

Korea-China FTA: Changes in Consumer Awareness and Purchasing Behavior of Chinese Consumers

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Abstract: The purpose of this research is to study the changes in Chinese consumer awareness and purchasing behavior resulting from implementation of Korea-China FTA. The research aims to investigate the effect of Korea-China FTA on Chinese consumer's purchasing behavior which will help formulate more effective marketing and promotion strategies for Chinese consumers under Korea-China FTA system. A questionnaire survey was conducted on 165 Chinese consumers residing in Beijing who regularly purchase Korean products. The result shows that Korea-China FTA has a significant impact on Chinese consumer's purchasing behaviors. Since, Korea-China FTA affects Chinese consumer's purchasing pattern, it is necessary to develop, manage and enhance a long-term marketing promotion strategy for Chinese consumers under Korea-China FTA. The result also suggests that Korean companies and trade-related organizations need to make more active efforts to promote Korea-China FTA and consumer marketing for Chinese consumers.

Key words: FTA, Korea-China FTA, purchasing behavior, Chinese consumer awareness, consumer's purchasing behaviors, trade

INTRODUCTION

Having achieved rapid economic growth in the 2000's, China has become the leader of Asian countries. Since then, China held the Olympics and the World Expo in China successfully, receiving the attention of the whole world. Moreover, in recent years, China trades actively with many countries of the world including Korea through FTA. The Korea-China FTA which has been recently concluded is expected to bring economic benefits to the two countries (Mang, 2003), noting the economic potential of the Northeast Asia, argues that the political, historical and negative factors can be overcome through economic benefits and the creation of equal and rational values (Zhu, 2002; Chang, 2002; Sang, 2009). Argues that FTA between Korea and China must be implemented in order for China to adapt to an environment in which the global economic integration is in the main stream (Hyun, 2002; Hwan, 2008). He concluded that the geographical proximity and convenient traffic between the two countries would strengthen the comparative advantages between the two countries which would in turn result in economic growth in the two countries (Woo and Gyeong, 2003).

This research is intended to analyze the changes in Chinese consumers after the implementation of Korea-China FTA based on the purchase decision making processes of Chinese consumers revealed in the preceding studies and investigate the Chinese consumer awareness and consumption of Korean products. In

addition, this research also aims to analyze the Chinese consumer's intention to purchase Korean products with the aim of promoting cultural exchange between the two countries and spreading good images of Korea among Chinese consumers (Sang, 2009; Hyun, 2002). More specifically speaking, to achieve the above purpose, the researchers in this research intend to: first, understand the concept and characteristics of FTA and review the preceding studies concerning the purchasing intention of Chinese and Korean consumers second, identify Chinese consumer awareness on Korean products according to Chinese consumer consciousness on Korean products and knowledge about FTA; third, analyze the general trend of Korean products among Chinese consumers and analyze the relative effects of the variables affecting the purchasing behavior of Chinese consumers (Hwan, 2008). In this research, the researcher will analyze the Chinese consumers from various angles with the aim of activating the market economy of the two countries concerning the production and consumption of Korean products. In addition, the findings of this research are expected to contribute to activating the future market in China with a large number of potential consumers.

MATERIALS AND METHODS

The researcher intended to analyze the changes in the purchasing behavior of Chinese consumers according to the Chinese consumer awareness on Korean products after the implementation of Korea-China FTA.

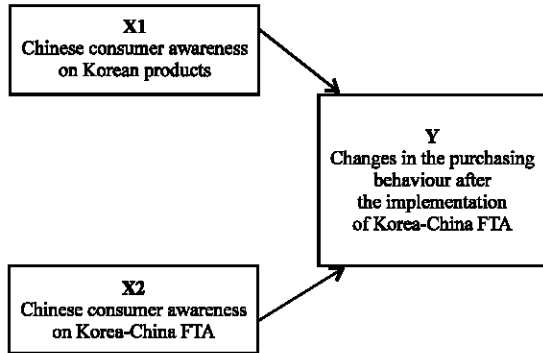


Fig. 1: Research model

The questionnaire used in this research was composed of 5 questions about the social-demographic characteristics of respondents (nominal scale); 10 questions about Chinese consumer awareness on Korean products (Likert 5-Point Scale); 10 questions about Chinese consumer awareness on Korea-China FT (Likert 5-Point Scale) and 10 questions about the purchasing behavior according to Korea-China FTA(Likert 5-Point Scale). The questionnaire used in this study was reconstructed by the researchers based on the questions in the preceding studies (Chang, 2002; Sang, 2009) (Fig. 1).

RESULTS AND DISCUSSION

Proposed work

Demographic statistics: Looking at the demographic statistics in this research, first in gender ratio, the male ratio (28 persons, 18.9%) was higher than female ratio (120 persons, 81.1%). Second, in age group, 54 persons were in their 20's (36.5%), followed by 52 persons in their 30s (35.1%), 32 persons in their 40s (21.6%) and 8 persons in their 50s (5.4%). Third, in marital status, 116 persons (78.4%) were single and 32 persons were married (21.6%). Fourth, in education level, 94 persons (63.5%) graduated from university, 26 persons (17.6%) graduated from graduate school, 22 persons (14.9%) graduated from vocational college and 6 persons (4.1%) graduated from elementary school. Fifth, in professions, 65 persons (43.9%) were students, 33 persons (22.3%) were employed in other professions, 28 persons (18.9%) were employed in sales/services and 22 persons (14.9%) were office workers.

Changes in Chinese consumers according to gender and marital status: The result of t-test indicated there were changes in Chinese consumer awareness according to the

gender. All of changes were statistically significant. The changes in the Chinese consumer knowledge about Korea-China FTA were greater in female consumers than male consumers. For Chinese consumer awareness on Korean products, the means of changes were smaller in smaller and the deviations were greater in male consumers than female consumers, indicating female consumers tend to purchase Korean products on a regular basis.

The result of t-test showed there are no significant changes in Chinese consumer awareness according to marital status. There were changes only in their awareness on Korean products. The means were greater and the deviations were smaller in consumers who were married than consumers who were single, indicating in general, the awareness in married consumers was higher and the deviation in married consumers was smaller than consumers who were single.

The result of ANOVA analysis showed there are changes in Chinese consumer awareness on Korean products, knowledge about Korea-China FT and purchasing behavior according to the education level. In the awareness on Korean products, changes were observed between those who graduated from vocational college, those who graduated from university and those who graduated from graduate school and in the knowledge about Korea-China FTA, changes were observed between those who graduated from vocational college those who graduated from university and those who graduated from graduate school. In the purchasing behavior there were changes between those who graduated from vocational college and those who graduated from graduate school.

The result of ANOVA analysis showed there are changes in Chinese consumer awareness on Korean products according to professions: between officer workers and other professions in sales/services. Additionally, there are general changes in Chinese consumer knowledge about Korea-China FTA according to professions. General changes were also observed in the purchasing behavior Chinese consumers, indicating the necessity of differentiating marketing strategies.

Product, consumer awareness and purchasing behavior:

As shown in Table 1-7, a regression analysis was conducted on the purchasing behavior of Chinese customers based on Chinese consumer awareness and Chinese consumer awareness as independent variables. The result showed $F = 34.380$, indicating significance at the level of $p < 0.001$. The regression coefficient was $\beta = 0.632$ according to Chinese consumer awareness

on Korean products. The result of the verification of this value was $t = 8.034$, indicating positive significance. In addition, the regression coefficient of the effect of the purchasing behavior according to the changes in Chinese consumer awareness was $\beta = -0.173$. The result of the verification of this value was $t = -2.192$, indicating negative significance.

Table 1: Variables

Sub-variable	Contents	Measurements
Korea-China FTA	Chinese consumer awareness on Korean products	Likert 5-point scale
	Chinese consumer awareness on Korea-China FTA	Likert 5-point scale
	Purchase behavior after the implementation of Korea-China FTA	Likert 5-point scale

Table 2: Demographic statistics

Categories	No.	Percentage
Gender		
Male	28	18.9
Female	120	81.1
Total	148	100.0
Age group (s)		
20	54	36.5
30	52	35.1
40	32	21.6
50	8	5.4
60	1	0.7
Other	1	0.7
Total	148	100.0
Marital status		
Married	32	21.6
Single	116	78.4
Total	148	100.0
Education		
High School	6	4.1
Vocational college	22	14.9
University	94	63.5
Graduate School	26	17.6
Total	148	100.0
Profession		
Office worker	22	14.9
Students	65	43.9
Sales/services	28	18.9
Other	33	22.3
Total	148	100.0

Table 3: Changes in Chinese consumers according to gender consumers according to gender

Categories/Gender	N	M	SD	t-values
Chinese consumer awareness on Korean products (in total)				
Male	28	2.75	0.887	-2.513**
Female	120	3.13	0.685	
Chinese consumer awareness on Korea-China FTA				
Male	28	4.11	0.315	-3.462**
Female	120	4.50	0.580	
Purchasing behavior of Chinese consumers according to Korea-China FTA				
Male	28	2.75	0.645	-2.340*
Female	120	3.07	0.645	

*, **, *** $p < 0.05 < 0.01 < 0.001$

The explanatory power between the two variables was as high as 32%, indicating an impact of Korea-China FTA on the purchasing behavior of Chinese consumers. Therefore, it is essential that relevant authorities endeavor to seek the ways to increase the positive properties of Korea-China FTA.

Table 4: Changes in chinese consumers according to marital status

Category/Marital status	N	M	SD	t-values
Chinese consumer awareness				
Korean on products (in total)				
Married	32	3.56	0.504	4.624***
Single	116	2.92	0.736	
Chinese consumer awareness on Korea-China FTA				
Married	32	4.56	0.504	1.567**
Single	116	4.39	0.571	
Purchasing behavior of Chinese consumers according to Korea China FTA				
Married	32	2.84	0.369	-1.599*
Single	116	3.05	0.708	

Table 5: Changes in chinese consumers according to education level

Category	Sub-category	Mean difference (I-J)	f-values
Chinese consumer awareness on Korean products			
High school	Vocational college	0.455	4.704***
	University	-0.231	
	Graduate school	-0.138	
Vocational college	High school	-0.455	
	University	-0.685*	
	Graduate school	-0.593*	
University	High school	0.231	
	Vocational college	0.685*	
	Graduate school	0.092	
Graduate school	High school	0.138	
	Vocational college	0.593*	
	University	-0.092	
Chinese consumer knowledge about Korea-China FTA			
High school	Vocational college	0.000	8.448***
	University	-0.385	
	Graduate school	-0.564*	
Vocational college	High school	0.000	
	University	-0.385*	
	Graduate school	-0.564*	
University	High school	0.385	
	Vocational college	0.385*	
	Graduate school	-0.179	
Graduate school	High school	0.564*	
	Vocational college	0.564*	
	University	0.179	
Purchasing behavior of Chinese consumers according to Korea-China FTA			
High school	Vocational college	0.227	2.938**
	University	-0.308	
	Graduate school	0.021	
Vocational college	High school	-0.227	
	University	-0.535*	
	Graduate school	-0.206	
University	High school	0.308	
	Vocational college	0.535*	
	Graduate school	0.329*	
Graduate school	High school	-0.021	
	Vocational college	0.206	
	University	-0.329*	

*, **, *** $p < 0.05 < 0.01 < 0.001$

Table 6: Changes in chinese consumers according to professions

Category	Sub-category	Mean difference (I-J)	F-values
Chinese consumer awareness on Korean products			
Office worker	Students	0.288	6.136**
	Sales/services	0.594*	
	Other	-0.121	
Students	Office worker	-0.288	
	Sales/services	0.306	
	Other	-0.409*	
Sales/services	Office worker	-0.594*	
	Students	-0.306	
	Other	-0.715*	
Other	Office worker	0.121	
	Students	0.409*	
	Sales/services	0.715*	
Chinese consumer knowledge about Korea-China FTA			
Office worker	Students	-0.097	27.139***
	Sales/services	0.273*	
	Other	-0.727*	
Students	Office worker	0.097	
	Sales/services	0.369*	
	Other	-0.631*	
Sales/services	Office worker	-0.273*	
	Students	-0.369*	
	Other	-1.000*	
Other	Office worker	-0.277*	
	Students	-0.631*	
	Sales/services	1.000*	
Purchasing behavior of Chinese consumers according to Korea-China FTA			
Office worker	Students	0.864*	19.972***
	Sales/services	1.140*	
	Other	0.970*	
Students	Office worker	-0.864*	
	Sales/services	0.275*	
	Other	0.105	
Sales/services	Office worker	-1.140*	
	Students	-0.275*	
	Other	-0.170	
Other	Office worker	-0.970*	
	Students	-0.105	
	Sales/services	0.170	

*, **, ***p<0.05<0.01<0.001

Table 7: Product, consumer awareness and purchasing behavior

Dependent variables	Non-standardized		Standardize	
	coefficient (B)	SD error	coefficient (B)	t-values
Purchasing behavior of Chinese consumers according to Korea-China FTA				
(Constant)	2.186	0.357	-	6.131
Chinese consumer awareness on Korean products	0.560	0.070	0.632	8.034***
Chinese consumer knowledge about Korea-China FTA	-0.202	0.092	-0.173	-2.192**

R² = 0.322; Adjusted R² = 0.312; F-value (p) = 34.380***

CONCLUSION

The findings of this research can be summarized as follows: first, there are statistically significant changes in

Chinese consumers according to marital status after the implementation of Korea-China FTA. Additionally, the result of regression analysis showed Chinese consumer knowledge about Korea-China FTA and Chinese consumer awareness on Korean products have an effect on the purchasing behavior of Chinese consumers. Since, Korea-China FTA has an effect on the purchasing behavior of Chinese consumers, it is necessary to formulate long-term strategies such as the development, management and enhancement of PR strategies on a continuous basis. The findings of this research showed that it is essential that Korean organizations and companies relating to trading strive to actively advertise Korea-China FTA among Chinese customers in an effective way, since it was found that Chinese customers have positive awareness on Korean products. In short, Korea-China FTA will contribute to expanding trade volume between Korea and China.

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