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An attribute prioritization-based segmentation of the Chinese consumer market for fruit juice



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ABSTRACT

Despite the enormous opportunity that the Chinese market provides for exporting companies in the food and beverage industry, little research has considered Chinese consumer decision making processes surrounding these products. This study provides an empirical investigation into how Chinese consumers prioritize extrinsic product attributes (brand, nutrition content claim, ingredient label, shelf-life, price, and manufacturing country) when making their fruit juice purchase decisions. The study illustrates that consumer decision making processes are culturally embedded by presenting a comparison of the study's findings with the more prevalent Western-based literature on consumer decision making processes.

A choice-based conjoint survey was administered to 645 Chinese participants in Hangzhou, China using the internet-based software 1000Minds. Three consumer segments were identified through cluster analysis: Health Conscious, Premium Product, and Long Product Shelf-life. The Health Conscious segment wants natural and nutritious fruit juices that have a well-known brand. The Premium Product segment is willing to pay higher prices for imported fruit juices. Compared to the other two segments, the Long Product Shelf-life segment prefers lower priced and extended shelf-life fruit juices that are more convenient to store and consume. While the three clusters were similar in their preferences for the fruit juice attributes and levels, they differed in the rank order of the attributes. These findings highlight the importance of how extrinsic product attributes are traded off by Chinese consumers when making their fruit juice purchase decisions.

The identification of these Chinese consumer segments provides juice manufacturers better knowledge on the market opportunities in China and strategic guidance for effective positioning, packaging, labeling, and pricing of fruit juices. This attribute prioritization-based segmentation for the Chinese consumer market is novel and thus provides strong implications for the fruit juice industry. In addition, this paper also makes a novel academic contribution to the Chinese consumer decision making literature on food and beverage products.

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1. Introduction

With 1.35 billion inhabitants and a gross domestic product of 8.3 trillion U.S. dollars (Statista, 2013), China offers tremendous opportunities for food and beverage exporting countries to develop value-added products that satisfy Chinese consumers' needs. However, despite the vast potential of the Chinese market, there is still little research on Chinese consumer behavior. One area of research that remains relatively unexplored is Chinese cultural influences on individual consumer decision making processes. This research gap is particularly pertinent in the context of food and drink purchase decision making. For example, while there is

substantial literature on consumer's use of trade-offs in making purchase decisions, this literature is almost exclusively Western-based.

There has been valuable research published on the product attributes that consumers seek when making fruit juice purchase decisions (Bonilla, 2010; Lee, Lusk, Miroso, & Oey, 2014; Sorenson & Bogue, 2005). However, limited information is available regarding which product attributes Chinese consumers prioritize when purchasing fruit juice. Given that Chinese consumers are becoming more Health Conscious and are switching from soft drinks to fruit juices (Euromonitor International, 2013; Granato, Branco, Nazzaro, Cruz, & Faria, 2010), and that this trend of consuming fruit juice is likely to continue with the increasing disposable incomes and rising education levels (Euromonitor, 2013),

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decision making for fruit juice purchases is an obvious area worthy of further consideration.

The objectives of this study were twofold. Firstly, the study aimed to provide an insight into which extrinsic attributes Chinese fruit juice consumers prioritize when making purchase decisions. This insight will supplement existing studies published on the product attributes that consumers seek when making fruit juice purchase decisions (Bonilla, 2010; Lee et al., 2014; Sorenson & Bogue, 2005). The descriptive examination of this product specific (healthy juice) category will also yield results that will be of interest to those working in the nonalcoholic juice industry that are interested in exporting to China. Secondly, the study also aimed to provide a comparison of select findings about how Chinese consumers prioritize attributes when making purchase decisions, recognizing that cultural differences exist between Chinese and Western buyers, and that these differences can cause distinctions in consumer decision making processes.

The remainder of the paper is structured as follows: Section 1.1 provides readers with background information on the theoretical underpinning of this study; consumer's use of trade-offs in making purchase decisions. Section 1.2 overviews conjoint analysis generally and then Section 1.3 moves on to more specifically explain the extrinsic attributes identified in the literature that influence fruit juice purchase decision making. The material and methods (Section 2) are then detailed, the results are presented and discussed (Section 3), and then the paper concludes by summarizing the theoretical and practical contributions and implications of this study (Section 4).

1.1. Consumer's use of trade-offs in making purchase decisions

A consumer's decision to purchase one product over an alternative is based on a complex set of trade-offs between the different attributes of the alternative products (Green, Krieger, & Wind, 2001). This consumer decision making process can be categorized into two stages: before and after purchase (Grunert, Bredahl, & Brunso, 2004). Before purchase decisions are made, consumers form expectations of product quality based on evaluations of available cues regarded by the consumers as reliable indicators of the product quality (Grunert et al., 2004). These quality cues can be described as intrinsic or extrinsic. Akdeniz, Calantone, and Voorhees (2013) defined intrinsic cues as attributes that are part of the physical product, such as ingredients and sensory attributes, that cannot be manipulated without altering the physical properties of the product itself. Extrinsic cues refer to product attributes that are not part of the physical product, such as price, brand name and packaging; they can be changed without modifying the physical properties of the product (Akdeniz et al., 2013). After making the purchase decision, the quality of the product is experienced when the product is consumed (Grunert et al., 2004). However, it should be noted that credence characteristics such as the healthiness of a food product cannot be evaluated by the consumer even upon consumption (Grunert et al., 2004).

Conjoint analysis is a well-known research technique used to determine which features a new product should have, by conjointly measuring consumers' trade-offs between discretized factors or attributes (Orme, 2006, Chap. 4). The reader's attention is now turned to an overview of this technique and its theoretical underpinnings.

1.2. Conjoint analysis

Conjoint analysis is a generic term that the field of consumer food studies has adopted from psychology which describes several ways of eliciting consumers' preferences for food and beverage products. Conjoint analysis is consistent with the theory of

consumer demand (Lancaster, 1996) and random utility theory (Ben-Akiva & Lerman, 1985, Chap. 4). Lancaster (1996) consumer theory proposes that consumers derive value, or 'utility', from consuming attributes that are present in the product. Random utility theory models consumer's choice among substitute product alternatives. A distinct advantage of conjoint analysis is that it makes it possible to identify the relative importance of individual product attributes driving consumer preference (Moskowitz & Silcher, 2006). Conjoint analysis has thus been extensively used in many food and beverage-related fields with applications including new product development, market segmentation, and as a simulator of purchasing decisions (Cardello, Schutz, & Leshner, 2007; Deliza, Macfie, & Hedderley, 2003; Haddad et al., 2007).

There are several conjoint methods: traditional, adaptive, and choice-based (Orme, 2006). Choice-based conjoint analysis was selected for the present study. Instead of rating or ranking product concepts such as in the full profile method or adaptive conjoint analysis, each individual participant is presented with hypothetical choices that are defined on two attributes at-a-time such that there is a trade-off between them. The person is then asked to indicate which product they would prefer or purchase (Orme, 2006). Comparing just two attributes at a time simplifies decision making and is likely to increase the accuracy of each response as participants are not overwhelmed with information at one time (Hansen & Ombler, 2008).

Grounding the discussion on conjoint analysis back in the subject matter of this article, i.e. fruit juice, it is pertinent to note that product tasting is typically not permitted at the point of purchase which results in consumer decisions being based on the extrinsic product attributes (Lee & Lou, 2011). As such, the following section overviews the range of extrinsic attributes that have been identified in the literature as being important influences on consumer preference for fruit juice.

1.3. Extrinsic attributes identified in the literature that influence fruit juice purchase decision making

Extrinsic and credence product attributes that most commonly affect fruit juice purchase decisions include brand, health related aspects, price, country-of-origin, and shelf-life (Abadio Finco, Deliza, Rosenthal, & Silva, 2010; Ferrarezi, Minim, dos Santos, & Monteiro, 2013; Lee et al., 2014; Sorenson & Bogue, 2005).

A brand is a promise and a guarantee with the manufacturer (Keller, 1998). Consumers who do not have specific ideas about a product commonly rely on a brand name as an indicator of quality (Dodds, Monroe, & Grewal, 1991). Sorenson and Bogue (2005) found brand familiarity to be a key attribute driving Irish consumers' purchase decisions for orange juice. Lee et al. (2014) also found Chinese consumers perceived well-known brands as a means to assure the quality and safety of healthy drinks.

While health related aspects such as nutritional value and the use of additives or preservatives are credence attributes that cannot be experienced by consumers either before or after purchase, these attributes can be identified through product labels such as nutrition content claims and ingredient tables (Grunert et al., 2004). With considerable food safety incidents in China, consumers are increasingly interested in products that are nutritious and additive-free (Brenchley, Trombini, & Lintott, 2012; Lee et al., 2014). A survey conducted in China found that 76% of the consumers habitually check the label for additives when choosing foods (Institute of Food technologists., 2013). Similarly, a marketing report revealed that seven out of ten Chinese consumers were trying to avoid drinks with artificial ingredients, with the majority wanting to purchase drinks with natural ingredients (Brenchley et al., 2012). Lee et al. (2014) found that Chinese consumers perceived healthy drinks (e.g. that were high in nutritional content

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