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Indian consumers animosity level on Chinese products and services– impact of post galwan stand off

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Abstract: The intention of this paper is to ascertain the preferences of Indian consumers towardsproduct and services originated from China specifically aftermath ofGalwan valley border clash between Indian and Chinese soldiers in Ladakh region where 20 Indian soldiers martyred in June, 2020. This incident escalated the tension in India as a sentiment among patriotic Indian consumer group who called for boycotting Chinese products and service. The episode of anti-Chinese consumption demonstrated by some political outfits in India by burning and breaking Chinese products in the streets to catch the attentions of international media and pertinent business groups.The Chinese products and services are preferred by the wide range of Indian consumer segments since they perceive decent value for their money. This paper attemptedto discoverthe effect of Galwan tussle and subsequent political developments between two nations on significant impact in the perceptions and preferences of Indian consumers over Chinese products and services. The current user status fortenhighly demandedChinese products and services categories were identified and enquiredwhether the consumers have intention to maintain their status-quo in preferring product and services originated from China in the future as well. This research also surveyed about reason for changing preference of products and services from China.

Keywords: Chinese products, Border clashes, Consumer preferences, Consumer animosity

INTRODUCTION

India and China are two powerful developing economies in the world and account for 36% of world population and 67% of Asian population inherently creates larger market for consumption of goods and services. (Statisticstimes.com, June-2020). The liberalization of Indian economy in 1991 enabled various foreign products and brands available in the country which transformed the lifestyle of Indian consumers(Sabnavis, 2003). The quality of unaccustomed foreign brand is inferred through the image of country. The positive country-of- origin is a formidable marketing tool for brands. (Vrontis et al., 2006) However, the raising middle class populations in country like India and its wide heterogeneity profile of consumers exhibit diversity in their consumption behavior. In the last two decades Chinese products began to occupy the shelves of the Indian trades in the image of cheap prices primarily. China has the image of low-cost manufacturer in the global market(Chinen and Sun, 2011). In late 1990s China less relied on branding and marketing communications but Lenova’s acquisition of IBM in 2005 demonstrated an inflection point (Cheang Ming et al, 2017 cnbc). China “recognizes that it needs to move beyond a low-cost production model into higher value-added products” (Loo and Davies,2006) As an evident Chines products and services compete among leading global brands in terms of quality, advanced features and price in the recent times. The Chinese companies have been performing well to manage their brands in Indian market. While mainstream top brands in the world are based in the U.S., Chinese brands graduallyascending in value, according to Millward Brown’s annual report on most valuable global brands. In 2017, 13 of the top 100 global brands were based in China. (Cheang Ming et al, 2017 cnbc) Indian smartphone market size is INR 20,000 billion in which 72% market share is enjoyed by Chinese brand across all price segments and very ahead of R&D.The Chinese smartphone brands have captured Indian market share substantially over last five years. Xiaomi emerged as the market leader in the handset category with 29% share in March 2020. It is only after Xiaomi the other large manufacturer like Apple and Samsumg, started thinking affordability factor in smart phone design, and known for affordable brand without compromising quality and performance (Priya Sing, Sunday Guardian Live, 2019) Similarly, in the Indian television market size of INR 250 billion where Chinese smart TV brands hold around 42-45% of share and alternatives to Chinese smart TV brands are 20 – 45% costlier. The Chinse LED TV brands have hurt Korean duo brands LG and Samsung in the price sensitive 32” segment. They had to review their pricing strategy due to Indian consumers preference for value products(Writankar Mukherjee, The Economic Times, 2019). The share of Chinese products in the home appliances market is 10-12% in the INR 500 crore market. The share of Chinese apps among smartphone user is 66% of the INR 450 million market size.(Ishaan Gera and Rishi Ranjan Kala, 2020). Gradually, some Chinese brands won the hearts of Indian consumers from the primary image of cheap products to favorable products in terms of affordability,quality and value for the money.

Indian consumer preferences amid animosity conditions

Consumer animosity is the negative view of consumers about products originated from the disputed country (Klein et al., 2002). Animosity is prevailed when strong resistance and anger on a particular country due to political disagreements and military conflicts (Averill, 1982). The border tension between India and China aftermath of Galwan valley clash incident in June 2020, escalated the anti- Chinese product chorus by section of politicians and patriotic consumers who called for boycott the products and services bound to China, this campaign was viralin various social media platforms across different segments of people. Subsequently there were debates over the possibility of elimination Chinese products in the Indian consumer and business markets. Indian government banned over 50 Chinese apps citing reason as security issues in the early July,2020. The government also issued notice to the e-commerce companies to label the country-of-origin for all the products sold on their websites. This move is viewed through the lens of the economic protectionism in the country (Kenneth Rapoza, Forbes, 2020)

The Rationale of the Study

The leading consumer electronics retailers from Bengaluru and Mumbai opined that it is unlikely to sway consumer behavior extra made new dimension. However, there is some sign of decline in preferences already witnessed in the Indian consumer market this year festive season. The percentage of consumer who bought Made in China products during festive season declined by 40% (LocalCirle, 2020) The boycott and animistic perspective against Chinese products are not from the broad segments of Indian consumers because some consumers do not buy products consciously whether they are made in China. Ironically, some consumers buy Chinese products as they perceive that they are value for money. Considering these facts, this research study was carried out to understand the consumers existing user status of Chinese products, reason for preferring and future purchase intentions.

The user status was categorized as Non-user, Ex-user, Current user, Potential user. The quality of the product, Price, Advanced features, Brand image, Non-availability of substitutes factors were used to understand Indian consumers preferences of Chinese products and services in the current scenario. The authors specifically carried out the study on the following product and service categories to analyze the consumer preferences, such as Mobile phones, LED TV and other consumer electronics, Apparels & consumer fashions, Toys & crafts, Furniture, Footwears, Crackers, Sports equipment and e-commerce services.In this context, the following hypotheses were framed to test the consumer preferences on Chinese products.

H1: Preference factors of Chinese goods and services differ among Indian consumers.

H2: The consumers perception on choosing Chinese products and services do vary with user status.

H3: Indian consumers continue to prefer and intentto buy Chinese goods and services despite post- Galwan staff off.

RESEARCH METHODOLOGY

A survey was conducted through the structured questionnaire to test the proposed hypotheses. This research has the attributes of both descriptive and explorative research designs. The targeted respondents were approached through mail with attached online questionnaires. Purposive sampling method was used by the researchers for selecting the target respondents who have been using Chinese products and services. The researchers obtained 288 responses out of which 278 were taken to the research analysis as they were suitable and complete responses. Questionnaire comprises of multiple choice, five points buying scale under Likert scale for measuring buying intention of the consumers. Analysis of variance, Correlation and Regression tools were used to test the hypotheses.

ANALYSIS AND FINDINGS

Hypothesis-1:

One-way ANOVA to identify the age wise perception of consumers on the factors of preference over Chinese products and services, if the users are under Ex-users or one-time user or regular user category.

H_a : Consumers' perceptions on Chinese products and services preference factors do vary with age, income and occupation.

H_0 : Consumers' perceptions on Chinese products and services preference factors do not vary with age, income and occupation.

Table 1.1 Age wise perceptions of respondents on preferential attributes

ANOVA						
		Sum of Squares	Df	Mean Square	F	Sig.
Quality	Between Groups	3.125	4	.781	.650	.627

	Within Groups	325.643	271	1.202		
	Total	328.768	275			
Cheap Price	Between Groups	4.044	4	1.011	1.242	.293
	Within Groups	223.060	274	.814		
	Total	227.104	278			
Brand Image	Between Groups	4.915	4	1.229	.994	.411
	Within Groups	337.563	273	1.236		
	Total	342.478	277			
Advanced Features	Between Groups	1.878	4	.469	.443	.778
	Within Groups	287.351	271	1.060		
	Total	289.228	275			
Non substitution in the category	Between Groups	4.860	4	1.215	.917	.455
	Within Groups	353.832	267	1.325		
	Total	358.691	271			

A one-way ANOVA has carried out to identify the age wise perception of respondents on preferential attributes of Chinese products and services. The age categories considered for the study are 19- 25, 26 -35, 36 - 45, 46 - 60 and above 61 years. The test variables selected are the preferential attributes of products and services such as quality, price, advanced features, brand image and Non- availability of substitution in the category. The value of F for quality is 0.650, with a *p*-value of 0.627; the value of F for price is 1.242, with a *p*-value of 0.293; the value of F for brand image is 0.994, with a and services *p*-value of 0.411; The value of F for advanced features is 0.443, with a *p*-value of 0.778 and the value of F for "Non substitution in the category" is 0.917, with a *p*-value of 0.455. All the p-values received are greater than the 0.05 alpha level. This means there is no statistically significant difference between the means of the different levels of the age categories and the preferential attributes of products and services such as quality, price, advanced features, brand image and Non substitution in the category. It can be inferred that the perceptions of users on the preferential attributes of Chinese products and services do not vary with age.

The perceptions of users on factors of preference while choosing the Chinese products and services may not vary with income.ANOVA has carried out to identify the income wise perception of respondents on preferential attributes of Chinese products and services, if the users were under Ex-users or one-time user or regular user category. The income categories considered for the study are: Below Rs.25000, Rs.26000 to Rs.50000, Rs.51000 to Rs.75000, Rs.75001 to Rs.100000 and above Rs.100001. The test variables selected are the preferential attributes of products and services such as quality, price, advanced features, brand image and No substitution in category. The value of F for quality is 1.029, with a *p*-value of 0.392; the value of F for price is 1.138, with a *p*-value of 0.339; the value of F for brand image is 1.137, with a and services *p*-value of 0.339; The value of F for advanced features is 0.707, with a *p*-value of 0.588 and the value of F for "No substitution in category" is 1.787, with a *p*-value of 0.132. All the p-values received are greater than the 0.05 alpha levels. This means there is no statistically significant difference between the means of the different levels of the income categories and the preferential attributes of products and services such as quality, price, advanced features, brand image and No substitution in category. It can be inferred that the perceptions of users on the preferential attributes of Chinese products and services do not vary with income.

Table 1.2 Income wise perceptions of respondents on preferential attributes

preferential attributes		Sum of Squares	Df	Mean Square	F	Sig.
Quality	Between Groups	4.921	4	1.230	1.029	.392
	Within Groups	323.847	271	1.195		
	Total	328.768	275			
Price	Between Groups	3.710	4	.927	1.138	.339
	Within Groups	223.394	274	.815		
	Total	227.104	278			
Advanced Features	Between Groups	2.988	4	.747	.707	.588
	Within Groups	286.241	271	1.056		
	Total	289.228	275			
Brand Image	Between Groups	5.612	4	1.403	1.137	.339
	Within Groups	336.867	273	1.234		
	Total	342.478	277			
No substitution In category	Between Groups	9.353	4	2.338	1.787	.132
	Within Groups	349.339	267	1.308		
	Total	358.691	271			

The perceptions of users on factors of preference while choosing the Chinese products and services may not vary with occupation status (Reference or citation). MANOVA has carried out to identify the occupation wise perception of respondents on preferential attributes of Chinese products and services, if the users were under Ex-users or one time user or regular user category. The occupation categories considered for the study are: private employed, government employed, Self employed and not employed. The test variables selected are the preferential attributes of products and services such as quality, price, advanced features, brand image and No substitution in category. The value of F for quality is 1.576, with a *p*-value of 0.181; the value of F for price is 0.714, with a *p*-value of 0.583; the value of F for brand image is 1.688, with a and services *p*-value of 0.153; The value of F for advanced features is 2.260, with a *p*-value of 0.063 and the value of F for "No substitution in category" is 1.871, with a *p*-value of 0.116. All the p-values received are greater than the 0.05 alpha levels. This means there is no statistically significant difference between the means of the different categories of the occupation and the preferential attributes of products and services such as quality, price, advanced features, brand image and Non availability of substitution in the category. It can be inferred that the perceptions of users on the preferential attributes of Chinese products and services do not vary with occupation status.

Table 1.3 Occupation wise perceptions of respondents on preferential attributes

Preferential attributes		Sum of Squares	Df	Mean Square	F	Sig.
Quality	Between Groups	7.474	4	1.868	1.576	.181
	Within Groups	321.294	271	1.186		
	Total	328.768	275			
Price	Between Groups	2.342	4	.586	.714	.583
	Within Groups	224.761	274	.820		
	Total	227.104	278			
Advanced Features	Between Groups	9.338	4	2.335	2.260	.063
	Within Groups	279.890	271	1.033		
	Total	289.228	275			
Brand Image	Between Groups	8.267	4	2.067	1.688	.153
	Within Groups	334.212	273	1.224		
	Total	342.478	277			
No substitution in category	Between Groups	9.779	4	2.445	1.871	.116
	Within Groups	348.912	267	1.307		
	Total	358.691	271			

Hypothesis-2:

ANOVA to identify the perception of consumers on ten different Chinese products and serviceson purchase intentions, if their user status is Ex-users or one-time user or regular user category or potential user.

H_a: The consumers perception on choosing Chinese products and services do vary with their present user status.

H_0: The consumers perception on choosing Chinese products and services do not vary with their present user status.

Table 1.4:

User status		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
Mobile	Between Groups	27.651	4	6.913	5.337	.000
Phone	Within Groups	366.568	283	1.295		
	Total	394.219	287			
Consumer	Between Groups	27.580	4	6.895	5.322	.000
Electronics	Within Groups	366.639	283	1.296		
	Total	394.219	287			
Mobile	Between Groups	46.238	4	11.560	9.401	.000
game	Within Groups	347.980	283	1.230		
Applications	Total	394.219	287			
Apparels and	Between Groups	36.459	4	9.115	7.210	.000
consumer	Within Groups	357.759	283	1.264		
Fashions	Total	394.219	287			
	Between Groups	16.998	4	4.249	3.188	.014
Toys and crafts	Within Groups	377.221	283	1.333		
	Total	394.219	287			
	Between Groups	33.525	4	8.381	6.576	.000

Furniture	Within Groups	360.694	283	1.275		
	Total	394.219	287			
	Between Groups	19.235	4	4.809	3.629	.007
Foot wears	Within Groups	374.984	283	1.325		
	Total	394.219	287			
	Between Groups	18.646	4	4.661	3.512	.008
Crackers	Within Groups	375.573	283	1.327		
	Total	394.219	287			
Sports	Between Groups	21.270	4	5.318	4.035	.003
Equipment	Within Groups	372.949	283	1.318		
	Total	394.219	287			
E-commerce	Between Groups	26.597	4	6.649	5.119	.001
Services	Within Groups	367.622	283	1.299		
	Total	394.219	287			

The p values corresponding to the **F** statistics for the user status of all Chinese products and servicesis lesser than the chosen significance level $\alpha = 0.05$, It is required to reject the null hypothesis, and conclude that the mean difference for different categories of users of different Chinese products and services are significantly different for “purchase intention”. Therefore, it can be inferred that the perceptions of users on purchase intention in choosing Chinese products and services do vary with user status.

Hypothesis-3:
Correlation analysis has been carried out to identify the relationship between consumers purchase intension of Chinese product or service and their existing preferential factors.
Table 1.1 summarizes the test output for the correlation analysis.
Hypothesis:
H_a There is significant relationship between Indian consumers preference factors over Chinese product or service and their purchase intentions after Galwan face off.

Table 1.5: Purchase intension and dimensions of preferential attributes

Correlations						
		Quality	Price	Advanced Features	Brand Image	No substitution in category
Purchase Intension	Pearson Correlation	.272**	-0.014	.153*	.175**	179**
	Sig. (2-tailed)	0.00	0.817	0.011	0.003	0.003
	N	276	279	276	278	272
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

The factor “purchase intention” have a statistically significant positive linear relationship with quality (r= 0.272, p=0.000), advanced features (r=0.153, p=0.011), brand image (r=0.175, p=0.003) and non-availability of substitution in the category (r= 0.179, p=0.003). The significant p values corresponding to the “r” value received indicate that there is significant positive relationship exists between purchase intension and four dimensions of preferential attributes of purchase such as quality, advanced features, brand image and non-substitution in the category. The factor “price” (r=-0.014, p=0.817) has a no significant relationship with purchase intension.

Regression analysis
A regression analysis was conducted to identify the influence varied preferential attributes of Chinese goods and services towards purchase intension. The test variables selected are the preferential attributes of products and services such as quality, price, advanced features, brand image and Non substitution in the category. This is the continuous variable and each has measured on a 5-point scale ranging from strongly disagree to strongly agree.
H_1 The Chinese product and servicespreferential factors of purchase have influence on purchase intention.
H_0 The Chinese product and servicespreferential factors of purchase do not have influenceon purchase intention.

Table 1.6:

Model Summary									
Model	R	R Square	Adjusted R	Std. Error of	Change Statistics				
					R Square	F Change	df	df2	Sig. F

			Square	the Estimate	Change		1		Change
1	.272[a]	.074	.070	1.121	.074	21.830	1	274	.000
a. Predictors: (Constant), Quality									

The model predicts purchase intention. The model summary provides R and R^2 values. R denotes the correlation between preferences factors and purchase intention is at 0.272. The R value represents the simple correlation which indicates positive correlation between the study variables. Though this is a very low correlation, our model predicts purchase intention rather precisely. R square is simply the square of R. It indicates the proportion of variance in purchase intention that can be “explained” by our predictor variables of preferred purchase attributes. Because regression maximizes R square *for our sample*, it will be somewhat lower for the entire population, a phenomenon known as shrinkage. The adjusted R-squareestimates the population R square for the model and thus gives a more realistic indication of its predictive power. The R^2 value indicates how much of the total variation in the dependent variable is explained by independent variables. In this case, 7.4% can be explained, which implies that when the independent variable changes by 1 unit, then there is 0.074% change in dependent variable. This is a very nominal effect.

CONCLUSION

This study examined the Indian consumers preferences and purchase intention of selected Chinese product and services amidst the escalating political animosity between India and China. This research indicated that consumers across all the age, income and occupation groups have not varied in their preferences factors on Chinese products and services. Thus, Chinese products and services are preferred by the Indian consumers for their one or two preference factors implied on them. The analysis pertinent to consumer user status such as ex-users, one time-users, regular users have varied intention in buying Chinese goods and services in the future. It is evidently disclosed that Indian consumers prefer Chinese products and services for its advanced features, non-substitute in the segment, quality and improving brand images.It is possible to occur changes in the consumer user categories in the near future. The outcome of the regression results exhibits that the ongoing tussle between the two nations likely to impact consumers preferences on product and services originated from China moderately. In spite of patriotism factor refrain the consumers to prefer China bound brands, consumer equally provide importance to the value proposition offered by Chinese brands. This study is concluded with the fact from the literaturethat the animosity and boycotting trends in the past were just a fad. No longer the value brands, products and services away from consumers share of heart.

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14. Note: This research is largely related to contemporary trends, more references have been taken from news articles and documentary.