The Effect of Country-Specific Animosity upon Product Choice and Price Sacrifice: Empirical Evidence from a Hybrid Research Model in Beijing

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Social Science Research Design

14 June 2007

Abstract

Academics and managers alike remain puzzled by consumers' preference for domestic goods (McCallum 1995). While some argue that this preference can be explained by rational choice theory (since domestic goods are cheaper than foreign goods due to shipping costs), others argue that consumer preference for home-country products eludes economic explanation (Obstfeld and Rogoff 2000). Theoretical discussions abound, but there is an overwhelming lack of empirical evidence on either side of the debate. For this reason, this paper expands upon the work of Klein et al by gathering empirical evidence of domestic preference in Beijing, China (Klein et al 1998). Employing a hybrid research model that placed participants in a marketplace environment, we determined that country-of-origin is a significant determinant of consumer choice. Our research shows that source country can be important in both positive and negative constructs: consumers who expressed feelings of patriotism were more likely to purchase a domestic product [positive], while consumers who expressed feelings of animosity were less likely to purchase a product of that country [negative]. We also found that these two constructs are related. Consumers who preferred the domestic country (China) were more likely to avoid the animosity-directed country (Japan). Finally, we illustrated that the constructs of patriotism and animosity overpower rational choice theory, as consumers were willing to make large financial sacrifices to purchase a domestic product and avoid a foreign product. Thus, for participants in our Beijing research, positive feelings of patriotism and negative feelings of animosity are strongly correlated with marketplace decisions.

Introduction

There is a wealth of scholarship on consumer preference for domestic goods. With the rise of globalization, academics and managers alike scrutinized consumer perceptions of domestic and foreign products in an international marketplace. Marketing studies provided various models to predict the importance of various factors (price, quality, brand, and country-of-origin among them) in consumer decisions (Green et al 1990). Later articles accounted for endogeneity among the factors, illustrating that one factor (e.g. price) could influence perception of another (e.g. quality) (Carpenter 1987; Dodds et al 1991). Such marketing models approached consumer preference from a multidisciplinary standpoint, incorporating economic, psychological, and sociological methods. Although the models themselves differ, these studies all concluded that quality and price are of utmost importance, but other factors influence perceptions of these factors and therefore influence consumer decisions.

Country-of-origin in particular has been shown to affect perceptions of quality (Bilkey 1982). Several studies have illustrated that country-of-origin correlates directly to the perceived quality or economy of a certain type of product (Erickson et al 1984; Johansson et al 1985; Hong and Wyer 1989). One study found that source country is more important than brand name for bi-national products (Han et al 1988). Another claimed that the source country is more important for novice consumers than expert ones, as experienced consumers rely less upon country-of-origin in product evaluations (Maheswaran 1994). These studies unanimously agree that country-of-origin is a significant factor in consumer product evaluations.

The preference for domestic products in purchasing decisions also drew the attention of economists, fascinated by its ability to contradict rational choice theory. In other words, preference for domestic products may overpower the basic laws of modern economics used to predict consumer behavior. For this reason, one of McCallum's famous "Six Major Puzzles in International Macroeconomics" is the so-called home-bias-in-trade puzzle that deals with consumers' preference for domestic goods (McCallum 1995). Later studies attempted to resolve this paradox, arguing that low tariffs and therefore lower prices cause the preference for domestic goods (Obstfeld and Rogoff 2000)[1]. Such an explanation typifies the purely economic viewpoint that consumers seek the lowest price regardless of circumstance. In this way, this "resolution" is a forced reconciliation of the puzzle with rational choice rather than an acceptance that the preference for domestic products may contradict the theory itself.

Unlike economists in their effort to rationalize consumer behavior, sociological and marketing studies sought models to describe how consumers actually act. Shimp and Sharma established the standard for the study of "consumer ethnocentrism" with their CETSCALE (Shimp and Sharma 1987)[2]. They sought to "develop a psychometrically rigorous scale" for measuring the importance of ethnicity or nationality in consumer choice[3]. According to their model, older working-class citizens exhibit the strongest

[1] It is worth noting that McCallum's main article, as well as the myriad responses to it, all deal with OECD countries. McCallum himself deals almost exclusively with the United States and Canada. Still, their assumptions provide the basis for recent economic discussions about domestic consumer preference throughout the world.
[2] Shimp and Sharma's work was also done in America, but tested throughout other regions by later authors. See Netmeyer et al.
[3] Shimp and Sharma, p. 2.

ethnocentric tendencies (in part due to a fear of losing jobs to foreign competitors)[4]. A later study confirmed the validity of the CETSCALE through a cross-national survey (Netmeyer et al 1991)[5]. Using questionnaires that asked about preference rankings for products such as cars, TV sets, and household appliances from four different countries, this later study confirmed that country-of-origin is a statistically significant determinant of consumer choice (Netmeyer et al 1991).

Although models like CETSCALE successfully measure the effect of country-of-origin, the effect is general rather than country-specific. In other words, CETSCALE measures avoidance of all foreign products rather than the products of a specific country. Such models entirely overlook the possibility of avoiding a particular nation's product because of country-specific animosity (Klein et al 1998). For this reason, researchers conducted the first and only empirical study of the effect of anti-Japanese sentiment upon Chinese consumer preferences (Klein et al 1998)[6]. Arguing beyond the CETSCALE, which incorporates quality as distinct and sometimes more important than source of country, this study argued that negative feelings toward Japan affect the purchase of Japanese products---regardless of preconceived notions of quality (see **Figure 1**[7]). This finding is the first to empirically show that country-specific negative attitudes (not only pro-domestic attitudes) influence consumer preference.

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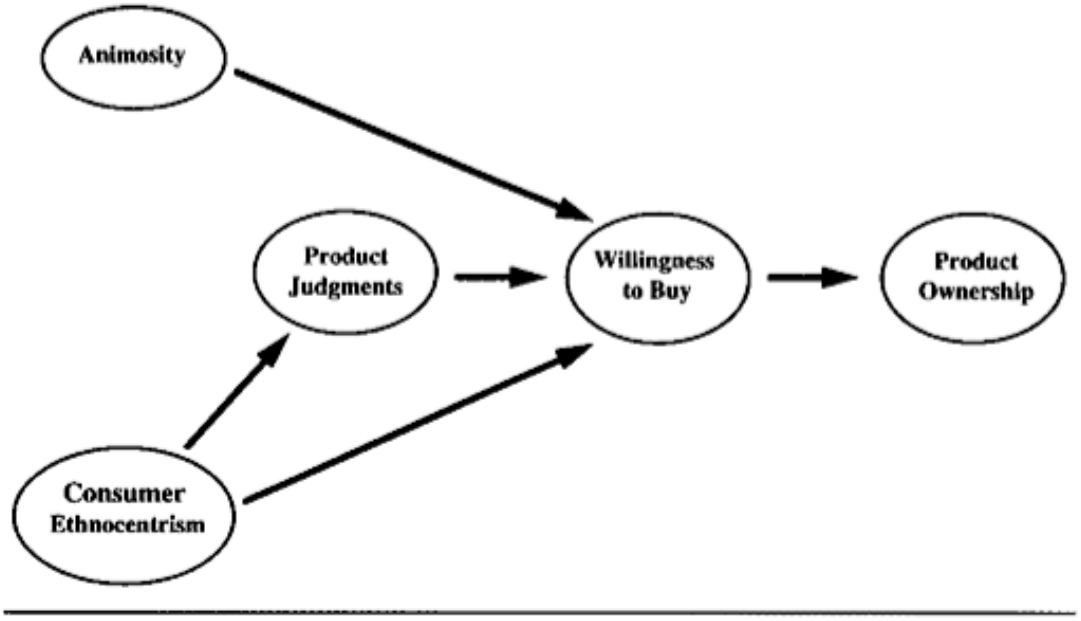
[4] To explain this phenomenon, Shimp and Sharma coined the phrase "consumer ethnocentric tendencies."

[5] The countries used in this 1991 study were: U.S.A., France, Japan, and West Germany. In anticipation of our own research, it is worth noting that all of these nations have developed economies. This factor is one of many that pose a potential problem in applying the CETSCALE to China.

[6] Basic information about this empirical study: completed in Nanjing by Chinese interviewers. Respondents were approached randomly on the street to complete a survey. 244 out of 487 agreed to participate (50% response).

[7] Image from Klein et al, p. 5.

Figure 1: Klein et al's Model of Animosity and Consumer Choice



The work of Klein et al provides an apt starting point for our study of patriotism's effect upon consumer choice in China. Their empirical evidence shows that Chinese consumers are driven by a peculiar type of patriotism, namely animosity towards Japan, which affects their judgment in ways unexplained by the more general CETSCALE. Moreover, their work displays that attitude toward another country and even product choice does not necessarily correlate to perceptions of product quality. In other words, a Chinese consumer may hate Japan and therefore choose not to buy a Japanese DVD player, but he or she may still believe that Japanese DVD players are of the highest quality. Despite these influential arguments, the work of Klein et al (admittedly "an initial empirical test") demands improvement[8]. First, their research used an extremely convenient location for the study of anti-Japanese attitudes: Nanjing. Conducting research in this city (which was home to Japanese war atrocities in World War II) almost

[8] Klein et al, p. 4.

insured inflated animosity, and a more recent work has confirmed that pro-China and anti-Japanese attitudes in Nanjing exceed the national average (Wang 2005). Second, their study was skewed in terms of gender (respondents were almost 70% female), which calls their claim of randomness into question. Finally, their limited total of respondents (N=244) calls for a retest of their primary hypotheses.

Our Research and Hypotheses

We hope to expand upon existing arguments through a second empirical study of patriotism's effect upon consumer decisions in China. Our research builds explicitly upon Klein et al. We agree that the CETCALE model is an inadequate measure of country-specific animosity like anti-Japanese attitudes in China[9]. However, we do not agree that a pure survey method can accurately portray consumer decisions in the marketplace. While a survey measures an individual's *perceived* willingness to buy a product, it simply cannot measure how that individual actually acts as a consumer[10]. For this reason, we constructed a hybrid model that combines experimental and survey methods[11]. In order to force respondents into an authentic marketplace decision, researchers posed as representatives of an international consulting firm. The researchers

[9] At this point, it is worth mentioning that anti-Japanese attitudes in China stem from a chain of historical interactions that include violent conflicts, economic inequality, and general distrust. There is a wealth of literature about anti-Japanese sentiment in China and the historical causes behind it. While such work is outside the immediate concerns of this paper, see Wang's recent work (Wang 2005). She quantifiably displays that anti-Japanese sentiment remains an important factor for Chinese in business decisions. She also investigates the competing motivations of national identity and rational choice in international business (Wang 2005).

[10] It is worth noting that Klein et al attempt to account for this issue by asking about existing ownership. In other words, they asked respondents about willingness to buy Japanese products *and* whether or not they already own Japanese products.

[11] There is a precedence for such models in the study of patriotism and product choice. For a good example of this, see Bruning 2000.

then presented physical products---USB drives---and asked Beijing shoppers to rank their preferences of three created companies (one Korean, one Japanese, and one Chinese). Told that the companies and products were essentially identical, except their country-of-origin, respondents ranked the products and reported the difference in price necessary to reverse their rankings. The first part of our model thus allowed us to gauge the importance of country-of-origin in a marketplace decision as well as the willingness for fiscal sacrifice to purchase (or avoid) a specific country's products. In the second part of our model, participants answered a series of questions about their demographic information and level of patriotism (in terms of both positive feelings toward China and feelings of animosity toward Japan and Korea). By analyzing responses in the second part in light of those in the first, we were able to gauge correlations between patriotism, animosity and consumer behavior.

We test two distinct but related hypotheses through this research. First we seek to verify the primary finding of Klein et al[12]:

> **$H_{ANIMOSITY}$**: Animosity towards a foreign country will negatively impact willingness to buy that country's products.

If this first hypothesis is true, then responses to survey questions about feelings of animosity will significantly correlate with product choice. Through the same hypothesis, we also test Klein et al's assumption that animosity is intrinsically a country-specific construct, by including an animosity composite factor in our regressions. If their assumption is correct, then only country-specific feelings of animosity will register

[12] Adapted from Klein et al's Hypothesis 3, pg. 5.

significant correlations with consumer choice. After testing $H_{ANIMOSITY}$, we examine the existing debates about irrational price sacrifice and rational choice theory through a hypothesis uniquely appropriate for our research model:

> **$H_{SACRIFICE}$**: Consumers will be willing to sacrifice more money to avoid purchasing a foreign product than a domestic one.

If this second hypothesis is true, then respondents who rank the products of foreign countries behind the Chinese product should require a larger difference in price to reverse their original preferences. On the contrary, if respondents universally select the cheapest product when given the choice, then $H_{SACRIFICE}$ fails and consumers do act according to rational choice theory.

In addition to these two hypotheses, the richness of our research results allows us to examine a variety of other factors. For example, we also look at positive constructs of patriotism and their effect upon the preference for Chinese goods. Still, $H_{ANIMOSITY}$ and $H_{SACRIFICE}$ remain our primary focus. Through several models, we illustrate that positive constructs of patriotism and negative constructs of animosity are related, and animosity has statistically significant impacts upon product choice and price sacrifice.

Method

We created a hybrid research model that combines elements of both experimental and survey methods. We firmly believe that surveys alone cannot estimate marketplace decisions, a skepticism based in empirical evidence of the inability to reliably forecast consumer behavior (Clawson 1971). For this reason, we decided to present participants with three actual products that have actual prices and ask them to rank their choices from

first to third. Through this initial ranking and a follow-up question about price differential, we hoped to determine consumers' preferences and their willingness to sacrifice financially to maintain those preferences.

Since we wanted to isolate the effect of country-of-origin in the initial questions, we attempted to equalize all other factors. This issue was of particular importance in selecting the product. First, in terms of practicality, the product had to be small enough for researchers to have three available for the respondent to examine. Second, the product had to be gender-neutral (eliminating potential products like items of clothing). Third, the product had to be cheap enough to avoid discrimination against poorer respondents, but expensive enough to gauge price sacrifice. Finally, the product had to disallow any immediate test of quality (otherwise respondents could select based on quality alone). Taking all these factors into consideration, we concluded that USB computer drives represent an ideal product. USB drives are conveniently small, gender-neutral, relatively cheap, and one cannot determine a drive's quality without a computer available. Although their status as technology products allows connection between country-of-origin and quality judgments, the second part of our research design allows us to account for this potential conflation in product evaluation.

We realized that our research also required questions in a survey format. In other words, we were confident that the participants' responses about USB drives could determine their rank preferences, but we also wanted to determine the reasons behind such rankings. Therefore, we designed questions to gauge the importance of product quality, company brand, and country-of-origin in consumer decisions according to the participant. Measuring our specific hypotheses was a greater challenge, because

independent variables as nebulous as animosity are difficult to measure. To measure animosity, we ultimately designed two questions to gauge respondents' attitudes toward foreign countries on personal and more general levels. The personal question asked respondents how they would feel if a relative married a person of a specific foreign country, while the general question simply asked about attitudes toward the foreign country[13]. Through these two constructs, we hoped to determine respondents' feelings toward Japan and Korea.

In addition to designing the questionnaire, we also had to design the USB drives and create three company profiles. To equalize all variables, we purchased twelve completely identical USB drives and then attached three created company logos. The depiction of these companies was critical, as the first part of our model relies upon the full belief of the respondent that these companies and products are real. Moreover, the companies had to be distinct yet equal in their appearance. In other words, one company could not seem more professional than another, lest it affect product evaluations and dilute the importance of country-of-origin. For this reason, we designed equally simple logos and business cards (see **Appendix**, **Document 5**). With the help of Chinese, Japanese, and Korean colleagues, the three company names used authentic language in case any respondents spoke the foreign languages. Finally, the cards were colored to match the colored company logos attached to the different USB drives. Through this link of both color and logo, researchers would be able to hand participants three business cards that visually connected with three USB drives.

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[13] It is worth noting that while the CETSCALE is a convenient measure to test "ethno-centrism," it cannot test animosity or "patriotism" in the Chinese sense of the word[13]. For this reason, we chose to use our own questions as measures of patriotism and animosity.

After this initial design, we conducted several pre-tests that resulted in changes to the model. Since participants in pre-tests expressed confusion about several questions, the survey was simplified until it was as straightforward as possible. For example, a visual scale was created for the respondent to gauge the importance of quality, company, and country in purchasing decisions (see **Appendix**, **Document 4**). In terms of the measures of patriotism and animosity, we also decided to add several questions from an existing survey. Three questions (two about previous purchases of domestic or foreign products, and one to gauge respondents' beliefs about the superiority of the Chinese way of life) were adapted from a *New York Times* survey (*The New York Times* 1983)[14]. We also expanded our original two measures of animosity (marriage and general feeling), because pre-tests illustrated that asking about only two countries (Japan and Korea) was insufficient. For this reason, we added questions about the United States to contrast with Korea and Japan. In addition, we finalized the demographic variables, adding several factors that might relate directly to attitudes toward foreign products, such as having been abroad and the ability to speak a foreign language. Finally, to insure the comfort of respondents throughout the survey, a question on income was transferred from the demographic section to the final question. In pre-tests, this question made some respondents uneasy, and we feared it could affect other responses if not moved to the end of the survey (for the final version of the survey as administered in Chinese, see **Appendix**, **Document 2**; for the English translation, see **Appendix**, **Document 3**). With a successful final pre-test, we were prepared to move forward with the research.

[14] Questions P1-P3 in our survey. Adapted from questions 30 and 44 on pages 24 and 27 respectively in the *New York Times* survey.

Research was conducted at two different markets in Beijing. Both markets are considered *ziyou shichang* or "free markets," but they have considerable differences that are worthy of mention. The first market, *Xiushuijie*, is widely known in Beijing as the center of shopping for foreign visitors. The second market, *Dongwuyuan*, on the other hand, is primarily frequented by locals. For this reason, we believe that the two markets provide a venue to compare the opinions of Chinese who have frequent exposure to foreigners and those who do not. At the very least, conducting research at two different markets allows for a more diverse sample of Beijing consumers. Research was conducted at identical times (from 2 p.m. until 7 p.m.) on two consecutive Fridays: May 11th, 2007 and May 18th, 2007.

Fourteen researchers were used in total[15]. Each researcher was provided strict instructions as to the method of conducting the interviews (see **Appendix**, **Document 1**). Although the researchers' nationalities differed (Chinese, Japanese, Koreans, and Americans were included), all interviews were conducted in Mandarin Chinese. In order to make the sample of respondents as representative as possible, researchers were told to approach the tenth Chinese person exiting the market[16]. If the person they approached happened not to be Chinese, researchers were instructed to re-randomize. If the person emerged in a group, researchers selected the person with the last birthday in a further effort at randomization.

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[15] This is an appropriate point to thank the eleven researchers who contributed to this work besides the authors: Jonathan Lask, Marisa Reisman, Lissa Yu, Hu Teng, Wang Fang, Wushi Lanren, Yu Chenchen, Zhang Weiguang, Jinga Rashi, Zhao Xinglong, and Liu Liu.

[16] We consider our effort at randomization an improvement over the selection methods of Klein et al, who admit their method was "roughly […] the Chinese equivalent of a mall intercept." Klein et al, p. 6.

In addition, researchers were instructed to present themselves in a professional manner as representatives of an international consulting firm conducting research on behalf of three technology companies. The researchers told respondents that these companies---one Chinese (based in Shenzhen), one Korean (Seoul), and one Japanese (Tokyo)---planned on entering the Beijing market. As soon as respondents consented to participate, researchers took the survey and conducted it orally. Respondents did not see the survey, but the respondent was constantly involved in the process through the materials that the researcher provided. For the first set of questions, the researcher gave the respondent the three USB drives and corresponding business cards. In addition to the USB drives and business cards, the researcher also provided the participant with the temperature gauge, which allowed the respondent to visually consider the importance of the three factors quality, company, and country.

Extensive efforts were made to insure appropriate ethical standards throughout the research process. Participants were asked to read the first page of the survey and check the *yuanyi* or "agree" marker themselves. Since the respondents checked this first page, we believe that each respondent provided informed consent before participation. In addition, respondents were told at the beginning of each survey that "I don't know" or "I don't want to respond" were acceptable answers for any or all questions. Researchers repeatedly told respondents that their international firm had no direct relationship with any of the three technology companies, so the respondent should not feel anxious to respond candidly. Participants were also told that their demographic information and responses would not be used in any way outside the scope of the research itself.

Moreover, since participants were not asked for names, contact information, or extensive demographic information, the surveys were essentially anonymous.

While this research model inherently involves a level of deception, we maintain that the deception caused no emotional or physical harm to respondents. On the contrary, all respondents provided informed consent to the survey. The deception simply allowed researchers to get a firmer grasp upon how consumers would actually act in a market situation. Rather than positing a hypothetical situation, posing as an international consultant and presenting three USB drives and three companies forced respondents into a marketplace decision. We believe that this method, albeit one that requires deceiving the participant, more accurately portrays the decisions of Beijing consumers in the marketplace without causing harm to researchers or respondents.

Researchers were instructed to record non-response levels throughout the process. However, due to our initial lack of formalized methods for recording non-response, we were unable to determine precise rates of non-response for the first of our two research days. This missing non-response data was particularly unfortunate, because researchers reported a wide variance in non-response rates depending upon the nationality of the researcher. Therefore, in order to insure precise non-response data collection during the second day, we created a non-response data form that was distributed to each researcher (see **Appendix**, **Document 9**). Researchers were instructed to record time, gender, and approximate age of each person who refused to participate. In this way, we were able to insure against selection bias within our study[17]. It is worth noting that the addition of this

[17] Again, this is one of our concerns with the work of Klein et al, who had a non-response rate of 50% and a skewed sample of almost 70% female.

non-response form was the only change in method between research conducted on May 11th and May 18th; otherwise, the process was exactly identical.

Upon completion of the research, results were entered into a Microsoft Excel file, which was then used in STATA for regression analysis. The original documents and items used in the research (including USB drives, business cards, and the surveys themselves) were stored in a locked compartment to avoid data tampering and insure privacy. The original surveys and non-response forms have since been given to Professor Pierre Landry, who is currently in possession of these items in safe storage.

Results

Our total number of respondents was N=336. The efforts at randomization appeared successful, as the sample was divided evenly across many factors: 156 of the responses were from May 11th, while 180 responses were from May 18th; 166 of the responses were from *Xiushuijie*, while 170 responses were from *Dongwuyuan*; and most importantly, 166 respondents were female, while 170 respondents were male. This gender ratio (49.4% female) was much more satisfactory than the skewed sample of Klein et al. The sample was of a younger age (mean=29 with 90% of respondents under 43) and of a higher income (mean=80000 RMB with a high rate of item-level non-response) than one would expect for all Beijing residents, but that was not the target population of this research. Instead, we believe our efforts at randomization succeeded in achieving a representative sample of shoppers at these two Beijing markets.

As previously mentioned, non-response was an interesting issue. On the first day (May 11th), researchers reported large variance in rates of non-response depending upon their nationality. In an initial effort to gauge the impact of nationality upon responses, we

instructed researchers to announce their nationality before asking potential respondents to participate in the research. During this time, a Japanese researcher failed to successfully complete a single survey for over one hour. American researchers, on the other hand, reported very low levels of non-response, while Chinese researchers claimed that about fifty percent of those approached agreed to participate in the research. Unfortunately, due to the lack of formalized recording methods during the first day, we could not quantitatively measure the impact of researcher nationality upon non-response rates[18].

To insure a lack of selection bias due to non-response, we included formalized methods for recording non-response on the second day (May 18th) (for our full non-response methodology and data see **Appendix Document 9**). On this day, the total number of non-respondents was 114 out of 294 people approached (for a non-response rate for 38.8%, which is lower than that reported by Klein et al). By approximations made by the researchers, we were able to conclude that the basic demographic information of non-respondents aligns with that of the 336 respondents (53.5% female, average age of 31 compared with 49.4% female, average age of 29). It is worthy of note, however, that the non-response rate was substantially higher at *Xiushuijie* than at *Dongwuyuan* (24 non-responses to 90 non-responses). Nevertheless, since the average demographic information of non-respondents remained consistent across the markets (and we included a market dummy variable in our data analysis,) we remain confident that our methods achieved appropriate representation of shoppers at both markets.

[18] Our Japanese researcher was unable to take part the second day (May 18th), so we were unable to quantifiably measure the impact of researcher nationality upon non-response rates. Clearly this is a topic related to the theme of animosity, particularly in the country of China. In our opinion, a systematic study of non-response as related to researcher nationality is a worthy future endeavor in itself.

Researchers reported that respondents almost universally believed in the legitimacy of the three companies. In fact, only one respondent (Interview ID 083) explicitly challenged the researcher about the history of the three companies, and he turned out to be an electronics seller at *Xiushuijie*[19]. Other than this exception, respondents overwhelmingly believed in the products and even asked when the three technology companies would make their official entrance into the Beijing market. This belief is critical to our model, as it increases the likelihood that participants acted in a manner more true to their marketplace selves. Of equal importance, researchers also claimed that participants had sustained interest in the interview. Researchers stated that respondents closely examined the USB drives and business cards during the initial part of the survey. In addition, many participants grasped the temperature visual with their hands and pointing to a value before stating it explicitly.

[19] His was an interesting case in which the researcher reported a wealth of information from a post-interview discussion. In short, he told the researcher that customers in his store often select Chinese products over those of other countries, regardless of quality. However, he also pointed out the complicated nature of such preferences in the real marketplace---asking whether a "Chinese" product must be from a Chinese company or simply be assembled in China. If it is the latter, which evidently some consumers believe to be, then seemingly foreign products may be purchased in a patriotic sentiment to support domestic factories. While his comments cannot be included in our formal analysis of the results, they provide qualitative insight into the questions that must be asked about country-of-origin and consumer choice.

Figure 2: First Choice by Country-of-Origin

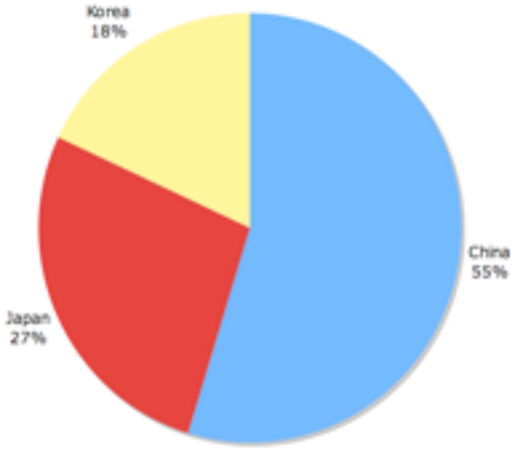
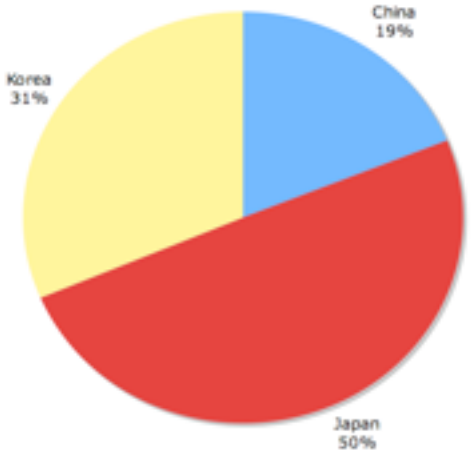


Figure 3: Third Choice by Country-of-Origin



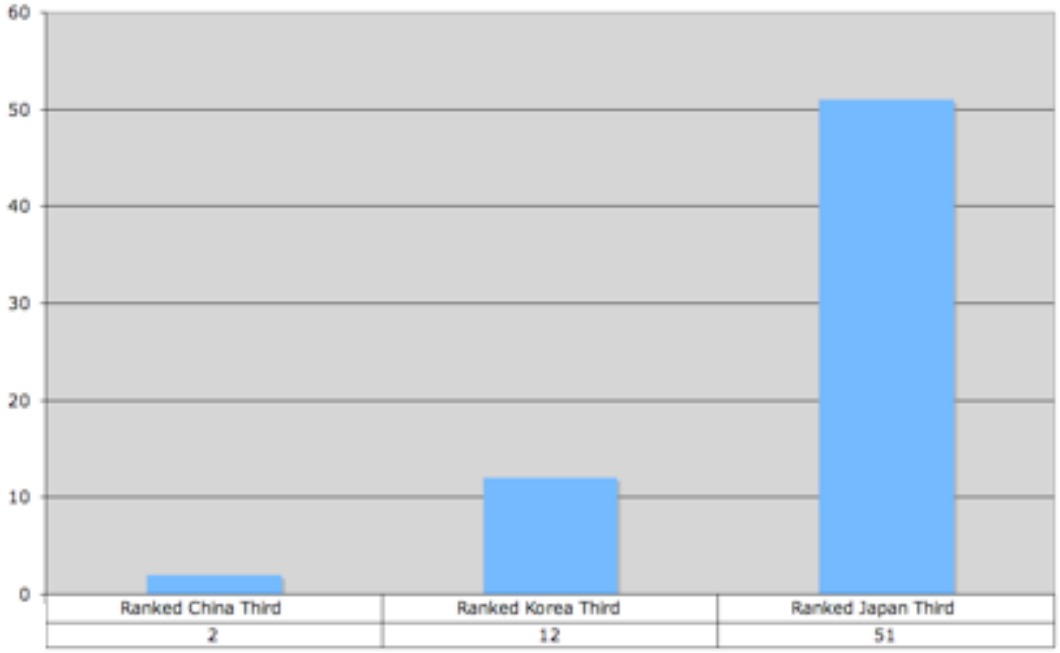
The first statistical results that require examination are those for the ranking of USB Drives (see **Figures 2 and 3** above, which eliminate non-response and "do not know" answers). Out of 336 total respondents (N=336), the results for first choice by country were as follows: 179 selected China, 89 selected Japan, 59 selected Korea, 8 did not respond, and 1 responded does not know. The results for second choice were as follows: 87 selected China, 74 selected Japan, 162 selected Korea, 11 did not respond, and 2 responded does not know. The results for third choice were as follows: 61 selected China, 161 selected Japan, 101 selected Korea, 11 did not respond, and 2 responded does not know. From these basic results alone, one can see that the selections of first and third were most important in terms of observing patriotic or anti-Japanese attitudes. As the pie-graphs display, 55 percent of respondents who did select a country ranked China first, while 50 percent of respondents who did select a country ranked Japan last.

The second important results to examine are those about price sacrifice, through the question that asks the respondent to state how much cheaper the third ranked product must be in order for him or her to purchase it (and thus reverse the preferences). If our $H_{SACRIFICE}$ is correct, then respondents who ranked Japan third would have a lower average response to this question than those who ranked China third. The results support this claim. On average, those who ranked China third claimed the Chinese product would have to be 43RMB for them to reverse the ranking (price rounded to nearest whole number). Similarly, those who ranked Korea third claimed the price would have to be 45RMB. However, those who ranked Japan third claimed the price would have to be 31RMB for them to go against their initial choice and purchase the Japanese product. The difference between the prices for those who ranked the Japanese product last and those who ranked China last is about 12RMB lower. For a product with an original price of 80RMB, this result means that on average respondents were willing to sacrifice 15% more of the original price in order to avoid a Japanese product.

The averages for the price sacrifice question only hint at the strong feeling of some respondents, who replied that they would not purchase their third rank regardless of price. In other words, these respondents claimed that they would rather sacrifice 80RMB to purchase their first-choice product than accept a free third-choice product. This result is fascinating, as a total of 65 respondents independently answered that they would not purchase their third-ranked product regardless of price, a response not provided explicitly by the researcher. For China, only 2 respondents answered in this way (3.2% of those who ranked China last). On the other hand, for those who ranked Japan third, 51 respondents answered in this way (38.9% of those who ranked Japan last). Interestingly,

for Korea, 12 respondents answered in this way (11.8% of those who ranked Korea last) (see **Figure 4** below for total number of such responses by third-ranked country). Again, participants were clearly more willing to sacrifice financially to avoid Japanese products, as over one third of all respondents that ranked Japan last claimed such consumer steadfastness against Japanese products.

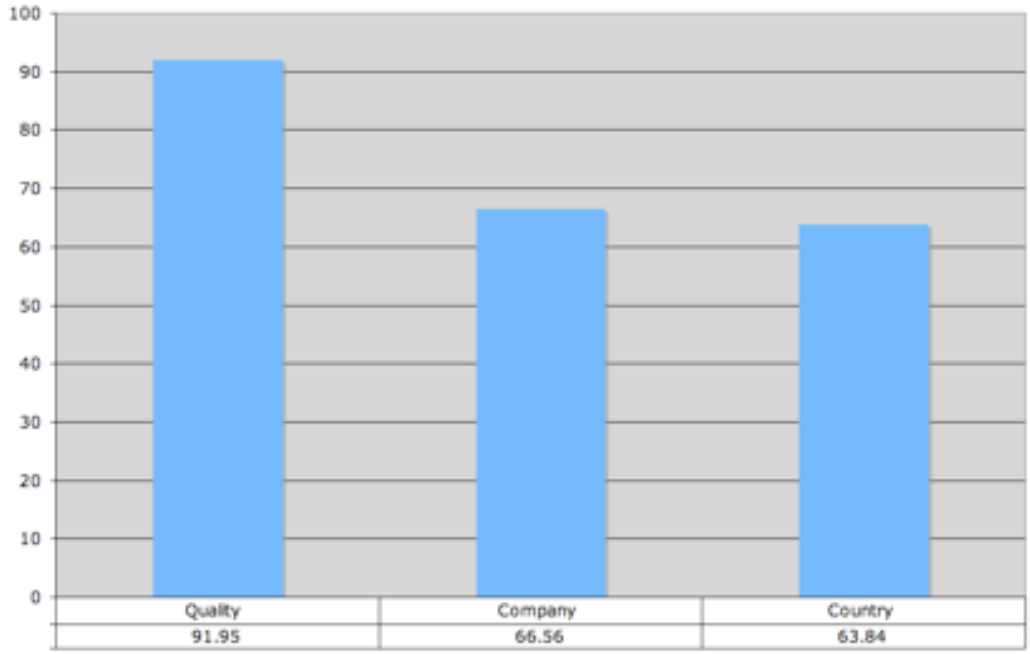
Figure 4: Number of Respondents Who Would Not Reverse Their Ranking Regardless of Price



Although these initial markers display a strong influence of country-of-origin upon consumer choice, the questions of the second part of our model (those of a more traditional survey format) speak otherwise. When asked to measure the importance of three factors---quality, company, and country-of-origin---on a scale of 1-100, respondents almost universally ranked quality first and country last. In fact, the average responses in terms of importance were as follows: quality was 91.95, company was 66.56, and country

was 63.84 (see **Figure 5** below for a graph of the means). We believe that the differential between respondents' product ranking and question responses is further evidence that survey models alone cannot measure marketplace decisions, as participants may act one way and perceive their actions in another.

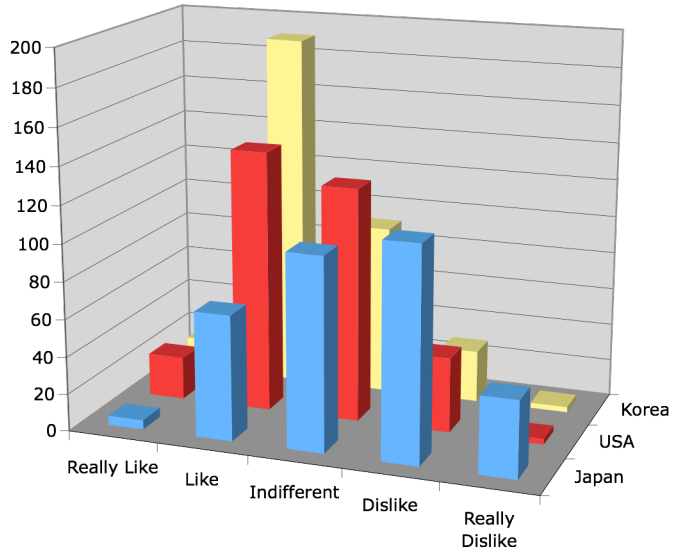
Figure 5: Average Importance of Three Factors in Purchasing Decisions on Scale of 0-100



The final results worth examining before regression analysis are the measures of animosity, which most clearly manifested in the questions about general attitude toward particular countries. Responses to these questions (P8-P10) varied according to country with Japan receiving the most negative results (see **Figures 6** below). The results for Korea (P8) were as follows: 17 interviewees responded "really like" (5.1% of total), 190 responded "like" (56.5%), 91 responded "indifferent" (27.1%), 28 responded "dislike" (8.3%), 3 responded "really dislike" (.9%), 4 responded did not know (1.2%), and 3

declined to respond (.9%). The results for Japan were skewed towards the negative: 5 responded "really like" (1.5%), 67 responded "like" (19.9%), 103 responded "indifferent" (30.7%), 114 responded "dislike" (33.9%), 41 responded "really dislike" (12.2%), 2 responded did not know (.6%), and 4 declined to respond (1.2%). Finally, for U.S.A.: 23 responded "really like" (6.8%), 140 responded "like" (41.7%) 125 responded indifferent (37.2%), 40 responded "dislike" (11.9%), 3 responded "really dislike" (.9%), 2 responded did not know (.6%), and 3 declined to respond (.9%).

Figure 6: General Attitudes Toward Japan, USA, and Korea (Displayed by Total Number of Responses to Each Option)



	Really Like	Like	Indifferent	Dislike	Really Dislike
Japan	5	67	103	114	41
USA	23	140	125	40	3
Korea	17	190	91	28	3

Thus, on average, respondents expressed the most positive sentiments toward Korea, followed by America and then Japan. To express this difference another way, we coded the responses for each of these questions on a five-value scale: "really like" equals 10, "like" equals 5, "indifferent" equals 0, "dislike" equals -5, and "really dislike" equals -10.

According to this scale, the average general attitude toward Korea and America was 2.5 and 2.1 respectively, but -1.8 for Japan.

These initial results alone have illustrated the importance of country-of-origin in consumer decisions, as well as the pronounced existence of anti-Japanese animosity. The task remaining is to connect these two findings. In other words, why did a majority of participants rank the Chinese product first and a majority of participants rank the Japanese product last? Were patriotism and animosity causal factors of these rankings, or are there other possible explanations? The following linear and logistic regressions will examine the significance of correlations among a variety of variables.

Analysis

There are a few points worthy of note before explaining individual regressions. First, for all our models, we ran a comprehensive regression accounting for almost every independent variable that could correlate with the dependent variable (the results of these full regressions are available in the **Appendix Document 10**). These included variables that should correlate by theory (such as Japan-specific animosity correlating with ranking Japan last), but also non-theoretical variables such as market or date dummy variables. We input the latter type of variables both to account for significant differences across markets or across time and also to account for errors within our data collection that could have an impact on the results. Fortunately, all such variables were insignificant determinants of our dependent variables. For this reason, the final models included below are truncated versions that include only the most important variables from a theoretical and statistical standpoint. This truncation is legitimate because it did not result in a significant decrease in adjusted (or pseudo) R^2 values.

A brief explanation of coding is also required (a complete explanation, as well as a complete codebook of all variables, is provided in **Appendix Documents 6, 7 and 8**). Item-level non-response and "do not know" responses were coded as missing data and therefore not included in regressions. The importance questions (about quality, company, and country) were continuous variables on a 0-100 scale. The question about the superiority of Chinese lifestyle was coded on a five-value scale, with positive values for those who consider the Chinese way of life superior to the rest of the world: 10 for "strongly agree," 5 for "agree," 0 for "indifferent," -5 for "disagree," and -10 for "strongly disagree." Through this coding, we could test for a correlation between believing in Chinese superiority and purchasing Chinese goods. Country-specific attitude questions were coded on the same five-value scale, but with positive values for those who most *disliked* the countries in question: 10 for "strongly dislike," 5 for "dislike," 0 for "indifferent," -5 for "like," and -10 for "strongly like." We thus transformed general attitude questions into animosity questions, allowing for a clear positive or negative correlation to arise between country-specific animosity and consumer choice.

Finally, we created a composite variable to determine if animosity can be a general as well as country-specific construct. We used our six questions about foreign countries (three about a relative marrying a foreigner, and three attitude questions), coding each question from 1-5. These results were then summated to create a continuous variable on a scale of 0-30. We made one key assumption in this coding, namely that a person with animosity toward foreign countries would be unhappy if one of their relatives married a foreigner. For this reason, responses to the three marriage questions were coded as follows: 5 for "very unhappy," 4 for "unhappy," 3 for "indifferent," 2 for

"happy," and 1 for "very happy." Responses to the three attitude questions were more clear and coded as follows: 5 for "strongly dislike," 4 for "dislike," 3 for "indifferent," 2 for "like," and 1 for "strongly like." The animosity composite resulted in a range of 6-28 with a mean of 17.0.

It is worth noting that in some models, we included both the animosity composite and country-specific animosity variables in order to gauge whether general or country-specific feelings of animosity were significant determinants of consumer choice. While there is inherently some correlation between the composite and country-specific constructs, colinearity among these variables was not strong enough to disallow regressions. Moreover, we consider the combination of composite animosity and country-specific animosity critical to an appropriate verification of Klein et's al central assumption about the structure of animosity. If animosity cannot be cross-national but must be country-specific as they hypothesize, then only country-specific animosity factors will register as significant determinants in our models.

Cross-National Animosity Model

We first ran a logistic regression with "ranking Chinese company first" as the binary dependent variable (see **Table 1** below). From this point forward, we will call this logit the **Cross-National Animosity Model**. In this model, we were hoping to determine the correlation between positive patriotic feelings (through our question about the superiority of the Chinese way of life) as well as negative animosity feelings (both country-specific and the composite) upon the likelihood of ranking the Chinese company first. This regression presented an apt starting point for analysis.

Table 1
Cross-National Animosity Model
Logistic Regression (Robust)
(N=288, Log pseudo likelihood=-186.05926, pseudo R^2=6.3%)
Dependent Variable: Ranking Chinese Company First[a]

Independent Variable	Coefficient	Standard Error
Constant	.368644	1.903347
Importance of Quality	.0126411	.0112406
Importance of Company	-.005066	.0057403
Importance of Country	.0067877	.004674
China Lifestyle	.0588826*	.0259317
Animosity toward Japan	.0239475	.0345496
Animosity toward Korea	.0652345*	.042365
Animosity Composite	.0191681	.0754413
Age	.0153412	.0150804
Gender[b]	-.2535393*	.2559697
Years of Education	-.1511611*	.0591147

Note: For full explanation of all data and coding procedures, see the Appendix. Also, the following rules for significance apply: *p=.05; **p=.01; ***p=.001.
[a] Coded as 1 for those who did rank China first, 0 for those who did not.
[b] Coded as 1 for female, 0 for male.

In many ways, the **Cross-National Animosity Model** follows intuitive expectations. As we have already illustrated in our examination of the results, the importance questions (quality, company, and country) are not strong indicators of how respondents acted when placed in a marketplace environment. Instead, the first significant variable in this model is the question about the Chinese way of life, which is positively correlated with ranking the Chinese company first at the p=.05 level. This is an important discovery that directly supports the hypothesis that positive feelings of patriotism increase the likelihood of purchasing domestic products; however, the low level of significance for this variable and the unsatisfactory overall pseudo R^s (6.3%) of the model mandate caution in drawing conclusions. Similarly, while the positive correlation between animosity toward Korea and preferring the Chinese company is also

significant at the p=.05 level, further evidence would be required to confidently state the connection between country-specific animosity and preference for domestic goods.

The two significant demographic variables (gender and years of education) require explanation. The findings show (again at the p=.05 level) that women are less likely to prefer the Chinese product, as are people with more years of education. The level of education makes sense, as those with higher education may be more aware of technology standards across countries and therefore prefer the Korean or Japanese product to the Chinese product due to evaluations of lower quality. The gender differential is more difficult to explain, unless one assumes that men are generally more patriotic than women in their purchasing patterns. Regardless, the inability of the **Cross-National Animosity Model** to describe a large amount of variance makes such conclusions speculative. For this reason, instead of examining why consumers *preferred* the Chinese product, we then employed our results to run country-specific animosity models and determine the reasons why consumers *avoided* the foreign products.

Country-Specific Animosity Models

The two country-specific animosity models were logistic regressions that had "ranking Korean company third" and "ranking Japanese company third" as their binary dependent variables. From this point forward, we will call these logits the **Korea-Specific Animosity Model** (see **Table 2**) and the **Japan-Specific Animosity Model** (**Table 3**), respectively. These models presented our test of the composite animosity construct against country-specific feelings of animosity. In addition, we also included a dummy variable for ranking China first, to determine if a preference for domestic goods influences the avoidance of a particular country's products.

Table 2
Korea-Specific Animosity Model
Logistic Regression (Robust)
(N=288, Log pseudo likelihood=-156.90142, Pseudo R^2=9.75%)
Dependent Variable: Ranking Korean Company Third[a]

Independent Variable	Coefficient	Standard Error
Constant	1.73949	2.068314
Importance of Quality	.0153896	.0116193
Importance of Company	.0024518	.005889
Importance of Country	-.0006105	.005256
Ranking China First[b]	-.0966702	.293733
China Lifestyle	-.017148	.0296796
Animosity toward Korea	.1695365***	.0449878
Animosity toward relative marrying Korean person	.1695212*	.0685412
Animosity Composite	-.1885584*	.0794499
Age	.0232204	.059993
Gender[c]	-.1942227	.2973012

Note: For full explanation of all data and coding procedures, see the Appendix. Also, the following rules for significance apply: *p=.05; **p=.01; ***p=.001.
[a] Coded as 1 for those who ranked Korea third, 0 for those who did not.
[b] Coded as 1 for those who ranked China first, 0 for those who did not.
[c] Coded as 1 for female, 0 for male.

Several points are worthy of note in the **Korea-Specific Animosity Model**. Again, the importance questions are insignificant in determining the ranking of products in a marketplace decision. It is also worth noting that ranking China first does not have a significant effect upon ranking Korea third; in other words, those who ranked China first were equally or more likely to rank Korea second than third. The most important factor is that both of the Korea-specific animosity indicators are significant. Those who expressed general animosity towards Korea were more likely to rank the Korean product last, a correlation significant at the p=.001 level. Similarly, those who expressed negative feelings about a relative marrying a Korean were more likely to rank the Korean product last, a correlation significant at the p=.05 level. These findings clearly support

$H_{ANIMOSITY}$, as country-specific animosity towards Korea significantly increases the likelihood of avoiding Korean products.

The coefficient for the animosity composite in the **Korea-Specific Animosity Model** demands close inspection. The relationship between the animosity composite and ranking Korea third is significant at the p=.05 level but *negatively* correlated, implying that respondents with higher international feelings of animosity are less likely to rank Korea last. This relationship is difficult to explain theoretically. If respondents express high levels of animosity toward foreign countries, why would they be less likely to avoid a foreign product? It seems impossible to justify such a relationship. Instead, this finding supports the assumptions of Klein et al that animosity is inherently a country-specific construct (Klein et al 1998). According to their argument, it is impossible to construct an animosity composite that measures an individual's negative feelings toward multiple countries, because animosity is a psychological construct based on social and historical background with a single country. The apparent failure of the animosity composite and clear success of country-specific animosity measures in the **Korea-Specific Animosity Model** supports this argument.

The **Japan-Specific Animosity Model** further proves that the animosity composite is not as accurate a predictor of consumer preferences as country-specific animosity indicators. This model, which has the best fit of any of our animosity logits (pseudo R^2 of 21.2%), displays the significance of both positive feelings of patriotism and negative feelings of Japan-specific animosity.

Table 3
Japan-Specific Animosity Model
Logistic Regression (Robust)
(N=290, Log pseudo likelihood=-158.55361, Pseudo R^2=21.2%)
Dependent Variable: Ranking Japanese Company Third[a]

Independent Variable	Coefficient	Standard Error
Constant	5.734943**	1.90389
Importance of Quality	-.0126396	.0114074
Importance of Company	-.0011127	.0065299
Importance of Country	-.0028144	.0053967
Ranking China First [b]	1.88408***	.2967169
China Lifestyle	.0669776**	.0293495
Animosity toward Japan	.1642225***	.0438527
Animosity toward relative marrying Japanese person	.0820216	.0503696
Animosity Composite	-.261045**	.083269
Age	-.0425686**	.0176108
Gender [c]	.0759096	.2908273

Note: For full explanation of all data and coding procedures, see the Appendix. Also, the following rules for significance apply: *p=.05; **p=.01; ***p=.001.
[a] Coded as 1 for those who ranked Japan third, 0 for those who did not.
[b] Coded as 1 for those who ranked China first, 0 for those who did not.
[c] Coded as 1 for female, 0 for male.

As **Table 3** illustrates, ranking China first is positively correlated with ranking Japan last to the level p=.001. This relationship implies that those who rank China first (perhaps due to patriotism) are more likely to avoid Japanese products. The significance of the question about the superiority of the Chinese way of life also supports that there is a positive relationship between patriotic feelings and avoiding foreign products. The correlation between responses to this question and ranking Japan third is significant to the p=.01 level, as participants who considered the Chinese way of life superior to that of other countries were more likely to avoid the Japanese product. In terms of negative sentiments, Japan-specific animosity was positively correlated with ranking the Japanese product last, a correlation significant to the p=.001 level. This finding parallels that of

the **Korea-Specific Animosity Model**, as does the inverse relationship with the animosity composite. Again, we will not attempt to justify the negative correlation between the animosity composite and ranking Japan last from a theoretical standpoint. Instead, it seems clear that animosity is indeed a country-specific construct. Finally, the **Japan-Specific Animosity Model** exhibited an inverse relationship between age and ranking the Japanese product last (with significance at the p=.01 level). This relationship illustrates that older respondents were less likely to rank Japan last than younger ones, perhaps due to increased animosity among the young. This explanation of age remains speculative, but what is certain is that feelings of anti-Japanese animosity had a strong positive correlation with avoiding the Japanese product.

Considered together, the **Animosity Models** offer insight into the connection between patriotism, animosity, and consumer choice. It is clear that feelings of country-specific animosity have a direct and positive correlation with a decreased willingness to purchase that country's products. This finding completely validates $H_{ANIMOSITY}$. In the same vein, it seems clear that constructing a composite for animosity is a futile endeavor, unless one can theoretically justify increased animosity toward many foreign countries *and* increased willingness to purchase foreign products. Instead, the inverse relationships between the animosity composite and consumer choice in the **Animosity Models** further support Klein et al's claim that animosity is inherently a country-specific construct. Finally, albeit to a lesser extent, these models have also illustrated the effect of positive feelings of patriotism in the selection of Chinese products over foreign alternatives. Now, we turn to the question of how much participants were willing to sacrifice to maintain such rankings.

Price Sacrifice Models

In order to examine the legitimacy of $H_{SACRIFICE}$, we sought to isolate the impact of the source-country in the respondent's third choice. While we initially ran full regressions with a variety of independent variables, we found that only country-of-origin of the respondent's third ranked product was significant in determining price sacrifice (again, see **Appendix Document 10** for full models). . In many ways, we find these truncated models more theoretically apt, in that our $H_{SACRIFICE}$ seeks to look at the effect of country-of-origin alone. For this reason, we present two simplified models here. In these versions, the only independent variables included are the source country of the products ranked last by each respondent. This concise and clear model allows the viewer to see the direct and significant connection between ranking a foreign product last (particularly Japan, the object of animosity) and increased willingness to pay more to avoid this product. While we believed income would be a significant indicator of price sacrifice, since respondents with lower incomes would more likely adhere to rational choice theory and seek the lowest price available, no such relationship existed. Instead, the inclusion of income only halved the total number of respondents included in the model. Thus, below we present two simplified models---one linear and one logistic---that exhibit significantly increased willingness to sacrifice money to avoid purchasing a foreign product than a domestic product.

The linear model, called simply **Price Sacrifice Model** (see **Table 4**), takes the price required to reverse a respondent's ranking as its dependent variable. In other words, this model looks at the price participants claimed their original third choice must be in order to purchase it over their original first choice.

Table 4
Linear Regression (Robust)
Price Sacrifice Model
(N=306, R^2=7.0%)
Dependent Variable: Price Needed to Reverse Ranking[a]

Independent Variable[b]	Coefficient	Standard Error
Constant (China Third)	43.48333***	2.172399
Japan Third	-12.26255***	2.985067
Korea Third	1.266667	3.139819

Note: For full explanation of all data and coding procedures, see the Appendix. Also, the following rules for significance apply: *p=.05; **p=.01; ***p=.001.
[a] On a continuous scale from 0-80 in RMB.
[b] All country third dummy variables are coded as 1 for respondents who ranked that country third and 0 for those who did not. For example, the ranking 1. China 2. Japan 3. Korea would be coded 1 for Korea Third, 0 for Japan Third and 0 for China Third.

In this model, the constant absorbs those who ranked China third, and it is statistically significant to the p=.001 level with a value of 43.48 (rounded to the second decimal point). In other words, those who ranked the Chinese product third demanded a new price of 43.48 RMB in order to reverse their rankings. Those who ranked the Japanese product third, on the other hand, demanded a new price that was 12.26 RMB cheaper than that (due to the coefficient for ranking Japan third, which is statistically significant to the p=.001 level as well). In other words, according to this regression, those who ranked China last required a new price of about 43 RMB to reverse their rankings, while those who ranked Japan last required a price of about 31 RMB. The findings of this model are thus directly in line with our original discussion of the average price required to reverse the rankings. The statistical significance of these factors simply proves that respondents were more likely to sacrifice price to avoid a foreign good than a domestic one. Moreover, this foreign good came from Japan, the object of the most feelings of country-specific animosity, so this correlation implies a relationship between source country, animosity, and price sacrifice.

Table 5
Logistic Regression (Robust)
Extreme Price Sacrifice Model
(N=336, Log pseudo likelihood=-142.64709, pseudo R^2=12.81%)
Dependent Variable: Refusal to Buy Third Choice at Any Price[a]

Independent Variable[b]	Coefficient	Standard Error
Constant (China Third)	-4.290459***	1.008328
Japan Third	3.521805***	1.022501
Korea Third	2.28673*	1.054313

Note: For full explanation of all data and coding procedures, see the Appendix. Also, the following rules for significance apply: *p=.05; **p=.01; ***p=.001.
[a] Coded 1 for respondents who claimed they would not buy their third choice regardless of price, and 0 for those without this response.
[b] All country third dummy variables are coded as 1 for respondents who ranked that country third and 0 for those who did not. For example, the ranking 1. China 2. Japan 3. Korea would be coded 1 for Korea Third, 0 for Japan Third and 0 for China Third.

For our final model, we examined the extraordinary cases in which respondents claimed they would not purchase their third choice regardless of price. Due to the special nature of such responses, we called this logit the **Extreme Price Sacrifice Model**. According to **Table 5**, there is a strong correlation between country-of-origin and consumer choice in terms of extreme price sacrifice. Those who ranked the Chinese product last were considerably less likely to claim they would not buy it regardless of price (absorbed by the constant term and statistically significant to p=.001). Those who ranked Japan and Korea last, on the other hand, were significantly more likely to respond in this way. This correlation was even stronger with Japan (with a correlation significant to the p=.001 level) than with Korea (significant to the p=.05 level). Thus, there was a highly significant positive correlation between respondents ranking Japan last and "extreme price sacrifice," or claiming that they would not purchase the Japanese product regardless of price. The combination of the linear **Price Sacrifice Model** and the logistic **Extreme Price Sacrifice Model** thus provides strong empirical evidence in support of

$H_{SACRIFICE}$. In sum, participants in our research were more likely to spend more money to avoid purchasing a Japanese product than a Chinese one.

Discussion

The results of the **Animosity Models** and the **Price Sacrifice Models** require reflection in light of one another. Through the **Animosity Models**, we illustrated that respondents who expressed country-specific animosity were more likely to avoid products from that country. This finding was in line with Klein et al and the hypothesis $H_{ANIMOSITY}$. Through the **Price Sacrifice Models**, we illustrated that respondents were more likely to sacrifice financially to maintain their rank order if they listed a foreign product last, especially the Japanese product. These findings, particularly the fascinating results of extreme price sacrifice, confirmed our hypothesis $H_{SACRIFICE}$. With both models taken into consideration, there appears a strong correlation between country-specific animosity, consumer choice, and price sacrifice. In our opinions, we believe that this correlation is also a relationship of causation: country-specific animosity deceases willingness to purchase a foreign country's products and increases willingness to sacrifice financially to avoid such products.

These findings align with the existing theories about domestic product preference discussed earlier in the paper. According to our empirical research, the home-bias-in-trade puzzle of the "Six International Puzzles in Macroeconomics" is clearly evident (McCallum 1995). Moreover, our analysis of price sacrifice has illustrated that this puzzle cannot be solved using traditional economic paradigms such as rational choice theory (Obstfeld and Rogoff 2000). On the contrary, the extreme avoidance of foreign products, particularly from countries for which the consumer expresses animosity, eludes

simple economic explanation. Our results have confirmed the hypotheses of Klein et al that country-specific animosity influences consumer choice beyond evaluations of quality or price (Klein et al 1998). Moreover, as the seeming failure of our animosity composite illustrated, feelings of animosity toward different countries cannot be combined as a proxy for animosity toward all foreign countries. Instead, a consumer has unique feelings toward each country that manifest equally unique patterns of consumption for each country's products.

Further Research

The data collected in this research provides insight into the consumer decisions of Beijing shoppers, but it has inherent and inescapable problems of external validity. Although research was conducted at two different markets at two different times, and the researchers employed methods of randomization to maximize representation, the data still stems from a very particular population of Beijing residents. The peculiarity of this group can be seen in their high-income levels (20% above 100,000 RMB annually) and their reported occupations (over 11% in the "clothing" industry). As such, the 336 participants in this research are not representative of the greater Beijing population. However, their decisions do accurately represent those of consumers at two of Beijing's most popular markets. In this way, their responses at the very least provide insight into the decision-making process of some Chinese consumers.

In future studies, we would like to see our hybrid model applied to a greater cross-section of the population of Mainland China. As expressed in the disparity between the first part of our model (marketplace decision) and the second part (survey questions), this model accounts for the inherent response error of more traditional formats. Despite the

intrinsic level of deception, our model forces participants to think like they do in the marketplace and rank products directly in front of them. Bringing this method to a larger population could illustrate whether the connection between country-specific animosity and consumption patterns is universal or specific to certain types of shoppers. In this vein, we explicitly recognize the intrinsically peculiar nature of Beijing citizens. Like our concern about Nanjing, Beijing's position as the political capital of China insures a disparity between the attitudes of this city's citizens and the national average. For this reason, we would like the model to be applied to various regions in China before drawing conclusions about the patterns of all Chinese consumers.

Our model itself could also be improved by increasing the number of questions about positive constructs of patriotism. Our limited research has focused upon negative constructs of patriotism---namely country-specific animosity---rather than positive feelings toward the domestic country. While we included a single question (about the superiority of the Chinese way of life) in our model, this question alone is insufficient in determining respondents' positive feelings toward China. We also used ranking the Chinese product first as a proxy of patriotic purchasing in the **Country-Specific Animosity Models**. The fact that both these indicators were significant in several of our models implies that positive feelings of patriotism indeed have an effect upon the preference for domestic goods. Ideally future studies will try to create an appropriate scale for the effect of positive constructs upon purchasing patterns in China[20].

[20] It is worth noting that Klein et al, in one of their other hypotheses, tried to accomplish this feat using a modified version of the CETSCALE. However, as already stated, we consider the CETSCALE inapplicable in China due to inherent differences in the cultural and linguistic understandings of "patriotism."

Summary and Conclusion

Employing a hybrid research model in two Beijing markets, our work has verified the hypothesis of Klein et al that animosity negatively influences willingness to buy a foreign country's products. We have also verified the primary assumption behind this hypothesis, namely that animosity is a country-specific construct rather than a general feeling toward all foreign countries. Our unique research model has also allowed us to build upon this hypothesis by examining price sacrifice according to country-of-origin. We have illustrated that participants were significantly more willing to sacrifice financially to avoid a foreign (Japanese) product than a domestic one. In proving these two hypotheses, $H_{ANIMOSITY}$ and $H_{SACRIFICE}$, our research has revealed a strong statistical correlation between country-specific animosity, product choice, and price sacrifice. Our work built upon previous arguments, and we similarly hope that this paper (particularly our hybrid research model) will be improved and employed to populations across China. Consumer choice is a complicated and constantly shifting paradigm, one that requires repeated research to make valid conclusions about causation. In the future, repeated and expanded studies of the effect of animosity upon product choice and price sacrifice will allow us to see if the results of this study are unique to Beijing consumers or emblematic of a national consumer construct in China.

Appendix: Documents Used in Research

Document 1: Interviewer Instructions (Exactly as Administered)

Interviewer Instructions:

You will be conducting interviews outside two markets in Beijing. Our goal is to insure that every interview is conducted in an identical fashion, so please read these instructions carefully and speak only as the survey prescribes. All surveys, regardless of the interviewer's nationality, will be conducted in Chinese.

You will wait outside the market and approach every tenth Chinese person exiting. If you mistake a foreigner for a Chinese person, simply apologize and walk away. We are only interested in Chinese responses. If the tenth person happens to be in a group (which will likely be the case), approach the group and ask them their birthdays. Select the person with the last birthday (i.e. December 10th over May 25th) to interview.

Once you have a subject, please present him with the letter of consent form that briefly explains our purpose. Make sure that he or she understands the survey. Answer any questions the subject may have without jeopardizing the study. Then make sure that the subject provides his or her informed consent and signs the waiver.

Present the interviewee with the three USB drives and the brief descriptions for each of the three companies. Again, answer questions, but only with the information provided on the descriptions themselves. DO NOT ADD ANY INFORMATION. Tell the subject to take his or her time inspecting the products and descriptions and then begin.

Once you begin the survey, only you as the interviewer will see the forms. Please record the subject's responses quickly but clearly. There are several places where the interviewer must record a number, make sure to do so in a clear fashion (crosses on seven's and 0's). It is critical to the process that this data can later be recorded.

If the subject at any time responds "I don't know" or "I don't want to respond" to specific questions, record this in the appropriate boxes to the left and move forward. However, do not say "I don't know" aloud as a potential choice. Only read aloud the questions in bold and the lettered responses. It is critical that you read only what is on the survey itself. Thank the participant for his or her time and move away.

At the very end of the survey, there is a place for you to write your name as the interviewer and circle at which market the interview took place. Also, write any general observations you have about the interviewee and the interview experience.

Wait three to five minutes after the completion of each interview, in order for the previous subject to have completely left the area. Then begin counting again and approach the next tenth Chinese person.

If you have any questions or are unclear about anything, please ask one of us.

Thanks very much for your cooperation,
Ben, Tiffany, and Lizzy

调查指南

你们将在北京的两个市场上进行此项调查。我们的目标是保证每一项调查是以同样的形式，因此请仔细阅读这个指南并像调查指定的那样提问。不管调查者的国籍如何，都将以中文提问。

你们等在市场的外边，去调查每路过的第十个人。如果你们误把一个外国人认作中国人，道歉并走开即可。我们只需要中国人回答。如果路过的第十个人是与朋友在一起，就去问他们的生日。选择生日在一年中最晚的那个(如在12月10日和5月25日出生的中选择12月25日的那个)调查。

一旦你们确定下来了目标，递给他们简略介绍我们调查目的的同意书。要保证他们明白该调查的目的。回答他们提出的任何问题，只要这不损害到调查。然后保证调查对象同以此项调查并签同意书。

递给调查者3个U盘驱动。并简单介绍一下这三个公司。另外，回答他们的问题，但是回答仅涉及描述本身。**不要再多透露其他任何信息。**告诉调查对象仔细检查产品，阅读描述，然后再开始。

给调查对象3个U盘驱动并简要描述这三个公司。问卷中有一些地方要填一个数字，则一定写清楚。

如果调查对象对某个问题回答“我不知道”，或“我不想回答”，在左边的方框中记录并继续。然而，在发问的过程中，不要把“我不知道”作为一个宣祥告诉他们。只需要读出问题并记录即可。并且只能读出问卷上的原话。每个问题都给他们足够的考虑时间。

在调查结束时，问卷后由签名处。并写明该调查是在那个市场进行的。另外，写明你观察到的调查对象的总体特征。

做完每个问卷后，等3到5分钟再进行下一个，以便让上一个调查者能离开。然后再开始数并调查第10个中国人。

如果你们有何问题，尽管问我们当中的任何一个人。

非常感谢!

张小佳，伍姣，赵捷明

Document 2: USB Survey (Exactly as Administered)

您好，我们在进行一项市场调查。三家新技术公司将要进入北京市场，您的回答将帮助我们更好地决策。完成本问卷仅需要五分钟，谢谢参与!

我们的问卷将严格保密，您的个人信息和问卷答案将会完全处于保密状态此次问卷为匿名作答。 请您放心填写。

我愿意参与此次调查。

愿意　　不愿意

D/K	N/R

第U部分

请考虑如下三种闪存卡。第一种由一家日本公司“GTL”在东京生产；第二种由中国公司“X-Fire”在深圳生产；第三种由韩国公司“Memorix”在汉城生产。这三种闪存卡都有1G的内存。我们在此为您提供样品以供参考，请您耐心观察。这三种闪存卡价格均为80元。这是这三家公司的名片。

U１。请排列出您的选择偏好（１为首选，２为次要选择，３为最差选择）

1		
2		
3		

U2。既然您的首选产品价格为80元，那您的第三选择为多少钱时您才会购买?

_____

就下列因素对你的重要程度打分（向调查对象展示温度计纸片；0分为极不重要，100分为极重要）

U3。 质量: _____

U4。 生产公司: _____

U5。 原产国: _____

D/K	N/R

第D部分

D1。性别： A) 男 B) 女

D2。 你是哪年出生的？_____

D3。你的学历是什么？

A)没有上过学 B) 小学 C)初中 D)高中 E)中专

F)大专 G)本科 H)硕士研究生 I)博士研究生 J)其它

D4。你所从事的行业是什么？_____

D5。你的职业是什么？ _____

D6。你会说外语吗？

A) 会 B) 不会

D7。（如果D6选择“ 会”）会说哪门外语？_____

D8。你总共在北京居住了多少年？_____

D9。是否出过国？

A) 是 B) 否

D10。（ 如果D9选择“ 是”）请在去过的国家旁边的括号内划勾：

美国（ ）日本（ ） 韩国（ ） 其它：_____

D/K N/R

第P部分

P1。你曾经有过仅因为某产品是中国制造而购买的经历吗?

A) 有 B）没有

P2。你曾经有过仅因为某产品是外国制造而购买的经历吗?

A) 有 B）没有

P3。你是否同意以下说法：中国式的生活方式优于其他国家生活方式。

A）非常同意 B）同意 C）无所谓 D)不同意 E)非常不同意

P4。如果你一个亲戚与一个日本人结婚了，你会：

A）非常开心 B）开心 C)无所谓 D)不开心 E)非常不开心

P5。如果你一个亲戚与一个韩国人结婚了，你会：

A）非常开心 B）开心 C)无所谓 D)不开心 E)非常不开心

P6。如果你一个亲戚与一个美国人结婚了，你会：

A）非常开心 B）开心 C)无所谓 D)不开心 E)非常不开心

P7。你对韩国的总体印象是

A) 非常喜欢 B) 喜欢 C) 无所谓 D)不喜欢 E)非常不喜欢

P8。你对日本的总体印象是

A) 非常喜欢 B) 喜欢 C) 无所谓 D)不喜欢 E)非常不喜欢

P9。你对美国的总体印象是

A) 非常喜欢 B) 喜欢 C) 无所谓 D)不喜欢 E)非常不喜欢

D/K	N/R

D11。您家庭的年收入是多少？_____

采访员：　　市场：　动物园　秀水街

关于此次调查的总体感受和评价：

Document 3: English Version of Survey (For Reference Only)

-Page 1-

Hello, we are conducting market research. Three new technology companies want to enter the Beijing market, and your responses could help us determine their prospects. In total this questionnaire will only take five minutes, thank you for participating!

Out questionnaires are private and protected, your personal information and resposes will be entirely anonymous and used only for the sake of the survey. Thank you and please write freely.

I agree to take part in this research.

Agree Disagree

-Page 2-

U-Part (USB)

Please look at the following three flash-drives. The first one is from a Japanese company called GTL based in Tokyo; the second one is from a Chinese company called "X-Fire" based in Shenzhen"; and the third one is from a Korean company called "Memorix" based in Seoul. All three flash drives have 1-gigabyte capacities. Feel free to inspect the products provided in detail. These three drives all cost 80 RMB. Here are the business cards of the three companies

U1. Please rank your preferences (1 is first choice; 2 is second choice; 3 is worst choice)

1.
2.
3.

U2. If your first choice still costs 80 RMB, how cheap would your third choice need to be in order for you to buy that one?

_____

Rate the following factors in terms of level of importance (interviewer shows interviewee the thermometer; 0 represents not important at all, 100 represents very important)

U3. Quality: _____

U4. Company: _____

U5. Country of Origin: _____

-Page 3-

D-Part (Demographic)

D1. Gender: A) Male B) Female

D2. What year were you born? _____

D3. What is your educational experience?

A) No Primary School B) Primary School C) Middle School D) High School E) Associate's Degree F) Associate's Degree G) Bachelor's H) Master's I) P.h.d. J) Other

D4. In what industry do you work? _____

D5. What is your position/occupation? _____

D6. Can you speak a foreign language?

A) Yes B) No

D7. (If the answer to D6 is "Yes") Which language? _____

D8. In total, how many years have you lived in Beijing? _____

D9. Have you been abroad?

A) Yes B) No

D10. (If the answer to D9 is "Yes") Which of the following countries have you been to?

America ( ) Japan ( ) Korea ( ) Other: _____

-Page 4-

P-Part (Patriotism)

P1. Have you ever purchased a product only because it was Chinese?

A) Yes B) No

P2. Have you ever purchasd a product only because it was foreign?

A) Yes B) No

P3. Do you agree or disagree with the following statement: The Chinese way of living surpasses that of all other countries.

A) Strongly Agree B) Agree C) Indifferent D) Disagree E) Strongly Disagree

P4. If your relative married a Japanese person, you would be:

A) Very happy B) Happy C) Indifferent D) Unhappy E) Very Unhappy

P5. If your relative married a Korean person, you would be:

A) Very happy B) Happy C) Indifferent D) Unhappy E) Very Unhappy

P6. If your relative married an American person, you would be:

A) Very happy B) Happy C) Indifferent D) Unhappy E) Very Unhappy

P7. Your general feeling toward Korea is:

A) Strongly Like B) Like C) Indifferent D) Dislike E) Strongly Dislike

P8. Your general feeling toward Japan is:

A) Strongly Like B) Like C) Indifferent D) Dislike E) Strongly Dislike

P9. Your general feeling toward America is:

A) Strongly Like B) Like C) Indifferent D) Dislike E) Strongly Dislike

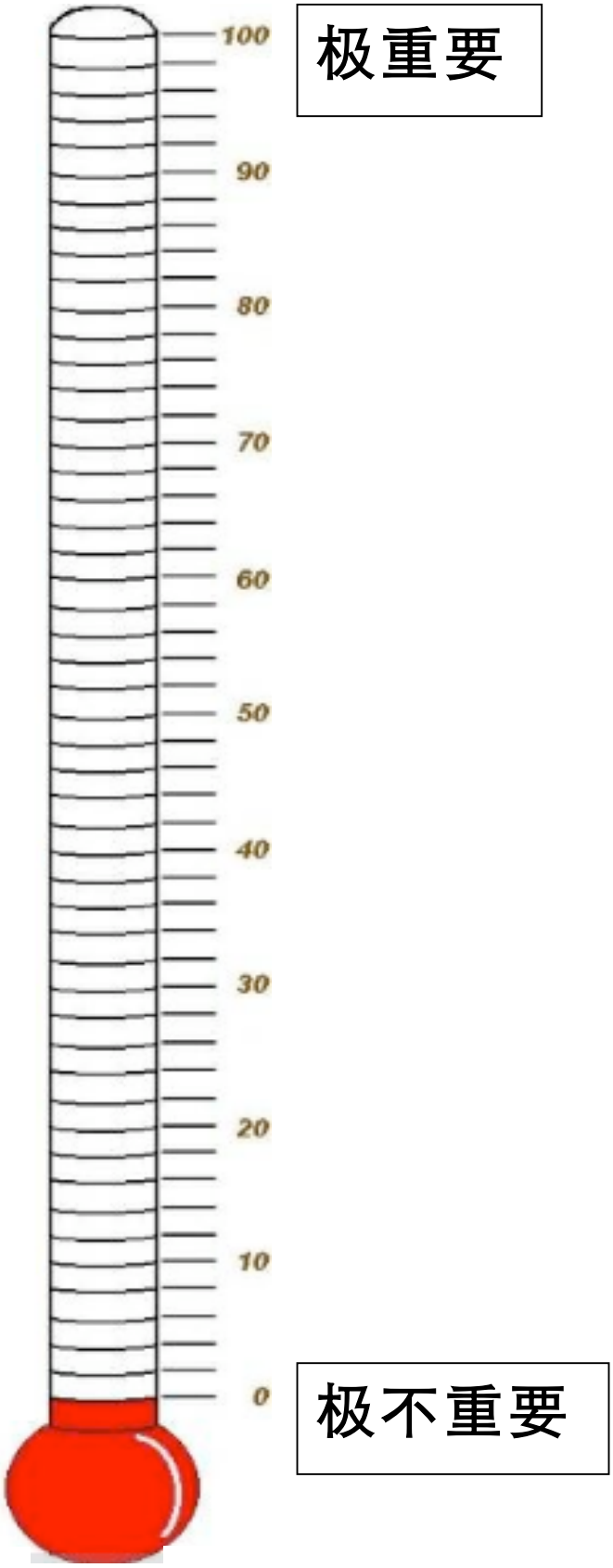
-Page 5-

D11. How much is your family's annual income? _____

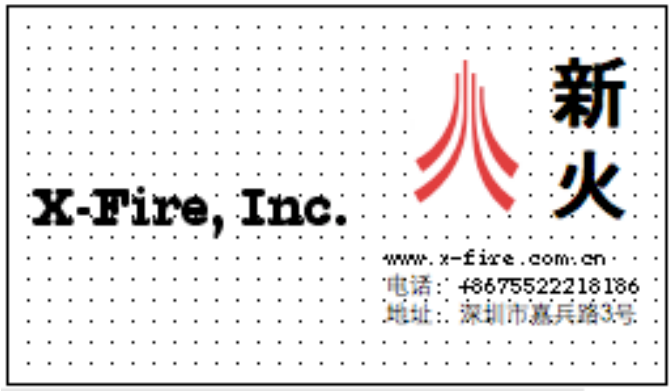
Interviewer: Market: Xiushuijie Dongwuyuan

General feelings or impressions about this interview:

Document 4: Thermometer for Questions U3-U5



Document 5: Company Business Cards



Document 6: Data Entry and Coding Information

The methods for inputting data and coding data were as follows. Every survey was given an independent ID number that was printed on every page, which is the first variable of the data set. Interviewer name, market name, and date of interview were also recorded. Dummy variables were created for market (1 for Xiushuijie, 0 for Dongwuyuan) and for date (1 for May 11th, 0 for May 18th). Throughout the survey, item-level non-response was coded as 99 (999 for a three-digit variable, 9999 for a four-digit variable) and do not know responses were coded as 98 (998, 9998).

The responses to question U1 were entered directly as U1_1 (first choice), U1_2 (second), and U1_3 (third). Dummy variables were also created for specific responses, such as China first (d_china_1), Japan third (d_japan_3), and so forth. Responses to U2_Second_Price were entered directly as a continuous variable between 0 and 80, but a dummy variable was creating noting those respondents who claimed they would not purchase their third choice regardless of price (d_wontbuy). Responses to questions U3_Quality, U4_Company, and U5_Country were entered directly on a continuous scale from 0-100.

The demographic data collected was more abstract. D1 easily became a dummy variable for gender, coded as 1 for female and 0 for male (D1_d_female). D2-Year_of_Birth was first entered directly as a four-digit year and later transformed into age by subtracting from 2007. D3_Education was initially coded on a scale from 0-9, with response "A) No Primary School" coded as 0 escalating toward "J) Other" coded as 9. In order to create a continuous variable of total years of schooling, the education responses were later transformed according to the following table:

Original Response	A)没有上过学	B) 小学	C) 初中	D) 高中	E) 中专	F) 大专	G) 本科	H)硕士研究生	I) 博士研究生	J) 其它
Years	1	6	9	11	12	13	14	16	18	n/a

The determination of the years was conducted in coordination with concurrent research by Warden et al, as well as the official website of China's Ministry of Education ("Ministry of Education of the People's Republic of China" 2007). This transformation created a continuous variable for use in regression analysis.

D4_Industry and D5_Occupation were translated and entered into the data set, although the range of responses disallowed useful coding for analysis. Like D1_gender, D6_Language_Ability was transformed into a dummy variable with 1 equaling ability and 0 equaling inability. D7_Language was entered directly as language and was not coded, because the vast majority who responded able to D6_Language_Ability claimed English as their foreign language. D8_Beijing_Occupancy was entered as a continuous variable in years with a range from 0 (travelers who do not live in Beijing) to 58. D9_Abroad also became a dummy variable, with 1 representing been abroad and 0 representing not been abroad. D10_Country 1 and D10_Country 2 were reserved for responses provided (Korea, Japan, and U.S.A.). D10_Country 3 was reserved for other countries visited that the respondent provided.

The patriotic part required the most coding decisions. P1_Domestic_ Purchase and P2_Foreign_Purchase were transformed into dummy variables, with 1 noting experience and 0 representing lack of experience. P3_Chinese_Lifestyle was coded on a five-value scale of 10, 5, 0, -5, and -10, with -10 representing "strongly disagree" and 10

representing "strongly agree." At first, the same five-value scale was applied to questions P4_Marry_Japan, P5_Marry_Korea, and P6_Marry_USA, but 10 represents "very happy" and -10 represents "very unhappy." The five-value scale was also applied to P7_Attidue_Korea, P8_Attitude_Japan, and P9_Attitude_Japan, with 10 representing "strongly like" and -10 representing "strongly dislike."

In order to clearly display *animosity* in regressions, the five-value scales for both the marriage and general attitude questions were later reversed. In the end, the responses that registered the highest level of animosity (such as "very unhappy" about a relative marrying a foreigner) were coded as positive in an effort to display correlation between animosity and consumer choice. For a more obvious example, those who responded "strongly dislike" a foreign country were coded "10." Through this transformation, we were able to more clearly display the relationship between animosity and marketplace decisions. For example, in the **Japan-specific Animosity Regression**, there is a clear and positive correlation between feelings of animosity towards Japan and the likelihood of avoiding a Japanese product.

In order to test the belief of Klein et al that animosity is a country-specific rather than general construct, we created a composite measure of our animosity questions. As explained in the body of the text, the data for questions P4 through P9 was recoded and compiled into a single figure. Each of these six questions was coded on a five-point scale of 1, 2, 3, 4, and 5, with 0 indicating non-response or do not know. With six questions that have five responses each, the total composite (Animosity_Factor) was a continuous whole number variable with a range of 6 and 28 (those who had a composite animosity factor of 0, indicating don't know or non-response for all six individual items, were

excluded and treated as missing data). In order to accomplish this composite, we assumed that a person with general animosity toward foreign countries would be unhappy if their relative married a foreigner. For this reason, responses to the three marriage questions were coded as follows: 5 for "very unhappy," 4 for "unhappy," 3 for "indifferent," 2 for "happy," and 1 for "very happy." Similarly, responses to the three attitude questions were coded as follows: 5 for "strongly dislike," 4 for "dislike," 3 for "indifferent, 2 for "like," and 1 for "strongly like." Since assumptions in creating this composite remain open to debate, the codebook for individual questions is provided in addition to the constructed patriotism factor.

Finally, D11_Income was entered directly on a continuous scale, and D12_Notes allowed for the interviewer's general feelings about each interview. These notes varied from the number of individuals in the respondent's household to a record of the respondent's explicitly anti-Japanese remarks. For this reason, D12_Notes was not used in statistical work, only referenced for analysis of specific respondents.

For a full copy of our dataset, please contact us at benjamin.jacobs@yale.edu.

Document 7: Full STATA Codebook from Initial Entry of Data

(99 for NR, 98 for DK)

Survey ID

type: numeric (int)

range: [1,398] units: 1
unique values: 336 missing : 0/336

mean: 189.86
std. dev: 113.105

percentiles: 10% 25% 50% 75% 90%
34 96.5 185.5 279.5 344

Interviewer Name

type: string (str12)
unique values: 14 missing: 0/336

examples: "Hu_Teng"
"Lizzy"
"Tiffany"
"Will"

Market Name

type: string (str10)
unique values: 2 missing: 0/336

tabulation: Freq. Value
170 "Dongwuyuan"
166 "Xiushuijie"

Date

type: string (str8)

unique values: 2 missing: 0/336

tabulation: Freq. Value
156 "May 11th"
180 "May 18th"

U1_1

type: string (str5)

unique values: 5 missing: 0/336

tabulation: Freq. Value
1 "98"
7 "99"
180 "China"
89 "Japan"
59 "Korea"

U1_2

type: string (str5)

unique values: 5 missing: 0/336

tabulation: Freq. Value
2 "98"
11 "99"
87 "China"
74 "Japan"
162 “Korea”

U1_3

type: string (str5)

unique values: 5 missing: 0/336

tabulation: Freq. Value
2 "98"
11 "99"
61 "China"
161 "Japan"
101 "Korea"

U2_Second_Price

type: numeric (byte)

range: [0,99] units: 1

unique values: 22 missing: 1/336

mean: 42.9493
std. dev: 28.3815

percentiles:	10%	25%	50%	75%	90%
	0	20	50	60	79

U3_Quality

type: numeric (int)

range: [20,999] units: 1
unique values: 13 missing: 0/336

mean: 100.051
std. dev: 86.2125

percentiles:	10%	25%	50%	75%	90%
	80	90	100	100	100

U4_Company

type: numeric (int)

range: [0,999] units: 1
unique values: 21 missing: 0/336

mean: 88.753
std. dev: 144.586

percentiles:	10%	25%	50%	75%	90%
	30	50	77.5	85	100

U5_Country

type: numeric (int)

range: [0,999] units: 1
unique values: 23 missing: 0/336

mean: 100.006
std. dev: 189.971

percentiles:	10%	25%	50%	75%	90%
	10	50	70	90	100

D1_d_female

type: numeric (byte)

range: [0,99] units: 1
unique values: 3 missing: 0/336

tabulation: Freq. Value
168 0
166 1
2 99

D2_Year_of_Birth

type: numeric (int)

range: [1945,9999] units: 1
unique values: 44 missing: 0/336

mean: 2407.71
std. dev: 1808.8

percentiles: 10% 25% 50% 75% 90%
1964 1974 1982 1986 1988

D3_Education

type: numeric (byte)

range: [0,99] units: 1
unique values: 10 missing: 0/336

mean: 5.80952
std. dev: 11.6005

percentiles: 10% 25% 50% 75% 90%
2 3 5 6 7

D4_Industry

type: string (str44)

unique values: 115 missing: 0/336

examples: "Clothing"
"Education"

"Independent Business"
"Sales"

warning: variable has embedded blanks

D5_Occupation

type: string (str32)

unique values: 94 missing: 0/336

examples: "Company Member"
"Office Worker"
"Self-Employed"
"Student"

warning: variable has embedded blanks

D6_Language_Ability

type: numeric (byte)

range: [0,99] units: 1
unique values: 3 missing: 0/336

tabulation:

Freq.	Value
115	0
217	1
4	99

D7_Language

type: string (str41)

unique values: 21 missing: 118/336

examples:
"A little English"
"English"

warning: variable has embedded blanks

D8_Beijing_Occupancy_Years

type: numeric (float)

range: [0,99] units: .1
unique values: 43 missing: 1/336

mean: 9.6806
std. dev: 14.5184

percentiles:	10%	25%	50%	75%	90%
	0	2	4	10	28

D9_Abroad

type: numeric (byte)

range: [0,99] units: 1
unique values: 3 missing.: 0/336

tabulation:	Freq.	Value
	267	0
	65	1
	4	99

D10_Country 1

type: string (str6)

unique values: 3 missing: 305/336

tabulation:	Freq.	Value
	305	""
	8	"Japan"
	11	"Korea"
	12	"U.S.A."

D10_Country 2

type: string (str5)

unique values: 2 missing: 330/336

tabulation:	Freq.	Value
	330	""
	5	"Japan"
	1	"Korea"

D10_Country 3

type: string (str46)

unique values: 34 missing: 284/336

examples: ""
"Thailand"

warning: variable has embedded blanks

P1_Domestic_Purchase

type: numeric (byte)

range: [0,99] units: 1
unique values: 4 missing: 0/336

tabulation:

Freq.	Value
163	0
165	1
5	98
3	99

P2_Foreign_Purchase

type: numeric (byte)

range: [0,99] units: 1
unique values: 4 missing: 0/336

tabulation:

Freq.	Value
184	0
148	1
1	98
3	99

P3_Chinese_Lifestyle

type: numeric (byte)

range: [-10,99] units: 1
unique values: 7 missing: 0/336

tabulation:

Freq.	Value
14	-10
133	-5
85	0

80	5
12	10
6	98
6	99

P4_Marry_Japan

type: numeric (byte)

range: [-10,99] units: 1
unique values: 7 missing: 0/336

tabulation:

Freq.	Value
31	-10
52	-5
201	0
41	5
5	10
1	98
5	99

P5_Marry_Korea

type: numeric (byte)

range: [-10,99] units: 1
unique values: 7 missing: 0/336

tabulation:

Freq.	Value
5	-10
21	-5
225	0
74	5
5	10
1	98
5	99

P6_Marry_USA

type: numeric (byte)

range: [-10,99] units: 1
unique values: 7 missing: 0/336

tabulation:

Freq.	Value
3	-10

34	-5
217	0
59	5
17	10
2	98
4	99

P7_Attitude_Korea

type: numeric (byte)

range: [-10,99] units: 1
unique values: 7 missing: 0/336

tabulation:

Freq.	Value
3	-10
28	-5
91	0
190	5
17	10
4	98
3	99

P8_Attitude_Japan

type: numeric (byte)

range: [-10,99] units: 1
unique values: 7 missing: 0/336

tabulation:

Freq.	Value
41	-10
114	-5
103	0
67	5
5	10
2	98
4	99

P9_Attitude_USA

type: numeric (byte)

range: [-10,99] units: 1
unique values: 7 missing: 0/336

tabulation: Freq. Value
3 -10
40 -5
125 0
140 5
23 10
2 98
3 99

D11_Income

type: numeric (long)

range: [0,1500000] units: 1
unique values: 33 missing: 0/336

mean: 51356.6
std. dev: 109480

percentiles: 10% 25% 50% 75% 90%
98 99 27500 65000 120000

D12_Notes

type: string (str179), but longest is str97

unique values: 89 missing: 139/336

examples: ""
""
"Income for one person."
"Income for two people."

warning: variable has embedded blanks

COMPOSITE MEASURE OF ANIMOSITY

Animosity_Factor

type: numeric (byte)

range: [6,99] units: 1
unique values: 21 missing .: 0/336

mean: 17.8065
std. dev: 8.31155

percentiles:	10%	25%	50%	75%	90%
	13	16	17	19	21

DUMMY VARIABLES

d_xiushuijie

type: numeric (byte)

range: [0,1] units: 1
unique values: 2 missing: 0/336

tabulation:	Freq.	Value
	170	0
	166	1

d_may_11th

type: numeric (byte)

range: [0,1] units: 1
unique values: 2 missing: 0/336

tabulation:	Freq.	Value
	180	0
	156	1

d_china_1

type: numeric (byte)

range: [0,1] units: 1
unique values: 2 missing: 0/336

tabulation:	Freq.	Value
	157	0
	179	1

d_japan_3

type: numeric (byte)

range: [0,1] units: 1
unique values: 2 missing: 0/336

```
      tabulation:      Freq.  Value
                       175        0
                       161        1

d_japan_2

            type:  numeric (byte)

           range:  [0,1]                units:  1
      unique values:  2                 missing .:  0/336

      tabulation:      Freq.  Value
                       262        0
                       74         1
d_korea_3

            type:  numeric (byte)

           range:  [0,1]                units:  1
      unique values:  2                 missing .:  0/336

      tabulation:      Freq.  Value
                       235        0
                       101        1

d_wontbuy

            type:  numeric (byte)

           range:  [0,1]                units:  1
      unique values:  2                 missing .:  0/336

      tabulation:      Freq.  Value
                       272        0
                       64         1
```

Document 8: Examples from Adapted Codebook As Used in Regressions

(98 and 99 were replaced as "." to indicate missing data)

The following variables provide examples of the data used in regressions after being put through several transformations, such as reversing the five-value scale for animosity questions, creating a variable for age, and transforming education into total years of education. Non-response and "do not know" responses were also coded as missing data in this codebook. For sake of length, the entire new codebook is not reprinted here; instead, only several representative examples are provided. Again, for full data contact benjamin.jacobs@yale.edu.

U2_Second_Price

type: numeric (byte)

range: [0,80] units: 1
unique values: 20 missing .: 30/336

mean: 37.6928
std. dev: 23.7034

percentiles:	10%	25%	50%	75%	90%
	0	20	50	55	60

U4_Company

type: numeric (int)

range: [0,100] units: 1
unique values: 19 missing .: 8/336

mean: 66.564
std. dev: 25.9732

percentiles:	10%	25%	50%	75%	90%
	20	50	75	80	100

U5_Country

type: numeric (int)

range: [0,100] units: 1
unique values: 21 missing .: 14/336

mean: 60.941
std. dev: 30.3849

percentiles:	10%	25%	50%	75%	90%
	10	50	60	85	100

D8_Beijing_Occupancy_Years

type: numeric (float)

range: [0,58] units: .1
unique values: 42 missing .: 4/336

mean: 8.87349
std. dev: 11.8209

percentiles:	10%	25%	50%	75%	90%
	0	2	4	10	26

Animosity_Factor

type: numeric (byte)

range: [6,28] units: 1
unique values: 20 missing .: 3/336

mean: 17.0751
std. dev: 3.09835

percentiles:	10%	25%	50%	75%	90%
	13	16	17	19	21

D11_Income

type: numeric (long)

range: [0,1500000] units: 1
unique values: 32 missing .: 123/336

mean: 80956.3
std. dev: 128590

percentiles:	10%	25%	50%	75%	90%
	10000	30000	50000	100000	150000

Age

type: numeric (byte)

range: [16,62] units: 1
unique values: 43 missing .: 18/336

mean: 28.9811
std. dev: 9.59197

percentiles:	10%	25%	50%	75%	90%
	20	22	26	34	43

Years of Education

type: numeric (byte)

range: [1,18] units: 1
unique values: 9 missing .: 5/336

tabulation: Freq. Value

Freq.	Value
1	1
5	6
60	9
60	11
22	12
65	13
89	14
27	16
2	18
5	.

Document 9: Non-Response Form and Data
Non-Response Form (Exactly as Administered)

Non-Response Record

Interviewer:_____ Market: 动物园 秀水街

1. Time:_____ Gender: 男 女 Approximate Age: _____
2. Time:_____ Gender: 男 女 Approximate Age: _____
3. Time:_____ Gender: 男 女 Approximate Age: _____
4. Time:_____ Gender: 男 女 Approximate Age: _____
5. Time:_____ Gender: 男 女 Approximate Age: _____
6. Time:_____ Gender: 男 女 Approximate Age: _____
7. Time:_____ Gender: 男 女 Approximate Age: _____
8. Time:_____ Gender: 男 女 Approximate Age: _____
9. Time:_____ Gender: 男 女 Approximate Age: _____
10. Time:_____ Gender: 男 女 Approximate Age: _____
11. Time:_____ Gender: 男 女 Approximate Age: _____
12. Time:_____ Gender: 男 女 Approximate Age: _____
13. Time:_____ Gender: 男 女 Approximate Age: _____
14. Time:_____ Gender: 男 女 Approximate Age: _____
15. Time:_____ Gender: 男 女 Approximate Age: _____
16. Time:_____ Gender: 男 女 Approximate Age: _____
17. Time:_____ Gender: 男 女 Approximate Age: _____
18. Time:_____ Gender: 男 女 Approximate Age: _____
19. Time:_____ Gender: 男 女 Approximate Age: _____
20. Time:_____ Gender: 男 女 Approximate Age: _____
21. Time:_____ Gender: 男 女 Approximate Age: _____
22. Time:_____ Gender: 男 女 Approximate Age: _____
23. Time:_____ Gender: 男 女 Approximate Age: _____
24. Time:_____ Gender: 男 女 Approximate Age: _____
25. Time:_____ Gender: 男 女 Approximate Age: _____
26. Time:_____ Gender: 男 女 Approximate Age: _____
27. Time:_____ Gender: 男 女 Approximate Age: _____
28. Time:_____ Gender: 男 女 Approximate Age: _____
29. Time:_____ Gender: 男 女 Approximate Age: _____
30. Time:_____ Gender: 男 女 Approximate Age: _____
31. Time:_____ Gender: 男 女 Approximate Age: _____
32. Time:_____ Gender: 男 女 Approximate Age: _____
33. Time:_____ Gender: 男 女 Approximate Age: _____
34. Time:_____ Gender: 男 女 Approximate Age: _____
35. Time:_____ Gender: 男 女 Approximate Age: _____

Using the above format, non-response data was collected on May 18th to check for sample bias. Researchers were instructed to record the time, gender, and approximate age of each respondent that declined to participate in the research. We have provided our codebook for non-response data below. Gender is coded as 1 for female and 0 for male.

Interviewer

type: string (str9)

unique values: 9 missing "": 0/114

tabulation:

Freq.	Value
10	"Ben"
11	"David"
2	"Hu Teng"
21	"Liu"
17	"Lizzy"
9	"Tiffany"
10	"Wang Fang"
2	"Yoni"
32	"Zhao"

Market

type: string (str10)

unique values: 2 missing "": 0/114

tabulation:

Freq.	Value
90	"Dongwuyuan"
24	"Xiushuijie"

Time

type: string (str4)

unique values: 81 missing "": 0/114

examples:
"3:21"
"3:45"
"4:20"
"5:07"

Gender

```
        type:  numeric (byte)

       range:  [0,1]                units:  1
unique values:  2                   missing .:  0/114

  tabulation:  Freq.  Value
               53  0
               61  1
```

Approximate Age

```
        type:  numeric (byte)

       range:  [10,70]              units:  1
unique values:  21                  missing .:  0/114

        mean:   30.6053
    std. dev:   12.4677

  percentiles:      10%       25%       50%       75%       90%
                    20        20        28        40        50
```

.

Document 10: Additional Regression Models

Below are the larger regressions we ran for each of the five models presented in the text. As stated previously, we tried to account for all sorts of independent variables in these logistic or linear models. Such variables include those justified by theory, but also those specific to our research that may have influenced results (such as dummy variables for market). It is also worth noting that income was not included in any of these models (except for the price sacrifice models where we believe it is theoretically mandated, so models with and without income are provided), because the item-level non-response on income brings the total N for each model down to 188.

In the regressions provided below, all independent variables that are statistically significant at the p=.05, p=.01, or p=.001 levels have been designated by bold text. This designation allows for easier reading of the unaltered regressions from STATA. Also, it is worth noting that in some models independent variables became significant after the removal of insignificant variables such as the dummy variable for date. We were extremely careful in the construction of our final models; for this reason, independent variables were removed one at a time according to the highest p-value. If we still considered a variable theoretically significant, we left it in the model regardless of its p-value. For example, we kept questions about the importance of quality, company, and country in our **Animosity Models** despite their insignificance. In doing so, we were able to illustrate the difference between participant's responses in part one of our method (in a market environment) and part two (in a survey environment).

Cross-National Animosity Model
Logistic Regression (Robust)
Dependent Variable: Ranking Chinese Company First

```
. logit d_china_1 d_xiushuijie d_may_11th u3_quality u4_company u5_country
d1_d_female d6_language_ability d9_abroad p1_domestic_purchase
p2_foreign_purchase p3_chinese_lifestyle p7_attitude_korea p8_attitude_japan
animosity_factor age yearsofeducation, robust

Iteration 0:   log pseudolikelihood = -194.26722
Iteration 1:   log pseudolikelihood = -177.83468
Iteration 2:   log pseudolikelihood = -177.64783
Iteration 3:   log pseudolikelihood = -177.64763

Logistic regression                             Number of obs   =        282
                                                Wald chi2(16)   =      28.10
                                                Prob > chi2     =     0.0308
Log pseudolikelihood = -177.64763               Pseudo R2       =     0.0856

------------------------------------------------------------------------------
             |               Robust
  d_china_1 |      Coef.   Std. Err.      z    P>|z|     [95% Conf. Interval]
-------------+----------------------------------------------------------------
d_xiushuijie |   .1951928    .273661     0.71   0.476    -.3411729    .7315585
  d_may_11th |  -.1063346   .2680297    -0.40   0.692    -.6316632     .418994
  u3_quality |   .0106088   .0116908     0.91   0.364    -.0123047    .0335223
  u4_company |  -.0043168   .0057834    -0.75   0.455    -.0156521    .0070186
  u5_country |   .0070827   .0047553     1.49   0.136    -.0022374    .0164029
 d1_d_female |  -.3231615   .2712047    -1.19   0.233     -.854713    .2083899
d6_languag~y |  -.1504392   .3346282    -0.45   0.653    -.8062985    .5054201
   d9_abroad |  -.6222566   .3332047    -1.87   0.062    -1.275326    .0308125
p1_domesti~e |   .5273065   .2885596     1.83   0.068      -.03826    1.092873
p2_foreign~e |  -.4798445   .2914501    -1.65   0.100    -1.051076    .0913873
p3_chinese~e |   .0430777   .0268372     1.61   0.108    -.0095224    .0956777
p7_attitud~a |  -.0569695   .0439423    -1.30   0.195    -.1430949    .0291559
p8_attitud~n |  -.0268929   .0377726    -0.71   0.476    -.1009257      .04714
animosity~r |   .0366533   .0817594     0.45   0.654    -.1235923    .1968988
        age |    .020909   .0161878     1.29   0.196    -.0108185    .0526364
yearsofedu~n |  -.1007253   .0688514    -1.46   0.143    -.2356716     .034221
       _cons |  -.4647844   2.111697    -0.22   0.826    -4.603635    3.674066
------------------------------------------------------------------------------
```

Korea-Specific Animosity Model
Logistic Regression (Robust)
Dependent Variable: Ranking Korean Company Third

. logit d_korea_3 d_china_1 d_xiushuijie d_may_11th u3_quality u4_company u5_country d1_d_female d6_language_ability d9_abroad p1_domestic_purchase p2_foreign_purchase p3_chinese_lifestyle p7_attitude_korea p5_marry_korea animosity_factor age yearsofeducation, robust

Iteration 0: log pseudolikelihood = -171.75231
Iteration 1: log pseudolikelihood = -153.79069
Iteration 2: log pseudolikelihood = -153.22483
Iteration 3: log pseudolikelihood = -153.22171
Iteration 4: log pseudolikelihood = -153.22171

Logistic regression — Number of obs = 282
Wald chi2(17) = 32.59
Prob > chi2 = 0.0127
Log pseudolikelihood = -153.22171 — Pseudo R2 = 0.1079

d_korea_3	Coef.	Robust Std. Err.	z	P>|z|	[95% Conf.	Interval]
d_china_1	-.1425703	.3077736	-0.46	0.643	-.7457956	.460655
d_xiushuijie	.1866517	.3003189	0.62	0.534	-.4019626	.775266
d_may_11th	.0602678	.2972769	0.20	0.839	-.5223842	.6429198
u3_quality	.0157439	.0125119	1.26	0.208	-.008779	.0402668
u4_company	.0035718	.0059847	0.60	0.551	-.008158	.0153016
u5_country	-.0017232	.0055214	-0.31	0.755	-.0125449	.0090984
d1_d_female	-.3104237	.3086101	-1.01	0.314	-.9152883	.2944408
d6_languag~y	.3023938	.3952061	0.77	0.444	-.472196	1.076984
d9_abroad	.2372912	.376227	0.63	0.528	-.5001002	.9746826
p1_domesti~e	.3235111	.327861	0.99	0.324	-.3190848	.9661069
p2_foreign~e	-.3058436	.3343935	-0.91	0.360	-.961243	.3495557
p3_chinese~e	-.0231448	.0303051	-0.76	0.445	-.0825416	.036252
p7_attitud~a	**.1768905**	**.0456296**	**-3.88**	**0.000**	**-.2663228**	**-.0874582**
p5_marry_k~a	**.1499424**	**.0696135**	**-2.15**	**0.031**	**-.2863824**	**-.0135025**
animosity~r	**-.1826449**	**.083201**	**-2.20**	**0.028**	**-.3457158**	**-.019574**
age	.0249564	.0169439	1.47	0.141	-.0082529	.0581658
yearsofedu~n	-.114628	.0719779	-1.59	0.111	-.255702	.0264461
_cons	1.667413	2.296239	0.73	0.468	-2.833134	6.167959

Japan-Specific Animosity Model
Logistic Regression (Robust)
Dependent Variable: Ranking Japanese Company Third

. logit d_japan_3 d_china_1 d_xiushuijie d_may_11th u3_quality u4_company u5_country d1_d_female d6_language_ability d9_abroad p1_domestic_purchase p2_foreign_purchase p3_chinese_lifestyle p4_marry_japan p8_attitude_japan animosity_factor age yearsofeducation, robust

Iteration 0: log pseudolikelihood = -196.15889
Iteration 1: log pseudolikelihood = -153.39769
Iteration 2: log pseudolikelihood = -151.49579
Iteration 3: log pseudolikelihood = -151.46068
Iteration 4: log pseudolikelihood = -151.46066

Logistic regression — Number of obs = 283
Wald chi2(17) = 59.76
Prob > chi2 = 0.0000
Log pseudolikelihood = -151.46066 — Pseudo R2 = 0.2279

d_japan_3	Coef.	Robust Std. Err.	z	P>|z|	[95% Conf.	Interval]
d_china_1	**1.94317**	**.3184974**	**6.10**	**0.000**	**1.318926**	**2.567413**
d_xiushuijie	-.0486664	.2953958	-0.16	0.869	-.6276315	.5302986
d_may_11th	.1390243	.3000713	0.46	0.643	-.4491047	.7271533
u3_quality	-.0190993	.0125015	-1.53	0.127	-.0436017	.0054031
u4_company	-.0013679	.0066745	-0.20	0.838	-.0144496	.0117138
u5_country	-.0028137	.0056563	-0.50	0.619	-.0138998	.0082724
d1_d_female	.0862045	.3067825	0.28	0.779	-.5150781	.6874872
d6_languag~y	-.5939329	.3845276	-1.54	0.122	-1.347593	.1597274
d9_abroad	.0122998	.4057797	0.03	0.976	-.7830137	.8076133
p1_domesti~e	-.036555	.3220034	-0.11	0.910	-.6676701	.5945602
p2_foreign~e	-.3515043	.3120346	-1.13	0.260	-.9630809	.2600724
p3_chinese~e	.0658947	.0304881	2.16	0.031	.0061391	.1256503
p4_marry_j~n	.0662811	.0544394	-1.22	0.223	-.1729805	.0404182
p8_attitud~n	**.1658035**	**.0450814**	**-3.68**	**0.000**	**-.2541615**	**-.0774455**
animosity~r	**-.2515889**	**.0916217**	**-2.75**	**0.006**	**-.4311642**	**-.0720136**
age	**-.0520877**	**.0195536**	**-2.66**	**0.008**	**-.090412**	**-.0137634**
yearsofedu~n	.1214532	.0782143	1.55	0.120	-.0318439	.2747504
_cons	5.464053	2.145946	2.55	0.011	1.258075	9.67003

Price Sacrifice Model
Linear Regression (Robust)
Dependent Variable: Price Needed to Reverse Ranking
(with income as independent variable)

regress u2_second_price d_xiushuijie d_may_11th d_japan_3 d_korea_3 u3_quality u4_company u5_country d1_d_female d11_income age yearsofeducation, robust

Linear regression — Number of obs = 179
F(11, 167) = 3.57
Prob > F = 0.0002
R-squared = 0.1767
Root MSE = 22.371

	Robust				
u2_second_~e	Coef.	Std. Err.	t	P>|t|	[95% Conf. Interval]
d_xiushuijie	3.52432	3.534332	1.00	0.320	-3.453409 10.50205
d_may_11th	-1.686441	3.414909	-0.49	0.622	-8.428397 5.055515
d_japan_3	**-13.97459**	**4.065827**	**-3.44**	**0.001**	**-22.00164 -5.947551**
d_korea_3	4.213201	3.871116	1.09	0.278	-3.429432 11.85583
u3_quality	-.0451635	.1445847	-0.31	0.755	-.3306128 .2402858
u4_company	-.0840267	.073479	-1.14	0.254	-.2290942 .0610407
u5_country	-.0299012	.0626307	-0.48	0.634	-.1535512 .0937488
d1_d_female	2.879206	3.404845	0.85	0.399	-3.842881 9.601293
d11_income	-.0000402	.000022	-1.83	0.069	-.0000836 3.24e-06
age	-.2351725	.1487638	-1.58	0.116	-.5288726 .0585276
yearsofedu~n	.4180378	.7929945	0.53	0.599	-1.147548 1.983624
_cons	**56.8213**	**17.20065**	**3.30**	**0.001**	**22.86256 90.78003**

Price Sacrifice Model
Linear Regression (Robust)
Dependent Variable: Price Needed to Reverse Ranking
(without income as independent variable)

regress u2_second_price d_xiushuijie d_may_11th d_japan_3 d_korea_3 u3_quality u4_company u5_country d1_d_female age yearsofeducation, robust

Linear regression — Number of obs = 275
F(10, 264) = 2.76
Prob > F = 0.0029
R-squared = 0.0823
Root MSE = 22.95

u2_second_~e	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf.	Interval]
d_xiushuijie	.7685582	2.789098	0.28	0.783	-4.723149	6.260266
d_may_11th	-.7931992	2.806116	-0.28	0.778	-6.318415	4.732016
d_japan_3	**-12.12638**	**3.186442**	**-3.81**	**0.000**	**-18.40046**	**-5.85231**
d_korea_3	1.196331	3.337539	0.36	0.720	-5.375252	7.767914
u3_quality	-.0374019	.1193218	-0.31	0.754	-.2723453	.1975416
u4_company	.0403635	.06154	0.66	0.512	-.080808	.1615351
u5_country	-.0583192	.0514533	-1.13	0.258	-.1596302	.0429918
d1_d_female	-1.098889	2.820328	-0.39	0.697	-6.652087	4.45431
age	**-.2766943**	**.137678**	**-2.01**	**0.045**	**-.547781**	**-.0056075**
yearsofedu~n	.0959247	.6665264	0.14	0.886	-1.216459	1.408309
_cons	**54.76058**	**14.72579**	**3.72**	**0.000**	**25.76564**	**83.75552**

Extreme Price Sacrifice Model
Logistic Regression (Robust)
Dependent Variable: Refusal to Buy Third Choice at Any Price
(with income as independent variable)

Logistic regression — Number of obs = 195
Wald chi2(11) = .
Prob > chi2 = .
Log pseudolikelihood = -69.558758 — Pseudo R2 = 0.2658

d_wontbuy	Coef.	Robust Std. Err.	z	P>|z|	[95% Conf.	Interval]
d_xiushuijie	.0413094	.4755063	0.09	0.931	-.8906659	.9732846
d_may_11th	.0383575	.4920474	0.08	0.938	-.9260378	1.002753
d_japan_3	**19.32915**	**2.504609**	**7.72**	**0.000**	**14.4202**	**24.23809**
d_korea_3	**16.81077**	**2.720046**	**6.18**	**0.000**	**11.47958**	**22.14196**
u3_quality	.0191676	.0231295	0.83	0.407	-.0261654	.0645006
u4_company	.0151325	.0113421	1.33	0.182	-.0070975	.0373625
u5_country	.0079258	.0079136	1.00	0.317	-.0075846	.0234361
d1_d_female	-.1610783	.4312065	-0.37	0.709	-1.006227	.6840708
d11_income	4.41e-07	1.23e-06	0.36	0.720	-1.97e-06	2.85e-06
age	.0247077	.0222283	1.11	0.266	-.0188591	.0682744
yearsofedu~n	.0811801	.0915047	0.89	0.375	-.0981659	.2605261
_cons	-24.93103	.	.	.	.	.

Note: 42 failures and 0 successes completely determined.

Extreme Price Sacrifice Model
Logistic Regression (Robust)
Dependent Variable: Refusal to Buy Third Choice at Any Price
(without income as independent variable)

Logistic regression Number of obs = 298
Wald chi2(10) = 23.48
Prob > chi2 = 0.0091
Log pseudolikelihood = -128.26372 Pseudo R2 = 0.1350

d_wontbuy	Robust Coef.	Std. Err.	z	P>|z|	[95% Conf.	Interval]
d_xiushuijie	.1952077	.3200637	0.61	0.542	-.4321057	.8225211
d_may_11th	.0313705	.3292319	0.10	0.924	-.6139122	.6766531
d_japan_3	**3.373104**	**1.072266**	**3.15**	**0.002**	**1.2715**	**5.474707**
d_korea_3	2.07176	1.068303	1.94	0.052	-.0220746	4.165595
u3_quality	.0116773	.0151595	0.77	0.441	-.0180348	.0413893
u4_company	-.0021266	.007462	-0.28	0.776	-.0167519	.0124987
u5_country	.0113581	.005677	2.00	0.045	.0002314	.0224848
d1_d_female	.1553586	.3202552	0.49	0.628	-.47233	.7830473
age	.019268	.0169991	1.13	0.257	-.0140495	.0525856
yearsofedu~n	.0200069	.0730722	0.27	0.784	-.123212	.1632258
_cons	**-6.757435**	**2.411235**	**-2.80**	**0.005**	**-11.48337**	**-2.031501**

.

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