which are usually modelled as i) a network of cognitive categories and the associations between them or as ii) schemas related by inference processes. Two types of cognitive process are distinguished: automatic cognitive processes (unconscious) and strategic cognitive processes (conscious).

Adapted from (Grunert and Grunert 1995), Figure 5-4 specifies a model of how a respondent's cognitive structure – along with the cognitive processes going on in the data collection and in the situation where the behaviour is to be predicted (the target situation) may provide a basis for prediction, based on results obtained by data collection, and thus enable researchers to determine validity.

Figure 5-4 A General Cognitive Model for Data Collection, Analysis and Prediction



Source: (Grunert and Grunert 1995)

It is believed that human behaviour is the result of an interaction of cognitive structures and cognitive processes (Grunert and Grunert 1995). The MEC can thus be considered as a cognitive structure relevant for explaining buying behaviour. Further, distinct from other cognitive psychology research that has focused on postulating and testing rather formal models of memory structure but with little consideration about the 'content' of memory, the cognitive structure view of means-end theory is concerned with both the structure and contents, as it is more specific in what the content and structure of consumer knowledge is, and how it can be accessed and applied to practical marketing problems. Hofstede, Audenaert et al. (1998) argue that although most models of cognitive structure specify some kind of hierarchical structure, the defining feature of means-end chain theory is the specification of the exact linkages between the levels in the hierarchy, constituting the structure of consumer knowledge.

5.2.2 The Value Orientation of MECs

The role of personal values as a standard or criterion for influencing evaluations or choices regarding persons, objectives and ideas suggest the relationship of values to behaviour – values are centrally held cognitive elements which stimulate motivation for behavioural response (Vinson, Scott et al. 1977). Values, therefore, are responsible for the selection and maintenance of the ends or goals towards which human beings strive and at the same time regulate the methods and manner in which this striving takes place. Values are therefore centrally held cognitive elements which stimulate motivation for behavioural response.

The Rokeach Value Scale (RVS) is the most often used measurement of values for consumer research (see section 3.2.5). Given that Rokeach's interest in values has not led to the development of mechanisms for translating instrumental values into choice of objects to satisfy those values (Gutman 1982), the RVS has been adopted as the *"end"* of a cognitive map of a MEC, and Walker and Olson (1991) interpret a person's most abstract beliefs, including instrumental and terminal values as elements of the 'core' self. The MEC thus demonstrates how preferred end-states of existence (personal values) are translated into specific choices in specific situations.

Vinson, Scott et al. 's (1977) framework for organizing the consumer's value-attitude system (see section 3.2.5) has articulated the various levels of a MEC. However, Gutman (1982) has noted that it did not identify which values at various levels are linked and how either level of values is tied to evaluations of product attributes.

Thus, MEC theory to date has been developed based on previous consumer value research and assumes the dominant role of personal values in consumer behavior.

5.2.3 Consequences

Consequences can be defined as any results accruing directly or indirectly to the consumer from his/her behaviour, which can be desirable or undesirable. In marketing literature, those desirable consequences are called *"benefits"* (Haley 1968; Myers 1976), and describe the advantages consumers enjoy from the consumption of products. Consequences are important to the extent that they satisfy the consumer's personal values or goals; in contrast, negative consequences obstruct or prevent a person from obtaining a personal value (Olson and Reynolds 2001). The MEC emphasises that the connections, links, or associations between concepts at different levels of abstraction carry or create the meaning of any one concept. The central aspect of the MEC model is that consumers choose actions that produce desired consequences and minimise undesired consequences.

5.3 LADDERING METHODOLOGY

Laddering is by far the most popular methodology to identify consumers' MECs and has been applied successfully in academic and applied research (Hofstede, Audenaert et al. 1998). Laddering refers to *"an in-depth, one-on-one interviewing technique used to develop an understanding of how consumers translate the attributes of products into meaningful associations with respect to self"* (Reynolds and Gutman 1988), which is perceived to be equated with means-end chain theory.

Laddering involves a tailored interviewing technique format primarily using a series of directed probes, typified by the "why is that important to you?" question, with the expressed goal of determining sets of linkages between the key perceptual elements across the range of attributes, consequences and values (Reynolds and Gutman 1988). It is a semi-structured qualitative method in which respondents describe the reasons why something is important to them freely in their own words. The qualitative nature of laddering, deriving from the open-ended response format, allows a certain freedom for the respondents in answering the questions and for the researchers in interpreting the data. Unlike other qualitative techniques, the laddering interview uses standard probing questions and has a definite structure and agenda. In this sense, laddering is considered to be a *"structured qualitative method"* (Claeys and Abeele 2001).

Laddering consists of three stages: i) the elicitation of salient attributes – in which an elicitation technique prompts subjects to generate relevant attributes associated with the objects, – ii) the depth-interview – through a series of probing questions, subjects expose why these attributes are relevant in terms of related consequences and values; – and iii) analysis – data collected from the interview is categorized and represented in the implication matrix, from which the hierarchical value map is constructed, depicting the content and structure of consumer knowledge in a graphical way (Reynolds and Gutman 1988).

5.3.1 Elicitation of Salient Attributes

In broad range consumer behaviour theories, e.g. (Engel, Blackwell et al. 1995), a product is conceived as a bundle of attributes, – which are the characteristics that consumers value in products – or sets of product alternatives. Laddering probes begin with distinctions made by the individual respondent concerning perceived meaningful differences between brands of products.

A number of techniques have been developed based on this. Reynolds and Gutman (1988) identified three that have proven satisfactory: i) triadic sorting; ii) preference-consumption differences; iii) and differences by occasion. Bech-Larsen and Nielsen (1999) and Breivik and Supphellen (2003) have proposed a few other techniques, such as free sorting, direct sorting, ranking, picking from an attribute list, and ideal description. These are categorised by relevant literature into three groups based on the cues used to stimulate respondents for attribute elicitation, and are shown in Table 5-2.

Table 5-2 Attribute Eliciting Techniques

types	*names*	*cue*
1. Free elicitation situation	Free elicitation Differences by Occasion Ideal description Timing of purchase or consumption Preference-consumption differences	Product class
2. Product stimulation situation	Triadic sorting Direct elicitation Free sorting Ranking	Products / Brands
3. Attributes stimulation situation	Attribute selection tasks Picking from an attribute list	Attributes

Sources: (Reynolds and Gutman 1988; Bech-Larsen and Nielsen 1999; Claeys and Abeele 2001; Grunert, Beckmann et al. 2001; Breivik and Supphellen 2003)

i) In the free elicitation situation, respondents are only provided with the general product class as a retrieval cue, possibly supplemented by a usage situation or time of consumption. With "*Differences by occasion*", respondents are presented with a personally meaningful context within which to make the distinctions. Reynolds and Gutman (1988) believe that attention to the context of consumer behaviour provides a more meaningful context for laddering to proceed. With the "*ideal description*" technique, respondents are instructed to describe an ideal product in the product category that she/he would evaluate most favourably. It is believed that ideals are particularly pertinent to goal-oriented categories, which are categories established for a specific purpose, for instance the evaluation of a product (Bech-Larsen and Nielsen 1999).

ii) In the product stimulation situation, respondents are presented with products or brands as a cue for elicition. "*Triadic sorting*" is a technique developed by (Kelly 1955) with the purpose of mapping cognitive structures. The sorting procedure starts by the respondent being shown triple combinations of the product concerned. For each triple combination, the respondent is repeatedly asked for "an important attribute on which two products are alike and at the same time different from the third". In the "*direct elicitation*", the respondent is asked to come up with the attributes most important to the respondent when choosing among the assortment of products presented. It is believed this technique based on general theories of spreading activation, does not favour any particular view on "consumer memory" and is deemed to be a baseline technique for the elicitation of attributes (Breivik and Supphellen 2003). Further, Bech-Larsen and Nielsen (1999) suggest that direct elicitation is the one that comes closest to a "natural speech" interviewing technique, which when compared to the other techniques is believed to lead to a stronger focus on idiosyncratic and intrinsically relevant attributes, and to less focus on extrinsic product differences.

iii) When attributes are used as cues for elicitation, respondents are asked to pick from an attribute list generated by the use of a focus group or another qualitative technique in advance.

With the exception of Bech-Larsen and Nielsen (1999) and Breivik and Supphellen (2003), although few studies have systematically addressed the potential strengths and weaknesses of the different elicitation techniques, much discussion has taken place.

Grunert, Beckmann et al (2001) argue that the techniques which use product stimuli, such as the *"triadic sorting task"*, with an emphasis on visible differences between products, favour concrete intrinsic at the expense of extrinsic or less concrete attributes and may therefore lead to the generation of irrelevant attributes (e.g. about the size or colour of product); in contrast, in *"free elicitation tasks"*, the respondents may generate abstract product attributes or even consequences, necessitating backward laddering in order to obtain complete chains, and when the respondent is unable to generate attributes spontaneously, he or she will most likely aid their retrieval process by framing the problem at present, which may generate various sets of attributes referring to different situations without the possibility of taking into consideration these differences in the subsequent analysis of the data. In contrast, the *"attribute selection task"*, where the respondent is provided with a list of possible attributes as cues, has very clear research goals and structure but limits respondents' own understanding (Claeys and Abeele 2001).

It is apparent that the selection of which technique to use largely depends on the objective of the studies. Grunert, Beckmann et al. (2001) argue that the problem regarding elicitation techniques is that different techniques may lead to different sets of attributes, leading to the measurement of different excerpts from cognitive structure, with no priori way of knowing which technique will lead to the right result. Given that, depending on which attributes are elicited, the resulting ladders will differ, Reynolds and Gutman (1988) suggest that the most important thing is to provide a meaningful basis for the respondent to keep in mind when eliciting the differences; in this manner their distinctions are more likely to lead to a meaningful consideration of outcomes accruing to the respondent, which relate to the making of distinctions among the products. Further, it is suggested that the interview outline generally includes at least two distinct methods of eliciting distinctions to make sure no key element is overlooked (Reynolds and Gutman 1988).

5.3.2 Laddering Probing

The most important attributes identified in the first phase of the process are used as a starting point for the in-depth interview. The interviewee is continuously probed with some variant of the question: "why is that important to you?". This way of questioning forces the subject up the "ladder" of abstraction, until the respondent cannot go further. The result is a sequence of concepts, the sequence being termed a "ladder".

In laddering probing practice, some problems have been identified. Reynolds and Gutman (1988) explain two problems and appropriate techniques as shown in Table 5-3. According to the authors, the techniques proposed are similar to other qualitative interviewing approaches in a laddering context. When applying the techniques, they suggest that the central idea is to keep the focus of the discussion on the person rather than on the product or service (1988).

Table 5-3 Problems & Techniques in Laddering Probing

Problems	*Techniques*
The respondent really does not know the answer	i) Evoking the situational context ii) Postulating the absence of an object or a state of being iii) Negative laddering
Issues become too sensitive	iv) Age-regression contrast v) Third-person probe vi) Redirecting techniques: silence, communication check

Source: (Reynolds and Gutman 1988)

Further, Grunert, Beckmann et al. (2001) raise other problems in conducting laddering probing, such as *"situational specificity"*, *"forked answers"*, and *"where to stop? and when to go on?"*.

Given that the information generated during a laddering interview depends on the usage situations in the respondent's mind, laddering probing provides no means of handling this situational specificity. This is supported by Walker and Olson (1991)'s study which explores how various decision situations affected subjects' product knowledge, end-goals, and means-end relationships, and the results revealed that situations play a critically important role in any cognitive structure.

Moreover, the laddering interview procedure assumes a linear sequence of cognition obtained from respondents' answers; however, in a majority of cases, respondents may feel a natural tendency to come up with more than one answer to any particular probe (Grunert, Beckmann et al. 2001).

Further, the laddering interview process assumes that when the respondent has reached the level of terminal values it seems natural to stop probing; however, how far the interviewer should press the respondent for additional answers is considered to be one of the most difficult aspects in conducting laddering (Grunert and Grunert 1995).

Although it is acknowledged that more studies regarding these issues are needed, Grunert, Beckmann et al. (2001) believe these problems could be detected and possibly circumvented by a trained interviewer if the interviews are conducted in a way that encourages a natural and redundant flow of speech, based on which the interviewer reconstructs ladders only after the interview.

According to Reynolds and Gutman (1988), two or three ladders can be obtained from most of the respondents interviewed and although the time taken to elicit ladders varies substantially, 60 to 75 minutes represents a typical standard.

5.3.3 Data Analysis

In the third step, the idiosyncratic concepts resulting from the laddering interviews are categorized into a smaller number of categories (e.g. Appendix 15). The linkages between the (categorized) concepts may be represented in an *"implication matrix"* (e.g. Fig 8-7), where the concepts constitute both the rows and the columns, and the cell entries indicate the frequencies, across all subjects in the sample, with which an attribute, consequence or value (the row element) leads directly or indirectly (through one or more other concepts) to another attribute, consequence or value (the column element). The implication matrix preserves information about the sequence of concepts in the means-end structure, but discards differences between ladders from the same or different individuals. From the implication matrix, a *"hierarchical value map"* (HVM) is constructed (e.g. Fig 8-8), depicting the content and structure of consumer knowledge in a graphical way. The map gives an aggregate network representation of the means-end chains for the product in question (Reynolds and Gutman 1988). Further, in order to segment consumers for developing specific advertising strategies, the next step is to determine dominant pathways within the HVM constructed (e.g Fig 8-9). These dominant means-end chains are uncovered by comparing all the chains embedded in the HVM. The comparison is done either intuitively, by considering the number of the direct and indirect relationships between the chain's items (Reynolds and Gutman 1988), or mathematically, by summarising all these relationships (Gengler and Reynolds 1995). Aurifeille and Valette-Florence (1995) propose a clustering method to identify the relative dominance of various MECs, and the resultant knowledge can be used to segment markets and identify potential targets with specific means-end structures.

Some researchers (Gengler, Klenosky et al 1995, and Valette-Florence and Rapacchi 1991) have attempted to improve the analysis of MECs in various ways. For instance, Gengler, Klenosky et al (1995) propose ways of improving the design of the HVM such that it better represents the original data in a clear and simple fashion using concepts from statistical graphics, graphical perception theory and the semiology of graphics; similarly Valette-Florence and Rapacchi (1991) attempt to improve means-end chain analysis using graph theory and correspondence analysis.

Hofstede, Audenaert et al. (1998) argue about the problem area arising within the data analysis process. According to them, there are three problem areas in coding or categorising step, which impact on the extent of the deviations in the results. They are i) the distinction between attributes, consequences, and values; ii) the "indexical-ability" problem; and iii) the problem of finding the "right" levels of abstraction. Given the possible problems in the apparently complicated coding process where the researcher is given a lot of latitude, they suggest that the process should be made more inter subjectively accessible and have parallel coders, one of the most common recourses used in research practice. Further, in the data reduction process, intermediate categories may be deleted or added by raising or lowering the cut-off levels – the algorithm used for data reduction (aggregation) thus changes the resulting map considerably. Accordingly, Hofstede, Audenaert et al (1998) suggest that the algorithm used for data reduction should be based on theory about cognitive structure and processes, and the application of cluster methods to the laddering data before aggregation is recommended.

Further, given that the use of arbitrary cut-off levels is a significant issue in laddering analysis (Grunert and Grunert 1995; Hofstede, Audenaert et al. 1998), many studies have addressed the issue of applying quantitative analysis to the qualitative data (Leppard, Russell et al. 2004). Pieters, Baumgartner et al. (1995) have summarised four methods for choosing cut-offs based on previous studies. They are: i) pragmatic and determined by whatever "leads to the most informative and interpretable solution" , as suggested by Audenaert and Steenkamp (1997); ii) the cut-off is chosen on the basis of the sample size and the number of ladders that can account for two-thirds of all relations (Reynolds and Gutman 1988); iii) creating a type of "scree plot" based on the number (or percentage) of connections and various cut-off levels and looking for some kind of "elbow" in the scree; iv) a comparison is made within the data matrix between the proportion of "active cells" to the proportion of all connections at a given cut-off (Pieters, Baumgartner et al. 1995). Recently, based on approach (ii), Leppard, Russell et al. (2004) have proposed a new approach termed a "top-down cut-off" strategy, which is based on the assumption that the most important linkage is that associated with the frequency; the rank order of the cell entries thus define importance, and the cut-off is determined by the frequency of any linkages.

5.3.4 Hard Laddering & Other Quantitative Techniques

In the classical laddering procedure described above, the natural flow of the respondent's dialogue is restricted as little as possible, also referred to as *"soft laddering"*. Due to the qualitative nature of soft laddering, it is an expensive data collection technique: i) it is time consuming, and must be carried out by trained interviewers; ii) it places a serious burden on respondents, and iii) the quality of the data may be affected by respondent fatigue and boredom. Hofstede, Audenaert et al.(1998) therefore argue that although laddering has served as a very useful qualitative technique to reveal MECs, its limitations render it unsuitable as an instrument to be used in large representative samples, nor was it originally intended to be used in this context.

Figure 5-5 Hard Laddering

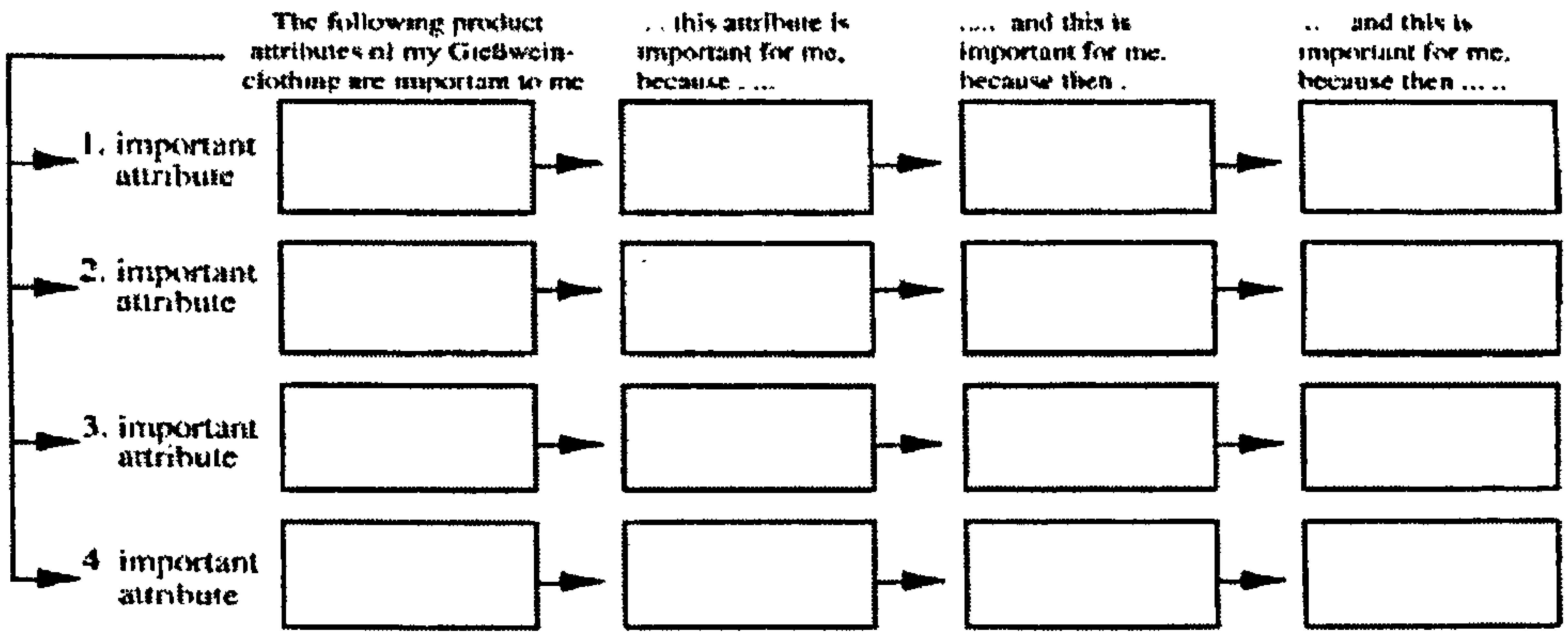


Figure 1. Paper and pencil version of laddering interview.

Source: (Botschen and Hemetsberger 1998)

Walker and Olson (1991) proposed a pencil-and-paper laddering technique using a structured questionnaire to collate MEC data, referring to it as *'hard laddering'*. In a hard laddering questionnaire, the respondents first state their reasons for wanting to or referee a certain product, service, store or behaviour, and then indicate why the given reason is important to them. Figure 5-5 illustrates a typical format for the hard laddering method, where the respondents are forced to produce ladders one by one, and to give answers in such a way that the sequence of the answers reflects increasing levels of abstraction. The software support tool for MEC data analysis proposed by (Gengler and Reynolds 1995) is an example of computerized data-collection devices, which also belong to hard laddering, as hard laddering does not involve personal interviews.

Both techniques have been used in different empirical studies and have come up with promising results. Botschen and Thelen (1998) have compared the convergent and predictive validities of interviews based on soft laddering with those of written questionnaires following a hard laddering structure. These authors have concluded that, although the soft and hard laddering approaches used in their study produced comparable results, soft laddering generated more means-end chains of increased abstraction level (i.e. possessing consequences and values), being probably more appropriate to identify more complex underlying motivations of consumption decision-making. On the other hand, the ease and time-saving aspects of the administration of written questionnaires based on a hard laddering structure, and therefore its appropriateness for the study of larger samples of consumers, may render this approach suitable for situations in which the complexity of the underlying consumption motivations is assumed to be low.

Given that the test of convergent validity by Botschen and Thelen (1998) establishes that both hard and soft laddering lead to largely similar results, it is suggested that hard laddering is a preferable technique since it is easier and less costly (Grunert, Beckmann et al. 2001); further, hard laddering has the advantage of minimizing interviewer influence (Grunert and Grunert 1995; Grunert, Beckmann et al. 2001). On the other hand, Grunert and Grunert's (1995) study suggests that soft laddering is more appropriate as it implies a better mind navigation of the interviews, thereby increasing the probability of uncovering relevant MECs with good predictive ability. Therefore, soft laddering is usually employed in the case of studies with there are few subjects and/or more exploratory research is required (Costa, Dekker et al. 2004).

Further, in attempt to assess whether the form of administration would have a differential effect upon results, Russell et al. (2004) compare the three laddering techniques – soft laddering, pencil-and-paper and computerised presentations – within the context of complex food choice, and find that the laddering methods produced different results: hard laddering produced more ladders, whereas soft laddering produced more linkages between levels of abstraction, though constructs were similar across all groups. However, they concluded that due to difficulties in interpreting the soft laddering results, the use of soft laddering is not appropriate when a succinct understanding of complex food choices is the aim of the study.

Several other approaches have been proposed attempting to quantify means-end chains in large-scale studies. Reported in Hofstede, Audenaert et al.(1998)'s article, Abeele uses a technique where respondents evaluate complete ladders: these ladders are explicitly described in laddering statements and rated on their credibility. Grunert (1997) used an extended form of conjoint analysis to quantify the means-end chains of qualitative perceptions, wherein respondents rate a few product profiles on several characteristics. "Structural equation" models were subsequently used to estimate relations between characteristics at an aggregate level. However, regarding the "structural equation" models, the question remains as to how the estimates relate to the actual strengths of linkages. Hofstede, Audenaert et al. (1998) themselves propose the association pattern technique (APT) as a quantitatively oriented technique to assess means-end chains. APT separately measures the attribute-consequence, and consequence-value links based on a set of priori defined attributes, consequences and values.

However, although all the methods described above provide alternatives to quantify MECs, thus enabling their use across a wider representative sample, they are heavily dependent on the use of a set of priori defined ladders, and the number of ladders that may be processed is limited.

5.3.5 Summary

Given that MECs and laddering are to be used to measure consumers' consumption-relevant cognitive structures, the criteria for evaluating the usefulness of an approach would be the "predictive ability" of the estimates of the cognitive structure obtained. In order to increase the predictive ability, Grunert and Grunert (1995) propose four criteria relating to predictive validity applied during the laddering process. They are that:

i) the raw data should be a result more of the respondent's cognitive structures and processes than of the researcher's cognitive structures and processes;

ii) the data collection should not involve strategic processes atypical for the target situation.

iii) coding should preferably be based on cognitive categories widely shared among consumers, researchers, and users of research results, and not on the researcher's idiosyncratic cognitive categories.

iv) the algorithm used for data reduction (aggregation) should be based on theories relating to cognitive structure and processes.

Accordingly, given the above criteria, the main arguments related to the laddering process are summarised as follows:

i) Given that different techniques may lead to different sets of attributes, thus leading to the measurement of different excerpts from cognitive structure (Grunert, Beckmann et al. 2001), Reynolds and Gutman (1988) suggests i) the provision of a meaningful basis for the respondent to keep in mind when eliciting the differences and ii) to use at least two distinct methods in order to make sure no key element is overlooked.

ii) Because soft laddering is potentially high in predictive validity (Grunert and Grunert 1995) and is able to identify more complex underlying motivations of consumption decision-making (Botschen and Thelen 1998), it is considered to be more appropriate in data collection.

iii) In order to improve the predictive validity of the MEC, Grunert and Grunert (1995) suggests that i) the data coding procedure should be made more transparent in order to obtain a higher degree of inter-subjectivity; ii) there should be clustering options in data analyses before further aggregation/condensation, and iii) there should be different options for coping with redundancy within the hierarchical value maps.

5.4 APPLICATION

The MEC identifies which choices consumers consider in evaluating alternative actions and selecting a chosen alternative. These personally relevant factors are the basis for consumers' preferences and are likely to be the most powerful components of an effective positioning strategy. Secondly, the means-end approach provides a critical understanding of why these factors are salient in the decision-making process by identifying the personally relevant consequences of the choice criteria, as seen by consumers. These consequences can exhibit more personally psychological insight into highly personal and subjective life goals or values. In this sense, the MEC *"can not only describe consumer decision making but also allow the researcher to understand it"* (Reynolds and Olson 2001).

The strength of connection between person and product is reflected by the level of involvement a consumer has with the product category (Walker and Olson 1991). Consumer involvement grows when marketers bring out personally relevant psychological and sociological reasons for consuming their products, and consequently, involvement can be manipulated by marketing programmes (Peter and Olson 2005). Traditional attitude research focuses on determining the relative importance of attributes and measuring perceptions about how well products perform with respect to important attributes, whilst means-end research focuses on determining the key choice criteria underlying a purchase decision, identifying how the choice criteria relate to product attributes, and understanding the reasons why the product attributes and related choice criteria are important or personally relevant to consumers (Reynolds, Whitlark et al. 2001). Further, given that values become salient in memory through the activation of contextual cues such as goals, product use, or decision situations (Walker and Olson 1991), MEC theory constitutes a powerful approach to studying the influence of situational context on cognitions and behaviour by explicating the link between situation and activated knowledge (Claeys and Abeele 2001).

Therefore, the MEC has been widely applied to various topics; for instance, the MEC has been used to explain consumers' choice making and attitudes (Gutman 1984; Klenosky and Gengler 1993; Gengler and Mulvey 1999; Vriens and Hofstede 2000; Klenosky 2002; Manyiwa and Crawford 2002; Baker, Thompson et al. 2004; Grunert and Bech-Larsen 2005; Le Page, Cox et al. 2005); to compare cognitive structures between groups of consumers in different countries/cultures (Pitts, Wong et al. 1991; Nielsen, Bech-Larsen et al. 1998; BREDAHL 1999; Grunert, Lahteenmaki et al. 2001; Fotopoulos, Krystallis et al. 2003); to understand brand persuasion (Reynolds, Gengler et al. 1995); to determine the degree of potential marketing programme standardization (Botschen and Hemetsberger 1998), to design products (Lin 2003; Costa, Dekker et al. 2004); to explain consumer satisfaction (Zeithaml 1988; Lages and Fernandes 2004); and to develop branding (Herrmann and Huber 2000; Wansink 2003).

However, the most common application of MECs has been in the area of advertising and market segmentation (Reynolds and Gutman 1988).

5.4.1 Advertising

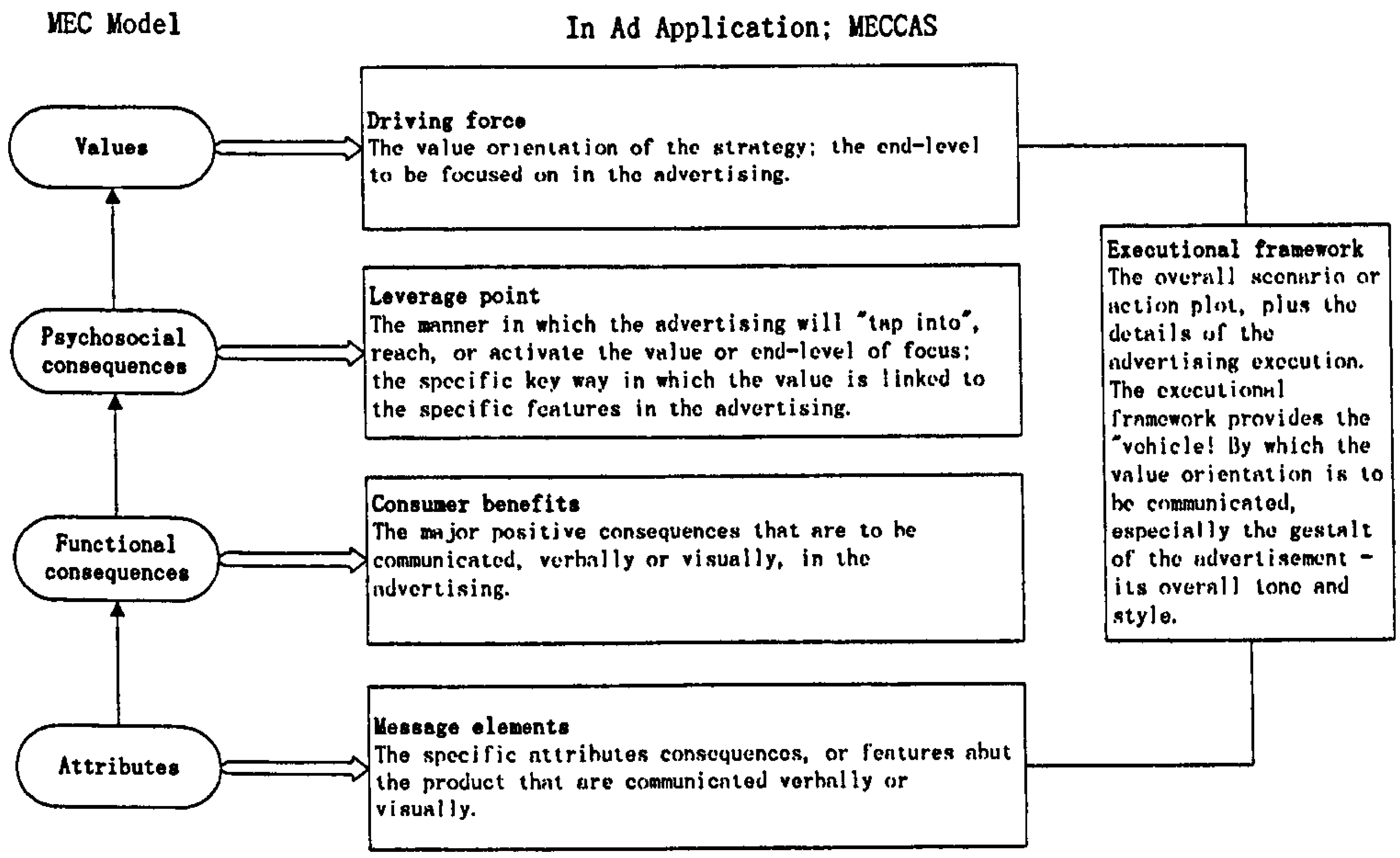
An important issue for both industry and academic consumer researchers is the development of an understanding of how consumers derive personally relevant meaning about products, as this meaning is the basis consumers use to shape their decision criteria among competitive products and services (Rossiter and Percy 2001). By influencing the degree to which consumers perceive a product/service to be self relevant, marketers can affect consumers' levels of motivation to learn about, shop for, and ultimately make a purchase (Walker and Olson 1991). The propositional links between the means-end levels of abstraction representing the structure of consumer product knowledge provide "bridges" by which less self-relevant information gains greater self-relevant status and desirability. In this respect, Reynolds, Gengler et al.(1995) argue that MECs offer a way to understand how concrete product meanings gain self-relevance and desirability to consumers through their linkages, or association, with more abstract product meanings.

Although it is widely acknowledged that the principal task of advertising is to persuade consumers to buy through communicating personally relevant messages, there is a dearth of discussions about how to make advertisement messages personally relevant and persuasive (Reynolds, Gengler et al. 1995). The MEC has been widely used in various aspects of advertising, due to its ability to explain self-relevance to a product or brand,

Given that the advertising strategist's fundamental problem is to understand consumers at a strategic level and to use this knowledge as the basis for developing alternative positioning (Reynolds and Craddock 1988), Olson and Reynolds (1983) have proposed a paradigm for describing advertising strategy – *"Means-end conceptualisation of the Consumers' Cognitive Structures"* (MECCAS), – by adopting an aggregate MEC approach to understanding the consumer. They believe that the levels-of-abstraction in the means-end conceptualisation of cognitive structure provides a useful framework for thinking about advertising strategy and that the MEC data is a useful aid for developing and evaluating advertising strategies. Reynolds and Gutman (1984) have proposed this model with the notion that *"advertising is image management"*. They assume that the real key to understanding image lies in understanding linkages or connections between the levels that define the perceptual "lens" through which the consumer views the world and subsequently develops preferences for products, and thus the MECCAS model not only makes it possible to develop effective strategies using this framework, but is also a valuable tool for identifying the effect of competitive advertising.

The MECCAS model proposes five categories of conceptual information communicated in an advertisement: message elements, consumer benefits, leverage points, personal values and the executional framework, as shown in the right-hand side of Figure 5-6. Figure 5-6 also illustrates how MEC data can be used in advertising applications when combined with MECCAS.

Figure 5-6 MECCAS – Means-end Conceptualisation of the Consumers' Cognitive Structures



Sources: adapted from (Olson and Reynolds 1983; Reynolds and Gutman 1984; Reynolds and Gutman 1988)

Since 1988 MEC theory and the MECCAS model have been widely used in the area of advertising and brand position strategy.

For example, Reynolds and Craddock (1988) have presented an empirical study using MECCAS in the "Overnight Delivery Service" market to specify advertising strategy and demonstrated the integration process by which the understanding of the consumer and understanding of competitor advertising can lead to the specification of a new advertising strategy. In one such example, Reynolds and Rochon (1991) successfully applied a MEC to the development of advertising strategy for Miller Lite beer.

Moreover, in a series of studies by Reynolds, Gengler and Trivedi (1989; 1993; 2001), MECCAS has been used to assess the effectiveness (or quality) of advertising. Reynolds and Trivedi (1989) examined the relationship of the individual MECCAS levels to product effects generated by an advertisement and found significant relationships; the results were further confirmed by Gengler and Reynolds (1993)'s study, the results of which indicated significant relationships between the MECCAS levels and effects. Further, Reynolds and Gengler (2001) developed a summary assessment format, grounded in the cognitive aspects of means-end theory and the MECCAS model of advertising strategy specification, applicable to both animatic and finished advertising. In contrast, Jaeger and MacFie (2001) use MECs to assess the advertising format against consumers' expectations.

5.4.2 Segmentation

As discussed in section 3.2, a range of segmentation variables and methods have been developed, as shown in Figure 5-7, where market segmentation variables are mapped against two axes: "product focus/consumer focus" and "observable/unobservable" dimensions and are clustered into 4 groups respectively referring to "background", "psychological", "behavioural" and "attitudinal" characteristics (see Figure 3-1). Many variables have been tested as bases for consumer segmentation; however, many approaches are limited in their ability to provide actionable guidance to managers, due to the segments being poorly defined or their existence more in the data than in reality (Reynolds and Rochon 2001).

The most often used characteristics are product/brand usage and demographics/socioeconomics (see Figure 5-7), primarily because of the ease of obtaining this sort of data from secondary sources (Hooley and Saunders 1993). It is widely acknowledged that using background information describing the macro characteristics of consumers, such as demographics/socioeconomics, as bases for segmenting markets cannot be guaranteed to produce segments which are internally homogeneous but externally heterogeneous in ways of direct relevance to the marketer (Hooley and Saunders 1993; Engel, Blackwell et al. 1995), whilst, behavioural segmentation is most likely to suffer from a lack of *"causal"* relations between the resultant behaviours and reasons. Ultimately, for a segmentation scheme to be useful to marketing management, it should seek not only to describe differences in consumers but also to explain them

(Wedel and Kamakura 2000), and in this respect attitudinal & psychological segmentation can offer better prospects (Hooley and Saunders 1993).

The variance in consumer behaviour is increasing and the source of this variance is increasingly under the control of the consumer, which poses new challenges for segmentation research. Given that consumers are increasingly segmenting themselves through a process of self-selection guided by idiosyncratic purposes, Stewart (1991) suggests that segmentation strategies should begin with the identification of the purposes that consumers seek to achieve through the purchase and use of products.

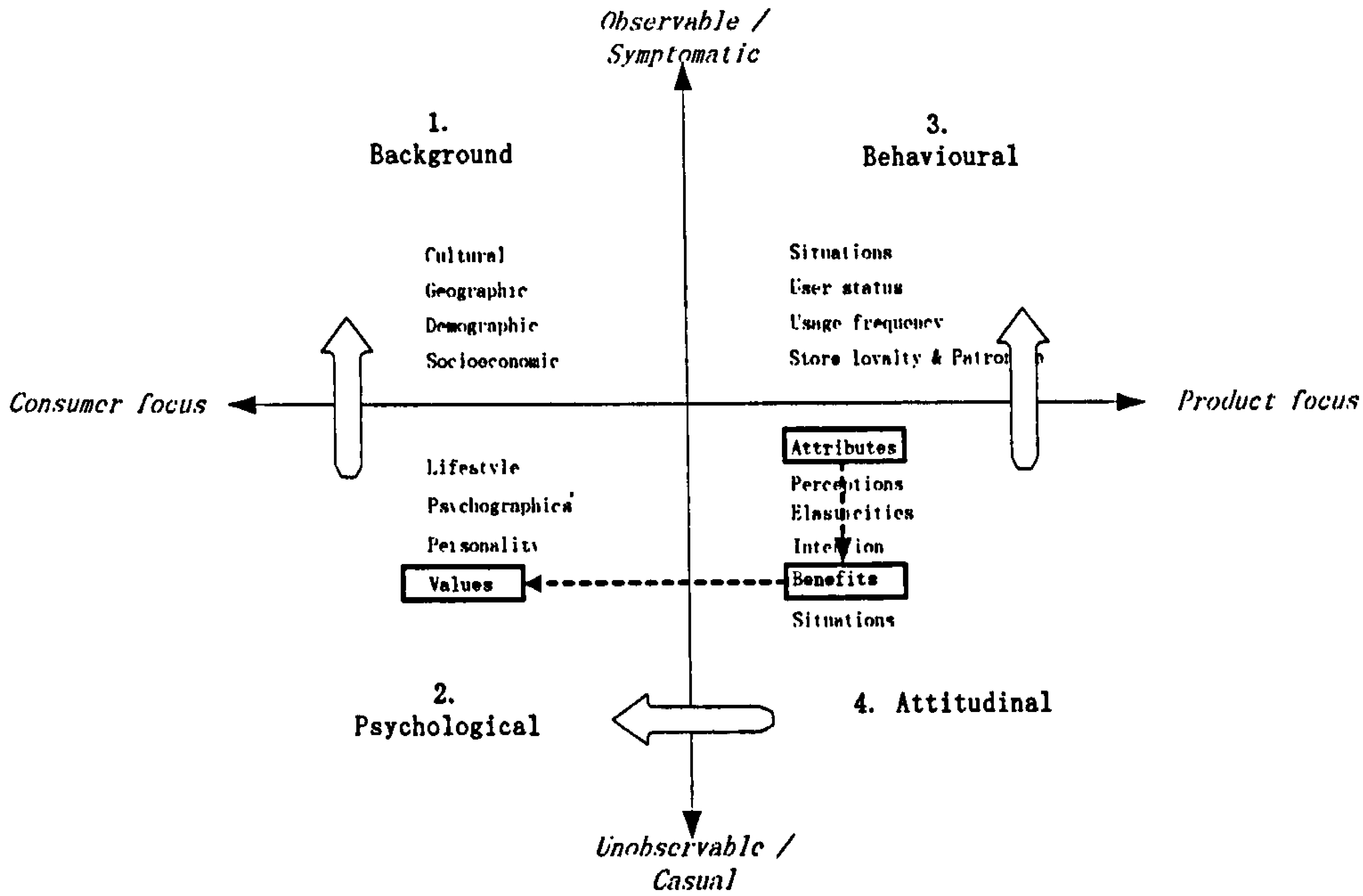
Therefore, Reynolds and Olson (2001) propose a methodology of segmentation based on understanding the consumers' choice process, believing that effective segmentation is a result of differentiating a heterogeneous population based on the decision-making criteria used to select a product, as well as by the dimensions of consumer behaviour of greatest interest to the marketing manager.

5.4.2.1 Theoretical advantages of MEC for market segmentation

Figure 5-7 illustrates the optimal position of the MEC within market segmentation.

Given that efforts at segmentation often suffer from a lack of *"causal"* relations between the defining characteristics of a segments and the behaviours of interests (Wind 1978), benefit segmentation is thus believed to provide more reliable information; further, the enduring nature of values and their role in personality structure have allowed them to perform exceptionally in market segmentation. The MEC's ability to reveal consumers' cognitive structures is thus posited by the author as a means of building a bridge between attitudinal characteristics and value dimensions, as shown in the Figure 5-7.

Figure 5-7 MECs & Segmentation Bases



5.4.2.1.1 Personal Values

Consumers have multiple values or goal orientations, and they place differing emphases on the respective orientations that exist for them. Vinson, Scott et al. (1977) believed that knowledge of consumer value provides an efficient, measurable set of variables closely related to needs which expand the marketer's knowledge beyond other differences, and based on the value profiles to segment markets, can therefore develop programmes which would maximally enhance the important values of the consumer in each market segment. Values can thus serve as an initial basis for segmentation because they represent the motivations for behaviour (Reynolds and Rochon 2001).

Unlike other value approaches such as "Values and Life Style" (VALS), means-end theory recognises that a person strives to satisfy different values across different consumption occasions that further differ across product classes. In another way, means-end theory recognizes that people interpret their world in different ways depending on the product and context of consumption (Reynolds and Gutman 1984). As means-end theory acknowledges that consumers learn to associate certain chains of ideas that connect a product or service with self, the resultant "Hierarchical Value Map" (HVM) therefore provides graphical representations of the *"perceptual marketplace"* (Reynolds and Rochon 2001). Each pathway on the map represents a dominant perceptual orientation among consumers, including both the value orientation of the consumer, as well as the personal interpretations of how the product or service fits with the individual consumer's self-goal and values. Segmentation based on these perceptual orientations yields segments that will differ in response to marketing messages because the consumers' decision hierarchy serves as the basis for identifying the segments.

5.4.2.1.2 True Benefit

Haley (1968) proposed the segmentation of markets on the basis of benefits sought by identifiable groups of consumers. He argued that underlying benefit segmentation, the benefits which people seek in consuming a given product are the basic reasons for the existence of true market segments. Benefit segmentation thus sets out to identify market segments by causal factors rather than descriptive factors. There is strong agreement that benefit segmentation may better explain purchasing behaviour than traditional methods of segmentation (Kotler 2000).

However, although the basic idea of benefit segmentation lies in using causal, as opposed to descriptive, factors as segmentation criteria, most of the empirical studies do not differentiate between product attributes and the benefits sought by consumers (O'Connor and Sullivan 1995). Drawing direct conclusions from preferred attributes on future purchase behaviour without clearly distinguishing them from the underlying benefits seems, therefore, problematic (Botschen and Thelen 1999). The MEC provides guidelines to further elaborate on the distinction between attributes and benefits sought and to determine the appropriate level of segmentation (Botschen and Thelen 1999). Further, unlike benefit segmentation, in the means-end chain theory of cognitive structures, consumer behaviour is driven by the "true" benefits sought, which cause the desire or preference for certain attributes.

5.4.2.2 Empirical Studies and methods

Some empirical studies have been reported using MECs for market segmentation (Prakash 1986; Doucette and Wiederholt 1992; Aurifeille and Valette-Florence 1995; Barczak, Ellen et al. 1997; Botschen and Thelen 1999; Hofstede, Steenkamp et al. 1999; Reynolds and Rochon 2001).

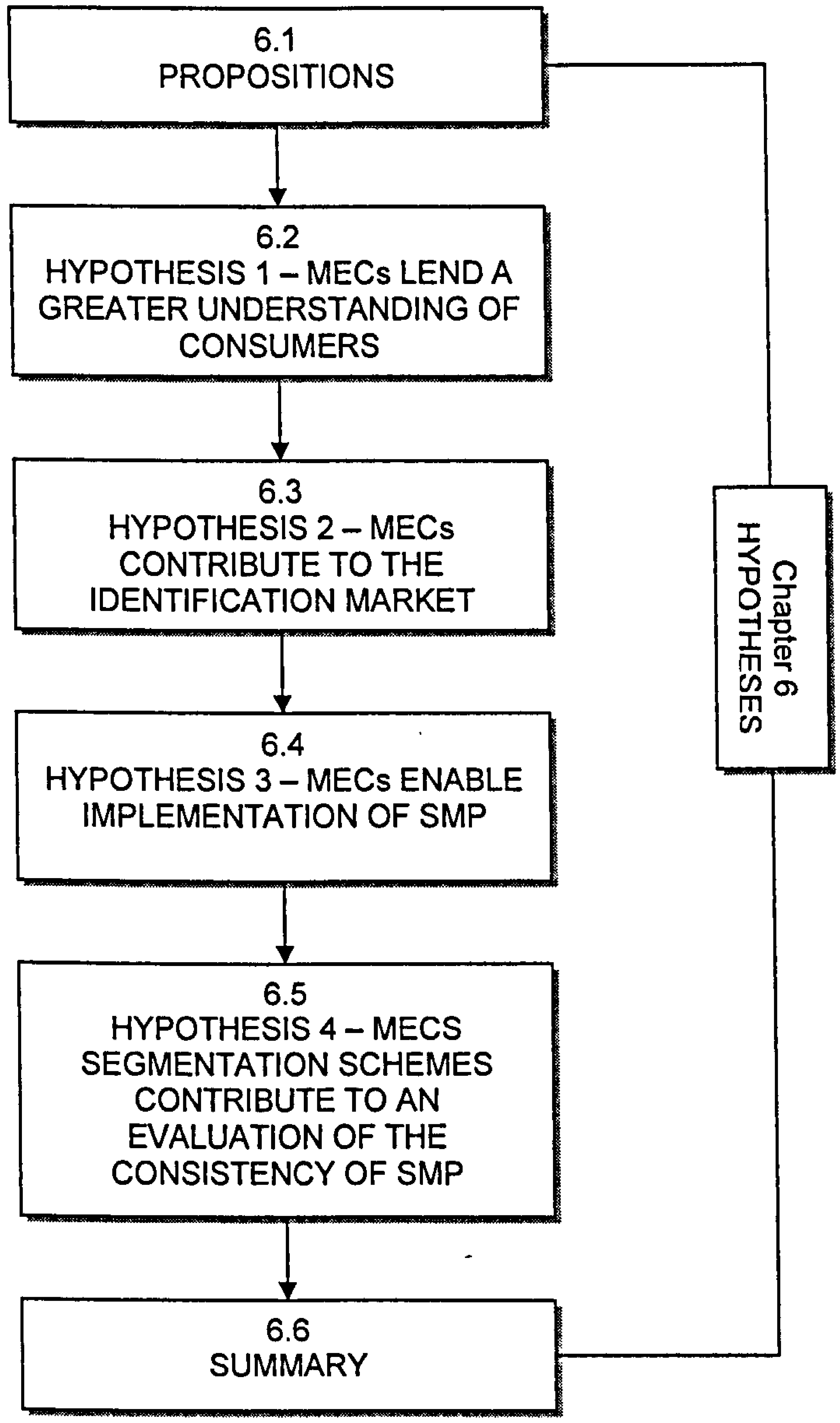
For example, Barczak, Ellen et al. (1997) using a MEC identified four motivational clusters that differed significantly in their attitudinal and behavioural responses to technological innovations in banking service systems; Reynolds and Rochon (2001)'s case study revealed 6 segments of lawn care service market, and consequently suggested a specific communication tactic for each segment for ChemLawn Services Co.. Aurifeille and Valette-Florence (1995) proposed a clustering method to identify the relative dominance of various MECs based directly on the clustering of chains rather than the clustering of items as used in previous approaches did (Valette-Florence and Rapacchi 1991; Klenosky and Gengler 1993); they applied this method to second-hand data, resulting in strong segments. Hofstede, Steenkamp et al. (1999) applied an adapted MEC segmentation method to international markets, and the results showed that the model has high predictive validity and outperforms other approaches traditionally employed in international segmentation.

5.5 CONCLUSION

Means end theory and its measurement (laddering) has developed over the past two decades and generated recent attention in both academic and practice circles. The MEC model identifies consumers' product-related knowledge – expectations of product attributes, the consequences or outcomes of using a product, and the broad goals or values –; and further links these elements at various abstraction levels to form a hierarchical map representing consumer cognitive structure. Empirical studies have proved it to be a powerful tool for understanding consumer value and decision making, given that the essence of the MEC view of consumer decision-making is that consumers make decisions to solve problems and those consequences are relevant considerations in decision making because of their perceived relation with the goals or values that are salient in that decision context (Olson and Reynolds 2001). It is therefore suggested that a MEC approach can be applied to many market-related areas, such as NPD specification, advertising, and market segmentation.

Chapter 6 HYPOTHESES

Figure 6-1 Chapter 6 Structure



This chapter summarises the key arguments raised in the literature reviewed, which further lead to the development of 4 hypotheses.

This section commences with the two propositions put forward in section 1.2.5 and developed respectively in Chapter 2 (Market Orientation and

Strategic Market Planning) and 4 (China's Domestic Market). Following this, four hypotheses are developed based on discussion of the key arguments in the literature review, and related specifically to the role of MECs in i) understanding Chinese consumers; ii) market segmentation; iii) implementing SMP; and iv) evaluating SMP.

6.1 PROPOSITIONS

The evolution of the marketplace has led to changes in business philosophy – guiding a company's marketing efforts and orientations – from "product/production" or a "selling" concept, to a "marketing" concept, where it is believed that business is *"a customer-satisfaction process"* (Levitt 1960). Various perspectives in business strategy have shifted respectively from time to time, between consumer and competitor, and between environment and internal competence. In the current marketplace, the consumer perspective has been shown to be increasingly central to both practice and theory. From this perspective, it is believed that customers and the satisfaction of their needs is the ultimate driver of strategy (Golub, Henry et al. 2000).

The marketing concept embodies this fundamental philosophy, and proposes that *"an organisation aims all its efforts at satisfying its customers at a profit"* (Perreault and McCarthy 2004); whilst market orientation is *"an organization-level culture – a set of shared values and beliefs about putting the customer first in business planning"* (Narver and Slater 1990).

Given that the key to achieving sustainable competitive advantage for virtually any organisation is the ability to provide customers with an offering that is perceived to be valuable and unique, a profound understanding of the consumer is therefore crucial in order to identify the value creation opportunities in the marketplace, to choose what value to create for which customers, and to deliver that value in an effective and efficient way (Foxall and Goldsmith 1994).

Proposition 1:

> The thesis takes this perspective and pressumes that the fundamental philosophy of an organisation is to satisfy its customer; and strategic marketing planning (SMP) is therefore essential for a market orientated strategy.

With the rapid growth of China's economy at almost 10% per year (Economist 2005 a), China, as one of the big emerging markets (BEMs), has drawn significant interest from international investors; at the same time the marketplace within China has been significantly transformed and many sectors have shown dramatically increased competition.

Among various opportunities in China, the huge potential of its domestic market is considered to be the top attraction for foreign investment (A. T. Kearney 2004). Winning in China has therefore become a top priority for many foreign multinational companies (MNCs), many of whom see China as *"a once-in-lifetime opportunity to catapult themselves into position for global leadership"*(Ayala, Lai et al. 1996).

The issue, then, is whether the organisations operating in China have evolved from selling or producing to marketing, and whether satisfying consumers is the fundamental philosophy of their businesses?

Twenty years of economic development in China has also been accompanied by the evolution of both MNCs and indigenous Chinese manufacturers. A majority of MNCs in China are believed to have entered a "second generation" where the core business has extended substantially from basic manufacturing into marketing, service, product design and the like (Shaw and Meier 1993; Luo and O'Connor 1998); some well-know early-mover MNCs have already entered the third stage as "dominant local players" (Luo and O'Connor 1998). Applying Ferdows (1997)'s model in the context of China, Bruun and Bennett (2001) also conclude that the operation of a majority of foreign MNCs in China have evolved into a marketing role.

At the same time, the marketplace within China has been significantly transformed as a result of increasing competition (Crocker and Tay 2004). In some sectors, such as TV and personal computers, it is frequently found that some of the Chinese companies that did not exist 15 years ago, have since surpassed their MNC peers and become the dominant players (Chen and Penhirin 2004). However, *"Putting marketing at the heart of the company"* is believed to be the biggest challenge to the Chinese indigenous manufacturer (Business Week Online 2004), especially in maturing sectors typified by the mobile phone sector in urban China, where the consumer has become sophisticated and the competition intense.

Proposition 2:

> Both those international MNCs operating in China and indigenous manufacturers have evolved to a marketing stage, therefore, market orientation has become crucial to winning in increasingly competitive domestic markets.

Key arguments in literature reviewed related to i) market segmentation, ii) Means-end Chain (MEC), and iii) market research in China are summarised in the following section. The discussion further leads to the development of four hypotheses.

6.2 *HYPOTHESIS 1 – MECs LEND A GREATER UNDERSTANDING OF CONSUMERS*

For decades, much marketing research has been conducted to address the difficult issues that face marketers, such as the identification of brand meaning, and the launching and positioning of a new brand offering via an understanding of consumer decision making. To understand consumer decision-making, two issues are important: i) what are the salient choice criteria consumers use to evaluate the choice alternatives and choose among them; and ii) why those particular choice criteria are personally relevant to the consumer (Olson and Reynolds 2001). Among them, it is believed that personal relevance is central to understanding consumer decision-making because, according to Olson and Reynolds (Olson and Reynolds 2001), consumers' purchase decisions are heavily influenced by the perceived personal relevance of the choice alternatives; and consumers are likely to select those choices that are seen as more useful for their needs and motivations

Therefore, an important issue in consumer research is the development of an understanding of how consumers derive personally relevant meaning about products (Gengler and Reynolds 1995). This meaning is the basis consumers use to shape their decision criteria among competing products and services. Although, in order to understand personal relevance, marketing researchers have examined a variety of concepts – such as involvement, product importance, attitude, interest, value, commitment, and brand loyalty – personal relevance remains an elusive concept and little research has focused on understanding why these particular concepts are seen as salient choice criteria (Olson and Reynolds 2001).

Means-end chain (MEC) theory proposes that consumer product knowledge is hierarchically organized, spanning different levels of abstraction, where products are seen as means through which consumers obtain valued ends (Olson and Reynolds 1983). According to this theory, consumers choose products driven by the belief that the specific attributes can help them to achieve desired values through the consequences or benefits of product-use. In summary, MECs are hierarchical cognitive structures that model the basis for personal relevance by relating consumers' product or service knowledge to their self-knowledge (Olson 1995).

In this sense, MECs can be used as a tool to generate a fundamental understanding of consumer decision making, as they address the two main issues in the identification of consumer decision making, discussed above, especially as understanding personal relevance is the main advantage of the means-end approach.

This is particularly relevant to those organisations operating in China's domestic market. Although China's domestic market potential is significant, it is acknowledged that translating the growth of market size into actual marketing success has never been certain (Cui and Liu 2001). Simply imposing Western models of marketing on China and gearing the internal products and pitches to Chinese consumers has proved to be a pitfall for many MNCs as they have missed the fact that there are significant cultural differences between Chinese consumers and those from other cultures (Prahalad and Lieberthal 2003). Conversely, Chinese consumers have demonstrated unique concerns and buying patterns. Understanding Chinese consumers and their decision making in terms of how their personal values and goals drive the choice of products and services is therefore important.

In the context of China, MEC is then proposed as a useful tool to understand consumers' decision making processes, and how their personal values and goals drive the choice of products and services (H1).

Given that the MEC describes consumer decision-making as a cognitive process, consumer knowledge represents a cognitive structure with increasing levels of abstraction. The product is therefore defined by tangible attributes at the most concrete level; in contrast, personal values that motivate behaviour define the consumer; and the consequences of product attributes, that help consumers satisfy or achieve their goals, represent the cognitive link between the external product or service and the internal personal value orientation of the person. Subsequently, these three levels of product-related knowledge are combined to form a simple, hierarchical chain of associations, arrayed at various levels of abstraction.

Therefore, within the context of the studies in Chapters 7 and 8, H1 can be refined such that MEC models enable the identification of three levels of consumer knowledge exhibited by Beijing mobile phone users; respectively:

H1a: product attributes – representing consumers' buying criteria;

H1b: consequences – representing what the product does or provides to the consumer at a functional or psychosocial level;

H1c: values – being cognitive representations of consumers' most basic and fundamental needs and goals.

6.3 HYPOTHESIS 2 – MECs CONTRIBUTE TO THE IDENTIFICATION MARKET SEGMENTATION

Since Smith's (1956) initial article on market segmentation, it has been recognised that systematic differences in the variance of consumers could be identified. As a logical extension of the marketing concept itself (Hooley and Saunders 1993), market segmentation has since been seen as a fundamental component of marketing strategy (Palmer and Millier 2004). *'Market segmentation involves viewing a heterogeneous market as a number of smaller homogeneous markets, in response to differing preferences, attributable to the desires of consumers for more precise satisfaction of their varying wants'* (Wind 1978). It is apparent that consumer satisfaction is the ultimate objective of market segmentation, whilst at the same time, providing guidelines for a firm's marketing strategy and resource allocation against consumers' preference (Wind 1978).

Market segmentation becomes essential when a market evolves to the point at which organisations could offer product variations, even with higher prices, which would appeal to different segments of the market and where most consumers already own the functional or core benefits. Conversely, it is believed that, in developing economies, the most effective strategy is to provide basic functional benefits at the lowest possible price, and mass market or identical product strategies are often used effectively, given that the pent-up demand for basic products is so great (Engel, Blackwell et al. 1995).

Since 1970s, a majority of variables appear to have been used as bases for market segmentation, whilst there has long been a debate about what is the best basis for segmentation in practice. However, many approaches are limited in their ability to provide actionable guidance to managers, as the segments are poorly defined or their existence evident more in data than in reality (Reynolds and Rochon 2001). Davis (1987) believes that segments are almost always too few, and the populations within that, too heterogeneous to be of practical value.

Recent changes in the market environment present new challenges and opportunities for market segmentation. The increasing number of options available to consumers has resulted in an exponential increase in the variance of consumer behaviour, which carries it with an increase in the number of potential segments within the market. This significant increase in the variance of consumer behaviour in both Western and some maturing Chinese market may require a change in the orientation of segmentation research, and move the focus of segmentation from the marketer to the consumer (Stewart 1991). Consequently, marketers are now sharpening their focus on smaller segments with micro marketing and direct marketing approaches. On the other hand, the increasing globalization of most product markets is leading many multi-product manufacturers to look at global markets that cut across geographic boundaries. These developments have led to a rethinking of the segmentation concept (Wedel and Kamakura 2000). Discovery of these consumer defined segments requires a more complex approach to segmentation that recognizes the purposefulness of consumer behaviour and uses individual usage scenarios as the basic building blocks for segmentation. Existing arguments have indicated a shift of market segmentation bases from "symptomatic" to "causal" and from "product focus" to "consumer focus" in reacting to the evolution of the marketplace.

In this respect, MEC theory, based on understanding the consumer's choice process, is proposed for use in market segmentation by Reynolds and Rochon (2001).

Supposing H1 to be confirmed, the MEC approach identifies three levels of consumer knowledge, respectively relating to consumer personal value, self relevance, and buying criteria. The enduring nature of values, and their central role in personality structure, make them ideal for application on understanding market segmentation (Engel, Blackwell et al. 1995). It is believed (Vinson, Scott et al. 1977) that knowledge of consumer value provides an efficient, measurable set of variables closely related to needs, which expand the marketer's knowledge beyond other distinctions, and based on the value profiles in segmented markets, may enable them to develop programmes which would maximally enhance those values identified as key to consumers in each market segment. In addition to other value based approaches, the MEC recognises that a person strives to satisfy different values across different consumption occasions that further differ across product classes. Thus, MEC segmentation is not merely based on personal values, but identifies the certain chains/pathways of ideas connecting a product or services with the self. Each distinct pathway therefore represents a dominant perceptual orientation amongst individual sets of consumers. In this sense, market segmentation based on MECs, provides a causal linkage between behaviour and motivations, thus providing both accurate and in-depth consumer information for marketers.

A key question is, then, whether China, as one of the biggest emerging markets, has grown to a point at which significant levels of segmentation have occurred?

Investigation of the evolution of Chinese consumers reveals that economic and social transition have resulted in a highly fragmented Chinese domestic market, reflected in significant diversities between various geographic regions, subcultures, and demographic groups. However, because Chinese consumers share a common cultural heritage and language, this has often misled companies into regarding the Chinese market as homogenous. Conversely, market segmentation has already become imperative, especially in maturing sectors and affluent areas.

In many product categories in urban areas – typified by PCs, TVs, and mobile phones –, high product saturation levels and the fact that most consumers already own the functional or core benefits, indicates the imperative for market segmentation. In these markets, consumers have become increasingly sophisticated, and their distinct buying patterns and psychology require more precise satisfaction of their varying wants; on the other hand, intense competition within these sectors has led to a need for differentiation between competitors in order to better satisfy distinct consumer demands. The Beijing mobile phone market is taken as an exemplar, given its high mobile phone subscriber penetration rate at 77.48% as of 2004 (Euromonitor 2004 a), equivalent to the 70-80% user rate demonstrated in developed economies (Euromonitor 2005). The general potential within China has prompted mobile phone manufacturers to increase investment, reaching RMB210 billion per annum, with a 186 million unit capacity as of 2003 (Euromonitor 2004 a), such that China has become the largest GSM cell phone chip market in the world, surpassing even Europe (Robertson 2002).

Despite this, relevant market research is still scarce. Existing market segmentation studies have been based mainly on demographics, i.e. (Anderson and He 1998; Cui and Liu 2001; Wang, Yee-Man Siu et al. 2002; Taylor 2003), and psychographics, i.e. (Li and Xiao 1998; Tam and Tai 1998; Hiu, Siu et al. 2001; Dickson, Lennon et al. 2004), whilst, a major decision facing most companies is what basis to segment on, and for these maturing markets, whether traditional approaches to segmentation are appropriate. This leads logically to a second hypothesis.

The maturing markets in urban China, typified by the mobile phone market, have developed to a stage requiring a more complex approach to segmentation, which recognizes the purposefulness of consumer behaviour. Thus, it is assumed that when the MEC approach to market segmentation is applied in the Beijing mobile phone market, market segmentation is identifiable (H2).

6.4 *HYPOTHESIS 3 – MECS ENABLE IMPLEMENTATION OF SMP*

Market segmentation, as the initial stage of SMP process, does not merely aim at explaining differences among the specific respondents or segmenting the sample, but rather to project the results of the segmentation study to the relevant marketers and to accordingly match market opportunities with marketing programs based on the segmentation results (Wedel and Kamakura 2000). Further, they also argued that even if a market can be partitioned into homogeneous segments, market segmentation will be useful only if the effectiveness, efficiency and manageability of marketing activity are influenced substantially by discerning separate homogeneous groups of customers.

MEC segmentation is based on the belief that effective segmentation is a result of differentiating a heterogeneous population, based on the decision-making criteria used to select a product, as well as by the dimensions of consumer behaviour of greatest interest to the marketing manager (Reynolds and Rochon 2001). Therefore, MEC segmentation, including both attitude and behaviour variables, allows management to i) efficiently target customers with appropriate communication strategy, and ii) deliver the most appropriate message to target groups.

Further, the basic premise of the marketing concept is that a product (or service) is a "bundle" of physical and perceived attributes, which provides a customer with a similar "bundle" of physical and perceived benefits, which satisfy his/her needs and goals. This is also a central tenet of means-end theory (Peter and Olson, 1993) which implies that those attributes a customer values (i.e. considers important) in a product are connected to those benefits derived from it, facilitating the achievement of end goals as perceived by the customer. Due to the ability of a MEC to provide a deeper understanding of the customer decision making process, based on which a "strategic marketing planning" (SMP) process can be applied, it would appear to be particularly appropriate in enabling SMP within target markets.

Therefore, given H2 is confirmed, a third hypothesis (H3) can be developed, presuming that MEC segmentation enables marketers to effectively implement the 3 key stages within the SMP process (Figure 2-1):

H3a: in "choosing the value" – choice of value by the organisation;
H3b: in "delivering the value" – the development of specific product features, prices, and distribution routes to provide the value; and
H3c: in "communicating the value" – communication of the value to consumers via advertising and sales promotion.

6.5 *HYPOTHESIS 4 – MECS SEGMENTATION SCHEMES CONTRIBUTE TO AN EVALUATION OF THE CONSISTENCY OF SMP*

Further to hypothesis 3, it has been recognised that the key elements of the strategic marketing planning process – segmentation, new product planning and development, and advertising – are considered to be separate, are typically not well coordinated; and are often undertaken by different people at different locations, at differing times, both inside and outside the organization (Myers 1996). Therefore, it is suggested that these distinct roles and functions in the strategic marketing planning process need to be carefully coordinated and integrated because they provide the basic foundation on which marketing operating plans are developed for each major product or service line (Myers 1996). However, it is also recognised that in practice, it is not as straightforward as the prescriptive literature suggests and a strategic marketing formalization might have a greater impact on the success of market orientation (Claycomb, Germain et al. 2000). Thus, an operational tool becomes essential to integrate these functions together in order to deliver the maximum consumer value.

In this respect, the MEC is proposed as a benchmark to evaluation each stage within the SMP process.

A further hypothesis (H4) is therefore put forward, in which it is assumed that an MEC segmentation scheme can be applied as a tool to assess the consistency of the SMP process across each of its stages and to provide guidance to link and integrate these distinct roles and functions in accordance with a consumer perspective.

6.6 SUMMARY

The four hypotheses can be summarized as follows:

H1: It is assumed that MEC models allow researchers to identify the three levels of consumer knowledge exhibited by Beijing mobile phone users; respectively,

H1a: product attributes – representing consumers' buying criteria;

H1b: consequences – representing what the product does or provides to the consumer at a functional or psychosocial level;

H1c: values –being cognitive representations of consumers' most basic and fundamental needs and goals.

H2: It is assumed that when the MEC approach to market segmentation is applied in the Beijing mobile phone market, market segmentation is identifiable.

H3: It is presumed that MEC segmentation enables marketers to effectively implement the 3 key stages within the SMP process:

H3a: in "choosing the value" – choice of value by the organisation;

H3b: in "delivering the value" – the development of specific product features, prices, and distribution routes to provide the value; and

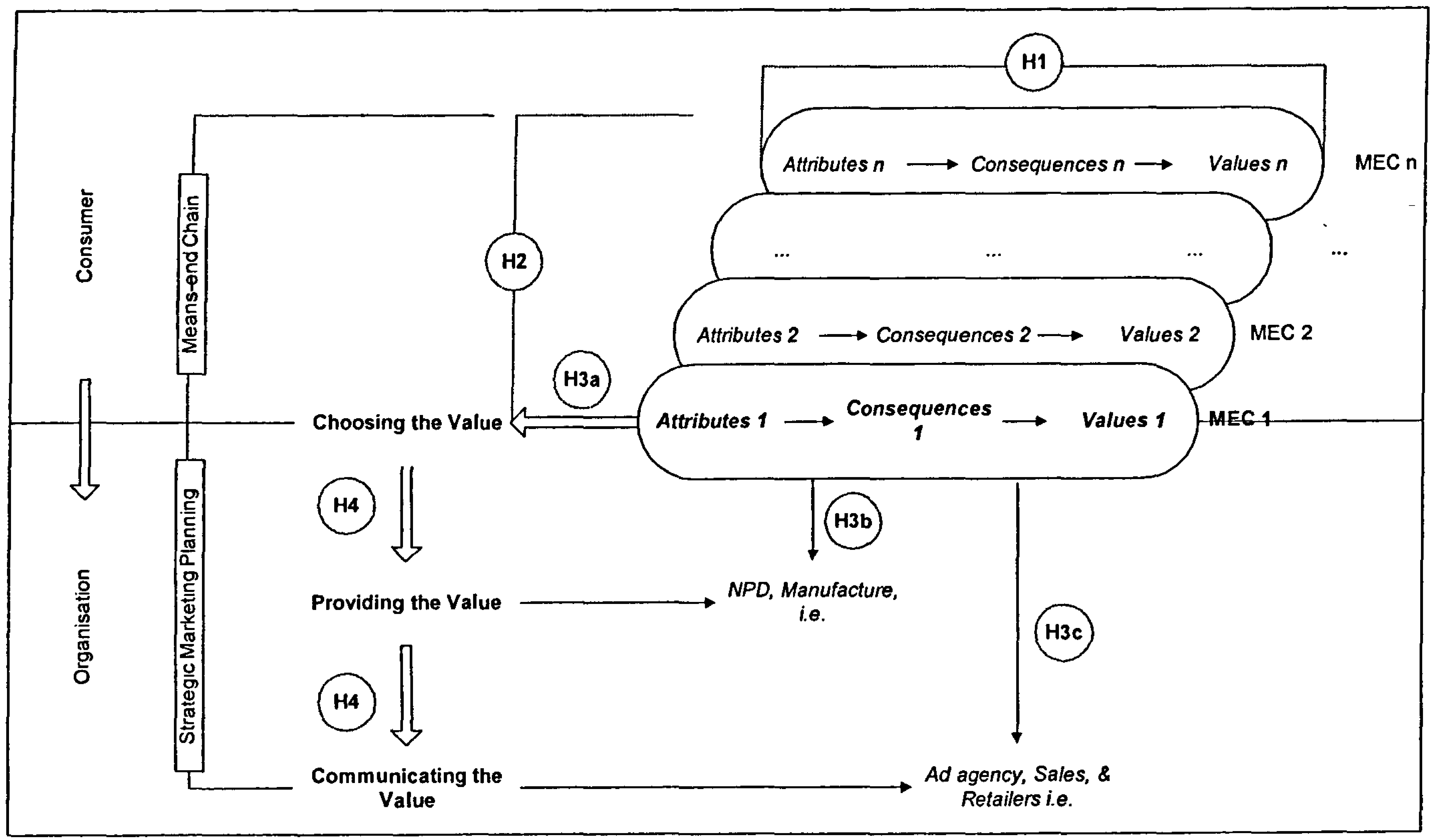
H3c: in "communicating the value" – communication of the value to consumers via advertising and sales promotion.

H4: It is assumed that an MEC segmentation scheme can be applied as a tool to assess the consistency of the SMP process across each of its stages and to provide guidance to link and integrate these distinct roles and functions in accordance with a consumer perspective.

Subsequently, the four hypotheses can be integrated within a conceptual framework as shown in Figure 6-2. The conceptual framework illustrates how the consumer (upper half of the figure) and organisation (bottom half of the figure) interaction with each other. MEC research on consumer decision making is believed to provide a deeper understanding in terms of values, consequences and attributes (denoted as H1 at the top right-hand). Based on the MEC data, distinct consumer conceptual orientations can be identified which indicate different market segments. It is assumed that many sectors, typified by the Beijing mobile phone market, have developed to a point where MEC segment is identifiable (denoted as H2). The resultant MEC segmentation data can thus provide accurate information enabling organisations to choose appropriate targets and thus define their value proposition (denoted as H3a). Following the first stage of the strategic market planning process, once targeted consumer groups have been chosen, MEC segmentation provides actionable information for stages 2 and 3, including NPD, manufacture, and advertising (denoted as H3b and H3c). Further, consumer MECs can be used to establish consistency between the various stages of the SMP (denoted as H4).

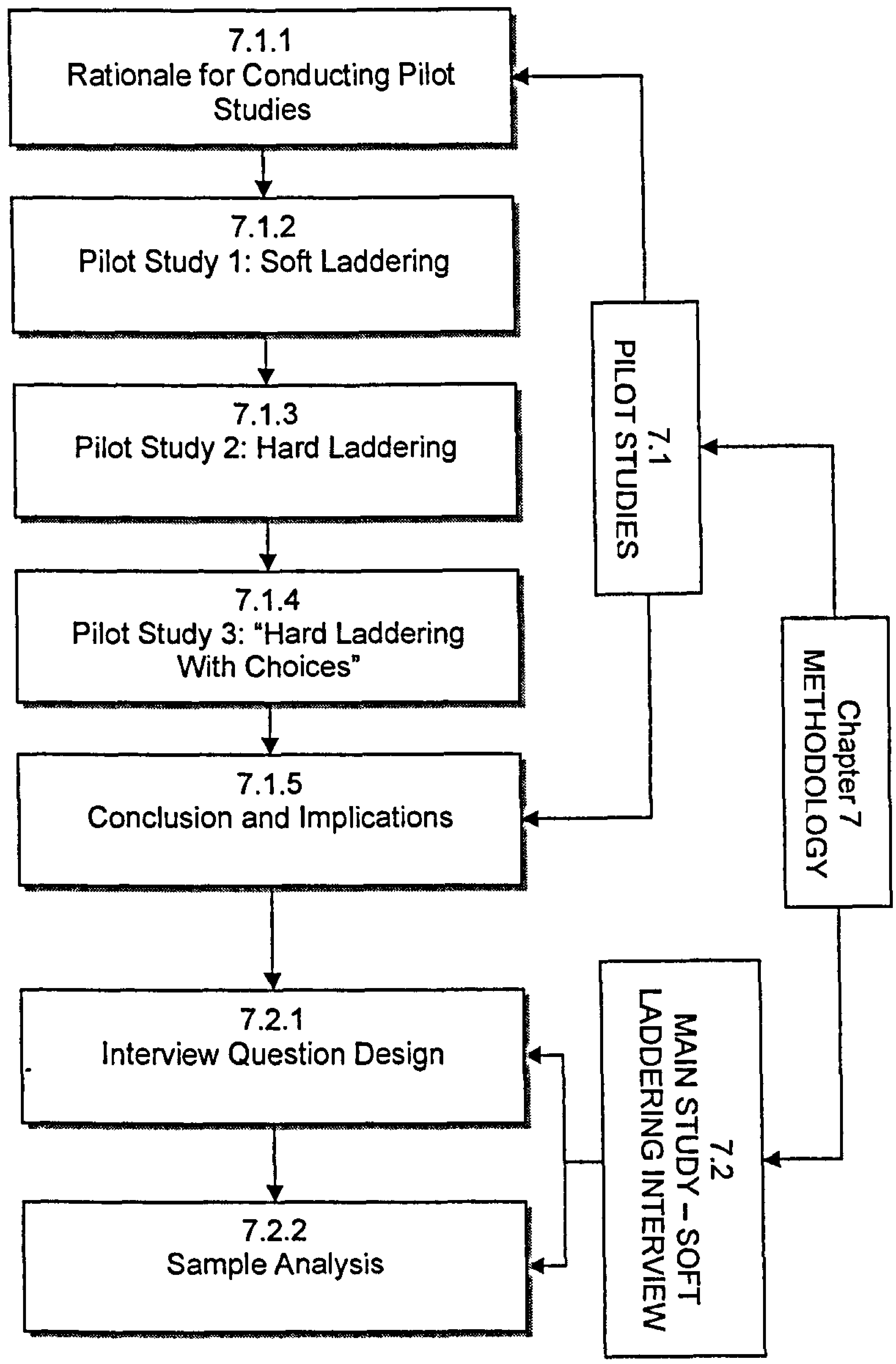
The conceptual framework illustrates the logic underlying the development of the hypotheses. In later Chapters within the thesis, elements of this framework are used to support detailed concepts: Fig 9-2 using an example to illustrate how the MEC provides actionable input for advertising (see H3c); and Fig 9-4 developing H4 to illustrate how consumer MEC cognitive structures are used as indicators for SMP assessment.

Figure 6-2 Conceptual Framework



Chapter 7 METHODOLOGY

Figure 7-1 Chapter 7 Structure



This chapter describes the process of defining an appropriate methodology in order to test the hypotheses outlined in Chapter 6. Two stages are subsequently included: i) pilot studies and ii) the main study.

In order to identify an appropriate methodology, three pilot studies have been conducted to evaluate the various techniques proposed in the literature in Chapter 5. Rationale for conducting the pilot studies and key issues are outlined in section 7.11. The objectives, design of questions, and findings of the three studies – soft laddering, hard laddering and adapted hard laddering – are described respectively in sections 7.1.2 to 7.1.4. Conclusions and implications from the three pilot studies are summarised in section 7.1.5, which concludes that soft laddering is a more appropriate approach for the purpose of the main study yielding a better understanding of consumer cognitive structures.

Subsequently, the second part of this chapter describes a main study, the design of which is based on the findings of the first stage of the pilot studies. 40 soft laddering interviews have been conducted, focused on Beijing during 2003. The sample selection method and description (in section 7.2.2), and the design of interview questions (in section 7.2.1) are further described.

The results of the main study – 40 interviews – will be analysed in Chapter 8.

7.1 PILOT STUDIES

7.1.1 Rationale for Conducting Pilot Studies

General procedures and techniques related to the laddering method have been discussed in chapter 5. As Reynolds and Gutman (1988) suggest, laddering consists of three stages: i) the elicitation of salient attributes, ii) laddering interviews, and iii) analysis. Other researchers (Walker and Olson 1991) have proposed pencil-and-paper methods referring to "hard laddering" vs. the classical approach, "soft laddering".

Among the arguments regarding the application of laddering, there has been debate on those issues that impact on the quality of the results: the selection of better techniques for attribute elicitation, choice between soft vs. hard laddering, and objectivity in data analysis. Although much literature has discussed the merits and downsides of most related techniques, given that the selection of appropriate approaches largely depends on the objectives of the studies, experiments are considered necessary in order to define the most appropriate methods for the research undertaken here, especially given the context of a different consumer culture.

In order to identify the most appropriate methodology, the three experiments have been designed to lend understanding re the process in each approach, and to determine the extent to which the results can fulfil the purpose of this study. Consequently, the experiments need to identify i) at the attribute elicitation stage, what is a better combination of techniques; ii) at the data collation stage, whether soft or hard laddering is more appropriate for this study; and iii) at the data analysis stage, which data collation approach best avoids bias from the researcher.

7.1.1.1 Techniques in Attribute Elicitation

Attribute elicitation is the first stage in any laddering process. In Section 5.3.1, key arguments in relation to various techniques used for attribute elicitation have been discussed and the techniques have been summarised in Table 5-2. Among the various techniques listed in Table 5-2, those which use product stimuli lead respondents to concentrate on detailed visible differences and thus are most likely to generate concrete attributes, such as size or colour; these may be of use in product design, but have less relevance for ladder probing. In contrast, using those techniques without product stimuli, respondents may generate abstract product attributes or even consequences.

Given that different techniques may lead to differing sets of attributes, leading to the measurement of different excerpts within a cognitive structure (Grunert, Beckmann et al. 2001), it is important to test relevant techniques beforehand. In order to ensure no key element is overlooked, Reynolds and Gutman (1988) recommend the use of at least two distinct methods.

Therefore, the experiments need to test major techniques and determine an optimal combination of techniques that will be used in this research.

Three techniques are tested respectively in the three experiments, i) "Free elicitation" / "direct elicitation", ii) "Preference-consumption differences", and iii) "Picking from an attribute list".

i) In "free/direct elicitation", the respondent is asked to come up with the attributes most important to the respondent when choosing a product within the given product category or products presented. Because it does not favour any particular view on "consumer memory" , it is deemed to be a baseline technique for the elicitation of attributes (Breivik and Supphellen 2003) and comes closest to a "natural speech" interviewing technique that leads to a stronger focus on idiosyncratic and intrinsically relevant attributes, and to a reduced focus on extrinsic product differences (Bech-Larsen and Nielsen 1999).

ii) In "preference-consumption differences", respondents, after providing a preference order for brands of product, are asked to explain how this distinction differs.

iii) In "picking from an attribute list", respondents are asked to pick important attributes from pre-prepared lists.

The comparison of the approaches based on the three experimental studies conducted is described in 7.1.5.1 , where a preferred approach is discussed.

7.1.1.2 Soft vs. Hard Laddering

Soft laddering refers to *"an in-depth, one-on-one interviewing technique used to develop an understanding of how consumers translate the attributes of products into meaningful associations with respect to self"* (Reynolds and Gutman 1988), where the natural flow of the respondent's dialogue is restricted as little as possible. In contrast, hard laddering refers to a structured questionnaire to collate MEC data; both pencil-and paper questionnaires and computer aided surveys belong to the category of hard laddering.

Table 7-1 summarises the comparisons of soft laddering and hard laddering cited from relevant literature; it is apparent that i) soft laddering as a qualitative methodology using an in-depth interview technique, demonstrates fewer advantages in administration whilst results yield more promising data that has a comparatively higher predictive ability and is considered to be appropriate in identifying more complex underlying motivations within consumption decision-making; ii) hard laddering can be used for larger samples and is easier to manage, whilst providing no significant advantage in results.

Table 7-1 A Comparisons of Soft vs. Hard Laddering Method

	Soft laddering	*Hard laddering*
Sample size	Qualitative	Quantitative / larger samples
Method	In depth interview	Questionnaire
Administration	i) Needs trained interviewers; ii) places a serious burden on respondents; iii) time consuming; iv) the quality of the data may be affected by respondent fatigue and boredom	I) ease and time-saving; ii) minimized interviewer's influence
Resultant MEC	i) Generates more means-end chains of increased abstraction level; ii) generate more linkages between levels of abstraction iii) difficult in interoperating the result	Generate more ladders
Quality of data	I) Better predictive ability as a result more of the respondent's cognitive structures and processes than of the researchers' cognitive structures and processes; ii) appropriate to identify more complex underlying motivations of consumption decision-making	

Sources: (Grunert and Grunert 1995; Botschen and Thelen 1998; Hofstede, Audenaert et al. 1998; Grunert, Beckmann et al. 2001; Costa, Dekker et al. 2004; Russell, Busson et al. 2004; Russell, Flight et al. 2004)

A few problems identified during soft laddering interview, and correlated techniques have already been listed in table 5-3. It is apparent that the most common problems are: i) respondents really do not know the answer; and ii) issues may become too sensitive for them. Although correlated techniques have been introduced in the literature, it is necessary to know how often these problems happen and to what extent these techniques are useful.

In summary, choice of technique is dependent on an informed understanding as to i) the extent to which the soft laddering is difficult to manage ii) and the extent to which the results generated by hard laddering can fulfil the purpose of this study.

Further, other researchers have adapted hard laddering to quantify laddering results, such as Abeele's method, cited in Hofstede, Audenaert et al. (1998)'s article, that lets the respondent evaluate complete ladders; Hofstede, Audenaert et al. (1998)'s association pattern technique (APT); and Grunert (1997)'s "structural equation" model, as introduced in section 5.3.4. Considering that the "adapted hard laddering" methods, described above, have been used to generate MEC results and are considered to improve the satisfaction levels in hard laddering results, it is necessary to conduct an experiment with adapted hard laddering.

Therefore, three experiments are conducted: soft laddering, hard laddering, and adapted hard laddering. The findings and discussions are shown in 7.1.2, 7.1.3 and 7.1.4 respectively.

7.1.2 Pilot Study 1: Soft Laddering

Within Pilot study 1, a soft laddering approach has been evaluated.

7.1.2.1 Objectives

The soft laddering experiment attempts to:

i) understand laddering interview procedures and:

a) explore the extent to which the results rely on the interviewer's skill and experience;

b) find out how well the related interview techniques proposed in the literature reviewed can solve problems emerging during the interview;

ii) analyse the quality of soft laddering data, consistent with the arguments cited in Table 7-1; and
iii) test attribute elicitation techniques.

7.1.2.2 Design of Interview Questions

A series of questions for the soft laddering experiment have been designed to achieve the set objectives. It contains three parts: i) personal information; ii) elicit attributes; and iii) laddering. (The list interview questions are shown in Appendix 1).

Part one (Personal Information) is designed to collate data related to interviewees' demographic background – including sex, age, education, job, family member, and household incomes – , in order to describe the selected sample. (NB: The objective of the pilot study is to test the relevance of methods and consideration of the sample selection is less relevant; the demographic questions are included solely to inform the development of the main study).

Part two (Mobile Phone Usage) includes questions 7 – 12 in Appendix 1, which relates to consumers' previous experience and brand preferences re mobile phones. The questions are designed to test various attribute elicitation techniques and to trial the "warm up" stage in the laddering interview process.

Part three (Laddering) is designed to probe interviewee MECs (Means-End Chains). Attributes resulting from question 14 (in Appendix 1) are then used as the 3 attributes for laddering probing, where a "Free elicitation" attribute elicitation technique is tested. Questions 15 to 17 are used to subsequently generate MECs via a series of probing questions which query why a particular statement is important to the respondent.

7.1.2.3 Findings and Discussion

Two interviews have been conducted based on the questions outlined in the previous section . In each case, the respondents are both Chinese students at Salford University (see Figure 7-3 for details). The resultant HVMs (Hierarchical Value Maps) are illustrated in Figure 7-3.

Throughout the experiment, it was found that the face-to-face contact between the respondent and interviewer, and the use of an open question method enabled the laddering to generate a deeper understanding than could not be achieved via questionnaire or free association methods. However, given that the central idea is to keep the focus of the discussion on the person rather than on the product or service, the product at times disappeared from the conversation. These findings are consistent with, and reflect those of other researchers.

During the conversation, problems discussed in the literature (in section 5.3.2), have been encountered, such as "the respondent does not know the answer', or "issues become too sensitive", and similarly, relevant techniques (in Table 5-3) have been trialled. It is found that these techniques are similar to those used in other qualitative interviewing approaches. Among the various techniques proposed in earlier research, "postulating the absence of an object or a state of being", "negative laddering" and "redirecting techniques" (i.e. the use of silence and communication checks) have proved to be very useful when there is a mental/semantic block and the respondent really does not know the answer.

As the interviewees were restricted as little as possible in their responses, it is apparent that forked answers often lead to non linear ladders. The interviewer's experience and skills are thus crucial as to when to make a decision on which thread to be pick up for further probing, where to go and when to stop. It is apparent that the more familiar the interviewer becomes with the techniques and procedures, the better the interviewer is able to judge if an outcome can be reached in the line of questioning. Therefore, as with any qualitative technique, interviewer experience becomes key.

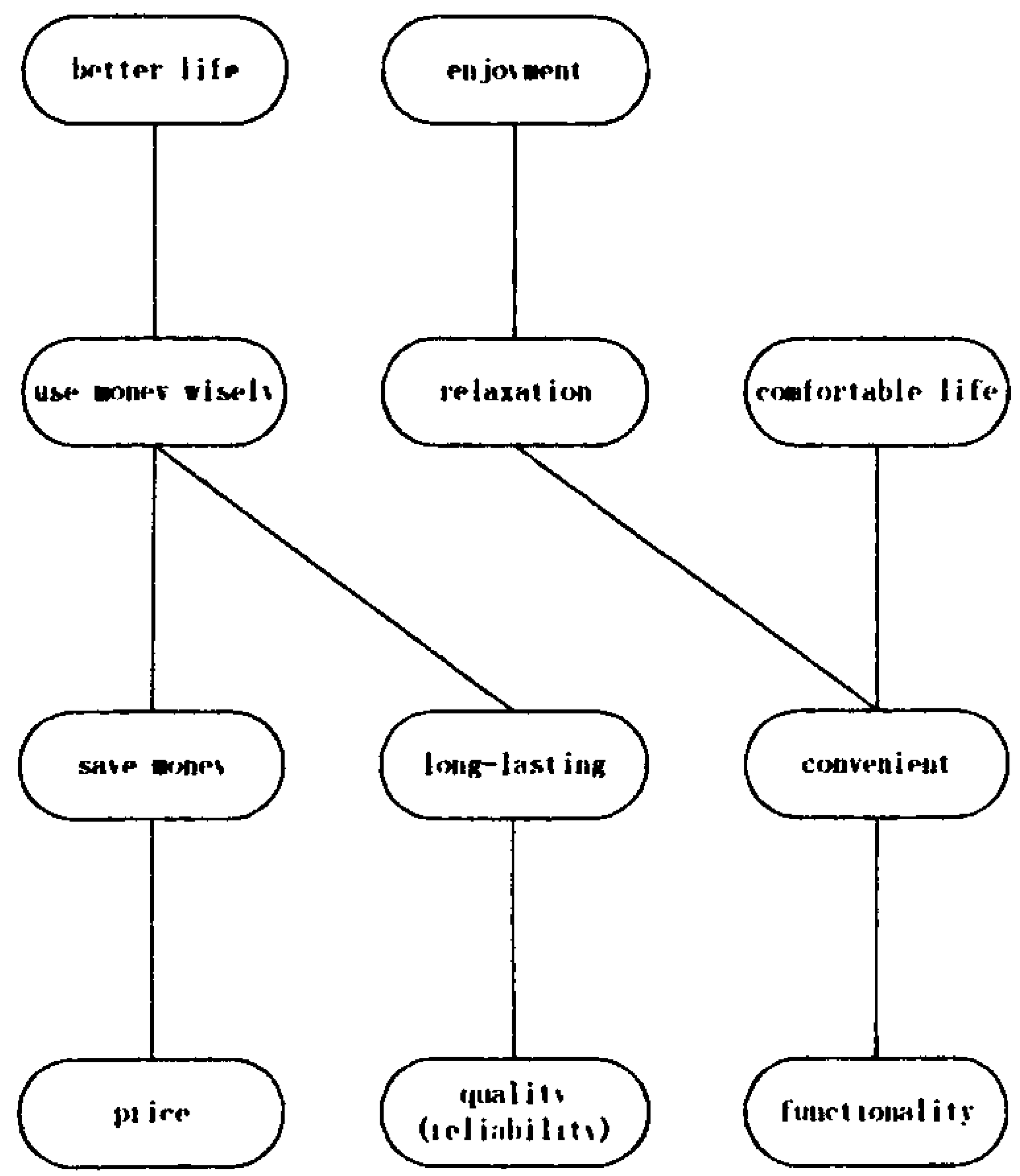
The experiment also confirmed that considerable effort and time is needed, and suitable interview circumstances are crucial. A conducive environment and a relatively long warm-up time are necessary in order to encourage interviewees to feel comfortable about talking about their beliefs.

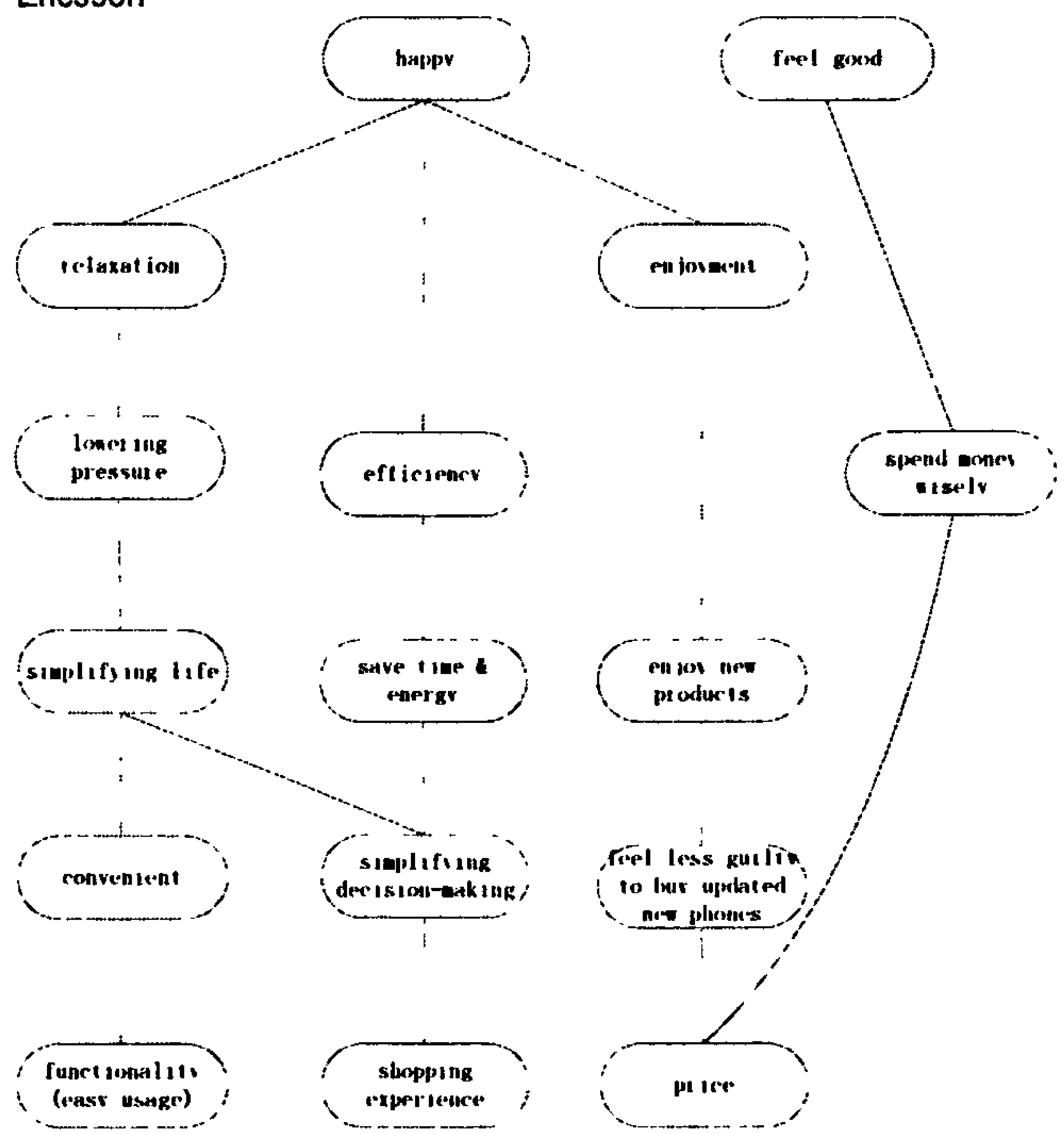
Further, due to the openness of the interview conversation, considerable efforts are required to code the raw data into meaningful keywords, given that it is crucial that during the data analysis process, representations of respondents' cognition structures should not be interfered by the researcher's own knowledge.

According to the results of the experiment, soft laddering appear to be potentially a good method of generating understanding consumer's cognitive structure in terms of how he/she relates concrete attributes to abstract beliefs. However, it requires skilled interviewers, considerable time and effort, and significantly greater effort is needed to analyse the results.

Table 7-2 Experiment 1 - Results

	Interviewee 1	*Interviewee 2*
Sex	Female	Male
Age	28	34
Place	Interviewee's home	Student lounge
Time	50 minutes	60 minutes
Brand usage	Nokia	Ericsson
HVM		





7.1.3 Pilot Study 2: Hard Laddering

7.1.3.1 Objectives

A second pilot study has been conducted to test the Hard Laddering approach. The objectives of the experiments are:

i) to identify to what extent hard laddering can generate satisfactory results;

ii) to identify potential problems emerging during the survey procedure;

iii) to test the analysis procedure.

7.1.3.2 Design of the Questionnaire

In order to achieve the objectives, as set out above, a questionnaire has been designed as shown in Appendix 2 (English) and Appendix 3 (Chinese). It consists of three parts: personal information, mobile usage information, and laddering. The structure is similar to that used in pilot study one (Soft Laddering), but differ in the provision of multiple choice rather than open end questions.

Part one (Personal Information) collates data relating to respondents' ages, jobs, and incomes. Demographic categories are cited from a CIMAS survey (a market research agency in Beijing) undertaken in 1998.

In part two (Mobile Phone Usage) respondents are asked to name three favourite brands and then use a triadic method to compare each pair of brands, following the "preference-consumption difference" technique (see 7.1.1.1). In so doing, distinct attributes are elicited.

The most important three attributes from part two are subsequently used for laddering probing in part three (Laddering). The hard laddering format (figure 5-4) developed by Botschen and Hemetsberger (1998) is adapted in this experiment. The respondents were therefore required to identify their three most important attributes from the results and subsequently commenced a five-layer laddering based on the three named attributes.

7.1.3.3 Findings and Discussion

15 questionnaires were distributed to both respondents in China via internet contacts, and a random selection of Chinese students from Salford. 11 questionnaires were subsequently returned. (The results are shown in Appendix 4.)

A total of 33 MECs have been generated based on the 11 questionnaires as shown in Table 7-3.

Firstly, it is apparent that the rate of completion is low. 73% of the 33 MECs have left at least one or more ladder blank (the blank ladders are marked with a "0" in Table 7-3). It is apparent that the further the probing reaches towards an abstract level, the lower the rate of completion; only 33% have been completed with "value" ladders.

Secondly, it is found that even where the ladders are completed; the levels of abstraction vary significantly. For example, in MEC No. 31 in Table 7-3, "durability" is featured as a level 5 "value", whereas it should be a level 2 "abstract attribute"; in contrast, in MEC No. 26, "convenience" is featured as level 1, whereas it should be at level 3. Moreover, the grade of each ladder varies significantly, and a large proportion of answers are repeated. In total, looking at the most abstract ladder within each MEC generated (underlined in Table 7-3), only 21% of all MECs reach the "value" abstraction level, 58% reach a "consequence" level (2 to 4), and the remaining 21% cease probing at an "attribute" level.

Table 7-3 Experiment 2 - MECs

No.	Level 1 (attributes)	Level 2	Level 3	Level 4	Level 5 (value)
1.	brand	quality	durability	save money	0
2.	price	affordability	affordability	affordability	0
3.	convenience	0	0	0	0
4.	appearance	personality	0	0	0
5.	quality	essential	in emergent	convenient	0
6.	appearance	good looking	high standard	Self respect	feel good
7.	quality	durability	practical	responsibility	success
8.	convenience	easy to use	make things easier	efficiency	productivity
9.	value	save money	save money	affordability	0
10.	functionality	0	0	0	0
11.	appearance	style	fashion	0	0
12.	price	affordability	0	0	0
13.	appearance	fashion	fashion	happy	0
14.	fashion	beauty	0	0	0
15.	function	technology	0	0	0
16.	appearance	fit to the whole image	fit my image	0	0
17.	quality	durability	save money	affordability	save
18.	price	income	affordability	responsibility	trust
19.	sound quality	save energy	respect others	respect self	easy to use
20.	user friendly	easy to use	0	efficiency	faster
21.	durability	0	0	0	0
22.	functionality	reliable	save trouble	0	0
23.	functionality	save time	0	0	0
24.	operation	easy to use	save time	convenient	0
25.	multi function	convenient	convenient	0	0
26.	convenience	easy to use	0	0	0
27.	standby time	convenient	avoid trouble	0	0
28.	durability	avoid delaying	save money	save time	meaningful thing
29.	appearance	style	mood	free	freedom
30.	operation	simple	convenience	safety	respect life
31.	screen resolution	better colour	taking pictures	0	durability
32.	appearance	0	0	0	0
33.	operation	easy to use	avoid trouble	0	0
*	100%	88%	67%	48%	33%

* Rate of Completing

Following observation of the respondents completing the questionnaires, and discussion with them afterwards, it is apparent that respondents have experienced difficulty in filling in the form (represented in Appendix 2), especially in completing the more abstract levels; and that they really "do not know the answers" as there are no clues to guide or direct them. Compared with the soft laddering method, where the probing questions posed by the interviewer helped the interviewee to think, it was apparent that satisfactory results in hard laddering are highly reliant on the interviewee's willingness and ability to think deeply. Therefore, without guiding questions, it is not certain that the respondent can be encouraged to probe to a sufficient or satisfactory depth within hard laddering.

The resultant data from Table 7-3 has been further analyzed following the procedures suggested by Reynolds and Gutman (1988). Firstly, the MECs are coded, elimination of semantically similar/duplicated terms, where a total of 31 MEC elements are summarised as shown in Table 7-4. The linkages between any pairs of MEC elements at different levels of abstraction are counted and their frequency shown in the implication matrix (Table 7-5), where all elements (1-31) are contrasted with those occurring at level 2 or greater (elements 9-13). Based on the matrix, a Hierarchical Value Map (HVM) is constructed (see Figure 7-2), depicting the content and structure of consumer knowledge in a graphical manner.

After interpreting the data analysis procedure, it is apparent that, compared with soft laddering, results generated by hard laddering are much simpler to process, and that potential bias from the researcher engaged in the data analysis process can be significantly reduced, specifically in the areas of coding and ascribing levels. As argued in section 5.3.3, it is recognised that in the coding step within soft laddering researchers are given significant latitude, which may potentially affect the extent of the deviation in the results; whereas, in the process of coding hard laddering data, the latitude for researchers to make decisions has been decreased. For example, in analysing soft laddering data, the first step is to identify the keywords used in the interview conversation, whilst, in hard laddering, this step is much simpler as the answers already appear as keywords rather than narrative sentences. Therefore, it is apparent that during the analysis procedure in hard laddering, coding is less reliant on a researcher's idiosyncratic cognitive categories, and more on those of consumers.

Table 7-4 Experiment 2 – List of MEC Elements

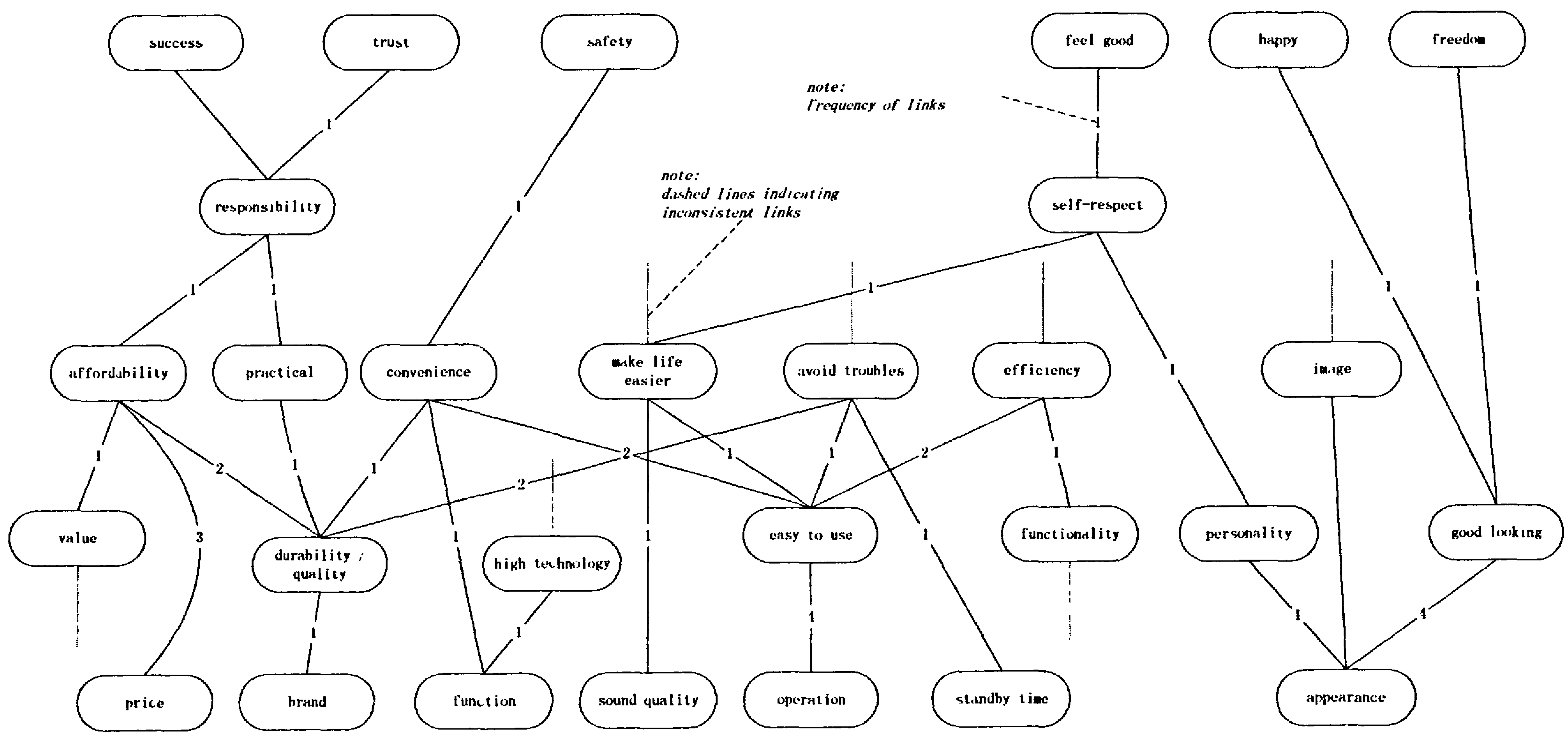
Level 1	Level 2	Level 3	Level 4	Level 5
1. appearance	9. durability / reliability / quality	16. affordability	23. responsibility	27. feel good
2. brand	10. easy to use	17. avoid trouble	24. self-respect	28. freedom
3. function	11. fashion / style / good looking	18. convenient	25. to do meaningful thing	29. happy
4. operation	12. functionality	19. efficiency	26. trust	30. safety
5. price	13. personality	20. image		31. success
6. screen resolution	14. value	21. make life easier		
7. sound quality	15. technology	22. practical		
8. standby time				

Further, due to a low completion rate and generally low level of abstraction, as discussed earlier, the resultant HVM shows inconsistent linkages (marked as dashed lines in Figure 7-2). Consequently, it is difficult to identify dominant pathways (which, in this case, would indicate market segmentation).

Table 7-5 Experiment 2 – Implication Matrix

	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
1. appearance			4		1							1											
2. brand	1																						
3. function							1			1													
4. operation		4																					
5. price								3															
6. screen resolution																							
7. sound quality													1										
8. standby time									2														
9. durability / reliability / quality								2		1	1			1									
10. easy to use									1	2	1		1										
11. fashion / style / good looking																1			1	1	1		
12. functionality											1												
13. personality																							
14. value								1															
15. technology																							
16. affordability															1								
17. avoid trouble																							
18. convenient																						1	
19. efficiency																							
20. image																							
21. make life easier																1							
22. practical															1								
23. responsibility																		1					1
24. self-respect																			1				
25. to do meaningful thing																							
26. trust																							
27. feel good																							
28. freedom																							
29. happy																							
30. safety																							
31. success																							

Figure 7-2 Experiment 2 – HVM



7.1.4 Pilot Study 3: "Hard Laddering With Choices"

7.1.4.1 Rationale and Objectives

Other formats for hard laddering have been developed, such as computer aided laddering and multi-choice laddering descriptions. In experiment 2 it is apparent that the hard laddering method has advantages, such as easier management and more objective data analysis procedures. Given that less satisfactory results are most likely to be due to the fact that respondents are not willing or unable to probe to a higher level of cognition without appropriate guidance, it is anticipated that "adapted hard laddering", where the respondents are provided with choices, might show a significant improvement. A third experiment has therefore been conducted to evaluate this option.

A few adapted hard laddering formats have been proposed, where the respondents are asked to evaluate or select from provided MECs. However, existing formats have various limitations, as discussed in section 5.3.4; for instance, Abeele's method, recorded by Hofstede, Audenaert et al. (1998), in which the respondents are asked to evaluate complete MEC statements, leaves no space for respondents to construct their own MECs; and the association pattern technique (APT) (Hofstede, Audenaert et al. 1998), where the "attribute-consequence", and "consequence-value" links are measured separately, and do not necessarily constitute a complete "attribute-value" link.

In this respect, the author proposes a new form of "adapted hard laddering", where respondents are asked to pick ladders from provided MEC elements, as shown in Table 1 in Appendices 5 and 6. Respondents are asked to choose from a set of "attributes" according to their perception of importance.

Based on the attributes, respondents are then asked to choose from a set of "abstract attributes" to explain why what they have chosen is important to them; four more such questions are asked and the respondents chose "physical consequences", "psychological consequences", "instrumental values" and "terminal values" from lists provided with which to answer each question.

7.1.4.2 Design of the Questionnaire

Questionnaires in both English and Chinese are shown in Appendices 6 and 7 and include three parts. The first two – Mobile Phone Usage and Laddering – derive from the questions in pilot study 2 (see Appendices 2 and 3).

The third part – Laddering – uses the adapted hard laddering method to collate MECs, wherein the hard laddering format (Appendix 5-2) is adopted from a generic model developed by Botschen and Hemetsberger (1998), but is provided with a list of choices for each ladder (see page Appendix 5-3 to 5-4).

The choices (or MEC elements) provided are combined with various sources including: results from the last two experiments, results of a previous study on USA mobile phone users by Gengler and Reynolds (1993), and Rokeach (1973)'s instrumental and terminal value lists (also appendices 5 and 6). It is recognised that the list provided may not be totally relevant to target respondents; however, this experiment has been designed to test methodological procedures rather than the content of the results, and it is believed that this does not affect the conclusion significantly.

7.1.4.3 Findings and Discussion

15 questionnaires were distributed to respondents via both internet contacts and via a random selection of Chinese students at Salford. 14 questionnaires were subsequently received. (The results are shown in Appendix 7.)

Comparing the results with that of experiment 2 (hard laddering), it is apparent that the rate of completion is significantly improved, indicating that the respondents felt it much easier to fill in answers and to reach a higher level of abstraction. However, it was also found that the predictive validity of the results is considerably decreased when evaluated against the criteria proposed by Grunert and Grunert (1995) as discussed in 5.3.5. This may have occurred, firstly, because respondents construct the MEC via selecting elements from a provided list, in which respondents' cognitive structures and processes are considerably affected by the ones proposed; secondly, in the results a large number of linkages between ladders are logically irrelevant, revealing that "strategic processes" have been invoked during completion of the questionnaire, the stronger the impact of "strategic processes" on the answers given by the respondent, as opposite to "automatic process", the lower the predictive validity of the results (Grunert and Grunert 1995) as argued in section 5.3.2. Therefore, it can be concluded that this method is of less value for raw data collection, given the validity of the results relies heavily on the statements provided as choices. Moreover, because there is no existing laddering research on Chinese consumers, especially in the mobile phone sector, no existing results could be adopted for this method as a list of choices, and there are no studies against which to benchmark results.

However, although this method is not appropriate for raw data collection it may be used for evaluating MECs and testing them within a larger sample for statistical validity, once appropriate lists of choice have been developed, given that it is easy to manage and has a high completion rate.

7.1.5 Conclusion and Implications

7.1.5.1 Attribute Elicitation

In the three experiments, three techniques to elicit attributes described in 7.1.1.1, have been tested. In experiment 1 (soft laddering), "free/direct elicitation" is used to elicit attributes for laddering questions. Experiment 2 (hard laddering) engages "preference-consumption differences", where respondents select the three most important attributes from the resultant list generated via comparing their favourite brands; whereas in experiment 3 ("adapted hard laddering"), the respondents select the most important attributes from a list provided. The resultant attributes of these three techniques are shown in Table 7-6.

Although the variation of sample size may affect the length of the list (the list by soft laddering is shorter as it engages only two persons), it is apparent that the three techniques generate different combinations of attributes at different levels of abstraction, which correlates with the literature reviewed in section 5.3.1.

Table 7-6 Resultant Attributes from Various Elicitation Techniques

1. direct elicitation		**2. preference**		**3. picking from a list**	
Attributes	times	Attributes	times	Attributes	times
easy usage	*1*	*appearance*	*18*	*appearance*	*9*
functionality	*2*	*Brand*	*7*	*brand*	*8*
price	*2*	*convenience*	*3*	*function*	*1*
quality	*1*	*durability*	*3*	*internet*	*1*
reliability	*1*	*function*	*5*	*physical quality*	*5*
shopping experience	*1*	*functionality*	*3*	*price*	*3*
		internet downloading	*1*	*service*	*1*
		multi functions	*1*	*software*	*1*
		operation	*3*	*standby time*	*2*
		price	*6*	*type of network*	*1*
		quality	*10*	*weight*	*1*
		screen resolution	*1*	*words of mouth*	*3*
		signal receiving	*1*		
		size	*2*		
		sound quality	*1*		
		standby time	*3*		
		style	*2*		
		technology	*1*		
		user friendly	*2*		
Total	8	Total	73	Total	36

The most significant difference between the three lists is the levels of abstraction. Attributes generated with the "free elicitation" or the "direct elicitation" technique show a higher level of abstraction, in general, and some of these such as "easy usage", "functionality", and "reliability" reach the "consequence" level and may include non "product attributes". Further, "picking from an attribute list" technique shows that the results largely rely on the list provided, as the abstraction levels vary significantly among the resultant attributes; therefore, it may be that, in this case, the researcher's cognition or knowledge largely influences respondents.

Therefore, in order to make sure no key element is overlooked, following Reynolds and Gutman (1988)'s suggestion, it is important to use at least two distinct methods. The "preference-consumption difference" technique would appear to be more reliable, as the resultant attributes are more meaningful and distinctive. At the same time, in the soft laddering experiment, interviewees tend to generate a large quantity of attributes, while talking through their usage experience; it is also the case that conversation helps interviewees to build confidence in the topic and to expand on their interpretation. This technique is termed "timing of purchase or consumption", as proposed by Reynolds, Dethloff et al. (2001). It is therefore suggested that in this study, these two techniques be adopted.

7.1.5.2 Conclusion

The findings of the three experiments (in 7.1.2, 7.1.3, and 7.1.4) are consistent with opinions expressed in existing literature. It can be concluded that:

i) Different techniques generate various lists of attributes. Among the three techniques tested, results with the "direct elicitation" technique exhibit the highest level of abstraction, whilst, with the "picking from a list" technique, respondents are more likely to be influenced by the researcher's proposition; thus, it is proposed that at least two techniques should be used in any one study, consistent with the literature, to avoid omitting important attributes;

ii) Soft laddering is potentially the best method to generate deep understanding of consumers, and resultant MECs have better predictive ability especially in complex decision marking situations. Further, the techniques suggested in the literature to solve the problems encountered during the interviews have been shown to be useful; the principle drawback in soft laddering is that, due to its qualitative nature, it requires considerable effort, time and skilled interviewers, and therefore is not suitable for application to a large sample.

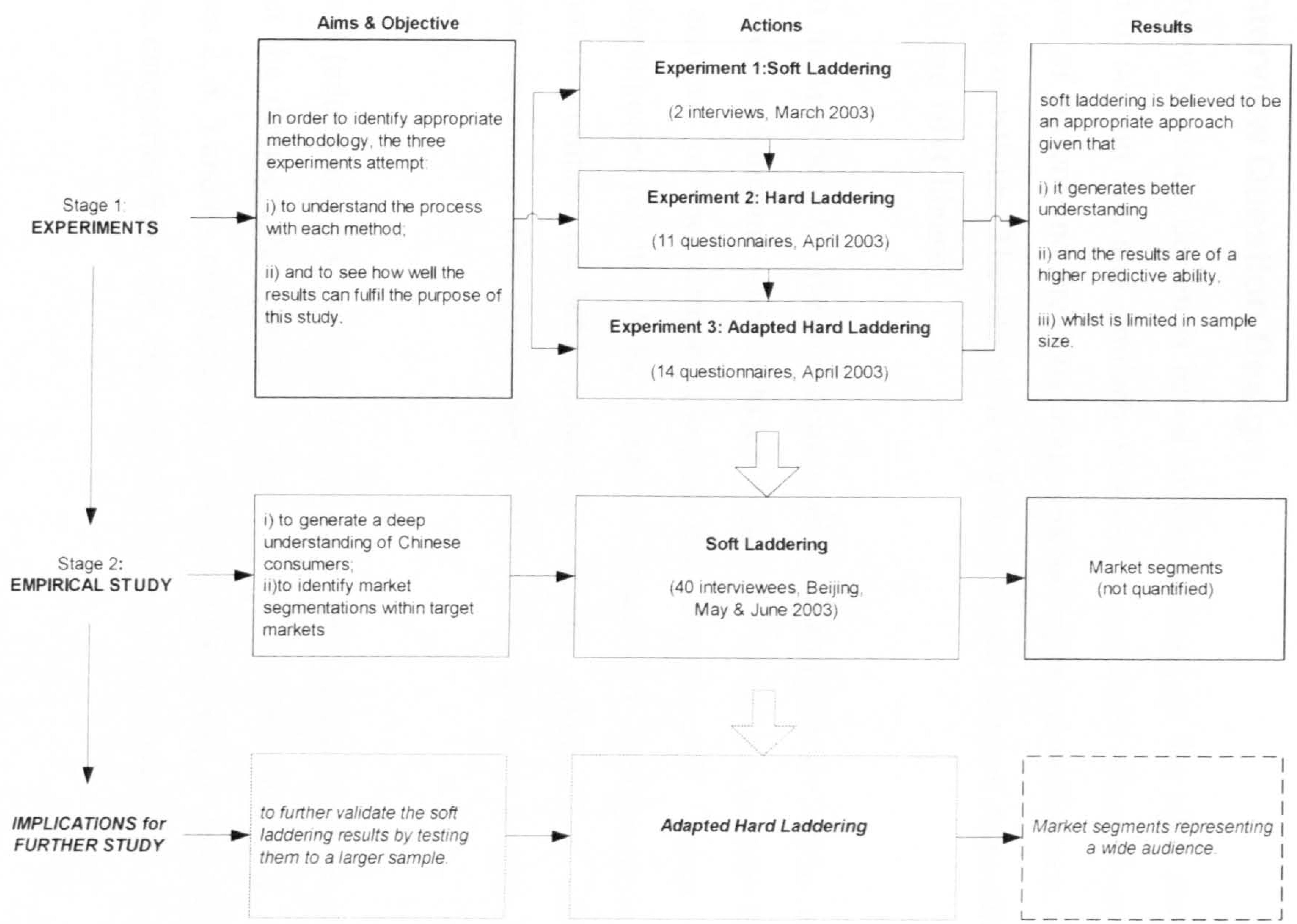
iii) Alternatively, "pencil-paper" hard laddering does not generate satisfactory results due to the low rate of accomplishment, but is easier to manage, especially at the data analysis stage and significantly reduces the influence of researchers engaged in the process.

iv) The format of "hard laddering" supported by "prepared means end elements" improves the problem of low completion rate, demonstrated in the pencil-paper hard laddering, whilst the results generated are significantly influenced by the imposed cognitive structure; thus it is not suitable for raw data collation but as it is easier to manage, it may be used to evaluate and test existing MECs on a wider audience sample.

The objective of this study is to segment Chinese consumers, based on a deep understanding of their motivations. Research in the area of market segmentation in China is still scarce and no existing studies have applied MEC theory in the context of China. Soft laddering is believed to be an appropriate approach as it generates better understanding and the results are of a higher predictive ability. Further, due to the recognised limitations of soft laddering requiring significant time and effort and restricted sample sizes, the author proposes a procedure that compensates for these limitations. This entails the evaluation of a "soft laddering" data set on a larger sample, using an "adapted hard laddering" method.

Figure 7-3 illustrates the procedure used in this study. In the first stage, the results from three pilot studies suggest that soft laddering is a better approach with which to understand consumers and that the resultant HVM can better reveal consumers' cognitive structures, which can then be applied to market segmentation. Subsequently, soft laddering is adopted for data collation at the second stage. Due to the need for generisability and hence a quantitative approach on a larger sample, it is suggested that for the purpose of practical usage, the resultant market segmentation be evaluated via a adapted hard laddering approach, used to test soft laddering constructs on to a statistically valid sample. The author therefore suggests a third stage of study.

Figure 7-3 Methodology Structure



7.2 MAIN STUDY – SOFT LADDERING INTERVIEWS

Conclusions from the experiments suggest the adoption of soft laddering to collate data in order to achieve the aims of the PhD study. In the following section, the procedure and related issues in data collation are discussed.

7.2.1 Interview Question Design

The interview question design is based on the findings of the pilot studies described in section 7.1, and similarly includes: i) personal information, ii) experiences of current and previous usage, including brand preference, and iii) laddering questions. The interview questions are attached as Appendices 9 (English) and 10 (Chinese).

As shown in Appendix 9, five key demographic characteristics – title, age, education, job, and income – are included in part one questions, in order to i) evaluate analysis of the sample selection and coverage; ii) locate and describe the expected results – MEC consumer groups with demographics – ; and iii) further compare the MEC approach to market segmentation with a demographic approach. This demographic information is further analysed in Section 7.2.2.

Questions 3 (education) and 4 (job) are provided with categorised choices. Given that the demographic categories used in pilot studies 2 and 3 (see Appendices 2, 3, 5 and 6), cited from the 1998 CIMAS survey is likely to be out of date, categories from the 2001 CIMAS survey are adopted in the main study.

Questions in part two of the are designed to collate information in relation to interviewees' experiences of mobile phones. It commences with interviewees recalling experiences regarding usage of mobile phones, via a focus on the following questions (6 to 9 in Appendix 13):

i) "what made you buy the phone you are using currently?";

ii) "after a period time of usage, what contributes to your feeling of satisfaction or dissatisfaction with the phone you are currently using?";

iii) "of each mobile phone you have ever used, what contributes to your feeling of satisfaction or dissatisfaction when you think about it now?".

Subsequently, a list of attributes were elicited via the "timing of purchase or consumption" technique proposed by Reynolds, Dethloff et al. (2001).

Thereafter, in questions 14 and 15, Appendix 9, interviewees were asked to name three favourite mobile phone brands in prioritised order, and to compare 3 paired sets of brands and indicate why they favoured one more than another. The list of attributes was derived using the "preference-consumption difference" technique.

In part three (Laddering), a few minutes were taken to review the attributes resulting from the previous questions, and a list of attributes summarised. The interviewee was then asked to evaluate the list of attributes and pick the 3 most important ones for the means-end chain (MEC) laddering (in question 16, Appendix 9).

A series of questions: "why relating to this is important to you" were asked of the interviewee. Three MECs were then generated for each respondent.

The whole interview typically lasted 60-70 minutes. 10 to 15 minutes were taken to "warm up" the conversation, as suggested by Reynolds and Gutman (1988), before interview questions were asked. A further 20 minutes were allowed for the second section, attribute elicitation, and 30 – 40 minutes for the laddering questions.

The results of this study will be analysed in the following chapter.

7.2.2 Sample Analysis

Given that the central aim of the study is to identify segmentation in maturing markets, the mobile phone market in Beijing has been selected as a sample because of the large number of mobile phone brands present and the high level of market penetration. Implicit within this is the assumption that it represents one of the mass of sophisticated markets in China. Borne out by CIMAS (2003) which identifies that 64% of the total population in Beijing have at least one mobile phone.

Interviews have been conducted in Beijing over a two-month period in mid 2003. A sample of 40 interviewees had been selected from a larger group of mobile phone users in Beijing, corresponding to the age, sex, education, career, and monthly income outlined in an earlier national benchmark market survey (CIMAS 2003) representing a Beijing population of 8 million. (see Appendix 8 and section 7.2.1.1).

Given problems encountered contacting and attracting respondents in earlier surveys, interviewees were approached via close personal contacts at a Beijing market research agency.

7.2.2.1 Sample Quota

In order to optimise the representativeness of the sample, a quota method has been used based on two main references: age and sex.

Following the distribution of age and sex identified in the CIMAS data, the forty interviewees include: (1) 2 respondents younger than 19 years old; (2) 16 between 20 to 29 years old; (3) 13 between 30 and 39 years old; (4) 6 between 40 and 49 years old; (5) and the remaining 3 older than 50. The population of male and female respondents is divided equally throughout the sample. The forty interviewees selected conform to this profile.

Table 7-7 Age and Sex Group Cross-Tabulation

		age					Total
		-19	*20-29*	*30-39*	*40-49*	*50+*	
sex	*female*	1	8	7	3	1	20
	male	1	8	6	3	2	20
Total		2	16	13	6	3	40
CIMAS		2	16	13	6	3	40

Source: calculated based on the data of (CIMAS 2003)

7.2.2.2 Sample Description

The selected sample may be described against five parameters: sex, age, education, career, and monthly income, (see also Appendix 11 for details). The proportions are as follows:

i) Sex: fifty percent of the sample is male, the remainder female.

Table 7-8 Sample Description – Sex

	Frequency	Percent
Female	20	50
Male	20	50
Total	40	100

ii) Age: interviewees' ages range from 16 to 53 years with an average age of 32.5. A majority (72.5%) of the interviewees are aged between 20 to 40 (Table 7-9).

Table 7-9 Sample Description – Age

	Frequency	Percent
-19	2	5.0
20-29	16	40.0
30-39	13	32.5
40-49	6	15.0
50+	3	7.5
Total	40	100
Minimum	16	
Maximum	53	
Mean	32.5	
Std. Deviation	9.3	

iii) Education: 77.5% of the sample has an educational background achieving or exceeding a diploma; the remainder being secondary school leavers (Table 7-10).

Table 7-10 Sample Description – Education

	Frequency	Percent
Master's Degree	6	15
Bachelor's Degree	15	37.5
Diploma	10	25
Senior Secondary School	8	20
Junior Secondary School	1	2.5
Total	40	100

iv) Career: the sample covers 8 job sectors; a large proportion (37.5%) of the interviewees being from public sector with unemployment as a ninth category. Details are shown in Table 7-11.

Table 7-11 Sample Description – Career

	Frequency	Percent
Public Sector	15	37.5
Qualified Professional	4	10
Junior Professional	1	2.5
Middle/Senior Management	3	7.5
Junior Management	7	17.5
Self Employed	1	2.5
Domestic Worker	1	2.5
Non Specific Employee	6	15
Not Employed	2	5
Total	40	100

v) Monthly Income: the monthly income varies from 0 to 6,000 RMB, with an average income of 3,188 RMB.

Table 7-12 Sample Description – Monthly Income

(RMB: Yuan)	Frequency	Percent
-1000	5	12.5
1001-2000	10	25.0
2001-3000	9	22.5
3001-4000	3	7.5
4001-5000	7	17.5
5001+	6	15.0
Total	40	100
Minimum	0	
Maximum	6000	
Mean	3187.5	
Std. Deviation	1813.7	

7.2.2.3 Coverage of Sample

The selected sample may be further analysed for its coverage of the population. Due to the qualitative nature of the soft laddering methodology, it is apparent that the sample cannot be statistically valid; however, it is the author's contention that it provides a relatively accurate indication of the future application of the results generated by this study, if not a truly generalisable set of MECs.

Figure 7-4 illustrates the distribution of samples against income, age, education and occupation. It is apparent that the sample is evenly scattered across most scales within the given parameters, implying that the selected sample covers a wide range of population in terms of age, education, and job.

Further, the selected sample may be analysed by comparing income distribution with that of the CIMAS (2003) data. Figure 7-5 illustrates the distribution of interviewees across 6 income scales. The study sample shows a higher percentage of high-income interviewees and a lower percentage of low-income ones compared with CIMAS survey. Further, the average income of the sample is 1,500 RMB higher than that of the CIMAS survey.

However, CIMAS suggests that, as the Chinese respondents are generally suspicious of marketing surveys and are thus reticent in declaring actual income, the income reported by its study may be considerably depressed. Further, the selected sample may not statistically represent the income distribution of Beijing mobile phone users as the method used to establish the sample quota is based on "age" and "sex" rather than "income", and may have been biased by the location(s) where interviews were held. Therefore, for the future study, suggested in 7.1.5 (Figure 7-3), income as an important variable seems more promising as a means of quota selection.

Figure 7-4 Matrix scatter-plot

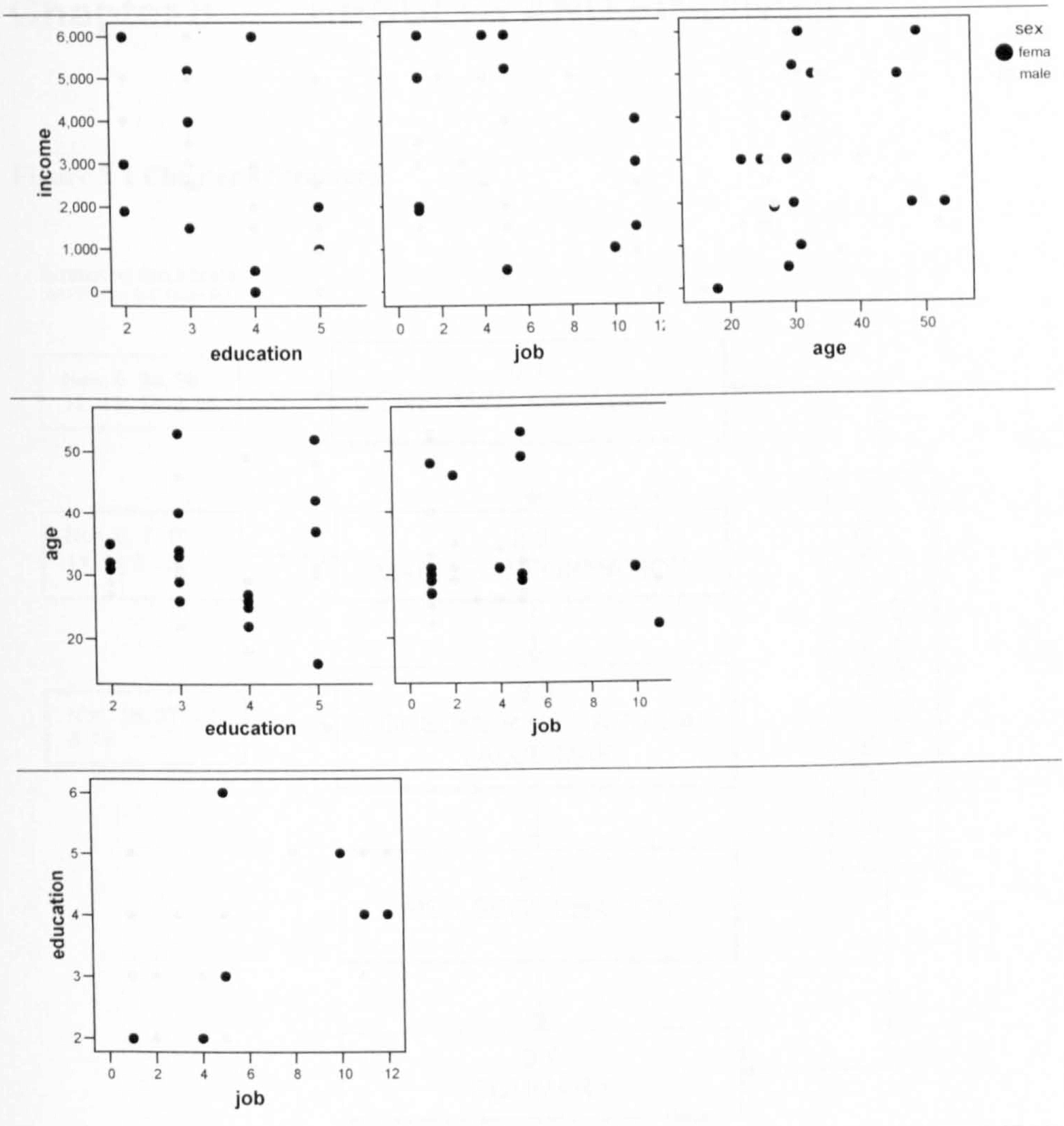
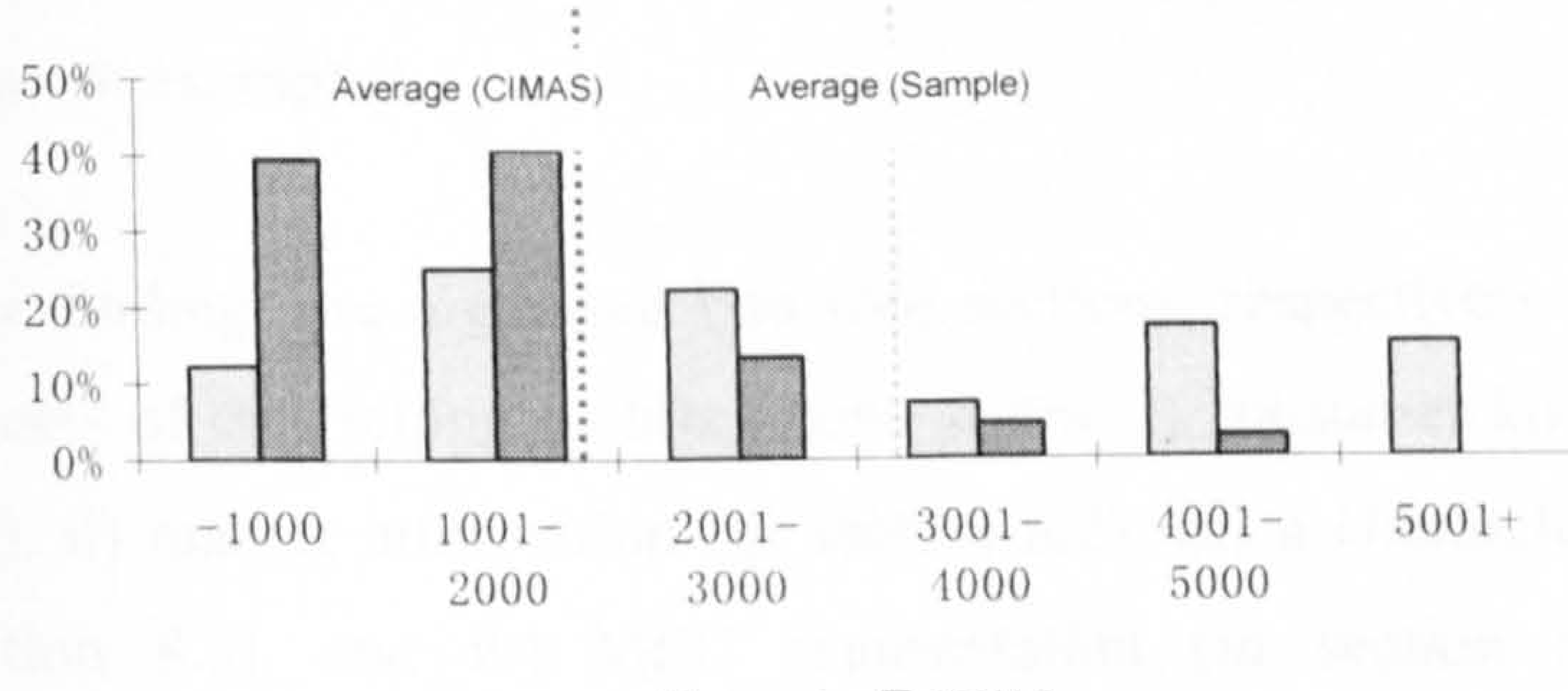
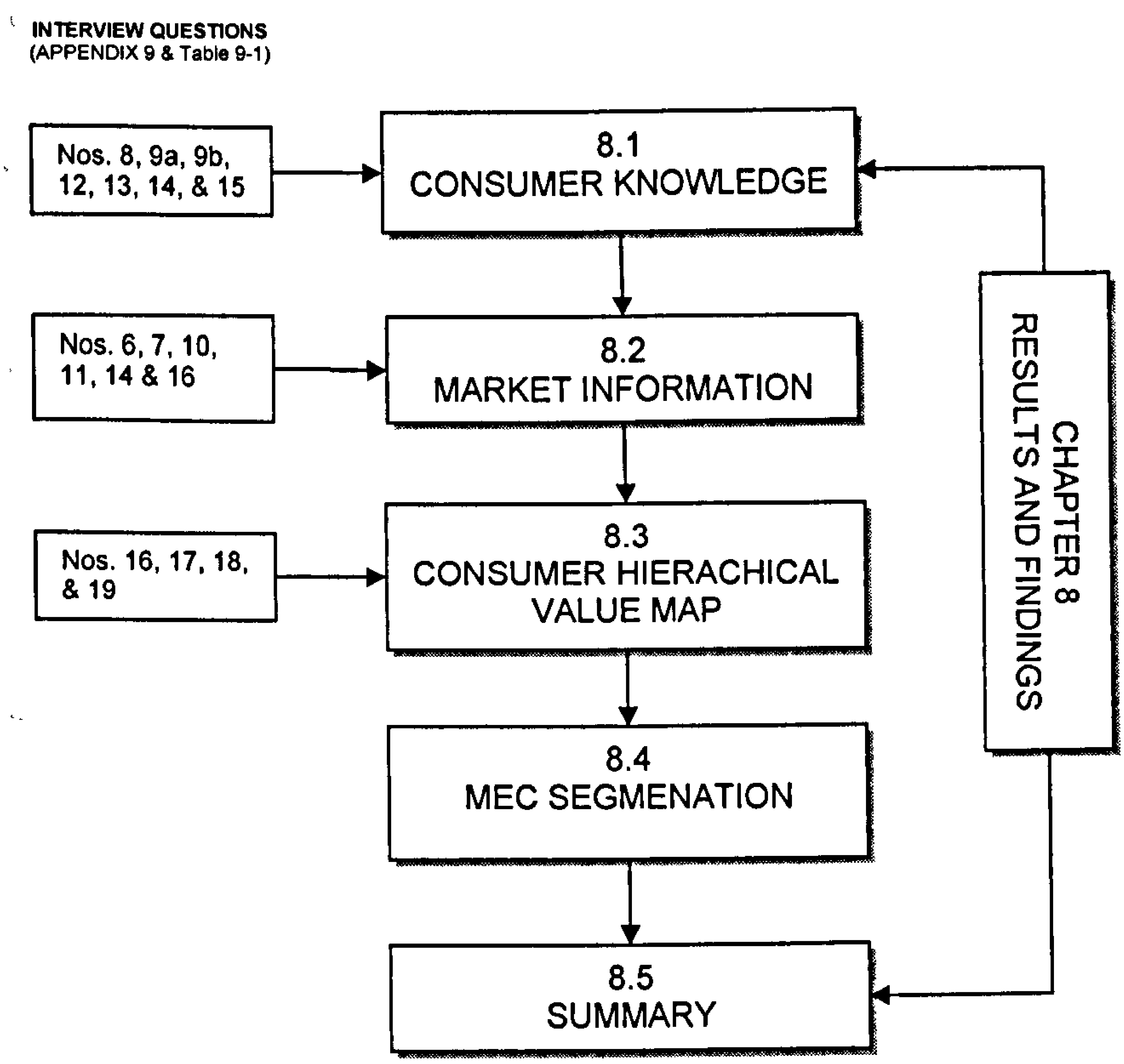


Figure 7-5 Monthly Income (RMB)



Chapter 8 RESULTS AND FINDINGS

Figure 8-1 Chapter 8 Structure



This chapter represents the findings resulting from the main study – forty in-depth laddering interviews. (An interview transcription is included in Appendix 16 as an example.)

The findings are organised into four sections, respectively relating to the four aspects of the Beijing mobile phone sector: i) consumer knowledge (in section 8.1), ii) market information (in section 8.2), iii) a Hierarchical Value Map (in section 8.3), and iv) MEC segmentation (in section 8.4). Section 8.5

subsequently summaries these findings. The chapter structure is illustrated in Figure 8-1, where the four aspects of the findings are listed as section titles in the middle column, and the specific question numbers (cited from interview question lists in Appendix 9) from which the findings result, are cited at the left hand side.

The first section (section 8.1) presents the results of interview questions 8, 9, 12, 13, 14 and 15 (see Table 8-1 for the list of questions), regarding consumers' experience of mobile phones and their brand preference, which result in the understanding of consumers knowledge in terms of product criteria. Consumer buying criteria, in terms of product attributes, is an important contribution to knowledge of the consumer. Analysis of these attributes suggests that they are of differing importance to consumers, and that the timing of consumption and usage significantly affects how consumers activate these attributes as criteria, i.e., at different points of consumption and usage, consumers consider different sets of criteria to evaluate products. The findings in this section are presented to address aim 1(to understand Chinese consumers); and to contribute especially to the confirmation in related to hypothesis 1a (MEC approach to identify consumers' product knowledge of buying criteria).

Further, based on the results of questions 6, 7, 10, 11, 14, and 16 (see Table 8-1), in relation to consumers' experiences of mobile phones and brand preference, section 8.2 discusses the Beijing mobile phone sector, and predicates market share changes. Analysis of consumers' comments on brand presence subsequently reveals that different brands have differing combinations of promotion strategies and product/service packages, which contribute to the explanation of consumer preference and market share. The findings in this section will be further analysed in Chapter 9, where the performance of four leading foreign brands will be evaluated against consumer expectation within each MEC segment.

Section 8.3 presents the laddering findings in questions16 to 19 (see Table 8-1 for the list of questions), where the process of Means-end Chain (MEC) analysis is presented. This includes three steps: i) coding, ii) constructing an implication matrix, and iii) constructing a hierarchical value map (HVM). Subsequently, an HVM is derived representing aggregate consumer cognitive structures. A key finding of this study is the generation of a HVM, which confirms hypothesis 1 (use of an MEC approach to identifying consumer knowledge); and addresses aim 1 (generation of a deep understanding of Chinese consumers), together with finding 1 in section 8.1. In this section, problems inherent within the analysis are discussed and compared with expectations within the literature reviewed earlier.

Based on the implication matrix and the aggregate HVM, nine dominant MEC perceptual orientations are identified in section 8.4,, indicating nine market segments with distinct cognitive structures. These consumer groups are illustrated via individual hierarchical value maps. Each segment is further described using demographic characteristics and brand usage in section 8.4.3. A comparison with existing studies (Gallup survey and Hofestede's cultural value dimensions) reveals a strong correlation between these and the findings of this study, further demonstrating the validity of the market segments identified in this research. The homogeneousness of each cluster in terms of consumer cognitive structure will also show that the MEC approach is more appropriate than demographic segmentation approaches, especially in the cultural context of the Chinese market. Consequently, aim 2 (identifying market segmentation in China) is addressed via identification of the nine consumer groups and hypothesis 2 (the role of MECs in market segmentation) is confirmed.

Section 8.5 summarises the results and findings presented in this chapter. In the next chapter, the findings of this research will be applied to brand evaluation in terms of product offering and advertising, with the intention of enabling organisations to both identify target market segments and accordingly design their brand strategy.

Table 8-1 List of Interview Questions

Part one: Personal Information

1. Name & Title
2. Age
3. Education
4. Job
5. Income

Part two: Experience

6. Do you own a mobile phone?
7. Which brand do you use now?
8. What attributes of the phone made you decide to buy it?
9. Are you satisfied with the phone you are using now?
   9a. What attributes make you feel satisfied with it after a period of using?
   9b. What attributes make you feel unsatisfied with it after a period of using?
10. Except for this mobile phone, have you ever used other phones?
11. If yes, what brands are they respectively?
12. What made you satisfied with them?
13. What made you unsatisfied with them?
14. Name three mobile phone brands in order of your preference, and give the reasons.
15. You have brought forwards some attributes that concern you according to what we just chat about; would you rank them in order of importance?

Part three: Laddering

16. In the list of attributes of question 15, what you think are the most important things to you if you will buy a new mobile phone now?
17. You just said ... are the most important attributes to you, why?
18. You just said ... are the second important attributes to you, why?
19. You just said ... are the third important attributes to you, why?

Note: Cited from Appendix 9

8.1 CONSUMER KNOWLEDGE

Section 8.1 and 8.2 presents the findings of questions 6-16 (shown on the left hand side of Figure 8-1).

The first step in soft laddering is attribute elicitation. Questions 6 to 14 are designed for this purpose and are posed via two techniques as proposed in section 7.1.5 – "timing of purchase or consumption", and "preference-consumption differences". Based on responses to the questions – relating to i) the reasons for purchasing the phones they were using, ii) the reasons for being satisfied or dissatisfied with all the phones they had used, and iii) the reasons for brand preference – each interviewee generated a list of attributes which were subsequently summarized in question 15. Each interviewee further evaluated the resultant attributes in terms of importance to him/her. (The raw data generated by questions 6 to 15 is shown in Appendix 12.)

In collating all forty interviews, a total of 90 different attributes were elicited, as shown in Appendix 13. In order to provide representative meanings for further analysis, this list of attributes has then been simplified into 17 attribute categories (see Table 8-2 and Appendix 14), using a panel of independent interpreters.

The results of these questions provide initial bases for laddering probing, At the same time, these questions also collated product knowledge held by Chinese consumers in terms of buying criteria and brand performance in the Beijing mobile phone market (contribute to testing Hypothesis No 1).

8.1.1 Consumer Buying Criteria

The resultant list of product attributes (in Table 8-2) reveals what factors are relevant to consumers during the whole consumption process, and represent consumers' criteria for evaluating mobile phones. Further, these product attributes constitute an important part of a consumer's product and brand knowledge, influencing consumer brand evaluations and further impacting on their decision making and purchase behaviour. Thus, it can be seen as a source of increasing product/brand relevance to the consumer, and consequently may provide a basis for brand/product strategic planning.

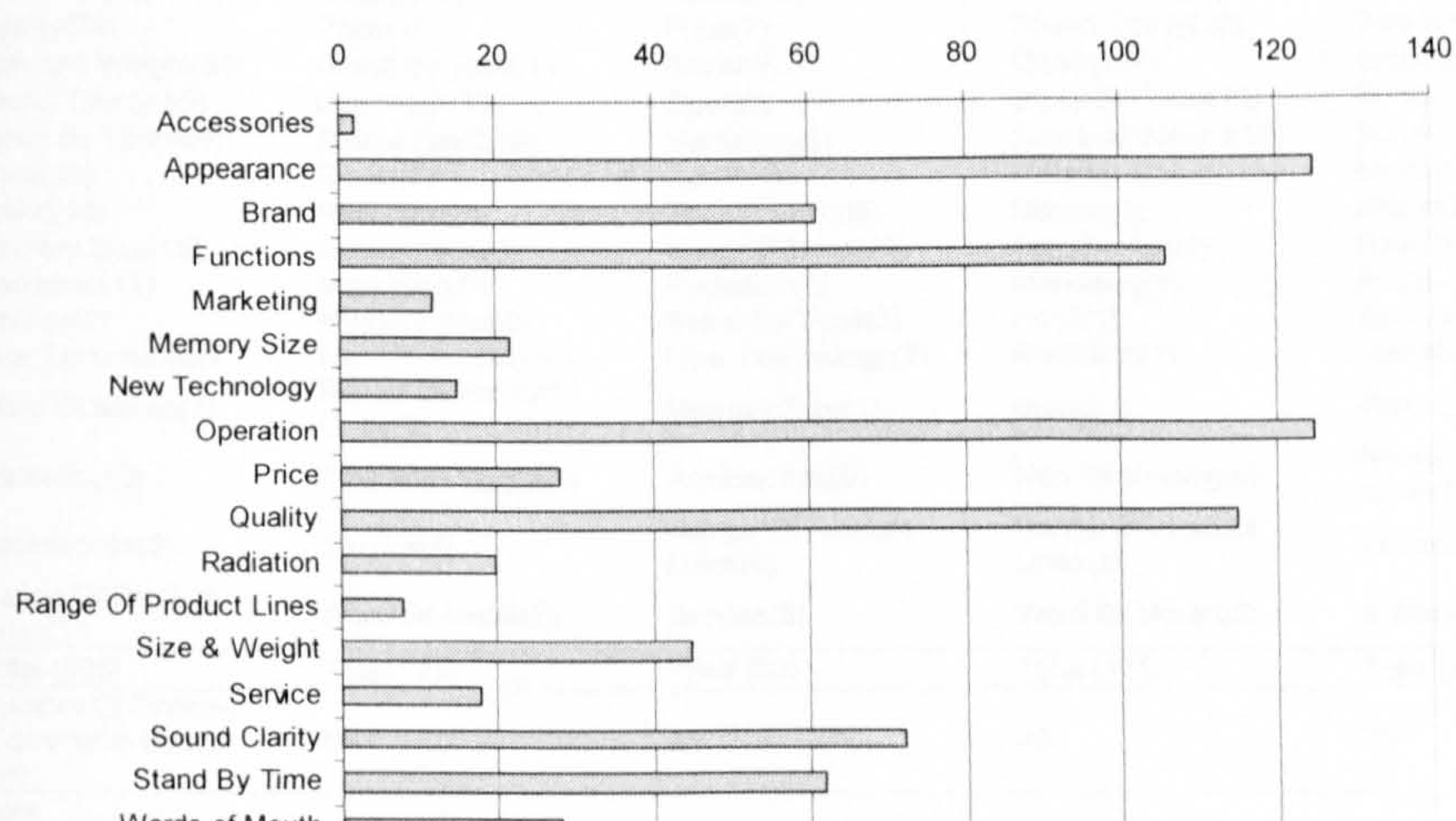
As in question 15, each respondent evaluated the attributes that are considered relevant to him/her; a weighted score was subsequently assigned to each attribute: i) 3 to the most significant ones, ii) 2 to the second most significant, and iii) 1 to the third most important. Multiplying frequencies with its weighted score, Figure 8-2 illustrates how important each of the attribute categories is to consumers. It is apparent, for example, that "Appearance", "Operation", "Quality" and "functions" have the highest scores.

Table 8-2 List of Attributes

Attributes	Frequency
1. Accessories	1
a. Leather Cover	1
b. Earphone	1
c. Changeable Colour Covers	1
2. Appearance	33
a. Material	2
b. Colour	5
c. Style	6
d. Built In / Out Antenna	1
e. Dual Screen	
f. Folding / Slide Lid	9
g. Screen Colour	3
h. Colour Screen	11
3. Brand	
a. Brand Awareness	4
b. Brand Image	1
c. Brand Reputation	11
d. Brand Origin	8
e. Brand History	2
f. No Big Price Cut Down	1
g. Brand Reputation (No Big Price Cut Down)	1
h. Brand Reputation (Market Size)	1
i. Brand Reputation (Time of Entrance into Chinese Market)	2
j. Brand Reputation Leveraged From Other Products	5
k. Brand Reputation for High Technology	4
l. Brand Reputation (Size of the Organization)	1
m. Brand Reputation (Many People Use the Brand)	1
n. Brand Reputation (Brand Merger)	1
o. Brand Reputation (The Culture of the Organization)	1
4. Functions	10
a. Address Book	1
b. Filter Function	1
c. Games	6
d. Mp3 Function	3
e. Radio Function	4
f. Colour Picture Message Function	3
g. Recording Function	1
h. Screen Saver Function	3
i. Text Message Function	12
j. Voice Dialing Functions	1
k. WAP Function	7
l. Face Expression	1
m. Pictures Of Screen Saver	
n. New Functions	2
o. Ring Tone	11
p. Functionality	11
5. Marketing	
a. Promotion	1
b. Advertisement / Media Exposure	9
c. Seller's Recommendation	2
6. Memory Size	6
a. Memory Size for Address	5
b. Memory Size for Text Message	3
7. New Technology	
a. Speed of Technology Improving	6

b. Implementation of New Technology	5
c. Product Launch Time	2
8. Operation	
a. Auto Keyboard Lock (Folding Lid)	3
b. Hot Key	1
c. Inputting Language	3
d. Menu Settings	11
e. Inputting Methods	6
f. Software Design	3
g. Menu Language	9
h. Speed	2
i. Key Board Arrangement	8
j. Keyboard Size	2
k. Screen Size	9
l. Font Size	3
m. Familiarity with the Operation System	6
9. Price	13
a. Price of the Whole Package of Service	2
b. Price of the Phone Set	
10. Quality	
a. Broken Down Rate	25
b. Durability	26
c. Physical Quality	9
11. Radiation	7
12. Range Of Product Lines	5
13. Size and Weight	
a. Size	28
b. Weight	7
14. Service	
a. Accessibility Of After Sale Service	2
b. After-Sale Service	2
c. Profession Level of Service	1
d. Availability of Internet Downloading	4
15. Sound Clarity	
a. Quality of Signal Receiving	16
b. Quality of Voice	14
16. Stand By Time / Talk Time	26
17. Word of Mouth	15
a. Professional Recommendation	
b. Friends' Recommendation	1
c. Many People Use It	5

Figure 8-2 Importance Rate of Attributes



8.1.2 The Relevance of Buying Criteria at Differing Stages of Consumption

Although Figure 8-2 illustrates priority ranking for attributes, the approach used may be refined to explore implicates at differing stages of consumption and use. The list of attributes is further analysed in terms of the differences at various stages of consumption.

In question 8, interviewees were asked for the reasons for purchasing the phone they were currently using, and in question 9 were invited to provide comments on this phone after a period of usage. In questions 12 and 13, they were asked for the reasons for satisfaction/dissatisfaction with all the phones they had ever used before. Further, in question 16, they were asked to select the attributes believed to be the most important criteria for future purchase. The attributes elicited at each stage are ranked according to the frequencies, as shown in Table 8-3.

Table 8-3 Frequency of Attributes at Differing Stage of Purchase and Use

Total Attribute (Frequency)	**Before Purchase -** Question 16 Attribute (Frequency)	**At The Point Of Purchase** -Question 8 Attribute (Frequency)	**In Use -** Question 9 Attribute (Frequency)	**After Usage -** Question 12 and 13 Attribute (Frequency)
Appearance(107)	Appearance(26)	Appearance(15)	Functions(33)	Appearance(42)
Functions(80)	Functions(21)	Size and Weight(10)	Operation(33)	Quality(33)
Operation(79)	Quality(19)	Functions(7)	Appearance(24)	Operation(30)
Quality(74)	Price(18)	Price(7)	Sound Clarity(20)	Size and Weight(29)
Size and Weight(51)	Stand By Time(11)	Brand(6)	Quality(17)	Stand By Time(20)
Sound Clarity(50)	Operation(10)	Operation(6)	Stand By Time(15)	Functions(19)
Stand By Time(49)	Sound Clarity(9)	Marketing(5)	Size and Weight(12)	Sound Clarity(16)
Price(30)	Brand(7)	Quality(5)	Memory Size(7)	Memory Size(7)
Brand(18)	Radiation(4)	Sound Clarity(5)	Service(5)	Brand(5)
Memory Size(15)	Accessories(0)	Word Of Mouth(5)	Accessories(2)	New Technology(5)
Radiation(11)	Marketing(0)	Radiation(3)	Marketing(1)	Price(4)
Service(9)	Memory Size(0)	Stand By Time(3)	Price(1)	Service(4)
New Technology(7)	New Technology(0)	New Technology(2)	Radiation(1)	Radiation(3)
Word Of Mouth(7)	Range Of Product Lines(0)	Memory Size(1)	Brand(0)	Word Of Mouth(2)
Marketing(6)	Size and Weight(0)	Accessories(0)	New Technology(0)	Range Of Product Lines(1)
Accessories(2)	Service(0)	Range Of Product Lines(0)	Range Of Product Lines(0)	Accessories(0)
Range Of Product Lines(1)	Word Of Mouth(0)	Service(0)	Word Of Mouth(0)	Marketing(0)
Total (596)	Total(125)	Total (80)	Total (171)	Total (220)
Number Of Phones (Comments Based On)	NA	31*	40	70

Note:
* The remaining 9 interviewees did not purchase the phone (in use) for themselves

Subsequently, elicited criteria at various points of consumption are represented with four sets of attributes: i) at the point of purchase (question 8), ii) in use (question 9), iii) after usage (question 12 and 13), and vi) before purchase (question 16). Comparing the four sets of attributes indicates what attributes are relevant and how often consumers consider these criteria at differing points of consumption.

Further, given that each attribute is not considered by the consumers equally often at different periods, Table 8-4 further calculates the variance of the frequency of each attribute at each stage of consumption. The variance in frequency across each of the four stages for each attribute is recorded, total variance equating to zero. Subsequently, comparing the four values of each attribute imply how often this attribute is used as criteria at these different stages. It is apparent that the higher the value is, the more often consumers use it as criterion. Those values scoring higher than the average deviation are highlighted, as shown in columns 3-6 in the table.

Table 8-4 Attributes at Different Timing of Consumption and Usage

Attribute	Frequency in total	Before purchase (Question 16)	At the point of purchase (question 8)	In use (question 9)	After usage (question 12 and 13)
Appearance	*107*	2.63	0.58	-4.13	0.92
Functions	*80*	3.43	-4.62	5.93	-4.73
Operation	*79*	-4.11	-4.61	7.19	1.53
Quality	*74*	3.60	-5.35	-1.66	3.40
Size and Weight	*51*	-8.17	4.33	-1.16	5.01
Sound Clarity	*50*	-0.90	-1.85	3.59	-0.83
Stand By Time	*49*	1.20	-3.85	1.17	1.49
Price	*30*	8.01	2.36	-5.80	-4.57
Brand	*18*	1.76	3.66	-3.84	-1.57
Memory Size	*15*	-2.13	-0.88	1.96	1.05
Radiation	*11*	0.98	1.53	-1.64	-0.86
Service	*9*	-1.19	-1.19	1.74	0.63
Word of Mouth	*9*	-1.19	1.31	-1.19	1.08
New Technology	*7*	-1.79	4.46	-1.79	-0.88
Marketing	*4*	-1.71	4.54	-1.12	-1.71
Accessories	*2*	-0.29	-0.29	0.88	-0.29
Range Of Product Lines	*1*	-0.11	-0.11	-0.11	0.34
Total	596	AVEDEV: 2.38			

Following analysis of each attribute (row), it is apparent that:

i) "appearance" is considered most often during the whole period as it exhibits the highest frequencies; further, the frequency does not evenly crosses the four stages of consumption, indicating that it is not similarly important to consumers during these stages. It is most likely that a higher value in "before purchasing" indicates consumers consider "appearance" to be important before they buy a mobile phone, and are less likely to evaluate the phones they are currently using by appearance;

ii) "Functions" is most often considered during "in use" stage and before purchase;

iii) "Operation" only concernes consumers when in use;

iv) "Quality" concerns consumers more often before purchase and after usage, as it is related to durability (see "14. Quality" in Table 8-2).

v) "Size and Weight" concerns consumer more often at the point of purchase, and after usage.

vi) "Sound Quality" concerns consumers most often during usage;

vii) "Stand by Time" is important as the total frequency is high, whilst, it seems to be considered equally at each of the three stages of consumption with the exception of at the point of purchase.

viii) "Price" concerns consumers when they decide to buy a new phone and at the point of purchase.

ix) "Brand" is important at the point of purchase, whereas it does not concern consumers in use and after usage.

x) "New technology" and "marketing" are not considered significantly and, where of interest occurs happens most likely during purchase.

xi) The remaining attributes are not considered by consumers to be significant at various stages.

Given that the higher the frequencies, the more often consumers consider this attribute as a criteria during the consumption and usage period, it is apparent that:

i) The first column counts the total frequencies with which each attribute appears within the answers related to the four questions discussed earlier, "Appearance", "Functions", "Operation", "Quality," and "Size and Weight" are the five most frequently considered in total;

ii) Pre-purchase, "appearance", "function", "quality" and "price" are the most frequently used criteria;

iii) at the point of purchase, marketing related attributes (refer to Table 8-2 for the categorization of attributes), such as marketing promotion (marketing), new technology, brand, and price, are considered as criteria; whilst, "size and weight" performed as a strong stimuli.

iv) When evaluating a mobile phone in use, consumers tend to consider functionality related attributes, such as "operation", "functions", and "sound clarity", whilst "appearance" appears to be less important.

v) When evaluating a phone that has been disposed of, comparatively fewer evaluation criteria are used, with the exception of "quality" which is related to durability (Table 8-2), and "Size and Weight", as in general improving technology enables a newer generation of mobile to be smaller and lighter.

Although the importance of consumer product criteria has been discussed and analyzed in various ways within existing literature, comparatively little is known about exactly what attributes are relevant and how significant they are at different stages of consumptions, especially in mobile phone products. The findings thus provide a new approach to exploring how product criteria take part in the process of purchase decision making. Given that the product criteria vary at differing stages of consumption, it can be implied that consumer criteria are not constant across the consumption cycle; instead, different contents of product knowledge are activated in decision making at differing points.

This finding has implications for the development of marketing strategy, especially promotional activities, which can emphasize different criteria at different times, which will be further discussed in Chapter 9.

8.2 MARKET INFORMATION

Further, in questions 7, 11, and 14 interviewees have named the mobile phone brands they had experience of and the ones they preferred. A total of 17 mobile phone brand names have been summarised and the frequencies under different questions for each brand are shown in the Table 8-5.

Table 8-5: Market Share

	Current Ownership – Question 7	Former Experience – Question 11	Brand Preference – Question 14			
			1	2	3	Weighting
Alcatel	1	3	0	0	4	4
*Amongsonic**	0	0	0	1	1	3
*Bird**	1	0	0	1	0	2
Ericsson	1	7	1	2	1	8
*Haier**	1	0	0	0	2	2
*Konka**	1	1	0	0	1	1
*Kyocera**	0	0	0	0	1	1
Mitsubishi	0	2	0	0	0	0
Motorola	8	22	3	9	8	35
National	0	0	1	2	0	7
Nokia	16	20	24	10	2	94
*TCL**	0	0	0	0	3	3
Panasonic	1	1	0	1	0	2
Philip	1	4	0	0	1	1
Samsung	6	2	8	8	4	44
Sanyo	1	0	0	0	0	0
Siemens	2	5	2	1	1	9
Sony	0	1	1	1	0	5
Sony Ericsson	0	2	0	1	1	3
SUM	**40**	**70**	**40**	**37**	**30**	**4**
*** Indigenous brands**						

All 40 respondents had at least one mobile phone at the time of interview. Nokia had the highest number of users, accounting for 40% of all citations and Motorola and Samsung respectively accounted for 20% and 15% of the total. 92% of all the interviewees used international brands. This figure is correlated with the results from CIMAS, where international brands accounted for 90.6% of the Beijing mobile phone market in 2003 (see Table 2 in Appendix 8).

In terms of "former experience", 82.5% (33) of the interviewees had had experience with other mobile phones apart from the ones they were currently using. On average, each customer had owned 1.75 phones, of which historically Motorola had had the highest number of users (possible due to its early entry into China's telecom market).

In Table 8-5, the last four columns show brand preference results. In order to estimate the overall preference level for each brand, frequency is multiplied with a weighted score assigned to each preference (as in 8.1.1): 3 to primary, 2 to secondary and 1 to tertiary. The resultant value for each brand thus indicates strength of consumers favour. It is apparent that Nokia has achieved the highest rating, with Samsung second, and Motorola third, as shown in Table 8-5.

8.2.1 Predicted Market Share

Further, as "current ownership" and "former experience" respectively indicate the current and previous market shares, assuming 'brand preference' to some extent indicates potential purchases, it is assumed that combining the three indicators therefore provides a prediction of brand performance against a time scale.

Consequently, Figure 8-3 illustrates the predicated market shares of the top four brands.

It is apparent that market leadership had changed over time together with the shift of market share for each mobile phone brand:

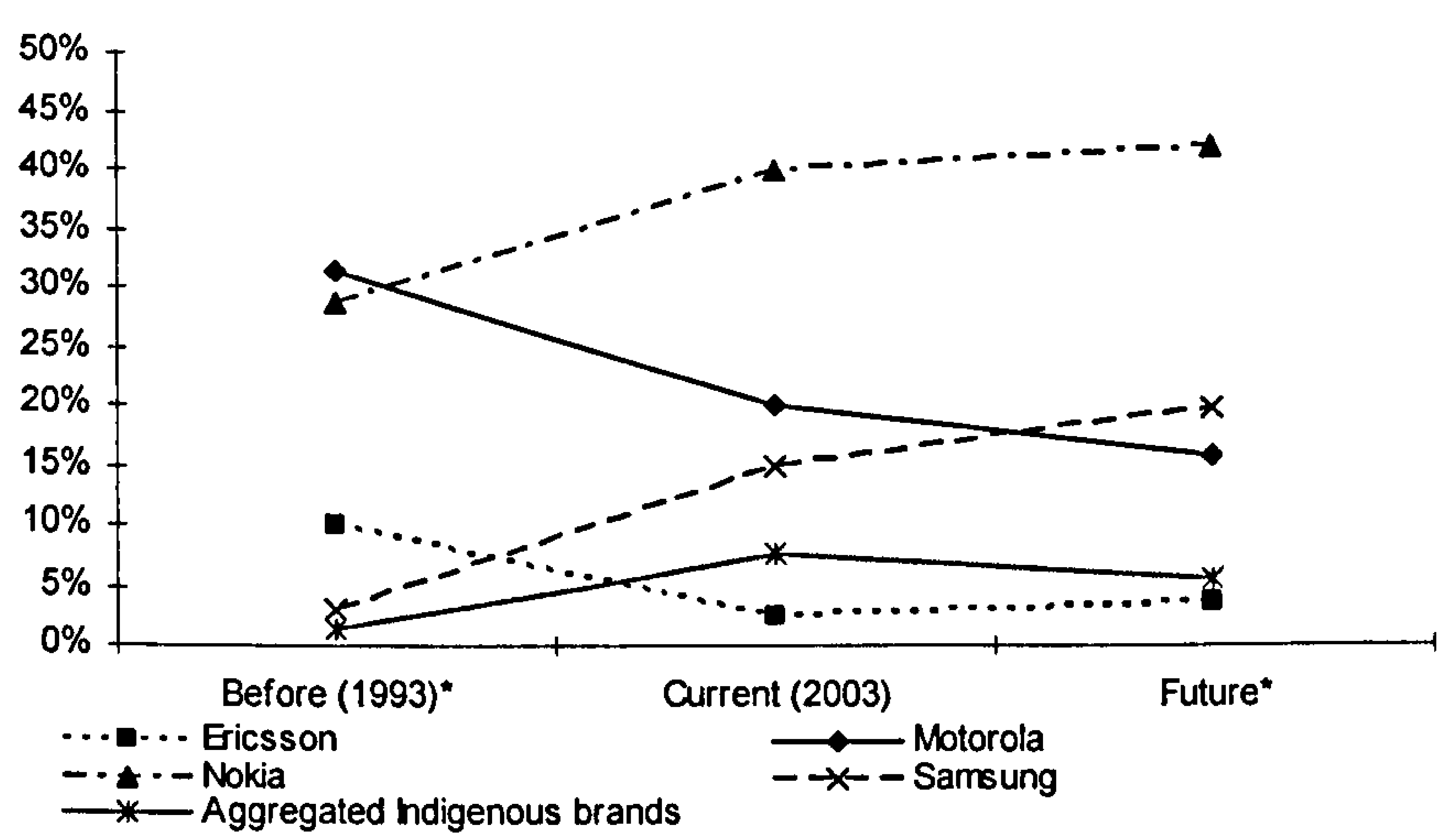
i) At the time of writing Nokia is the leading brand in the mobile phone sector in Beijing; it had the largest number of users, and also demonstrated a high preference level, allowing some confidence in the prediction of potential purchases;

ii) Samsung has developed rapidly from an unknown brand to a 15% share of the market and consumers had very positive views on the brand, with many users intent on buying Samsung phones in the future.

iii) Motorola had traditionally sold well; however, consumers no longer had a high preference level, as indicated in its current market share, which implies that its sales will continue to decline in the future.

(Note that the sector shows significant growth, and that a drop in market share does not necessarily translate into a drop in sales, but rather a fall in the rate of growth of sales.)

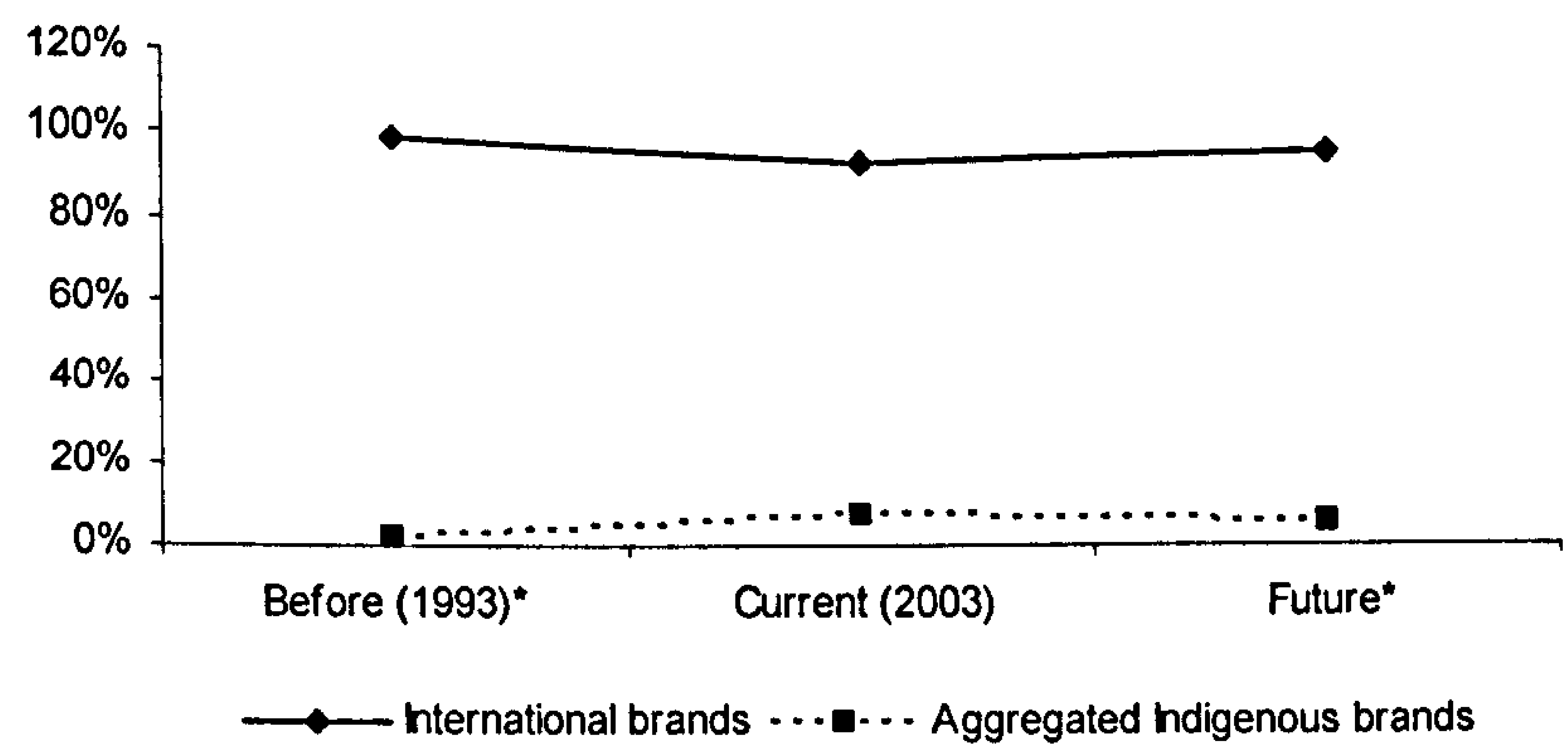
Figure 8-3: Predicted Market Share (Four Leading Brands and Indigenous Brands)



Comparing the market share of international brands and indigenous brands (as shown in Figure 8-4), it is apparent that a number of Chinese brands such as TCL, Haier, and Amongsonic had recently (when the study was conducted) entered the market, and had taken modest market share from international brands. However, as consumers had a comparatively low preference for these

Chinese brands, it is predicted that the growth of market share will remain shallow. (Note that the data of the six Chinese brands marked * in Table 8-5 are combined as "indigenous brands" in Figure 8-4 due to similar product offerings and market approached).

Figure 8-4 Predicted Market Share (International vs. Indigenous brands)



When compared with Figure 4-4 which illustrates the market share trends for China's mobile phone sector, it is apparent from Figure 8-4 that Chinese brands have a smaller market share and a lower growth rate, and that international brands are still dominant.

Given that the findings of this study are correlated against CIMAS's data representing the Beijing mobile phone market, it may be that market share division differs significantly between the mobile phone market in Beijing and that of the remainder of China, including both developing coastal and undeveloped inner areas, and both urban and rural areas. Within the Beijing market, as indicated in Figure 8-4, international brands hold a dominant position, whilst in general Chinese market (in Figure 4-4), indigenous brands appear to demonstrate better market performance than they do in Beijing. This finding is consistent with the existing literature discussed in section 4.3.3, which implies that international brands retain an advantage over local brands when retailing high-end products to more affluent populations within leading cities (Dano 2005), but that this trend is reversed in rural areas.

It is recognised that due to the small sample size, predicting market share based on the results of this study has little statistical validity; however, the discussion provides additional information about the dynamic within Chinese mobile phone sector, and demonstrates that diversities between leading cities and other areas have a significant influence on market share.

8.2.2 Brand Performance

Given that within this dynamically evolving mobile phone market, brand leadership has changed, together with shifts in market share for each brand, it can be assumed that there are a number of factors behind this, which include changes in brand packages, consumer tastes, more intensive marketing activities, and evolving brand identities. Questions (8, 9, 12, and 13) re the reasons for purchase, satisfaction/dissatisfaction, and preference for a specific brand enable this study to further explore the impetus for brand performance from a consumer perspective.

In question 8, respondents were asked the reasons for purchasing current phones; in question 9, 12, and 13, they were asked for the reasons of why they were satisfied/dissatisfied with the phones they have used; and in question 14, they were asked for the reason behind their brand preference. The answers have been summarised as lists of product/brand attributes under each question, and those of the three leading brands (Nokia, Motorola, and Samsung), and the indigenous Chinese brands (combined as one entry) are shown in Table 8-6.

In order to compare the performance of the four brands against each attribute, the frequencies of attributes (as shown in Table 8-6) are further analyzed. The variance of frequencies of each attribute is calculated based on column percentage values, and those positive values (indicating that consumers consider this brand to have a higher performance than the average against this particular attribute) are shown in Table 8-7.

Consequently, analysing column A , which indicates what marketing strategies each brand uses as incentives to attract consumers to purchase, it is apparent that i) consumers are attracted to Nokia because of its high brand reputation; ii) consumers are more likely to be attracted to Motorola by word of mouth, and the product's size and weight; iii) Samsung uses marketing to promote its sales; whilst its advanced multifunctionality and high "sound clarity" attract consumers; and iv) in a differing strategy from the international brands, Chinese brands use "price" as a major advantage to attract consumers, together with marketing promotions.

Combining the comments on all mobile phones of which the respondents have had experience, columns B and C provide a measure of consumers' opinions on the product/service packages that each brand provides. It is apparent that i) Nokia mobile phones are considered to have high build and sound quality, offset by disadvantages in appearance and size and weight; ii) in contrast, Motorola phones have favourable appearance and size and weight factors, but demonstrate low quality; iii) Samsung phones provide multiple-functions, whilst being low in other technical indices such as standby time, and memory size; and iv) mobile phones under Chinese brands have advantages in operation, functions, and appearance offset by disadvantages in quality and service.

Given that "column A" implies the market strategy on how a brand promotes sells, and "columns B andC" imply the product/service package embodied in the product strategy, the combination of market strategy and product strategy can be seen to contribute to the accumulation of brand reputation and has subsequently shaped consumers' brand preferences. Figure 8-5 illustrates how each of these four brands has built their brand equity via various combinations of marketing and product strategy, which to some extent explain the resultant brand preferences expressed by consumers in column D of Table 8-5.

It is apparent these brands differ in both marketing and product strategy approaches, and the brand preference scores are therefore different. i) Nokia has the highest preference score that may be attributed to a high brand reputation and high product quality; ii) Samsung has the second highest score, that may be driven by its implementation of advanced technology, allowing it to provide consumers with multifunctionality, and at the same time attractive and novel appearance; iii) Motorola is ranked third, which may result from its long-term brand awareness and effective marketing strategy, but demonstrates a reputation for low product quality; iv) Chinese brand scores are comparatively low in terms of brand reputation as they perhaps were (as of 2003) still new to consumers; these brands took a more aggressive price and promotional strategy allowing them some market share, taking advantage of better knowledge of indigenous consumer tastes and use habits, enabling them to provide products with more attractive appearance, and convenient operation for a Chinese audience, (although perceived quality and service would appear let them down).

When compared with the discussion in Table 4-2, it is apparent that the findings support findings in existing literature, which indicates that international MNCs demonstrate significant advantages in technology and product quality, whilst local Chinese manufactures offer lower manufacturing and logistical costs, and quick response to market demand, thus providing consumers with cheaper products and styles more appropriate to consumer tastes.

The analysis therefore demonstrates how brand strategy might affect consumer perception of brand value, and provides organizations with additional information on both current perceptions of the brand and appropriate brand strategies. This will be further discussed in the next chapter.

Table 8-6 Comments on Brands

Nokia

Incentive of purchasing - question 8 Attributes(Frequency)	*Satisfaction - question 9b and12 Attributes(Frequency)*	*Dissatisfaction - question 9c and13 Attributes(Frequency)*	*Brand Preference - question 14 Attributes(Frequency)*
Appearance(7)	Quality(18)	Appearance(12)	Quality(17)
Brand(5)	Operation(15)	Operation(11)	Appearance(13)
Operation(5)	Sound Clarity(13)	Size and Weight(9)	Brand(10)
Functions(4)	Appearance(12)	Functions(7)	Operation(9)
Sound Clarity(3)	Functions(8)	Quality(4)	Sound Clarity(9)
Quality(2)	Stand By Time(6)	Stand By Time(4)	Word of Mouth(9)
Size and Weight(2)	Size and Weight(3)	Sound Clarity(1)	Functions(7)
Word of Mouth(2)	Service(2)	Memory Size(1)	New Technology(5)
Marketing(1)	Brand(1)	New Technology(1)	Service(5)
Radiation(1)	Word of Mouth(1)		Size and Weight(4)
Stand By Time(1)			Stand By Time(2)
			Range Of Product Lines(2)
			Marketing(1)

Motorola

Incentive of purchasing - question 8) Attributes(Frequency)	*Satisfaction - question 9b and12 Attributes(Frequency)*	*Dissatisfaction - question 9c and13 Attributes(Frequency)*	*Brand Preference - question 14 Attributes(Frequency)*
Appearance(4)	Appearance(14)	Quality(14)	Brand(9)
Size and Weight(4)	Size and Weight(10)	Stand By Time(7)	Appearance(6)
Word of Mouth(3)	Functions(8)	Appearance(6)	Functions(5)
Marketing(2)	Sound Clarity(5)	Operation(6)	Word of Mouth(5)
Price(2)	Operation(4)	Size and Weight(6)	New Technology(4)
New Technology(1)	Quality(3)	Sound Clarity(6)	Operation(4)
Radiation(1)	New Technology(2)	Memory Size(4)	Sound Clarity(4)
Sound Clarity(1)	Price(2)	Functions(3)	Quality(3)
	Brand(1)	Accessories(1)	Range Of Product Lines(2)
	Radiation(1)	Service(1)	Stand By Time(2)
	Service(1)	Word of Mouth(1)	Radiation(1)
	Stand By Time(1)		Size and Weight(1)
			Service(1)

Samsung

Incentive of purchasing - question 8) Attributes(Frequency)	*Satisfaction - question 9b and12 Attributes(Frequency)*	*Dissatisfaction - question 9c and13 Attributes(Frequency)*	*Brand Preference - question 14 Attributes(Frequency)*
Appearance(1)	Functions(8)	Stand By Time(4)	Appearance(14)
Functions(1)	Appearance(4)	Functions(3)	Brand(3)
Marketing(1)	Operation(3)	Size and Weight(2)	Marketing(3)
Sound Clarity(1)	Sound Clarity(2)	Appearance(1)	New Technology(3)
	Accessories(1)	Memory Size(1)	Operation(3)
	Memory Size(1)	Operation(1)	Size and Weight(3)
	Quality(1)	Service(1)	Quality(2)
			Range Of Product Lines(1)
			Sound Clarity(1)
			Word of Mouth(1)

Indigenous Brands*

Incentive of purchasing - question 8) Attributes(Frequency)	*Satisfaction - question 9b and12 Attributes(Frequency)*	*Dissatisfaction - question 9c and13 Attributes(Frequency)*	*Brand Preference - question 14 Attributes(Frequency)*
Price(2)	Operation(4)	Service(3)	Appearance(4)
Appearance(1)	Appearance(3)	Stand By Time(2)	Brand(3)
Marketing(1)	Functions(3)	Functions(1)	Marketing(3)
Operation(1)	Sound Clarity(1)	Quality(1)	Word of Mouth(3)
Size and Weight(1)	Stand By Time(1)	Sound Clarity(1)	Functions(2)
			Operation(1)
			Price(1)
			Radiation(1)
			Range Of Product Lines(1)
			Sound Clarity(1)
			Stand By Time(1)

Note: * includes Amongsonic, TCL, Bird, Haier, and Konka

Table 8-7 Brand Performance

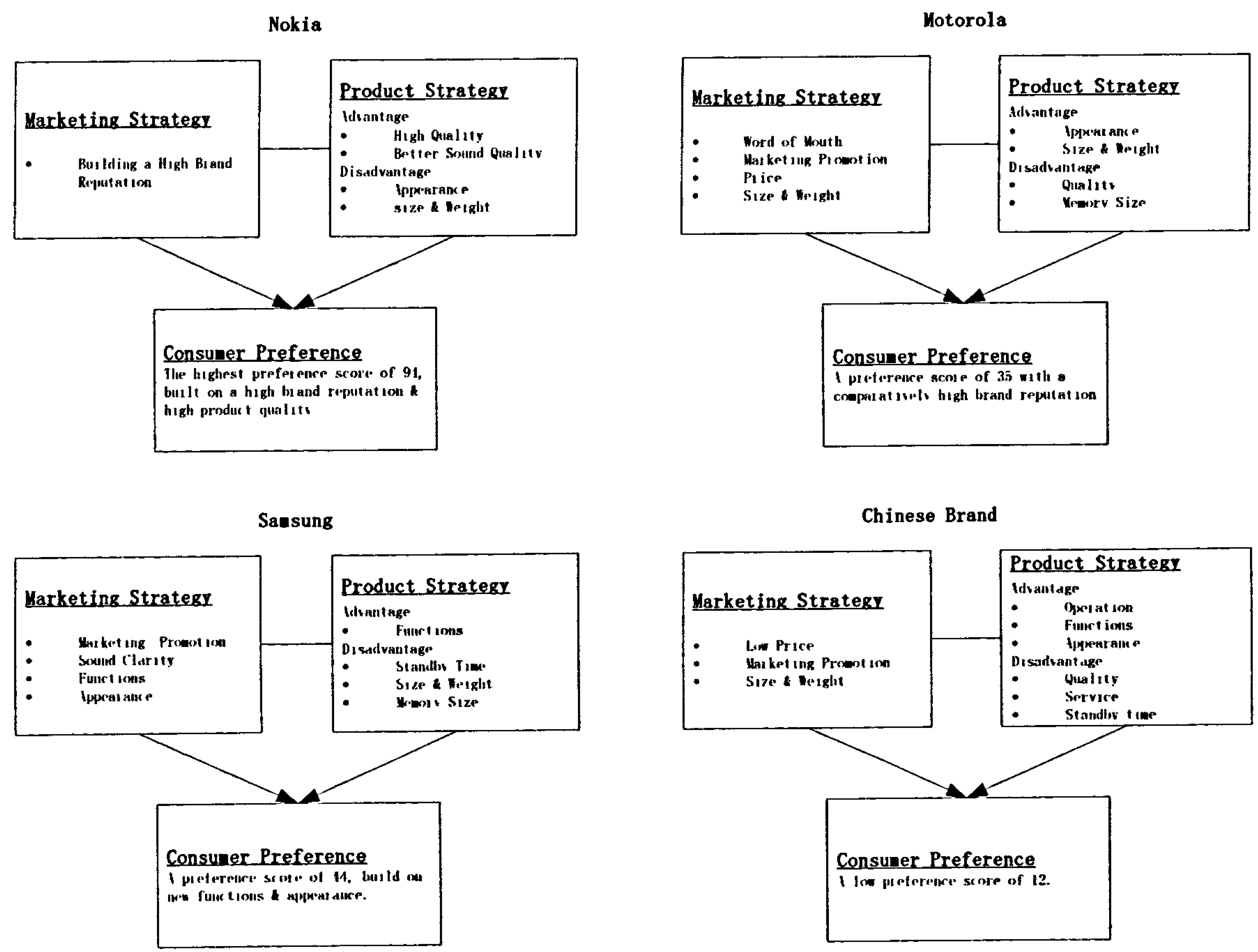
Table Legend

N Nokia
M Motorola
S Samsung
C Chinese brands

	A Incentive of purchasing (question 8)				B Satisfaction (question 9b and12)				C Dissatisfaction (question 9c and13)				D Brand Preference (question 14)			
Attribute	**N**	**M**	**S**	**C***	**N**	**M**	**S**	**C***	**N**	**M**	**S**	**C***	**N**	**M**	**S**	**C***
Accessories							4.6			1.4						
Appearance	3.7	4.7	7.5			9.4	2.5	7.5	6.5						11.1	
Brand	11.3												6.9	15.3	2.2	4.0
Functions			10.2			0.6	25.2	10.2			8.3				15.8	
Marketing		6.6	20.5	12.2											1.6	4.6
Memory Size							3.6		0.6	5.9	6.3					
New Technology		3.6				1.9			0.0				3.4	6.5	4.2	
Operation	4.2			5.7	8.0		4.1	22.4	11.1							
Price		7.9		30.1		0.6										0.2
Quality					15.6				0.9	18.3		5.4	11.1			
Radiation	2.0	4.5				0.9								1.1		2.5
Range Of Product Lines													1.4	3.5	1.3	2.9
Size and Weight		14.4		8.9		11.4			10.2	3.1	7.6					
Service											4.0	33.8				
Sound Clarity	0.7		16.7		8.1	1.3	1.7	0.0		2.6		4.2	1.3	0.2		
Stand By Time					0.9			1.6	1.3	6.0	24.0	18.3				
Words of Mouth	2.3	12.9											5.9	6.9		8.5
Average				9.08				6.46				8.17				5.10

Note: *combing data from five Chinese brands TCL, Konka, Haier, Amongsonic, and Bird

Figure 8-5 Brand Performance



8.3 CONSUMER HIERARCHICAL VALUE MAP

This section presents the results of interview question no. 16, where interviewees were asked to pick the three most important attributes for laddering probing, following structured questions as "why this is important to you?".

The analysis procedure is shown in 8.3 and a HVM is constructed to represent consumers' aggregate cognitive structures. Following this, in 8.4, analysis of the MEC data results in the development of 9 consumer segments that are further described against demographic factors.

The interview records were analyzed following the procedures outlined by Reynolds and Gutman (1988), as discussed in section 5.3.3, and include the key stages of i) coding, ii) construction of an implication matrix, and iii) construction of a Hierarchical Value Map (HVM).

8.3.1 Coding

Each interviewee was asked to select the three most important attributes from the resultant list, and following structured questions as to "why this is important?", the reasons for specific buying criteria for each interviewee have been explored and his/her cognitive structure revealed. Based on answers transcribed in Chinese, keywords at increasing levels of abstraction have been elicited from each individual means-end probe; these have been used to construct MECs revealing why specific initial attributes are important to the individual. These keywords have then been translated into English for the next step of analysis (See Appendix 15).

Some interviewees have proposed more than 3 attributes during laddering probes, and some forked answers have led to additional chains; consequently, a total of 125 have been formed. It is apparent in Appendix 15 that the resultant 125 MECs vary in length and in the level of abstraction between elements. A coding process has subsequently been applied to categorise the resultant idiosyncratic concepts into a smaller number of categorises as suggested by Reynolds and Gutman (1988).

As suggested in the findings of the soft laddering experiment, described in section 7.3 and in previous literature discussed in section 5.3.3, the researcher has been given a lot of conceptual space during the coding of soft laddering data, which in turn impacts on the extent of the deviation in the results. In order to enlarge the level of objectivity in the analysis process, significant effort has been expended on ensuring that the keywords accurately reflect the true meaning of the conversations and a number of cross-checks by an independent panel of experts (academic staff with experience of Chinese culture) have been taken place to ensure validity.

Further, it is recognised that the translation process has been unavoidable, and may have led to loss in some cultural meaning beyond language, as the interviews had been conducted in Chinese, and the analysis is based on translated keywords elicited from Chinese transcriptions. In order to minimise both information loss and deviation, the researcher has consulted both Chinese and English native speakers regarding those words considered controversial to ensure that the translation conveys both the context and original meanings where possible.

Three problems are apparent during the coding process, consistent with those as suggested by Grunert and Grunert (1995):

i) the distinction between attributes, consequences, and values; some words can be categorised into different levels of abstraction in different contexts, for instance, where an interviewee says: "I like the phone because of it's convenience", "convenience" belongs to "abstract attributes"; whilst, where he/she says: "I use this phone because it brings me convenience", it belongs to "consequences";

ii) the "indexicality" problem; in some cases, the answers must be interpreted relative to the respondent's background, experience, career, and her/his interpretation of the data collection situation;

iii) the problem of finding the right levels of abstraction; the difference between two answers is rarely purely lexical and to define them as synonyms and group them into the same category, the category has to be at a more abstract level than the answers themselves; for instance, both "avoidance of delay", and "afraid of being out of contact in an emergency" can both categorised into "avoidance of problems"; however, the more abstract it is, the more detailed information is lost.

In coping with these problems, it seems the most appropriate approach is i) to refer to the context that attaches meaning to an answer; and ii) to understand the background of the interviewee. Herein, the advantage of soft laddering is apparent as the natural flows of speech allow the analysis attach more contextual information to the results that cannot be obtained from questionnaire formatted hard laddering.

Table 8-8: Summary Content Codes

Attributes	1 Appearance 2 Brand 3 Durability 4 Failure Rate 5 Functions 6 Operation 7 Price 8 Radiation 9 Sound Clarity 10 Standby Time
Consequence 1	11 Advanced/ New 12 Beautiful 13 Contactablity 14 Familiarity 15 Personality/ Uniqueness 16 Portability 17 Productivity 18 Quality 19 Value / Price
Consequence 2	20 Affordability 21 Avoidance of Problems 22 Convenience 23 Feel Attached To 24 Strong Self Image 25 Trend follower
Consequence 3	26 Career Promotion 27 Increased Saving / Disposable Income 28 Other's Opinion 29 Potential to Earn 30 Better Guanxi / Friendship
Consequence 4	31 Confidence 32 Curiosity 33 Promote Health & Safety 34 Reduced Stress 35 Responsibility 36 Success
Values	37 Accomplishment 38 Belonging 39 Family Living Standard 40 Fun / Pleasure 41 Inner Peace/ Contentment 42 Longer Life 43 Self - Esteem 44 Wisdom

Subsequently, using a parallel coding process, the entire set of keywords across all respondents has been summarised and coded into a set of 44 elements across six abstraction levels as shown in Table 8-8, of which, 10 (nos. 1-10) are product attributes, 8 (nos.37-44) are personal values, 6 (nos.31-36) are instrumental values, and the remaining 19 (no. 11- 30) are various levels of consequence.

The finalised element codes have then been used to code each individual value chain, as shown in Appendix 16. Comparing the coded MECs with the keyword version, it is apparent that the content has been substantially condensed and irrelevant information has been reduced thus indicating a much clearer tendency within the MECs.

8.3.2 Implication Matrix

Once the contents of the MECs have been defined, the next stage is to identify the linkage between the elements at differing levels of abstraction. By calculating the frequencies of linkages of any pairs of adjacent elements, it is possible to construct an implication matrix as shown in Figure 8-6 to indicate the linkages between elements.

In the matrix, element codes are listed in both the row and column headings. The numbers in each cell represent the frequencies of the element in the row heading leading to the element in the column heading. For example, the first row starting with "1: Appearance" shows the frequency of the element ("Appearance") leading to other elements at higher levels: twice leading to element 11 ("Advanced / New"), 8 times to element 12 ("Beautiful"), 7 times to element 15 ("Personality and Uniqueness") and so on.

It is apparent that two kinds of linkages exist between two elements. In this matrix those elements which are linked to elements in the adjacent higher level are categorised as direct linkages, whilst those elements which are linked to elements two or more levels higher are categorised as indirect linkages. Each pair of direct and indirect linkages are separated with a comma (:) in each cell.

This row-column frequency matrix, indicating the number of times directly and indirectly all row elements lead to all column elements, subsequently serves as the basis for:

i) Determining the dominant pathways or connections between the elements. The dominant pathways or connections have to be identified and less significant or irrelevant linkages have to be removed to construct an HVM. The matrix, having listed the frequencies of all the linkages which occurred in the interview results, provides a basis to achieve this.
ii) Providing the ability to summarize subgroups. The matrix has been built based on the 125 MECs and 40 interviewees as a whole entity. It is possible to rebuild the matrix using a cluster of the chain or consumer type (for example, a matrix of male interviewees). Cluster matrices illustrate the frequencies of the connections exclusively within the subgroup.

Further analyses can be conducted based on the information provided in the matrix because the construction of the implication matrix successfully transfers the qualitative data from interviews into quantitative data. Clearly this unique strength of the laddering method sets it apart from other qualitative methods.

8.3.3 Hierarchical Value Map

An HVM is built up by connecting the chains that are formed by considering the linkages in the matrix of relations between elements.

However, if the HVM attempts to contain all the pathways and connections which occurred in the matrix, the HVM will become too complicated and lose its essential meaning. Therefore, it is necessary to identify the dominant pathways among all the relations which appear. In order to extract the most informative and most stable set of relations between elements, frequency values are applied as a benchmark to eliminate those less dominant pathways in various levels. According to (Reynolds and Gutman 1988), the most typical cut-off levels are usually between 3 and 5 relations, given a sample of 50 to 60 individuals. However, the cut-off levels should be adjusted successively according to

i) The sample size of the individual MEC. If this type of MEC occurs relatively less often but still maintains a stable existence as an individual MEC, the cut off level could be adjusted downwards.

ii) The type of linkages (direct link vs. indirect link). Some indirect links enhance the validity of the existence of corresponding direct links. However, it is necessary to consider whether the direct links or the indirect links are the dominant relations before the cut off level is adjusted.

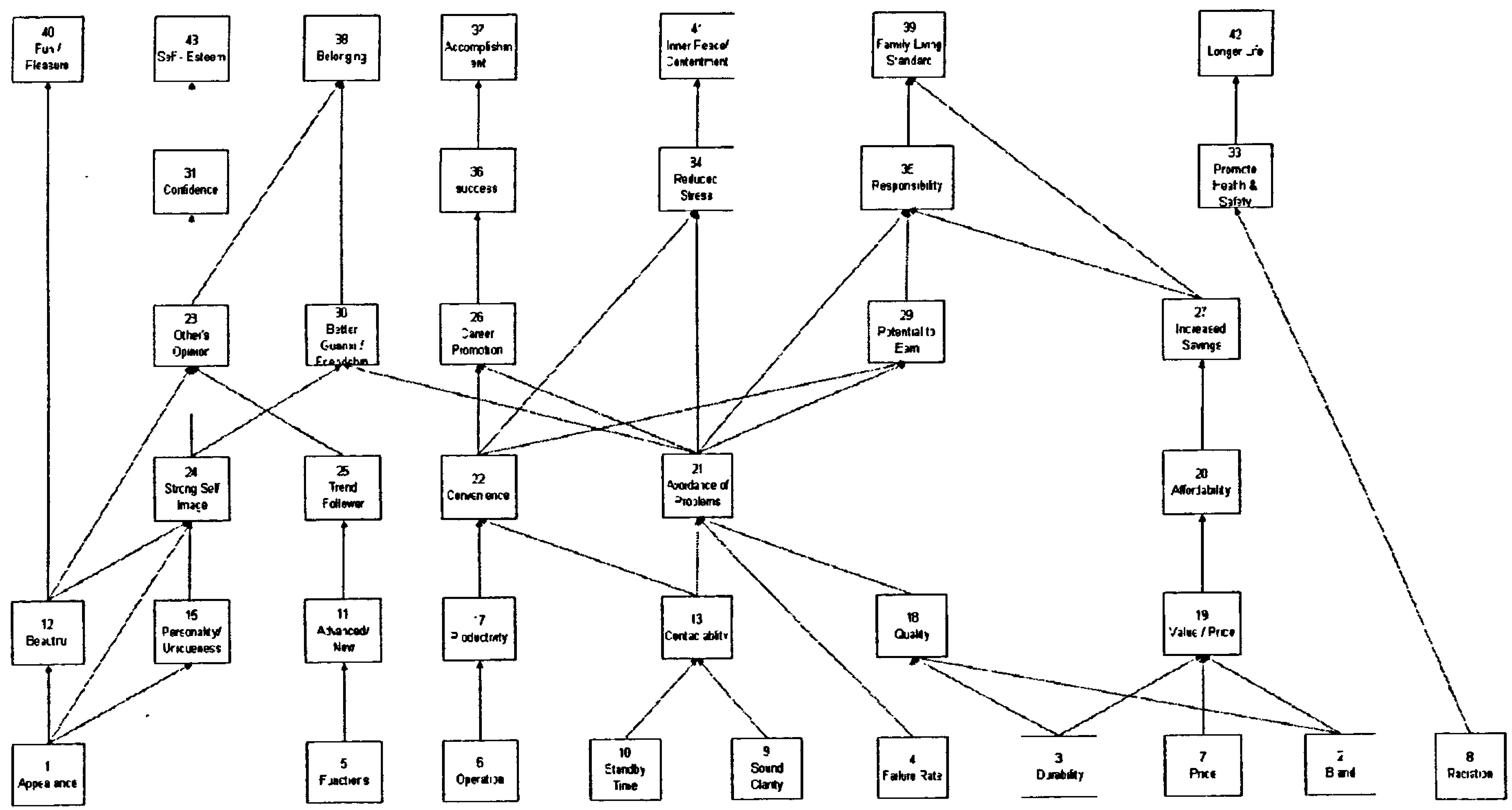
Subsequently, an HVM is constructed followed by successions of refining processes according to the benchmarks applied, and is shown in Figure 8-7. In the final HVM, "Familiarity", "Portability", "Feel Attached to", "Curiosity", and "Wisdom" with code numbers of 14, 16, 23, 32, and 44 respectively (see Table 8-8) have been elimated due to their low frequencies in the implication matrix and/or lower significance in the overall MECs.

Figure 8-6: Implication Matrix of 40 Soft laddering Interviews

	MEC Elements	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1	Appearance	2 2	8 3			7 0	2 0						[illegible]		4 10	2 2		
2	Brand				1 0	1.0			2 0	2 0		0 2		0 1		0.1		0 1
3	Durability			1 0	1 0				3 0	3 0	1 [illegible]	0 2	2 2	1.1			0.1	0 [illegible]
4	Failure Rate			1 0					3 0			3 4					0 1	
5	Functions	8 [illegible]				2 0	2 0	1 0		2 0			2 4	1 0		[illegible]	1 3	0 1
6	Operation						1 0	6 0					2 4				0 3	
7	Price									[illegible] 0	[illegible]							0 1
8	Radiation											1 0						
9	Sound Clarity			4 0								4 3	1 0				0 3	
10	Standby Time			9 0								1 6	1 3				0 5	
11	Advanced/ New												2 0		1 0	6 [illegible]	0 1	0 1
12	Beautiful														3 0			
13	Connectability											11 0	[illegible] 0				1 7	
14	Familiarity													2 0				
15	Personality/ Uniqueness														5.0	2 [illegible]		
16	Portability												4 0		1.0		0 1	
17	Productivity												[illegible] 0				4 0	
18	Quality											6 0	2 0				0.1	
19	Value / Price										[illegible] 0					[illegible]		8 [illegible]
20	Affordability																	7 0
21	Avoidance of Problems																7 0	
22	Convenience																4 0	
23	Feel Attached To																	
24	Strong Self Image																	
25	Trend follower																	1 0
26	Career Promotion																	
27	Increased Saving / Disposable Income																	
28	Other's Opinion																	
29	Potential to Earn																	
30	Better Guanxi / Friendship																	
31	Confidence																	
32	Curiosity																	
33	Promote Health & Safety																	
34	Reduces Stress																	
35	Responsibility																	
36	Success																	
37	Accomplishment																	
38	Belonging																	
39	Family Living Standard																	
40	Fun / Pleasure																	
41	Inner Peace/ Contentment																	
42	Longer Life																	
43	Self - Esteem																	
44	Wisdom																	
	Total	[illegible]	[illegible] 0	15 0	2 0	0 0	5 [illegible]	7 [illegible]	8 0	20 0	[illegible] 6	25 17	22 [illegible]	4 2	14 10	12 9	17 26	16 20

	MEC Elements	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	Total
1	Appearance	1 15	[illegible]	0.2	0.7						0 1	0 6	0 1	0 4			[illegible]		26 63
2	Brand	1 0	[illegible]		[illegible]			0 1	0.1				0 4		0 2		[illegible]		7 16
3	Durability		[illegible]		[illegible]			0 4	0.3	[illegible]	0 2		0 4		0 5				12 37
4	Failure Rate		[illegible] 2	0 2	[illegible]			0 1			0 1	0 1	0 2		0 2		[illegible]		7 18
5	Functions	0 2	[illegible]	1 2		0 2		0 1	0 2	0 2	0 4	0 6	0 3	0 4	0 2		0 2		21 47
6	Operation		[illegible]		[illegible]			[illegible]	0 1	[illegible]	0 2		0 1		0 [illegible]				10 23
7	Price							0 1	0 8		0 1		0 9		0 [illegible]		[illegible]	0 3	18 42
8	Radiation						3 1									0 4			4 5
9	Sound Clarity		[illegible] 2	0.2					0 2	0 2	0 2	0 1	0 4		0 1				9 22
10	Standby Time		[illegible] 2					0 2	0 3	0 4	0 5		0 2		0 [illegible]	0 1			11 36
11	Advanced/ New	0 4				1 1					0 1	0 [illegible]	0 1	0 2	0 1		0 2		10 17
12	Beautiful	3 1			0 2							0 2		2 0			0 4		8 9
13	Connectability		[illegible] 2					0 2	0 4	0 6	0 7		0 3		0 4	0 1			15 36
14	Familiarity							0 1							0 2				2 3
15	Personality/ Uniqueness	0 3		0 1	0 2						0 1	0 1	0 1	2 1			1 2		10 12
16	Portability	0 1	[illegible] 2						0 1	[illegible]	0 1		0 2		0 1		[illegible]		5 11
17	Productivity				[illegible]			0 [illegible]	0 2	[illegible]	0 2		0 1		0 2				7 12
18	Quality		[illegible] 3	0 1				0 2	0 1			0 1	0 4		0 2				8 15
19	Value / Price							0 1	3 7		0 1		1 11		0 [illegible]		[illegible]	1 2	20 29
20	Affordability							2 0	2 2				0 6		0 4			1 0	12 12
21	Avoidance of Problems		7 0	3 0	[illegible]		1 0	4 0	3 2	0 4	0 3	0 2	0 9		1 [illegible]	0 1	[illegible]		26 32
22	Convenience		4 0	2 0	1 0			5 0	0 2	0 3	1 4	0 1	0 4	[illegible]	0 [illegible]	1 0			22 17
23	Feel Attached To				1 0			1 0				1 0			1 2				4 2
24	Strong Self Image	8 [illegible]		2 0	2 3						[illegible]	0 4		1 [illegible]			1.6		14 14
25	Trend follower	6 [illegible]		1 0	1 1	1 0					[illegible]	0 5	0 1	1 [illegible]	1 0		[illegible] 3		12 1[illegible]
26	Career Promotion							1 0	3 0	10 0	[illegible]		2 2		1 1				17 14
27	Increased Saving / Disposable Income								6 0		1 0		6 5		1.0		[illegible]	1 0	15 [illegible]
28	Other's Opinion				4 0						[illegible]	8 1					7.2		19 4
29	Potential to Earn								3 0		[illegible] 0		5 3						[illegible]
30	Better Guanxi / Friendship				2 0			1 0				4 1					[illegible] 2		7 3
31	Confidence										1.0	1 0	[illegible] 0		1.0		[illegible] 0		10 [illegible]
32	Curiosity											1 0		1 [illegible]					2 0
33	Promote Health & Safety															4 0			4 0
34	Reduces Stress											1 0			12 0				13 [illegible]
35	Responsibility										2 0		[illegible] 0		2 0		1 0		20 [illegible]
36	Success										10 [illegible]								10 [illegible]
37	Accomplishment																		
38	Belonging																		
39	Family Living Standard																		
40	Fun / Pleasure																		
41	Inner Peace/ Contentment																		
42	Longer Life																		
43	Self - Esteem																		
44	Wisdom																		
	Total	[illegible] 25	11 [illegible]	[illegible]	11 21	[illegible] 3	4 [illegible]	15 23	20 41	10 25	18 [illegible]	15 37	30 8[illegible]	8 11	23 54	[illegible] 7	16 41	3 5	

Figure 8-7: Hierarchy Value Map of 40 Soft Laddering Interviews



The HVM proposed is based on the aggregate data rather than each individual Means End Chain. Therefore, the HVM constructed is indicative of the value system of all aggregated respondents rather than those of individual interviewees, and each pathway appearing in the HVM does not necessarily appear among individual MECs. Conversely, some individual MECs may not appear in the aggregate HVM.

This proposed HVM, as a key finding of this research, reveals the cognitive structure behind respondents' buying preferences and therefore provides a graphic representation of the perceptual marketplace. Each pathway includes both the value orientation of the consumer, as well as personal interpretations of how the product or service fits with the consumer's self-goal and personal values.

8.4 MEC SEGMENTATION

The constructed HVM provides an overall perception of how the respondents satisfy their personal values via the use of a group of specific product attributes or characteristics. A further analysis of pathways from bottom to top subsequently reveals potential market segments.

8.4.1 "Attribute – Value" Linkage

The dominant pathways can be identified via analysing the clustering of linkages between "attribute – value" pair as suggested by Reynolds and Gutman (1988). Table 8-9 illustrates the frequencies of each pair of "attribute – value". (The total number of MECs in the table is 119 instead of 125, which suggests that 6 individual chains have not reached the personal value level threshold.)

Those linkages with significantly higher clustering are highlighted, as shown in Table 8-9. As discussed in section 8.3.3, a cut-off value of 4 has been applied and the resultant 15 dominant pathways between attributes and values (as highlighted in Table 8-9) consequently indicate 15 potential market orientations.

Table 8-9: Ladder Frequencies for Attribute - Value Linkages

		37 Accomplishment	38 Belonging	39 Family Living Standard	40 Fun / Pleasure	41 Inner Peace/ Contentment	42 Longer Life	43 Self - Esteem	44 Wisdom	Total
1	Appearance	1	8	1	4			11		25
2	Brand			4		2		1		7
3	Durability	2		4		5				11
4	Failure Rate	1	1	2		2		1		7
5	Functions	4	6	3	4	2		2		21
6	Operation	2		1		5				8
7	Price	1		9		3		1	3	17
8	Radiation						4			4
9	Sound Clarity	2	1	4		1				8
10	Standby Time	5		2		3	1			11
	Total	18	16	30	8	23	5	16	3	119

Analysing the columns of the differing value types, it is apparent that most of the highlighted links suggest strong clustering, as their frequencies are significantly higher than those scattered in the same column. However, "family living standard" and "inner peace /contentment" columns show a weaker clustering. An analysis of consequence linkages is therefore essential to determine whether these clusters are homogenous.

8.4.2 Consequences linkage

Based on the attribute-value connections identified, the consequences between attributes and value are further analysed. The same clustering method is applied to analyse the intra-chain relationships of these value types and 9 distinct clusters are subsequently identified. These clusters demonstrate significant correlations in terms of end value, consequences and initial product attributes. Each of the 9 clusters is given a name i) to highlight the key characteristic of the population within the cluster; and ii) to distinguish the key consequences from interrelated links emanating from other clusters. The name of each cluster has been further validated by using an expert panel familiar with both cultural contexts. The analysis of these 9 clusters follows.

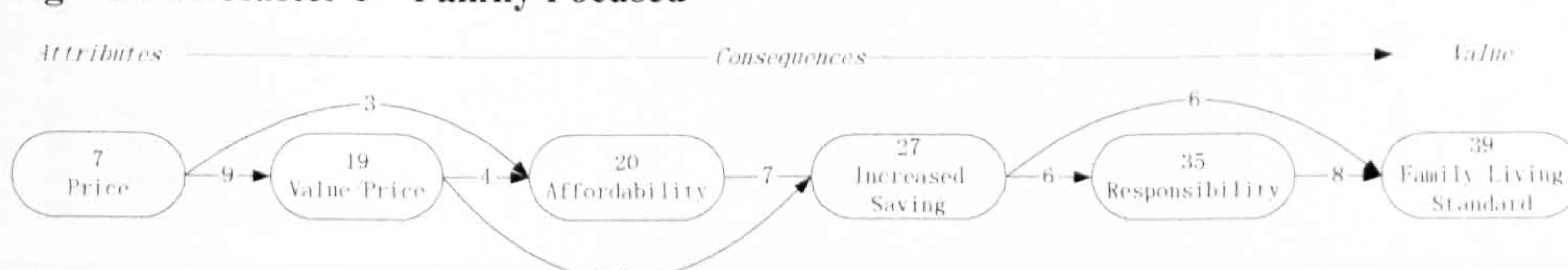
8.4.2.1 Cluster 1

The implication matrix in Table 8-10 illustrates the linkages between elements of cluster 1, where "value/money" is the key consequence, following a defined route eventually leading to "improved family living standard". The dominant linkages highlighted are associated with 6 elements. These dominant linkages and elements subsequently lead to the construction of an HVM, representing the cognitive structure of consumers within this cluster, as shown in the Figure 8-8. It is apparent that the linear construction of the cognitive elements at various abstract levels demonstrates significant clustering. Therefore, this type of MECs represents a potential market segment.

Table 8-10: Cluster 1 – Family Focused

		19	20	27	35	39	41	43	Total
2	Brand	2							2
3	Durability	2	1						3
5	Functions	1							1
7	Price	9	3						12
19	Value / Price		4	7	2	1			14
20	Affordability			7	1				8
27	Increased Saving / Disposable Income				6	6	1		13
35	Responsibility					8		1	9
39	Family Living Standard								
41	Inner Peace/ Contentment								
43	Self - Esteem								
	Total	14	8	14	9	15	1	1	62

Figure 8-8: Cluster 1 – Family Focused



Consumers within this segment express concerns about the cost of the mobile and its impact on disposable income, and hence family living standards; thus price is the most important criteria for their to purchase. This cluster is therefore termed "Family Focused" by the author to underline that their buying preference and the self relevance of consumers within this cluster is closely related to the achievement of the final goal – family.

8.4.2.2 Cluster 2

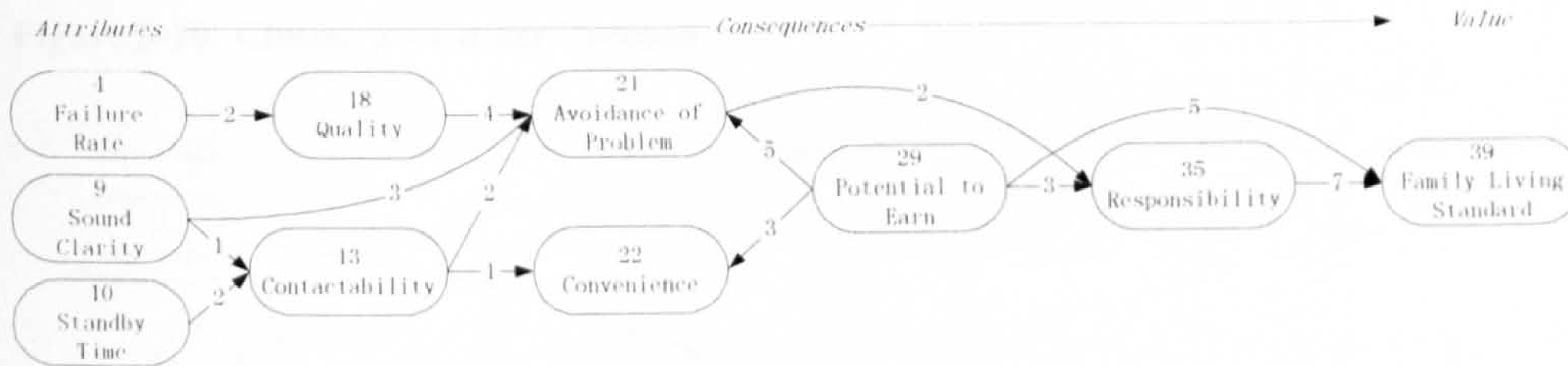
The same method has been applied to analyse cluster 2 as shown in Table 8-11 and Figure 8-9. The key characteristic of this cluster is the "potential to earn"; the product attributes are interpreted as a means of problem avoidance and a guaranteed means of sustaining income for improving living standards, and further leads to a "family living standard". Consequently, this cluster is named "Income Retentive".

Comparing Cluster 2 with Cluster 1, it is apparent that they both terminate at the value of "family living standard", whilst they differ in the consequences invoked to achieve this value and consumers from these two clusters consider different product attributes as criteria for purchase.

Table 8-11: Cluster 2 – Income Retentive

		11	13	16	17	18	21	22	26	29	35	39	total
1	Appearance			1									1
2	Brand					1							1
3	Durability					1							1
4	Failure Rate					2							2
5	Functions	1		1									2
6	Operation				1								1
9	Sound Clarity		1				3						4
10	Standby Time		2										2
11	Advanced/ New							1					1
13	Contactablity						2	1					3
16	Portability							2					2
17	Productivity												0
18	Quality						4						4
21	Avoidance of Problems								2	5	2		9
22	Convenience								1	3			4
26	Career Promotion										2	2	4
29	Potential to Earn										3	5	8
35	Responsibility											7	7
39	Family Living Standard												
	total	1	3	2	1	4	9	4	3	8	7	14	56

Figure 8-9: Cluster 2 – Income Retentive



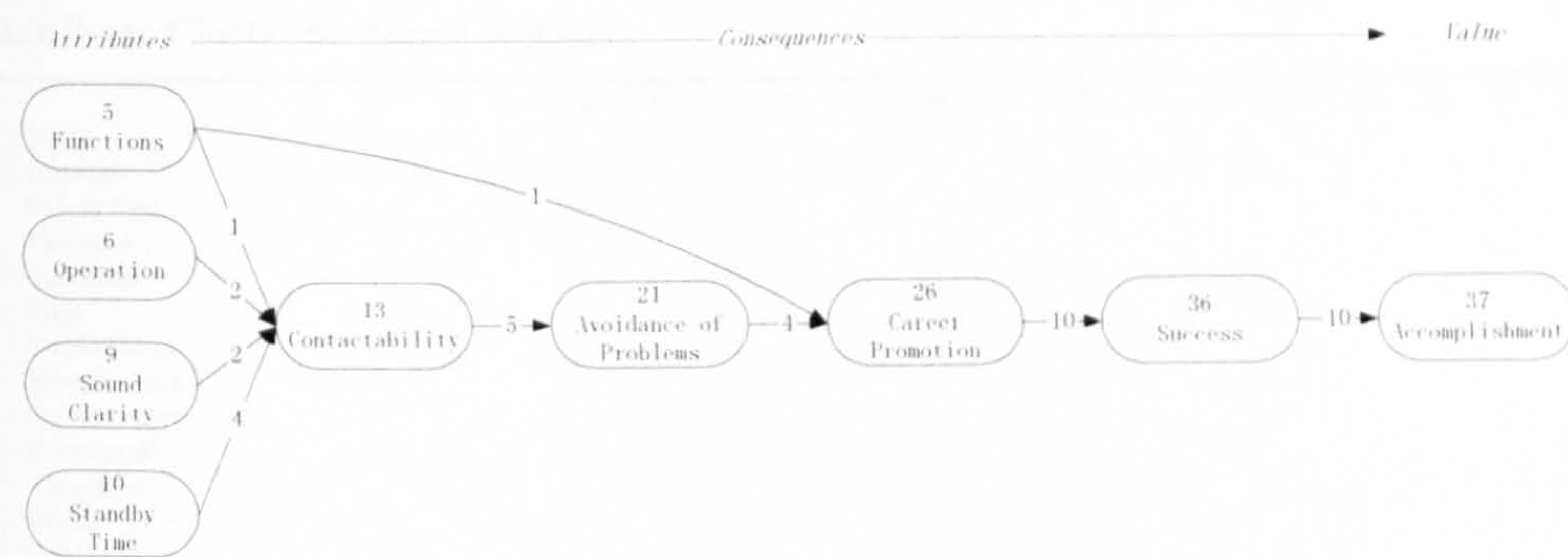
8.4.2.3 Cluster 3

In Cluster 3, "career success" is the key consequence leading to a sense of "accomplishment" as identified in Table 8-12; hence it is termed "Career Focused". In this cluster, it is apparent that the higher level linkages show a stronger clustering than the lower level ones. Although in the HVM, only those linkages consistent with higher frequencies are included, the implication matrix indicates some MECs may achieve "career success" via other pathways that enhance "contactability" and "convenience".

Table 8-12: Cluster 3 – Career Focused

		11	13	16	17	21	22	25	26	27	29	35	36	37	total
3	Durability		1				1								2
4	Failure Rate					1									1
5	Functions	1		1	1				1						4
6	Operation				1		1								2
9	Sound Clarity		2												2
10	Standby Time		4				1								5
11	Advanced/ New							1							1
13	Contactablity					5	1		1						7
16	Portability						1								1
17	Productivity								2						2
21	Avoidance of Problems								4		2				6
22	Convenience								3		1			1	5
25	Trend follower									1					1
26	Career Promotion											1	10		11
27	Increased Saving / Disposable Income													1	1
29	Potential to Earn													3	3
35	Responsibility													1	1
36	Success													10	10
37	Accomplishment														
	total	1	7	1	2	6	5	1	11	1	3	1	10	16	65

Figure 8-10: Cluster 3 – Career Focused



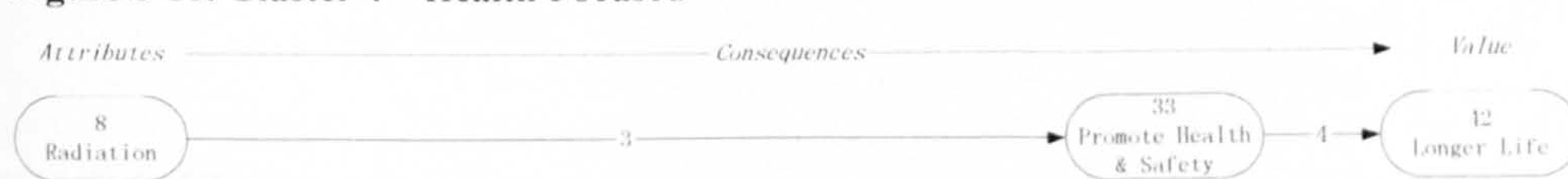
8.4.2.4 Cluster 4

This cluster contains a small quantity of linkages whilst showing very strong clustering. It focuses on "health", which evokes concerns for health related issues, such as avoiding one of the major side effects of using mobile phones – "radiation".

Table 8-13: Cluster 4 – Health Focused

		21	33	42	total
8	Radiation	1	3		4
21	Avoidance of Problems		1		1
33	Promote Health and Safety			4	4
42	Longer Life				
	total	1	4	4	9

Figure 8-11: Cluster 4 – Health Focused



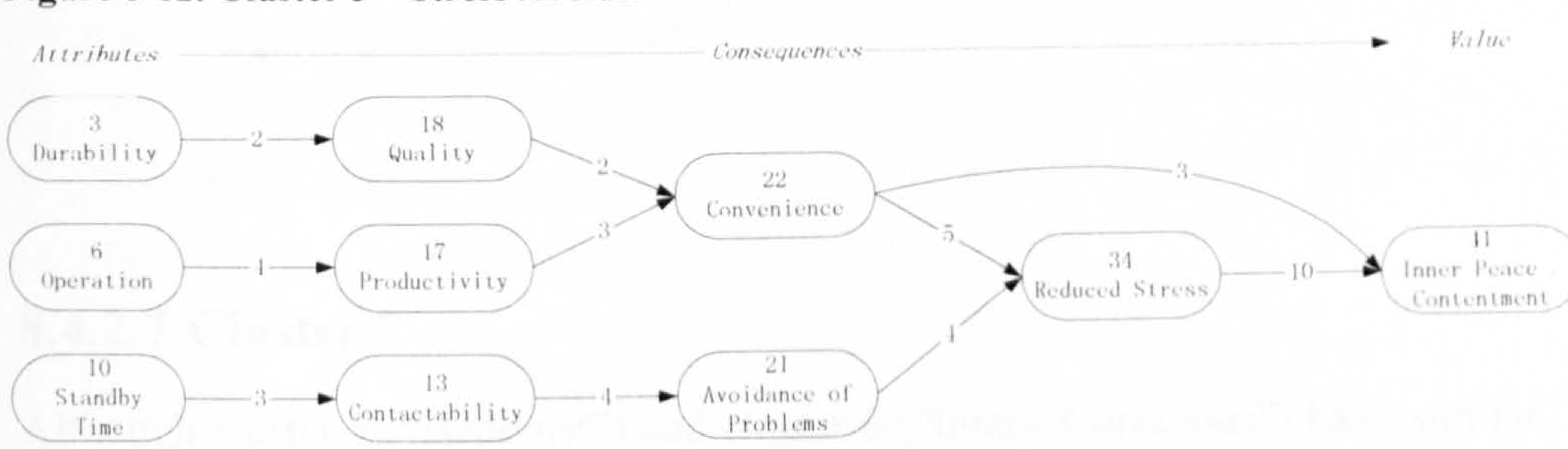
8.4.2.5 Cluster 5

This cluster is termed "Stress Avoider"; wherein consumers consider their "inner peace" as an important "end", and thus try to reduce stress via various means. The benefits of using a mobile phone for them are therefore "convenience" and the "avoidance of problems".

Table 8-14: Cluster 5 – Stress Avoider

		11	13	14	16	17	18	20	21	22	23	26	31	34	35	41	42	total
2	Brand			1			1											2
3	Durability			1			2			1	1							5
4	Failure Rate		1						1									2
5	Functions	1																1
6	Operation				1	4				1				1				7
7	Price							1										1
9	Sound Clarity		1															1
10	Standby Time		3						1									4
11	Advanced/ New									1								1
13	Contactablity								4	1								5
14	Familiarity										2							2
16	Portability									1								1
17	Productivity									3		1						4
18	Quality								1	2								3
20	Affordability														1			1
21	Avoidance of Problems											1		4	1	1		7
22	Convenience												1	5		3	1	10
23	Feel Attached To												1	1		1		3
26	Career Promotion													1		1		2
27	Increased Saving / Disposable Income																	0
31	Confidence															1		1
34	Reduced Stress															10		10
35	Responsibility															2		2
41	Inner Peace/ Contentment																	
42	Longer Life																	
	total	1	5	2	1	4	3	1	7	10	3	2	2	12	2	19	1	75

Figure 8-12: Cluster 5 – Stress Avoider



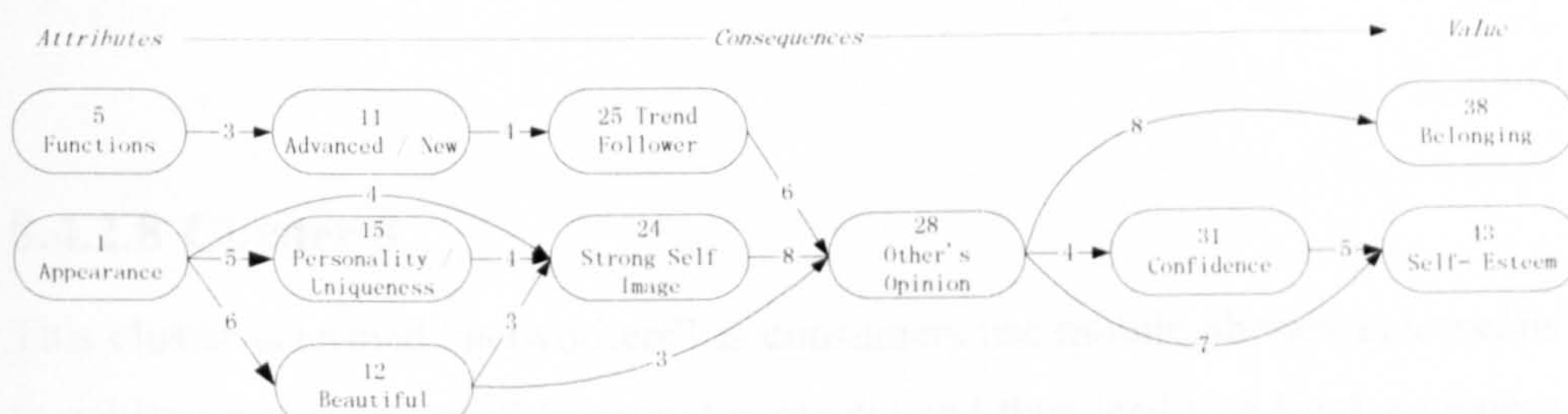
8.4.2.6 Cluster 6

"Self image" is the key element of cluster 6, within which consumers emphasise "appearance" and "functions" to impress others and subsequently achieve "self-esteem" or a sense of "belonging". It is therefore termed "Image Conscious".

Table 8-15 Cluster 6 – Image Conscious

		11	12	15	16	24	25	28	30	31	32	37	38	39	43	total
1	Appearance	2	6	5	1	4	2	1								21
2	Brand			1				1								2
5	Functions	3		1												4
11	Advanced/ New					1	4									5
12	Beautiful					3		3								6
15	Personality/ Uniqueness					4	2								1	7
16	Portability					1										1
24	Strong Self Image							8	2	2					1	13
25	Trend follower							6		1	1					8
28	Other's Opinion									4			8		7	19
30	Better Guanxi / Friendship									1						1
31	Confidence											1	1	1	5	8
32	Curiosity												1			1
37	Accomplishment															
38	Belonging															
39	Family Living Standard															
43	Self - Esteem															
	total	5	6	7	1	13	8	19	2	8	1	1	10	1	14	96

Figure 8-13 Cluster 6 – Image Conscious



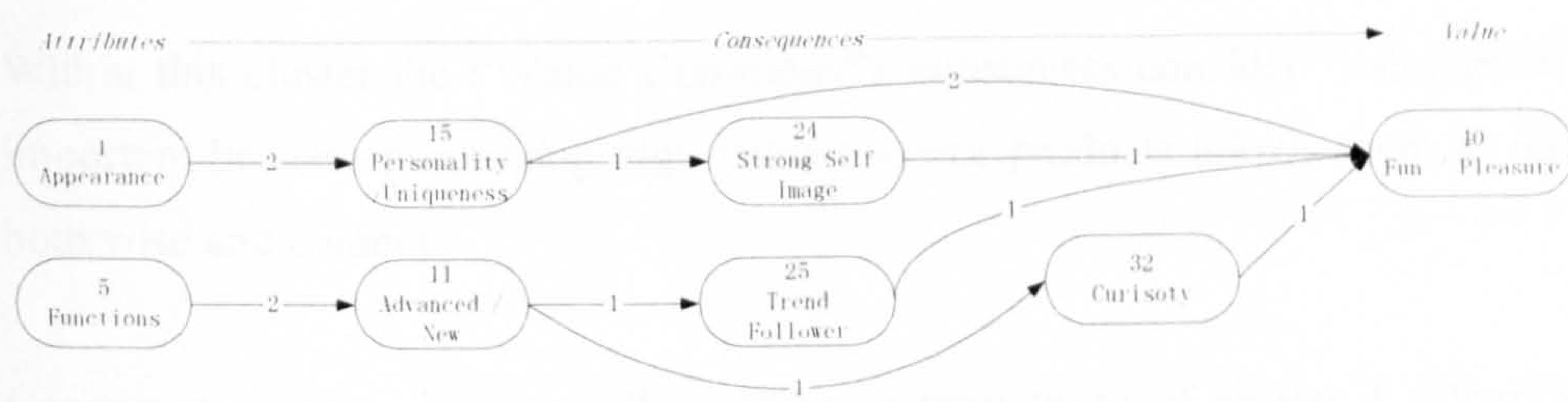
8.4.2.7 Cluster 7

Although cluster 7 ("Hedonist") and cluster 6 ("Image Conscious") have similar "attribute" and "consequence" structures; consumers in the "Hedonist" cluster differ from cluster 6 in their consideration of pure "fun/pleasure" as a final goal of using phones with unique "appearances" and advanced "functions".

Table 8-16 Cluster 7 – Hedonist

		11	12	15	22	24	25	32	40	total
1	Appearance		2	2						4
5	Functions	2		1	1					4
11	Advanced/ New						1	1		2
12	Beautiful									
15	Personality/ Uniqueness					1			2	3
22	Convenience								1	1
24	Strong Self Image								1	1
25	Trend follower								1	1
32	Curiosity								1	1
40	Fun / Pleasure									
	total	2	2	3	1	1	1	1	6	17

Figure 8-14 Cluster 7 – Hedonist



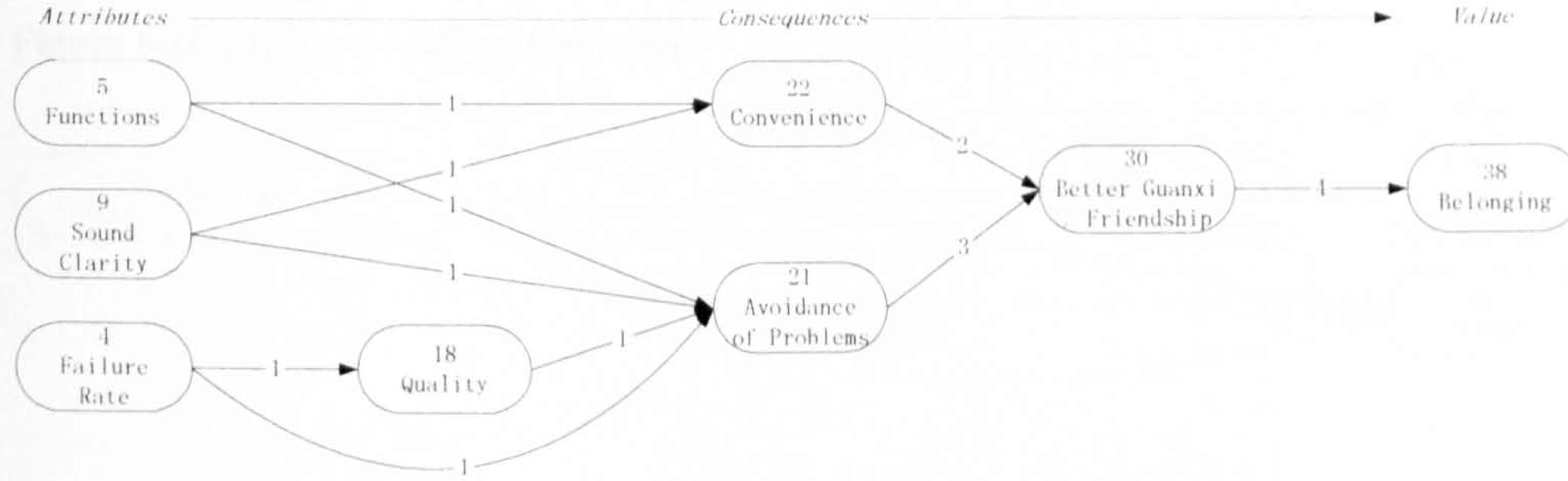
8.4.2.8 Cluster 8

This cluster is termed "networkers" as consumers use mobile phones as a means to achieve better "guanxi" (personal contacts) and thus lead to a final statement of "belonging" via increasing convenience and the avoidance of potential problems which might prevent them maintaining contact.

Table 8-17 Cluster 8 – Networkers

		18	21	22	23	25	30	31	34	38	43	total
4	Failure Rate	1	1									2
5	Functions			1	1	1	1					4
9	Sound Clarity		1	1								2
18	Quality		1									1
21	Avoidance of Problems						3					3
22	Convenience						2					2
23	Feel Attached To									1		1
25	Trend follower						1					1
30	Better Guanxi / Friendship							1	1	4		6
31	Confidence										1	1
34	Reduced Stress									1		1
38	Belonging											
44	Wisdom											
	total	1	3	2	1	1	7	1	1	6	1	24

Figure 8-15 Cluster 8 – Networkers



8.4.2.9 Cluster 9

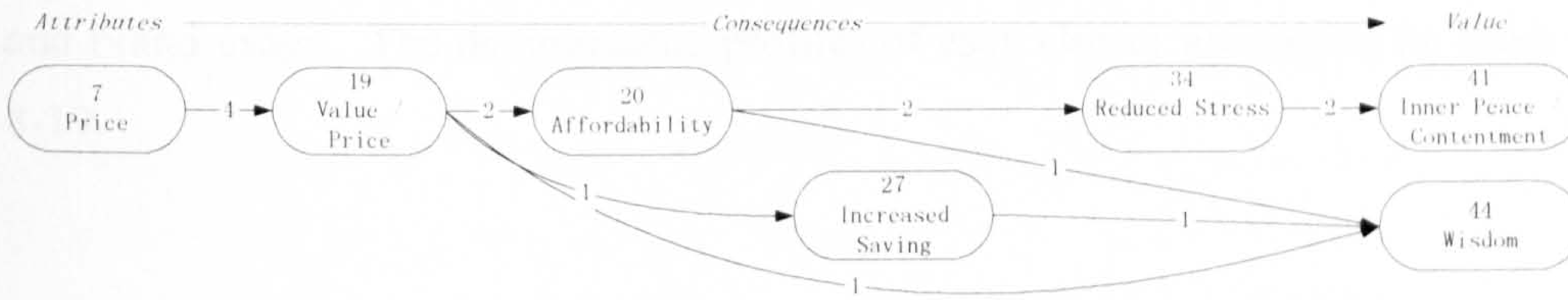
Within this cluster the ("Value Conscious"), consumers consider "value/price" important because purchasing high value-to-price products allows them to feel both wise and content.

Consumers in this cluster are thus different from those of cluster 1 ("Family Living Standard") and cluster 2 ("Income retentive"); in 1, consumers take price as a necessary means of achieving a comfortable life; in 2, function related attributes are considered important as a means of problem avoidance and a guaranteed means to a sustainable income for improving living standards.

Table 8-18 Cluster 9 – Value Conscious

		19	20	25	27	34	35	37	41	44	total
3	Durability	1									1
5	Functions	1									1
7	Price	4	1								5
19	Value / Price		2	1	1		1			1	6
20	Affordability					2				1	3
25	Trend follower								1		1
27	Increased Saving / Disposable Income									1	1
34	Reduced Stress								2		2
35	Responsibility							1			1
41	Inner Peace/ Contentment										
44	Wisdom										
	total	6	3	1	1	2	1	1	3	3	21

Figure 8-16 Cluster 9 – Value Conscious



8.4.3 Segment Profiles

The 9 conceptual value orientations identified potentially indicate 9 discrete consumer segments. In order to define the market sizes and consumer profiles of these segments, each interviewee is ascribed to these segments via an analysis of the value types of the MECs generated by him/her.

Table 8-19 Demographic Description

Table Legend:
P: Percentage
N: Number of Interviewees
A: Mean
B: Highest Value
C: Lowest Value
D: Standard Deviation
F: Female
M: Male

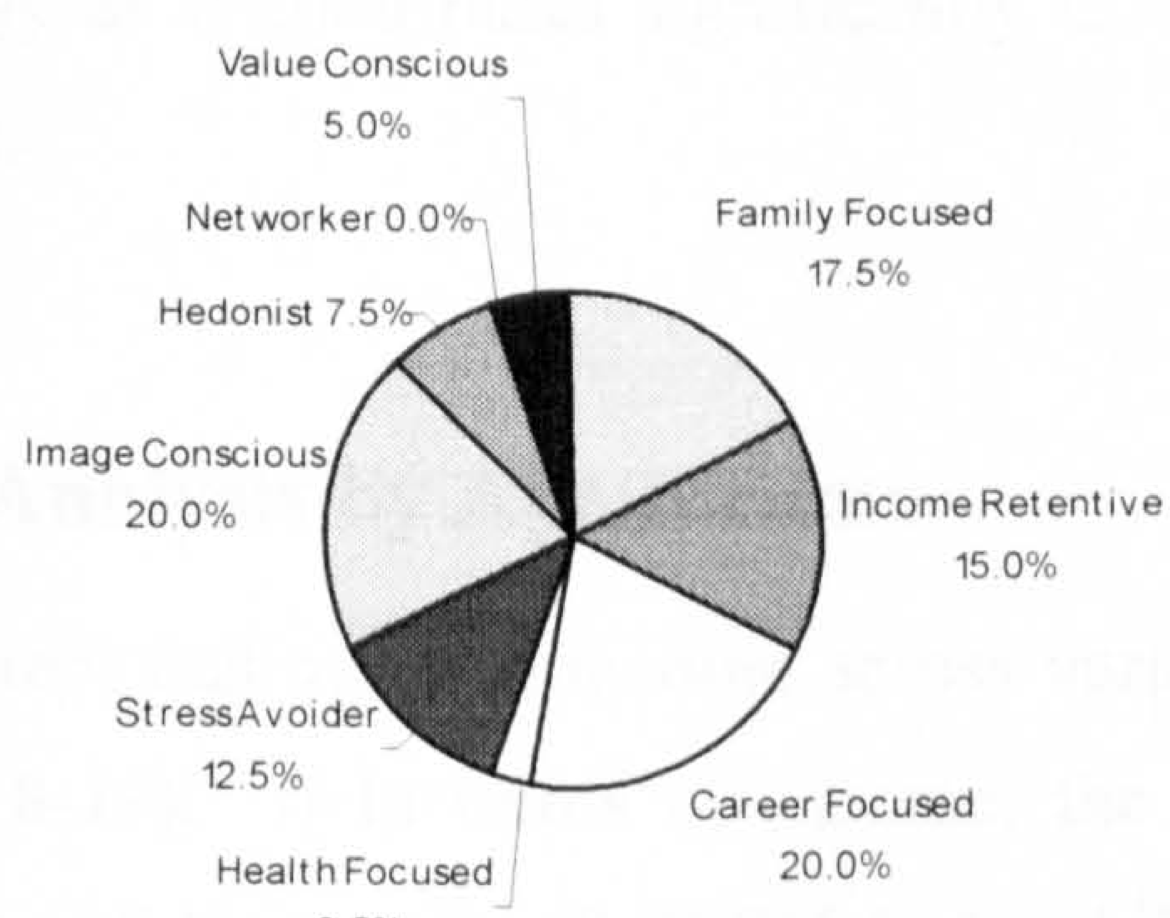
		Proportion		Sex		Age				Income			
Cluster		*N*	*P*	*F*	*M*	*A*	*B*	*C*	*D*	*A*	*B*	*C*	*D*
1	*Family Focused*	7	18%	4	3	35	53	26	10.9	2929	6000	1500	1484
2	*Income Retentive*	6	15%	2	4	31	42	22	7.5	1900	3000	900	762
3	*Career Focused*	8	20%	2	6	37	53	29	8.0	4688	6000	3000	961
4	*Health Focused*	1	3%	0	1	35	NA	NA	NA	5000	NA	NA	NA
5	*Stress Avoider*	5	13%	4	1	37	49	29	9.7	5640	6000	5000	498
6	*Image Conscious*	8	20%	4	4	29	52	18	10.3	1938	4000	0	1237
7	*Hedonist*	3	8%	2	1	22	29	16	6.5	2333	4000	0	2082
8	*Networker**	0	0%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
9	*Value Conscious*	2	5%	2	0	28	29	27	1.4	1200	1900	500	990
	Total	40	100%	20	20	32	53	16	3.2	3203	6000	0	520.3
	Note: * the consumer value type has been identified but no proportions within the sample.												

Because each interviewee has generated more than one MEC, it is apparent that these MECs may belong to various value orientations, implying that consumer cognitive structures are combined with multiple consequences and motivations with differing significances. Given that the initial product attributes for laddering probing were proposed in order of significance to the interviewee, the resultant MECs differ in significance to him/her. The rank order of the MECs is subsequently applied as a principle in ascribing the 40 interviewees to these segments, and segment profiles are further analysed in terms of demographics and brand usage. The demographic profiles of each cluster are shown in Table 8-19.

8.4.3.1 Proportion

Figure 8-17 illustrates the proportion of these clusters. It is apparent that "Career focused" and "Image conscious" are the largest groups accounting for 20% respectively; "Value conscious" and "Health Focused" are smaller groups with comparatively lower proportions; and "Networkers" have no population within the sample, although it represents a personality to which some respondents relate, and might indeed accrue a discrete population in a wilder sample.

Figure 8-17: Market Segmentation Proportion



It is acknowledged that the sample of respondents provides limited accuracy in predicting market size and is indicative only. It is suggested that an "adapted hard laddering" survey be used for further study and the provision of a more accurate quantitative figure.

8.4.3.2 Analysis by Gender

An analysis of the "sex" column in Table 8-19 reveals that although the proportion of male to females is 1:1, this varies across differing clusters. "Career focused" and "Income retentive" groups show significantly higher proportions of males; in contrast, "Stress avoider," and "Value conscious" groups have higher female proportions, implying that the social conception of the roles of the male and female in a family differs. It is apparent that men tend to take responsibility for family income and are expected to be successful in their careers; whilst women take care of internal domestic duties and are expected to be pragmatic and conscious of the longer term. This correlates with the discussion in section 4.4.2, in which the traditional Chinese cultural values have considerable influence on social norms reflected in the variance of personal values and consumer characteristics inherited by different genders.

Further, the variation in gender ratio across clusters suggests that gender is an important factor in explaining the differences in purchasing behaviour and psychology as it contributes significantly to consumers' value based cognitive structures.

8.4.3.3 Analysis by Age/Income

It is apparent that age and income across various clusters differ as well (shown in Table 8-19). i) In terms of income, the "Stress avoider" has the highest average monthly income of RMB5,640, whilst the "Value conscious" has the lowest of RMB1,200; and ii) in terms of age, the "Hedonist" has the lowest average age of 22, whilst, the "Career focused" and "Stress avoider" have the highest average age of 37.

Analyzing the correlation of income against age, graphically the 9 segments can be further clustered into four groups as shown in Figure 8-18, which may then be compared with Cui and Liu (2001)'s study, adopting total household income as the a priori factor for market segmentation. This identifies four consumer segments for urban residents across China, based on Gallup's 1997 national survey (See Figure 4-9).

It is apparent that:

i) Groups 2 and 9 (Chart 1 in Figure 8-18) – 'Income Retentive and 'Saving Conscious" – with an average monthly income of 1,550RMB, are concerned about saving money and sustainable income for basic living requirements. They share comparable psychographic aspects with the "Working Poor", identified by Gallup (Cui and Liu 2001) as spending most of their incomes on necessities, leaving them little for other things, and being the least satisfied.

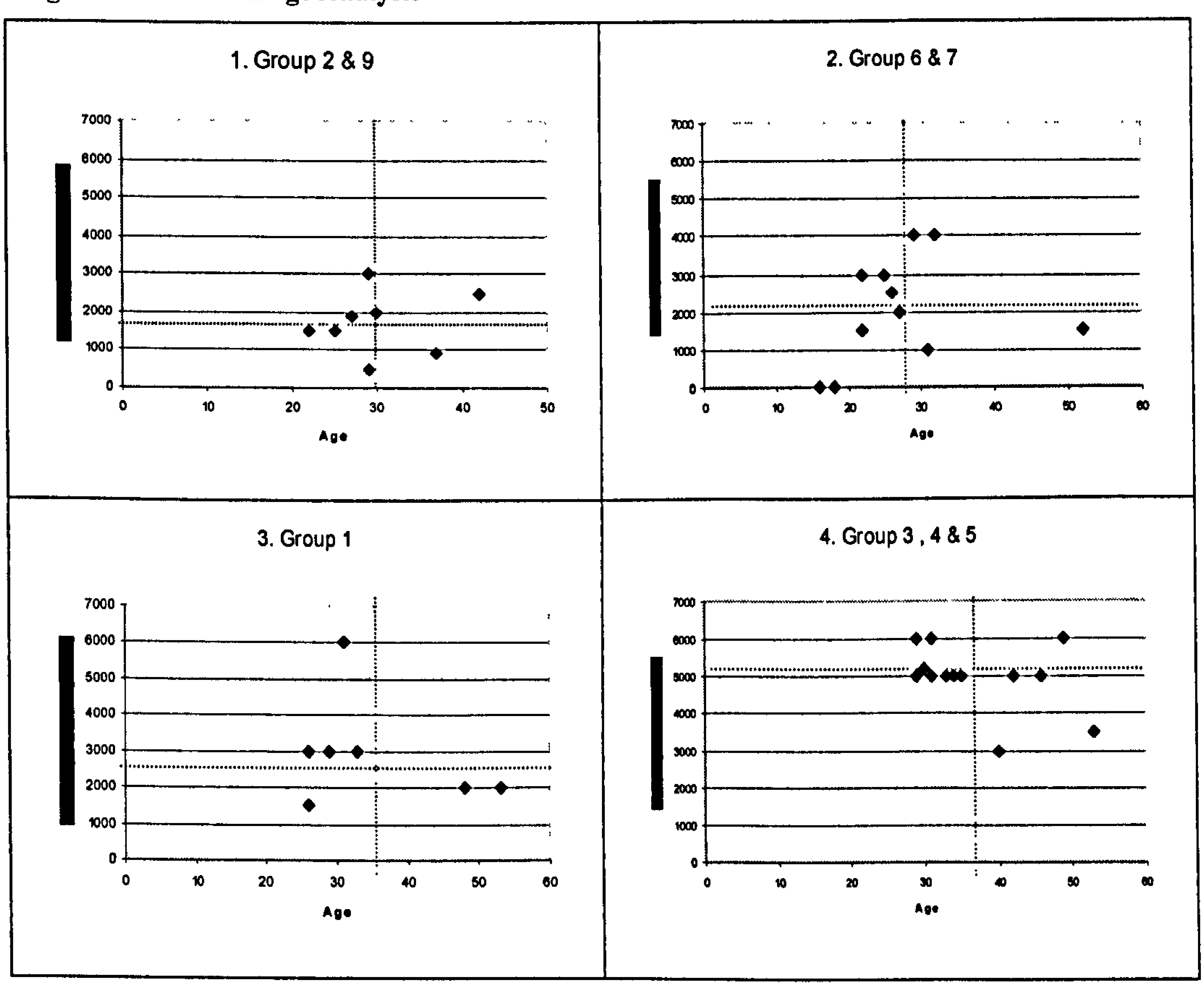
ii) Groups 6 and 7 (Chart 2 in Figure 8-18) –"Image Conscious" and "Hedonist" – with an average income of 2,135RMB, are anxious about self image, and its accordance with social status, or with fun and pleasure. The characteristic is closely correlated to that of Gallup s "Salaried" and "Working Poor" classes, which are described as conservative and satisfied with current situations.

iii) Group 1 (Chart 3 in Figure 8-18) –"Family Focused" – with an average income of 2,929RMB, are conscious about value/money and increasing disposable income to benefit long-term family living standards, which give them a sense of being secure. It spans both "Salaried" and "Little Rich" classifications, who are described as socially active and brand conscious, whilst feeling insecure and concerned about the future.

iv) Group 3 and 5 (Chart 4 in Figure 8-18) – "Career Focused" and "Stress Avoider" , with an average income of 5,243RMB, spanning both "Yuppy" and "Little Rich", are focused on their career path for a sense of accomplishment, and accordingly have to find ways of releasing stress.

Although there is some correspondence between the psychographic characteristics of the subgroups identified in the Gallup survey and the research presented here, the proportions of the two segmentations are not comparable. It is recognized that the proportions of mobile phone users are not necessarily and perhaps unlikely to be representive of the national consumer population. However, the variation between the two studies indicates the rapid expansion of mobile phone subscription, and a shift in usage towards a higher proportion of lower income consumer groups.

Figure 8-18 Income/Age Analysis



Further, the comparison also demonstrates that market segmentation based on a MEC approach results in the individual segment being more internally homogenous in terms of consumer cognitive structures. It is apparent according to Figure 8-18, that consumers from different age/income groups may share the same personal values that ultimately drive purchasing behaviour and psychology; in contrast, and within the same age/income group, consumers may have various cognitive structures. Moreover, it is also apparent that MEC results provide in-depth description of the segments in terms of motivation, wants, needs and behavioural patterns. This correlates with the discussion about the strengths and weaknesses concerning each segmentation base in Section 3.2, in that a lack of homogeneity within members of demographic segments generally results in a low level of correspondence between demographics and behaviour.

8.4.3.4 Hofstede's Cultural Value Dimensions

A further analysis of the MECs also demonstrates that the Chinese consumers apparently have unique value structures, when compared with those of other cultures when measured against Hofstede's (2005) cultural dimensions (see Figure 4-5). These include:

i) a significantly higher proportion of long-term orientated chains, such as concerns re responsibility for potential income and saving, leading consumers to seek a sense of security, including groups 2 (Income Retentive), 4 (Health Focused), and 9 (Saving Conscious); and concern re the potential for mobile phones to offset social and work-based stress in group 5 (Stress Avoider). On the other hand, only a small proportion of consumers seek intrinsic pleasure and fun in group 7 (Hedonists), despite being a dominant factor in Western culture.

ii) a high proportion of consumers in groups 1 (Family Focused), 6 (Image Conscious) and 8 (Networker) belong to family, extended family or other relationships. Consumers in these groups seek a greater sense of community and assume more responsibility for fellow members than in other cultures.

There is evidently of a strong correlation with Hofstede's (2005) analysis of Chinese Cultures, with a high long term orientation, low individualism, and a low tolerance of uncertainty. This coincidence further substantiates the need to identify and explore the existence of the market niches identified in this research.

8.4.3.5 Brand Ownership and Preference

Taking the top three international brands (Nokia, Samsung, and Motorola) and the Chinese brands (as one entry, given the similarity in their offerings) as examples, Table 8-20 summarises the "brand ownership" and "brand preference score" against each cluster, and attempts to provide information on brand usage within each cluster.

It is apparent that in terms of "brand ownership", i) Nokia has the most users in total and shows significant sales in "Family focused", "Career focused", and "Image conscious" groups; ii) in the "Income retentive" group, Samsung and Motorola have comparatively more users; and iii) in the "Stress avoider" and "Health focused" group, Chinese brands demonstrate slightly more advantages.

In terms of "brand preference score", Nokia has the highest scores across most of the clusters with the exception of the "Health Focused" group, where again consumers demonstrate a higher preference score for Chinese brands.

Analysing the brand usage for each cluster consequently provides information on how each brand performs within these clusters; at the same time, it also provides information on the sales within each segment, further enabling brands to identify target opportunities within these clusters.

Table 8-20 Brand Ownership and Preference

	1 Family Focused	2 Income Retentive	3 Career Focused	4 Health Focused	5 Stress Avoider	6 Image Conscious	7 Hedonist	9 Value Conscious	Total
Brand Ownership									
Nokia	4	1	3	0	1	4	2	1	16
Samsung	0	2	1	0	0	2	0	1	6
Motorola	2	2	1	0	1	2	0	0	8
*Chinese Brands**	0	0	0	1	2	0	0	0	3
Brand Preference Score									
Nokia	17	16	19	1	9	19	8	5	94
Samsung	6	7	9		5	13		4	44
Motorola	4	4	9	3	6	6	1	2	35
*Chinese Brands***	1	4	2		5				12

Note:

** data related to cluster 8 "networkers" are not available, because no population in the sample is ascribed to this cluster*

*** including Amongsonic, Bird, Haier, Konka, Kyocera, and TCL*

8.5 SUMMARY

The key findings in the chapter may be summarised as follows:

i) A list of product attributes has been generated indicating Chinese consumer buying criteria; at differing stages of consumption and usage, these criteria do not concern consumers equally and timing has a significant impact on consumer acceptance, as shown in Figure 8-19. The concept of timing is particularly interesting because an advert may target consumers at anytime in their consumption cycle; hence the primary aim of an advert may be to raise awareness of brand, even where another phone has been recently purchased, by addressing criteria at the usage stage.

Figure 8-19 Buying Criteria

Stage / Criteria	*1*	2	3	*4*
Before Purchase	Price	Quality	Functions	Appearance
At the point of purchase	Marketing	New Technology	Size and Weight	Brand
In Use	Operation	Functions	Sound Clarity	
After Usage	Size and Weight	Quality		
Total	Appearance	Functions	Operation	Quality

ii) The Beijing mobile phone market has evolved in terms of brand leadership and market share division as illustrated in Figure 8-3. Given that consumer preference to some extent indicates future sales, it can be assumed that Nokia will continue to be the market leader in the Beijing mobile phone market. Although Chinese brands have gradually taken more national market share, international brands will continue to show significant advantages in the near future, particularly in large conurbations (contrast Figure 4-4 with Figure 8-4, which show differing trends).

iii) Consumers have various perspectives/preferences for brands which can be attributed to the mix of differing brand offerings and marketing approaches: for example, it is apparent that Nokia has built its brand reputation on high product quality; Motorola on long-term brand awareness, but has demonstrated a reputation for low product quality; Samsung demonstrates efficient marketing promotion, and use of a new technology has made its product appealing; whereas Chinese brands have used a more aggressive pricing strategy.

iv) A Hierarchical Value Map has been constructed shown in Figure 8-7 to illustrate the consumer decision making process.

v) The MEC analysis has identified 9 dominant value orientations indicating 9 discrete market segments/niches within the Beijing mobile phone market. The segments are determined by the variation of consumer cognitive structures, describing how product attributes satisfy consumers' personal values. These segments are subsequently analysed in terms of demographic parameters, and brand usage, and can be summarised as:

- Cluster 1: "Family focused" (17.5%) – consumers are concerned about the cost of the mobile and its impact on disposable income, and hence family living standards; this MEC is characterised by an emphasis on price and durability. From a gender perspective, the proportions of male and female within the sample are comparatively close; with an average age of 35, and average monthly income of RMB2,929; Motorola and Nokia are the two main brands purchased and Nokia is preferred significantly more than any other brand;

- Cluster 2: "Income retentive" (15%) – consumers exploit the mobile to minimize job-related problems, hence ensuring sustained employment, and ultimately safeguarding living standards. The user's focus here is predominantly on durability and sound clarity; the male proportion is significantly higher than the female, as men are normally expected to take responsibility for family income; they have an average age of 31, and income of RMB1,900; Samsung and Motorola are the two main brands purchased, whilst Nokia is preferred;

- Cluster 3: "Career focused"(20%) – consumers purchase products which maximize their efficiency and contactability resulting in career promotion and further greater accomplishment; it demonstrates a significantly higher male proportion, with a comparatively older average age of 37 and an average income of RMB4,688; Nokia is both the major brand used and the favourite brand name;

- Cluster 4: "Health focused" (2.5%) – consumers express concerns about the side effects of mobiles; Chinese brands with CDMA phones are consequently more advantaged in this cluster, evident in their higher proportion of sales;

- Cluster 5: "Stress avoiders"(12.5%) – consumers use the mobile as a means of minimising day-to-day problems and hence reducing stress; this segment has more females, with an average age of 37 and the highest income of RMB5,640; the brand usage shows no significant favourite in terms of specific brands, although Chinese brands appear more frequency under brand ownership;

- Cluster 6: "Image conscious" (20%) – consumers are concerned with self-image and the opinions of their peers, and thus prefer phones with advanced functions and fashionable appearances to achieve a sense of self-esteem and belonging; consumers in this cluster are comparatively young with an average age of 29 and monthly income of RMB1,938; Nokia, Motorola and Samsung all have a high proportions of users;

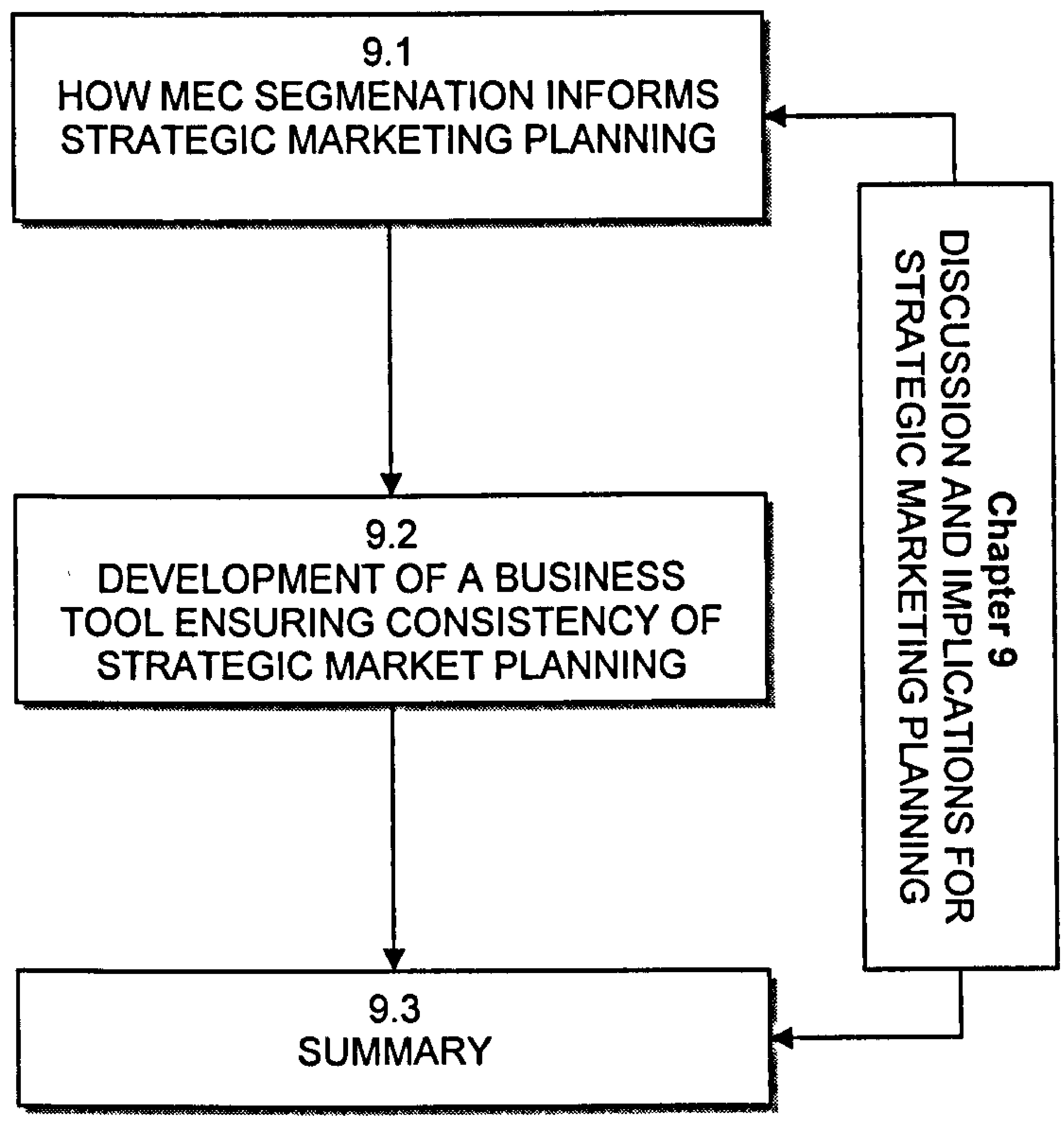
- Cluster 7: "Hedonists" (7.5%) – consumers perceive the mobile as a source of fun and pleasure; it is the youngest group with an average age of 22. It is apparent that Nokia performs well in this cluster as it is owned by a high proportion of users and demonstrates a high preference score;

- Cluster 8: "Networkers" (0%) – consumers use the mobile to improve "guanxi" relations and friendships; although no interviewees were assigned to this cluster, as a discrete cognitive structure, it is assumed that its market size might be defined in a larger survey;

- Cluster 9: "Value conscious" (5%) – consumers are anxious to broker the best financial deal in purchasing the mobile; value/price is the major concern to them; consumers within this cluster have the lowest average income of RMB1,200, an average age of 28, and females form a major part of this segment.

Chapter 9 DISCUSSION AND IMPLICATIONS FOR STRATEGIC MARKETING PLANNING

Figure 9-1 Chapter 9 Structure



In this chapter, the leading brands present in the Beijing mobile phone market are further analysed as case exemplars, to demonstrate the usage of MEC results in informing the key stages – "choosing the value", "providing the value" and "communicating the value" – within a SMP process. (This relates specifically to hypotheses 3 and 4, and addresses aim 3 via the development of a business tool proposed at the end of section 9.3.)

In section 9.1, discussion is focused on how the 9 consumer groups and their MEC structures may be applied in informing the stages of the SMP process. Specifically, i) in section 9.1.1, the first level of MECs – consumers' buying criteria for each segment – is listed against organisational value creating functions in Table 9-2, and an explanation is provided as to how the MECs enable an organisation to reallocate its resource against the expectations of consumers in the target segments (thus addressing the "providing the value" stage); ii) in section 9.1.2, the application of a "means-end conceptualisation of the consumer's cognitive structures" (MECCAS) on cluster 3 – the "career focused" niche – is illustrated in Figure 9-3 as a demonstration as to how the MECs in each segment can be used to create a framework for advertising (addressing the "communicating the value" stage). In doing so, the contribution played by MEC segmentation in enabling marketers to effectively implement the key stages within the SMP process (in relation to hypothesis 3) is demonstrated.

Section 9.2 further uses the resultant MEC segments as benchmarks to evaluate the performance of the four mobile phone brands, reflected in the product offerings (in section 9.2.1) and advertisements (in section 9.2.2). Given that NPD and advertising are the two key functions respectively in the stages of "providing the value" and "communicating the value", it is important that the product offerings and advertisements are consistency with the value proposition set in the "choosing the value" stage. Therefore, section 9.2.3 further compares the value proposition, within the three stages of each case exemplar, against the MECs of the resultant segments. It concludes that the MECs can be used a business tool to evaluate and to ensure consistency across the key stages of SMP (in relation to hypothesis 4).

9.1 HOW MEC SEGMENATION INFORMS STRATEGIC MARKETING PLANNING

Strategic marketing proposes that companies see themselves as part of a value creation and delivery sequence (Kotler 2000), consisting of 3 key stages: "choosing the value" in terms of segmentation, targeting, and positioning (STP), "providing the value", and "communicating the value", (a simplification of the strategic marketing planning process illustrated in figure 2-1).

Market segmentation as the initial stage in the implementation of strategic market planning is thus crucial. Instead of merely explaining differences among the specific respondents or segmenting the sample, the objective of segmentation research is to identify market opportunities and to further adjust marketing mix to match targeted consumer perspectives based on segmentation results (Wedel and Kamakura 2000). Market segmentation will be useful only if the effectiveness, efficiency and manageability of marketing activity are influenced substantially by discerning separate homogeneous groups of consumers.

Figure 9-2 Strategic Marketing Planning

Choosing the Value ⇒ Providing the Value ⇒ Communicating the Value

Therefore, given that traditional segmentation approaches most likely suffer from a lack of "actionability" (Wind 1978), due to either i) a lack of a causal linkage between the segmentation bases and consumer behaviours, or ii) an absence of indicative information for strategic implementation, such as which kind of product/service consumers want, advertising and promotion approaches that are likely to be most effective and preferred channels of distribution. In this respect, the MEC approach to market segmentation is believed i) to allow managers to efficiently satisfy customers with appropriate product/service offerings and ii) to deliver the most appropriate communication message for target groups based on the resultant means-end segmentation scheme (Reynolds and Rochon 2001).

It has been assumed in H3 (Chapter 6) that the resultant market segments and their cognitive structures provide actionable information for the later SMP stages in terms of:

i) what brand offerings are provided to chosen segments

ii) how appropriate values may be communicate to consumers

9.1.1 Providing the Value

Once market segments have been profiled, the most fundamental decision a company faces is its choice of market or markets to serve. Evaluating the segment's overall attractiveness, and company's objectives and resources against consumer value perception, are therefore crucial.

The resultant MEC segmentation, providing information on the consumer criteria for each product/service package, can thus inform organizations on how to i) identify appropriate segments, and more effectively design offerings for consumers; and ii) assess current brand offerings and, accordingly, adjusting the marketing mix to match consumer criteria.

As the initial attributes for laddering were proposed in order of importance to interviewees, these attributes are then scored according to the same sequence. Table 9-1 summarises the total scores of each attributes (cited from Table 8-1 on page 8-7), weighted within each cluster, which is subsequently used to prioritise consumer buying criteria.

It is apparent that consumer buying criteria differs across various clusters; for example, price is a priority for consumers from cluster 1 "Family Focused" and they may not be concerned about factors such as stand by time or sound clarity; in contrast, consumers in cluster 3 "Career Focused" are more likely to be concerned about sound clarity, standby time and functions, but less likely to take price as an important factor in choosing products. The variance in consumer criteria therefore indicates possible discrete strategies for the satisfaction of specific groups of consumers, which, by extension, may further inform optimal resource allocation within an organisation (focusing on these attributes perceived key to a particular segment).

Table 9-1 Consumer Criteria by Clusters

Key Functions and Roles	*Consumer Criteria*	*1. Family Focused*	*2. Income Retentive*	*3. Career Focused*	*4. Health Focused*	*5. Stress Avoider*	*6. Image Conscious*	*7. Hedonist*	*9. Value Conscious*
Product design	*Appearance*	7	8	1	1	4	20	7	2
Marketing and Sale	*Brand*	2		1		1	3		1
Technology + Manufacture	*Durability*	7	5	4		2	5	1	1
Technology + Manufacture	*Failure Rate*		8	3		3	2		
Technology	*Functions*	3	3	10		1	10	9	5
Product design + Technology	*Operation*	2	1	6		7	2		
Logistics	*Price*	17	2	3		5	3	1	3
Technology	*Radiation*				3	2			
Technology + Manufacture	*Sound Clarity*	2	7	8		3	1		
Technology + Manufacture	*Standby Time*	2	2	9	2	2	4		

Note: data related to cluster 8 "networkers" is not available as no population in the sample is ascribed to this cluster.

These consumer criteria are further assigned to key functions and roles within an organisation as shown in the first column of Table 9-1. Consequently, if cluster 1 "Family Focused" is chosen as the key target, enhancing logistics and reducing manufacturing costs is crucial to reduce the product price; whilst, it is apparent that the implementation of advanced technology and improvement of technology related product indices such as sound clarity and standby time are important to serve consumers from cluster 3 "Career Focused".

Based on these indicators, it is proposed that organisations may adjust the marketing mix to satisfy their consumers and better allocate internal resources.

9.1.2 Communication of Value

After adjusting the product package and marketing mix in accordance with targeted consumer groups, the next concern is to efficiently communicate the value provided to consumers (see Figure 9-2). As suggested by Porter (1985), in most cases, there are often variances between the value perceived by consumers and the value provided. Communicating with target consumers is therefore crucial to minimise gaps in perception.

The MEC identifies personally relevant factors as a basis for consumers' preferences, and provides an understanding as to why these factors are salient in the decision-making process. The resultant MEC for each cluster consequently offers a means by which to understand how concrete product meanings gain self-relevance and desirability to consumer, and further provides actionable guidance, enabling brand managers to deliver the most appropriate messages to targeted consumers.

According to figures 8-8 to 8-16, illustrating the MEC cognitive structures of identified consumer groups, it is apparent that each of the 9 clusters has a distinct MEC structure, indicating the existence of various discrete communication and targeting strategies. Therefore, given that the "means-end conceptualisation of the consumer's cognitive structures" (MECCAS) model (see figure 5-5) enables an advertising strategist to understand consumers at a strategic level and to use this knowledge as the basis for developing alternative positioning and communication strategies, it is therefore appropriate to use it for analysing the advertising strategy for these individual consumer groups.

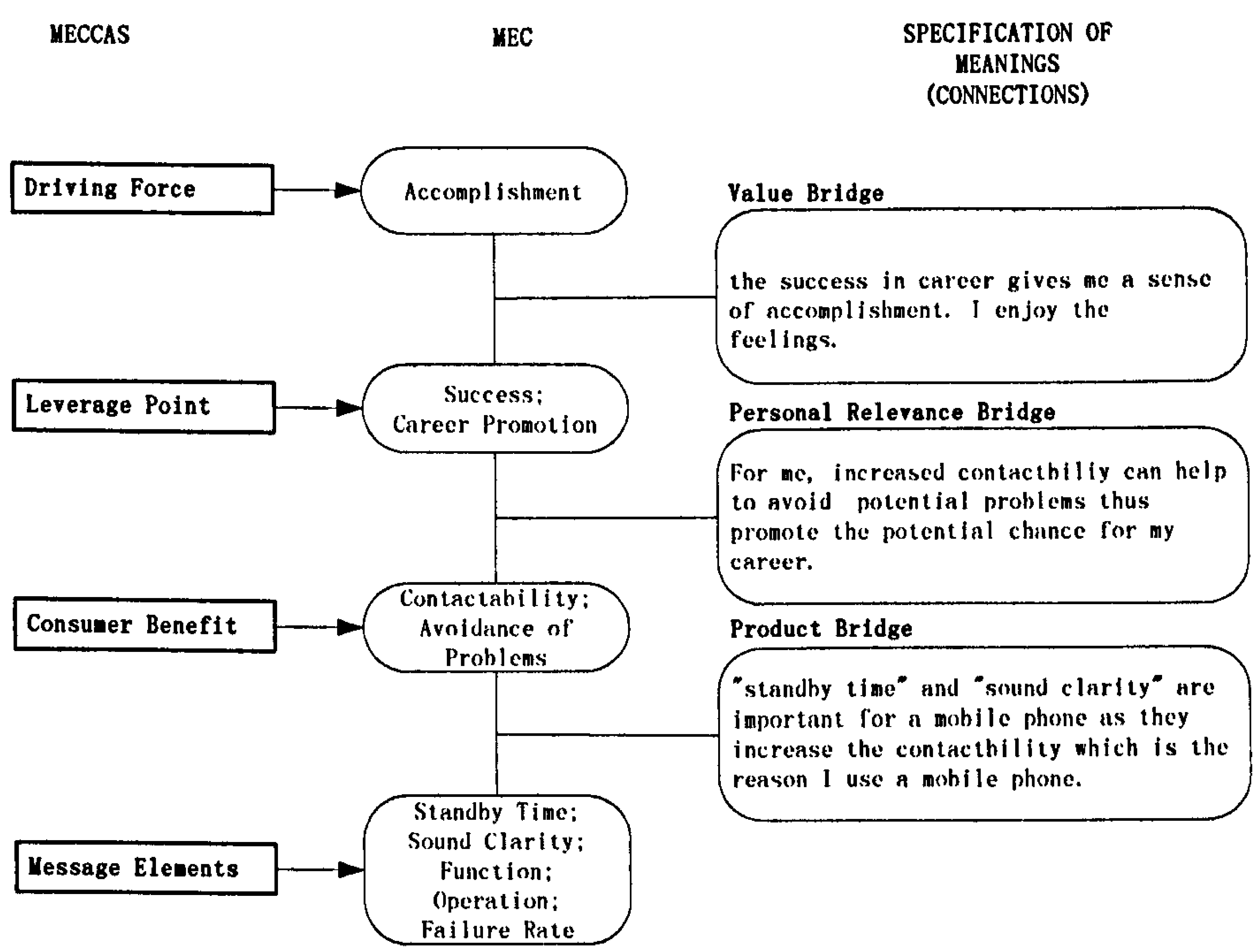
The application of MECCAS on cluster 3 – the "career focused" niche – is illustrated in Figure 9-3 as an example, where the resultant MEC structure is shown along the central spine. The left hand side of Figure 9-3 illustrates the developed executional ideas, scenarios, symbols, or feelings that will cause the associations between the MECCAS and means-end results in the mind of the consumer, which directly feed the creative process.

The initial form of translated strategy represents the basic underpinnings that would create the desired connection; this then generates specific ideas thereby expanding the creative concept. It is suggested that simplicity and brevity of strategy specification in this manner, although apparently limiting, actually has the potential to serve the creative process exceptionally well.

The example demonstrates that the MECCAs framework makes it possible to develop effective strategies based on the MEC results, and may also constitute a valuable tool for identifying the thrust of competitive advertising. Further, given that product positioning and communication strategy, as the foundation for positioning, go beyond simply identifying the driving force behind a particular product category, MECCAS enables the communication to operate simultaneously at many levels; the resultant MEC elements of consumer motivation allow the communication to be more effectively integrated with those perceptual keys that are most likely to affect the consumer, and subsequently increase personal relevance.

Further, the 9 consumer segments identified have differing value structures, indicating distinct MECCAs. Therefore, targeting offerings at the various consumer groups requires the adjustment of communication strategies in accordance with the unique MEC structures of the targeted consumers.

Figure 9-3 MECCAS for Cluster 3 – "Career Focused" Consumers



9.2 *DEVELOPMENT OF A BUSINESS TOOL ENSURING CONSISTENCY OF STRATEGIC MARKET PLANNING*

The previous section (9.1) has described the implementation of the resultant market segmentation and MEC structures in the strategic marketing planning process. It is apparent that the consumer segments identified, and their MEC cognitive structures, indicate distinct NPD and communication strategies. A second issue is then, whether the brands present in the Beijing mobile phone market have identified these segmentation niches and, accordingly, provided appropriate product and communication packages to target these consumers? The results of such an analysis are further used as a benchmark to evaluate current brand offerings and advertising.

As discussed in Chapter 4, within those maturing markets such as the mobile phone sectors in Beijing, i) from the demand side, consumers are becoming increasingly sophisticated and require a choice of products and services; further, the unique characteristics and value systems of Chinese consumers requires a finer segmentation scheme to be focus on more individualistic self relevance; ii) from the provider side, both international and indigenous brands operating in China have evolved to a stage at which marketing is essential to sustain their competitive advantages under increased competition.

Given that competing in terms of both marketing and "consumer contact" is imperative in the more mature markets in large urban cities, and whilst, it is contentious whether foreign MNCs can transfer the sophisticated marketing skills and knowledge gained from other international markets to the Chinese market; it is less than certain whether Chinese brands have the marketing tools required to transfer their knowledge of local consumers to product and brand offerings.

The current brand offerings and advertisements evident in the Beijing market are therefore evaluated against the 9 niches, associated criteria and MEC cognitive structures, on the basis of hypothesis (H3) discussed in Chapter 6; the expectation that the resultant MEC segmentation and consumer cognitive structure can be applied to assess the consistency of strategy marketing process will be tested, to determine whether the approach will allow organisations to reallocate resources to better integrate these distinct roles and functions.

9.2.1 Assessment of Product Offerings

It has been already been established that consumers from differing segments have various perceptions of value against current brand offerings. Table 9-2 summarises consumer comments (including both positive and negative observations) against each brand, indicating consumer perceptions of brand offerings by cluster.

It is apparent that consumers across the various clusters have differing opinions regarding these brands, where,

i) consumers from cluster 3 – "Career Focused" – have the highest regards for Nokia, indicated as the highest frequency of positive comments whilst recording low negative comments (highlighted in Table 9-2);

ii) Motorola has a high frequency of positive comments from consumers within cluster 6 – the "Image Conscious" –, whilst being very unlikely to attract cluster 5 consumers – "Stress Avoiders";

iii) consumers' comments show no significant distinction across various clusters for Samsung, (indicated as a comparatively low standard deviation);

iv) Chinese brands appear to have a positive image in cluster 1 "Family Focused", (although it is noted that a comparatively low sample size is associated with Chinese brands ;) and no negative comments are made across any cluster, with the sole exception of cluster 6 "Image conscious".

Given that a comparison of brand offerings (indicated by consumer comments as shown in Table 9-2) with consumer criteria (shown in Table 9-1) reveals how well the product attributes fit into consumers' criteria of each cluster, the extent to which the combination of product attributes for each brand agrees with that of each cluster criteria is further analysed.

Table 9-2 Consumer Perception of Brand Offering of Each Cluster

Table Legend.
P: Frequency of Positive Comments
N Frequency of Negative Comments

Nokia	Cluster 1		Cluster 2		Cluster 3		Cluster 4		Cluster 5		Cluster 6		Cluster 7		Cluster 9		Total	
	P	N	P	N	P	N	P	N	P	N	P	N	P	N	P	N	P	N
Accessories																	0	0
Appearance	9	1	3	2	4	2			2	2	9	2	3	2	1	1	31	12
Brand	2		2		1				5		3		3				16	0
Functions	3	2	3	1	4		1		2	2	4	1	2			1	19	7
Marketing													1		1		2	0
Memory Size				1													0	1
New Technology		1			3				2								5	1
Operation	6	2	1	2	7	3			6		7	4			2		29	11
Price																	0	0
Quality	5		5	1	11	2			5		6	1	2		3		37	4
Radiation					1												1	0
Range Of Product Lines									1		1						2	0
Size and Weight		2		2	4	1	1		1	1	2	2	1	1			9	9
Service					2						5						7	0
Sound Clarity	3	1	2		12				2		2		2		2		25	1
Stand By Time		1	1	1	3				1		3	1	2			1	10	4
Word of Mouth	3		2		3				2		1				1		12	0
Total	**31**	**10**	**19**	**10**	**55**	**8**	**2**	**0**	**29**	**5**	**43**	**11**	**16**	**3**	**10**	**3**	**205**	**50**
STDEV																	13.9	3.5

Motorola	Cluster 1		Cluster 2		Cluster 3		Cluster 4		Cluster 5		Cluster 6		Cluster 7		Cluster 9		Total	
	P	N	P	N	P	N	P	N	P	N	P	N	P	N	P	N	P	N
Accessories												1					0	1
Appearance	6		3		9	1			1	1	3	2	2	1		1	24	6
Brand	2		3		2				1		2						10	0
Functions	1		1	1	3	1	1		1		4		1	1	1		13	3
Marketing			1												1		2	0
Memory Size						2		1						1			0	4
New Technology	2		1								2				2		7	0
Operation	2		2		4	4				1						1	8	6
Price			1		1				1		1						4	0
Quality	1	3	1	1	2	3			1	4	1			1		2	6	14
Radiation	1				1		1										3	0
Range Of Product Lines											1				1		2	0
Size and Weight	3	3	1	1	2	1	2		1	1	2		3		1		15	6
Service				1	1								1				2	1
Sound Clarity	2	2	1	1	3	1	1		1	2	2						10	6
Stand By Time		2		1	1	1		1	1	1	1	1					3	7
Word of Mouth	4		1				1			1	2						8	1
Total	**24**	**10**	**16**	**6**	**29**	**14**	**6**	**2**	**8**	**11**	**21**	**4**	**7**	**4**	**6**	**4**	**117**	**55**
STDEV																	7.88	3.59

Samsung	Cluster 1		Cluster 2		Cluster 3		Cluster 4		Cluster 5		Cluster 6		Cluster 7		Cluster 9		Total	
	P	N	P	N	P	N	P	N	P	N	P	N	P	N	P	N	P	N
Accessories									1								1	0
Appearance	2		4	1	2				6		1		2		2		19	1
Brand			2										1				3	0
Functions	4		5		5				5	1			3	1	2	1	24	3
Marketing					1				3								4	0
Memory Size													1	1			1	1
New Technology									1						2		3	0
Operation					3				2	1					1		6	1
Price																	0	0
Quality									1		1				1		3	0
Radiation																	0	0
Range Of Product Lines															1		1	0
Size and Weight			1		1	1				1			1				3	2
Service														1			0	1
Sound Clarity									3						1		4	0
Stand By Time				1		1				1						1	0	4
Word of Mouth	1																1	0
Total	**7**	**0**	**12**	**2**	**12**	**2**	**0**	**0**	**22**	**4**	**2**	**0**	**8**	**3**	**10**	**2**	**73**	**13**
STDEV																	4.88	1.22

Chinese Brands	Cluster 1		Cluster 2		Cluster 3		Cluster 4		Cluster 5		Cluster 6		Cluster 7		Cluster 9		Total	
	P	N	P	N	P	N	P	N	P	N	P	N	P	N	P	N	P	N
Accessories																	0	0
Appearance	1		1		2						4						8	0
Brand			2				1										3	0
Functions		1	1								4						5	1
Marketing	1				2						1						4	0
Memory Size																	0	0
New Technology																	0	0
Operation	3		1		1						1						6	0
Price	1				1						1						3	0
Quality												1					0	1
Radiation			1														1	0
Range Of Product Lines							1										1	0
Size and Weight	1																1	0
Service												3					0	3
Sound Clarity			1		1							1					2	1
Stand By Time	2											2					2	2
Word of Mouth			1		2												3	0
Total	**9**	**1**	**8**	**0**	**9**	**0**	**2**	**0**	**0**	**0**	**11**	**7**	**0**	**0**	**0**	**0**	**39**	**8**
STDEV																	4.38	1.5

Note data related to cluster 8 "networkers" is not available as no population in the sample is ascribed to this cluster.

The standard deviations between positive comments and criteria relating to each brand across consumer clusters are shown in Table 9-3. It is apparent that the more closely the brand performance within each attribute fits with consumers criteria (where close fit is indicated as a lower deviation value), the more likely that i) the brand can more accurately satisfy consumers' needs within a cluster, and ii) the company already allocates its resources optimally to this cluster. (The calculation process is shown in Appendix 16.)

Table 9-3 Assessment of Brand Offering against Consumer Criteria

	1. Family Focused	2. Income Retentive	3 Career Focused	4 Health Focused	5. Stress Avoider	6. Image Conscious	7. Hedonist	9. Value Conscious	AVEDEV
Nokia	0.29	**0.08**	**0.11**	**0.60**	**0.08**	**0.09**	0.29	0.29	0.14
Motorola	0.25	0.19	0.12	0.47	0.14	**0.09**	0.26	0.22	0.08
Samsung	0.20	0.21	0.16		0.12	0.11	0.09	0.24	0.05
Chinese Brands	0.18	0.19	0.15	0.44		0.09			0.03

Note data related to cluster 8 "networkers" is not available as no population in the sample is ascribed to this cluster

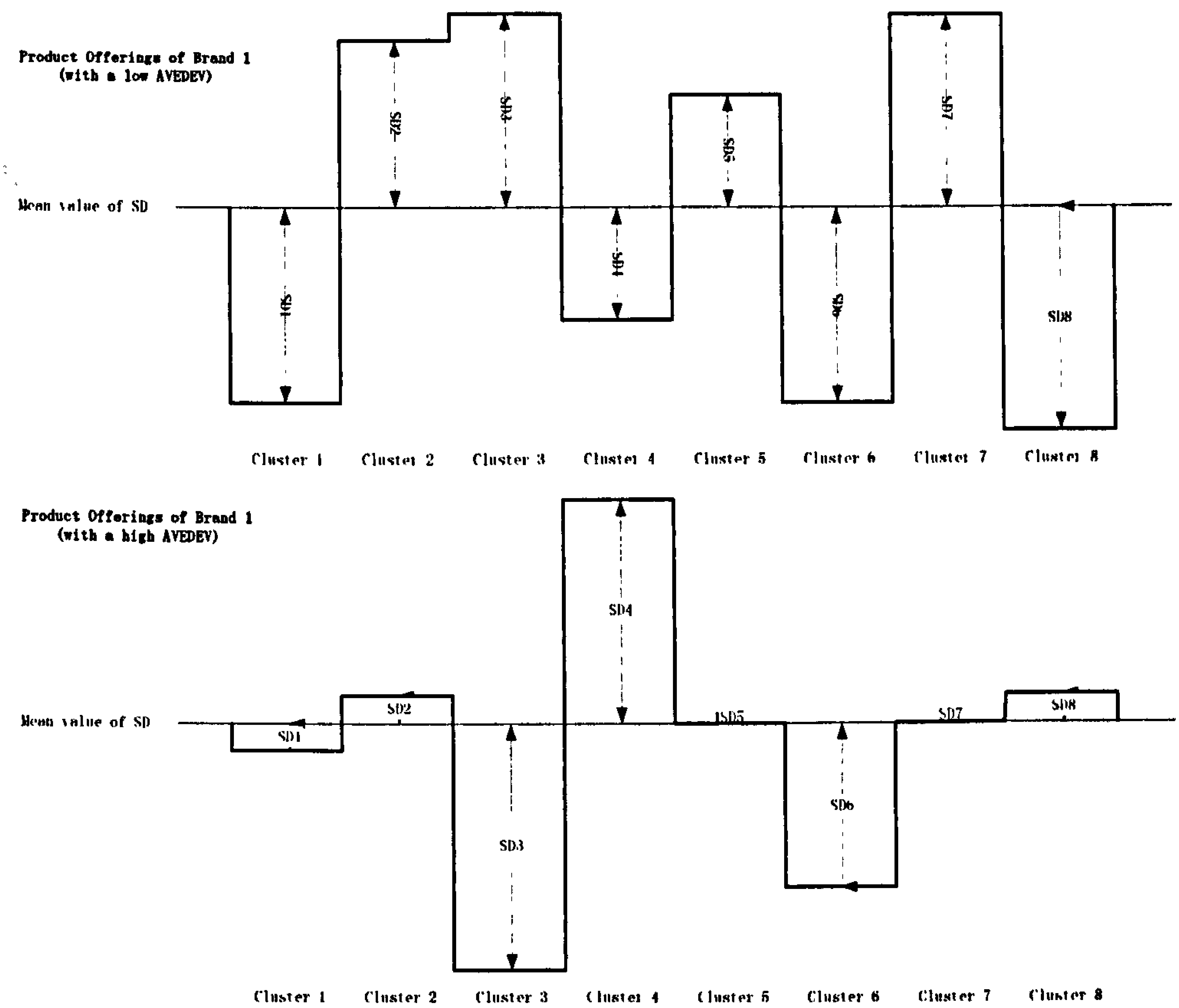
For example in Table 9-3 the offering from Nokia fits the consumer criteria in clusters 2, 3, 5 and 6; Motorola fits cluster 6; Samsung, clusters 6 and 7; and Chinese brands, cluster 6. This then appears to indicate the value proposition for each brand, embodied in its product offerings, and will be further discussed in 9.2.3.

It is apparent that in some clusters, such as 1, 4 and 9, the brands fail to provide appropriate product packages aligned with consumer's criteria (it is most likely that these clusters have not been previously identified or are not sufficiently attractive); in contrast, in some clusters such as 6 "Image Conscious", all four brands have targeted this niche, leading to a high competition within this cluster (it is most likely that these brands presumed that new and novel products are the only or dominant criteria for consumers purchases and have failed to acknowledge that different consumer groups may have differing goals or values that are reflected by various buying criteria; this bias may thus lead to a heavy focus on NPD and the implementation of new technology, resulting in a product that fits only consumers from cluster 6 where product appearance and new functions are the two most important criteria.)

Further, it is apparent that a low average deviation in the values in each of the rows (shown in the last column of Table 9-3) indicates that the product offering deviates consistently across all clusters, which is attributable to an undifferentiated strategy or a failure to differentiate the distinct consumer clusters (as shown in the first case of Figure 9-4). However, where an offering represents a particular cluster, and therefore a low discrete deviation, this is likely to result in a larger overall AVEDEV, as the range of deviations across all clusters will be larger. This equates to a focused strategy. Conversely, it is unlikely that an offering could meet the expectations of all clusters simultaneously, which would therefore result in consistently small deviations across all consumer groups (as shown in the second case of Figure 9-4).

Consequently, Nokia, having the highest AVEDEV value, demonstrates a differentiated strategy and is comparatively efficient in targeting selected consumer groups. In contrast; both Chinese brands and Samsung show undifferentiated, and therefore weak, targeting strategies.

Figure 9-4 AVEDEV Indication of Differentiation Level



9.2.2 Assessment of Advertisements

Further, given that each of the resultant 9 segments has distinct cognitive structures indicating the need for different communication messages and strategies, it is proposed that the cognitive structures of the resultant MECs be further applied to the evaluation of advertisements; This is undertaken by exploring whether the right messages at various MEC levels are communicated to targeted consumers.

Four television commercials representing the four brands (Nokia, Motorola, Samsung, Haier) have been selected for this analysis. The four advertisements were released in 2003 when the interviews were undertaken, and have been selected based on their nomination for the "My Favourite

Mobile Phone Commercial 2003" competition, held by CCTV (Chinese Central Television). All of the four advertisements were released for the purpose of promoting built-in camera phones with the new function of "colour picture messaging". The four adverts are evaluated as follows.

9.2.2.1 Nokia Advert

The Nokia ad presents a complete scenario, where a professional is assigned a task of meeting a client he has never met; with the aid of the mobile phone (exploiting the picture message function), he completes the task successfully, as illustrated in Table 9-4. The metaphor is used to create an association with the tagline: "delicate and small, but can do big things".

Table 9-4 Nokia Ad

Product	Nokia 6100
Release Time	04-05, 2003
Channel	CCTV-1 (China Central Television, Channel 1)
Narratives	At the airport, a working man in a professional suit was meeting a foreign client he had never met. When he saw three foreign men walking out of the gate, he took a picture of them and sent it back to his secretary via the mobile phone and asked her to confirm which one is the client "David". Instantly, at the moment he received David's picture replied by his secretary via mobile phone, David waved to him and he was surprised to see David was a short and young man instead of the three big and tall guys. The tagline is: "delicate and small, but can do big things"

The ad has been assessed against the MECCAS statements, to predict the ad effect. The rationale for this is that i) the importance of operating at all MECCAS levels was considered to be important (Reynolds and Craddock 1988), thereby ensuring as much personal relevance as possible could be translated to the product as well as bolstering message elements that permit positive product and service differentiation (Reynolds and Craddock 1988); and ii) the MECCAS levels have a significant impact on the effect of the advertisement (Reynolds and Trivedi 1989; Gengler and Reynolds 1993), .

The following aspects are evaluated: i) what messages are communicated in this ad, ii) how strongly these messages are communicated, iii) what MEC structure are constructed by these messages, and iv) which consumer cluster the resultant MEC structure matches; these are shown in Table 9-5, where the resultant MEC elements (cited from Table 8-7) are listed in the first column as a benchmark. A three point ordinal scale is used to assess how strongly the communicated messages are relevant to the benchmark, and is calibrated to values of 0, 60, and 100 following Gengler and Reynolds (1993), as shown in the second column (0: not relevant; 60: relevant; 100: strongly relevant),. The relevant statements are subsequently used to form a MEC value structure as shown in the third column "communicated messages".

It is apparent that the message elements relating to "picture message function", "size" and "operation" are clearly delivered; the audiences ought to readily learn that the benefit the new product can bring is efficiency, enhanced contactability, and convenience; the narrative creates a self relevance that "my work might need that too" or "if such a situation happens to me, this phone will help me get out of trouble"; subsequently, leading the audience to reach a feeling of pursuing "career success". It therefore appears most closely aligned to "Career focused" consumers.

Table 9-5 Nokia Ad Evaluation

	MEC Statements	Score*	Communicated Messages		Cluster 3: Career Success - Statement (frequencies)
Driving Force	Accomplishment	100	Accomplishment	↔	Accomplishment (16)
	Belonging	0			
	Family Living Standard	0			
	Fun / Pleasure	0			
	Inner Peace/ Contentment	0			
	Longer Life	0			
	Self - Esteem	0			
	Wisdom	0			
Leverage Point	Confidence	60	Confidence	→	
	Curiosity	0			
	Promote Health and Safety	0			
	Reduced Stress	60	Reduced Stress	→	
	Responsibility	0			
	Success	100	Success	↔	Success (10)
Consumer Benefit	Career Promotion	60	Career Promotion	↔	Career Promotion (11)
	Increased Saving / Disposable Income	0			
	Other's Opinion	0			
	Potential to Earn	0			
	Better Guanxi / Friendship	0			
	Affordability	0			
	Avoidance of Problems	100	Avoidance of Problems	↔	Avoidance of Problems (6)
	Convenience	100	Convenience	↔	Convenience (5)
	Feel Attached To	0			
	Strong Self Image	0			
	Trend follower	0			
Message Elements	Advanced/ New	60	Advanced/ New	↔	Advanced/ New (1)
	Beautiful	0			
	Contactablity	100	Contactablity	↔	Contactablity (7)
	Familiarity	0			
	Personality/ Uniqueness	0			
	Portability	100	Portability	↔	Portability (1)
	Productivity	100	Productivity	↔	Productivity (2)
	Quality	0			
	Value / Price	0			
	Appearance	100	Appearance	→	
	Brand	60	Brand	→	
	Durability	0		←	Durability (2)
	Failure Rate	0			
	Functions	100	Functions	↔	Functions (4)
	Operation	60	Operation	↔	Operation (2)
	Price	0			
	Radiation	0			
	Sound Clarity	0		←	Sound Clarity (2)
	Standby Time	0		←	Standby Time (5)
Executional Framework	AD shows reality	100			
	Can laugh at situation	60			
	Characters believable	100			

Given the similarity of the resultant MEC structure with that of cluster 3 ("Career Success"), it is further compared with cluster 3 (as a benchmark), as shown in the last column of Table 9-5. It is apparent that a majority of messages within cluster 3 have been communicated in the ad, with the exceptional of the product attributes: "sound clarity", "standby time", and "durability"; in contrast, some elements, such as "appearance", "brand", "reduced stress" and "confidence" are communicated in the advertisement whilst not being relevant to cluster 3. At the same time, when comparing the strength of each element communicated with the frequency of the cluster 3, most of the messages communicated are consistent with consumers' expectations. The differences between the communicated structure and that of cluster 3 indicate possible improvements in the ad via more appropriate messages and focuses.

The analysis reveals the MECCAS strategy for this ad as presented in Table 9-6. It is proposed that the Nokia ad has communicated the right message elements, operates at all MEC levels, and i) stresses relevant product attributes, ii) illustrates the benefits they can bring to consumers, iii) uses the story to create personal relevance, and vi) finally translates personal value into the product. The statements stressed in the ad consequently construct a MEC structure that is highly consistent with those of consumers from cluster 3 (career focused), accounting for 20% of the mobile phone market. This ad therefore appears to create strong appeal to audiences from a "Career focused" niche.

Table 9-6 MECCAS Representation of Nokia Ad

Assumed Primary Target	Cluster 3: "Career Focused"
Driving Force	Accomplishment
Leverage Point	Can count on to work and very helpful for the work
Consumer Benefit	Convenience, contactability, Efficiency
Message Elements	Colour picture message function, small size, handy operation

9.2.2.2 Motorola Ad

In the Motorola ad selected, an international appeal is used to promote the new type phone. The ad includes two occasions where the phone is used to take pictures to impress others and share fun. The main theme of the ad is that the new type of phone allows users to take pictures at any spontaneous occasion, and to share the moment with friends as illustrated in Table 9-7. It is apparent that both the characters and scenarios are based on Western lifestyles and humour.

Table 9-7 Motorola Ad Description

Product	Motorola T720i
Release Time	01-02, 2003
Channel	CCTV-1 (China Central Television, Channel 1)
Narratives	A girl took a picture of a celebrity whom she happened to run into and sent it to her friends at a holiday via the mobile phone; at the beach, the friend received this picture message, meanwhile, a man passing by was attracted by a girl in a bikini and accidentally dropped ice cream cones from his hand onto another man's chest who was lying on the sand and the two cones looked like a funny bra on him; The girl took a picture of the events and sent it to another friend who is not on holiday. The tagline is " Hello Motor – Motorola T720i, rotateable camera, instant picture"

It is apparent that the picture message function and brand are the two principle product attributes promoted, leading to consumer benefits of "advanced", "new" and "trendy". The leverage points are enhanced communication with friends and offering a better impression to others; and subsequently deliver the driving force of "a sense of belonging" and "self-esteem", as evaluated in Table 9-8.

In a similar manner to Nokia, the Motorola advert demonstrates strong relationships with all levels of MEC statements, which are most consistent with the MECs of cluster 6 ("Image Conscious") and cluster 8 "Networkers", summarised in Table 9-9, where this would appear to account for 20% of the market.

Table 9-8 Motorola Ad Evaluation

	MEC Statements	Score	Communicated Messages	Cluster 6: Image Conscious - Statement (frequencies)
Driving Force	Accomplishment	0		
	Belonging	100	Belonging	←→ Belonging(10)
	Family Living Standard	0		
	Fun / Pleasure	60	Fun / Pleasure	→
	Inner Peace/ Contentment	0		
	Longer Life	0		
	Self - Esteem	100	Self - Esteem	←→ Self – Esteem(14)
	Wisdom	0		
Leverage Point	Confidence	60	Confidence	←→ Confidence(8)
	Curiosity	0		
	Promote Health and Safety	0		
	Reduced Stress	0		
	Responsibility	0		
	Success	0		
Consumer Benefit	Career Promotion	0		
	Increased Saving / Disposable Income	0		
	Other's Opinion	100	Other's Opinion	←→ Other's Opinion(19)
	Potential to Earn	0		
	Better Guanxi / Friendship	100	Better Guanxi / Friendship	←→ Better Guanxi / Friendship(1)
	Affordability	0		
	Avoidance of Problems	0		
	Convenience	60	Convenience	←→ Convenience (5)
	Feel Attached To	0		
	Strong Self Image	100	Strong Self Image	←→ Strong Self Image(3)
	Trend follower	0	Trend follower	←→ Trend follower(8)
	Advanced/ New	60	Advanced/ New	←→ Advanced/ New (5)
	Beautiful	0		← Beautiful (6)
	Contactablity	60	Contactablity	→
	Familiarity	0		
	Personality/ Uniqueness	0		← Personality/ Uniqueness(7)
	Portability	0		
	Productivity	0		
	Quality	0		
	Value / Price	0		
Message Elements	Appearance	60	Appearance	← Appearance (21)
	Brand	100	Brand	←→ Brand (2)
	Durability	0		
	Failure Rate	0		
	Functions	100	Functions	←→ Functions (4)
	Operation	60	Operation	→
	Price	0		
	Radiation	0		
	Sound Clarity	0		
	Standby Time	0		
Executional Framework	AD shows reality	0		
	Can laugh at situation	100		
	Characters believable	0		

In analysing the executional framework, it is apparent that Motorola uses an international ad that does not reflect the reality of life to Chinese consumers, and the humour used in the story may not be appreciated by them. It is proposed that although the ad identifies the right message elements, consumer benefit, leverage point, and personal values, it may be less effective in translating these MEC elements into an executional framework that can be appreciated by the target consumers, thus weakening the ad effect to audiences made up of "Image conscious" and "Networkers" consumers.

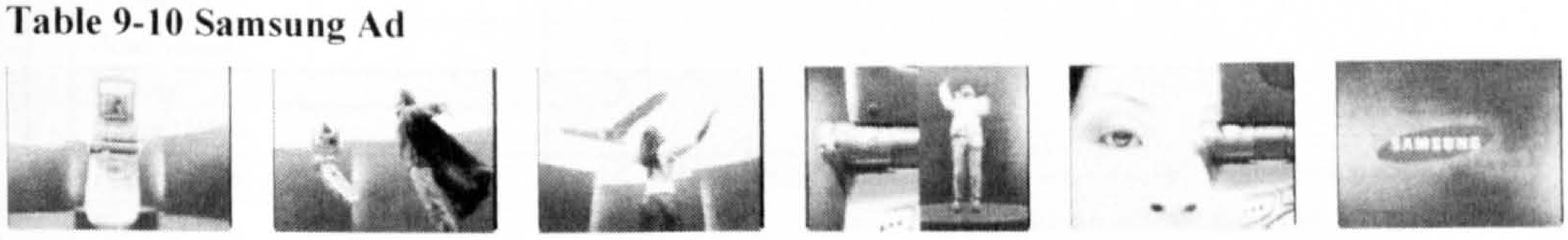
Table 9-9 MECCAS Representation of Motorola Ad

Assumed Primary Target	Cluster 6 "Image Conscious" and Cluster 8 "Networkers"
Driving Force	A sense of belonging, and self-esteem
Leverage Point	Enhance communication between friends, to "show off" /impress others
Consumer Benefit	Convenience, handy
Message Elements	Colour picture message function, rotateable camera

9.2.2.3 Samsung Ad

In contrast to the previous examples, the Samsung ad shows no plots or scenarios, simply illustrating the rotate-able camera feature mimicked by the movements of human body. The well-portrayed product functions and features, together with the stunning figures and looking of the actor/actress, create a strong visual impression to audiences, as well as implied sexual content on subtext, as illustrated in Table 9-10.

Table 9-10 Samsung Ad



Product	Samsung Anycall
Release Time	03-12, 2003
Channel	CCTV-1 (China Central Television, Channel 1)
Narratives	The commercial illustrates the rotation features of the phone matched by the dance-like movements of a female and a male actor before a red screen. Tagline is "Take pictures no matter how to rotate it; versatile and colourful – Samsung Anycall"

Table 9-11 Evaluation of Samsung Ad

	MEC Statements	Score	Communicated Messages	Cluster 6: Image Conscious-Statement (frequencies)
Driving Force	Accomplishment	0		
	Belonging	0		← Belonging(10)
	Family Living Standard	0		
	Fun / Pleasure	0		
	Inner Peace/ Contentment	0		
	Longer Life	0		
	Self - Esteem	100	Self - Esteem	↔ Self – Esteem(14)
	Wisdom	0		
Leverage Point	Confidence	60	Confidence	↔ Confidence(8)
	Curiosity	0		
	Promote Health and Safety	0		
	Reduced Stress	0		
	Responsibility	0		
	Success	0		
Consumer Benefit	Career Promotion	0		
	Increased Saving / Disposable Income	0		
	Other's Opinion	0		← Other's Opinion(19)
	Potential to Earn	0		
	Better Guanxi / Friendship	0		← Better Guanxi / Friendship(1)
	Affordability	0		
	Avoidance of Problems	0		
	Convenience	60	Convenience	↔ Convenience (5)
	Feel Attached To	0		
	Strong Self Image	100	Strong Self Image	↔ Strong Self Image(3)
	Trend follower	0		← Trend follower(8)
Message Elements	Advanced/ New	1000	Advanced/ New	↔ Advanced/ New (5)
	Beautiful	100	Beautiful	↔ Beautiful (6)
	Contactablity	0		
	Familiarity	0		
	Personality/ Uniqueness	60	Personality/ Uniqueness	↔ Personality/ Uniqueness(7)
	Portability	0		
	Productivity	0		
	Quality	0		
	Value / Price	0		
	Appearance	100	Appearance	↔ Appearance (21)
	Brand	60	Brand	↔ Brand (2)
	Durability	0		
	Failure Rate	0		
	Functions	100	Functions	↔ Functions (4)
	Operation	100	Operation	→
	Price	0		
	Radiation	0		
	Sound Clarity	0		
	Standby Time	0		
Executional Framework	AD shows reality	0		
	Can laugh at situation	0		
	Characters believable	0		

Evaluating this ad against the MEC elements reveals that a list of messages has been communicated as shown in the "communicated messages" column in Table 9-11. Given that the structure of messages communicated appears to be consistent with that of cluster 6 ("Image conscious"), it is compared with the MEC structure of cluster 6 "Image conscious". It is apparent that this ad has successfully identified message elements (shown in the lower levels of the MEC) with a strong emphasise on the product attributes (the new functions and rotate-able feature) and uses a strong sexual appeal to create a sense of confidence leading to a sense of self-image. However, it appears to be relatively weak in identifying the leverage point to create personal relevance to consumers, indicated as a lack of high level messages communicated as shown in Table 9-11.

Therefore, it is assumed that the ad may be targeted at consumers from the "Image conscious" niche, who are after a sense of self-esteem and belonging; this may account for a 7.5% market share. The MECCAS representation of this ad is summarised in Table 9-12.

Table 9-12 MECCS Representation of Samsung

Assumed Primary Target	Cluster 6 "Image conscious"
Driving Force	NA
Leverage Point	NA
Consumer Benefit	Advanced, Trendy, versatile and colourful
Message Elements	Colour picture message function, rotateable camera, appearance

9.2.2.4 Lenovo Ad

The Lenovo ad promotes a series of mobile phone products. Three fragmented scenes are put together to demonstrate three new functions respectively: picture messaging, handwriting input, and built in camera photography as illustrated in Table 9-13.

This ad is evaluated against the MEC elements and the communicated messages are listed for each episode as shown in Table 9-14.

Table 9-13 Lenovo (Legend) Ad

Product	A series mobile phone products of Lenovo
Release Time	01-07, 2003
Channel	CCTV-1 (China Central Television, Channel 1)
Executional framework	The commercial contains three scenes: i) when a team of sportsman were celebrating their success in climbing to the peak of a snow mountain, one of them received a picture message of his wife and son, and he smiled with happiness; ii) when a music director is playing on the stage full of passion, an audience took notes via the hand writing input function; iii) in a wedding ceremony, a cell phone was used to take pictures of the bride and the groove when they fell into a pool with floating roses. Tagline is "Life becomes splendid because of you" "Technology creates freedom".

The three episodes in this ad appear to present three fragmented themes. In the first episode (where a sportsman receives a picture message of his family when climbing to the peak of a snow mountain), "family" and "success" seems to be the dominant values it conveys whilst also demonstrating a lack of leverage point and inconsistent structure; the second episode (where an audience took notes via the hand writing input function when in a successful concert) appears to be focused on the value of career success; and in the third episode (where a romantic moment of a wedding is pictured with the build-in camera function of the mobile phone), "family" and "love" seems to be the main themes and similarly demonstrates a weak leverage point.

It apparent that this ad has attempted to cover a range of consumer groups, which could include cluster 1 "Family focused" (episode 1 and 3), and cluster 3, "Career focused" (episode 2). However, due to either a lack of leverage point (i.e. episode 3) or being inconsistency in the means-to-end structure (i.e. episode 1), it appears neither of the three episodes create logical MEC structures closely matching that any of the 9 clusters and thus it is presumed that this advert will most likely to fail to create a clear brand target or achieve consumer relevance, and thus will have a low ad effect.

Table 9-14 Evaluation of Lenovo (Legend) Ad

	MEC Statements	*Score*	*Communicated Messages (Episode 1)*	*Communicated Messages (Episode 2)*	*Communicated Messages (Episode 3)*
Driving Force	Accomplishment	60	**Accomplishment**	Accomplishment	
	Belonging	0			
	Family Living Standard	100	**Family**		**Family**
	Fun / Pleasure	0			
	Inner Peace/ Contentment	0			
	Longer Life	0			
	Self - Esteem	0			
	Wisdom	0			
Leverage Point	Confidence	0			
	Curiosity	0			
	Promote Health and Safety	0			
	Reduced Stress	0			
	Responsibility	0			
	Success	60	**Success**	**Success**	
Consumer Benefit	Career Promotion	0			
	Increased Saving / Disposable Income	0			
	Other's Opinion	0			
	Potential to Earn	0			
	Better Guanxi / Friendship	0			
	Affordability	0			
	Avoidance of Problems	0			
	Convenience	60		**Convenience**	**Convenience**
	Feel Attached To	0			
	Strong Self Image	0			
	Trend follower	0			
	Advanced/ New	60	**Advanced/ New**	**Advanced/ New**	**Advanced/ New**
	Beautiful	0			
	Contactablity	60	**Contactablity**		
	Familiarity	0			
	Personality/ Uniqueness	0			
	Portability	0			
	Productivity	60		**Productivity**	
	Quality	0			
	Value / Price	0			
Message Elements	Appearance	0			
	Brand	0			
	Durability	0			
	Failure Rate	0			
	Functions	100	**Functions**		**Functions**
	Operation	100		**Operation**	
	Price	0			
	Radiation	0			
	Sound Clarity	0			
	Standby Time	0			
Executional Framework	AD shows reality	0			
	Can laugh at situation	0			
	Characters believable	0			

In summary, among the four adverts analysed, the Nokia ad is presumed to have the strongest effect on consumers, primarily within cluster 3 ("Career Focused"), attributing to it: i) the communication of messages matching the target consumer group; ii) operating at all MECCAS levels including message elements, consumer benefits, leverage points and personal values; and iii) translating these messages within an appropriate executional framework. The Motorola ad has the same advantages as Nokia, and is most likely to attract consumers from cluster 6 ("Image Conscious"), but within its executional framework, the story and characters used in this international ad may not be appropriated by Chinese consumers, and the ad effect may be weakened. The Samsung ad attempts to appeal consumers from the "Image conscious" group, demonstrating operating at various MECCAS levels of message elements, consumer benefits, and personal values, but fails to identify a strong leverage point to create a strong self relevance to consumers. The Lenovo ad includes 3 fragmented episodes, each of which has distinct narratives and thus various MECCAS structures. Consequently, it appears that this ad may target consumers within the clusters 1 "Family focused" and 3"Career focused". However, within each episode, the messages communicated appear to fail to construct complete MECs to match the individual MEC of any of the 9 clusters, thus it is presumed that this may fail to appeal particularly to any one group of consumers, and this ad is unlikely to appealed to most audiences.

9.2.3 Assessment of Consistency within SMP

The marketing view of business processes places marketing at the beginning of the planning process, and companies see themselves as part of a value creating and delivery sequence as illustrated in the "Strategic Marketing Planning" process (Kotler 2000) in section 2.5. Three stages are considered within strategic marketing planning: "choosing the value", "providing the value" and "communicating the value", as already discussed and simplified in Figure 9-2. Once the business has chosen the value (including segment, targeting, and positioning), the second phase identifies specific product features, prices, and distribution routes, followed by advertising, and sales promotion.

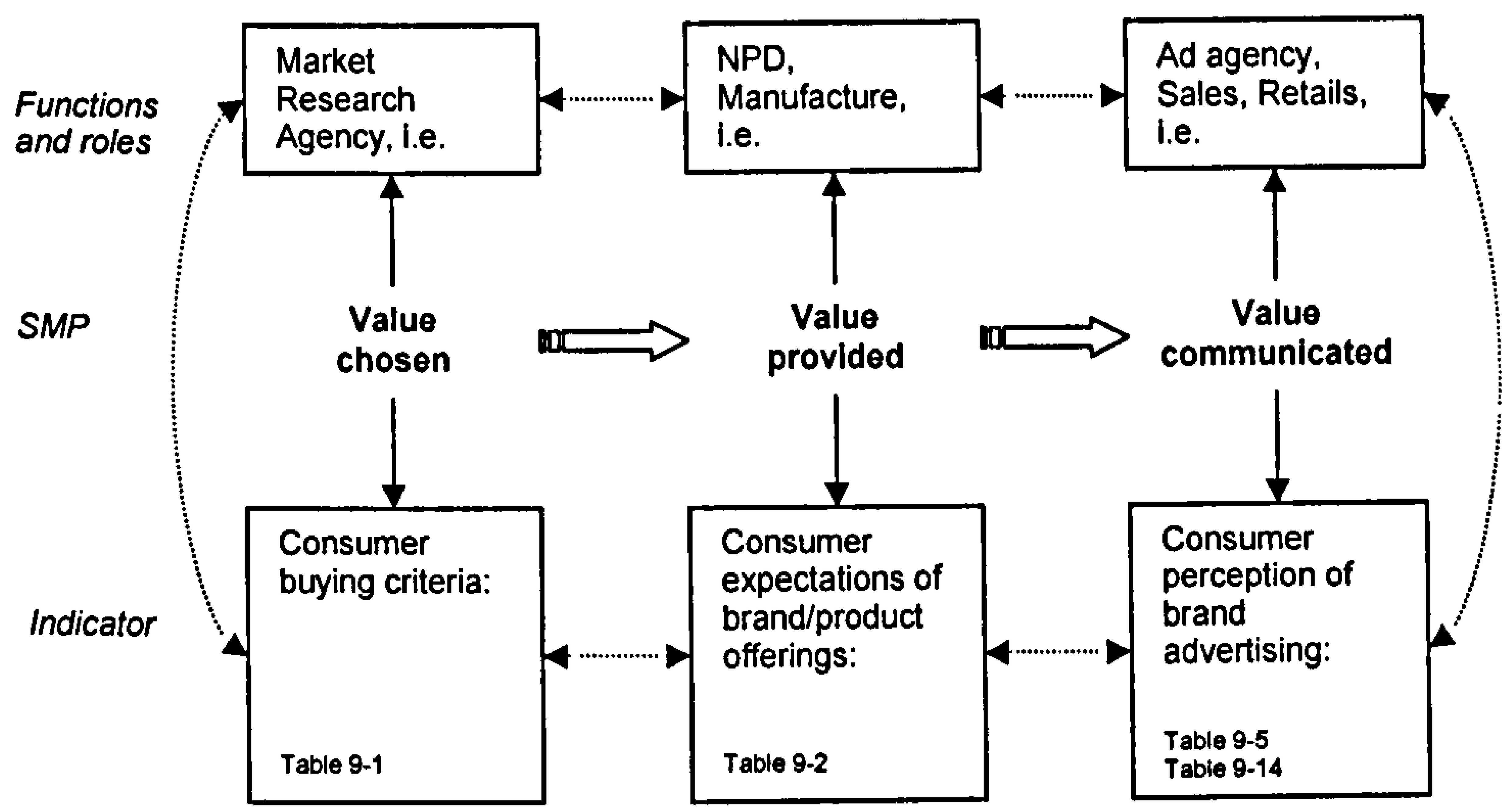
However, to most organisations, the key elements of the strategic marketing planning process – segmentation, new product planning and development, and advertising – are considered separately, are not well coordinated; and are often done by different people at different locations, both inside and outside the organization (Myers 1996). These distinct roles and functions in the strategic marketing planning process need to be carefully coordinated and integrated as they provide the basic foundation on which marketing operating plans are developed for each major product or service line. Evaluation of the organisational culture in this respect is therefore crucial.

Following the previous sections 9.2.1 and 9.2.2, where the product offering and advertisement of the selected four brands have been assessed against consumer criteria and expectations, this section further analyses the extent to which current brand offerings are consistent with consumer expectations and hence the degree of conflict/separation between NPD and brand messages within the Chinese market.

Given that, in the results in the previous analysis, i) Table 9-1 (Consumer Criteria by Clusters) indicates the chosen value stage of the strategic marketing planning (SMP) process; ii) Table 9-2 (Consumer Perception of Brand Offering of Each Cluster) indicates the value provided stage; and iii) Table 9-5, Table 9-8, Table 9-11, and Table 9-14 indicate the value communicated stage of the four brands respectively, comparing the three sets of data provides information on the consistency of SMP implementation across these four brands.

The conceptual framework for Hypothesis 4 (H4) is shown in Figure 9-5. It is apparent that different functions and roles are conducted by different departments and agencies; even where senior management acknowledge the importance of consistency in branding, it is still doubtful whether the departments or agencies implementing the SMP functions share the same concepts, or whether the knowledge flow between these separate functions within and across organisations is consistent. The four brands are analysed in 9.2.3.1-9.2.3.4.

Figure 9-5 Evaluation of SMP Consistency



9.2.3.1 Nokia

Figure 9-6 summarises Nokia's segmentation scheme reflected in the product and communication strategy resulting from the analysis in previous sections.

Evaluation of the Nokia product offering in 9.2.1 indicates that its product strategy has focused on serving consumers from 4 clusters, namely, "Income Retentive", "Career Focused", "Stress Avoider", and "Image Conscious", accounting for a total of 67.5% market share as shown in the left-hand side of Figure 9-6.

At the same time, evaluation of the Nokia advert in 9.2.2.1 has revealed that within this particular advert Nokia has positioned itself to appeal audiences from cluster 3 "Career Focused", who use mobile phones as a means of achieving career success and further leading to a sense of accomplishment. For this group of consumers, functions, standby time, sound clarity, quality, and operation are important, and they focus less on the product appearance and price.

Because only one advert is evaluated in this thesis, it is impossible to draw conclusions on Nokia's brand communication strategy. However, based on the advert analysed, the "Career focused" consumer group that Nokia advert communicated to appears to be one of the targeted consumer groups, against whose criteria Nokia has aligned its product offerings.

Figure 9-6 further highlights the possible value positions of the adverts (in dash lines) for Nokia to maintain the consistency in the two stages of the value proposition.

In summary, it is most likely that Nokia have used a "selective specialization" pattern (see Fig2-2 in page 2-19) to select market targets, where various product lines are used to target various market segments. i) Within the selected market segments, Nokia appears to have provided products that match consumers' expectation, and ii) based on the advert analysed, Nokia appears to position itself with appropriate messages within targeted consumer group.

Figure 9-6 Nokia Product and Communication Strategy

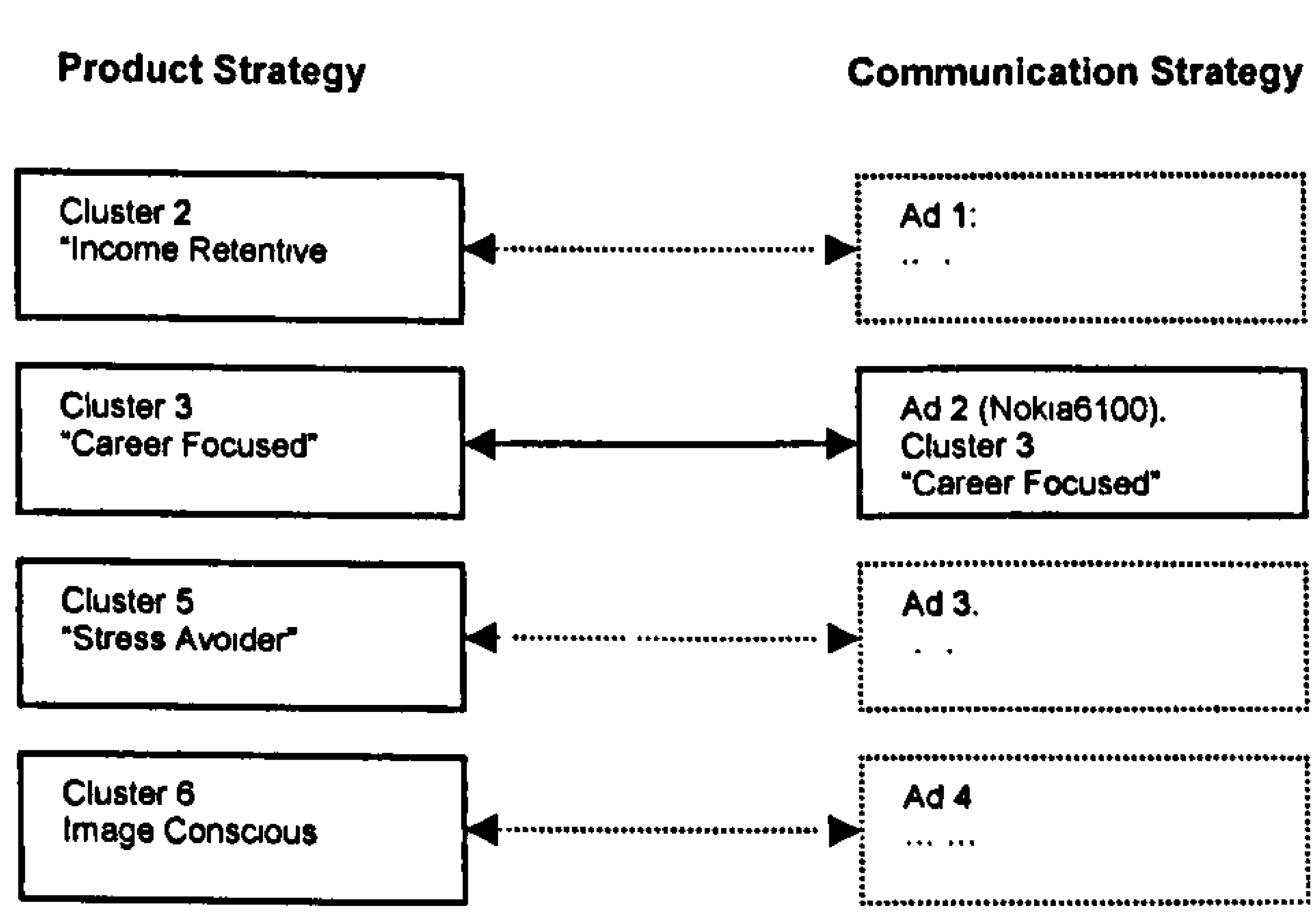


Table 9-15 Nokia within Cluster 3 "Career Focused"

Cluster 3: "Career Focused"

	Buying Criteria (%)	Brand Offering (Positive) (%)	Brand Offering (Negative) (%)	Communicated Message in Nokia 6100 Ad (%)
Accessories				
Appearance	2.2	12.7	4.8	31.3
Brand	2.2	1.6		18.8
Functions	22.2	6.3		31.3
Marketing				
Memory Size				
New Technology		4.8		
Operation	13.3	11.1	4.8	18.8
Price	6.7			
Quality	15.6	17.5	3.2	
Radiation		1.6		
Range Of Product Lines				
Size and Weight				
Service		3.2		
Sound Clarity	17.8	19.0		
Stand By Time	20.0	4.8		
Word of Mouth		4.8		

Further, Table 9-15 compares the brand offering and communicated messages with the consumer criteria from cluster 3 to explore the consistency of the implementation of SMP reflected against product attributes. The important buying criteria are highlighted in Table 9-15. It is apparent that most of the consumer expectations in terms of product attributes have been served and communicated, indicating a strong correlation between marketing, NPD department and advertising agencies. This can perhaps account for the high preference score within the interviewed samples (see Table 8-4 in page 8-13).

9.2.3.2 Motorola

Similarly, the assessment of the product offering (in 9.2.1) reveals that Motorola has aligned its product attributes against the criteria of consumer group 6 "Image Conscious", in which consumers focus on the appearance and functions of a mobile phone.

Further, assessment of the Motorola ad in 9.2.2.2 demonstrates that this advert reflects the cognitive structure of cluster 6 "Image Conscious" consumers and that Motorola has positioned itself via a young and trendy image, where the mobile phone is used to communicate with friends and to impress others, resulting in a sense of self esteem and belonging.

As summarized in Figure 9-7, it is apparent that Motorola have consistently provided product value and communicated appropriate messages to consumers within cluster 6, accounting for 20% of the total market. Analysis of Motorola within cluster 6 in Table 9-16 further demonstrates this consistency.

Figure 9-7 Motorola Product and Communication Strategy

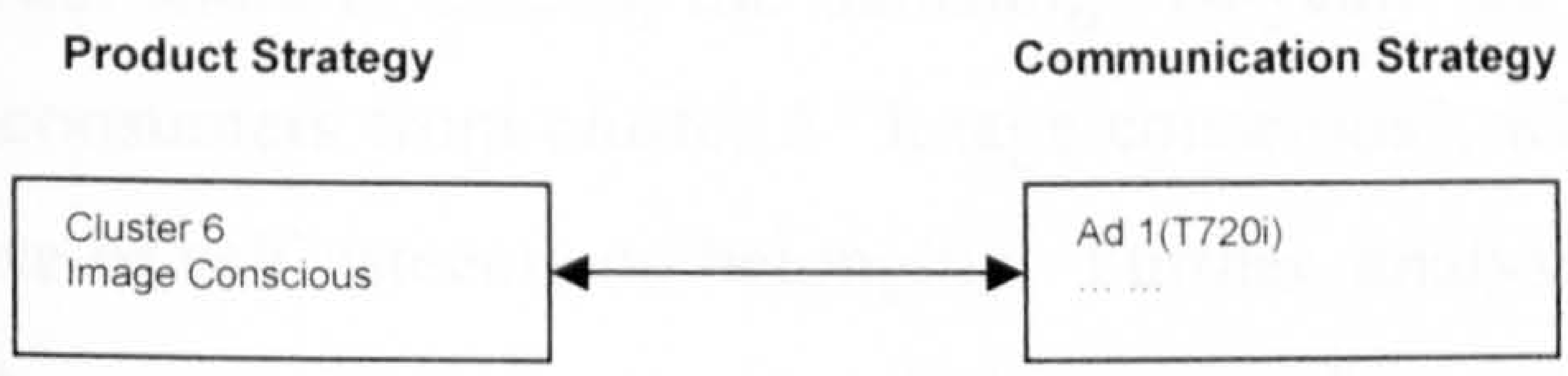


Table 9-16 Motorola within Cluster 6 "Image Conscious"

Cluster 6 "Image Conscious"

	Buying Criteria (%)	Brand Offering (Positive) (%)	Brand Offering (Negative) (%)	Communicated Message in Nokia 6100 Ad (%)
Accessories				
Appearance	40	17	4	19
Brand	6	6		31
Functions	20	7	2	31
Marketing				
Memory Size				
New Technology				
Operation	4	13	7	19
Price	6			
Quality	14	11	2	
Radiation				
Range Of Product Lines		2		
Size and Weight		4	4	
Service		9		
Sound Clarity	2	4		
Stand By Time	8	6	2	
Word of Mouth		2		

However, although it is apparent that the target market selection pattern used by Motorola is "market specialization" (as shown in Fig 2-2), where a series of products are provided to target a single market segment, it is questionable whether Motorola intends to target only 20% of the market. It may be that i) the marketing segmentation scheme used fails to identify other consumer groups, or ii) the product offering fails to attract consumers from the remaining consumer groups. In either case, the resultant segmentation scheme proposed in this thesis is therefore especially useful to provide actionable information for segment targeting, and for providing product offerings aligned against target expectations and communicating appropriate information to consumers, as discussed in 9.1.

9.2.3.3 Samsung

Samsung's product targeting strategy and communication strategy have been summarized in Figure 9-8, where the Samsung product offering is aligned with clusters 6 "Image conscious" and 7 "Hedonist", accounting for a total market share of 27.5%; the Samsung "Anycall" ad has focused specifically on consumers from cluster 6 "Image conscious", where consumers pursue a sense of self-esteem and belonging. Further, analysis of the product strategy and communication strategy within cluster 6 reveals a strong correlation to consumer criteria as shown in Table 9-17.

Figure 9-8 Samsung Product and Communication Strategy

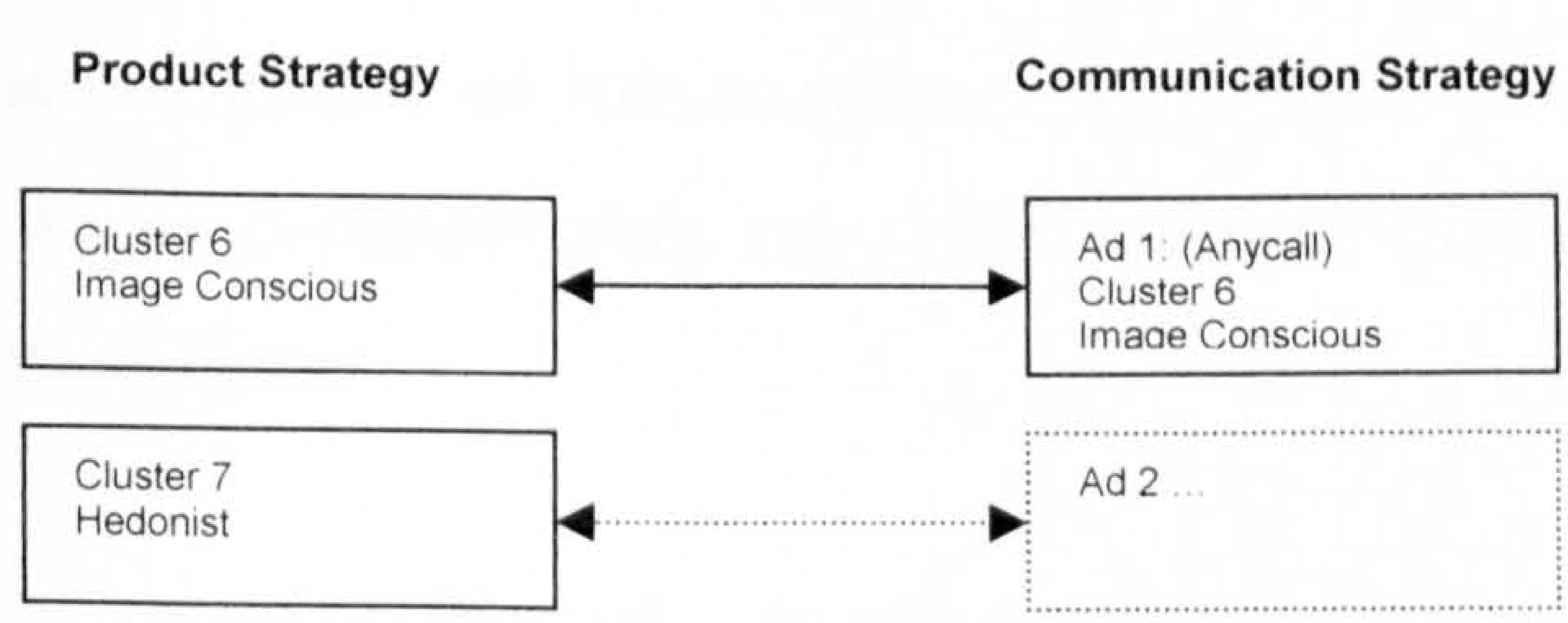


Table 9-17 Samsung within Cluster 6 "Image Conscious"

Cluster 6 "Image Conscious"

	Buying Criteria (%)	Brand Offering (Positive) (%)	Brand Offering (Negative) (%)	Communicated Message in Samsung Ansycall Ad (%)
Accessories				
Appearance	40	18		28
Brand	6	9		17
Functions	20	27	9	28
Marketing				
Memory Size		9	9	
New Technology				
Operation	4			28
Price	6			
Quality	14			
Radiation				
Range Of Product Lines				
Size and Weight		9		
Service			9	
Sound Clarity	2			
Stand By Time	8			
Word of Mouth				

However, as with Motorola, it is debatable whether Samsung intends to target only 27% of the market or has failed to target a greater market share.

9.2.3.4 Chinese Brands and Lenovo

As summarised in Figure 9-9, the evaluation of both product offerings from Chinese brands (in 9.2.1) and Lenovo's ad (in 9.2.2.4) reveals that the product offerings are aligned with consumers' expectations of cluster 6, whilst the advert attempts to attract consumers from clusters 1 and 3. Analysis of the product offerings in Table 9-3 (on page 9-11) demonstrates a low average deviation of the product offering among all clusters, indicating a failure to differentiate the product. The product offering matches consumer criteria in only one cluster (cluster 6), accounting for 20% of the market share. However, within this cluster, all of the international brands analysed (Nokia, Motorola and Samsung) have targeted products, indicating a high level of competition. The advert analysis further reveals an inconsistency between provided and communicated value. According to Table 9-14, it is apparent that the ad fails to generate self relevance with the audience and the messages communicated are not consistent with the targeted consumers' value structure.

It is apparent that the segmentation scheme reflected in both product offerings and advertising reveals that Chinese brands show significant inconsistency in implementation of strategic marketing planning, when compared with the other three international brands analysed. It is most likely that this inconsistency may be attributed to a lack of marketing skills and strategic planning. It is therefore argued that the method demonstrated in this thesis represents a valuable a tool in enabling mobile phone brands in China i) to choose an appropriate segmentation scheme that provides actionable guidance for the latter stages of SMP, such as NPD, and advertising; and ii) to assess current value propositions reflected in product offerings and advertisements, and to reallocate organisational resources to better reflect the expectations of targeted consumers.

Figure 9-9 Lenovo Product and Communication Strategy

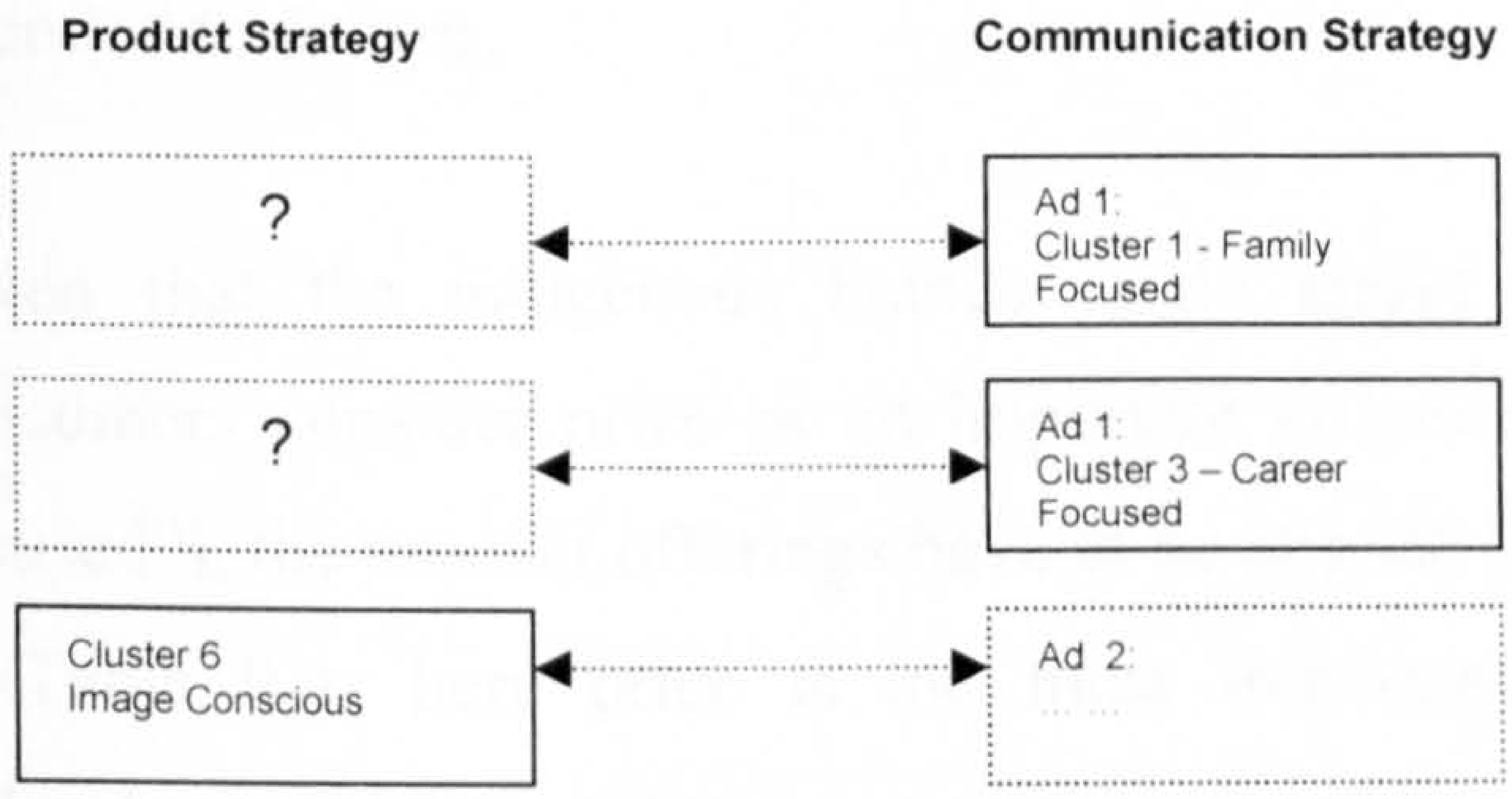


Table 9-18 Lenovo within Cluster 1 "Family Focused"

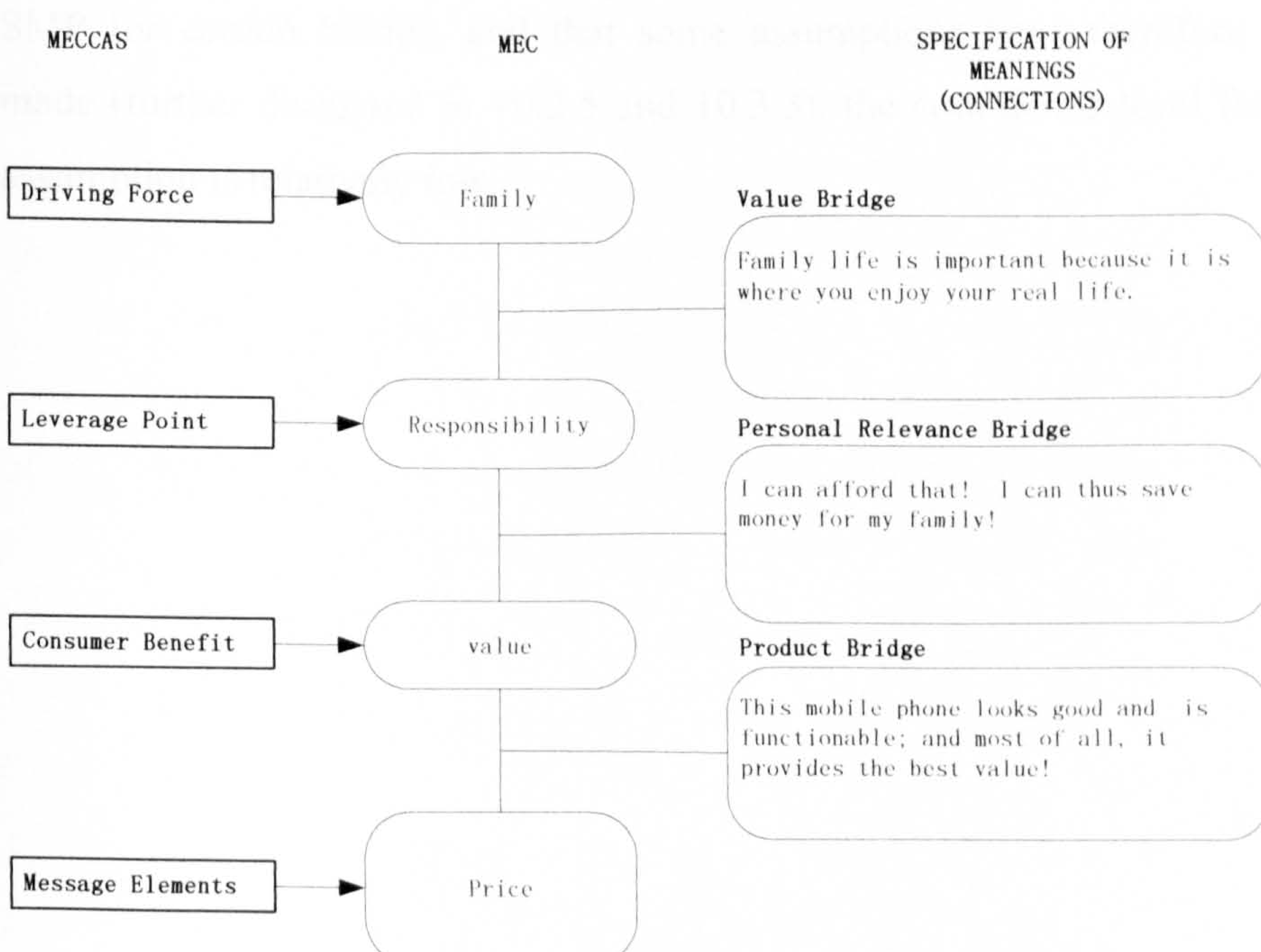
Cluster 1 "Family Focused"

	Buying Criteria (%)	Brand Offering (Positive) (%)	Brand Offering (Negative) (%)	Communicated Message in Nokia 6100 Ad (%)
Accessories				
Appearance	17	10		
Brand	5			
Functions	7		10	33
Marketing		10		
Memory Size				
New Technology				
Operation	5	30		33
Price	40	10		
Quality	17			
Radiation				
Range Of Product Lines				33
Size and Weight		10		
Service				
Sound Clarity	5			
Stand By Time	5	20		
Word of Mouth				

As demonstrated in Table 8-6 (on page 8-19), price, and marketing promotion are the two main attractors for consumers in buying Chinese brand mobile phones. It is surmised that the Chinese brands reviewed are most likely intended to target these consumer groups to whom value/price is an important criterion (i.e. cluster 1 "family focused", and cluster 9 "value conscious" consumers). Further, the literature review in 4.3.3 demonstrates that the advantage of being able to access local resources, and react quickly to market demands, make it possible for indigenous brands to provide consumers with competitive value. However, comparing the product offerings against consumer criteria within each cluster (shown in Table 9-3), it is apparent that Chinese brands demonstrate no significant advantages over foreign brands in aligning the product offerings, indicating that consumers within these clusters do not perceive the value the Chinese offerings are intended to deliver.

Given that the indigenous brands might target those groups in which consumers consider price as an important criterion (i.e. cluster 1 "Family focused"), the product offerings have to be aligned to these criteria, as shown in Table 9-1; here price is the most important criterion, whilst other technology related indicates such as sound clarity, standby time and operation are considered less important. This indicates that strategies and policies, that strengthen logistical efficiency, hence reducing the sale price, are therefore crucial in satisfying this group of consumers. Further, in order to build an audience's self relevance, enabling them to perceive the value delivered, advert agencies need to generate concepts within better communicate this value package to targeted consumers. Figure 9-10 demonstrates the MECCAS for cluster 1 "Family focused". It is apparent that the key benefit to be communicated is the value/price of the product, which further enhances the fulfillment of responsibility, thus improving family life.

Figure 9-10 MECCAS for Cluster 1 –"Family focused"



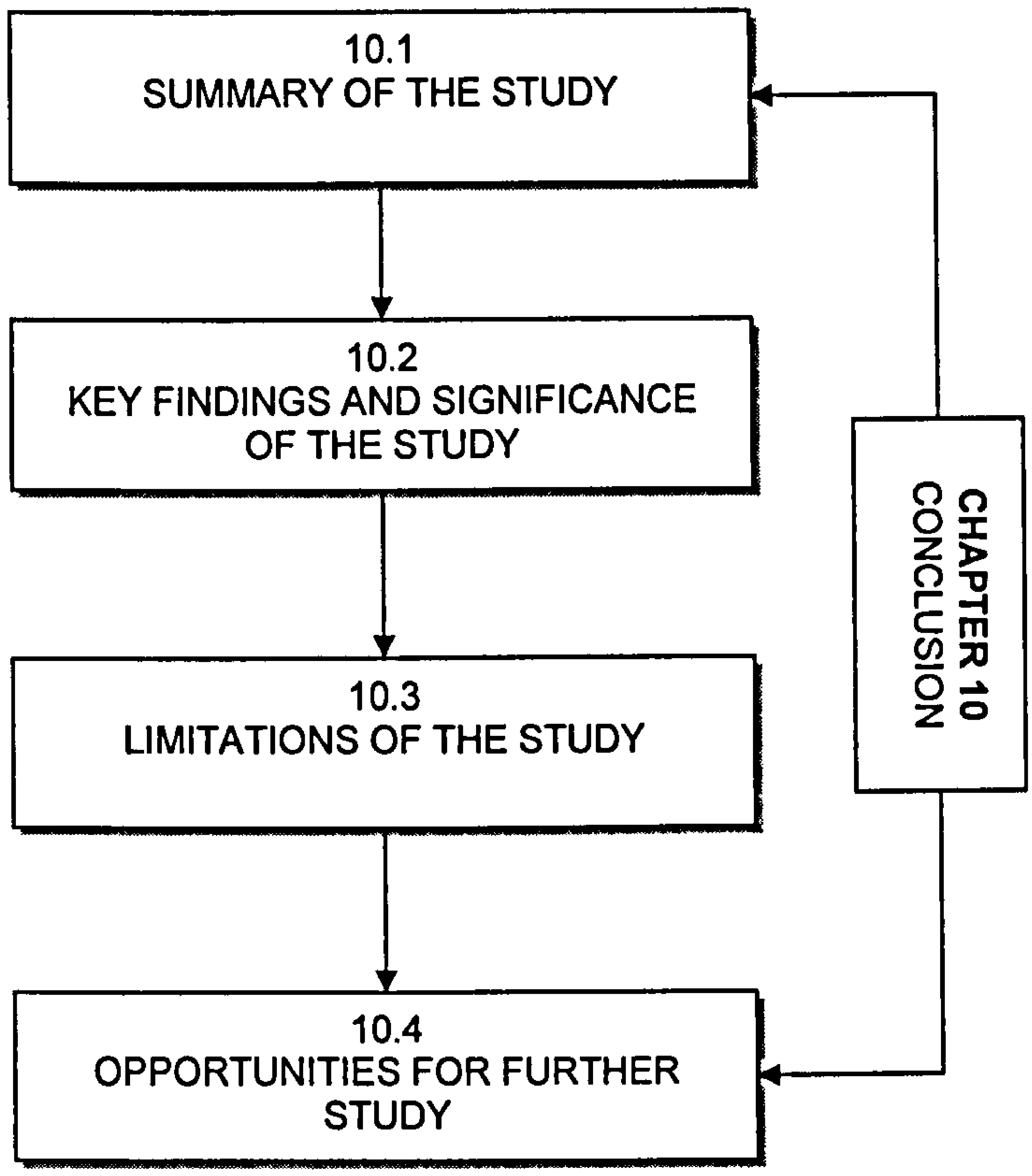
9.3 SUMMARY

This Chapter has demonstrated how the resultant MECs provide organisations with actionable segmentation schemes, thus informing product and advertising strategy. The discussion concludes that the MEC approach ought to be able to provide actionable information for organisational operation, and this further proves hypothesis 3 (H3) with a medium level of confidence.

Further, in this Chapter, the resultant MECs for each consumer segment have been applied to assess i) the value proposition, ii) product offerings, and iii) selected advertisements, of the 4 brands present in the Beijing mobile phone market. The analysis demonstrates that discrepancy exists amongst the three key stages of the strategic marketing planning process (SMP) in terms of value proposition, for most brands analysed. This demonstrates that the MECs may be used as a tool to evaluate the consistency of the SMP and further inform resource allocation across the various functions and roles (related to Hypothesis 4). However, considering that the analyses are based on the secondary data with an absence of information on some key stages of SMP for certain brands, and that some assumptions have therefore been made (further discussed in 10.2.5 and 10.3.3), the confidence level for this assumption is relatively low.

Chapter 10 CONCLUSION

Figure 10-1 Chapter 10 Structure



This chapter commences with a short summary of this study, restatement of the original objectives and hypotheses, as outlined in Chapter 6, and the validity given the evidence bases in Chapter 8 and 9. The chapter then summarises the main findings and contributions to knowledge, in terms of both i) methodology and ii) insight into Chinese consumer behaviour. The chapter concludes by reviewing the limitations of the study, and its implications for further studies.

10.1 SUMMARY OF THE STUDY

10.1.1 Original Aims and Hypotheses

With a dramatic and sustainable economic growth rate of 10% per year, China, as one of the big emergent markets, has drawn increasing attention from both academia and industry. Since the inauguration of the "Open Door" policy, the subsequent 27 years have seen a significant evolution in both Chinese consumers and those organizations operating in China. In many sectors, the increasing number of options available to consumers has fed the development of different personal values and resulted in variance in consumer behaviour, and increasingly intense competition. This has imposed imperatives on both foreign multinational companies (MNCs) and indigenous manufacturers to identify their value propositions, to provide desired product/service packages, and to communicate the value provided with appropriate messages to consumers. In order to achieve this, accurate market segmentation, as the initial stage of implementation of a strategic market planning (SMP), has assumed increasing importance. It is essential that the segmentation provides a fundamental understanding of the consumer perception of value and decision making within each segment, and actionable guidance for the later stages of SMP. Among the various bases for market segmentation, many have been seen to suffer from a lack of "causal" link with behaviour, and thus fail to provide accurate information for marketing actions. Within increasingly fragmented markets, discovery of these consumer defined segments requires a more complex approach to segmentation that recognizes the purposefulness of consumer behaviour.

The aims of the study therefore is to: i) generate a deeper understanding of Chinese consumers and their decision making processes; ii) identify value orientations of Chinese consumers to indicate distinct market segments; and iii) build case exemplars of market segmentation schemes for use as a business tool to inform each stage of strategic market planning process.

It has been shown in Chapter 4 that means-end chains (MECs) are hierarchical cognitive structures that model the basis for personal relevance by relating consumers' product or service knowledge to their self-knowledge (Olson 1995). In MEC theory, the product is defined by tangible attributes at the most concrete level; in contrast, very abstract, personal goals, or values that motivate behaviour, define the consumer; and the consequences of product attributes that help consumers satisfy or achieve their goals represent the cognitive link between the external product or service and the internal personal value orientation of the person. The MEC is value orientated and thus can serve as an initial basis for segmentation as values represent the motivations for behaviour. Unlike other value approaches to market segmentation, MEC theory recognizes that consumers interpret their world in different ways depending on the product and context of consumption (Reynolds and Gutman 1984). Using values as the only criteria for segmentation is not enough, and the MEC approach to segmentation recognizes that people learn to associate certain chains of ideas that connect a product service with self. Therefore, Reynolds and Rochon (2001) have proposed that hierarchical value maps (HVMs), summarising the MEC, provide a graphical representation of the perceptual marketplace; and that each pathway on the map represents a dominant perceptual orientation among consumers, depicting i) the value orientation of the consumer, and ii) the personal interpretations of how product or service fits with the consumer's personal values or goal.

The author's contribution to this has been to apply means-end chain (MEC) theory to market segmentation in maturing sectors in China, to develop an improved understanding of Chinese consumer decision making. This entails both a study of its appropriateness to the Chinese consumer as a method, in terms of its ability to elicit information (especially given the consumer differences apparent in the communication and negotiation of reseach objectives), and the use of the resultant segments identified, and subsequently tested in terms of current brand offering and their market performance. As discussed in Chapter 6, the thesis has identified four hypotheses, on which this argument is based, summarised as follows:

H1: It is assumed that MEC models allow researchers to identify the three levels of consumer knowledge exhibited by Beijing mobile phone users; respectively,

H1a: product attributes – representing consumers' buying criteria;

H1b: consequences – representing what the product does or provides to the consumer at a functional or psychosocial level;

H1c: values – being cognitive representations of consumers' most basic and fundamental needs and goals.

H2: It is assumed that when the MEC approach to market segmentation is applied in the Beijing mobile phone market, market segmentation is identifiable.

H3: It is presumed that MEC segmentation enables marketers to effectively implement the 3 key stages within the SMP process:

H3a: in "choosing the value" – choice of value by the organisation;

H3b: in "delivering the value" – the development of specific product features, prices, and distribution routes to provide the value; and

H3c: in "communicating the value" – communication of the value to consumers via advertising and sales promotion.

H4: It is assumed that an MEC segmentation scheme can be applied as a tool to assess the consistency of the SMP process across each of its stages and to provide guidance to link and integrate these distinct roles and functions in accordance with a consumer perspective.

10.1.2 Methodology

In order to identify consumers' MECs, laddering is the most popular methodology and has been applied successfully in academic and applied research (Hofstede, Audenaert et al. 1998). Two methods have been distinguished (in section 5.3): soft laddering and hard laddering.

Although much literature in section 5.3 and 7.1 has discussed the advantages and disadvantages of the two techniques, which appear to be largely depend on the objectives of a study, 3 pilot studies have been undertaken to explore the capability and limitations, respectively, of soft laddering, hard laddering, and adapted hard laddering in a Chinese context. Section 7.1 concludes that i) soft laddering appears to generate a deeper understanding of interviewees, and avoids imposing an existing cognitive structure on respondents, whilst requiring significant time and effort; ii) hard laddering is much simpler to administrate, and can thus be applied to a larger sample size, but appears to have a low completion rate, because the respondents do not know how to answer without any guidance, and iii) "adapted hard laddering", where the respondent is guided via MEC elements to complete the hard laddering questionnaire; demonstrates a significant improvement in completion rate. These experiments are described and analysed in Chapter 7.

Given that the objective of the thesis is to generate a deep understanding of Chinese consumers, soft laddering was perceived to be more appropriate and an empirical study of 40 in-depth interviews was undertaken using this technique. The resultant MECs were used for market segmentation, and the "adapted hard laddering" experiment was demonstrated to be an appropriate technique for collating laddering data within a larger sample, should the study be extended. The design of the methodology structure is shown in Figure 7-2.

The interviews were conducted in 2003 from a sample selected from a larger group of Beijing mobile phone users, based on age and sex, via an existing contact within a marketing agency in China.

Analysis of consumer demographic references (income, education, and career) shows that the sample appears to correspond to the distribution of Beijing mobile phone users evident in other surveys (with a minor shift to a higher income consumer group, possibly attributable to the small sample size.)

Given that no previous study has adopted a laddering interview method in the context of China, and that the nature of the laddering interview requires an understanding of the psychological and cultural contexts of the interviewees, the experience of conducting laddering interviews within this study is believed to provide significant insight for future studies. For example, it is widely acknowledged that "face" (referring to self-respect) has played an important role in shaping Chinese values and norms; this is reinforced by the laddering interview, which explores the underlying reasons for a certain decision, and where the "face" issue appears to be significant in the interview process. If the "why this is important to you" question is associated with sensitive aspects that the respondent is unwilling to answer (e.g. she/he can't afford it), it will be taken as "losing face" and lead to a false answer or a break down in the relationship between the interviewer and the interviewee. Whilst, in this case, a "third-person probe" is shown to be useful; it is especially crucial to build a relationship with the interviewee before the formal laddering interview commences.

10.1.3 Evaluation of the Hypotheses

The key findings discussed in Chapter 8 and 9 demonstrate that the four hypotheses have been proved to be true, as summarised in Table 10-1.

Table 10-1 Evaluation of Hypotheses

Hypothesis	*Evaluation*	*Confidence*
H1: It is assumed that MEC models allow researchers to identify the three levels of consumer knowledge exhibited by Beijing mobile phone users; respectively, H1a: product attributes – representing consumers' buying criteria; H1b: consequences – representing what the product does or provides to the consumer at a functional or psychosocial level; H1c: values –being cognitive representations of consumers' most basic and fundamental needs and goals.	Yes	High
H2: It is assumed that when the MEC approach to market segmentation is applied in the Beijing mobile phone market, market segmentation is identifiable.	Yes	High
H3: It is presumed that MEC segmentation enables marketers to effectively implement the 3 key stages within the SMP process: H3a: in "choosing the value" – choice of value by the organisation; H3b: in "delivering the value" – the development of specific product features, prices, and distribution routes to provide the value; and H3c: in "communicating the value" – communication of the value to consumers via advertising and sales promotion.	Yes	Medium
H4: It is assumed that an MEC segmentation scheme can be applied as a tool to assess the consistency of the SMP process across each of its stages and to provide guidance to link and integrate these distinct roles and functions in accordance with a consumer perspective.	Yes	Low

Relating to hypothesis 1, MECs had been generated for Beijing mobile phone users, summarised in a hierarchical value map (HVM) representing consumers' cognitive structures used in decision marking (see section 8.3); this provides an understanding of their criteria for choosing among alternative products/services, and how these salient criteria are relevant to the self. Therefore, it is apparent that in the context of China, the MEC is demonstrated to be useful in generating a deep understanding of consumers' decision making, including the three levels of cognitive structure: product criteria, physical and psychological benefits, and final goals and values.

Based on the HVM, nine distinct market segments have been identified within the Beijing mobile phone market (see section 8.4); each segment showing discrete cognitive structures from others, in terms of buying criteria, consequences and personal values. This demonstrates that maturing markets in Beijing, typified by the mobile phone market, have developed to a stage that MEC segmentation is identifiable (H2). (However, it cannot be proven whether these sequences apply to other urban cities within China and no generalisation solutions be assumed.)

The resultant segmentation scheme appears to have advantages over traditional approaches, in respect of accuracy and action-ability as discussed in Chapter 9; this demonstrates that the MEC approach for marketing segmentation is an appropriate method for emerging and maturing markets typified by the Beijing mobile phone sector. The study provides both international brands operating in China and Chinese indigenous brands with practical tools, enabling them to evaluate current offerings and to adjust both product and communication strategies to align with consumers' expectations (H3) and then indirectly re-align organisational resources in terms of goals and perspectives, key innovations and technologies. This demonstrates that the MEC segmentation may be applied to assess the consistency of the strategic marketing process, across each of its stages and provide guidance to link and integrate these distinct roles & functions (H4). (However, again, this cannot be proved as these may be other factors, such as organizational culture and norms which prevent is implementation, or reinforces barriers between departments.)

The significance of these findings is further discussed in the following section.

10.2 KEY FINDINGS AND SIGNIFICANCE OF THE STUDY

10.2.1 Generation of an Understanding of Chinese Consumers' Decision Making

One of the key findings of this study is the generation of MECs for Beijing mobile phone users. Given that means-end chain theory proposes that consumer product knowledge is hierarchically organized, spanning different levels of abstraction, the MECs therefore represent a firsthand attempt to elicit the various levels of consumer knowledge, which indicate Chinese consumer decision making.

A list of product attributes, representing consumers' buying criteria, is shown in Table 8-1, where appearance, functions, operation and quality are the most frequently used criteria for evaluating product alternatives (in Figure 8-2). Further consideration of these criteria suggest that at different points of consumption, these may be of differing significance to the consumer (see Table 8-3); i.e. i) Before purchase, price, quality and functions appear to be more often considered than other attributes; whilst, ii) at the point of purchase, marketing, new technology, and the products' size and weight are more likely to attract consumers to buy the products; iii) in use – operation, functions and sound clarity have a more important role; and iv) after usage (at the point of disposal) – fewer criteria are relevant, and only quality, size and weight are considered, corresponding perhaps to Kano's "implicit dissatisfaction".

Secondly, given that personal relevance is central to understanding consumer decision-making, and is the main advantage of the means-end approach, the resultant cognitive structures for consumer decision making have further demonstrated how these criteria are of relevance to consumers. The HVM illustrated in Figure 8-7, depicts the aggregated mean-end chains (MECs) for Beijing mobile phone users. Within it, seven distinct consumer values are identifiable as goals and final ends for consumption. According to the HVM, it is apparent that various product attributes have served as the means, via different consequences, to achieve these goals. For instance, appearance and functions are the two main attributes which lead to a sense of self-esteem; a strong aesthetic or advanced functions may help to strengthen a strong self-image and to create a good impression on others, thus leading to an increase in confidence and further self-esteem; whilst, in order to improve family living standards, either avoidance of problems that will affect the potential to earn or increasing the value for money ratio and therefore, increasing potential savings, are two key paths.

It is apparent that the resultant HVM has identified important personal values and product criteria used by Beijing mobile phone users, and further explains how these product attributes are relevant and how consumers use these product attributes to achieve their personal values. At the same time, any pathway from the bottom (means) to the top (end) is a potential chain representing a perceptual consumer orientation, and thus provides a basis for market segmentation. It is therefore possible that there may be many more segments and sub-segments which the sample has not identified, due either to its low size or its geographic location (i.e. within Beijing).

In relation to the argument in Hypothesis 1, this finding demonstrates that the MEC is an appropriate approach for understanding consumer decision making. Unlike many of the other approaches, where little research has focused on understanding why these particular concepts are seen as salient choice criteria, the resultant MECs explain why consumers perceive these concepts to be personally relevant for their needs. Given that the key to understanding consumer decision making is personal relevance, the MEC demonstrates clear advantages in this respect, as it enables marketers to identify the two key issues that underlie an understanding of that decision:

i) the salient choice criteria that consumer consider in evaluating the alternatives; and

ii) the reasons why those particular choice criteria are personally relevant to consumers.

Further, although a considerable number of studies have applied MEC theory to understanding consumers in other cultures, it has never been applied in the context of China, either for understanding consumer knowledge or market segmentation, as discussed later. Given that within many of the Chinese domestic markets, typified perhaps by the Beijing mobile phone sector, consumer evolution and increasingly intense competitive has led to an imperative for understanding consumers; these findings are timely in providing organisations operating in China with an alternative approach which generates a deep understanding of Chinese consumer decision making, especially in the two key issues discussed in the preceding paragraph.

10.2.2 Identification of Nine Distinct Consumer Segments

Following analyses of the attribute-value linkages and consequences, 9 consumer cognitive structures have been identified in chapter 8, respectively indicating 9 distinct consumer segments within the Beijing mobile phone market.

The individual HVM for each consumer segment and their descriptions are shown in Table 10-2. Correlated with finding 1 discussed in 10.2.1, it is argued that the MEC enables an understanding of decision making within each individual consumer segment, in the following respects:

i) what consumer personal values are, together with the motivations that drive them to make a purchase decision;

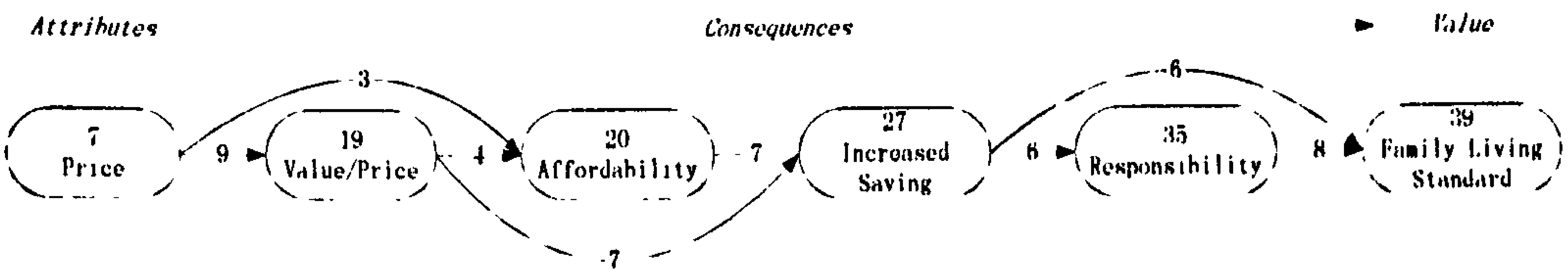
ii) what the salient criteria for evaluating choice alternatives are;

iii) how these attributes are relevant to the self, and how the attributes satisfy the final end of personal values.

Table 10-2 Consumer Segments

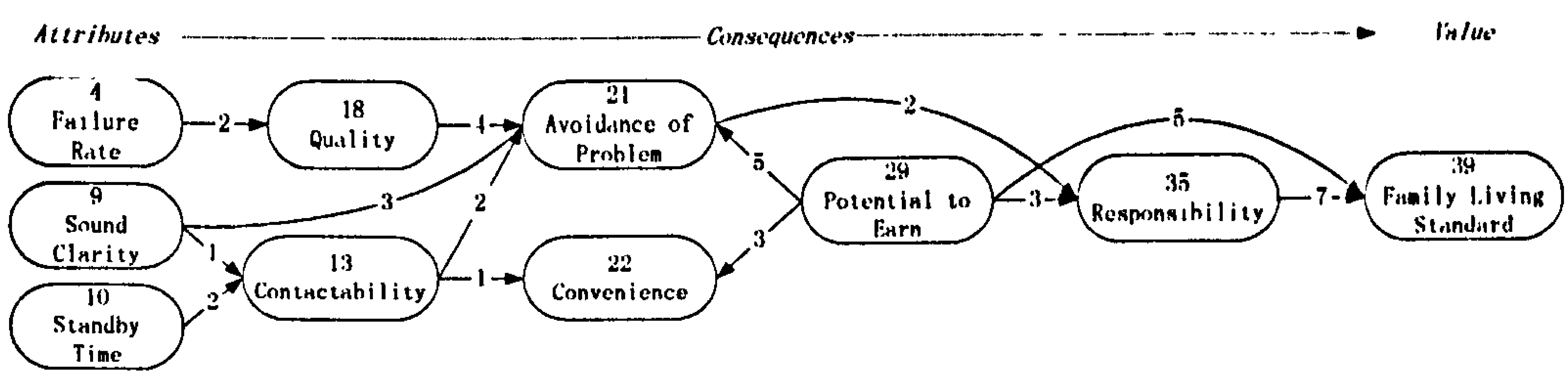
Cluster 1: "Family focused" (17.5%)

Pursues a good family living standards, and thus is concerned about the cost of the mobile and its impact on disposable income.



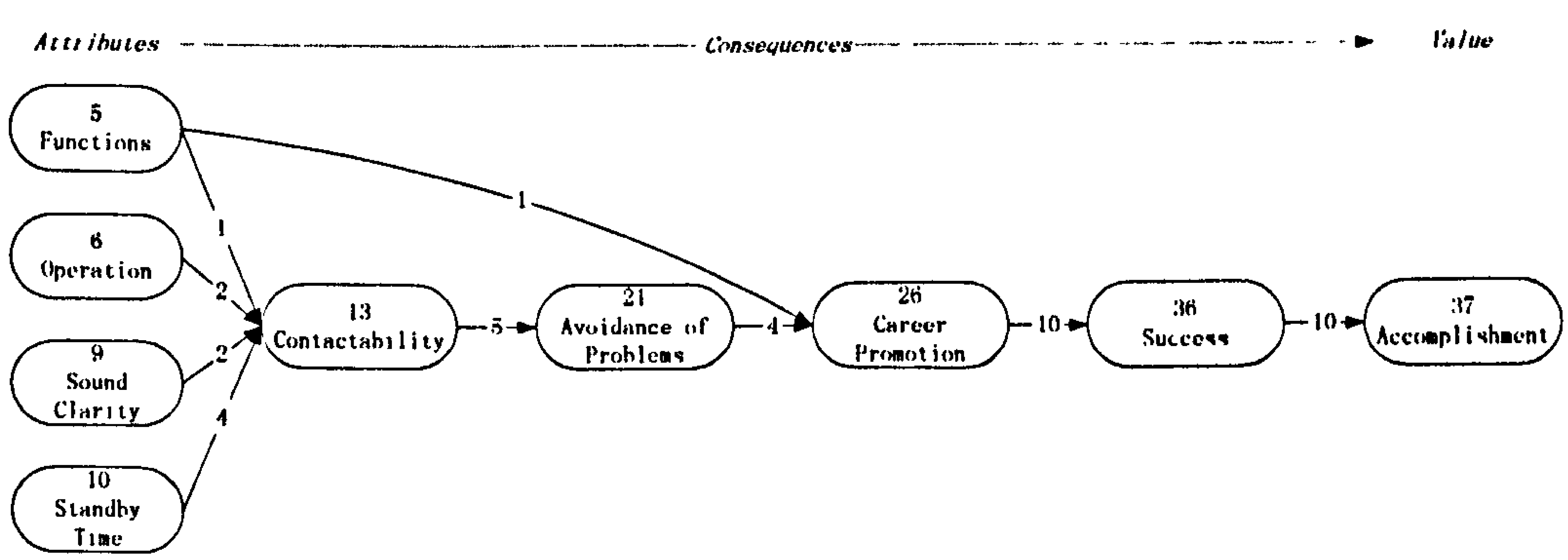
Cluster 2: "Income retentive" (15%)

Attempts to minimize job-related problems hence ensuring sustained employment, and ultimately safeguarding living standards.



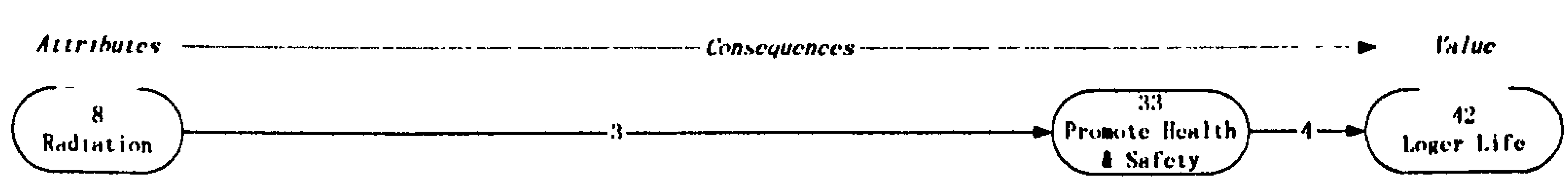
Cluster 3: "Career focused" (20%)

Intends to maximize his/her efficiency and contact-ability resulting in career promotion and further greater accomplishment.



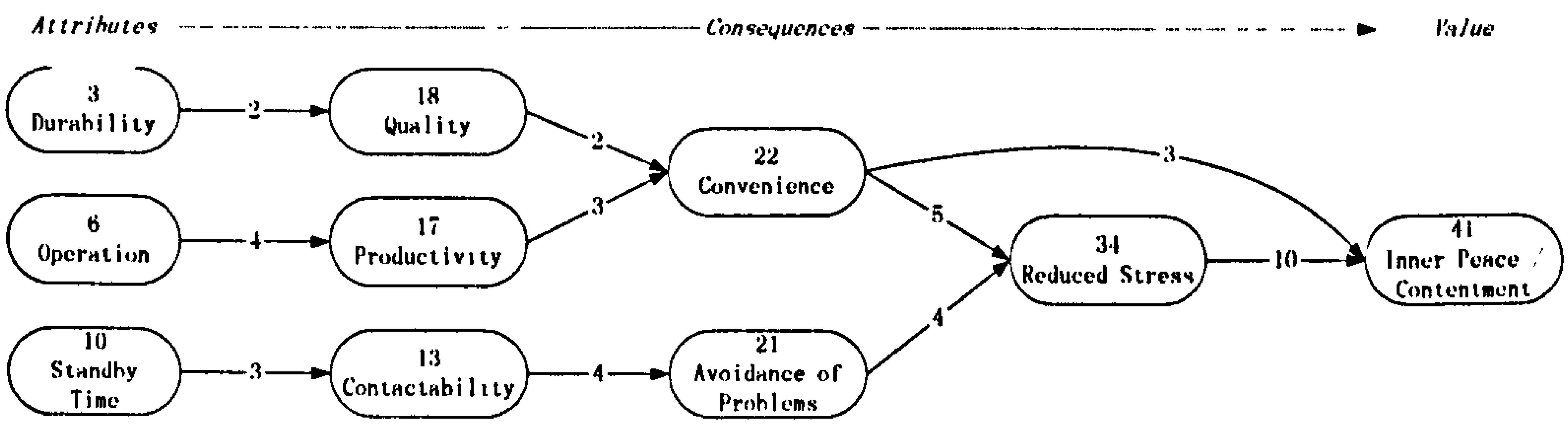
Cluster 4: "Health focused" (2.5%)

Is concerned about health issues and thus the side effects of mobiles.



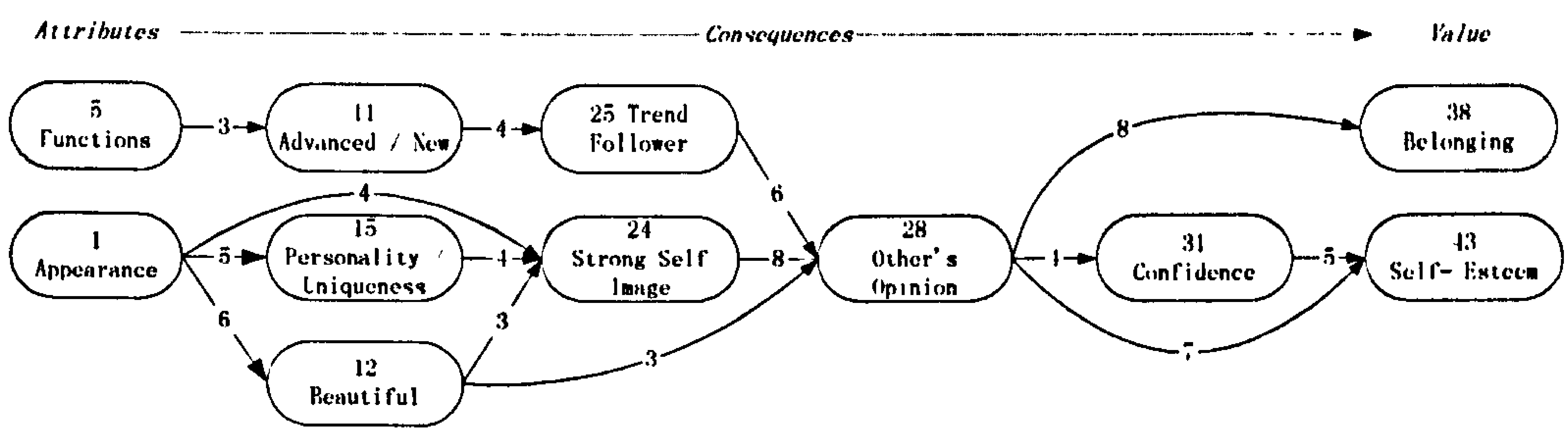
Cluster 5: "Stress avoiders" (12.5%)

Purses inner peace and feeling of contentment, in order to reduce stress, using the mobile as a means of minimising day-to-day problems.



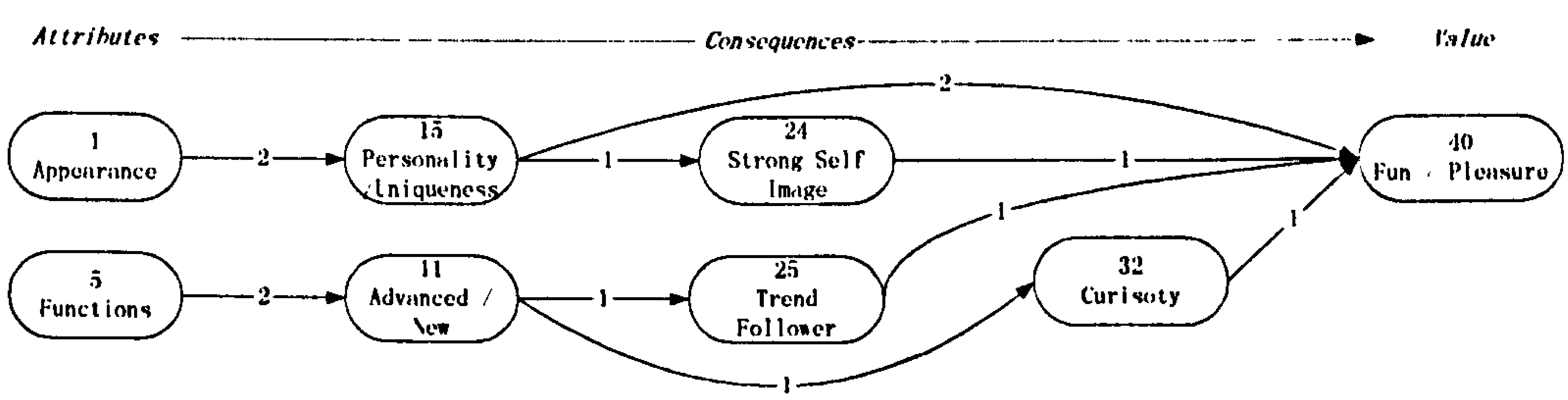
Cluster 6: "Image conscious" (20%)

Is concerned with self-image and the opinions of peers, and thus prefers phones with advanced functions and fashionable appearance to achieve a sense of self-esteem and belonging.



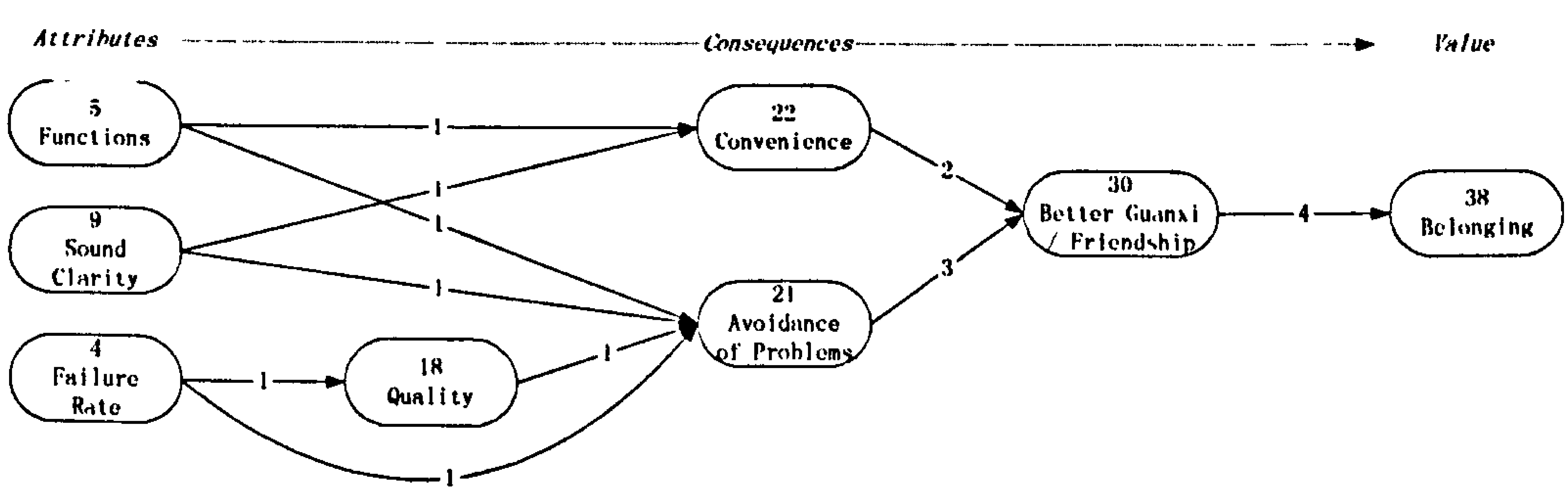
Cluster 7: "Hedonists" (7.5%)

Pursues pure fun and pleasure, and thus perceives the mobile as a source of these goals.



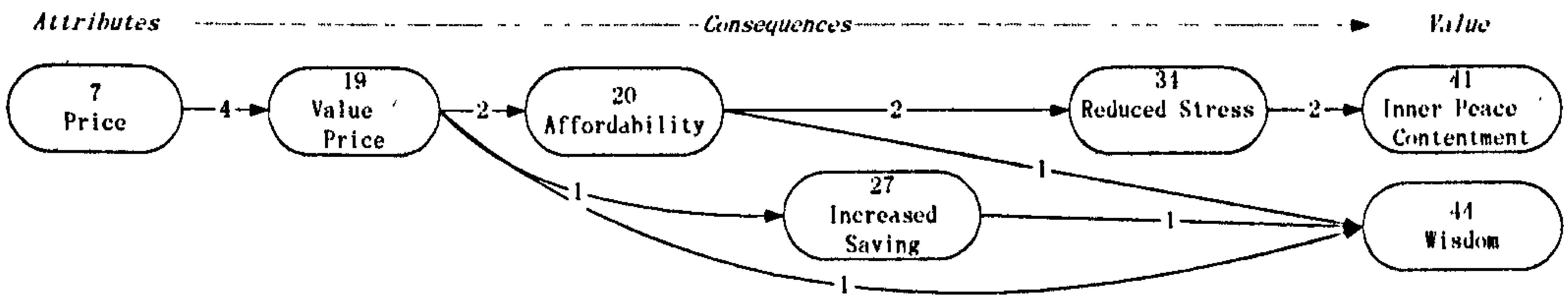
Cluster 8: "Networkers" (0%)

Intends to improve "guanxi" relations and friendships, leading to a sense of belonging.



Cluster 9: "Value conscious" (5%)

Is anxious to broker the best financial deal in purchasing the mobile in order to achieve a sense of containment and to feel wise.



It is apparent that each consumer segment has a distinct cognitive structure, reflected by these aspects, indicating distinctive value systems and decision making processes. It is argued that this demonstrates that MEC segmentation in the Beijing mobile phone market is identifiable, and correlates to hypothesis 2, which assumes that, in the maturing sectors of the Chinese domestic market, a significant increase in the variance of consumer behaviour will lead to requiring a more complex approach to segmentation that recognizes the purposefulness of consumer behaviour. In this respect, this finding demonstrates that the MEC is an appropriate approach in the context of China.

The implementation of the findings in assessing those brands present in Beijing (in section 9.2) has demonstrated that the MEC approach is appropriate to segmenting maturing markets of China. This is reflected in the two aspects: accuracy and action-ability. (Note that it can also be applied to less mature markets; whilst, it might result in fewer clusters, this might provide insight into pre-emptive brand development in emerging markets.)

As the first stage of a strategic marketing planning process, market segmentation has been shown to be crucial in informing the latter stages of SMP with an appropriate value proposition, via product and brand development (see Figure 9-2). It is therefore a prerequisite that the segmentation scheme provides accurate information about the market. However, analysis of the value proposition in terms of product offering reveals that most of the brands present in the Beijing market are not associated with an efficient segmentation scheme. As demonstrated in Figure 9-4, it is apparent that: i) 3 of the 9 consumer groups have not been served by any brands analysed (namely, clusters 1 "Family focused", 4 "Health focused", 9 "Value conscious"), accounting for a 25% market share; ii) cluster 6 "Image conscious" has been focused on by all of the brands, resulting in high competition within only the 20% of the market, whilst 25% of consumers are not served properly and cannot find their ideal product from an of the brands. This failure in brand targeting is most likely attributable to a lack of accurate market information in that the segmentation scheme typically used i) fails to identify some of the potential market niches, or ii) fails to provide actionable information for product strategy development, leading to a failure to align product offerings against consumers' expectation. In either case, the findings are important in providing accurate and actionable segmentation information for all mobile phone brands operating in China.

Therefore, it is argued that compared with current segmentation methods which may be used by the brands present in the Beijing mobile phone market, the MEC approach provides a more complex and finer segmentation scheme with more accurate information, recognizing the purposefulness of consumer behaviour.

As discussed under hypothesis 2, i) the MEC is value orientated and its approach to segmentation will enable marketers to identify consumers' personal goals and values within particular scenarios, ensuring a causal rather than be symptomatic analysis; ii) further to other value based approaches, MEC segmentation is not merely based on personal values, but identifies the chains/paths of ideas connecting a product or services with the self. The author contends that the findings of this study support the assertion that the MEC approach to marketing segmentation classifies consumers more accurately, based on a causal linkage to consumer behaviour, and that it identifies potential market niches, normally overlooked by other traditional approaches such as demographics and brand usage.

This capability is especially timely for maturing markets typified by Beijing's mobile phone sector, where, although there is still market potential, competition has intensified significantly and consumers have become increasingly sophisticated. Failure to identify consumer groups will unavoidably lead to loss of brand position within those consumer niches that match best company competencies. What will determine whether organisations can sustain competitive advantage when markets become saturated, is the ability to identify i) new niches for product development or extension of existing product and service ranges, and ii) specific segments that are still within growth phases thus extending the product lifecycle. It is apparent that the identification of consumer segments is therefore timely for both international and indigenous brands, and thus it will provide them with opportunities to review current brand positioning in terms of product offering and communication strategy, and further optimise the allocation of resources to achieve this end.

10.2.3 Provision of Actionable Segmentation for SMP

Once a specific value combination has been chosen for various consumer groups to target, the next stage is to provide and communicate this value via product/service, advertising, and sales. It is apparent that instead of merely explaining differences among the specific respondents or segmenting the sample, the objective in segmentation research is to identify market opportunities and to further adjust marketing mix based on segmentation results to match targeted consumer perspectives. Assuming that marketing activity is influenced substantially by discerning and discrete homogeneous groups of consumers, the resultant segments should inform organisations as to actions for NPD and advertising. Reynolds and Rochon (2001), for example, propose that MEC segmentation allows management to efficiently target customers with appropriate communications and deliver the most appropriate message to the target.

As discussed in section 9.1, it is proposed that the resultant consumer criteria and MEC structures for each consumer group be applied as a tool for developing product and advertising strategy. Further, in section 9.2 consumer criteria and MEC structures can also be used as a benchmark to assess brand performance. Based on consumer perspectives of value and their criteria for purchase, organisations can adjust their marketing mix to better appeal to target consumers with more appropriate product packages and communication messages.

In this respect, the MEC approach ought to be able to provide actionable information for organisational operation. It is apparent that many segmentation approaches are limited in their ability to provide actionable guidance to managers, because the segments exist more in data than in the reality of the marketplace (Reynolds and Rochon 2001). In contrast, the MEC methodology promises to provide segmentation schemes that are actionable in practice and are thus more valuable than other approaches.

This is especially useful for those Chinese indigenous brands who demonstrate a lack of what are conventionally required marketing skills. Although such companies have grown with an increase in the size of the market and capitalise on the advantages of local knowledge, share has not increased subsequently. It is apparent that competitive advantage can be lost if companies fail to take advantage of segmentation in the market, and decision making based on intuition and subjective experiences do not sustain competitive advantage. The author contends that the resultant identification of market segmentation should enable the marketer to more closely match a product or service to the needs of the target market and thus help to build a stronger competitive position.

10.2.4 Provision of a Tool to Assess the Consistency of the SMP across Each of Its Stages

In Section 9.2, the resultant MECs of each consumer segment has been applied to assess i) the value proposition, ii) product offerings, and ii) selected advertisements, of the 4 brands present in the Beijing mobile phone market. It is apparent that discrepancy exists amongst the three key stages of the strategic marketing planning process (SMP) in terms of value proposition. The analysis of the SMP of the 4 brands therefore provide examples using the MEC approach to assess the consistency of SMP across each individual stage, and identifies the ideal positions in which the different functional units might adjust themselves against the value proposition of each brand.

To most organisations, the key elements of the strategic marketing planning process – segmentation, new product planning and development, and advertising – are considered separately, are not well coordinated; and are often done by different people at different locations, both inside and outside the organization (Myers 1996). Given that these distinct roles and functions in the strategic marketing planning process need to be carefully coordinated and integrated, as they provide the basic foundation on which marketing operating plans are developed for each major product or service line, this study proposes an effective tool to resolve the problems that are often overlooked within the organisational cultures. This tool should enable individual functions within the SMP to adjust their activities against the brand value proposition, and further to match organisational objectives and strategies.

Further, it is worth noting that, within this approach, consumer perception of value is used as criteria to evaluate and align business process of each stage of SMP, as shown in the conceptual framework (see Fig 9-5). This approach is valuable in providing a complement to organisational strategy, as it reflects the marketing concept itself in that the consumer is placed at the beginning of the planning process, and companies see themselves as part of a value creating and delivery sequence (Kotler 2000).

10.3 LIMITATIONS OF THE STUDY

Refering back to the aims as stated in section 10.1.1, 40 in-depth interviews have been conducted within Beijing mobile phone users. Subsequently, this study has generated i) MEC structures indicating Beijing mobile phone users' decision making, and ii) identified 9 distinct consumer groups in Beijing mobile phone market and the MECs of each group. In doing so, it has i) provided constructive implications for mobile phone brands operating in China, and ii) demonstrated the MEC to be an appropriate approach to market segmentation and business strategy in this sector.

However, despite these contributions, it is recognized that the study has limitations.

10.3.1 Sample Selection

It is acknowledged that the study is limited in sample size and coverage, and this may not provide statistically accurate information on market segmentation. Although the study has identified distinct consumer cognitive structures that indicate discrete market segments, the validity of these market segments needs to be tested against a statistically valid sample. (And this is proposed as a future study in 10.4.1.) However, in the application of the data in demonstrating the evaluation of brands present in the Beijing mobile phone market, it has been assumed that these consumer niches are to some extend indicate and represent different market segments.

Further, in comparing the monthly income distribution of the sample with that of CIMAS's data (see section 7.2.1), it is found that, the sample shows a higher percentage of high-income interviewees and a lower percentage of low-income ones compared with CIMAS survey; further, the average income of the sample is 1,500 RMB higher than that of the CIMAS survey. Except for the possibility of the depression of income in CIMAS survey, it is very likely that the sample selected has shifted to consumers with higher incomes. This may be attributed to the method of sample selection. Further, because the sample was selected with the assistance of a market agency, there is likely to be an implicit bias.

Due to the limited resources, geographic distance, and constraints of time, it has not been possible to undertake as comprehensive a study as would be accepted in industry. This does not however compromise its findings via the use of the MEC method, and hence its innovation and originality. From a qualitative perspective, the MEC has generated a deeper understanding of consumers, and therefore poses a valid process.

10.3.2 Interview Process

Soft laddering method has been used in the 40 interviews. Following initial contact with the interviewees via phone, place and times for interview were chosen by the interviewees. In some cases, interviews were undertaken place in public places or places that were prone to interruption. It is recognized that this might have affected the quality of interview.

10.3.3 Data Analysis

As one of the main findings, the study has identified 9 consumer groups indicating potential market segments. "Clustering" is the main technique used in the analysis of the interview data as discussed in section 8.4. The MEC types were identified when samples demonstrated a strong clustering, and the clustered groups of MECs were named based on the key consequences or values within the MECs that can be distinguished from other types. However, it is recognised that the 9 MEC clusters might change when tested in a larger sample; for example: some clusters identified in this study might not exist; the proportion of each cluster might change; and new clusters might appear in a larger sample. As suggested in 10.4.1, a survey based on the findings of the study is therefore recommended for future study to verify these MEC types.

Within the data analysis process, a gross assumption has been made: Chinese brands have been grouped as a single entity, assuming that they provide similar product offerings with similar brand positions. The rational for doing this is that the sample size related to Chinese brands is considerably poorer for analysis. One basis of this is that when compared with foreign brands, Chinese mobile phone brands have demonstrated similar approaches to marketing evidenced in existing literature.

Further, in Chapter 8, four advertisements have been evaluated against the resultant MEC elements and structures in order to demonstrate one potential application of the results. One clear limitation is that the four advertisements are scored using an expert panel instead of testing them among a sample of Chinese consumers, and whilst it is acknowledged that the evaluation results is unlikely to be representative of the targeted audiences, this has been unavoidable due to limited time and resources. However, the outcome would appear to demonstrate validity of the intended application.

10.4 OPPORTUNITIES FOR FURTHER STUDY

10.4.1 Survey

This study has identified 9 distinct consumer groups following identification of distinct MEC structures from 40 in-depth interviews undertaken with Beijing mobile phone users. In order to provide estimates of the relative sizes of the segments and additional quantitative information focusing on perceptual differences between the segments, a secondary set of surveys are recommended to verify the results, as suggested in Figure 7-2.

In such a survey, the resultant MEC value structures of consumers should be tested among a statistically valid sample, selected from Beijing mobile phone users. The "adapted hard laddering" methodology is suggested as a means of collating data, where the respondents should be asked to construct MECs based on a list of provided MEC elements resulting from this study (see Table 8-1 for the suggested list of attributes).

It is expected that the results of the "adapted hard laddering" survey may refine the value structure and proportional representation of each cluster. For example, cluster 8 "Networkers" appears to have as a distinctive value structure from the MECs generated, although no interviewees are assigned as members of this cluster due to the small sample size. An additional survey would therefore explore whether this type of value structure is sufficiently significant to construct an individual/discrete segment. Further, comparing the results of the proposed survey and the study would generate insight into the differences between hard laddering and soft laddering.

10.4.2 Time Issue – Evolution of the Marketplace

It is also acknowledged that China has undergone dramatic changes in its economy and society over the past 20 years, leading to a remarkable evolution in both the Chinese consumer and those organisations operating in China. Given that market segments are also changing as rapidly, a further suggestion would be to explore the effect of time on the 9 consumer groups identified, via a longitudinal study.

Stability is acknowledged by many researchers (Wind 1978; Kotler 2000; Wedel and Kamakura 2000), as an important criteria for selecting an effective segmentation in respect to the marketing strategy formulation. Due to the enduring nature of personal value on which the MEC is based, it has been assumed that the MEC approach to market segmentation is more stable over time than other segmentation approaches. However, given the dramatic changes in China's marketplace, this might need to be revisited.

10.4.3 Extension of the Findings to Other Market Sectors

Although the MEC approach has been tested within the Beijing mobile phone sector, it is debatable about the extent to which the approaches can be applied to other industrial sectors and regions within China.

Whether the MEC approach can be applied to other industry sectors largely depends on the development level of these sectors within specific areas. Referring to the growth in "the number of major durable consumer goods owned per household" in urban China (in Table 4-4), the mobile phone market could be seen as a barometer for the evolution of consumer market in China, and potentially indicates the development of other sectors over the next decade, including, for example, the automotive industry. Further, as there is significant diversity between different geographic regions and demographic groups exist, it is assumed that the results of the MEC segmentation will differ considerably between consumers from various regions. The extent to which the Beijing is representative to other regions depends on many factors such as: whether consumers are more brand aware than in Beijing; whether there is a high brand concentration in Beijing; whether Beijing consumers face a greater medium exposure or availability of mobile phone products.

Therefore, it is valuable to test the MEC approaches across various regions and industries to identify i) how representative the mobile phone market is to other markets; and ii) how representative Beijing is to other regions. These kinds of studies are valuable because for emergent markets such as mobile phones in rural areas, SMP based on value segmentation will help organizations generate sales and therefore increase market share; in contrast, for declining markets, such as white goods in big cities, identifying consumer value structures within each segment and possible new consumer groups will help brands to differentiate themselves more effectively from competitors. Further, it is apparent that the diversity of the MEC structures reveals the extent to which personal value inherent within consumers is consistent across various markets.

10.4.4 Cross Cultural Comparison

Following section 10.2.1, Reynolds and Olson (2001) thus believe that the *"MEC can not only describe consumer decision marking but also enable researchers to understand it"*.

In this respect, the resultant HVM can be used to explore the differences in personal value reflected in decision making processes across differing cultures. Such cross cultural studies have already been conducted in some countries, especially in America and Europe (Pitts, Wong et al. 1991; Nielsen, Bech-Larsen et al. 1998; BREDAHL 1999; Grunert, Lahteenmaki et al. 2001); however, no MEC cross cultural study has been conducted in China. Although this PhD thesis has not explored this aspect further, it is recommended that the consumer value structures of Chinese consumers might usefully be compared with those of other cultures.

The results of such a comparison would inform international organizations as to how to transfer market experience from other cultures to China. This is especially timely given that the Chinese domestic globally is a BEM (big emergent market), and has drawn increasing attention from international brands, who are entering a "second generation" stage where one of their tasks is localizing the product and brand offerings to match the unique tastes of Chinese consumers.

10.4.5 Comparison with Other Segmentation Bases

In section 8.4.3, the MEC consumer groups identified in the study were analyzed against key demographic references (age, income, and gender), and were further compared with Hofstede's cultural dimensions, and brand preference. The analysis goes a long way to proving the validity of the MEC approach for market segmentation, and further provides an insight into the significance of the segmentation approaches it is compared with. For example, analysis by gender (in section 8.4.3.2) concludes that gender is an important factor in explaining the differences in purchasing behaviour and psychology, as it contributes significantly to consumers' value based cognitive structures. The gender distinctions are also reflected in a strong correlation with Hofstede's analysis of Chinese Cultures (in section 8.4.3.4).

This, therefore, provides an opportunity for future research focusing on exploring other segmentation bases (see figure 3.2 for a matrix of segmentation bases) in the context of China, and more specifically gender, culture, and behavioural bases.

10.4.6 Advertising and Other Marketing Strategy Formulations

The results of the evaluation discussed in 9.2 demonstrate that advertisement evaluation via an MEC approach is appropriate, providing insight in the five levels of a MECCAS, which correlates closely with existing literature (Olson and Reynolds 1983). For future study, it may be valuable to use the resultant MECs as a tool to assess advertisements of brands in China within targeted consumer groups. It is expected that the MEC evaluation would help organizations to test advert affects and efficiency, and further inform advertising agencies as to value drivers, leverage points, executional frameworks, consumer values and communication messages.

Further, the MEC results can be also applied to marketing strategy formulation as suggested by Botschen and Hemetsberger (1998). Although comparatively few previous studies have been undertaken in this area, it suggests that the MEC approach can provide insight and practical guidance as to the formulation of marketing strategy within China's context.

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Appendix 1 INTERVIEW QUESTIONS

Experiment 1 – Soft Laddering (English)

Part One: Personal Information

1. Title:
2. Age:
3. Education:
4. Job:
5. Family Member:
6. Annual Household Income:

Part Two: Elicit Attributes:

7.Do you use a mobile phone?

a) Yes (please go to question 8) b) No (please go to question 12)

8.which brand is your mobile phone?

9.when did you buy it?

10.what made you buy this particular one?
(Could you describe what happened when you decide to buy it?)

11.how do you feel about it now? (What makes you like it? what makes you dislike it?)

12.have you ever used other mobile phones except the one you currently use?

a) Yes (please go to question 13) b) No (please go to question 14)

13. what brands were they? What makes you like it? what makes you dislike it?

1)	
2)	
3)	
4)	
5)	

Part Three: Laddering

14. image you are now going to buy a mobile phone, what will concern you

    The most?

    The second?

    The third?

15. you said ... is most important to you, why?

16. you said ... is also important to you, why?

17. you said ... is also important to you, why?

Appendix 2 QUESTIONNAIRE

EXPERIMENT 2 – HARD LADDERING (ENGLISH)

Part One: Personal Information

1. Title:

2. Age:
   a) 18- b) 19-35 c) 36-45 d) 46-55 e) 56+

3. Job:
   a) Teacher b) worker c) officer d) manager
   e) self employed (business) f) Student g) self employed
   h) unemployed i) others

4. Education:
   a) Master (+) b) Bachelor's Degree c) Diploma
   d) High School Graduate e) Middle School Graduate
   f) Primary School (-)

5. Annual Income:
   a) 10,000 Yuan (-) b) 10,001-20,000 Yuan
   c) 20,001-40,000 Yuan d) 40,000 Yuan (+)

Part Two: Information about Mobile Usage

6. Do you use a mobile phone currently?

a) Yes, I use a mobile phone all the time.

b) No. But I used to have one and plan to buy one soon.

c) No. But I used to have one and do not plan to buy one soon.

d) No. I have never used a mobile phone before and plan to buy one soon.

e) No. I have never used a mobile phone before and do not buy one soon.

Table 1:

1) Motorola	2) Nokia	3) Sanyo	4) Siemens	5) Philips	6) Alcatel
7) Sony	8) NEC	9) Panasonic	10) Samsung	11) Sony-Ericsson	12) LG
13) Ke Jian	14) Eastern Com	15) Amorsonic	16) TCL	17) Panda	18) ZTE
19) Konka	20) Bird	21) Haier	22) Xiaxing	23) Others	

7. If you use a mobile phone currently, which brand is it? (please selected from table 1 above) ______

8. Which brand names do you like? (please selected from table 1 above)

______	______	______
The Most	The Second	The Third

9. Comparing the brand names you choose in question 7, why do you like the first one more than the second one?

______	______	______
Attribute One	Attribute Two	Attribute Three

10. Comparing the brand names you choose in question 7, why do you like the second one more than the third one?

______	______	______
Attribute One	Attribute Two	Attribute Three

11. Comparing the brand names you choose in question 7, why do you like the third one more than the other brand names you have not choose?

______	______	______
Attribute One	Attribute Two	Attribute Three

Part 3: Laddering

12. Among the attributes you filled in in question 8, 9, 10, which three are the most important to you? Please fill them in the first column marked "1" in order of importance.
13. Row 1:
    - Why the attribute you filled in the cell marked "1" is important for you? Please fill the reason in the cell marked "2";
    - Why what filled in the cell marked "2" is important for you? Please fill the reason in the cell marked "3";
    - Why what filled in the cell marked "3" is important for you ? please fill the reason in the cell marked "4";
    - Why what filled in the cell marked "4" is important for you ? please fill the reason in the cell marked "4";
14. Row 2: (please follow the same instructions of question 12)
15. Row 3: (please follow the same instructions of question 12)

	The following product attributes of my mobile phone are important to me	this attributes is important for me, because ...	this attributes is important for me, because	.. this attributes is important for me, because ...	. this attributes is important for me, because ...
1. Important Attribute	1	2	3	4	5
2. Important Attribute	1	2	3	4	5
3. Important Attribute	1	2	3	4	5

Appendix 2-3

APPENDIX 3 QUESTIONNAIRE

EXPERIMENT 2 – HARD LADDERING (CHINESE)

第一部分：个人资料

1. 称呼：

   ______ 先生 ______ 女士

2. 年龄：

   a) 18 岁以下 b) 19-35 岁 c) 36-45 岁
   d) 46-55 岁 e) 56 岁以上

3. 教育程度：

   a) 硕士以上 b) 大学本科 c) 大学专科 d) 高中 e) 初中 f) 小学 g) 小学以下

4. 工作：

   a) 教师 b) 工人 c) 公务员 d) 企业文职人员 e) 企业技术人员
   f) 公司中级管理人员 g) 公司高级管理人员 h) 私营企业
   i) 学生 j) 自由职业 k) 下岗 l) 其他

5. 年收入：

   a) 1 万元以下 b) 1 万元以上——2 万 c) 2 万元以上——3 万
   d) 4 万以上

第二部分：手机使用情况

6. 您使用手机吗？

   a) 一直使用
   b) 以前使用，现在暂时没有用，打算购买
   c) 以前使用，现在暂时没有用，将来也没打算使用
   d) 没有用过，但打算购买
   e) 没有用过，将来也没打算使用

表一：

1) 摩托罗拉	7) 索尼	13) 科健	18) 中兴
2) 诺基亚	8) NEC	14) 东信	19) 康佳
3) 三洋	9) 松下	15) 厦华	20) 波导
4) 西门子	10) 三星	16) TCL	21) 海尔
5) 飞利浦	11) 索尼爱立信	17) 熊猫	22) 厦新
6) 阿尔卡特	12) LG		

7. 如果您现在使用手机，您使用的是哪个牌子的手机？（请从的表一中选出，并在下空格中写出相应号码）

   ______

8. 您最喜欢的是哪些品牌的手机？（请从表一中选出，并在下空格中写出相应号码）

   ______ ______
   ______
   最喜欢 其次喜欢
   第三喜欢

9. 您在问题 7 中选择了您最喜欢的手机品牌，那是它的哪些特征或是因素相对于其他手机品牌让你最喜欢它？

   ______ ______
   ______
   因素一 因素二

因素三

10. 您在问题7中选择的您其次喜欢的手机品牌的哪些特征或是因素让你觉得比起您选择的第三喜欢的手机品牌更让你喜欢？

______　　　______

______

因素一　　　因素二

因素三

11. 您在问题7中选择的您第三喜欢的手机品牌的哪些特征或是因素让你觉得比起您没有选择的其他手机品牌更让你喜欢？

______　　　______

______

因素一　　　因素二

因素三

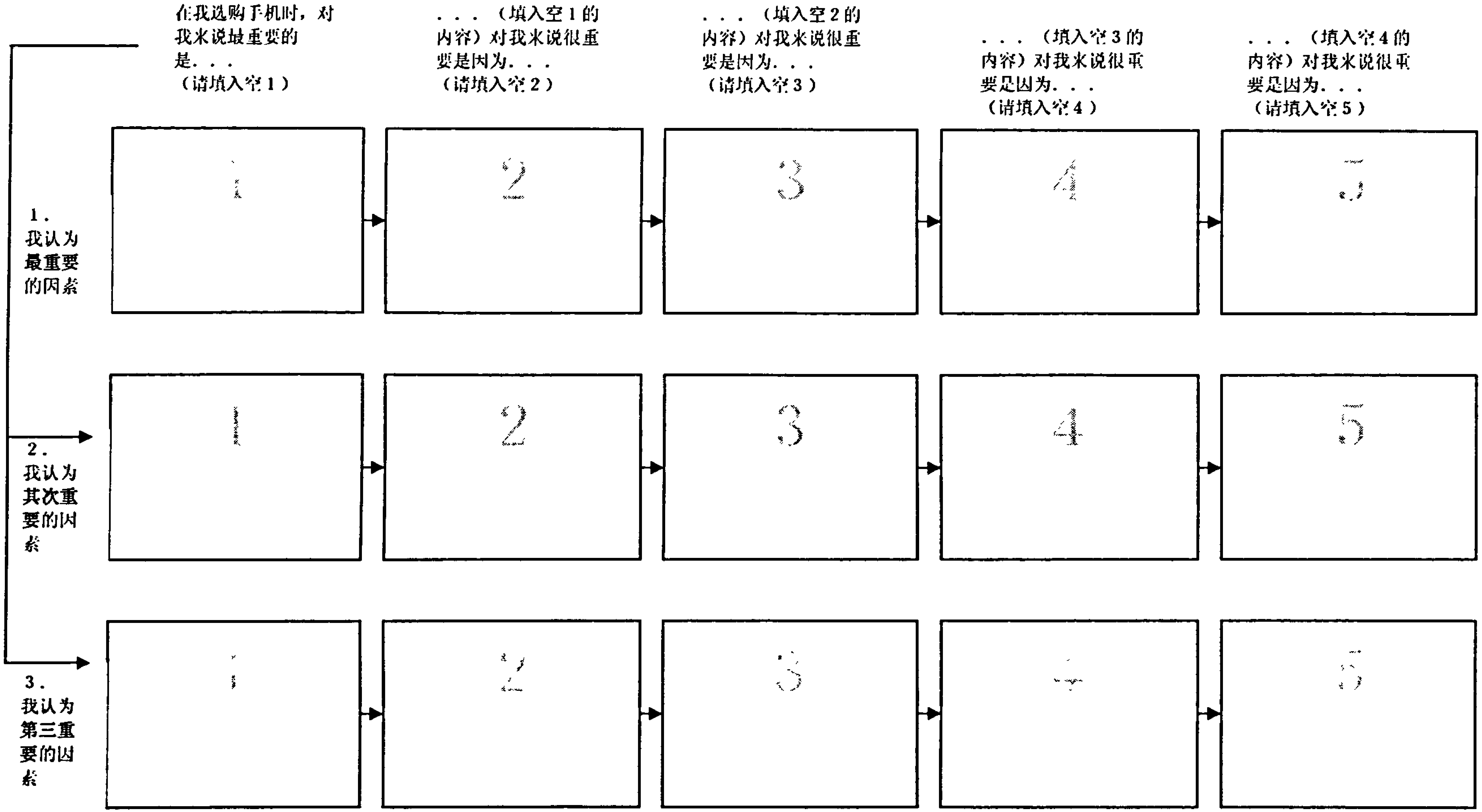
第三部分：请根据提示完成以下的表格--Laddering

12. 您再问题8，9，10 中填写了您认为比较重要的因素和特征，那么，在您填写的内容中，哪三个因素最重要？ 请把他们按重要顺序填入左起第一列（空1）；

13. 如果您填完成了纵向的三个空格（空1），请转向第一行的其他空格：
- 空2上的文字说："．．*（填入空1的内容）对我来说很重要是因为．．*" 指的是：你在空1中填入的您认为重要的这个因素为什么对您重要？
- 当您完成空2，请转向空3；空3上的文字说："．．*（填入空2的内容）对我来说很重要是因为．．*" 指的是：你在空2中填入的您认为这个因素重要的原因为什么对您重要？
- 当您完成空3，请转向空4；空4上的文字说："．．*（填入空3的内容）对我来说很重要是因为．．*" 指的是：你在空3中填入的原因为什么对您重要？
- 当您完成空4，请转向空5；空5上的文字说："．．*（填入空4的内容）对我来说很重要是因为．．*" 指的是：你在空4中填入的原因为什么对您重要？

14. 当您填完成了第一行的所有空格，请转向第二行，依据与第一行同样的提式完成其他问题；

15. 当您填完成了第二行的所有空格，请转向第三行，依据与第一行同样的提式完成其他问题。


在我选购手机时，对我来说最重要的是．．．（请填入空1）
．．．（填入空1的内容）对我来说很重要是因为．．．（请填入空2）
．．．（填入空2的内容）对我来说很重要是因为．．．（请填入空3）
．．．（填入空3的内容）对我来说很重要是因为．．．（请填入空4）
．．．（填入空4的内容）对我来说很重要是因为．．．（请填入空5）
1．我认为最重要的因素
2．我认为其次重要的因素
3．我认为第三重要的因素
1
2
3
4
5

Appendix 3-3

APPENDIX 4 RESULTS

EXPERIMENT 2 – HARD LADDERING

ID	Name	1. Sex	2. Age	3 Job	4. Income (Yuan/Year)
1.	Wang	Male	19-35	Student	20,001-40,000
2.	Li	Male	19-35	Student	
3.		Female	19-35	Student	
4.		Male	19-35	Student	20,001-40,000
5.		Female	19-35	Student	40000 +
6.	Wang	Female	19-35	Others	-10,000
7.	Li	Male	19-35	Junior Management	10,000-20,000
8.	Fu	Male	19-35	Manager	40000 +
9.		Male	19-35	Student	-10,000
10.		Female	19-35	Student	10,000-20,000
11	Fan	Female	19-35	Lecturer	40000 +

ID	5. Do You Currently Own A Mobile Phone?	6. Which Brand Is It?	7. Brand Preference 1	7. Brand Preference 2	7. Brand Preference 3
1.	Yes	Nokia	Nokia	Sony	Motorola
2.	Yes	Nokia	Nokia	Motorola	Siemens
3.	Yes				
4.	Yes	Sony	Samsung	Sony	Nokia
5.	Yes	Nokia	Nokia	Sony	Samsung
6.	Yes	Sony-Erickson	Samsung	Sony-Erickson	LG
7.	Yes	Motorola	Motorola	Nokia	Sanyon
8.	Yes	Motorola	Philips	Motorola	Sony
9.	Yes	Sony-Erickson	Sony-Erickson	Nokia	Motorola
10.	Yes	Sony	Sony	Siemens	Nokia
11	Yes	Samsung	Samsung	Nokia	Siemens

ID	8. Why Do You Like Your Most Favourite Brand, Comparing With The Second Choice?		
1.	Appearance	Function	
2.	Brand Name	Appearance	Internet Downloading
3.			
4.	Appearance	Technology	Function
5.	Quality	Appearance	Standby Time
6.	Appearance	Quality	Durability
7.	Quality	Price	Appearance
8.	Convince	Sound Quality	Multi Functions
9.	User Friendly	Style	Screen Resolution
10.	Appearance		
11	Appearance	Operation	Functionality

ID	9. Why Do You Like Your Second Favourite Brand, Comparing With The Third Choice?		
1.	Quality	Function	
2.	Appearance	Brand Name	
3.			
4.	Appearance	Convenient	
5.	Size	Standby Time	
6.	Appearance	Quality	Signal Receiving
7.	Quality	Price	Appearance
8.	Convenience	Operation Interface	Standby Time
9.	User Friendly	Price	Brand Name
10.	Functionality	Durability	Appearance
11	Brand	Appearance	Function

ID	10. Why DO You Like Your Third Favourite Brand, Comparing With Other Phones?		
1.	Quality	Price	
2.	Price		
3.			
4.	Function		
5.	Size		
6.	Appearance	Quality	Durability
7.	Quality	Price	Appearance
8.	Appearance	Quality	Brand
9.	Style	Brand Name	Operation Interface
10.			
11	Brand	Function	Appearance

ID	11a. Why ... Is Important To You?				
1.	Brand	Quality	Durability	Save Money	
2.	Price	Affordability	Affordability	Affordability	
3.	Convenience				
4.	Appearance	Personality			
5.	Quality	Essential	In Emergent	Convenient	
6.	Appearance	Good Looking	High Standard	Face	Feel Good
7.	Quality	Durability	Practical	Responsibility	Success
8.	Convenience	Easy To Use	Make Things Easier	Efficiency	Productivity
9.	Value	Save Money	Save Money	Affordability	
10.	Functionality				
11	Appearance	Style	Fashion		

ID	11b. Why ... Is Important To You?				
1.	Price	Affordability			
2.	Appearance	Fashion	Fashion	Happy	
3.	Fashion	Beauty			
4.	Function	Technology			
5.	Appearance	Fit To The Whole Image	Fit My Image		
6.	Quality	Durability	Save Money	Affordability	Save
7.	Price	Income	Affordability	Responsibility	Trust
8.	Sound Quality	Save Energy	Respect Others	Respect Self	Easy To Use
9.	User Friendly	Easy To Use		Efficiency	Faster
10.	Durability				
11	Functionality	Reliable	Save Trouble		

ID	11c. Why ... Is Important To You?				
1.	Functionality	Save Time			
2.	Operation	Easy To Use	Save Time	Convenient	
3.	Multi Function	Convenient	Convenient		
4.	Convenience	Easy To Use			
5.	Standby Time	Convenient	Avoid Trouble		
6.					To Do Other
	Durability	Avoid Delaying	Save Money	Save Time	Meaningful Thing
7.	Appearance	Style	Mood	Free	Freedom
8.	Operation	Simple	Continence	Safety	Respect Life
9.	Screen Resolution	Better Colour	Taking Pictures		Durability
10.	Appearance				
11	Operation	Easy To Use	Avoid Trouble		

Appendix 5 QUESTIONNARIE

EXPERIMENT 3 – ADAPTED HARD LADDERING (ENGLISH)

Part One: Personal Information

1. Title:

2. Age:

   a) 18- b) 19-35 c) 36-45 d) 46-55 e) 56+

3. Job:

   a) Teacher b) worker c) officer d) manager
   e) self employed (business) f) Student g) self employed
   h) unemployed i) others

4. Education:

   a) Master (+) b) Bachelor's Degree c) Diploma
   d) High School Graduate e) Middle School Graduate
   f) Primary School (-)

5. Annual Household Income:

   a) 10,000 Yuan (-) b) 10,001-20,000 Yuan
   c) 20,001-40,000 Yuan d) 40,000 Yuan (+)

Part Two: General Information of Mobile Usage

6. Do you use a mobile phone currently?

   a) Yes, I use a mobile phone all the time.
   b) No. But I used to have one and plan to buy one soon.
   c) No. But I used to have one and do not plan to buy one soon.
   d) No. I have never used a mobile phone before and plan to buy one soon.
   e) No. I have never used a mobile phone before and do not buy one soon.

1)	Motorola	2)	Nokia	3)	Sanyo	4)	Siemens	5)	Philips	6)	Alcatel
7)	Sony	8)	NEC	9)	Panasonic	10)	Samsung	11)	Sony-Encsson	12)	LG
13)	Ke Jian	14)	Eastern Com	15)	Amorsonic	16)	TCL	17)	Panda	18)	ZTE
19)	Konka	20)	Bird	21)	Haier	22)	Xiaxing	23)	Others		

7. If you use a mobile phone currently, which brand is it? (please select from table above)

   ______

8. Which brand names do you like? (please selected from table above)

   ______ The Most ______ The Second ______ The Third

Part 3: Laddering (choose answers from the choice provided on the next page)

	The following product attributes of my mobile phone are important to me	this attributes is important for me, because	this attributes is important for me, because	this attributes is important for me, because	this attributes is important for me, because	this attributes is important for me, because
1. Important Attribute	1	2	3	4	5	6
2. Important Attribute	1	2	3	4	5	6
3. Important Attribute	1	2	3	4	5	6

1. Attributes:	**2. Abstract attributes**	**3. Physical consequences** Value
Weight style(material; texture; colour ; size) Physical quality usability(screen size, keyboard size & arrangement) basic technique index (memory, standby time & talk time) incorporation of high tech multifunction (e.g. Vibration Alert, games) type of network (GSM900/1800/1900MHz,GPRS) customization (change cover) price brand name words of mouth promotion Wide selection of PR/ Svcs origin retailer (where you buy) on point sale service after sale service warranty exposure time of launch into market	Reliable Good looking Portable Personality Durable Functionality Easy to use Convenient	Count on to work Make life easier Save time Save money

4. Psychological consequences	5. Instrumental Value	6. Terminal Value
Care	Ambitious	A comfortable life
Commitment to positive change	Broad-minded	An exciting life
Trust	Capable	A sense of accomplishment
Efficiency	Cheerful	A world at peace
A good mood	Clean	A world of beauty
	Courageous	Equality
	Forgiving	Family security
	Helpful	Freedom
	Hones	Happiness
	Imaginative	Inner harmony
	Independent	Mature love
	Intellectual	National security
	Logical	Pleasure
	Loving	Salvation
	Obedient	Self-respect
	Polite	Social recognition
	Responsible	True friendship
	Self-controlled	Wisdom

Appendix 6 QUESTIONNARIE

EXPERIMENT 3 – HARD LADDERING (CHINESE)

第一部分：个人资料

1. 称呼：

   ______ 先生 ______ 女士

2. 年龄：

   a) 18 岁以下 b) 19-35 岁 c) 36-45 岁
   d) 46-55 岁 e) 56 岁以上

3. 教育程度：

   a) 硕士以上 b) 大学本科 c) 大学专科 d) 高中 e) 初中 f) 小学
   g) 小学以下

4. 工作：

   a) 教师 b) 工人 c) 公务员 d) 企业文职人员 e) 企业技术人员
   f) 公司中级管理人员 g) 公司高级管理人员 h) 私营企业
   i) 学生 j) 自由职业 k) 下岗 l) 其他

5. 年收入：

   a) 1 万元以下 b) 1 万元以上——2 万 c) 2 万元以上——3 万
   d) 4 万以上

第二部分：手机使用情况

6. 您使用手机吗？
   a) 现在正在使用
   b) 以前使用，现在暂时没有使用，但打算购买
   c) 以前使用，现在暂时不用，将来也不打算购买
   d) 没有用过，但打算购买
   没有用过，将来也没打算使用

7. 如果您现在使用手机，您使用的是哪个牌子的手机？（请从左边表一中选出，并在下空格中写出相应号码）

   ______

8. 您最喜欢的是哪些品牌的手机？（请从左边表一中选出，并在下空格中写出相应号码）

   ______ 最喜欢 ______ 其次喜欢 ______ 第三喜欢

1) 摩托罗拉
2) 诺基亚
3) 三洋
4) 西门子
5) 飞利浦
6) 阿尔卡特
7) 索尼
8) NEC
9) 松下
10) 三星
11) 索尼爱立信
12) LG
13) 科健
14) 东信
15) 厦华
16) TCL
17) 熊猫
18) 中兴
19) 康佳
20) 波导
21) 海尔
22) 厦新
23) 其他品牌

第三部分：Laddering

2．请根据提示完成下面的表格：

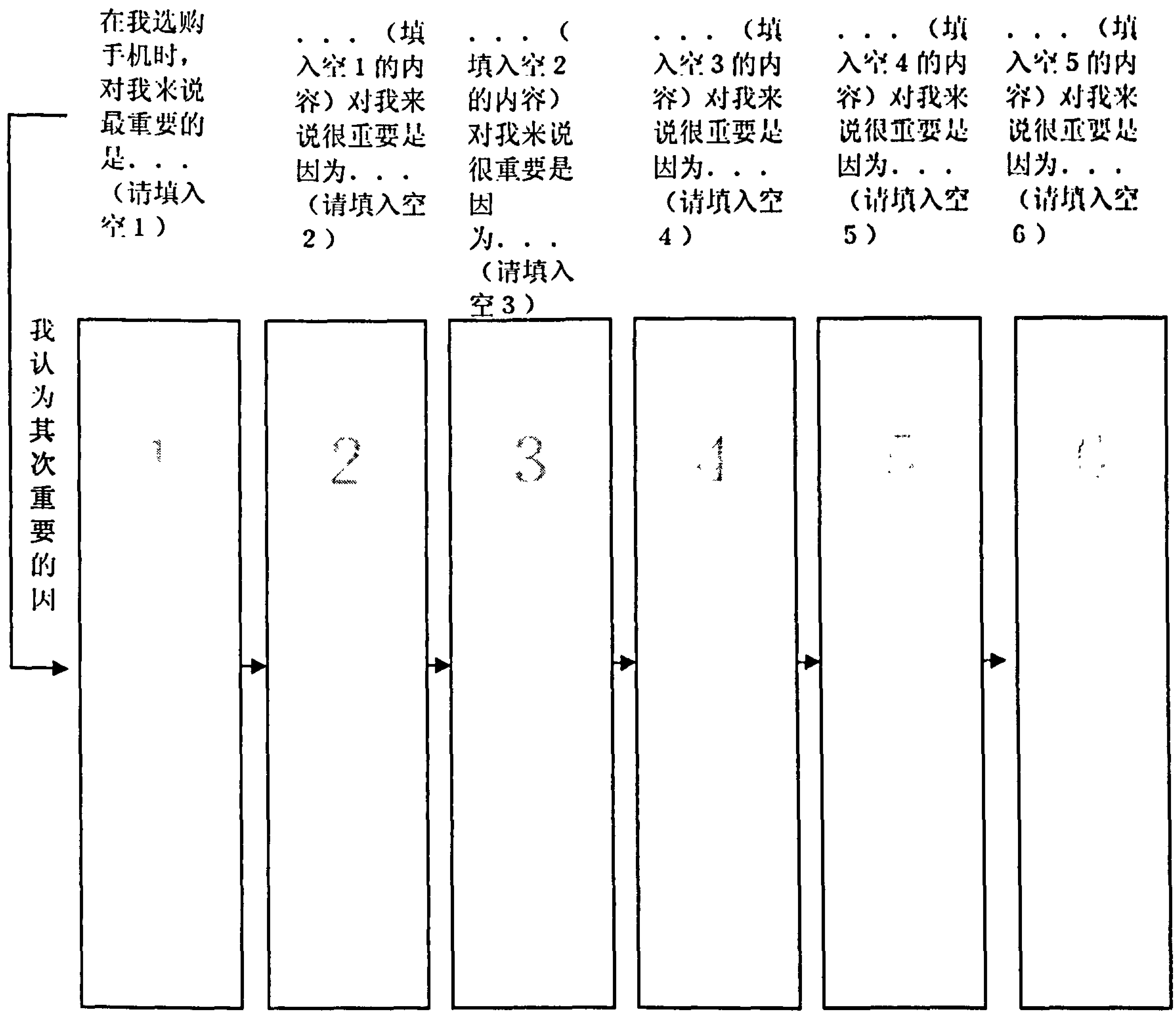
- 当您选购手机时，您认为什么因素最重要？填在标有 1 的地方。（可从第 5 页的表一中挑选出）
- 为什么填入空 1 的因素对您很重要？请填入标有 2 的地方。（可从第 5 页表二中挑选出）
- 为什么填入空 2 的原因对您很重要？请填入标有 3 的地方。（可从第 5 页表三中挑选出）
- 为什么填入空 3 的原因对您很重要？请填入标有 4 的地方。（可从第 5 页表四中挑选出）
- 为什么填入空 4 的原因对您很重要？请填入标有 5 的地方。（可从第 5 页表五中挑选出）

我认为最重要的

在我选购手机时，对我来说最重要的是．．．（请填入空 1）	．．．（填入空 1 的内容）对我来说很重要是因为．．．（请填入空 2）	．．．（填入空 2 的内容）对我来说很重要是因为．．．（请填入空 3）	．．．（填入空 3 的内容）对我来说很重要是因为．．．（请填入空 4）	．．．（填入空 4 的内容）对我来说很重要是因为．．．（请填入空 5）	．．．（填入空 5 的内容）对我来说很重要是因为．．．（请填入空 6）
1	2	3	4	5	6

3．请根据提示完成下面的表格：

- 当您选购手机时，您认为什么因素其次重要？填在标有 1 的地方。（可从第 5 页表一中挑选出）
- 为什么填入空 1 的因素对您很重要？请填入标有 2 的地方。（可从第 5 页表二中挑选出）
- 为什么填入空 2 的原因对您很重要？请填入标有 3 的地方。（可从第 5 页表三中挑选出）
- 为什么填入空 3 的原因对您很重要？请填入标有 4 的地方。（可从第 5 页表四中挑选出）
- 为什么填入空 4 的原因对您很重要？请填入标有 5 的地方。（可从第 5 页表五中挑选出）
- 为什么填入空 5 的原因对您很重要？请填入标有 6 的地方。（可从第 5 页表六中挑选出）



4．请根据提示完成下面的表格：

• 当您选购手机时，您认为什么因素第三重要？填在标有 1 的地方。（可从第 5 页表一中挑选出）

• 为什么填入空 1 的因素对您很重要？请填入标有 2 的地方。可从第 5 页表二中挑选出）

• 为什么填入空 2 的原因对您很重要？请填入标有 3 的地方。（可从第 5 页表三中挑选出）

• 为什么填入空 3 的原因对您很重要？请填入标有 4 的地方。（可从第 5 页表四中挑选出）

• 为什么填入空 4 的原因对您很重要？请填入标有 5 的地方。（可从第 5 页表五中挑选出）

• 为什么填入空 5 的原因对您很重要？请填入标有 6 的地方。（可从第 5 页表六中挑选出）

在我选购手机时，对我来说最重要的是．．．（请填入空 1）	．．．（填入空 1 的内容）对我来说很重要是因为．．．（请填入空 2）	．．．（填入空 2 的内容）对我来说很重要是因为．．．（请填入空 3）	．．．（填入空 3 的内容）对我来说很重要是因为．．．（请填入空 4）	．．．（填入空 4 的内容）对我来说很重要是因为．．．（请填入空 5）	．．．（填入空 5 的内容）对我来说很重要是因为．．．（请填入空 6）
1	2	3	4	5	6

我认为第三重要的因：

表一：

重量	体积	款式	材料	表面处理
质感	颜色	产品制造质量	显示屏尺寸	按键安排大小
菜单显示	内存量	通话时间	待机时间	软件运用
可上网	彩信	振动功能	游戏功能	网络类型
可换彩壳	价钱	品牌	口碑	促销
上市时间	品牌的产地和国家	零售商(在什么地方购买)	销售服务质量	售后服务质量
网络兼容性	保修时间	媒体曝光度	可选择的产品种类多	可选择的服务范围多

表二：

可靠	好看	携带方便	个性化	耐用
实用性能好	好用	使用方便	时尚	质量高
便宜	高科技			

表三：

值，划算	可以放心	生活更轻松	节省时间	节省钱
省事				

表四：

关怀	信任	心情好	效率高	避免不好的/有利于好的变化

表五：

抱负	心胸开阔	有能力	高兴	干净
有勇气	大度	乐于助人	诚实	富于想象力
独立	有知识	有逻辑	爱	服从
礼貌	有责任心	自制		

表六：

生活舒适	生活刺激	成就感	和平	平等
个人安全感	家庭安全感	自由	幸福	内心平静
爱情	民族安全感	喜悦	信仰	自尊
知名度	友谊	智慧		

Appendix 7 RESULTS

EXPERIMENT 3 – HARD LADDERING

Id	Name	1. Sex	2. Age	3. Education	4 Job	5. Income (Yuan/Year)
1.	Xiao	Male	19-35	Mater +	Self Employed	40,000 (+)
2.	Li	Male	19-35	Mater +	Student	40,000 (+)
3.	Zheng	Male	19-35	Mater +	Student	40,000 (+)
4.	Tao	Male	19-35	Bachelor's Degree	Student	40,000 (+)
5.						
6.						
7.						
8.	Zhu	Male	19-35	Bachelor's Degree	Self Employed	40,000 (+)
9.	Sun	Male	36-45	Mater +	Manger	40,000 (+)
10.	Lin	Male	19-35	Bachelor's Degree	Others	10,000 (-)
11	Wu	Male	19-35	Bachelor's Degree		40,000 (+)
12		Female	19-35	Mater +		10,001-20,000
13	Lu	Female	19-35	Mater +	Others	10,001-20,000
14	Ada	Female	19-35	Mater +	Others	10,000 (-)

6. Do You Currently Own A Mobile Phone?	7. Which Brand Is It?	8. Brand Preference 1	8. Brand Preference 2	8. Brand Preference 3
Yes	Motorola	Nokia	Samsung	Motorola
Yes	Nokia	Nokia	Samsung	Sony-Eriksson
Yes	Nokia	Nokia	Samsung	Motorola
Yes	Nokia	Samsung	Motorola	Nokia
Yes				
Yes				
Yes				
Yes	Sony-Ericsson	Sony-Ericsson	Samsung	Motorola
Yes	Nokia	Nokia	Sony-Ericsson	National
Yes	Sony-Ericsson	Motorola	Sony-Ericsson	Nokia
Yes	Siemens	Motorola	Siemens	Nokia
Yes	Nokia	Nokia	Samsung	Siemens
Yes	Sony-Ericsson	Sony-Ericsson	Nokia	
Yes	Sony-Ericsson	Sony-Ericsson	Nokia	Siemens

9. Why … this is important to you?

9-1	9-2	9-3	9-4	9-5	9-6
Appearance	Convenient	Make Life Easier	Efficient	A Comfortable Life	Happy
Brand Name	Reliable	Count On To Work	Good Mood	Cheerful	Happy
Appearance	Stylish	A Better Life	Cheerful	Happy	
Type Of Network	Functionality	A Better Life	Efficient	Capable	A Comfortable Life
Words Of Mouth	Reliable	Count On To Work	A Good Mood	Cheerful	Happy
Function	Easy To Use	A Better Life	Efficient	Imaginative	A Comfortable Life
Appearance	Personality	Make Life Easier	A Good Mood	Independent	Freedom
Appearance	Functionality	A Better Life	Efficient	Capable	A Comfortable Life
Physical Quality	High Quality	Value	Trust	Responsibility	A Sense Of Secured
Physical Quality	Durability	Count On To Work	Trust	Responsibility	A Sense Of Secured
Physical Quality	Reliable	Count On To Work	A Good Mood	Cheerful	A Comfortable Life
Physical Quality	Durability	Count On To Work	Trust	Responsibility	S Sense Of Secured
Price	Convenient	Value	A Good Mood	Cheerful	Pleasure
Physical Quality	Functionality	Make Life Easier	Efficient	Logical	A Comfortable Life

10. Why … This Is Important To You?

10-1	10-2	10-3	10-4	10-5	10-6
Brand Name	Quality	Count On To Work	Trust	Responsibility	Social Recognition
Appearance	Stylish	A Better Life	A Good Mood	Cheerful	Happy
Price	Cheap	Value	Efficient	Capable	Wisdom
Brand Name	Reliable	Count On To Work	Trust	Capable	A Comfortable Life
Brand Name	Reliable	Count On To Work	A Good Mood	Cheerful	Happy
Brand Name	High Tech	Save Time	Efficient	Capable	A Sense Of Accomplishment
Standby Time	Convenient	Count On To Work	Trust	Capable	A Sense Of Accomplishment
Physical Quality	Easy To Use	Count On To Work	A Good Mood	Imaginative	Pleasure
Service	Reliable	Count On To Work	Trust	Honest	Self-Respect
Price	Cheap	Value	Efficient	Self Control	Belief
Software	Functionality	Save Time	Efficient	Capable	A Sense Of Accomplishment
Appearance	Portable	Make Life Easier	Efficient	Independent	Freedom
Brand Name	Reliable	Count On To Work	A Good Mood	Intellectual	Pleasure
Software	Convenient	Value	Trust	Cheerful	Feel Secured

11. Why ... This Is Important To You?

11-1	11-2	11-3	11-4	11-5	11-6
Weight	Portable	Make Life Easier	Good Mood	Happy	A Comfortable Life
Appearance	Portable	Make Life Easier	A Good Mood	Cheerful	Happy
Words Of Mouth	Functionality	Count On To Work	Trust	Responsibility	Feel Secured
Standby Time	Functionality	Make Life Easier	Efficiency	Capable	A Comfortable Life
Price	Value-To-Money	Save Money	A Good Mood	Cheerful	Happy
Appearance	Stylish	Make Life Easier	A Good Mood	Cheerful	An Exciting Life
Brand Name	Durable	Save Time	Efficiency	Self-Control	Equality
Brand Name	Stylish	Make Life Easier	Trust	Responsibility	Social Recognition
Words Of Mouth	Durable	Count On To Work	Care	Responsibility	Self-Respect
Brand Name	Quality	Count On To Work	Trust	Obedient	Family Security
Appearance	Easy To Use	Make Life Easier	A Good Mood	Cheerful	A Comfortable Life
Internet	Easy To Use	Save Time	Efficiency	Capable	A Comfortable Life
Promotion	Cheap	Save Money	A Good Mood	Clean	Pleasure
Style	Portable	Count On To Work	A Good Mood	Clean	Pleasure

Appendix 8 CIMAS DATA

BEIJING MOBILE PHONE USERS

Table 1 (Appendix 8): Mobile phone users

Run:	Mobile Phone
Source:	China Marketing & Media Survey 2003 (Spring),CIMAS
Weight:	Population Weight
Proj. Totals:	1000's
Table:	Beijing (BJ)

	Total			**Currently Own Mobile Phone**		
	Representing Population (Thousand)	Sample	Percentage	Representing Population (Thousand)	Sample	Percentage
Total	8,001	5,193	100	5,115	2,948	100
Sex						
Male	4,058	2,662	50.7	2,800	1,681	54.7
Female	3,943	2,531	49.3	2,315	1,267	45.3
age						
Age 15-19	633	602	7.9	192	185	3.8
Age 20-24	1,156	544	14.4	924	435	18.1
Age 25-29	1,694	541	21.2	1,425	458	27.9
Age 30-34	1,406	782	17.6	1,075	603	21
Age 35-39	932	506	11.7	643	354	12.6
Age 40-44	514	754	6.4	301	445	5.9
Age 45-49	413	447	5.2	197	203	3.9
Age 50-54	475	345	5.9	163	115	3.2

Age 55-59	441	288	5.5	142	90	2.8
Age 60-64	337	384	4.2	53	60	1
Monthly Income						
No income	1,584	1,096	19.8	746	454	14.6
99-499 RMB	277	198	3.5	73	52	1.4
500-999 RMB	1,605	1,198	20.1	629	405	12.3
1000-1499 RMB	1,870	1,170	23.4	1,293	734	25.3
1500-1999 RMB	945	561	11.8	784	445	15.3
2000-2499 RMB	698	403	8.7	638	353	12.5
2500-2999 RMB	221	118	2.8	209	109	4.1
3000-3499 RMB	234	124	2.9	226	119	4.4
3500-3999 RMB	64	36	0.8	63	35	1.2
4000RMB +	249	128	3.1	245	126	4.8
Refuse to answer	255	161	3.2	208	116	4.1
Career						
Public sector	512	343	6.4	359	227	7
Qualified professional	851	541	10.6	651	370	12.7
Junior professional	247	138	3.1	182	94	3.6
Middle/senior management	485	299	6.1	407	236	8
Junior management	520	331	6.5	398	234	7.8
service sector	1,066	702	13.3	670	395	13.1
manufacture sector	1,012	753	12.6	441	282	8.6
Self employed	219	118	2.7	192	102	3.8
Free lance	97	55	1.2	70	42	1.4
Domestic worker	2	1	0	0	0	0
Non specific employee	996	590	12.4	678	356	13.3
other	86	57	1.1	62	34	1.2

Table 2 (Appendix 8) Owned brands (top10)

Source	China Marketing & Media Survey 2003 (Spring),CIMAS
Weight	Population Weight
Proj. Totals	1000's
Sorted By	Percentage Column
Notes	* data relatively unstable ** data highly unstable

	Audience	Resps	%Column
Total	33,461	32,303	100
Motorola	10,416	9,685	31.1
Nokia	9,096	8,939	27.2
Samsung	3,430	3,335	10.3
Ericsson	3,002	2,737	9
Siemens	2,245	2,221	6.7
Alcatel	770	705	2.3
Philips	690	744	2.1
Panasonic	625	549	1.9
TCL	537	587	1.6
Bird	435	466	1.3

Appendix 9 INTERVIEW QUESTIONS

(ENGLISH)

Part one: Personal Information

1. Name & Title
2. Age
3. Education
    a. Doctor's degree +
    b. Master's degree
    c. Bachelor's degree
    d. Diploma
    e. Senior secondary school
    f. Junior secondary school
    g. Primary school
    h. Not educated

4. Job
    a. Public sector
    b. Qualified professional
    c. Junior professional
    d. Middle/senior management
    e. Junior management
    f. Service sector
    g. Manufacture sector
    h. Self employed
    i. Free lance
    j. Domestic worker
    k. Non specific employee
    l. Not employed

5. Income

Part two: Experience

6. Do you own a mobile phone?
    a. No, I do not own a mobile phone
    b. Yes, I do own a mobile phone

7. Which brand do you use now?

8. What attributes of the phone made you decide to buy it?

9. Are you satisfied with the phone you are using now?
    a. No, I am not
    b. Yes, I am.

    9a. What attributes make you feel satisfied with it after a period of using?

    9b. What attributes make you feel unsatisfied with it after a period of using?

10. Except for this mobile phone, have you ever used other phones?

11. If yes, what brands are they respectively?

12. What made you satisfied with them?

13. What made you unsatisfied with them?

14. Name three mobile phone brands in order of your preference, and give the reasons.

15. You have brought forwards some attributes that concern you according to what we just chat about; would you rank them in order of importance?

Part three: Laddering

16. In the list of attributes of question 15, what you think are the most important things to you if you will buy a new mobile phone now?
    a. The most important attributes
    b. The second important attributes
    c. The third important attributes

17. You just said ... are the most important attributes to you, why?

18. You just said ... are the second important attributes to you, why?

19. You just said ... are the third important attributes to you, why?

Appendix 10 INTERVIEW QUESTIONS

(CHINESE)

第一部分：个人资料

1. 称呼：

______ 先生　　______ 女士

2. 年龄：

1）19 岁以下　2）20-29 岁　3）30-39 岁

4）40-49 岁　5）50 岁以上

3. 教育程度：

1）博士以上　2）硕士　3）大学本科
4）大学专科　5）高中　6）初中
7）小学　8）小学以下

4. 工作：

1）党政机关/社团/事业单位干部
2）中、高级专业技术人员
3）初级专业技术人员
4）企业/公司中、高层管理人员
5）企业/公司一般管理人员
6）商业、服务业一般职工
7）制造业/生产性企业一般职工
8）个体户/自营职业者
9）自由职业者
10）家政服务人员
11）企业/公司一般职员
12）其他

5. 个人月平均收入：

第二部分

6. 您现在使用手机吗?

Y　转向 7

N　您以前自己有过手机吗？— N　您将来打算买手机吗？— N　结束访谈
Y　转向 7　Y　转向

7. 您现在使用的是哪个牌子的手机?

8. 当时为什么买这一款手机？是什么因素，产品特征，服务让您决定买它？

9. 您现在对这个手机满意吗？ Y N

是哪些因素让您觉得满意____

是哪些因素让您觉得不满意____

10. 除了这个手机，您以前使过别的手机吗？
Y 转向 13
N 转向 16

11. 您以前使过的是哪些牌子的手机？	12. 是哪些因素让您觉得满意？	13. 是哪些因素让您觉得不满意？

14.　给出你最喜欢的三个手机品牌，并说出为什么你喜欢他们？

15.　以上的交谈中，您提到了一些您比较注重的产品特征，它们对你来说有多种重要？

产品特征	最重要	其次重要	第三重要

第三部分 Laddering

16. 如果你现在要买一部手机，在 15 题你选的这些因素中，你觉得：

最重要

其次

第三

17. 您说．．．对您很重要，为什么？

18. 您说．．．对您其次重要，为什么？

19. 您说．．．对您第三重要，为什么？

Appendix 11 PERSONAL INFORMATION OF INTERVIEWEES

No.	Name	Sex	Age	Education	Career	Monthly Income
1	Zhong	Female	29	Master's Degree	Public Sector	3,000
2	Xiong	Male	35	Master's Degree	Qualified Professional	5,000
3	Xi	Female	29	Bachelor's Degree	Non Specific Employee	4,000
4	Yang	Female	53	Junior Secondary School	Junior Management	2,000
5	Meng	Female	22	Diploma	Non Specific Employee	3,000
6	Wu	Male	29	Bachelor's Degree	Non Specific Employee	6,000
7	Deng	Female	25	Diploma	Public Sector	3,000
8	Zhang	Male	26	Diploma	Junior Management	1,500
9	Li	Male	22	Diploma	Public Sector	1,500
10	Zou	Male	27	Diploma	Junior Management	2,000
11	Ni	Male	25	Diploma	Public Sector	1,500
12	Wang	Female	31	Bachelor's Degree	Public Sector	6,000
13	Wang	Female	29	Diploma	Junior Management	500
14	Ling	Female	27	Master's Degree	Public Sector	1,900
15	Qiao	Male	34	Bachelor's Degree	Middle/Senior Management	5,000
16	Liu	Male	42	Senior Secondary School	Non Specific Employee	2,500
17	Xue	Female	31	Master's Degree	Middle/Senior Management	6,000
18	Liu	Female	18	Diploma	Not Employed	0

19	Huang	Female	30	Bachelor's Degree	Junior Management	5,200
20	Huang	Male	26	Bachelor's Degree	Middle/Senior Management	2,500
21	Wang	Male	31	Master's Degree	Qualified Professional	5,000
22	Tan	Male	32	Master's Degree	Junior Management	4,000
23	Wang	Male	53	Bachelor's Degree	Public Sector	3,500
24	Liang	Male	37	Senior Secondary School	Non Specific Employee	900
25	Zhang	Male	40	Bachelor's Degree	Public Sector	3,000
26	Li	Male	52	Senior Secondary School	Public Sector	1,500
27	Shi	Male	33	Bachelor's Degree	Public Sector	3,000
28	Reng	Female	48	Senior Secondary School	Public Sector	2,000
29	Fu	Female	31	Senior Secondary School	Domestic Worker	1,000
30	Li	Female	29	Bachelor's Degree	Public Sector	3,000
31	Li	Female	30	Senior Secondary School	Public Sector	2,000
32	Hou	Male	26	Diploma	Junior Professional	3,000
33	Wei	Female	46	Bachelor's Degree	Qualified Professional	5,000
34	Wang	Male	29	Bachelor's Degree	Qualified Professional	5,000
35	Yang	Male	16	Senior Secondary School	Not Employed	0
36	Zhang	Female	31	Bachelor's Degree	Public Sector	6,000
37	Zhou	Female	22	Bachelor's Degree	Non Specific Employee	1,500
38	Yang	Male	42	Senior Secondary School	Self Employed	5,000
39	Yang	Female	33	Bachelor's Degree	Public Sector	5,000
40	Zhao	Female	49	Diploma	Junior Management	6,000

Appendix 12 RAW DATA

(QUESTION 6-15)

Questions:

6. Do You Currently Own A Mobile Phone?
7. Which Brand Is It?
8. What Made You Buy This Mobile Phone?

ID	6	7	8-a	8-b	8-c	8-d	8-e
1.	Y	Nokia	Appearance	SMS Function	Chinese Menu		
2.	Y	Motorola	Friends' Recommendation				
3.	Y	Nokia	SMS Function	Brand Reputation	Appearance	Seller's Recommendation	
4.	Y	Nokia	Novel				
5.	Y	Motorola	Folding Lead	Size			
6.	Y	Nokia	Brand Reputation (Advertisement)	Familiarity With The Menu Settings			
7.	Y	Siemens	SMS Function	Low Broken-Down Rate	Size	Durability	
8.	Y	Motorola	Quality Of Signal Receiving	Appearance	Radiance	Words Of Mouth	
9.	Y	Samsung					
10.	Y	Siemens	Price	Memory Size For Message			
11.	Y	Motorola	Price(Package Of Service)	Appearance	Advertisement	Words Of Mouth	
12.	Y	Nokia	Size	Quality Of Voice	Standby Time		
13.	Y	Samsung					
14.	Y	Motorola	Product Launch Time	Size	Advertisement		
15.	Y	Nokia	Durability	Words Of Mouth			
16.	Y	Philip	Standby Time				
17.	Y	Samsung					
18.	Y	Nokia					
19.	Y	Nokia	Brand Reputation	Chinese Menu	Menu Settings	SMS Function	Durability
20.	Y	Ericsson	Cheap	Appearance	Size	Durability	

21.	Y	Alcatel	Brand Reputation(Technology)	Size	Standby Time	Functions	
22.	Y	Haier	Promotion (CDMA)	Price (Package Of The Service)	Appearance (Folding Lid)		
23.	Y	Panasonic	Price				
24.	Y	Konka					
25.	Y	Nokia					
26.	Y	Motorola	Price	Size			
27.	Y	Bird	Folding Lid	Cheap	Size		
28.	Y	Samsung					
29.	Y	Nokia	Brand Reputation	Appearance			
30.	Y	Motorola	Size				
31.	Y	Nokia	Brand Reputation	Appearance			
32.	Y	Nokia	Appearance				
33.	Y	Motorola	Style				
34.	Y	Nokia	Quality Of Signal Receiving	Games	Radio		
35.	Y	Samsung	Appearance				
36.	Y	Nokia					
37.	Y	Nokia					
38.	Y	Sanyo	Low Radiation	Colour Screen	Product Launch Time		
39.	Y	Nokia	Words Of Mouth	Quality Of Signal Receiving	Built-In Antenna	Size	Menu
40.	Y	Samsung	Quality Of Voice	Ring Tone	Seller's Recommendation		

Questions:
9a.Are you satisfied with it?
9b. what attributes make you feel satisfied with this mobile phone?

ID	9a	9b-a	9b-b	9b-c	9b-d	9b-e
1.	Y	Functionality (Receiving And Sending)				
2.	Y	Size	Weight	Functionality	Quality Of Voice	Low Radiance
3.	Y	Size	Quality Of Voice	Appearance	Standby Time	
4.	Y	Quality Of Voice	Screen Size	Font Size		
5.	Y	Size				
6.	Y	Durability	Easy Operation	Appearance		
7.	Y	Size	Durability			
8.	Y	Quality Of Voice				
9.	Y	Colour Screen	Ring Tone			
10.	Y	SMS	Chinese Input			
11.	Y	Size	Screen Colour	SMS	Menu Settings	
12.	Y	Familiar With The Menu	Quality Of Voice			
13.	Y	Menu	Quality Of Voice			
14.	Y	None				
15.	Y	Low Broken-Down Rate	Durability	Menu Settings	Key Board Arrangement	
16.	Y	Functions	Standby Time			
17.	Y	Accessories (Earphone)	Screen Size	Keyboard Size	Ring Tone	
18.	Y	Chinese Menu	Software Design	Keyboard Arrangement	Pictures Of Screen Saver	
19.	Y	Radio Function	Operation			
20.	Y	Long Standby Time				
21.	Y	Menu	Durability	Memory Size (Address)	Cheap	
22.	N	Appearance (Small Size)				
23.	Y	Small Size	Function (SMS)			
24.	Y	Games	Quality Of Signal Receiving	Easy Operation	Appearance	
25.	Y	Standby Time	Quality Of Signal Receiving	Durability	Broken Down Rate	
26.	Y	Functions				

27.	Y	Standby Time	Chinese Input	Easy SMS Operation	
28.	Y	SMS			
29.	Y	Appearance	Folding Lift	Familiar With The Operation	
30.	N	Appearance			
31.	Y	Quality Of Voice	Durability		
32.	N	Functionality			
33.	N	Size			
34.	Y	Quality Of Signal Receiving	Quality Of Voice		
35.	Y	Memory Size (Address Book)	Functions(Voice Dialling)		
36.	Y	Appearance	Colour	Keyboard Arrangement	Music
37.	Y	Function (Radio, Mp3)	Accessibility Of After Sale Service	Operation (SMS)	
38.	Y	WAP	Colour Screen	Big Screen	
39.	Y	Built-In Antenna	Menu	Quality Of Signal Receiving	
40.	Y	Quality Of Voice	Ring Tone	Appearance	Broken Down Rate

Questions:
9c. what attributes make you feel unsatisfied with this mobile phone?

ID	9c-a	9c-b	9c-c	9c-d	9c-e	9c-f
1.	Appearance	Size	Colour	Memory Size For Message	Few Face Expression	Software Design
2.	Standby Time	Small Memory Size				
3.	No Folding Lid					
4.	English Menu					
5.	Few Multifunction					
6.	No New Functions (Internet	PDA)				
7.	Memory Size	Chinese Input				
8.	High Broken-Down Rate	Low Quality Of Signal Receiving				
9.	Standby Time	Built-Out Antenna				
10.	Colour	Range Of Available Ring Tone				
11.	No Warp	Standby Time	Profession Level Of Service			
12.	Style					
13.	Short Standby Time	Few Games				
14.	Low Durability	Folding Lid)	Menu	High Broken-Down Rate		
15.	None					
16.	Appearance					
17.	Size	Menu Settings				
18.	Stand By Time					
19.	It Is Not Unique					
20.	None					
21.	Speed	Breakdown Rate	Accessibility Of After-Sale Service			
22.	Quality Of Signal Receiving	Standby Time	Durability	After-Sale Service		
23.	Quality Of Signal Receiving	Short Standby Time	Menu Settings			
24.						
25.	Size					
26.	Accessories (Leather Cover)					
27.	Menu					
28.						
29.	Size					

30.	Quality Of Signal	Broken Down Rate			
31.					
32.	SMS	No Chinese Input	Standby Time	Style	Quality Of Signal Receiving
33.	High Breakdown Rate	Quality Of Signal			
34.	High Breakdown Rate	Small Screen Size			
35.	Memory Size(SMS)	Volume Of Ring Tone	Availability Of Internet Download		
36.	Few Games				
37.	Ring Tone	Appearance	Size		
38.	Memory Size Address Book)	Quality Of Voice	Standby Time		
39.	Keyboard Lock				
40.	Short Standby Time				

Questions:

10. Have you ever used other mobile phones?;
11. What brands have you ever used?;
12. What attributes make you feel satisfied with this mobile phone?
13. What attributes make you feel unsatisfied with this mobile phone?

ID	10	11-a	12	13
1.	Y	Philip	Cheap; Quality Of Signal Receiving	Few Multifunction; English Inputting; Small Memory Size For Address ;
2.	Y	Siemens	Long Standby Time	Big; Heavy
3.	Y	Siemens	Cheap; Brand Origin; Reputation Of High Technology	English Menu; No SMS Function
4.	N			
5.	Y	Nokia	Durability	Appearance ; Big
6.	Y	Nokia		
7.	Y	Nokia	Slim	English Menu
8.	Y	Ericsson	Size; Folding Lid	No SMS Function ; English Inputting ; Voice Volume ; Small Memory Size ; Unvaried Ring Tone ; Appearance
9.	Y	Nokia	Built In Antenna; Durable	Broken Down Rate (Screen Quality) ; Speed Of Operation
10.	Y	Mitsubishi	Reputation Of High Technology	English Menu ; Few Functions ; High Broken-Down Rate
11.	N			
12.	Y	Nokia	Quality Of Voice; Long Standby Time	Broken Down Rate (Quality Of Screen)
13.	Y	Nokia	Quality Of Voice; Low Broken-Down Rate; Durable; Easy Operation (Menu); Physical Quality	Short Standby Time ; Appearance ; Few Games
14.	Y	Alcatel	Operation(Menu)	High Broken-Down Rate(Key Board)
15.	Y	Motorola	Appearance(Folding Lid); Size	High Broken-Down Rate
16.	Y	Nokia	Durable	Short Standby Time ; Heavy
17.	Y	Samsung	Appearance	Function Settings
18.	N			
19.	Y	Motorola		Bad Words Of Mouth ; Complicated Operation ; Low Physical Quality
20.	Y	Nokia	Nokia Ring Tone	

21.	Y	Motorola	Easy Charging; Ni-Li Battery; Cheap	Appearance ; Small Memory Size ; Big Size
22.	Y	Nokia	Quality Of Voice; Standby Time	Appearance
23.	Y	Motorola	Quality Of Signal; Folding Lid	High Broken-Down Rate
24.	Y	Motorola	Newly Launched Product Line; Quality Of Signal; Operation	Big Size
25.	N			
26.	Y	Motorola	Functionality	Standby Time
27.	Y	Motorola	Durability; Functionality	Big ; Heavy
28.	N			
29.	Y	Motorola	New Launched Product Type; Small Size	Folding Lid ; Plastic Cover
30.	Y	Nokia	Quality Of Signal; Durability	Heavy ; Big
31.	Y	Motorola	Folding Lid	Quality Of Voice ; Durability
32.	Y	Motorola	Colour; Folding Lid	Big Size ; Standby Time
33.	Y	Nokia	Durability; Brand Reputation	Big Size
34.	Y	Alcatel	Cheap	Big ; Heavy
35.	Y	Motorola	Ring Tone; Download SMS & Ring Tone From Internet	Unfashionable Appearance ; Memory Size
36.	Y	Siemens	Appearance	Radiation
37.	Y	Alcatel	Brand Origin (France); Operation (Keyboard); Colour	Quality Of Voice ; Life Of Battery ; Appearance
38.	Y	Sony	Operation (Hot Key)	Low Memory Size
39.	Y	Motorola	Appearance (Beautiful, Fashionable)	Operation (Menu ; Font Size ; Keyboard) ; Ring Tone (Alarm)
40.	Y	Philip	Long Standby Time; Big Font Size	Low Quality Of Voice ; Bad Quality Of Signal Receiving

Questions:

11. What brands have you ever used?
12. What attributes make you feel satisfied with this mobile phone?
13. What attributes make you feel unsatisfied with this mobile phone?

ID	11-b	12	13
1.	Siemens		Big; Heavy
2.	Ericsson		High Radiance
3.	Motorola		High Broken-Down Rate
4.			
5.			
6.			
7.	Sony-Ericsson		Complicated Operation
8.			
9.	Philip	Appearance	High Broken-Down Rate
10.			
11.			
12.	Motorola	Durable	Short Standby Time
13.			
14.			
15.			
16.			
17.	Motorola	Price; Durable; Long Standby Time	Appearance
18.			
19.	Mitsubishi		Small Range Of Product Line; Unprofessional Brand Image

Appendix 12-9

20.	Philip		Short Standby Time
21.			
22.	Ericsson	Appearance	High Broken-Down Rate
23.	Nokia	Durability; Low Broken-Down Rate ;	Appearance (Unfashionable)
24.			
25.			
26.			
27.	Motorola	Thin; Light ;	High Broken-Down Rate (Battery); Standby Time
28.			
29.	Nokia	Colour; Standby Time ;	High Broken-Down Rate (Screen)
30.	Motorola	Appearance	
31.	Nokia		
32.			
33.	Motorola	WARP	High Broken-Down Rate (Keyboard); Big Size
34.	Motorola	Brand Reputation; Easy Operation; Recording Function	Quality Of Signal Memory Size For Address Book
35.			
36.	Nokia	Appearance	No New Function (Implementation Of New Tech
37.	Nokia	Small Size; Changeable Colour Covers; Words Of Mouth; Screen Colour; Download SMS And Ring Tone From Internet	Operation (Software Chinese Inputting)
38.	Nokia	Low Broken-Down Rate	Chinese Inputting Methods
39.	Samsung	Colour Screen; Ring Tone; Big Screen; Screensaver;	Heavy Standby Time
40.	Nokia		Rough Appearance

Questions:

11. What brands have you ever used?
12. What attributes make you feel satisfied with this mobile phone?
13. What attributes make you feel unsatisfied with this mobile phone?

Id	11-c	12	13
1.			
2.			
3.	Ericsson		Appearance; High Radiance
4.			
5.			
6.			
7.			
8.			
9.	Sony-Ericsson	Key Board Arrangement	Speed
10.			
11.			
12.	Siemens		Quality Of Voice; Appearance
13.			
14.			
15.			
16.			
17.			
18.			
19.	Nokia		
20.			

21.			
22.	Panasonic	Appearance	Few Functions; Small Memory Size; English Menu
23.			
24.			
25.			
26.			
27.			
28.			
29.	Ericsson	Small Size; Appearance	High Broken-Down Rate (Battery); Physical Quality (Covers)
30.			
31.			
32.			
33.			
34.			
35.			
36.			
37.	Konka	Ring Tone Of SMS Games; Big Screen Appearance	Short Battery Life; Accessibility To After Sale Service; Unable To Download From Internet
38.	Motorola	Appearance	High Broken-Down Rate
39.	Motorola	Appearance (Metal Cover; Dual Screens; Fashionable Design)	Operation (Menu)
40.	Motorola	Good Quality Of Voice	Short Standby Time; High Broken Down Rate; Quality Of Voice

Questions:

11. What brands have you ever used?
12. What attributes make you feel satisfied with this mobile phone?
13. What attributes make you feel unsatisfied with this mobile phone?

Id	11-C	12	13
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			
14.			
15.			
16.			
17.			
18.			
19.	Ericsson		Short Standby Time; Big Size
20.			

21.			
22.			
23.			
24.			
25.			
26.			
27.			
28.			
29.	Nokia	Quality Of Signal; Standby Time; Small Size; Durability	English Menu
30.			
31.			
32.			
33.			
34.			
35.			
36.			
37.			
38.			
39.	Ericsson		Features (Broken Down Rate)
40.			

Questions:

14a. what brand do you like the most?
14b. why do you like this brand more than the second one you like?

ID	14a	14b
1.	Nokia	Words Of Mouth ;Many People Use It
2.	Siemens	Long Standby Time ;Functions (SMS ;Address Book) ;Low Radiance ;Size ;
3.	Nokia	Appearance ;Brand Reputation ;Chinese Menu ;Long Standby Time
4.	Nokia	Durable ;Appearance ;Imported Brand (Represents For Physical Quality ;Experience ;Tractability) ;
5.	Samsung	Appearance(Size) ;Brand Reputation
6.	Nokia	Durable ;Easy Operation
7.	Siemens	Low Broken-Down Rate ;Size ;Operation
8.	Nokia	Folding Lid(Functional Protect) ;Trustable Brand(No Big Prize Cut Down) ;Words Of Mouth ;Appearance
9.	Nokia	Low Broken-Down Rate ;Appearance(Built In Antenna)
10.	Nokia	Folding Lid ;After Sale Service ;Internet Support(Down Load Ring Tone)
11.	Nokia	Brand Exposure ;Screen Colour
12.	National	Appearance ;Implementation Of New Technology ; Colour Screen ;Operation
13.	Samsung	Wide Range Of New Products ;Menu ;Speed Of Improving Tech Big And Colour Screen Size ;Good Appearance
14.	Samsung	Appearance ;Physical Quality ;Implementation Of New Technology
15.	Nokia	Durable ;Appearance ;Size ;Functionality
16.	Motorola	Brand Reputation(Long Brand History) ;Quality(Low Broken-Down Rate)
17.	Nokia	Trustable Brand ; Speed Of Updating New Product Lines ;Implementation Of New Tech.
18.	Nokia	Appearance ;Durable ;Wide Range Of Product Lines ;Chinese Menu
19.	Nokia	
20.	Ericsson	Get Used To It
21.	Nokia	Brand Reputation (Words Of Month ;Many People Use It) ;Speed Of Updating New Product ;Implementation Of New Technology

22.	Motorola	Appearance ;Words Of Mouth ;Wide Brand Awareness ;Durability ;Functionality ;
23.	Nokia	Speed Of Updating Product Lines ;Durability
24.	Samsung	Ring Tone ;Colour Screen ;Novel Appearance ;Brand Reputation (Word Of Month) ;Small Size ;
25.	Nokia	Familiarity (Long-Time Use) ;
26.	Nokia	Physical Quality ;Appearance
27.	Motorola	Familiarity (Get Used To It) ;
28.	Samsung	Colour Screen ;Multifunction
29.	Nokia	Durability ;Low Broken-Down Rate
30.	Nokia	Words Of Mouth ;Operation (Size Of Keyboard ;Size Of Screen) ;Quality Of Signal Receiving ;Physical Quality ;Durability
31.	Samsung	Brand Reputation ;Fashionable Appearance ;Screensaver
32.	Nokia	Durability ;Words Of Mouth
33.	Nokia	Trustable Brand Reputation ;Range Of Product Lines ;Standby Time ;Low Broken-Down Rate
34.	Nokia	Quality Of Signal ;Technology Support ;SMS ;Warp
35.	Samsung	Colour Screen ;Built In Camera ;Appearance
36.	Nokia	Style ;/ No Filter Software Installed
37.	Nokia	Trustable Brand Reputation (Advertisement) ;Easy Operation (Menu) ;Accessibility Of After Sale Service)
38.	Sony	Easy Operation (Inputting ;Keyboard)
39.	Nokia	Quality Of Signal ;Small Size ;Convenient Menu ;Download SMS And Ring Tone From Internet
40.	Samsung	Quality Of Voice

Questions:

14c. what brand does you like the second?
14d. why do you like this brand more than the third one you like?

ID	14c	14d
1.	Siemens	Brand Reputation(Brand Origin; Other Products); Physical Quality
2.	Nokia	Size; New Functions(Colour Picture Message);
3.		
4.	Motorola	Appearance; Words Of Mouth; Imported Brand (Represents For Physical Quality; Experience; Tractability);
5.	Motorola	Appearance(Size)
6.	Samsung	High End Product (Implementation Of High Tech.); Media Exposure; Colour Screen; Colour Picture Message); Functionality;
7.	Nokia	Low Broken-Down Rate
8.	National	High Quality Of Voice; Physical Quality; / (High Price)
9.	Samsung	Colour Screen; Ring Tone;
10.	Samsung	Low Broken-Down Rate; Appearance;
11.	Motorola	Brand Origin
12.	Nokia	Quality Of Voice; Style;
13.	Nokia	Quality Of Voice; Easy Operation (Menu);
14.	Nokia	Bad Appearance; Too Many People Use The Brand; Ad.
15.	Samsung	Size
16.	National	Brand Origin(Japan)
17.	Samsung	Appearance
18.	Motorola	The First Mobile Phone Brand Get To Know
19.	Samsung	Advertisement; Cool Appearance;
20.	Nokia	

21.	Motorola	Functionality; Operation (Menu); Brand Reputation (Leverage From Other Products); Accessibility To After Sale Service
22.	Ericsson	Brand Awareness; Words Of Mouth;
23.	Motorola	Quality Of Signal Receiving; Appearance; Physical Quality; Standby Time; Radiation;
24.		
25.	Amongsonic	Appearance; Advertisement; Word Of Mouth
26.	Ericsson	Appearance; Physical Quality;
27.	Bird	Standby Time
28.	Motorola	Many People Use It
29.	Panasonic	Small Size; New Launched Product Type;
30.	Samsung	Words Of Mouth; Appearance (Fashionable);
31.	Nokia	Durable; Quality Of Voice;
32.	Motorola	Speed Of Updating New Products
33.	Samsung	Appearance (Colour Screen) / Expensive
34.	Sony-Ericsson	Appearance; Brand Reputation (Merger Of Sony And Erickson);
35.	Nokia	High Brand Awareness; Quality Of Signal Receiving;
36.		
37.	Sony	Quality Of Voice; Appearance (Cover Colour);
38.	Nokia	Broken Down Rate
39.	Motorola	Bad Menu Design; Low Quality Of Signal;
40.	Nokia	Appearance; Size; Lots Of People Use It; Quality Of Voice; Signal; Words Of Mouth

Questions:

14e. what brand does you like the third?
14f. why do you like this brand more than the others you like?

ID	14e	14f
1.		
2.	TCL	Sound Quality; Brand Origin (Nation Pride)
3.		
4.	Alcatel	Appearance; Functions; Imported Brand (Represents For Physical Quality; Experience; Tractability)
5.	Nokia	Durable;
6.	Sony-Ericsson	Brand Reputation(Other Products);
7.	Samsung	
8.	TCL	Appearance; Brand Exposure
9.	Motorola	Brand Reputation(Leverage From Massager);
10.	Amongsonic	Ring Tone; Appearance; New Games
11.	Haier	Brand Awareness In China; The Culture Of The Organization; Professional Recommends
12.	Konka	Cheap; Sound Quality(Low Broken-Down Rate); Operation (Keyboard)
13.	Motorola	Speed Of Updating New Products; Wide Range Of Product Lines; Function(Screen Saver)
14.	Siemens	Brand Reputation (Leverage From Other Products; Reputation Of Tech.; History)
15.	Ericsson	Quality Of Signal Receiving; Long Standby Time
16.	Haier	Low Radiance ;
17.	Motorola	Brand Reputation(Size Of The Organization);
18.	Alcatel	
19.	Jlngci	Brand Origin(Japan) / Small Range Of Product Line; Few Multifunction
20.	Motorola	Quality Of Signal Receiving; Functionality; Range Of Product Line; Appearance; Words Of Mouth

21.	Alcatel	
22.	Nokia	Wide Brand Awareness;
23.	Samsung	Advertisement; Appearance; Functionality; New Functions (Colour Screen; Warp; Radio; Mp3)
24.		
25.	TCL	Appearance; Advertisement; Word Of Mouth
26.	Motorola	Brand Reputation (Reliability); Appearance; Quality Of Voice; Standby Time
27.	Samsung	Fashionable Appearance; Multifunction
28.		
29.		
30.	Motorola	Words Of Mouth; Brand Reputation (Big Market Size; Early Entry Into Chinese Market)
31.		
32.		
33.		
34.		
35.	Motorola	Appearance;
36.		
37.	Alcatel	Brand Origin; Advertisement; Appearance (Cover Colour)
38.	Motorola	Functionality;
39.	Samsung	Inputting Methods; Many New Functions; Menu / Low Quality Of Battery
40.	Philip	Long Stand By Time;

Questions:

15. You have brought forwards some attributes that concern you according to what we just chat about; would you rank them in order of importance? (a: the most important; b: the second important; c: the third important)

ID	Attributes List	Importance		
		a	b	c
1 Zhong	1. Price	*		
	2. Quality Of Signal Receiving			
	3. Multifunction (Face Expression, SMS Function)		*	
	4. Operation (Inputting Language, Menu Language, Software Design)		*	
	5. Memory Size (Address & Message)		*	
	6. Words Of Mouth	*		
	7. Many People Use It			
	8. Weight			
	9. Brand Reputation (Brand Origin, Other Products)			
	10. Physical Quality		*	
	11. Appearance (Size, Colour)		*	
	12. Functionality (Receiving And Sending)			
2 Xiong	1. Standby Time	*		
	2. Size		*	
	3. Weight			
	4. Functions (SMS, Address Book)	*		
	5. Radiance	*		
	6. New Functions (Colour Picture Message)			*

	7. Sound Quality	*		
	8. Brand Origin		*	
	9. Friends' Recommendation			
	10. Quality Of Voice	*		
	11. Small Memory Size	*		
3 Xi	1. Price			
	2. Brand Origin			
	3. Brand Reputation Of High Technology			
	4. Menu Language	*		
	5. Text Message Function			
	6. Appearance		*	
	7. Brand Reputation		*	
	8. Standby Time	*		
	9. Broken-Down Rate	*		
	10. Radiance	*		
	11. Seller's Recommendation		*	
	12. Size		*	
	13. Quality Of Voice		*	
	14. Key Board Lock	*		
	15. Changeable Cover	*		
4 Yang	1. Durability	*		
	2. Appearance (Style)		*	
	3. Brand Origin(Represents For Physical Quality, Experience, Trustablility)	*		

	4. Words Of Mouth	*		
	5. Functions			*
	6. Quality Of Voice			*
	7. Operation (Screen Size, Font Size)			*
	8. Operation (Menu Language)	*		
5 Meng	1. Durability	*		
	2. Appearance			*
	3. Size			
	4. Brand Reputation		*	
	5. Folding Lid			
	6. Multifunction			
6 Wu	1. Durability	*		
	2. Operation	*		
	3. Implementation Of High Tech.			*
	4. Media Exposure			
	5. Colour Screen			
	6. Colour Picture Message			
	7. Functionality			
	8. Brand Reputation(Other Products)			*
	9. Brand Reputation (Advertisement)			
	10. Familiarity With The Menu Settings			
	11. Appearance			
	12. New Functions (Internet, PDA)			

7 Deng	1. Menu Language			*
	2. Broken-Down Rate	*		
	3. Size	*		
	4. Operation			*
	5. Text Message Function			
	6. Durability			
	7. Memory Size		*	
	8. Chinese Inputting Methods	*		
8 Zhang	1. Size			
	2. Text Message Function			
	3. Inputting Language			
	4. Voice Volume			
	5. Memory Size			
	6. Ring Tone			
	7. Appearance		*	
	8. Folding Lid(Functional Protection)	*		
	9. Brand Reputation (No Big Price Cut Down)			
	10. Words Of Mouth			
	11. Quality Of Voice			
	12. Physical Quality			
	13. Price			*
	14. Medium Exposure			*
	15. Quality Of Signal Receiving	*		

	16. Radiance	*		
	17. Broken-Down Rate			
9 Li	1. Built In Antenna			*
	2. Durability			
	3. Broken Down Rate (Screen Quality)	*		
	4. Speed			*
	5. Broken-Down Rate	*		
	6. Appearance			
	7. Colour Screen			*
	8. Ring Tone		*	
	9. Key Board Arrangement			
	10. Brand Reputation(Leverage From Other Product(Pager))		*	
	11. Standby Time	*		
10 Zou	1. Brand Reputation Of High Technology			
	2. Menu Language			
	3. Functions			
	4. Broken-Down Rate		*	
	5. Folding Lid			*
	6. After Sale Service			*
	7. Internet Support(Down Load Ring Tone)			*
	8. Appearance	*		
	9. Ring Tone	*		
	10. New Games		*	

	11. Price		*	
	12. Memory Size For Message			
	13. Text Message	*		
	14. Chinese Inputting Methods	*		
	15. Colour	*		
11 Ni	1. Media Exposure / Advertisement		*	
	2. Screen Colour			*
	3. Brand Origin			*
	4. Brand Awareness In China	*		
	5. The Culture Of The Organization			
	6. Professional Recommends			*
	7. Price(Package Of Service)	*		
	8. Appearance			
	9. Words Of Mouth			
	10. Size			*
	11. Text Message		*	
	12. Menu Settings			
	13. WARP			
	14. Standby Time			
	15. Profession Level Of Service		*	
12 Wang	1. Quality Of Voice	*		
	2. Long Standby Time			
	3. Broken Down Rate (Quality Of Screen)			

	4. Appearance		*	
	5. Implementation Of New Technology			
	6. Colour Screen		*	
	7. Operation	*		
	8. Durable			
	9. Style			
	10. Price			*
	11. Broken-Down Rate	*		
	12. Operation (Keyboard)			
	13. Size			
	14. Standby Time	*		
	15. Familiarity With The Menu			
13 Wang	1. Quality Of Voice	*		
	2. Broken-Down Rate	*		
	3. Durability	*		
	4. Easy Operation (Menu)	*		
	5. Physical Quality			
	6. Standby Time		*	
	7. Appearance			*
	8. Games			*
	9. Speed Of Improving Tech.		*	
	10. Screen Size	*		
	11. Screen Colour	*		
	12. Speed Of Updating New Products			

	13. Range Of Product Lines		*	
	14. Screen Saver Function			*
14 Ling	1. Operation(Menu)		*	
	2. Broken-Down Rate(Key Board)			
	3. Appearance		*	
	4. Physical Quality		*	
	5. Implementation Of New Technology			*
	6. Too Many People Use The Brand			*
	7. Brand Reputation Leveraged From Other Products	*		
	8. Brand Reputation Of High Tech.	*		
	9. Brand History	*		
	10. Product Launch Time			*
	11. Size			
	12. Advertisement		*	
	13. Durability (Folding Lid)	*		
	14. Broken-Down Rate	*		
15 Qiao	1. Folding Lid			
	2. Size			
	3. Broken-Down Rate	*		
	4. Appearance			*
	5. Functionality			
	6. Quality Of Signal Receiving	*		
	7. Standby Time		*	

	8. Durability	*		
	9. Words Of Mouth			
	10. Menu Settings	*		
	11. Key Board Arrangement	*		
16 Liu	1. Durability	*		
	2. Standby Time	*		
	3. Weight	*		
	4. Brand Reputation(Long Brand History)			*
	5. Broken-Down Rate			
	6. Brand Origin(Japan)			*
	7. Radiance	*		
	8. Functions			*
	9. Appearance		*	
17 Xue	1. Appearance	*		
	2. Brand Reputation			
	3. Speed Of Updating New Product Lines			
	4. Implementation Of New Tech.			
	5. Durability			*
	6. Standby Time		*	
	7. Brand Reputation(Size Of The Organization)	*		
	8. Accessories(Earphone)			*
	9. Screen Size		*	
	10. Keyboard Size			*

	11. Ring Tone			*
	12. Size	*		
	13. Menu Settings		*	
	14. Price		*	
18 Liu	1. Appearance		*	
	2. Durability	*		
	3. Range Of Product Lines		*	
	4. Menu Language	*		
	5. Brand Reputation (The First Mobile Phone Brand Get To Know)		*	
	6. Ring Tone		*	
	7. Operation(Keyboard)		*	
	8. Software Design			
	9. Keyboard Arrangement			
	10. Pictures Of Screen Saver		*	
	11. Stand By Time	*		
19 Huang	1. Words Of Mouth			*
	2. Operation	*		
	3. Physical Quality	*		
	4. Range Of Product Lines		*	
	5. Brand Image			
	6. Advertisement			
	7. Appearance			
	8. Brand Origin			

	9. Multifunction			
	10. Standby Time		*	
	11. Size	*		
	12. Brand Reputation			
	13. Menu Language			
	14. Menu Settings	*		
	15. Text Message Function			
	16. Durability	*		
	17. Radio Function			*
	18. Too Many People Use It			*
20 Huang	1. Ring Tone			*
	2. Get Used To The Brand			
	3. Standby Time			
	4. Quality Of Signal Receiving	*		
	5. Functionality			
	6. Range Of Product Line		*	
	7. Appearance	*		
	8. Words Of Mouth			
	9. Price			
	10. Size	*		
	11. Durability			
21 Wang	1. Easy Charging			
	2. Battery Type		*	

	3. Price			*
	4. Appearance			
	5. Memory Size			
	6. Size		*	
	7. Brand Reputation		*	
	8. Words Of Mouth		*	
	9. Many People Use It			
	10. Speed Of Updating New Products			*
	11. Implementation Of New Technology		*	
	12. Functionality			
	13. Operation (Menu)	*		
	14. Brand Reputation Leveraged From Other Products		*	
	15. Accessibility To After Sale Service	*		
	16. Brand Reputation Of High Technology		*	
	17. Standby Time	*		
	18. Functions	*		
	19. Durability		*	
	20. Memory Size (Address)	*		
	21. Speed			*
	22. Broken Down Rate		*	
22 Tan	1. Quality Of Voice		*	
	2. Standby Time		*	
	3. Appearance	*		
	4. Words Of Mouth			

	5. Wide Brand Awareness			
	6. Durability		*	
	7. Functionality			
	8. Broken-Down Rate			
	9. Functions		*	
	10. Memory Size			
	11. Menu Language		*	
	12. Brand Awareness			
	13. Promotion			*
	14. Price (Package Of The Service)	*		
	15. Folding Lid			
	16. Size			
	17. Quality Of Signal Receiving		*	
	18. After-Sale Service		*	
23 Wang	1. Quality Of Signal Receiving	*		
	2. Folding Lid			
	3. Broken-Down Rate	*		
	4. Speed Of Updating Product Lines			*
	5. Durability	*		
	6. Appearance	*		
	7. Physical Quality	*		
	8. Standby Time		*	
	9. Radiation	*		
	10. Advertisement			

	11. Functionality			
	12. New Functions (Colour Screen, WARP, Radio, Mp3)			*
	13. Price		*	
	14. Size		*	
	15. Menu Settings	*		
	16. Basic Function(Text Message)	*		
24 Liang	1. Newly Launched Product Line			
	2. Operation		*	
	3. Size	*		
	4. Ring Tone			*
	5. Colour Screen			*
	6. Appearance	*		
	7. Brand Reputation (Words Of Mouth)			
	8. Games			*
	9. Quality Of Signal Receiving	*		
25 Zhang	1. Familiarity (Long-Time Use)	*		
	2. Appearance		*	
	3. Advertisement		*	
	4. Word Of Mouth			*
	5. Standby Time	*		
	6. Quality Of Signal Receiving	*		
	7. Durability	*		
	8. Broken Down Rate	*		

	9. Size		*	
26 Li	1. Functionality			
	2. Standby Time	*		
	3. Physical Quality		*	
	4. Appearance			
	5. Brand Reputation (Reliability)	*		
	6. Quality Of Voice	*		
	7. Price		*	
	8. Size			
	9. Functions			
	10. Accessories (Leather Cover)			*
27 Shi	1. Durability			
	2. Functionality	*		
	3. Familiarity (Get Used To It)			
	4. Size			
	5. Weight	*		
	6. Broken-Down Rate (Battery)			
	7. Standby Time	*		
	8. Appearance		*	
	9. Multifunction			*
	10. Key Board Lock (Folding Lid)		*	
	11. Price	*		
	12. Chinese Inputting Methods		*	

	13. Operation		*	
	14. Menu		*	
28 Reng	1. Colour Screen			
	2. Multifunction			
	3. Many People Use It			
	4. Text Message			
29 Fu	1. New Launched Product Type			
	2. Size			
	3. Folding Lid			
	4. Material			
	5. Durability			
	6. Broken-Down Rate			
	7. Colour			
	8. Standby Time			
	9. Appearance			
	10. Physical Quality (Covers)			
	11. Quality Of Signal Receiving			
	12. Menu Language			
	13. Brand Reputation			
	14. Familiar With The Operation System			
30 Li	1. Quality Of Signal Receiving	*		
	2. Durability	*		

	3. Weight			
	4. Size			
	5. Words Of Mouth		*	
	6. Operation (Size Of Keyboard, Size Of Screen)	*		
	7. Physical Quality			
	8. Appearance		*	
	9. Brand Reputation For Its Big Market Size		*	
	10. Brand Reputation For Its Early Entrance Into Chinese Market		*	
	11. Broken Down Rate	*		
31 Li	1. Folding Lid			
	2. Quality Of Voice	*		
	3. Durability	*		
	4. Brand Reputation		*	
	5. Appearance		*	
	6. Screensaver			*
32 Hou	1. Colour			
	2. Folding Lid			
	3. Size			
	4. Standby Time	*		
	5. Durability	*		
	6. Words Of Mouth		*	
	7. Speed Of Updating New Products			*
	8. Appearance	*		

	9. Functionality			
	10. Text Message Function			
	11. Inputting Language	*		
	12. Style			
	13. Quality Of Signal Receiving		*	
33 Wei	1. Durability			
	2. Brand Reputation		*	
	3. Size			
	4. Range Of Product Lines	*		
	5. Standby Time	*		
	6. Broken-Down Rate	*		
	7. WARP			*
	8. Colour Screen		*	
	9. Price		*	
	10. Style		*	
	11. Quality Of Signal Receiving	*		
	12. No Parking Space At The After Sale Service Point		*	
34 Wang	1. Price		*	
	2. Size		*	
	3. Weight		*	
	4. Quality Of Signal Receiving	*		
	5. Brand Reputation For Technology Support			*
	6. Brand Reputation			

	7. Operation		*
	8. Recording Function		*
	9. Memory Size For Address Book	*	
	10. Appearance		*
	11. Brand Reputation (Merger Of Sony And Erriccson)		*
	12. Games		*
	13. Radio		
	14. Quality Of Voice	*	
	15. Breakdown Rate		
	16. Screen Size		*
	17. WARP Function	*	
	18. Text Message Function	*	
35 Yang	1. Ring Tone		*
	2. Availability Of Downloading SMS And Ring Tone From Internet	*	
	3. Appearance		*
	4. Colour Screen		*
	5. Built In Camera		*
	6. Brand Awareness		*
	7. Quality Of Signal Receiving	*	
	8. Memory Size For Address	*	
	9. Voice Dialing Function		*
	10. Memory Size For Text Message SMS	*	
	11. Volume Of Ring Tone		

36 Zhang	1. Appearance	*		
	2. Radiation	*		
	3. Style	*		
	4. Filter Function (Software)		*	
	5. New Function (Implementation Of New Tech,		*	
	6. Keyboard Arrangement		*	
	7. Music	*		
	8. Games		*	
	9. WARP			*
37 Zhou	1. Brand Origin			*
	2. Operation (Keyboard)		*	
	3. Colour	*		
	4. Quality Of Voice			*
	5. Durability Of Battery			*
	6. Appearance	*		
	7. Accessibility Of After Sale Service			*
	8. Size	*		
	9. Changeable Colour Covers			
	10. Words Of Mouth		*	
	11. Screen Colour			
	12. Availability Of Downloading SMS And Ring Tone From Internet			*
	13. Operation (Software, Chinese Inputting Methods, Menu)		*	
	14. Brand Reputation (Advertisement)	*		
	15. Function (Radio,Mp3, Ring Tone, Games)	*		

	16. Screen Size			*
38 Yang	1. Operation (Hot Key)	*		
	2. Memory Size	*		
	3. Broken-Down Rate	*		
	4. Chinese Inputting Methods	*		
	5. Appearance	*		
	6. Functionality			
	7. Radiation		*	
	8. Colour Screen		*	
	9. Product Launch Time			*
	10. WARP		*	
	11. Screen Size			*
	12. Memory Size(Address Book)			
	13. Quality Of Voice		*	
	14. Standby Time	*		
39 Yang	1. Operation (Menu)	*		
	2. Operation (Font Size , Keyboard)			*
	3. Availability Of Downloading SMS And Ring Tone From Internet			*
	4. Colour Screen			*
	5. Ring Tone			*
	6. Screen Size			*
	7. Screen Saver			
	8. Weight			

	9. Standby Time	•		
	10. Appearance (Material, Dual Screens, Style)	•		
	11. Inputting Methods		•	
	12. New Functions		•	
	13. Durability Of Battery			
	14. Built-In Antenna (Broken Down Rate)			
	15. Words Of Mouth			
	16. Quality Of Signal Receiving	•		
	17. Size			
	18. Keyboard Lock		•	
40 Zhao	1. Standby Time	•		
	2. Font Size		•	
	3. Quality Of Voice	•		
	4. Quality Of Signal Receiving	•		
	5. Appearance		•	
	6. Size			
	7. Many People Use It			•
	8. Words Of Mouth			•
	9. Broken Down Rate			
	10. Ring Tone		•	
	11 Seller's Recommendation		•	

Appendix 13 LIST OF ATTRIBUTES

Attributes	Count
1. Accessibility Of After Sale Service	2
2. Accessories (Earphone)	1
3. Accessories (Leather Cover)	1
4. Address Book Function	1
5. Advertisement / Media Exposure	9
6. After-Sale Service	2
7. Appearance	33
8. Auto Keyboard Lock (Folding Lid)	3
9. Availability Of Internet Downloading	4
10. Brand Awareness	4
11. Brand History	2
12. Brand Image	1
13. Brand Origin	8
14. Brand Reputation (Brand Merger)	1
15. Brand Reputation (Many People Use The Brand)	1
16. Brand Reputation (Market Size)	1
17. Brand Reputation (No Big Price Cut Down)	1
18. Brand Reputation (Size Of The Organization)	1
19. Brand Reputation (Technology Support)	
20. Brand Reputation (The Culture Of The Organization)	1
21. Brand Reputation (Time Of Entrance Into Chinese Market)	2
22. Brand Reputation For High Technology	4
23. Brand Reputation Leveraged From Other Products	5
24. Brand Reputation	11
25. Broken Down Rate	24
26. Built In / Out Antenna	2
27. Changeable Colour Covers	1
28. Colour Picture Message Function	3
29. Colour Screen	11
30. Colour	5
31. Dual Screen	
32. Durability	26
33. Face Expression	1

34. Familiarity With The Operation System/Get Used To It/ Long Time Usage	6
35. Features	
36. Filter Function	1
37. Folding / Slide Lid	9
38. Font Size	3
39. Friends' Recommendation	1
40. Functionality	11
41. Games	6
42. Hot Key	1
43. Implementation Of New Technology	5
44. Inputting Language	3
45. Inputting Methods	6
46. Key Board Arrangement	8
47. Keyboard Size	2
48. Many People Use It	5
49. Material	2
50. Memory Size For Address	5
51. Memory Size For Text Message	3
52. Memory Size	6
53. Menu Language	9
54. Menu Settings	11
55. Mp3 Function	3
56. Multifunction	10
57. New Functions	2
58. Operating System	7
59. Physical Quality	9
60. Pictures Of Screen Saver	1
61. Price Of The Whole Package Of Service	2
62. Price	13
63. Product Launch Time	2
64. Product Launch Time	2
65. Profession Level Of Service	1
66. Professional Recommends	
67. Promotion	1
68. Quality Of Signal Receiving	16
69. Quality Of Voice	14
70. Radiation	7

71.	Radio Function	4
72.	Range Of Product Lines	5
73.	Recording Function	1
74.	Ring Tone	11
75.	Screen Colour	3
76.	Screen Saver Function	2
77.	Screen Size	9
78.	Seller's Recommendation	2
79.	Size	28
80.	Software Design	3
81.	Speed Of Technology Improving	1
82.	Speed Of Updating New Product Lines	5
83.	Speed	2
84.	Stand By Time / Talk Time	26
85.	Style	6
86.	Text Message Function	12
87.	Voice Dialling Functions	1
88.	WARP Function	7
89.	Weight	7
90.	Words Of Mouth	15

Appendix 14 LIST OF ATTRIBUTES

(CATERGORISED)

	Attributes		Count
1.	Accessories		1
	a.	Leather Cover	1
	b.	Earphone	1
	c.	Changeable Colour Covers	1
2.	Appearance		33
	a.	Material	2
	b.	Colour	5
	c.	Style	6
	d.	Built In / Out Antenna	1
	e.	Dual Screen	
	f.	Folding / Slide Lid	9
	g.	Screen Colour	3
	h.	Colour Screen	11
3.	Brand		
	a.	Brand Awareness	4
	b.	Brand Image	1
	c.	Brand Reputation	11
	d.	Brand Origin	8
	e.	Brand History	2
	f.	No Big Price Cut Down	1
	g.	Brand Reputation (No Big Price Cut Down)	1
	h.	Brand Reputation (Market Size)	1
	i.	Brand Reputation (Time of Entrance into Chinese Market) 2	
	j.	Brand Reputation Leveraged From Other Products	5
	k.	Brand Reputation for High Technology	4
	l.	Brand Reputation (Size of the Organization)	1
	m.	Brand Reputation (Many People Use the Brand)	1
	n.	Brand Reputation (Brand Merger)	1
	o.	Brand Reputation (The Culture of the Organization)	1
4.	Functions		10
	a.	Address Book	1
	b.	Filter Function	1
	c.	Games	6
	d.	Mp3 Function	3
	e.	Radio Function	4
	f.	Colour Picture Message Function	3
	g.	Recording Function	1
	h.	Screen Saver Function	3
	i.	Text Message Function	12
	j.	Voice Dialing Functions	1
	k.	WAP Function	7
	l.	Face Expression	1
	m.	Pictures Of Screen Saver	
	n.	New Functions	2
	o.	Ring Tone	11
	p.	Functionality	11
5.	Marketing		
	a.	Promotion	1
	b.	Advertisement / Media Exposure	9

6.	Memory Size	6
a.	Memory Size for Address	5
b.	Memory Size for Text Message	3
7.	New Technology	
a.	Speed of Technology Improving	6
b.	Implementation of New Technology	5
c.	Product Launch Time	2
8.	Operation	
a.	Auto Keyboard Lock (Folding Lid)	3
b.	Hot Key	1
c.	Inputting Language	3
d.	Menu Settings	11
e.	Inputting Methods	6
f.	Software Design	3
g.	Menu Language	9
h.	Speed	2
i.	Key Board Arrangement	8
j.	Keyboard Size	2
k.	Screen Size	9
l.	Font Size	3
m.	Familiarity with the Operation System	6
9.	Price	13
a.	Price of the Whole Package of Service	2
b.	Price of the Phone Set	
10.	Quality	
a.	Broken Down Rate	25
b.	Durability	26
c.	Physical Quality	9
11.	Radiation	7
12.	Range Of Product Lines	5
13.	Size & Weight	
a.	Size	28
b.	Weight	7
14.	Service	
a.	Accessibility Of After Sale Service	2
b.	After-Sale Service	2
c.	Profession Level of Service	1
d.	Availability of Internet Downloading	4
15.	Sound Clarity	
a.	Quality of Signal Receiving	16
b.	Quality of Voice	14
16.	Stand By Time / Talk Time	26
17.	Words of Mouth	15
a.	Seller's Recommendation	2
b.	Professional Recommendation	
c.	Friends' Recommendation	1
d.	Many People Use It	5

Appendix 15 INTERVIEW KEYWORDS

A: Interviewee ID
B: MECs ID

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
1	1	不出错 Error Rate	质量 Product Quality	方便 Convenience	耽误事 Delay Caused	顺利简单 Easy and simple	工作 Work 朋友 Friends	事业 Career 新东西 New things	生活保障 Security Of Living 交流 Communication	心态平静 Peace of Mind 感情寄托 rely on this feelings			
1	2	外观好 Good Appearance	漂亮 Beautiful	心情好 Good mood									
			装饰 Decoration	个性 Personality	给别人好的印象 Good impression on others	更好的沟通 Better Communication							
1	3	价格 Price	省钱 Save money	买到别的欢乐 Buy Extra Happiness	物质（车，房） Commodity（car, house）	生活得更好 Better Living Conditions							
2	1	辐射大小 Radiation Levels	健康 Healthiness										
2	2	待机时间 Standby time	生活忙碌 Busy life	省事 Save effort	户外活动/出差 Outdoor activities/business trip	可靠 Reliable	出事了可以寻求 means of seeking help in emergency	信任 Trust					
2	3	外观 Appearance	每天用 use it everyday	有特点 Characteristic	[illegible] Good looking	有个性 With strong personality	适合自己的形象 Fit for one's own image	self esteem	belonging				
2	4	操作 Operation	方便 Convenience										
3	1	外观 Appearance	技术差别不大，外观就很重要 differences in appearance become important due to uniformity of technology	附加值 appearance is a kind of Added Value	附加条件 Additional Conditions	吸引力 Attractiveness	高兴 Happiness	心情比较愉快 Good mood					
3	2	新功能 New Functions	需要 necessary demanding	沟通 enable me communicate equally with others	好奇 satisfy my needs of curiousness	朋友 Friends	大家其实是不可能经常见面是不可能 impossible to meet often	正好联系起来呢又不用浪费那么多的时间和精力 keep contact with less time/efforts spend	有事没事的时候都可以把它当成是种联系方式 good contact means in emergance or casual time				
3	3	价格 Price	实际 Reality/affordability	手机更新换代太快 mobile phone upgrade too must	贬值 Demeaning too fast	没有必要花那么多的钱买一种心理感受 No need to spend a lot on a feeling	实用 Functionality	性价比是越高越好 High Value To Cost Ratio	理智 Wisdom	周全 Comprehensiveness			
4	1	耐用 Durability	不想让人修理 do not bothering with Repair	麻烦 avoid trouble	省心 save worry	心情轻松 easy life							

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
4	2	经济	物美价廉	价值	特别需要的东西花多少钱都得买	投入孩子教育							
		economical	valuable	Value	spend money on more important things	invest in child's education	responsibility for next generation						
4	3	外观 appearance	喜欢美 beauty	相称 Match To Self Image	给孩子提气 let child feel confident for his parents	self respect							
5	1	造型好看/小 appearance	吸引人 attractive	小女孩都这么想 Girls Think This Way	个性 personality	小女孩还是拿小一点的，小巧玲珑一点的比较好看 Girls Are Better Off With Smaller Ones Which Look Better	开心 Happiness						
5	2	多功能 multifunction	换个比较好听的音乐也比较带动自己的情绪吧 good music will cheer me up	特别烦的时候就可以玩了，消耗一点时间 Play it when feel very bored, which helps kill time.	方便 convenient	好的心情 feel good							
5	3	耐用 Durability	质量 quality	太烦了 avoid trouble	因为你想我何必又花那么多钱去修理它，我差不多这钱我也能买个新的了 with the money spend to fix it, I can buy a brand new one	折腾 troubles	Relaxing						
6	1	操作 Operation	简单 simple	方便 convenient	提高我工作效率 efficiency	省时间，省心 Save time and effort	实用 Functionality	享受轻松 enjoy relaxing					
6	2	耐久度 Durability	不易坏 Low Break Down Rate	质量 quality	省心省力 Energy & Time Saving	放松 relax							
6	3	品牌 brand	核心技术 key technology	不用花钱买技术 do not need to pay for the technology	性能价格比 value /price ratio is high	把钱花在别的地方 Alternative Purchase	生活品质 improve life quality						
7	1	小巧 small size	好看 good-looking	相称 Match To Self Image	形象 self image	觉得舒服 feel comfortable	自在 Feel easy						
7	2	耐用性 Durability	结实 Solid	使用习惯 bad usage habits	经济上比较实用 economical	把钱省在别的地方 save money for other things	父母 parents	孝顺 filial to parents					
							学业/工作 study/job	生活 live better					
7	3	外形 appearance	女孩子 self image	吸引别人 Attractive	虚荣心 self respect	自己满意 Self satisfaction							
8	1	价格 price	需要买的东西比较多 need to buy lots of other stuffs	合理安排支出吧，收入支出 balance income/spending	生活得更好一些 live better								
8	2	新的功能 new functions	不仅满足现在的生活 not only necessary for current life	重要的作用 useful	超前一点购买 buy in advance	时间要用的比较长一点，成本要比较低一点 long time usage equals to lower costs	在尽可能节约的情况下尽量节约 saving	我没必要这样浪费 thrift	生活得更好一些 live better				
8	3	品牌 Brand Impact	质量 quality	影响工作 affection on job	人生活在世上就是为了生活和工作 the goal of being alive is to work and	解决问题 problem solving	联系方便 Convenient to contact people	工作才得到收入吧 Work First Then Get Paid	生活 Life				

Appendix 15-2

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
				朋友 friendship	living 亲戚 kinship	精神上的生活 Mental life	放松和解除工作上的烦恼和疲惫 relax/happiness						
9	1	外观 appearance	适合 suitable	天线内置 Built-In Antenna	天线损坏 antenna brake down	质量 quality	这个顾虑就几乎不存在了 no such worrying exits	麻烦 trouble	没有时间去天天[illegible] no time because of nature of job	薪水 income	消费/生活 expenses/ living		
9	2	价格 price	复杂的功能就没什么意义了 Multifunction/Complicated Functions Are Not Useful	工薪阶层 working class	不能把每个月的钱都花在手机上 save money for other things	衣食住行，吃喝玩乐 Basic Living Expenses And Luxury Expenditure	生活 living						
9	3	新产品 Newly launched product	独特的功能 unique functions	先进 Advanced	潮流和时尚 Trendy & Fashionable	周围人都是年轻人 people surrounding are young people	年龄段 age	虚荣心 self esteem					
10	1	款式 appearance/Style	翻盖 foldable lid	时尚 fashion	手机可以反映一个人的性格 mobile phone reflects the owner's personality	个性 personality	年龄 young age	追潮流 following trends	在乎别人的看法 be causious about other's opinion	跟大家接近 belonging			
10	2	附加功能 functions	消遣 relax	短信 text message	时代 contemporary	反映一个人的内涵 reflects his' inner side	手机发展的一种趋势 trends	网络上的知识 knowledge in the web	confidence	乐趣 fun			
						朋友 friend	发短信就比较便宜 text message is cheaper	交流 communication	朋友这是一笔财富 friendship				
10	3	价格 price	收入 income	攒钱 save money	年纪 age	量力而行 income balance	独立 independent						
11	1	通话质量 voice quality	工作时候 afraid to affect work	不方便 Inconvenient	社会压力 Social pressure	生活保障 Living security							
11	2	短信功能/输入 SMS function/Input	联络感情 keep contact in order to improve relationship between each other	情绪 Emotion	高兴 Happiness	朋友 Friends	感情交流 Emotional communication	减轻社会对你的压力 Release Social Pressure On Oneself	不跟朋友交流呢，压力就得不到疏释 No communication with friends, no relief of pressure	心灵的平静 Placidity of mind			
11	3	好看 Good-looking	使用率高一些 More Frequent Use 自我感觉良好 feel good	物有所值 valuable 自我愉悦 Self-satisfaction	更好的生活 better life quality								
12	1	通话质量 voice quality	关键的时候别掉线 Never Go Offline At Important Times	听清 Hear clearly	着急 Worry	方便，随意,随时随地地进行这种沟通 Communicate anywhere, anytime, easily and freely	利用这段时间 better use this period of time	工作 Work	在这个台阶上你才可能往上走 Only By Getting This Far Can You Progress Further	事业 Career	兴趣和一种成就 Interest and challenge	成功 Success	体现价值 Embodiment of value
12	2	待机时间 Standby time	经常出差 Often on business trip	工作的不确定性 Uncertainty of work	及时沟通 Timely communication	特别耽误工夫 Very Time Wasting	工作 Work	体现价值 Embodiment of value					
12	3	故障率 Failure frequency	造成麻烦 Source Of Problems	耽误 Delay	朋友 Friends	非常追求生活情趣的人 A person who pursues high quality of life	让生活就是更丰富啊，更有情趣 Make Life More Colourful	[illegible] Most Of The Time, I Expect To Make Life More Colorful By	给大家带来一些快乐 bring happiness to others	好心情 good mood	自信 confident	宽容 tolenrance	给与 given

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
								Communicating With My Friend					
					家人 Family	责任 Responsibility							
13	1	价钱 Price	付不起 Unaffordable	钱的这个限制着我 Restrained By Income	偿还压力 Pressure from repayment of debts	relax							
13	2	新功能 New functions	进步 advanced to the old one	更新换代特别快 Quick renewal	喜欢追求新鲜事物 Fond of following fresh things	年轻 Young	好奇心 Curiousness	控制能力 Ability to control	confidence				
13	3	耐用 Durability	质量 Quality	超前的 Advanced/Leading Edge	实用 Functional	钱的这个限制着我 Restrained By Income	偿还压力 Pressure from repayment of debts	relax					
13	4	辐射 Radiation Levels	人躯的健康 Healthiness	希望自己活的长一点 Expect to live longer									
14	1	新功能 New functions	望用的时间在长一点儿 Expect to use it longer	投入的价值 Invested value	便宜 Cheap	会有损失 May suffer from loss	怕过时 Worry of obsolescence	心里遗憾 Regret	消费心理的满足 Satisfaction Of Consumption				
14	2	外形 Appearance	女孩子形象 Image of girls	时尚品味 Taste of fashion	自我形象 Self image	个性 Personality	别人对你的印象/希望它是一个亮点 Your Impression of Others / Expect It To Be A Highlight	对自己选择的一个认可 self identity to my own choice	满足 Satisfaction				
							走在潮流的前端 lead the trends/ at the edge of fashion	未来希望 hope for the future	进步和变化 keen for development and change	生活越过越好 Living becomes better and better			
14	3	品牌的印象 Brand Impact	产品差异小，品牌就很重要 less product differences, makes brand name more important	信赖 Trust	时尚 Fashion	走在潮流的前端 lead the trends/ at the edge of fashion	未来希望 hope for the future	进步和变化 keen for development and change	生活越过越好 Living becomes better and better				
15	1	耐用 Durability	时刻都有可能会通话有事情 May Possibly Make a Call At Any Time	维修时间 long fix time	耽误时间 time delayed	不方便 Inconvenient	有急事 For urgent things	影响工作 bad effects on work 家庭生活方面 bad effects on family	男的要有事业心 it is a man's responsibility to develop career	事业成功 Success in career	体现最终的我的价值 self worth 支持家庭 support family		
15	2	操作方便 Ease Of Operation	有急事来临事情有急 when something happen urgently it becomes very urgent and need to be dealt with very quickly	提高效率 Improve efficiency	兴趣休闲 Interests And Leisure								
					影响工作 bad effects on work	事业成功 Success in career	体现最终的我的价值 self worth						
15	3	待机时间 Standby time	工作 work	方便 Convenient	事业成功 Success in career	体现最终的我的价值 self worth							
16	1	耐用 Durability	质量 Quality	毛病 Problems	耽误工作 Delays Work	跟领导联系都不方便 Inconvenient To Contact Boss	挣钱 Earn money	供孩子上学 Bring up children/pay for their education	责任 Responsibility				

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
16	2	待机时间 Standby time	麻烦 Trouble	工作性质决定的 Determined by the nature of work	耽误工作 Delays Work	跟领导联系都不方便 Inconvenient To Contact Boss	挣钱 Earn money	供孩子上学 Bring up children	责任 Responsibility				
16	3	重量 Weight	携带方便 Easy to carry	舒适 Comfortable	感觉比较好 Better feeling								
17	1	价格 Price	自己身份匹配 fit for one's status	不愿意花没有不要的钱 do not want to spend money on unnecessary things	理性消费者 Rational consumption	压力会比较大 Higher pressure	家庭 Family	对自己消费的一个约束 A restraint to one's consumption	危机感/安全感 Sense of risk/seeking feeling of security				
17	2	外形 Appearance	形象比较吻合 Fit for one's image	比较在意别人对我的看法和感觉 Care About Others Comments And Impression Of Me	取悦 Please others	被认可 Approved/recognized	自信 confidence						
17	3	操作方便 Ease Of Operation	实用性 Functional	时间是有限的 Time is limited	工作 Work	压力 Pressure	收获 Gain from other meaningful activities	快乐 Happiness					
18	1	耐用 Durability	经济状况 Economic status	少花钱 Costs Less	体谅父母 Be considerate of parents	越来越长大了 Growing	independent						
18	2	操作 Operation	省心 Less worries	简单 Simple	轻松 Relaxing	快乐 Happiness							
18	3	铃声 Ringtone	和别人区别开来 Distinct from others	独特 Unique	个性 Personality	虚荣心 Self esteem	快乐 Happiness						
19	1	操作 Operation	省时间 Save time	省动作 Less Effort Required	省心 Less worries	越简单越好 The simpler the better	太复杂就不爱用 Do Not Like To Use More Sophisticated Things	交往 Communication	feel confident to use				
19	2	待机时间 Standby time	耽误事 Causes Delay	工作 work	怕影响别人 Worried About The Effect On Others	心里踏实 Assurance of mind	peace of mind						
19	3	彩屏 Colour Screen	颜色 Colour	必然的趋势 Inevitable trend	随大流 Follow the trend	别人都有了 Others Have / Already Have	不亏待自己 Treat oneself kindly	好玩 Interesting/fun	belonging				
20	1	外观 Appearance	体现个性化 Embodiment of personality	别人对你的印象 other's opinion on one's own image	社会对你的看法 Society's Attitudes To Oneself	自我满足 Self satisfaction							
20	2	新功能 New functions	技术突破 Breakthrough in technology	方便 Convenient	好用 Comfortable								
20	3	信号的待机时间 standby time	功能性 Functionality	通话 Call									
21	1	新功能 New functions	随身带 Portable	能代替其它的一些东西 it can substitute some other things	方便 Convenient	简单 Simple	影响工作 Affect Work	养家 Sustain the family 事业 career	稳定、舒适的生活 Stable and comfortable life 个人成就感 self-achievement				
21	2	品牌的印象 Brand Impact	质量 Quality	维修率 Maintenance	存的资料丢失，减少损失 Loss of saved data.	麻烦 Trouble	热爱生活 Love life	放松 Relaxing					

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
				Frequency	mitigate the loss								
21	3	实用性 Functionality	生活方式不容许你没手机 Modern Life Makes A Mobile Essential	维系一种关系 To Maintain A Relationship	事业 Career	价值体现 Embodiment of value							
					生活 Living	养家 Sustain family	舒适的生活 Comfortable living						
22	1	外观好看 Appearance	时尚 Fashion	满足虚荣心 Satisfaction of self-esteem	公共场合 Public	面子 "face"							
				有身份嘛，有品味 With status and taste	年龄 Age	不要太过时 Not too out-of-date							
22	2	新的功能 New functions	移动办公 Mobile office	方便 Convenient	实用 Functional	自由 Freedom							
			信息 Information	和世界接轨啊，好多新东西 Conformity To International Standards, Comes With Many New information	不停地学习 Keep studying	事业 Career	钱 money	生活的舒适性 Comfortableness of living					
22	3	价格 Price	省钱 Save money	收入 Income	值 Value	家庭建设 Construction of Family							
						旅游 Travel	长长见识嘛，开开眼界嘛 Enriched Experience And Widened Sight						
						学习 Study	工作还是有压力 Work is stressful						
23	1	新功能 New functions	大众化 Popularization	了解社会 Understanding of society	提高效率 Improve efficiency	工作 job	职业道德 Professional morality	良心 Conscience	自信 Self-confidence				
23	2	基本功能（短信） Basic functions (SMS)	日常生活 Daily life	快，节约费用 fast, costing less	笑话 Joke	乐趣 Fun							
					工作 job	良心 Conscience	自信 Self-confidence						
23	3	价格 Price	不追求特别高端的东西 Not pursue high-end stuff	不值 Unworthy	把钱花在必要的地方 spend money on necessary things	节约 restrain / control	社会道德 social morality	良心 Conscience					
					兴趣爱好 Interest and speciality								
24	1	小巧 Small	不好看 Ugly/unshapely	大家伙看着也别扭 Looks odd	周围人对你的看法 Comments About Oneself By Others								
			携带方便 Portable	工作性质 Nature of work	生存 living/Survive								
24	2	手机信号好收的 Good mobile signal	被叫找 Called by boss	耽误工作 Delay work	责任心 Responsibility	生存 Survive							

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
24	3	操作方便 Easy operation	开车 Drive	安全 Safe									
25	1	信号接收 Signal receiving	不用特别费劲 Not very difficult	听清楚 Hear clearly	误解 avoid misunderstanding	耽误事 Cause delay	人际关系 interpersonal Relationship/ guanxi	不必要的麻烦 Unnecessary trouble	理解 Understand	社会性的交流 Social communication			
					礼貌 Good manner	尊重别人 respect others							
					不要错过机遇 avoid missing opportunity	经济上 Economic/ money							
						事业 cateer	自我价值 self worth						
25	2	待机时间 Standby time	省事方便 Easy and convenient	值 Value	工作 work	事业 cateer	自我价值 self worth						
25	3	耐用 Durability	省事 Save effort	相对可靠比较安全 Comparatively reliable and safe									
26	1	待机时间 Standby time	经常忘了充电 Often Forget To Recharge	会影响事情 Things being influenced	紧急情况下 Under urgent circumstances	方便 Convenient	怕烦心 less worries	轻松 relax					
26	2	外观 Appearance	别人有的 Others have it	新的东西 new things	先享受了是一种快乐享受 Enjoy it earlier is a kind of happiness							社会认同感 Social identity	
			大众化的 in a popular style/ common	年龄不太相称 Not Fit For The Age group	自己的形象/身份 One's own image/status	什么样的年龄阶段应该是什么样的形象给人家 The Image One Projects To Others Depends On Age	保守的一种想法 A conservative idea	都应该和年龄相符 Needs Should Fit The Age group	传统 Tradition	社会的认同 social belonging			
26	3	价格 Price	工作性质 Nature of work	性价比 Value to cost ratio	不愿意浪费 reluctant to waste things	物尽其用 Make the best use of things	资源 Resources	珍惜别人的劳动成果 Treasure others' efforts					
27	1	价格 Price	实用 Functionality	性价比 Value to cost ratio	消费习惯 Consumptive habits	挣钱也不是太高 Salary is not high	男的一种责任 The Obligation Of A man	家庭建设 material construction for family	安定感 Stable/ securied	家庭 Family			
27	2	待机时间 Standby time	工作性质 Nature of work	影响工作 Affect work	责任心 Responsibility	家庭 Family							
					一个圈子里同样的人 People In The Same Social Circle	归属感 A Feeling Of Belonging							
27	3	耐用 Durability	有种感情 A kind of feeling	习惯 Habit/custom	熟悉 Familiar with	交往起来就比较容易 Easy to get along	省心 less worries	事业 focus on career	自我成就感 self accomplishment				
28	1	价格	价格性能比	适中	经济收入低	实际	不想透支	压力	家庭的收支平衡很重要	孩子	传统责任心	我觉得孩子过得好我就都幸福了	
28		price	Value to cost ratio	Moderate/adequate price range	Low income	Reality	Unwilling To Get An Over Draft	Pressure	A balance of income and expenses is important for a family	Children	Traditional sense of responsibility	I think I will totally be in happiness if my child leads a	

Appendix 15-7

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
												good live.	
28	2	外形比较小巧	方便	自己的形象	年龄段	穿衣服要符合工作性质	自尊						
28		Small With Exquisite Shape	Convenient	Self Image	Age group	Clothes Should Fit The Nature Of The Work	Self esteem						
28	3	品牌好	耐用一点	实用	节约	浪费有愧疚感	孩子						
28		Good brand	More durable	Functional	Save	feel guilty for wasting	Children						
29	1	外形	小	好看	公共场合	自我现象	爱美嘛，女孩应该	浑身不舒服	自己感觉好				
29		Shape	Small	Good-looking	Public	self image	Love Of Beauty Is Common Among Girls	Feel Uncomfortable All Over	Find oneself good				
29	2	故障率要低	会耽误事	麻烦	就是说个方面麻烦都小一点儿，喜欢做自己喜欢做的事	快乐							
29		Low Break Down Rate	May cause delay	Troublesome	if there are less troubles I could afford to do something I really enjoy	Happiness							
29	3	待机时间	减少麻烦	生活压力	供房车	提供便利	安全感						
29		Standby time	Reduce Problems	Pressure Of Life	Sustain house and car	Provide convenience	sense of security						
29						别人的看法	满足自己的虚荣心						
29						other's opinion on me	Satisfaction of self esteem						
30	1	耐用	节省	省下的钱用在更有价值的地方	供房车，名牌的化妆品，装饰品	保值投资	养家糊口	责任					
		Durability	Save	Spend Savings More Widely	Afford House, Car, Brand Names, Cosmetics and Decoration	Value-maintaining investment	Raise a family	Responsibility					
30	2	信号	着急	很耽误事情	不必要的误解	领导的批评，降低你的收入	家庭						
		Signal	Worry	something important may be delayed 也特别浪费话费 more money wasted for the fee	unnecessary misunderstanding	the boss's blame may affect income	Family						
30	3	操作	错误操作	心情很焦虑	好的环境	感觉好							
		Operation	Operational Errors	A very worried mood	Good environment	Feels good							
31	1	通话质量	心情差	耽误大事	家庭意味着一切	感情							
31		Voice Quality	A bad mood	afraid of Causing a serious delay	Family carries everything	rely on this feeling							
31	2	耐用	心理保证	感情									
31		Durable	Mental Security	Feeling									
31	3	外形	心里舒服	与别人交流很好									
31		Shape	Feel comfortable	better communication with others									
32	1	价格	价格降得特别快	明智的想法	收入不是很高	房子	满足感						
32		Price	A sharp drop in price. not necessary buy a latest one	A wise idea	restrained by the income	House	A feeling of satisfaction						
32	2	款式	只不过是有拿不出手，感觉在同事里面有点太土了	工作环境，大家	自尊心								
32		Style	feel embarrassed to carry it, for it is considered to be too out-of-date by my	working environment	Self esteem								

Appendix 15-8

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
			colleagues										
32	3	新功能	新发现的感觉	潮流	很落伍	自尊心							
32		New functions	A newly found feeling	Trend	Very outdated	Self esteem							
33	1	故障率	不方便	耽误事	出差/工作	心里烦	有成就						
33		Breakdown Rate	Inconvenient	Cause delay	Business trip/work	Be worried	Successful						
33	2	价格	价格性能比	节约	艰苦条件，那个时候家庭的要求	不太舒服那种感觉	家庭	舒适的生活					
33		Price	Value to cost ratio	Save money	Difficult Conditions Then Current Demands By Families	A Feeling Of Discomfort	Family	A comfortable life					
33							小孩	责任					
33							Children	Responsibility					
33	3	款式	感觉上就心情舒畅	年轻	时尚	保持比较年轻	周围都是年轻人	归属感					
33		Style	Feel pleasurable	Young	Fashion	Remain young	surrounded by young people	A Feeling Of Belonging					
34	1	新功能	新鲜感	跟得上潮流	方便交流	家庭	安全	自我满足感	天伦之乐				
34		New functions	Curiousness	Keep up with fashion	Make communication easier	Family	Security	A feeling of self-satisfaction	Family relationships				
34						工作	挣钱	乐趣	成功的感觉	自我价值			
34						Work	Earn money	Fun	A feeling of success	Self-worth			
34	2	价格	性价比	明智									
		Price	Value to cost ratio	Wisdom									
				家庭									
34				Family									
34	3	外观	自己形象相符	别人的看法									
34		Appearance	Fit for one's own image	other's opinion on one's own image									
35	1	短信的内容	学生	有趣就要总留下来	没事的时候可以回忆回忆	增进友谊							
35		SMS memory	Students	Will keep it if it is funny	For recalling when free	Boost friendships							
35	2	能从网上下载新的东西	经常更新	吸收新事物	刺激								
35		May download new things from internet	Updated frequently	Accept new things	Stimulation/ excitement								
35	3	新款式	吸收新事物	时尚和潮流	分享	自我感觉好							
35		New style	Accept new things	Fashion and trend	Share	Feel Good In Oneself							
36	1	价格	更新率比较高	功能和价格	明智的消费	提高生活质量							
36		Price	Replacement rate is high	Function and price	Spend Money Wisely	improve Quality of life							
36	2	外观	它是什么样代表了一个别人对你的评价	社会性的人									
36		Appearance	Others Will Judge You According To What It Is Like	social aspects of being a human being	belonging								
36	3	操作方便	效率	工作学习	与社会的联系的一种途径	丰富人生	机会	自我的满足					
36		Easy operation	Efficiency	Work and study	A means of contact with society	Enrich life	Opportunity	Self-satisfaction					
36				提高生活质量									

A	B	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10	Level 11	Level 12
36				Improve quality of life									
37	1	外观	女孩子	好看	符合个人的喜好	别人的看法	一个圈子的人	大家的认同					
37		Appearance	Girls	Good-looking	One's Favourite	Others Judge	People In The Same Social Circle	Identity/acceptance by others					
37	2	品牌	质量上的保障	感觉安全一点儿	放心	用的时间长	念旧	物尽其用	觉得还是挺不好受				
37		Brand name	Quality guarantee	Feel A Bit More Secure	Reassurance	Takes A Long Time	For one time's sake	Make the best use of	Still feel uneasy				
37			其他人认同的感觉	觉得好一点									
37			A feeling of identity by others	Feel a bit better									
37	3	价格	省	完善自己的生活水平	自我独立								
37		Price	Save	Improve one's own living	Independence								
38	1	操作	方便	咱们这个能力不行，所以操作越简单越好	（自信）								
38		Operation	Convenience	We are not good at this, so the simpler the better	Self-confidence								
38				生意	赚钱	发财的梦想	自我价值的体现						
38				Business	Earn money	A Millionaire's Dream	Embodiment of self-worth						
38	2	故障率低	省事	耽误多少事	生意	赚钱	发财的梦想	自我价值的体现					
38		Low Breakdown Rate	Save effort	How much delay it has caused	Business	Earn money	A Millionaire's Dream	Embodiment of self-worth					
38	3	待机时间	电话比较频繁	耽误多少事	生意	赚钱	发财的梦想	自我价值的体现					
38		Standby time	Frequent calls	How much delay it has caused	Business	Earn money	A Millionaire's Dream	Embodiment of self-worth					
39	1	待机时间	懒	我们讲手机非常重要	耽误事情	自我价值	轻松						
39		Standby time	Lazy	We say mobile phones are very important	Cause delay	Self worth	Relaxing						
39	2	信号	对工作的重要性	自我价值									
39		Signal	Importance for work	Self worth									
39	3	菜单设置	怕麻烦	节奏比较快	心理不平衡								
39		Layout of menu	Avoid Problems	Busy	Lopsided In One's Mind								
40	1	通话信号	功能性	耽误事	领导找你找不找	被领导炒鱿鱼	工作	人生的价值					
40		Voice signals	Functionality	Cause delay	Boss cannot find you	Fired by the boss	Work	The Value Of Life/self worth					
40					心情不好								
40					In A Bad Mood								
40	2	辐射	对人体有伤害	年龄	以后的健康								
40		Radiation	Do Harm To The Human Body	Age	Future health								
40	3	款式	赏心悦目	心情好	协调	符合自己的这种身份和地位	尊重人家的感觉						
40		Style	Pleasurable	In good mood	Coordination	Fit for one's own career and social status	Respect others' feeling						

Appendix 15-10

Sample of Interview Record

Interviewee: *Zhou (No. 37)*
Place: *Interviewee's office room*
Time: *Afternoon, 17 May 2004*

Interviewee's Information:

Female
22 year old
Bachelor's Degree
Working in a company as a trainee
1500RMB monthly income

Notes:

The interview was conducted in Chinese and the transcription was then translated in English.

Q – Question
A – Answer

Cassette One

Q: Do you use a mobile phone?

A: Yes.

Q: Which brand is it?

A: Nokia.

Q: When did you start to use it?

A: One year ago.

Q: Why did you decide to buy this model?

A: I didn't buy it. My last mobile phone was lost; someone bought it and gave it to me.

Q: Oh, is it a gift?

A: Yes.

Q: Are you satisfied with it?

A: Yes, very much.

Q: What features are you satisfied with?

A: It is a Nokia mobile phone. The one I am using is 5510, which has many functions that I am satisfied with, such as listening to songs and radio programs, and sending messages quickly using its keyboard.

Q: Operation?

A: Yes. It is easy to operate and has good functions.

Q: Did you mean the function of radio that you mentioned you like to listen to music?

A: You can download music, I mean, you can save music.

Q: Oh. To save music – downloading from internet?

A: No, directly from (disk), it has a software, CD put in the disk driver, and (music) transferred.

Q: Oh, how many (songs) can be saved?

A: Ten songs, from CD; (more for) MP3, but MP3 is of bad quality, so I seldom use it.

Q: Oh, you bring it every day?

A: Yes. Nokia's after-sale service is very good; if it is broken, just repair it. Very good.

Q: Do you mean (the staff's) attitude is good, or ... ?

A: There are many reparation stations, so it is easy to find one. But (the staff's service) attitude is just ordinary.

Q: Oh, does it have any aspects that you do not like?

A: The ring tone is identical; all Nokia have the same tone.

Q: Difficult to distinguish?

A: Yes. And, the style of the phone is very limited.

Q: So the style of the phone isn't very good?

A: No.

Q: What else you dislike?

A: Of this brand or of this model?

Q: This model.

A: Then, it is too big, that's all.

Q: What model is the one that you are using?

A: 5510.

Q: Oh, I don't even know it can download music from CD.

A: Oh.

Q: Besides this model, have you used other mobile phones?

A: Yes – Alcatel.

Q: When did it you use it?

A: Long time ago. It was OT301.

Q: Oh, how did you feel after you used the Alcatel?

A: Its "OK" key was quite special – very easy to use. (The function key of) other phones have only up-down movement, but the OK key of this one was rotateable.

Q: Anything else?

A: The colour of its appearance looked like a picture; It is colourful, not as boring like this one; it is very beautiful.

Q: What colour was that?

A: Grass green.

Q: Oh. What else did you like?

A: No.

Q: Then, what features did you dislike?

A: Quality of voice was not good, and the battery was not nickel-hydrogen, its life was very short. So I bought two. And The design, design of shape, looks like a shoe lifter.

Q: Oh, shape is not good.

A: No. Nothing else.

Q: Have you used other mobile else before?

A: I used one for a few months. After I lost my mobile, someone gave me this one, and later gave me that one.

Q: Oh, you had so many mobile phones.

A: I seldom used it, 8250, Nokia.

Q: How did you feel about that one?

A: Very small, changeable colour shell. I think it is a classic model for the brand, I mean, it is agreed by many people, whoever they are, whatever they belong to, (even those) conservative (people), all kinds of people. I think it is good.

Q: Many people use it, right?

A: Right, right. And it had blue screen, a new feature at that moment. Comparatively, it had many features that Nokia now have, like downloading ring tones, pictures, etc. It was just a commonly used model, a model of this brand; a bit more people used it.

Q: Oh, downloading from internet?

A: Right, it supported many functions. What I dislike was the irrational arrangement of the telephone numbers, not in order, which I dislike always, and, inputting and sending message. Comparing to 5510, which is much better, its keyboard and inputting was not good.

Q: Do you mean that the method of inputting is inconvenient?

A: Right

Q: Arrangement of the telephone numbers?

A: Illogical.

Q: So you think it has an impact on operation, right?

A: Yes.

Q: Any other mobile else have you used before?

A: Used for a month - the one that was lost. I don't even remember its number. My mother bought it and I took it. It is Konka's, a local brand. Its model type was 8 something – it is the one with an antenna, silver, somehow looks like Panasonic GT950. I think local brand was quite good – it has nice ring tones, for example, the ring tones for message; and it had its own screensaver, but is not downloadable; it had Russia Block (game); its screen is big. I feel that model is quite good. Konka used to copy Nokia's style – the one that is copied from Nokia is really good-looking. I do not know its model.

Q: Oh.

A: I am also not satisfied with the battery life – that is short.

Q: Battery' life is short?

A: Yes. Also, it has fewer support and limited service, for example, reparation sits, downloading from internet are comparatively limited, and it is thus not good for amusement.

Q: Oh, very limited number of reparation sites; unable to download things; and limited internet support. Do you usually download game or ring tone?

A: Not game or ring tone, I had a web address, for screensaver.

Q: Oh, screensaver.

A: Yes. No other mobile phones.

Q: Then for Konka, in your opinion, its ring tone is good; it has game function; and has many choices of games.

A: Not many, but it has Russia Block – other games are not interesting. In fact, Konka had not got any other models.

Q: And its screen was big, its shape was good?

A: Right.

Q: What you disliked is that: battery life, and few reparation sites and limited support of internet?

A: Yes.

Q: For Nokia, you felt it has small size, changeable colourful cover, and good word of mouth – that many people like it?

A: Right, right.

Q: You like that it had blue screen, and good support of internet, right?

A: Yes.

Q: You are not satisfied with the arrangement of the telephone numbers, and inputting method, right?

A: Yes.

Q: For Alcatel, it has convenient operation – the "OK" key, right?

A: Yes.

Q: You like its colour, right?

A: Yes.

Q: You are not satisfied with its quality of voice, battery life, and shape; you like it because it is made in France, right?

A: Yes.

Q: Do you have a good impression on France?

A: If it was broken and considered buying a new one, it would still be Alcatel. But someone gave this one to me. Nokia is good too, easy to use, and its latest television advertisement is impressive anyway.

Q: If you were given a chance to name three mobile brands that you like best, what is the first one you would name?

A: Nokia.

Q: The second one?

A: Phillip.

Q: and the third?

A: Can I say both Phillip and Panasonic? People keep recommending these two to me.

Q: Oh.

A: Excuse me, what is that brand's name, Sony, no... The two, Phillip and Sony, others kept saying that their batteries were good. Especially good tone colour, I mean the Sony. And my family, my parents, liked Phillip, and others liked its style of music.

Q: For Nokia, what features do you like best?

A: The same – brand image.

Q: What impression does it gives you?

A: Reliable, I trust it more.

Q: Trust?

A: Yes, and it is "human-centred" designed.

Q: You meant convenient operation by referring to "human-centred"?

A: Yes. But in fact both these comments are heard from others.

Q: Then what do you mean when you refer to a good brand image?

A: First, I mean the advertisement, and after sale service.

Q: Media advertisement? Service?

A: For example, once my 5510 was broken, there were so many repair stations.

Q: So you thought this brand was reliable?

A: Yes.

Q: Is it because via your own experience you know they had many repair stations?

A: Right, right

Q: And another reason is the advertisement that impresses you?

A: Yes.

Q: And then its operation?

A: Yes, its design, although some minor problems exist, it is still very good.

Q: And Phillip is the one you like second?

A: Yes.

Q: Why?

A: Because my parents use them – they are solid, though style is old.

Q: So is it because of word of mouth and it is not your own experience?

A: No. The fact is, I do not think about that.

Q: Why do you like Sony?

A: Good sound quality.

Q: Good sound quality?

A: Yes.

Q: Heard from others?

A: Also by my own feeling, I saw others used it.

Q: Oh.

A: And, how to put it, its cover is bright, what I remember most clearly is its bright colour.

Q: So do you feel its colour is good?

A: Yes.

Q: Then for Alcatel, what aspects do you like?

A: Because the first model I bought was Alcatel, and I thought Alcatel was made in France, and it was the first one I bought by myself, and later, I found its advertisement was good; also for its colourful shell, which was well designed.

Q: Oh. What you mentioned just now are the features of the mobile that you care about.

Cassette Two

Q: Imaging you will buy another mobile phone, or in other words, for an ideal mobile, what features are the most important ones?

A: Can the answer be the same as the one before? Those mobiles that others like and think good are also thought good by me, which is an influence by people around, reconciliation with others. If explored further, I will consider its appearance, and then its brand, and the fact considered next, is price.

Q: Price?

A: Yes.

Q: Among the three, which one do you consider as the most important?

A: Actually if I am going to buy one, I will look at the appearance first, and then the brand, and then the price.

Q: Oh, brand is very important too, and then also looks at the price?

A: Yes, yes.

Q: So you think the appearance is the most important?

A: Yes.

Q: Why do you think the appearance is the most important?

A: In my opinion, at the moment a mobile phone is not so important for me – it is just like an accessory for a girl.

Q: Like an accessory?

A: Yes. You may have found what I bought most often were those with changeable colour shells.

Q: You liked to buy those with changeable beautiful colour shells. What does it mean for you?

A: One of them was beautiful, the other one, in fact, the original one was also beautiful, very classical. But it was worn out. I didn't mean I disliked it. I would not change it if a mobile had not been worn out. Its shell was worn out, I had to change it.

Q: So you had to change it?

A: Yes, and then I had one more choice. The second one I chose was a colourful one. I would not change the original one if it were new, I always like original thing.

Q: Oh, original thing is good, and you would choose a beautiful one when you change?

A: Yes, and the one I like personally.

Q: Why?

A: As mentioned, like an accessory, has to fit for my own taste.

Q: taste?

A: Yes.

Q: Then suppose you were using one that you didn't like very much, how would you feel?

A: Very awkward, I would wish to explain promptly to others: "that is not mine". Haha.

Q: You would explain to others?

A: Yes.

Q: Maybe you care about others ...

A: Yes, yes.

Q: So are you worried about hearing others saying "it's so ugly."?

A: Yes, I am a kind of ...

Q: A kind of care about other people's opinions?

A: Yes, like when I buy something, I always ask others: "how do you feel about it?"

Q: Why do you care about others' opinions?

A: I think I don't want to be an individualist.

Q: Like to keep with others?

A: Yes, I suppose, because many people would ask if I use XX mobile. Whatever I do, I would like to ask for others' opinion. But if my desire were strong enough, I would not compromise.

Q: So do you mean for a small accessory, you would compromise?

A: After all, it is a luxury staff, not like dispensable stuff. By any chance, if a girl in the same room always thought it was ugly – I had to use it for a long time, at least for a few months – how could I spend these days?

A: Oh, it is because of others.

A: If it were a hair clip, I would feel ok. I would choose to not use it. But for a mobile phone, I have to use it everyday.

Q: Oh, if this situation did happen, and everyone said it was ugly, what would you do?

A: I have not experienced it before. But, as far as I know, if the situation were too serious, if I had enough money, I would change one. Although it has never happened before, I think I would change.

Q: If the roommate thought, then you meant your roommate's opinion influenced on you a lot?

A: Yes, just the communication of experience.

Q: Then, why their opinions are so important for you?

A: That's because, you live together with them, and you are in the same social circle. For example, I am here, I don't have to care about what the people in my hometown will say, even what my parents will say; because you think that you are not in the same circle as them, not in the same group.

Q: Same social circle?

A: For example, if today you said my mobile was not good-looking, I wouldn't care about, you will leave later anyway. Ha-ha.

Q: You meant those people who are close to your life circle?

A: Yes, yes.

Q: Now that you care about their opinion, it means that people in the small social circle are important for you?

A: Yes.

Q: Why?

A: I like society, I like social life, and I don't like to do something by myself.

Q: I mean, what will they bring to you?

A: I think, it is not as high as belonging, but I still think it is very important, many sources, information sources, and I have my own opinion, but I will still consult them when I make a decision.

Q: In fact, although it is not as high as belonging, it is still a feeling of that kind?

A: Yes, yes.

Q: You wish to be recognized by others?

A: Yes. For example, I will consider what others will react when I think about something. It is what I feel.

Q: and second, you will think about "brand"?

A: Yes. Brand means a trust. I mean, as I mentioned, a mobile phone costs loads of money. If by any chance I bought one that you didn't trust, I would not feel easy. In fact, I experienced that kind of feeling when I bought the Alcatel – I didn't trust the brand – when I bought it, I just went for its good appearance.

Q: Oh.

A: Later, I almost considered changing it. Brand actually relates to many things, such as internet support, repairing, and quality warranty, feeling to be assured a bit more, and feeling of being recognized by others, ect.. That is it – these are the most important factors.

Q: Then what does a good brand mean to you?

A: Guarantee, a warranty of quality, and then word of moth, which actually is also a kind of guarantee.

Q: So when you use a good brand, you think you will be more recognized by others. And in return, you will trust it more, right?

A: Recognition, I think, is objective. Like my family recognize Philip very much, but so far I still think: how can it be true? It is because maybe my information resource is limited. In my understanding, it is something like: no matter how limited your communication is, you will aware of it.

Q: Is it “brand awareness”?

A: Yes, yes.

Q: So in your opinion high degree of brand awareness can bring you a feeling of being guaranteed, right?

A: Yes. The credit is there.

Q: So, when you buy something under a credible brand, what do you think it will bring you – is it more trust?

A: Yes, it is true. For example, for Alcatel, if a small problem took place, I would think that it was broken; but, if this one had some problem, I would think that my operation was wrong somewhere. This is the difference in my mind.

Q: Oh. So you feel assured when you buy something of this kind of big brand?

A: Yes.

Q: Then why do you expect the feeling of assurance?

A: I cannot bear defeat, haha, and I think I won’t change one thing until it is broken.

Q: Oh.

A: So I’d better buy one that makes me assured.

Q: So, in other words, big brand offer you a feeling, that makes you assured you can use it for a longer time?

A: Yes. In fact, I meant I didn’t expect any trouble during usage. For example, if the battery were broken – I mean only battery were broken, the handset itself were ok – I could buy it a new battery. If there was a problem that can be fixed, I would repair it, no matter how much it would cost. But I still prefer that there is no trouble during usage until it ends up naturally.

Q: Oh, so you mean big brand is of fewer chance of being broken?

A: Yes.

Q: You don’t like to repair it frequently, and hope it can be used for a long time?

A: Yes.

Q: Why would you hope that?

A: I...

Q: For example, can I say that it is cheaper if it can be used for a longer time? – because you don't have to change it.

A: Right, cost is one reason, personally speaking, even if I had a lot of money, I am not that kind of person who likes to change often.

Q: Oh.

A: If I like something, I won't discard it until it can no longer be used.

Q: Is it a kind of thrift?

A: It's not thrift; it's a kind of loyalty. It is like that you are not willing to throw things away, it is...

Q: A kind of missing?

A: Right, missing. Like for this one, if I had to change it, I still didn't want it to be useless, I would try to settle it elsewhere, like, give it to my mother, making it have some value. I cannot give someone something useless, I hope the thing I bought is useful.

Q: Make the best usage of everything?

A: Yes, yes.

Q: Why do you hope that?

A: My personal feeling is like that.

Q: What benefit will this behaviour, for example you give it to your mother to continue using it, bring to you?

A: Like this one, not used so badly, is usable obviously, but if it is put there occupying a space. I cannot put up with wasting things.

Q: Unnecessary waste?

A: Right. So, now my mother has her own mobile, still usable, I have no alternative for me to think about, and all people around me have their own mobile, so I think I have to use it. Now many people have changed their mobile phones, but I haven't.

Q: Why don't you expect to change?

A: It is not good either, because I have no chance to try something new.

Q: Then what importance does it mean to you?

A: I always think in that way.

Q: Then if you hadn't behaved in that way, how would you feel?

A: I would feel, wasteful.

Q: Wasteful?

A: Yes. Because you put it there useless, you would feel uncomfortable.

Q: So do you feel a kind of guilty when you waste?

A: Yes, guilty, it is guilty.

Q: Oh, guilty.

A: Like this, that doesn't cost much, is just a notebook. The single-face papers, if disassembled, they can be used to print.

Q: Oh, a kind of thrifty, like for the kind of single-face paper, which back face is usable obviously. If it weren't used, you would feel?

A: Yes.

Q: Then, why? Do you think it is because of the paper itself, or because of the money? For new paper will cost.

A: En, I think I feel pity for the paper.

Q: Oh, pity for the paper. Then do you think thrifty is something, something that a person should have, naturally?

A: I think it is manufactured by someone, whatever it is, I always think for a piece of paper, used only for one face, it has not finished its duty. But someone will say I am not so thrifty. Take clothes for example, if you bought a lot of clothes, you would be considered unthrifty. But if you didn't discard them, instead put them there always, you would be thought so thrifty. I do both of them. But,

Q: You meant you didn't like to discard, instead to keep them, after you bought them?

A: Yes. In other words, I think, even if only for a half day, I would wear it someday.

Q: Oh.

A: Like mine is not the kind of wealthy thrift, not willing to buy something, to do something, for example.

Q: In reality, it is just that you are not willing to discard things? Your feeling is like that those things are still usable, when you throw them away, you will think they were woven hard; I have to respect their labour. Did you think in that way?

A: Yes.

Q: In other words, you think thrifty is a kind of virtue, or, you can save money?

A: I would feel money had been saved. When I bought something expensive, I would think a lot before purchase. But for those cheap things, like a rubber ring, I would buy new one only after a short time. Others, I don't think it is a virtue, because it is a too noble word. I think it is just the way you think, not intentionally, not for any special reason anyway.

Q: If you think saving money is a matter of income and expense, do you expect to reach a balance between them?

A: Yes.

Q: So what importance does a balance of income and expense mean to you?

Cassette 3

Q: You mentioned price as the third, then why do you think price is important for you?

A: It is a kind of balance. I mean I am not so rich as to regard money as nothing. I will always think it about. And in an age like me, still not up to the moment of buying house or car, it is really a big expense for me, only second to computer.

Q: Oh, it is a big expense?

A: Yes, yes. So I have to think it about carefully. Anyway, it is not too bad; nowadays handset's price is cutting down quickly. An expense of RMB1000 doesn't need much thinking.

Q: In terms of price, it is still a big expense, so you have to think it about carefully?

A: Yes.

Q: So you expect to buy something that you like best with that money?

A: Yes.

Q: In other words, as you mentioned just now it is the balance of income and expense that you expect to reach, is it?

A: Yes.

Q: What significance does a balance of income and expense mean to you?

A: Even if I don't need to save a lot of money to do something, I don't want to spend more than I earn either.

Q: And?

A: I think nowadays most people know what to do with money, like changing to a bigger house even if they already have one, that is, to improve their living standard step by step, and to have a better life. But many people, if they want to change something and they have no money, will take money from parents. But I prefer to settle everything down by myself.

Q: Oh.

A: So, now I have no original saving, be sure I have to think about.

Q: Oh, so for you, does keeping balance of income and expense represent a kind of self-independence?

A: Yes, yes.

Q: No longer to take money from parents?

A: Yes.

Q: So as you mentioned, if you use a good brand, that others recognize and know more about, for example you are now using a Nokia, whether do you feel it is better than using a bad brand?

A: I don't know what bad brand it, because, like I am using a Nokia one, that costs RMB1000, and an Alcatel, that costs RMB2000. Because few people know it, even if you say it has advertisement, someone still doesn't know which one is 2000 and which one is 1000. Because more people know

Nokia, suppose I were not using this one, instead I were using the Alcatel which costs 2000,_maybe I would felt mine is better then that one, for more people know this, because, all people know this, know that you take the right one, that you take the one that ranks first, know the handset brand, also know its price.

Q: Oh, if you use this mobile, at the first sight of others, they can judge yours is better than his. It is a comparison; in fact it also represents other's judging on you, very important?

A: Yes.

Q: You would feel a bit better if others saw you are using a mobile of the best brand?

A: Probably.

Q: May I have your family name?

A: Zhou.

Q: How old are you?

A: 22.

Q: University graduated?

A: University degree.

Q: Just graduated?

A: Yes.

Q: Now working for a company?

A: Yes.

Q: A technician or a business manager?

A: A business manager.

Q: An ordinary staff in a company?

A: Yes.

Q: Your monthly income?

A: 1500.

Q: Thank you.

A: You are welcome.

第一面：

问： 你贵姓

答： 周

问： 多大了

答： 22

问： 大学？

答： 本科

问： 刚毕业？

答： 对

问： 公司？

答： 嗯

问： 是技术人员还是职员？

答： 职员吧

问： 公司的一般职员？

答： 对

问： 平均月收入？

答： 1500

问： 你现在用手机？

答： 是

问： 有哪个牌子的？

答： 诺基亚

问： 什么时候用的这手机？

答： 一年前

问： 当时为什么买这款手机？

答： 这不是我买的，是我都手机丢了，别人买的，然后给我的

问： 哦，就是别人送的

答： 对

问： 你现在还满意吗？

答： 挺好的

问： 那觉得哪些东西比较满意？

答： 这个不是诺基亚，我用的是那个 5510，他那个很多功能比较满意，可以听歌，可以听收音机，然后他的那个键盘发短信比较快，

问： 操作？

答： 对，操作好，功能也比较好。

问： 你说的听音乐是不是支收音机的功能？

答： 它可以下载音乐，就是可以存音乐。

问： 哦，就是可以存音乐，可以从网络上下载？

答： 不是，直接从，有个软件，CD 放在在光驱里，可以传过来。

问： 哦，可以存多少？

答： 10 首歌，CD 可以 10 首，MP3 只是音质不好，是就不是很多用。

问： 哦，那平时你带这个就可以？

答： 对。它其实这个，诺基亚的售后服务挺好的，用坏了去就修了，挺好的

问： 觉得态度好还是？

答： 还是维修点多吧，好找，态度倒是一般

问： 哦，那你觉得不喜欢他的地方是什么呢？

答： 声音太统一，所有的诺基亚都是这个声音，

问： 就分不出来？

答： 对，然后造型上还是有局限性吧

问： 造型不是特好？

答： 对。

问： 还有什么不喜欢的吗？

答： 这个牌子还是这一款？

问： 这一款。

答： 那，就是太大了，就这些了，

问： 你用的是哪个型号？

答： 5510

问： 哦，我都不知道它可以下载 CD 音乐

答： 嗯

问： 除了这一款，你还用过别的手机吗？

答： 阿尔卡特的

问： 这是什么时候的？

答： 特别早，是 OT301

问： 哦，那对这个阿尔卡特的使用后是什么感觉？

答： 他的 OK 键蛮特别，蛮好用的，普通的都是上下，这个是拨的，OK 键.

问： 其他呢？

答： 他的手机的外观的颜色就是和画画的一样，彩色的，不是这种板板的，蛮好看的

问：　是什么颜色的呢？

答：　草绿色的

问：　哦。别的你还有什么喜欢的吗？

答：　没了

问：　那有什么你不喜欢的？

答：　通话质量不好，然后用完手机，这个电池不是镍氢的，寿命特别短，我先后买过两块了，然后他的那个造型，外观的造型，想鞋拔子

问：　哦，造型不太好

答：　嗯，没了

问：　之前你用过别的手机吗？

答：　这个我用了大概几个月吧，就是我刚丢了这个，人家送了这个，然后又送了那个，

问：　哦，那你的手机很多

答：　一般不用的，8250，诺基亚的，

问：　你对这个感觉什么样？

答：　很小巧，可以换彩壳，然后我觉得还是比较经典的这家的一款，就是，什么说呢，就是比较多人来认可，就是不管哪类人，定位的呀，保守的，都，我觉得还行，

问：　用的人多，是吧？

答：　对对对对，然后他蓝屏嘛，那时候刚出来，比较，其实还有现在诺基亚很多，下载铃声，下载图片，什么的，这个就是一个很普遍的型号，这个品牌的一个型号，用的人比较多一点儿。

问：　哦，去网上下载？

答：　对对，支持得比较多。我不喜欢的就是电话号码排列的特别合理，没有一个顺序，就是我一直讨厌的地方，还有他那个发短信和输入，跟那个 5510 比起来，那好多了，键盘和输入不好，没有了。

问：　就是输入法不方便？

答：　对对对

问：　电话号码的排列？

答：　不合理

问：　影响操作？

答：　嗯

问：　之前你还用过别的吗？

答：　用过一个月，就是丢的那一个，号我都记不得，是我妈妈买的，然后我会去用了，是康佳的，国产的，他的型号叫什么 8，就是带个天线的那个，银色的，其实还有一点儿像松下的 GT950 那种感觉。他的那个，我觉得国产品牌蛮好的，声音蛮好听，短信的声音，然后还有，他也有自己的，虽然不能下载，可是自己有屏保，还有俄罗斯方块，屏幕也蛮大的，感觉它那款特别行，康佳不是以前好学诺基亚，那款学的那个造型蛮好看的，我还不知道信号呢

问：　哦

答：　那个不好的地方也是电池寿命短，

问：　电池寿命短？

答：　嗯，然后，就是支持的东西少，配套的东西少，比如说维修点啊，网上下载东西，这个比较少，拿着就可玩性不大

问：　哦，就是维修点少，不能下载东西，然后就网络支持少。你一般下载的是游戏还是铃声？

答：　不是游戏，铃声，有那个地址，屏保，

问：　哦，屏保

答：　嗯，没有用过其他的了

问：　那康佳你就觉得他的短信的铃声比较好，有游戏功能，游戏功能比较多

答：　不是多，是有俄罗斯方块，因为玩其他的都不好玩，觉得，其实康佳就没有其他款了

问：　然后显示屏大，造型好？

答：　对

问：　你不喜欢他是电池寿命比较短，然后维修点少，网络支持不太好

答：　嗯

问：　那诺基亚的就是觉得小巧，可以换彩壳，口碑好，喜欢他的人多？

答：　对对对

问：　蓝色的屏幕，是不是还觉得网络支持比较好？

答：　嗯

问：　然后不好的就是电话号码排列的不合理，输入法不好？

答：　对对对

问：　阿尔卡特的就是操作方便，他那个 OK 键？

答：　对对对

问：　然后颜色你比较喜欢？

答：　嗯

问： 但是不喜欢他通话质量不好，电池寿命短，造型不是太好？然后还喜欢他是法国产的？

答： 哦

问： 对法国的印象好？

答： 他坏了，我想换，还是考虑阿尔卡特的，但是有人送了，诺基亚的也蛮好，也能用，反正他后来电视广告也做的蛮好，

问： 如果让你说三个你喜欢的手机品牌，第一你会说？

答： 诺基亚

问： 第二呢？

答： 菲利浦

问： 第三呢？

答： 我能说菲利浦和松下吗？这都是人家讲的，一直在讲这个，喜欢这两个。

问： 哦

答： 不好意思，那个叫什么，索尼，不是。。菲利浦和索尼两个，人家一直在说他的电池好，它主要是音色好，索尼的，我家里人，大人喜欢菲利浦，然后旁边那些喜欢音乐感，

问： 那诺基亚你最喜欢什么呢？

答： 还是品牌形象，

问： 他给你一个什么感觉呢？

答： 信赖感，对它比较信任，

问： 信任？

答： 对，然后人性化，

问： 人性化是指的操作方便？

答： 对，也行，其实这两种说法都是旁边的人说的

问： 那你说品牌印象主要是指哪些方面呢？

答： 第一是广告，第二是服务

问： 媒体广告？

问： 他的服务你指的是？

答： 就是那次我那个 5510 坏了，然后维修点多。

问： 所以你就觉得这个品牌比较信任？

答： 对

问： 是因为他那个上次你自己的经验是维修点比较多？

答： 对对对

问：　一个是广告给你感觉不错？

答：　对，

问：　然后他的操作也比较人性化，

答：　对，他自己设计，有些小问题存在，但是设计还是挺不错的

问：　那菲利浦的你第二喜欢？

答：　嗯，

问：　为什么？

答：　没有什么可讲的，因为大人用的，款式都比较老，但是都确实

问：　是不是就口碑好，听别人讲，自己没有什么感受？

答：　对，就是，怎么说呢，没有想到

问：　喜欢索尼什么呢？

答：　音色好

问：　音色好？

答：　嗯

问：　也是听说？

答：　自己也感觉，因为我看别人用过

问：　哦

答：　然后他的，怎么说，它的外壳是亮色的，我记得最清楚的就是亮色

问：　你觉得颜色比较好？

答：　嗯

问：　那阿尔卡特哪一款喜欢什么？

答：　因为第一款买的就是阿尔卡特，而且我觉得阿尔卡特是法国的，然后他的，因为第一次是自己买嘛，后来是，我觉得广告也蛮好的，也是他彩亮的颜色比较花，处理的也蛮好的

问：　哦，那你刚才说就是关于这个手机你在意的一些东西，．．．．

第二面

问：　如果你现在再买一部手机，你会或者说，一个理想的手机，你觉得它必须具有的，最重要的是什么？

答：　能跟前一题一样吗？就是大家能喜欢买的手机，觉得他好，然后我与觉得他好，还是跟旁人有关吧，人家能认可。那第一步要认可，还是外观吧，然后它的品牌，然后考虑因素，价钱

问：　价钱？

答： 嗯

问： 那这三个是你最主要考虑的？

答： 对，其实我去买，最现看的是外观，然后可品牌，然后看价格

问： 哦，品牌也很重要，然后也会看价格？

答： 对对

问： 那你说外观是最重要的？

答： 嗯

问： 为什么你觉得外观是最重要的？

答： 我觉得，现在，手机对我不是特别主要，就跟女孩子嘛，一种小饰物。

问： 饰物一样？

答： 对对，然后看我买的好多还是可以换彩壳，

问： 那你愿意买这种可以换彩壳好看的，对你来说，有什么意义？

答： 一个是好看，另外一个，其实，原来那个也好看，蛮经典的，但是它旧了，我又不是不喜欢，我不是用到手机特别坏了，我不会换，那个壳被磨掉了，我不得不去换

问： 不得不去换的？

答： 对，然后有的选择了，第二回的选择我再选择花梢的，原来新的我还是不会去换，还是喜欢原装的，

问： 哦，原装的好，那换也要换一个好看的

答： 对，然后自己喜欢的

问： 为什么呢？

答： 都说了，跟小饰物一样，还是符合个人的喜好吧，

问： 个人的喜好？

答： 对

问： 那如果用一个自己不太喜欢的，你会是什么感觉？

答： 很别扭，就好像立马要解释：这不是我的。。哈哈

问： 就是对别人解释？

答： 对

问： 可能你就是比较在乎别人对你的看法？

答： 对对对，

问： 怕别人说：唉呀，怎么这么难看？

答： 对，我还是比较

问： 还是比较在乎别人的看法？

答：　对，像我买东西都是：你们觉得呢？

问：　那你为什么挺在乎别人的看法呢？

答：　我觉得不要太搞个人主义嘛，

问：　跟别人一致？

答：　对，我觉得，不是谁大一点儿，因为好多人也会觉得说，我是不是用＊＊手机，我做什么事都会喜欢看一下别人的看法，那如果说我的欲原很强烈的话，我也不会去歪曲，

问：　但是在这个小饰物上，你就是会？

答：　毕竟这还是算是奢侈品，不是那种快速流动的，万一住一个寝室的女孩子她老觉得难看的话，那我要用很长时间，至少要用几个月吧，那我这几个月怎么办？

问：　哦，就是别人

答：　如果小卡了一点儿就算了，我不卡，不卡就算了，你说这种天天得用的

问：　哦，如果这种情况发生，人人都说不好看，你是不是，会什么样？

答：　我没试过，但是，我自己是知道，我觉得太，如果太严重的话，经济应许的情况下，我会再换一个，因为这种情况没有发生过，不过我觉得还是会换吧

问：　那如果你们寝室的女孩觉得，就是你们寝室女孩对你来说影响蛮大的？

答：　对，就是经验交流，

问：　那他们的意见对你来说，为什么重要呢？

答：　因为你是郭在，你和他们一起生活，你是那个圈子的人，比如说，我在这边，我家乡的那些人说什么，我爸爸妈妈说，就可以不管他，但是万一，因为你觉得你跟他们不是一个阶层，一群人。

问：　一个圈子

答：　那比如说你今天说我手机不好看，我觉得无所谓呀，反正待会儿你要走了，哈哈

问：　就是说跟你生活圈子比较近的人，

答：　对对

问：　那既然你在乎他们的看法，那就是说你对这个小圈子的人就比较重要，

答：　对

问：　为什么呢

答：　我比较喜欢团体，我喜欢交际，不特别喜欢一个人干什么，

问：　就是说，他们给你到来了什么呢？

答：　我觉得还是，上升不到归属的高度，但我觉得还是蛮重要的，很多来源，信息来源，然后，但是看法总有自己的看法，但是做决定的时候还是会问他们的意见

问：　其实虽说不能上升到归属的高度，但是有那种感觉

答： 对对对

问： 希望有大家的认同

答： 对。比如想问题就会想到那些人怎么，觉得。

问： 那第二说，你会考虑品牌，也是？

答： 嗯，品牌一个信任嘛，就是，我已经说了，还是一笔不小的数目，万一买了一个你不信任的，心里就毛毛躁躁的，其实那时候买阿尔卡特的时候有一点点，没觉得他有多厉害，真的就是觉得她好看就买了，

问： 哦

答： 后来就觉得是不是也该换一个，然后品牌他其实联系很多东西，网络支持啊，维修啊，保质，就是有保险一点，感觉安全一点儿，然后，还有一点点其他人认同的感觉，几率大一点，还有一个原因就是在于，最主要就是这几个因素吧

问： 那你所一个好的品牌对你意味着什么？

答： 保证，质量上的保障，然后是那个，叫口碑，其实也就是一种保障，

问： 所以你觉得用一个好的品牌，别人会更认同你一些，你也会更信任一些，对吗？

答： 别人认同的多，我觉得还是比较客观的那种评价，像我家里的人认同菲利浦很多，但是我到现在还是觉得：怎么可能。就是因为，还有我自己的信息量有限嘛在我了解中，就还是那种，你交流再有限也没办法不知道他，

问： 就是一个知名度？

答： 对对对

问： 那你觉得知名度带来的就是一种保障？

答： 对，就是信誉摆在那里

问： 那对你来说买那种信誉度较高的品牌，你觉得给你带来的是一种什么？比较信任？

答： 对，真的。像阿尔卡特，一点点儿小的问题，我就觉得是坏了，比方说，如果这个出了问题，我会觉得是我哪里操作坏了，我觉得是这种区别

问： 哦，所以你觉得这种大品牌的东西你就觉得更放心？

答： 嗯

问： 那你为什么会希望有那种放心的感觉呢？

答： 接受不了打击，哈哈，然后就是我觉得我不用到那种叫什么，用得不行了我不会换的，

问： 哦

答： 所以说我不如买一个让我放心的

问： 那就是说，大品牌还是给你提供了一个，给你一个感觉，让你放心的，所以你可

以用的时间长，

答： 对，其实说就是中间不要出现什么麻烦，比如说电池坏了，就电池坏了，机子还可以用，那我就为他再去买一个电池，哪里坏了，不至于说不能修了，我还可以再去修一次，不管多少。我还是觉得中间不要出什么差错，自然用到后面，自然死亡？

问： 哦，就是说大的品牌故障率低一些？

答： 对，

问： 不愿意经常去修，希望用的时间比较长，

答： 对

问： 为什么你希望这样呢？

答： 我。。

问： 相对讲，如果用的时间长，是不是就便宜了？不用老去换

答： 对对对，成本也是一方面，我个人觉得，即使钱很宽裕，我不是那种喜欢换来换去的，

问： 哦，

答： 喜欢，就是实在不能用了我才扔

问： 是比较节约的？

答： 不是节约，是有点儿，还是比较忠诚吧，就是那种舍不得丢东西的，就是

问： 就是比较念旧。

答： 对对对，念旧，就像我这个假如说我真的有必要换一个，那我真的不想他没用，我会想道把它安置在别的，比方说，给我妈妈用，那我也得让他有一种价值，给别人用我不能说给人家一个不能用的东西，就是希望我买的东西是一个。

问： 物尽其用

答： 对对，

问： 为什么你希望这样呢？

答： 个人体会就是这样的

问： 这种东西，比方说，你用了可以个你妈妈用，这个给你带来什么样的好处？

答： 就是你这个，也不是用得特别那个，明明能用，让他摆在那里，又占地方，又感觉受不了浪费，

问： 不必要的浪费？

答： 对对对，所以，像我妈妈也有自己的手机，她的也能用啊，所以我连这种后路都不给自己想，因为我周围人都有手机，就想自己慢慢用，现在好多人换手机，我都没换

问：	你为什么你就不希望，就是说这是一种比较节约的，

答：	这也不好吧，不敢尝试新的东西，

问：	那这对你来说有什么重要呢？

答：	我一直都是这样的

问：	那如果不这样做，你会感觉怎么样？

答：	就觉得，浪费

问：	觉得浪费？

答：	对，因为你摆在那边干什么。就觉得还是挺不好受的

问：	那你浪费了是不是就由一种内疚的感觉？

答：	对，内疚，就是内疚

问：	哦，内疚，

答：	这个不是多少钱，就是一个本子，像那种单面纸，背面可以拆来打印，

问：	哦，其实是比较节省的那种，那就是说像那种单面纸，背面明明能用，如果没用，是不是心理就觉得

答：	对，

问：	那为什么呢？你是觉得这个只本身呢，还是钱？买新的纸要钱

答：	诶，我还真觉得是纸可惜了，

问：	哦，是纸可惜了，那你是不是觉得节约是一种，一个人应该有的一种，对自然的一种？

答：	我怎么觉得人家造出来的东西，不管他，我总觉得一张纸，只用了一面就没有尽它的责任一样，不至于说，有些人也说我不是太节约呀，但是，就是最吹进的东西，人家不会说你不节约，比非说衣服，你买衣服买得多人家会觉得，说你不节约，但是你没有扔，一直放在那里，人家就会说你好节约，我就是属于两者皆具的，但是

问：	就是说你买了不愿意扔，把它留着

答：	对，就是说我觉得我半天穿一次，我也总会有穿的时候，

问：	哦

答：	就是我也是那种富贵人那种节约，不愿意买什么，不愿意干嘛，比如说＊＊

问：	其实就是你不愿意扔东西？感觉就是这种东西明明还可以用，你把它扔了的话，是不是就觉得人家织了的半天，尊重人家的劳动，有没有这么想？

答：	有

问：	或者说，你觉得节约是一种美德，或者是，你有没有省下钱来呢？

答：	我觉得会有钱去省下来，就是每一次消费，都想很多，再去作一次消费，就是相

对价格比较高的时候，价格太低的时候，没有用多久就要，譬如说一根皮荆，其他的，我到也没有觉得是一种美德，因为美德这个词好高尚，我觉得就是你怎么想，没有去刻意想，反正没有什么理由

问：那你如果省钱对你来说，是不是收入和支出的话，你是不是希望达到一种平衡？

答：嗯，

问：就是收支平衡对你来说有什么重要的

第三面

问：你第二说到价格，那为什么价格对你来说重要呢？

答：就是一种平衡嘛，就是我还没有到那种不把钱当钱的地步吧，总要考虑一下，而且像我们这样的年龄，还没有到买房买车的时候，真的对我们来说是一个蛮大的开销，除了电脑这样大的，

问：哦，算是一种比较大的投入？

答：对对对对对，真的得斟酌一下，不过还好哦阿，现在手机，降价降得很厉害，1000多就是不用特别特别大的斟酌，

问：那就是价格来说还是一个比较大的投入，对你来说，所以还是要考虑比较慎那重一点

答：对

问：那你也是希望用这些钱买到最喜欢的？

答：对

问：那也是你刚刚说的希望达到一个收支平衡，是吗？

答：嗯

问：收支平衡对你来说有什么意义？

答：就是你也不必要省下大把大把的钱来要干嘛，但是也不希望自己花超了，

问：然后

答：现在我觉得大多数人还是知道要钱来干吗，那怕是有房子了就想换大房子，就是一步一步完善自己的生活水平，就是过得好一点，不过，很多人要换东西，自己没钱，觉得没有钱可以往家里要，我觉得自己的事情自己解决，

问：哦，

答：所以说，我现在根本没有原始积累，肯定要考虑一下

问：哦，所以对你来说，保持收支平衡也是一种自我独立？

答：对对对对对

问：不跟父母要钱了

答： 对

问： 那你刚刚说到，你用一个比较好的品牌，别人就会认到，知道得多，就不如说你用诺基亚的，心里感觉就，是不是比用一个差品牌的要好？

答： 我也不知道什么叫差品牌，因为比如说我用一个诺基亚的，1000 元的，用一个阿尔卡特 2000 元的，人家会觉得，因为还是比较少，你说有做大广告的，有些人还是不知道哪个是两千，这个是一千，但是因为诺基亚认可的人多，那我可能如果我不能使用这个，用的是两千的阿尔卡特，也许我觉得我比他那个好，就是因为知道这个的人多，因为，人家知道这个，你没有挑错，挑的是排行榜一位，手机品牌，也知道价

问： 哦，用这种手机品牌，别人一看，觉得你的比他的好，就是一个对比，其实还是一个别人对你的看法，挺重要的？

答： 对

问： 别人看你用最好品牌的手机，你会觉得好一点？

答： 大概吧

问： 谢谢

答： 不客气