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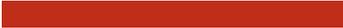
Foreign or Local Brands in China?

Rationalism Trumps Nationalism



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Foreign or Local Brands in China?

Rationalism Trumps Nationalism

National pride is on the rise in China, and the 2008 Beijing Olympic Games will undoubtedly fuel that passion.

Indeed, the world has already witnessed some dramatic examples in recent months. Some brand analysts have concluded that Chinese consumers will increasingly favor local brands, largely for reasons of national allegiance. Now marketers are beginning to ask themselves just how seriously they should take this claim—as either a threat or an opportunity. Will national pride really influence consumers’ brand preferences after the Olympics have come and gone? Will consumers increasingly choose local brands rather than foreign brands in the long term?

To enrich our clients’ understanding of how Chinese consumers choose a brand and what those companies can do to influence that choice, The Boston Consulting Group’s Center for Consumer Insight in Asia conducted a large-scale survey in 13 cities. The survey included approximately 4,000 Chinese consumers representing a range of household incomes and regional characteristics. That effort was supplemented by in-depth qualitative research

consisting of focus groups, home visits, and “shop-alongs.”

The study, which we describe in this report, has helped our clients understand how consumers are likely to think about a company’s brands and those of its competitors. Armed with these insights, marketers have been able to tighten their brand affiliations with targeted segments of consumers.

Interestingly, our research indicates that although Chinese consumers often *claim* to prefer local brands—and patriotism is undoubtedly a factor—nationalism plays a smaller role than might be expected in their actual purchases. The reasons why the Chinese prefer one brand over another are, in fact, much more complex.

One factor that complicates brand choice in China is that consumers don’t always know which brands are foreign and which are local. Another is that a preference for a foreign or a local brand depends more on demographics and category characteristics than on patriotism alone. Adding to the confusion, when it comes to the actual purchase, consumers sometimes act contrary to their expressed preferences.

Ultimately, the brand choices that Chinese consumers make seem to be more about rationalism than about nationalism. Like most consumers around the world, the Chinese value good prices, high quality, and certain benefits in their products and services—which often include a distinctively Chinese look and feel. Those attributes can override brand preferences based on patriotism alone. Although nationalism is widely shared in China, it is not the primary driver of brand choice.

That insight is a wake-up call for marketers to stay with the basics. For most Chinese, national pride is an insufficient reason to favor one brand over another—at least when it comes to actually opening their wallets. Therefore, companies need to focus on the *specific benefits* that consumers seek—whether functional, technical, or emotional—and market their brands accordingly.

Basic Beliefs About Brands and the Factors That Can Affect Them

Most Chinese consumers approach the question of whether to purchase a foreign or a local brand with some initial, if unexamined, biases. Many

pay lip service to the idea that purchasing local brands is the right thing to do:¹

- ◇ “I’m patriotic. If I can purchase domestic brands, I will.”
- ◇ “If the quality is the same, I’ll definitely choose a local brand over a foreign one.”

What’s more, Chinese consumers often assume that local producers have a better understanding of local needs and offer lower price points:

- ◇ “Chinese brands taste better—we don’t like the flavors of foreign brands.”
- ◇ “I prefer Chinese brands because they cost less.”

The Chinese consumers in our survey likewise made assumptions about foreign brands. They said that foreign brands were more expensive and appealed to people who aspire to higher status. They also said that foreign brands were often better made and more reliable. According to one respondent, “Foreigners won’t try to trick you or make fake products.”

Overall, consumers said that they preferred local to foreign brands in every category except consumer electronics and luxury goods. Yet despite the seeming conviction behind these attitudes, our research indicates that the choices of Chinese consumers are much more varied and nuanced than their statements would suggest. To a large degree, their brand preferences depend on demographics, product category requirements, and the propensity to trade up.

Demographic Factors. We’ve found that income, age, and place of residence play important roles in whether Chinese consumers prefer foreign or local brands. Wealthy consumers, who tend to be more exposed to Western culture and more optimistic about their financial future—and therefore more willing to spend on consumer goods—are also more likely to seek out foreign brands. In Beijing and Shanghai, for example, 38 percent of the most affluent consumers in our survey preferred foreign brands, whereas only 24 percent preferred local brands. Middle-class consumers showed a similar split, with 37 percent preferring foreign brands and 26 percent preferring local. However, the preference for foreign brands was lower among the emerging middle class and the poorest consumers in Shanghai and Beijing. In the poorest group, local brands came out on top: 33 percent of these consumers preferred local brands and only 30 percent preferred foreign.

Young consumers in the top three cities are also more predisposed to foreign brands.² (See Exhibit 1.) Younger consumers—especially the first generation to grow up under the one-child policy—are comfortable with higher-priced products and eager to try new things. Consumers in top-tier cities tend to be more familiar with products from companies such as Sharp, Siemens, Sony, and Whirlpool, whereas consumers in lower-tier cities are less exposed to those brands. As one woman we interviewed in Xintai (a lower-tier city) explained, “I don’t purchase foreign-brand home appliances, because I’ve never heard of those brands.”

Category Requirements. Despite Chinese consumers’ apparent bias in favor of local brands, our survey indicates that their expressed preferences vary considerably depending on the product category. (See Exhibit 2.) Therefore, marketers must look beneath the surface to determine whether those preferences are the result of national pride or whether they have more to do with the perceived benefits of a particular category of products. When it comes to food, for instance, most Chinese say they prefer local brands, but the reason has more to do with taste and habit than with patriotism:

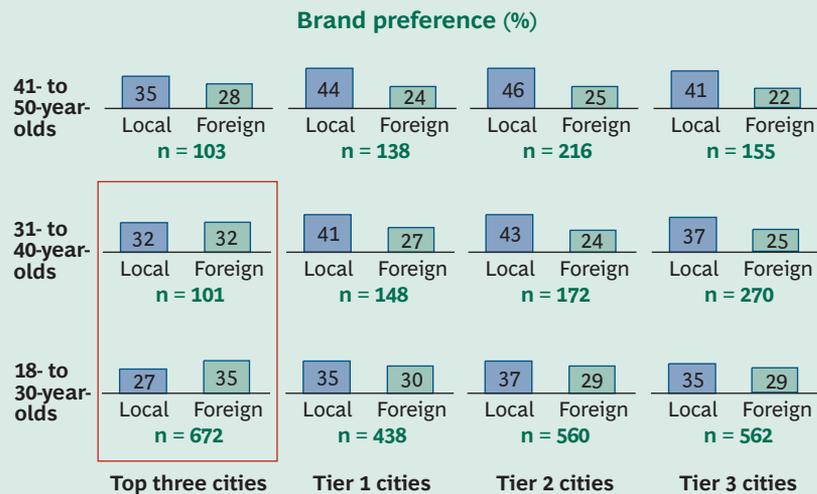
- ◇ “We prefer Chinese brands of food because they are cheap and good. The foreign brands aren’t as appetizing. We tried some foreign brands, but they tasted weird.”
- ◇ “Chinese companies understand the tastes of Chinese people. I’m not used to foreign food. I can eat a Chinese meat pie at every meal, but I couldn’t bear to have pizza every day.”
- ◇ “I don’t care whether the brand is Chinese or foreign—I only buy what tastes good. I’ve tried foreign brands of juice, for example, but Huiyuan juice tastes best.”

Over-the-counter drugs and nutritional products—categories in which local brands are strongly preferred—

1. All quotations in this report are translations of statements made by consumers in our interviews.

2. BCG has segmented China’s cities into six groups on the basis of their population and per capita disposable income. In order of decreasing size and income, they are the top three cities of Beijing, Shanghai, and Guangzhou, followed by the country’s first-, second-, third-, fourth-, and fifth-tier cities.

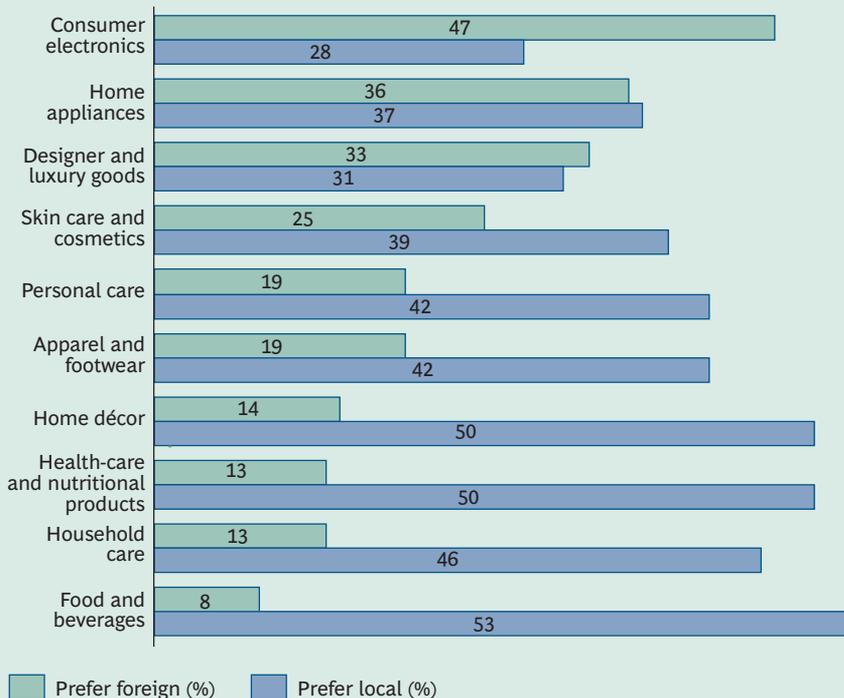
Exhibit 1. Young Consumers in the Top Three Cities Show the Strongest Preference for Foreign Brands



Source: BCG China Consumer Behavior Quantitative Research (survey of 3,535 consumers in 11 cities, 2007).

Note: Percentages do not add up to 100 because respondents could choose to be neutral.

Exhibit 2. The Preference for Foreign or Local Brands Varies Across Categories



Source: BCG China Consumer Behavior Quantitative Research (survey of 3,750 consumers in 12 cities, 2007).

Note: Percentages do not add up to 100 because respondents could choose to be neutral.

offer particularly interesting examples in this context. Chinese consumers believe in the efficacy of both Western medicine and herb-based traditional Chinese medicine (TCM). (“I often take Tylenol and Banlangen [a TCM product] in the same day.”) Chinese consumers seek out Western medicines when they want to be certain about a drug’s quality and they want to target a specific condition or complaint. But they tend to prefer TCM products in the early stages of an illness and for chronic conditions. They trust in the wisdom embodied in the long history of TCM and believe that Chinese herbs are more “holistic” and have fewer side effects than the chemicals used in Western drugs. Chinese consumers also believe that the manufacturers of TCM products (most of which are local) better understand Asian physiology and that these medications are more likely to address the root cause of a disease than just to alleviate its symptoms:

- ◇ “Asian bodies are different from Western bodies. What is good for foreigners might not be right for us, so I prefer Chinese products.”
- ◇ “Whenever I feel a cold coming on or when someone near me has the sniffles, I’ll take Banlangen powder as prevention.”
- ◇ “I use TCMs to strengthen my immune system. I believe that I can avoid many diseases this way.”

Yet within many categories there are exceptions, so it is important to de-average these findings. For example, although Chinese consumers usually prefer local brands of food, when an entire subcategory—

such as chocolate—is perceived as foreign, they tend to favor foreign brands. Chinese consumers also prefer foreign brands of baby food because of recent high-profile stories about counterfeit products and a general belief that foreign brands are safer. “I only feed my baby foreign milk formula because it is the best and I trust the foreign companies,” one mother told us.

Chinese consumers claim to be more likely to prefer foreign brands in categories in which the product’s design, durability, or reliability is especially important. (“Well-known brands are important to me because I can trust their quality. I have a Whirlpool washing machine, a Panasonic refrigerator, and my digital camera is a Nikon.”) For many Chinese, a foreign brand of apparel often signifies good material; a foreign skin-care product promises effectiveness and health; and a foreign home appliance suggests durability and safety. In these categories, a noted brand assures consumers that the product will live up to its claims—even if it costs more.

Trading Up and Brand Preference.

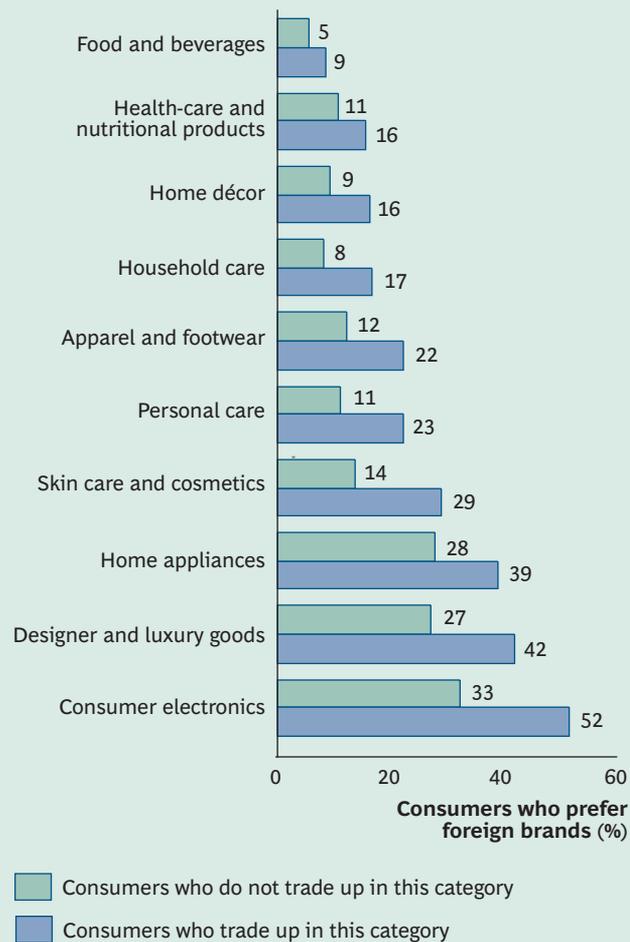
Another important finding in our study of category choices concerns the relationship between brand preference and the propensity to trade up. Consumers who said that they planned to trade up in a category were more likely to prefer foreign brands than consumers who said they did not plan to trade up. (See Exhibit 3.)

Western companies, in particular, have been successful at capitalizing on the trading-up trend with more sophisticated marketing efforts and global brands that tout products’

superior benefits. In fact, Chinese consumers who trade up put more faith in brand names than do their counterparts in the United States and Western Europe. Half the Chinese consumers in our survey who trade up said they would purchase a product because of its brand name, whereas only 33 percent of consumers in the United States who trade up and 20 percent in Western Europe said they would do so.

The trading-up trend is good news not just for foreign brands. In all categories except consumer electronics, more than half of the trading-up consumers were either indifferent to a brand’s origin or preferred local brands. Indeed, many Chinese consumers who would like to trade up in a specific category said they would purchase local brands in that category, particularly in food and beverages, health-care and nutritional products, and household goods.

Exhibit 3. Consumers Who Express a Desire to Trade Up Are More Likely to Prefer Foreign Brands



Source: BCG China Consumer Behavior Quantitative Research (survey of 3,750 consumers in 12 cities, 2007).
 Note: Respondents could declare that they prefer foreign or local brands or that they are neutral.

The fact that these consumers trust local brands to deliver the qualities they seek in trading up suggests that local brands shouldn't automatically cede trading-up consumers to foreign competitors. Indeed, one Asia marketing director of a global consumer-goods company told us that he believed local brands would take advantage of the trading-up opportunity to establish a position in some premium categories.

Confusion over Chameleon Brands

One of the most interesting findings of our research emerged when we visited survey participants in their homes after interviewing them about their brand preferences. We looked inside their pantries, medicine cabinets, and linen closets, expecting to find the local brands that many had claimed to prefer strongly and purchase regularly. Instead, we were surprised to discover Safeguard and Lux soaps, Pantene shampoo, and Olay and Avon cosmetics. When we asked these consumers why they had purchased so many foreign brands when they claimed to prefer local products, their answers were strikingly similar: they had always assumed that these products were, in fact, local.

Welcome to the world of *chameleon brands*. Just as a chameleon blends into its surroundings, some foreign brands can appear to be Chinese, even to a native.

How pervasive is the impact of chameleon brands? To answer that question, we went back this year and tested a thousand consumers representing a range of incomes and household demographics to see

whether they could identify the provenance of a mix of 70 foreign and local brands. Although most local brands were identified correctly as Chinese, consumers were mistaken as much as 80 percent of the time about the origin of many foreign brands. (See Exhibits 4 and 5.) Even established brands that Westerners often think of as quintessentially American or European—such as Pepsi, Avon, Wrigley, and Nestlé—were identified as native brands by a significant percentage of our survey respondents.³

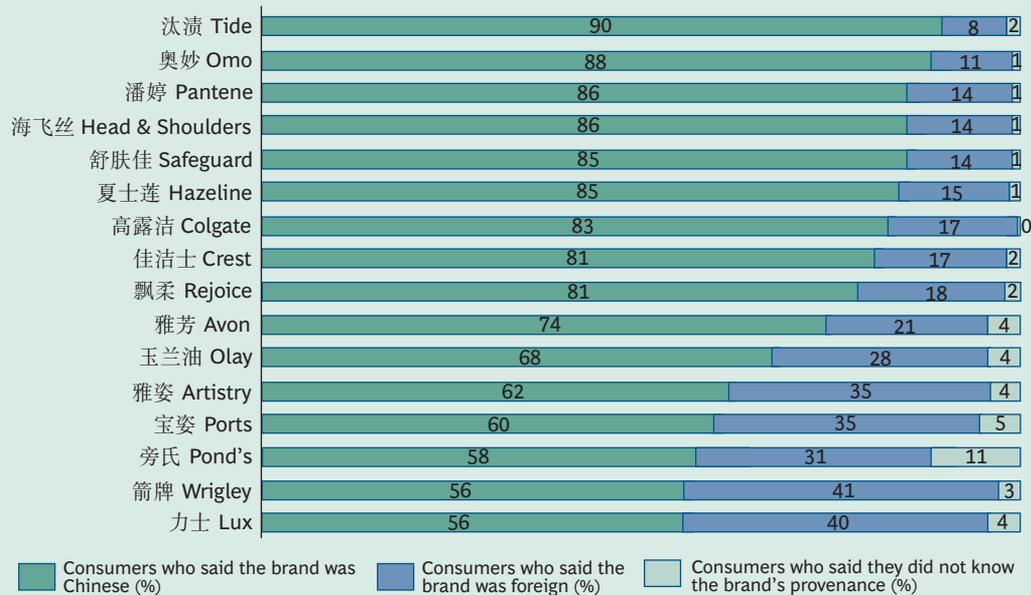
The chameleon effect is stronger among consumers in smaller cities. (See Exhibit 6.) It is also more prevalent among older consumers and consumers with lower incomes. But it touches all segments. (See Exhibit 7.) Even sophisticated shoppers in Beijing and Shanghai can be fooled by chameleon brands. For example, our survey indicates that a quarter of consumers in those cities believe that Pepsi is a Chinese brand. And using a brand frequently seems to have little effect on consumers' knowledge of its provenance. Those who used a particular brand or claimed to like it were just as likely to be mistaken about its national origin as those who didn't.

Personal care and household care show a particularly strong chameleon effect. For example, both the number one and number two foreign brands of hair care products,

3. In contrast, 23 percent of consumers said that the Chinese company TCL was foreign, perhaps because its name uses Latin letters rather than Chinese characters or because they confuse it with the Korean company LG. A 40-year-old male taxi driver said, "TCL is a Korean brand, isn't it? The name looks Korean. As I remember, I saw some Korean faces on its outdoor poster."

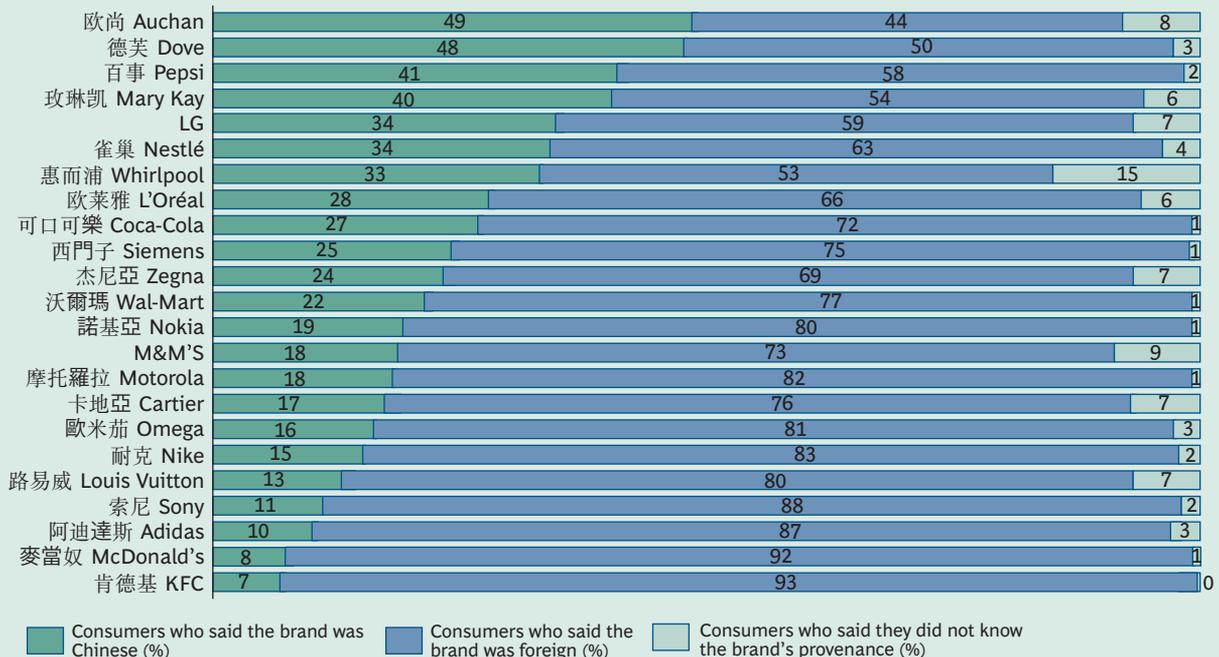


Exhibit 4. The Top Chameleon Brands in China Include Many Well-Known Names...



Source: BCG survey of 1,003 consumers in Beijing and Shanghai and in China's tier 1, tier 2, and tier 3 cities, 2008.
 Note: Percentages do not add up to 100 because of rounding.

Exhibit 5. ...but the Chameleon Effect Extends Well Beyond Those Top Brands



Source: BCG survey of 1,003 consumers in Beijing and Shanghai and in China's tier 1, tier 2, and tier 3 cities, 2008.
 Note: Percentages do not add up to 100 because of rounding.

toothpaste, and laundry detergent are chameleon brands—that is, more than 60 percent of consumers identified them as Chinese brands. One 25-year-old consumer from Beijing put it this way: “Olay and Avon are local brands. . . . Their quality is good, but their prices aren’t too high. I believe they entered the market in the 1980s. I don’t think foreign brands were in China that early. If they were foreign, they’d cost much more.”

The chameleon effect is weaker in home appliances, designer and luxury goods, and consumer electronics—perhaps because these products, which tend to be more expensive and purchased less often, usually require more planning and research prior to purchase. Furthermore, brands in these categories often deliberately call attention to their

origin because foreign brands are often associated with better design and technology. Other categories in which the chameleon effect is relatively weak include products associated with foreign cultures, such as chocolate and fast food.

The confusion about the provenance of brands in China isn’t always an accident. Foreign companies often try to make their products seem Chinese to appeal to consumers who might prefer local products. Some companies ask local R&D centers to design products that look Chinese and have Asian scents or flavors.

Indeed, the pervasiveness of the chameleon effect indicates how well companies such as Procter & Gamble, Unilever, and Wrigley have made their brands relevant to

Chinese consumers. Most brands adopt a meaningful Chinese name; others use Chinese actors in commercials and local motifs in advertisements. When these products are available in local stores at reasonable prices, they can become so much a part of the local environment that it’s no wonder they are mistaken for Chinese brands. That’s particularly true of items that consumers use daily and keep on their bathroom shelves, such as personal-care products. The ubiquity of these brands helps them blend into Chinese consumers’ lives.

What did the consumers we surveyed say when we pointed out the true origins of the chameleon brands? Their initial response was surprise, quickly followed by the admission that it didn’t make much difference after all, because the price

Exhibit 6. Consumers in Smaller Cities Are More Likely to Believe That Foreign Brands Are Local



Source: BCG survey of 1,003 consumers in Beijing and Shanghai and in China’s tier 1, tier 2, and tier 3 cities, 2008.

was right and the quality met their requirements. (“It doesn’t matter to me whether they are foreign or local products. When I want to buy shampoo, I look for the brand I like, regardless of where it is from.”) Such reasoning suggests that what appears to be a preference for local brands based on nationalism may actually be a preference for reasonably priced products of reliable quality. Despite their expressed bias toward local products, none of these consumers were willing to switch from the foreign brand to a local one. The appeal of patriotism doesn’t stand a chance against a product’s practical benefits.

Consumers Don’t Always Do What They Say

At the point of sale, actions speak louder than words—and the discrepancy between preferences and purchases adds yet another level of

complexity to Chinese attitudes toward brands. According to our findings, consumers don’t always put their money where their mouth is. When we asked whether they preferred foreign or local brands in skin care, for example, 39 percent said they favored local brands. But when we asked about their most recent skin-care purchase, we found that 85 percent of the consumers who claimed they preferred local brands had actually purchased a foreign brand.

Similar differences sometimes show up in volume-share data. Despite only 19 percent of consumers saying they preferred foreign personal-care brands (39 percent were neutral and 42 percent said they preferred local brands), foreign brands actually register much higher market shares in many personal-care segments. For example, foreign brands account for approximately

50 percent of the shampoo market volume and approximately 40 percent of the body-wash, face-cleanser, and toothpaste market volumes.⁴

What accounts for the difference between alleged preferences and buying behavior? Part of the explanation lies in the chameleon effect and in the demographic and category factors discussed earlier. But skilled product- and brand-development, distribution, and point-of-sale strategies can often override initial biases among the famously experimental Chinese consumers. Such factors can be points of leverage for marketers in redirecting consumers’ predisposition to purchase either a foreign or a local brand.

4. Foreign brands account for more than 50 percent of the toothpaste market if Zhonghua, a locally owned brand licensed to Unilever, is included. (We discuss this brand and its strategy below.)

Exhibit 7. The Chameleon Effect Cuts Across Demographic Segments and Brand Experience



Source: BCG survey of 1,003 consumers in Beijing and Shanghai and in China’s tier 1, tier 2, and tier 3 cities, 2008.

Influencing the Purchasing Decision

We use the framework shown in Exhibit 8 to help our clients understand the complex relationship that Chinese consumers have with brands. The framework illustrates how initial biases can be altered by demographic and category factors and then be further influenced by chameleon branding and other strategies that redirect the purchasing decision.

Chameleons and Crabs. Foreign companies wanting to capture greater market share in categories in which local brands dominate because of consumers’ assumptions about taste or price can benefit from the chameleon-branding approach (assuming their products provide the benefits that consumers desire). A similar tactic is the *hermit-crab approach*: a foreign company “bor-

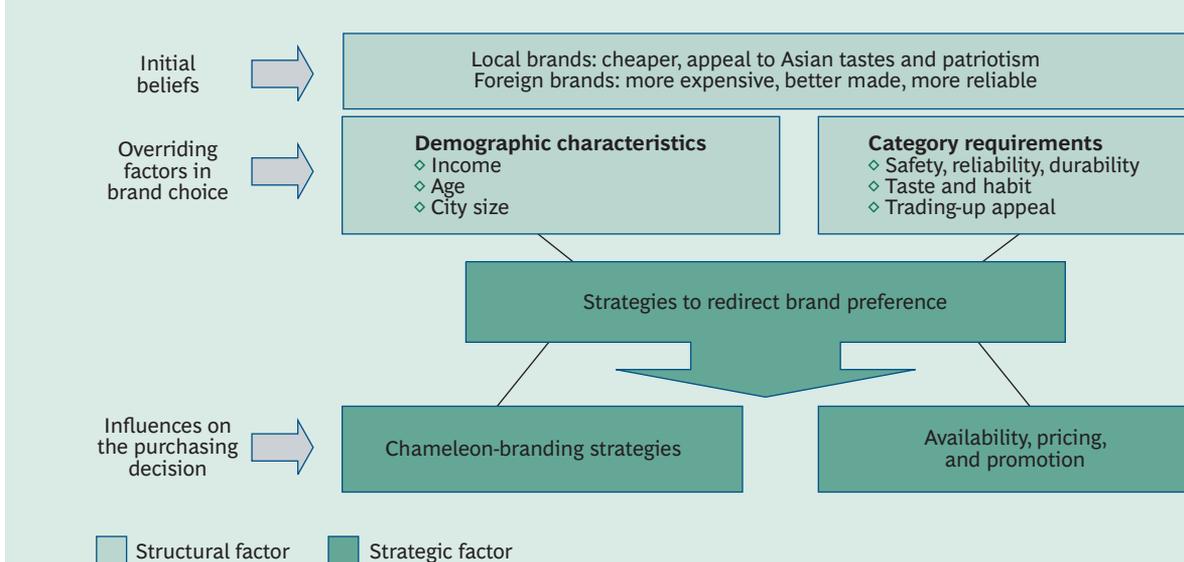
rows” a Chinese brand (as a hermit crab borrows another creature’s shell) by buying a license to produce and market it. That allows the company to enter the market at the low end of the segment or in a category in which consumers value the understanding of their needs associated with local brands. Eventually, with additional investment in R&D, marketing, and distribution, the company can launch new products under this “local” brand.

Unilever provides a good example of the hermit-crab approach. It licensed the right to market and produce Zhonghua toothpaste, a brand owned by Shanghai White Cat, a local personal-care-products conglomerate. This brand name was strong in the local market, so Unilever retained the traditional packaging and—with further investment in R&D and marketing—began to launch new products under

the Zhonghua name. The original low-priced toothpaste remained popular with low-income consumers, while Unilever’s new premium products extended the company’s market beyond the local brand’s traditional base. It should be noted, however, that this strategy would not necessarily succeed across all categories.

Availability, Pricing, and Promotion. Because most foreign brands have been in China for only the past 10 to 20 years, brand loyalty is still relatively weak. When consumers have trouble finding a foreign brand—which is especially likely in smaller cities—they readily switch to a local one. But it is also true that consumers who regularly purchase local brands can be persuaded to switch to a foreign brand—especially in categories such as skin care, where a foreign brand can have a powerful point-of-sale presence with compel-

Exhibit 8. Many Factors Can Override Beliefs About Brands Before a Purchase Is Made



Source: BCG analysis.

ling visual merchandising, sales assistance, and free trials. Chinese consumers don't always have a particular brand in mind before they go shopping, so effective placement, promotion, and point-of-sale tools are critical sales levers.

Foreign brands must develop strong distribution capabilities and align them with marketing so that their products are readily available when consumers hear about them. In the hair care category, for example, foreign brands have overtaken local brands, despite consumers' general preference for qualities they associate with local brands. By spending considerably more than local brands on advertising, packaging, product formulation, and national distribution, foreign brands have been able to achieve deeper penetration on market shelves.

Well-planned use of local channels and of influential local celebrities to promote consumer trials has also been an important tool in competing with local brands. For example, Safeguard (a Procter & Gamble brand) is the number one soap in China and is largely assumed to be a local product. P&G used affordable packages to encourage consumer trials and worked with local education and health agencies to get the samples into schools and hospitals.

Pricing and product promotions can also be effective in persuading consumers to switch their brand loyalty. For instance, Chinese consumers perceive foreign brands to be more expensive, and often they are correct. But some foreign players have changed this perception with low-cost innovations that allow for lower pricing.

P&G employed this strategy when it brought out an affordable offering under its Olay brand at less than RMB 30 for 50 grams. By highlighting the product's "herbal essence" feature, the company prevented it from seeming like a cheap alternative to other Olay products, despite its less expensive packaging and formula. Turning to its Tide brand, which held one of the top positions for detergents in China, P&G launched Tide Clean White in 2004. The company focused on the product's whitening formula (a benefit associated with the high-end Tide Triple Action product) but offered it in smaller packages, which sold for about 25 percent less. Coca-Cola employed a similar approach by using returnable glass bottles and locating recycling facilities in rural areas to reduce packaging costs, making the product more affordable to a broader population.

Companies can also attract new customers with trial demonstrations and promotional gifts. These activities can overcome untested biases about foreign or local brands, and they confer the additional benefit of encouraging new customers to try other products in the brand's portfolio.

Implications for Both Foreign and Local Companies

Foreign and local companies alike have drawn a number of useful insights from our research. Below we offer four imperatives for turning an understanding of Chinese brand preferences into strategies for improving product offerings, strengthening consumers' brand affil-

iations, and securing long-lasting competitive advantage in China.

Make sure that everyone, from the global CEO down, understands all the factors that influence how Chinese consumers perceive the company's brands.

Multinationals in China must invest in sufficient research to ensure that local general managers and marketing heads can answer questions such as the following:

- ◇ Would our brands benefit from a chameleon strategy? What about our competitors' brands?
- ◇ Do our most valuable customers consider our brands to be "hometown favorites" or interlopers from abroad? How do we want to position our brands?
- ◇ If our brands are perceived as local, how do we ensure consistency with their global positioning? How do we leverage our global brand platforms, communications, training, and packaging? Can we benefit from local brand-development and marketing resources? Do we have sufficient resources to ensure that our local "feel" will remain important to consumers over time?
- ◇ Do consumers who consider us a local brand expect different things from our products—such as lower prices or particular flavors? Do we understand how to meet their needs?

Make sure that your decision to position your brand as a chameleon is well thought out. In most categories, the top foreign brands are all perceived in the same way, either

as chameleon brands (in other words, they are assumed to be local) or as foreign brands. If you find that the leading brands in your category are all chameleons but your brand is not (or if it hasn't entered the market yet), then you should carefully consider your brand positioning. Do you have a plan for making the investments necessary to build a chameleon position to match that of the other leading brands? Or if, unlike the market leaders, you want to be perceived as a foreign brand, have you done the research necessary to support this decision? Do you understand consumer preferences and do you have sufficient consumer insight to support moving in a different direction? Do you have a clear plan to benefit from the new positioning?

Be especially aware of mistakes or unfulfilled promises, because word of mouth travels fast in China. Chinese consumers show little brand loyalty and tend to respect the opinions of friends and family, so mistakes can hurt a lot. When a product disappoints a consumer, it can lose not just that consumer but his or her family and friends as well. The failure can even reflect badly on other local or foreign brands. Time and again in the course of our research, we heard of a bad experience that a consumer's friend,

relative, or coworker had had with a local or foreign brand. Companies must do what is necessary to fulfill their brand promises, because missteps can cause significant damage.

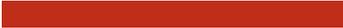
Excel at point-of-sale and distribution capabilities. Weak brand loyalty in China means that the battle for the consumer isn't won until the purchase is final. Many companies in China have used creative pricing and point-of-sale promotions to entice consumers away from their initial preferences and to try new brands. And because distribution is a critical challenge in China—and can therefore yield a competitive advantage—being in the right stores when your competitors are not can be enough to make a consumer switch to your brand. Furthermore, when consumers become accustomed to seeing your brand on store shelves, it will increasingly seem less foreign and more like a product they can imagine in their homes.

The message from our research is clear: *Focus on the basics and don't overplay national origin.* Chinese consumers are very patriotic, but the reasons behind their choice of brands go far beyond

country of origin. Chinese consumers value good prices, high quality, and specific benefits—including cultural familiarity—in their products and services. That doesn't mean a brand can't successfully leverage its heritage. But if appeals to nationalism play a dominant role in a brand's strategy, the brand manager should also consider whether the brand is addressing consumers' real needs.

Indeed, getting the basics right is critical for both local and foreign brands in China. Regardless of initial preferences or lip service paid to national pride, it's a brand's ability to meet consumers' needs that counts. Consumers may say that they harbor a bias in favor of local or foreign brands, but when it comes to actual purchases, they consult their head more than their heart.

Companies doing business in China's varied markets must recognize these complexities and make the investments necessary to understand them. Because the rewards in this highly strategic market are so significant, it is worth the effort to go beneath the surface of consumers' attitudes in order to understand their underlying emotions and the reasons that drive their buying behavior.



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Readers of this report will be particularly interested in two other reports recently published by our China team. *Winning the Hearts and Minds of China's Consumers* (September 2007) focuses on trading-up trends and consumer behavior in China's large and small cities; and *The Quest for Defendable Scale in China* (December 2007) argues that securing a strong and defendable competitive position (measured by relative market share) in large and profitable categories is the key to success in China.

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