

CHINESE-JAPANESE RELATIONS
IN CONSUMER PERCEPTION AND CONSUMER BEHAVIOUR

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Preliminary remarks

Pinyin is used for the romanisation of Chinese in accordance with the Chicago Manual of Style. Some words such as Chiang Kai-Shek, well known in the West in the Wade-Giles system, are preserved in their Wade-Giles spelling. Apostrophes are only used where needed to distinguish between words such as Xi'an versus Xian.

The modified Hepburn system is used for the romanisation of Japanese in accordance with the Chicago Manual of Style. Well-known place names such as Tokyo or Osaka are written without a macron. Unless otherwise noted, all translations and figures are my own.

All information that is either cited or referred to in another work (printed form or electronic) as well as from the surveys has been acknowledged. Only commonly known facts have not been assigned a source.

Due to the high number of analysed articles and posts, a full list of articles and posts is available upon request; however, these articles and posts are not included in the reference list.

1. Introduction

1.1. Introduction of the topic

In September 2006 many newspapers reported that Chinese regulators had found heavy metals¹ in SK-II products during an import inspection. The products were reported to be of Japanese origin. This information quickly spread through the media, causing a panic among consumers. Many asked for refunds following the press releases. Procter & Gamble, the manufacturer of SK-II products, temporarily closed their sales counters in China and opened a service hotline.²

The majority of the press announcements failed to mention that trace elements were also found in other products, including Clinique, Lancôme, Dior and Estée Lauder. Local products contained traces of heavy metals as well. None of the reports mentioned that the existence of such trace elements is in line with the legislation of the EU, United States and Japan and that these substances are and were present in the majority of the cosmetic products. Such traces are unavoidable and are allowed if they do not pose any harm to the consumer and if good manufacturing practices are followed³. In October, Chinese regulators stated that the products were safe and posed no harm to the consumers, but the harm had already been done. The negative effects were not only restricted to this one product.

This thesis will analyse the impact of Chinese-Japanese relations on consumer perception and behaviour under normal circumstances and in the case of a shock, with particular focus placed on Chinese consumer perception of Japanese products. On one hand, trade between China and Japan is flourishing with trade volume reaching \$236 billion in 2007, up 13.8% from the previous year⁴. In 1972, when the two countries established diplomatic relations, trade volume was only \$1.04 billion.⁵ On the other hand, certain recurring and nonrecurring events have interfered with bilateral relations between the two countries.

In this thesis, the impact of selected events on the consumers and enterprises will be analysed. The analysis will mostly focus on several events in Chinese-Japanese relations

¹ The found substances were chromium and neodium

² *Asia Times Online* 2006

³ European Commission 2005, 4-5

⁴ *China Economic Net* 2008

⁵ *Xinhua* 2007a

that took place between 2005 and 2007; however, the majority of the events analysed are recurring. They were observed in the past, and unless there is a change in the bilateral relations, they are likely to occur in the future. These events are called “shocks” and can be divided into exogenous⁶ and endogenous⁷ shocks. Exogenous shocks are caused by Japan, mostly by Japanese leaders and / or nationalists, such as visits to the Yasukuni shrine. Endogenous shocks are caused by China, involve Chinese leaders, the government, the regulators, and the media. Chapter 2 will introduce the major exogenous and endogenous shocks. The SK-II incident is an example of an endogenous shock. Several shocks were chosen for a detailed analysis that will be performed in the following chapters.

The study of these shocks will be based on several approaches. The characteristics of the Chinese mass media will be discussed in Chapter 3. A media usage survey performed in China in spring 2008 as well as results of a Japanese media usage survey performed by <http://japan.internet.com> will be presented. In Chapter 4, an analysis of the Chinese media and online forums will be undertaken and will include both a quantitative and a qualitative analysis of the consumers’ reactions.

In Chapter 5 and 6, the results of one Japanese and two Chinese consumer surveys will be presented. These surveys were conducted between February and June 2008 in China and Japan and include questions related to the perception and purchase behaviour of Chinese and Japanese consumers with regard to products from both countries as well as the impact of shocks on consumers in both countries.

The main hypothesis with regard to Chinese consumers is that Chinese customers do not perceive Japanese products as attractive due to their country of origin. The consumers in China are not willing to purchase them due to an unsolved history issue between China and Japan. In addition, negative shocks cause the perception of Japanese products to deteriorate, impacting upon Chinese consumers’ purchase behaviour and causing a decrease in the demand for Japanese products. Inversely, positive events do not cause an improvement in the product perception.

⁶ from outside

⁷ from within

Chapter 7 will concentrate on the impact of these shocks on Japanese enterprises operating in China. The analysis will consist of several approaches, including an analysis of selected macroeconomic data and an analysis of the Japanese enterprise survey. In the last chapter, the findings will be discussed and an attempt to answer the question of how consumers and as a consequence enterprises are impacted by the shocks created by the respective governments, regulators, media and other stakeholders will be undertaken. In addition, recommendations for a single company on how to protect operations from the negative impact of shocks in government-business relations based on the preceding analysis will be presented, and recommendations for successful Chinese-Japanese relations will be made. The recommendations do not only refer to China and Japan; they can also be applied to similar events in other countries.

When considering the relations between two countries, it is vital to consider the stakeholders who play a crucial role in these relations. According to Siedschlag et al. (2007, 84-104), countries, individuals, international organisations, non-governmental actors, and the media are actors of international politics. The individuals that Siedschlag et al. (2007, 84), describe are the political leaders. The non-governmental actors detailed by Siedschlag et al. (2007, 95-97) include transnational networks and coalitions, transnational advocacy networks, social movements, global policy networks, epistemic communities, and multinational companies.

Countries, political leaders⁸ and the media are important actors that play a major role in Chinese-Japanese relations. A crucial role is also played by non-governmental actors. On one hand, organisations such as *Tsukurukai* promote the Japanese revisionist view of history. On the other hand, organisations such as the Children and Textbooks Japan Network 21⁹ or the Committee for Truth and Freedom in Textbooks¹⁰ promote the same view of history as China and Korea and challenge the revisionists. Consumers (individuals) and enterprises also play crucial roles in the relations between two countries. The remaining actors are international organisations as well as other non-governmental actors. This group plays a much smaller role in Chinese-Japanese relations.

⁸ Above called individuals

⁹ *Kodomo-to kyōkasho zenkoku netto*

¹⁰ *Kyōkasho-ni shinjitsu-to jiyū-o renrakukai*

1.2. Basic framework

1.2.1. Media framework

The mass media have become an important player in our society. McQuail (1994) described the twentieth century as the "first age of mass media" (McQuail 1994, 33). Via the media, the audience becomes familiar with events all over the world.

The diffusion of news in the sense of its take-up and incorporation into what people 'know' is mainly short- or medium-term matter but with long-term and often systematic consequences. It is also open to alternative formulations as to purpose: the media do intend in general that their audiences will learn about events, but they do not normally try to teach people what is in the news. (McQuail 1994, 353)

The capacity of consumers to recall certain events is commonly analysed for media research. McQuail (1994) names four main variables to be taken into consideration during the analysis:

. . . the extent to which people (in a given population) know about a given event; the relative importance or salience of the event concerned; the volume of information about it which is transmitted; and the extent to which knowledge of an event comes first from news media (and sometimes which particular medium) or from personal contact. The possible interactions between these four are complex, but one model of the interaction is expressed by the J-curved relationship between the proportion who are aware of an event and the proportion who heard of the same event from an interpersonal source. (McQuail 1994, 353-354)

Based on the J-curved relationship, if almost everyone is familiar with a particular event, then over 50% learn of this event from another person. The greater the percentage of the population that is familiar with a particular event, the lower the percentage of people who learn of it from a personal contact and the higher the percentage of people who learn about it from the media.¹¹ The Master thesis of the author (2006) included an analysis of the capacity of the Japanese and Chinese to recall certain events based on the example of the Nanjing Massacre and was a basis and a starting point for this thesis.¹²

There is a dispute between scholars with regard to the role of media consumers. Some scholars advocate that the role of media consumers is active, whereas others advocate that it is passive. Supporters of the theory of active media consumers consider media consumers to be able to make their own decisions based on the media content, and supporters of the

¹¹ McQuail 1994, 354

¹² For more information please refer to <http://www2.hu-berlin.de/japanologie/dokumente/studium/mog-sidor.pdf>

theory of passive media consumers regard the consumers as reactive to the media.¹³

More and more information is produced in our society every day. However, media consumers can only absorb a limited amount at any given time. Donsbach (1992) presents an example of the limited reception capacity of media consumers: From 65,000 words published daily in German newspapers as of 1991, only 5,400 were absorbed by the consumers. This means that around 92% of the words were not absorbed.¹⁴ Media consumers make a selection with regard to the available information. According to Graber (1984), consumers skim through newspapers and only stop if they find certain clues.¹⁵

In their study of American elections in 1940, Lazarsfeld et al. (1944) demonstrated that the mass media are not able to change the political views of media consumers. They are only able to reinforce it.¹⁶ The study showed that media consumers are mostly attracted to information that is consistent with their existing views and that they avoid information that contradicts their own views. Leon Festinger states that people try to avoid pieces of information that are dissonant – that do not match.¹⁷ In China many news providers supply information that comes from a single source: Xinhua News Agency; therefore, many pieces of information are consonant with each other.

According to the hypothesis theory, the consumers view media content through hypotheses, which influence their perception of information.¹⁸ The perception of one consumer will differ from the perception of another consumer with regard to the same event if the consumers have different hypotheses.

A person is more likely to voice his opinion if he thinks that he shares the majority opinion. If the person is convinced that his opinion is in the minority, he is less likely to express his thoughts. This phenomenon is due to the pressure to conform and the fear of being isolated. Therefore, the individuals that are perceived to have the dominant opinion gain "even more ground and alternatives retreat still further" (McQuail 1994, 361-362). This needs to be taken into account while analysing the online forums.

¹³ Charlton, Neumann-Braun 1992, 9-10

¹⁴ Brünne et al. 1987

¹⁵ Graber 1984, 82

¹⁶ Lazarsfeld et al. 1944

¹⁷ Donsbach 1992, 25-26

¹⁸ Donsbach 1992, 27

Usually, the media effects are divided into three categories: cognitive, affective and behavioural. Cognitive is related to the knowledge and opinion about an issue, affective is related to a person's attitude and feelings and behavioural is concerned with the effect on their behaviour.¹⁹ There are several alternative effects that the media can have upon the media consumers.

The media can:

- cause intended change (conversion);
- cause unintended change;
- cause minor change (form or intensity);
- facilitate change (intended or not)
- reinforce what exists (no change);
- prevent change²⁰. (McQuail 1994, 334)

According to the agenda-setting hypothesis, the media influences the topics that consumers think about, but it does not influence consumer opinions about those topics.²¹ As McQuail (1994) explains, the agenda-setting hypothesis states that:

- Public debate is represented by salient issues (an agenda for action)
- The agenda derives from a combination of public opinion and political choice
- Mass media news and information reflect the content and order of priority of issues
- This representation of issues in the mass media exerts an independent effect on issue content and on relative salience in public opinion (McQuail 1994, 357)

Agenda-setting has been criticised by some scholars. This criticism, however, will not be detailed here.

Both the Chinese government and the media play the role of gatekeeper. They monitor and filter incoming information. The incoming information is often modified; some information never arrives in China. The Internet itself is closely monitored and censored. Many websites are not accessible from within China. The existence of a gatekeeper that filters incoming information has a significant impact on the opinions held by Chinese consumers, because Chinese citizens obtain their information from the media.

The described framework will be used in the quantitative and qualitative media analyses.

¹⁹ McQuail 1994, 333-334

²⁰ Preventing change "implies the deliberate supply of one-sided or ideologically shaped content in order to inhibit change in a conforming public" (McQuail 1994, 334).

²¹ Trenaman and McQuail 1961, 178

1.2.2. Economic framework

In addition to the media framework, several economic frameworks will be used in the thesis, the most important of which are highlighted below.

In figure 1.1, a model by Zeithaml (1991) is presented. This model has been adapted from a model that was first proposed by Dodds and Monroe (1985), and it presents the relationships between the price, perceived quality, and perceived value.²²

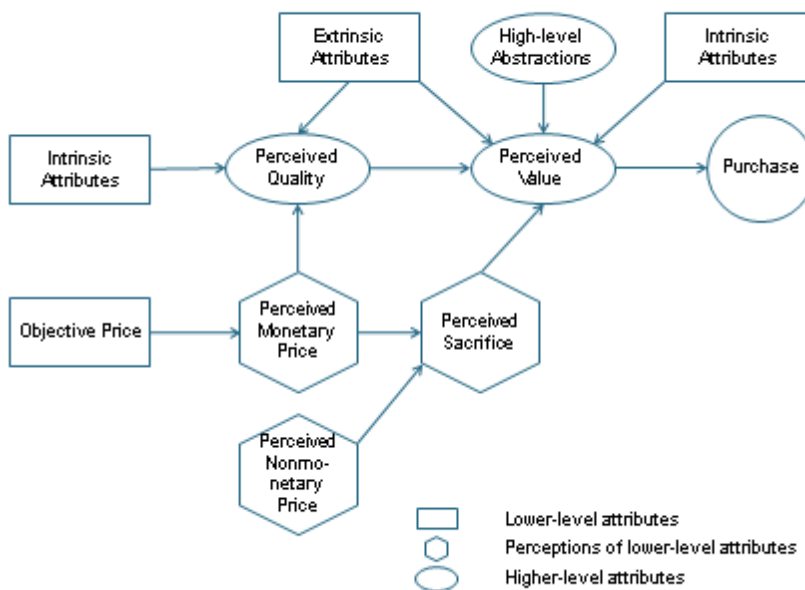


Figure 1-1 A Means-End Model Relating Price, Quality, and Value (Reproduced from Zeithaml 1991, 29)

A product's quality can be divided into objective and perceived quality. Objective quality is described as the "measurable and verifiable superiority on some predetermined ideal standard or standards" (Zeithaml 1991, 30), whereas the perceived quality refers to "the consumer's judgement about the superiority or excellence of a product" (Zeithaml 1991, 30).

Perceived quality is (1) different from objective or actual quality, (2) a higher level abstraction rather than a specific attribute of a product, (3) a global assessment that in some cases resembles attitude, and (4) a judgement usually made within a consumer's evoked set. (Zeithaml 1991, 30)

The attributes related to the quality are intrinsic and extrinsic cues. Intrinsic cues comprise those related to the physical attributes of the product, whereas extrinsic cues comprise

²² Zeithaml 1991, 29

product-related but not product-specific cues such as brand name or advertising. To improve the product's intrinsic cues, the physical attributes of a product have to be improved; to improve the product's extrinsic cues, marketing has to be improved.²³

According to the Means-End model, the price consists of objective price, perceived nonmonetary price, and sacrifice. Consumers often do not remember exact prices, but they recall price values in a way that is meaningful to them i.e. cheap versus expensive. The consumers do not only pay the monetary price; they also incur additional costs such as search costs which include time and effort.²⁴ The perceived value is "the consumer's overall assessment of the utility of a product based on perceptions of what is received and what is given" (Zeithaml 1991, 42). The value is referred to as a higher-level abstraction, which is more personal to the consumer than the quality.²⁵ The perceived value is influenced by intrinsic as well as extrinsic attributes.

The customer surveys and forum analysis below will test the hypothesis that poor relations cause the perceived quality of Japanese products to be lower than that of similar products due to the "Japan burden".

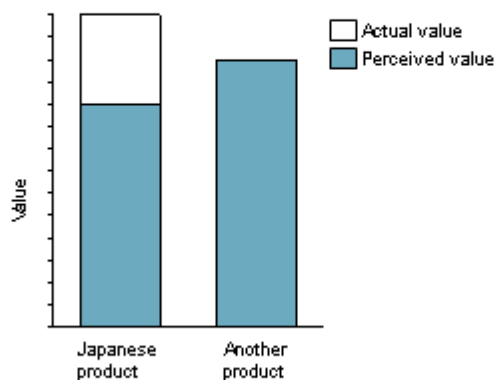


Figure 1-2 Value perception of a Chinese consumer

Even though the objective quality of a Japanese product might be higher than that of another product, Chinese consumers are likely to perceive it as an inferior product. In addition to already lowered perception of Japanese products by Chinese consumers, the perceived

²³ Zeithaml 1991, 33-35

²⁴ Zeithaml 1991, 37-38

²⁵ Zeithaml 1991, 42

quality of Japanese products may decrease further as a consequence of a shock.

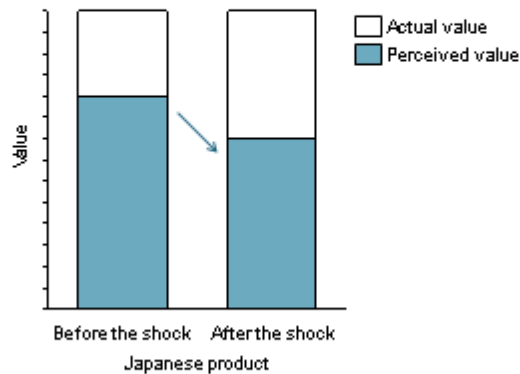


Figure 1-3 Value perception of a Japanese product by a Chinese consumer before a shock

Another framework used in the thesis is that of preference falsification, or "the act of misrepresenting one's genuine wants under perceived social pressures" (Kuran 1997, 3).

For example, in private a consumer chooses the answers that provide him with the greatest intrinsic utility. This answer represents his private preference. If in public the individual expresses a different preference (his public preference), he will be engaging in preference falsification.

The reason our individual might opt for preference falsification is that his public preferences influence how he is valued and treated. To maintain acceptance and respect, he must provide evidence that he accepts society's basic institutions and shares its fundamental objectives and perceptions. (Kuran 1997, 26)

The factors that determine an individual's public preferences include: "the satisfaction he is likely to obtain from society's decision, the rewards and punishments associated with his chosen preference, and finally, the benefits he derives from truthful self-expression." (Kuran 1997, 16) He faces a trade-off between intrinsic, reputational and expressive utility, and he will choose his public preference based on where his total utility (sum of intrinsic, reputational and expressive utility) will be highest. The reputational utility that his public preference will generate consists of the rewards and punishment he will receive from expressing his public preference.²⁶ On the other hand, each individual also has a need to express his thoughts and individuality (expressive utility).²⁷

²⁶ Kuran 1997, 30

²⁷ Kuran 1997, 31

. . . in a large community the individual's ability to influence a collective decision is negligible. His intrinsic utility is practically fixed, therefore, and he chooses a public preference on the basis of a tradeoff between expressive utility and reputational utility. (Kuran 1997, 63-64)

An individual faces a choice with regard to communicating his public preference – he needs to decide upon whether to communicate or remain silent. Abandoning the group is another alternative if one is faced with the trade-off.²⁸

Society usually consists of a small group of activists and a large group of nonactivists – followers who might follow the activists but will not be the first to initiate a movement.²⁹

Working in common with like-minded activists, they [activists] must somehow win the support of sufficient numbers of nonactivists. The resulting collectivity, composed of activists and nonactivists professing support for a particular cause, is called a pressure group. (Kuran 1997, 52)

The private preferences of the nonactivists might not necessarily be the same as the public preference of the pressure group. In fact, their private preferences might strongly differ. They may support the pressure group to acquire social rewards and avoid social punishments.

A pressure group thus confers benefits on its members and imposes costs on nonmembers. It does so partly through its members' efforts to signal their loyalty and sincerity. Together, these observations mean that as a pressure group expands the incentives to join it will grow. (Kuran 1997, 63)

1.3. Methodology

This thesis includes an analysis of the characteristics and content of Chinese newspapers and forums as well as a correlation analysis of the media and online forums. The analysis will focus on the role of the media during shocks. The impact of the media will be measured by the correlation analysis and by consumer surveys.

The media part of the thesis will primarily include a quantitative (traditional content analysis) and to some extent qualitative analysis (structural analysis of texts) in the case of the forums.

The process of the traditional content analysis is as follows:

1. to choose a universe or sample of content;
2. to establish a category frame of external referents relevant to the purpose of the enquiry (such as a set of political parties or countries which may be referred to in content);

²⁸ Kuran 1997, 42

²⁹ Kuran 1997, 50-51

3. to choose a 'unit of analysis' from the content (this could be a word, a sentence, an item, a whole news story, a picture, a sequence, etc.);
4. to seek to match the content to the category frame by counting the frequency of the references to relevant items in the category frame, per chosen unit of content; and
5. to express the results as an overall distribution of the complete universe or chosen content sample in terms of the frequency of occurrence of the sought-for referents (McQuail 1994, 277)

It is assumed that a valid conclusion about the real meaning can be drawn from the frequency of the references. In addition, the link between the "external object of reference" (McQuail 1994, 277) and the reference in the text analysed is assumed to be evident.³⁰ The challenges of this approach are that the main focus lies in the frequency of the references and not on the actual content of the articles.

The second approach is structural analysis of texts, which:

. . . is based on precisely the reverse assumption [to the traditional content analysis] – that the concealed or latent meanings are the most significant, and these cannot be directly read from numerical data. In particular, we have to take account not just of relative frequency but of links and relationships between elements in the text, and also to take note of what is missing or taken for granted. (McQuail 1994, 276)

One of the disadvantages of this approach is that it is not possible to make any conclusions about the content of texts not included in the analysis. The researcher is only able to analyse a selection of texts. On the other hand, a quantitative analysis makes an extensive analysis possible. A structural analysis is subjective and selective, whereas the quantitative analysis is objective and systematic.³¹

A media usage survey was first conducted before the forum analysis was performed. The survey included questions related to the frequency of the forum usage (including reading, responding and publishing posts on the forums), the most popular forums and the trustworthiness of these forums. Then, the forums were chosen for analysis. These forums were searched for key words such as Abe Shinzō, Yasukuni shrine and anti-Japanese protests. The search can be conducted using various parameters such as words included in the text, title or the author. Both the time and the extent of the search can be narrowed down. The advantages of the forum approach were that the respondents were unaware that they

³⁰ McQuail 1994, 276-277

³¹ McQuail 1994, 278-279

were being analysed and that the answers were already available for analysis.

In addition, consumer surveys were performed with questionnaires designed for data collection. The questions were designed to measure past, present and intended behaviour. The questions ask about past, present and hypothetical events as well as the reactions of the consumers to these events.

The target audience of the surveys consisted of Chinese and Japanese consumers who have buying power with regard to Japanese or Chinese products respectively. Narita Airport and Beijing Airport were chosen as the locations for carrying out the surveys. The advantage of the chosen locations was that the consumers were the represented target group and they were heterogeneous with regard to demographics. Some customer segments might be not represented at these locations, which could be a disadvantage. Therefore surveys were also conducted in other locations. The major part of the survey was a written questionnaire preceded by an oral and written introduction and an explanation of the survey.

The goal of the surveys was to analyse the perception of products by consumers and the impact of the selected events on the consumers. At first, a pilot study/field testing was conducted. A pilot study might include: a small-scale survey, qualitative research (focus groups) or pre-testing the questionnaire in draft.³² The questionnaires were pre-tested in "draft with several unrelated potential Chinese and Japanese consumers, and in-depth interviews were conducted with these questionnaires. The respondents comprised the same target group as that of the final consumer surveys. One of the purposes of the pre-tests was to ensure that the questions did not change in translation.³³ Therefore, during the pre-tests consumers were asked to explain how they had understood the questions in order to avoid any misunderstandings.

Following the first Chinese survey, a second survey was performed and included two parts: a media usage survey and a product perception survey. Both surveys were anonymous but grouped by demographics: age, gender, level of education, and place of residence.

The thesis therefore includes both a quantitative as well as a qualitative survey analysis. The survey mostly included multiple-choice questions so as to enable an easy comparison

³² Wolfe 2000, 99-100

³³ Survey drafts were first designed in English and then Chinese surveys were designed in Chinese and Japanese surveys in Japanese by the author.

between Chinese and Japanese respondents and so as to present statistically significant results. In addition, every multiple-choice (closed-ended) question was followed by an open-ended question so that consumers could explain their choices. The respondents were given an opportunity to voice their full opinions in their own words through open-ended questions.³⁴

One advantage of open-ended questions is that they can uncover uncommon but intelligent opinions of which the surveyor would otherwise have remained unaware. (Bradburn, Sudman, and Wanskin 2004, 155)

These questions also "enliven research reports" (Bradburn, Sudman, and Wanskin 2004, 154), but due to the amount of information they are difficult to generalise or summarise and are more time-consuming for the respondents and the analyst.³⁵ In order to achieve a high number of respondents, the open-ended questions were to be answered voluntarily.

Coding free-response material (sometimes called cognitive responses or verbal protocols) is not only time-consuming and costly but it also introduces a degree of coding error. (Bradburn, Sudman, and Wanskin 2004, 154)

Selected answers to open-ended questions that were not measured by frequency will be presented.

For close-ended questions, the respondents were given a choice of alternatives to tick (pre-coded questions). If pre-coded questions are not well designed, a bias can result.³⁶

There are four possible reasons for motivated or unmotivated biases: memory, motivation, communication and knowledge. The respondents might have forgotten, they might be motivated not to reveal the truth, they might not understand the question and answer in the way that they understand the question or they might not know the answer, but would not indicate it.³⁷ In addition, the respondents might not be revealing their private preferences during the anonymous surveys.

In addition, some dichotomous questions were added and followed by an open-ended question which gave the opportunity to understand the consumer's choice. Several questions were slightly modified dichotomous questions whose answers included "yes", "no" and "yes,

³⁴ Bradburn, Sudman, and Wanskin 2004, 154

³⁵ Bradburn, Sudman, and Wanskin 2004, 154

³⁶ Bradburn, Sudman, and Wanskin 2004, 157-159, more also Birn 2000, 89-90

³⁷ Bradburn, Sudman, and Wanskin 2004, 30

but I will buy fewer products".

The consumers were asked to choose different products from different price and quality scenarios. No rank order scales were used; instead only the first choice was to be indicated. One variable was analysed - the origin of the products. The preference changes for different product origins were measured based on different price and quality scenarios.

For example, when choosing between products of the same price and quality, a rational consumer would choose the 'any of above' answer and would not be able to rate the answers using rational reasoning. However, the results will show that many consumers would choose products from a particular country.

Bradburn, Sudman, and Wanskin (2004) divide questions into three categories: ones that ask about behaviour or facts, ones about knowledge and ones about psychological states and attitudes.³⁸ The majority of the questions in the survey are psychographic questions – activities, interests, and opinions (AIO) research.³⁹ These questions are to record the consumer preferences, analyse their past and predict their future behaviour.

An important consideration was the order of the questions. As in the Master thesis that preceded this dissertation, the exact research topic was not revealed at the beginning of the surveys so as not to induce certain answers. The questions that followed were mostly building on the preceding ones in a step by step approach.

Due to a high response rate, no particular measures had to be taken to increase the response rate. No prenotation⁴⁰, call-backs, money inducements or reminders were used. Nevertheless, the response rate was close to 100% and all surveys that were distributed were handed back. There were only a few refusals that were mainly due to a lack of time.

There are several types of nonsampling errors.

- Recall errors associated with the fading of people's memories.
- The "telescoping" of reported events by incorrect dating.
- Reporting errors associated with respondents being overwhelmed either by the length of the survey or by the number of items covered.
- "Prestige" errors – in other words, misreporting due to various social pressures.
- Conditioning effects from being in the survey.

³⁸ Bradburn, Sudman, and Wanskin 2004, 26

³⁹ Bradburn, Sudman, and Wanskin 2004, 243, more on Customer Psychographics Wilkie 1986, 339-343, Mowen 1995, 259-261

⁴⁰ informing respondents that the survey will be carried out

- Respondents effects, in which the respondent's identity affects the answers he or she gives.
- Interviewer effects.
- Effects associated with the design of the instrument. (Neter 1970, 11-25)

Deaton and Grosh (2000) add two other possible nonsampling errors: nonresponse errors and errors caused by an inadequate sampling frame⁴¹. In some questionnaires data was missing. Data fusion can be used in that case.⁴² With this technique the data is transferred from one survey to the survey with missing data. The donor survey is identified based on some common attributes such as age, sex, place of residence.⁴³ In this thesis, another approach was used. Surveys with fewer than a predetermined number of closed-ended questions filled in properly were excluded from the analysis. These surveys were evaluated separately in order to examine if a non-response bias could be observed and if the ones who filled in the questionnaire incorrectly held different opinions from those who filled it in properly. There were, however, no significant differences in the questionnaire results. Therefore, it was assumed that there is a very low likelihood of non-response error.

The survey was designed with questions that would have the same meaning for all respondents, and the pre-tests provided reassurance that the questions were not going to be misunderstood.

The respondents were given information in writing and received an oral explanation of the purpose of the thesis. They were told that there were no unpleasant consequences for them regardless of their answers. No personal data was collected and all data that that could possibly identify respondents was destroyed.⁴⁴

It is possible that the respondents were influenced by outside factors that are impossible to be separated; however, no such factors were observed.

Before the surveys were conducted, the sample size based on the random sampling method was determined. For the first survey, the desired error level was set at 4.0% and 95% confidence for China. With the population size of 1.3 billion, the error level of 4.0% and 95% confidence, it was determined that the sample size assuming random sampling was 600.

⁴¹ Deaton and Grosh 2000, 101

⁴² For more Baker 2000, 481-496

⁴³ Baker 2000, 482-484

⁴⁴ Bradburn, Sudman, and Wanskin 2004, 18

During the surveys it was determined that a lower error level would be beneficial. The reason was a high number of irrational responses with regard to questions related to the choice of products given different prices and quality. Therefore, the error level at 95% confidence was decreased to 3.3%. As a consequence, the sample size increased to 900. Having conducted the first survey, the need for the second survey became evident. It was important to perform a second survey and to include additional questions in order to further explore and test the results of the first survey. Additionally, there was a need to determine the media usage of Chinese consumers. Questions related to media usage and questions related to quality perception were combined into one survey. The error level was determined at 4.4% for 95% confidence, which resulted in a sample size of 500.

The error level for the Japanese survey was set at 6.0% at 95% confidence for the population size of 126 million. As a consequence, the sample size was 267. The choice of a higher error level for the Japanese survey was for two reasons: firstly, the analysis mainly focused on the Chinese perception of Japanese products and secondly, the data quality between Chinese and Japanese survey results differed; in Japan only one survey was incomplete, whereas in China the number was much higher.

A decision to increase the sample size has to be analysed together with the time that it would consume and the cost implications. Nonsampling errors such as non-response bias are likely to increase as the sample size increases.

The impact of a shock will be mainly analysed based on the consumer surveys. The thesis will also include an analysis of macroeconomic data and an analysis of the JAPIT Japanese enterprise survey⁴⁵ that is being performed regularly by JAPIT and covers an extensive range of topics and respondents.

The thesis includes a mixed method approach. Several different methods were used to test the hypothesis. The depictions of the events by the media were first examined, then the events' influence on the consumers and the enterprises was analysed. This mixed method approach enables the generalisation of the process. It builds a model to depict the whole process starting with the decision made by the government and ending with the impact on the enterprises and a presentation of a shock simulation. The different methods complement

⁴⁵ *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka 2007*

each other. The drawbacks of this method are that some analyses were only cursory due to the complexity, time and effort required to perform an in-depth analysis of all the selected approaches. Some results of the analyses will not be presented due to space constraints. Furthermore, the possibility of errors increases with the number of different approaches. Due to the fact that the research spanned several fields, many topics could only be highlighted and could not be explained in detail.

1.4. The purpose of the dissertation

What is the purchase behaviour of Chinese consumers with regard to Japanese products and how does it relate to their perception of these products? Is Chinese consumer perception of Japanese products biased due to an unsolved history issue? Do events such as the visits to the Yasukuni shrine or the denials of the atrocities of the Second World War impact upon the perception and purchase behaviour of Chinese consumers with regard to Japanese products? Have events such as the SK-II incident impacted upon their perception and purchase behaviour? Are the Chinese operations of Japanese companies negatively affected by events such as the SK-II crisis due to unsolved issues in Chinese-Japanese relations?

The purpose of this dissertation is to analyse the impact of Chinese-Japanese relations on consumer perception and behaviour under normal circumstances and in the event of a shock to relations, with particular focus placed on Chinese consumer perception of Japanese products. The example of Japan and China is evident; however, recent events – visits of the French President Sarkozy and German Chancellor Merkel to China – are proof that similar dynamics exist between other countries as well.

2. Introduction to “shocks”

2.1. Introduction

The focus of this thesis is contingent upon the analysis of selected events between 2005 and 2007 that had an impact upon Chinese-Japanese relations. The majority of these events are recurring; they happened several times in the past and unless there is a significant change in bilateral relations, they are likely to happen again in the future. In addition to several recurring events, some non-recurring events will be examined. These events are called “shocks” due to their impact on Chinese-Japanese relations. As described in the previous chapter, an analysis consisting of several approaches will be carried out to determine the impact of these events. The goal is to present the impact of these events on the Chinese consumers and Japanese enterprises operating in China. Additionally, the role of the media with regard to these shocks will also be analysed.

The events are either exogenous and originate in Japan or endogenous and originate in China. Exogenous shocks are mostly related to unsolved history issues such as the visits to the Yasukuni shrine, denial of Japanese atrocities and the publication of new revisionist history schoolbooks. Endogenous shocks include the boycott of Japanese goods and the SK-II incident. The majority of the analysed events have a negative impact on Chinese consumer perception of Japan.

2.2. Consumer culture in China

Following the Treaty of Nanjing in 1842, China was forced to open five ports and allow trade with foreigners. Through these and other nineteenth century ports, the Chinese came into contact with foreign products. Outside the ports, the widespread presence of foreign missionaries introduced Chinese people to foreign culture.⁴⁶

Due to its lack of international clout during the nineteenth century, China was not able to restrict foreign imports by means of tariffs. Other means were used to restrict the expansion of foreign products. A cultural movement developed that stressed the difference between national and foreign products. Consumption of Chinese products became a part of being

⁴⁶ Gerth 2003, 37, 39

Chinese.⁴⁷ According to a common slogan, "Chinese people ought to consume Chinese products" (Gerth 2003, 15). Being Chinese meant consuming Chinese products.

During these boycotts, consumers across China first learned to put to use the categories underlying this culture; merchants were forced to identify and sell in terms of product-nationality and either remove or camouflage foreign goods; and national product manufacturers came to dominate domestic markets. Above all, boycotts were important to the movement because they forced people to visualize commodities in terms of product-nationality. (Gerth 203, 184)

Similar early twentieth century movements can be found in other countries in Asia, Europe and Africa.⁴⁸ The goal of the movement in China was to make the Chinese market truly Chinese without foreign products or products that were made of foreign materials or produced by foreign labour, capital or management.⁴⁹ According to Gerth (2003, 20), the movement was not popular among Chinese consumers as imported products were regarded as fashionable by Chinese consumers.

The trade deficit in China was seen as a symbol of weakness for the country. China perceived the strong foreign economic involvement as a defeat and believed that regaining power over its domestic economy was of utmost importance. Foreign enterprises enjoyed benefits such as low tariff rates and exemption from additional tolls that Chinese enterprises had to pay. China did not regain autonomy over its tariffs until the beginning of the 1930s.⁵⁰

In the nineteenth century, China's first step toward reversing its trade deficit was to regain control over the heavy manufacturing industry. In the late nineteenth century, in response to increased imports of consumer goods, Chinese enterprises began to evolve to meet the demands of Chinese consumers. Around the turn of the century, China introduced reforms to facilitate the business environment for Chinese enterprises.⁵¹

The National Products Movement emerged at the beginning of the twentieth century. The anti-American boycott of 1905, directed at U.S. immigration policies, is regarded as the beginning of this movement.⁵² The boycott was nationwide and encompassed consumers

⁴⁷ Gerth 2003, 2, 5-6

⁴⁸ Gerth 2003, 15-17

⁴⁹ Gerth 2003, 19

⁵⁰ Gerth 2003, 40-42

⁵¹ Gerth 2003, 60-63

⁵² Gerth 2003, 65

from all social classes.⁵³ The voices were loud for China to regain control over its economy. As in the case of the Resist Russia Movement (1901-05), the boycott of foreign (in this case Russian) products was a response to political events. With regard to the anti-American boycott in 1905, Gerth notes:

This first nationwide boycott inaugurated decades of escalating anti-imperialism expressed through consumption, or rather nonconsumption, and ushered in the widespread use of nationality as the primary mark by which to evaluate commodities and consumers. (Gerth 2003, 65)

After compiling the names of blacklisted products, boycott leaders used many methods both to disseminate their message and to compel participation, such as writing posters, modifying popular songs, destroying stocks of American products, soliciting pledges to participate in the boycott, tearing down advertisement posters for American goods, spreading rumours (for example, that American cigarettes contained poison), and using advertisements to identify products as Chinese and encourage their consumption. (Cochran 1980, 46-51 in Gerth 2003, 129)

The introduction of new products into the Chinese market using foreign imports was first aimed at satisfying the demands of foreign citizens living in China. Subsequently, a domestic market emerged, and imports were soon purchased by Chinese consumers. With the domestic market evolving, foreign enterprises often launched operations in China so they could manufacture at lower cost. Chinese enterprises reacted and entered the market. This entry was facilitated by the fact that during the First World War, imports decreased significantly in China.⁵⁴

Zeng Guofan, the developer of the "commercial warfare" movement in 1862, saw international trade as a weapon weakening China's economy and enabling its military conquest" (Gerth 2003, 59). Regaining control over the domestic economy was perceived as crucial to achieving sovereignty.

Despite the National Products Movement, many consumers still desired and purchased foreign products. The concept of country equity developed, and all products became associated with their nationality. China experienced several anti-foreign boycotts in the first decades of the twentieth century, which intensified in the 1930s and were directed against Japanese products. These boycotts were only a part of the continuous movement of

⁵³ Gerth 2003, 128

⁵⁴ Gerth 2003, 52, 56

nationalization in the Chinese consumer culture.⁵⁵

From political leaders to local elites to Chinese students, economic sovereignty – defined as Chinese control of a Chinese economy – became a primary way of interpreting China's path to self-preservation and to wealth and power. . . . The growing production of national products – the very measure of a successful movement – symbolised and facilitated not only the elimination of imperialism and the creation of national identity and pride but also the restoration of China to its former glory as a land of desirable commodities rather than a destination for them. (Gerth 2003, 67)

The first anti-Japanese boycott took place in 1908 when a Japanese ship was seized in Southern China. After negotiations, the Chinese agreed to release the ship. Dissatisfied with the reaction of the Chinese government, the Chinese public held an anti-Japanese boycott.⁵⁶ In 1909 another boycott against the Japanese arose in Manchuria. This was followed by an anti-Japanese boycott in 1915, held in response to the Twenty-One Demands presented to China's president Yuan Shikai and accepted (with amendments) on May 9th. May 7th, when Japan initially posed its ultimatum, and May 9th were regarded by the Chinese as national humiliations.⁵⁷ These days of national humiliation were commemorated and were aimed at reminding the Chinese of anti-Japanese sentiments.

The number of "national humiliation days" continued to grow, as did the intensity surrounding their commemoration. (Gerth 2003, 146)

The National Products Preservation Association (NPPA) was established in 1911. Initially, only native-place associations and individual members were eligible for membership, but representatives of companies later gained eligibility as well.⁵⁸

In its first three years of activities, the NPPA published and distributed over 100,000 pieces of literature per year, including membership information, circulars on and promotions of national products, verification of the status of products, group advertisements, and so on. During 1915, however, the total expanded to over 300,000. The numbers alone do not tell the full story – the NPPA explicitly instructed recipients to circulate copies. (Gerth 2003, 143)

The NPPA examined products and compiled a list of approved National Products. This movement continued even after the boycotts had been suppressed.⁵⁹

⁵⁵ Gerth 2003, 125-126

⁵⁶ Gerth 2003, 131

⁵⁷ Gerth 2003, 133-134

⁵⁸ Gerth 2003, 142-143

⁵⁹ Gerth 2003, 144-145

1919 saw another anti-Japanese boycott following the Versailles Peace Conference. The aim of the protestors was to boycott Japanese goods and punish individuals who sold Japanese goods by way of public humiliation. Shops removed Japanese products and replaced them with national or non-Japanese imports. Many Chinese newspapers did not publish advertisements of Japanese products. The movement included the promotion of national products and supported Chinese enterprises.⁶⁰

Most important, although impossible to measure, was the growth of a nationalistic consumer consciousness by the conspicuous broadening of the movement through the boycott, which made a much greater attempt to enlist and demand the participation of all Chinese. (Gerth 2003, 156)

Chinese consumers slowly became educated about the social importance of national products with the help of trade fairs, movies, fashion shows, newspapers, magazines and museums.⁶¹ Stores and markets that only offered national products were established.⁶²

In 1923, another anti-Japanese boycott took place. This boycott was meant to punish Chinese employees working for Japanese enterprises and Chinese merchants who sold Japanese products in addition to Japanese merchants residing in China.⁶³

In 1925 an anti-Japanese and anti-British boycott occurred, followed by major boycotts in 1928, 1931 and 1932. In addition, there were several major strikes targeting Japanese factories during this time.⁶⁴

In 1928 the Chinese National Products Tentative Standards were published. All enterprises were required to undergo an examination, and certificates were issued for the national products based on the origin of their capital, management, raw materials and labour.⁶⁵

The number of Chinese products increased as a result of the boycotts, and local industry grew. Several Chinese enterprises owed their success to the boycotts.

In any case, it is clear that boycotts created the demand for national products that led to the establishment of entire industries in China. (Gerth 2003, 180)

⁶⁰ Gerth 2003, 148-155

⁶¹ Gerth 2003, 204-205

⁶² Gerth 2003, 208

⁶³ Gerth 2003, 160-161

⁶⁴ Gerth 2003, 168-172

⁶⁵ Gerth 2003, 194-196

However, the movement did not manage to eliminate the consumption of foreign products.⁶⁶

2.3. Visits to Yasukuni shrine⁶⁷

The Yasukuni shrine is a Shinto shrine in Tokyo where the souls of those who sacrificed their lives for their home country are honoured. The shrine was reactivated by the nationalists in 1951⁶⁸. Until 1986, when Nakasone Yasuhiro paid a visit to the shrine as Prime Minister, there had been no official visits. The official visit paid by Nakasone Yasuhiro caused many protests from neighbouring countries. Nowadays, the shrine is visited by many Japanese of all ages.

The neighbouring museum serves as a reminder of Japanese war history. It displays relics including the replica of a cherry blossom aeroplane used in the *kamikaze* attacks, a *kamikaze* ship⁶⁹, a picture of Emperor Hirohito in a military uniform from the 1930s and a monument to the Japanese secret police, or *Kenpetei*. Photos of torpedo *kamikaze* attacks and photos showing Mongolians welcoming the Japanese army at the Great Wall can also be found in the museum. In 1985, for the anniversary of the attack on Pearl Harbour, a bronze sculpture was erected commemorating the *kamikaze* special forces. The museum honours the Japanese soldiers who sacrificed their lives for their country by listing the names of each one with a photo, their birthplace, and the date and place of their death. Several revisionist publications that could not be found in other Tokyo bookshops were available for purchase in the museum shop. Commentaries on the exhibits and the films on display tend to be biased in favour of Japanese revisionist history.⁷⁰ During the author's visit to the museum in December 2005, the film *We will not forget (the history)*, a depiction of revisionist history, was being shown. As an example of the film's bias, images of the Manchurian Incident only showed positive scenes, including scenes of Japanese soldiers distributing food to local people. The flyer for the film *We will not forget (the history)* states:

⁶⁶ Gerth 2003, 354

⁶⁷ Please note that the introduction to the visits to the Yasukuni shrine comes largely from author's Master thesis. For this purpose it has been adapted and translated into English by the author. The thesis is available in German at:

<http://www2.hu-berlin.de/japanologie/dokumente/studium/mog-sidor.pdf>

⁶⁸ Buruma 1994, 220

⁶⁹ Human torpedo

⁷⁰ For more details, please see author's Master thesis

This film illustrates the true modern history of our country, the history that is not being told in the schoolbooks. Let's show it to all children, grandsons and granddaughters. It will promote the pride of our country. (Flyer *We will not forget (the history)*)⁷¹

Neighbouring countries denounce official visits to the Yasukuni shrine because fourteen Class A war criminals are honoured in the shrine. These criminals include, among others, Tōjō Hideki⁷². Koizumi Junichirō visited the shrine five times during his premiership, while Abe Shinzō refrained from visiting during his time in office.

2.4. Denial by Japanese leaders⁷³

Many Chinese allege that Japanese histories fail to acknowledge Japanese aggression during the Second World War. The Nanjing Massacre is one of the main events that Chinese and Japanese accounts do not agree on. The two countries' histories differ in their interpretation of events and in the factual details they cite, such as the number of victims of the Nanjing Massacre. The Chinese believe that the number of victims is higher than the Japanese records state.⁷⁴

The Chinese are against revisionist publications related to events like the Nanjing massacre. However, publications that interpret events similar to Chinese accounts can be found in addition to revisionist publications in Japan. Despite this, several Japanese publications take a revisionist view of history. Nevertheless, many ordinary Japanese people admit the failures of Japan in the past and are familiar with the atrocities committed by their country. Among the Japanese scholars there is a dispute regarding the Nanjing Massacre (*Nankin Ronso*⁷⁵): This dispute is mostly voiced in non-academic circles.

Watanabe Shoichi⁷⁶ and well-known politician Ishihara Shintarō⁷⁷ published a book called *A Japan That Can Say "No"* in which they deny that the Nanjing Massacre occurred.⁷⁸ In an

⁷¹ "この映画は、教科書ではおしえられてこなかった、わが近・現代史の真実の歴史が描かれています。皆さんのお子さんやお孫さんに見せてあげてください。きっと、わが国への誇りが湧き上がってくるでしょう。" (Translation by Karolina Mog-Sidor, Master thesis)

⁷² Japanese Prime Minister (October 18, 1941 – July 22, 1944)

⁷³ Please note that the introduction to the denials of the Japanese leaders comes largely from author's Master thesis. It has been adapted and translated into English by the author. The thesis is available in German at: <http://www2.hu-berlin.de/japanologie/dokumente/studium/mog-sidor.pdf>

⁷⁴ For more details about the history issue, please see author's Master thesis

⁷⁵ Nanjing debate

⁷⁶ Japanese professor and author

⁷⁷ Japanese author and politician (1932-) He stated that the events in Nanjing are a lie that was fabricated by the Chinese.

⁷⁸ Buruma 1994, 118-122

interview for *Playboy*, Ishihara stated that the Nanjing Massacre is propaganda and a fabrication of the Chinese. He added that even if the Nanjing Massacre had occurred, the events in Hiroshima were much worse. While some Japanese deny what happened during the Second World War, many admit the atrocities committed by their own country. Some citizens try to counteract those who deny the atrocities. For example, the Society of Kyoto Citizens Who Will Not Tolerate the Ishihara Statement was founded to show that they do not agree with these denials.⁷⁹

Another example of Japanese denial can be shown in the foundation of the Committee on History and Screening⁸⁰ within the Liberal Democratic Party of Japan by 105 members including Hashimoto Ryūtarō⁸¹ and Mori Yoshirō⁸². Their goal was to show the war in a different light. The results were published in a book⁸³ in August 1995, which stated that the East Asia War was a war of defence and liberation and that both the Nanjing Massacre and the existence of comfort women were fabrications.⁸⁴

The Chinese are particularly sensitive to symbols of the Japanese militarism such as the *Kimigayo*-hymn and the old Japanese war flag, both reactivated in 1991. Chinese citizens are also sensitive to the introduction of revisionist history schoolbooks in Japan. Such signs give the Chinese the impression of a revival of Japanese militarism. Also in 1991, the Japanese Prime Minister Mori Yoshirō called the Chinese-Japanese War the "China incident". When he became Prime Minister again in 2000, he stated that Japan is a divine country with the emperor as its centre.⁸⁵

At the beginning of April 1994, two armed right-wing extremists took a hostage to force *Asahi shinbun* to publish an article stating that the interpretation of the Tokyo Trials was wrong. They believed that the 1938-1945 war was inevitable and served to aid Japan's self-defence. In May 1994, several articles were published that stated that Japan had saved other Asian countries from becoming colonies of Western countries and that the Pacific War was not a

⁷⁹ Buruma 1994, 122

⁸⁰ *Rekishi kentō iinkai*

⁸¹ (1937-) Japanese politician, Prime Minister 1996-1998

⁸² Japanese politician (1937-), Prime Minister 2000

⁸³ „*Daitōa sensō-no sōkatsu*“

⁸⁴ Rose 2005, 53

⁸⁵ Harris 2002, 353

war of aggression. This was the first such statement by a Japanese Prime Minister since the Second World War.

On the other hand, in 1993, the LDP lost the majority, which not only meant changes in the cabinet but also in the interpretation of history. The new Prime Minister called the Second World War an aggressive and colonial war, and the government acknowledged that the state was involved in the conception and the management of "comfort houses". However, LDP members did not acknowledge this interpretation and they refused to apologise. In 1994 the organisation Diet Members League for the Fiftieth Anniversary of the End of the War was founded by the former education minister Okuno Seisuke.

In 1993, Prime Minister Hosokawa⁸⁶ stated that Japan was responsible for the past atrocities and that Japan should apologise to other Asian countries.⁸⁷

In May 1994, Japan's then justice minister publicly stated that he had been in Nanjing as an officer shortly after the Japanese occupation of Nanjing and that he had not heard anything about an incident or a Nanjing massacre. As a consequence, he was forced to resign.⁸⁸

In Japan, the emperor used to be treated as sacred; therefore, a critical examination of its history would have amounted to interference in current politics. For this reason, writing about controversial topics has been avoided. However, the youngest brother of Emperor Hirohito criticised the actions of the Japanese military in Nanjing in an interview for *Yomiuri Shinbun*.⁸⁹ Ōe Kenzaburō⁹⁰, the Japanese Nobel Prize for Literature laureate, also advocates both an apology and compensation for neighbouring countries. He published an article titled "Denying History Disables Japan" in the *New York Times Magazine* on 2 July 1995:

Japan must apologise for its aggression and offer compensation. Without that rehabilitation we shall never be able to eradicate the ambivalence in our attitude toward our neighbours. (Young and Yin 1997, xii)

On 15 August 1995, Japanese Prime Minister Murayama Tomi'ichi⁹¹ apologised for Japanese atrocities:

⁸⁶ Hosokawa Morihiro (1938-), Japanese politician, Prime Minister 1993-1994

⁸⁷ Kōichi 2001, 32-33

⁸⁸ Kasahara 1997, 86

⁸⁹ Japan's justice minister Shigeto Nagano stated in a national newspaper that the "Rape of Nanjing", where Japanese soldiers raped, looted and killed hundreds of thousands Chinese, is a fabrication (Young and Jin 1997: 56)

⁹⁰ Writer, Nobel prize laureate in literature 1994 (1935-)

⁹¹ Japanese politician (1925-), the first socialist Prime Minister in Japan 1994-1996

In the hope that no such mistake be made in the future, I regard, in a spirit of humility, these irrefutable facts of history, and express here once again my feelings of deep remorse and state my heartfelt apology. (Dower 1995 In Rose 2005, 103)

Despite his apology, eight members of his cabinet visited the Yasukuni shrine.⁹² It seemed that China accepted Murayama's apology, even though it did not come from the whole cabinet. Subsequent Prime Ministers have often used the words of Murayama's apology for their own speeches. In 1996 Prime Minister Hashimoto stated that his own interpretation of the Second World War was in line with Murayama's interpretation.⁹³

In 1999, Zhu Rongji stated that the majority of Japanese people properly interpret history and a year later on a TV programme during his visit to Japan he stated that China no longer required an apology from Japan but that the Japanese people should know that Japan had never officially apologised to China.⁹⁴

In 2001, Prime Minister Koizumi visited the Marco Polo Bridge and the Anti-Japanese Aggression Museum in Beijing where he formally apologised, stating that the Chinese nation was the victim of Japanese aggression.

2.5. History schoolbooks⁹⁵

New issues of Japanese history textbooks have the potential to cause exogenous shocks. In April 1993, seven books were approved for use in schools. All of these books detail Japanese colonialism in Korea, China and other Southeast Asian countries.

The publication of these schoolbooks was met with a counteroffensive in the form of the foundation of the Association to Create New History Schoolbooks (*Tsukurukai*) in 1996.⁹⁶

The founders believed that history classes should make Japanese students proud to be Japanese.⁹⁷ Fujioka Nobukatsu, one of the founders of *Tsukurukai*, published *History Not Taught in Textbooks*⁹⁸. In 1997, the two first volumes became bestsellers in Japan.⁹⁹

⁹² Byung-Sun 2001, 74

⁹³ Rose 2005, 103

⁹⁴ *Japan Times Online* 2000

⁹⁵ Please note that the introduction to the history schoolbooks comes largely from author's Master thesis. It has been adapted and translated into English by the author. The thesis is available in German at: <http://www2.hu-berlin.de/japanologie/dokumente/studium/mog-sidor.pdf>

⁹⁶ *Atarashii rekishi kyōkasho-wo tsukuru-kai*

⁹⁷ Gerow 2000, 74

⁹⁸ *Kyokashō-ga oshienai rekishi*

⁹⁹ Hein 2000, 25

Japanese views of history are not as homogeneous as they are perceived to be by many Chinese. For example, the revisionist organisation *Tsukurukai* has led to the foundation of several organisations whose goals are counteroffensive. These organisations include: the Children and Textbooks Japan Network 21¹⁰⁰, the Committee for Truth and Freedom in Textbooks¹⁰¹, the Advisory Committee for Discussing Social Studies Textbooks Problems¹⁰², and the Japanese Society for Democratic Education¹⁰³. They organise events and publish books and articles throughout Japan.

While many corrections were required, the history schoolbook published by *Tsukurukai* was ultimately accepted for history education in schools. This book depicts the Pacific War as a war of liberation. Events like the Nanjing massacre are negated. However, due to pressure from China and Korea as well as from opponents in Japan and from the Japanese newspaper *Asahi shinbun*, this history schoolbook was chosen in only 0,04% of schools¹⁰⁴. During the *Tsukurukai* history schoolbook's approval process, 899 historians signed a petition in March 2001 to protest against its approval.¹⁰⁵

After the *Tsukurukai* schoolbook was approved, seven of the largest schoolbook publishing houses removed topics such as the comfort women, Unit 731 and the resistance against Japan from the history schoolbooks. The information about some other events was toned down and glossed over; the Nanjing Massacre was described as the Nanjing Incident. These actions were all in line with the Japanese trend toward a new nationalism.¹⁰⁶ It was seen as a step backward in Chinese-Japanese relations after the achievements of previous years.

The approval of *Tsukurukai* schoolbooks led to protests in China and South Korea. As a consequence, the Chinese government cancelled a planned visit to Japan. Press conferences were held in China and Japan, and meetings between the representatives of the Chinese and Japanese governments took place. The Chinese government requested changes in the controversial contents. On 16 May 2001, the Japanese ambassador received a list of mistakes in the *Tsukurukai* schoolbook that were to be corrected. These included the

¹⁰⁰ *Kodomo-to kyōkasho zenkoku netto*

¹⁰¹ *Kyōkasho-ni shinjitsu-to jiyū-wo renraku-kai*

¹⁰² *Shakai kyōkasho kondankai sewanin-kai*

¹⁰³ *Zenkoku minshugi kyōiku kenkyū-kai*

¹⁰⁴ Richter 2003, 10

¹⁰⁵ Rose 2005, 62

¹⁰⁶ Richter 2003, 21

Manchurian Incident, the Marco Polo Bridge Incident and the occupation of Nanjing. However, the Japanese government was not willing to make any revisions because they believed that the interpretation of *Tsukurukai* was not substantially different from the correct interpretation. The Chinese government did not take any action, but since then it has been paying close attention to the schoolbook issue in Japan.¹⁰⁷

In June 2001, the Asian Solidarity Conference on Textbook Issues in Japan¹⁰⁸ was organised as a counteroffensive to the new nationalistic trend. Its goal was to protest against the approval of the history schoolbook by *Tsukurukai* and to publish a schoolbook with a common Asian historical standpoint. Subsequently, the Asian Network on History Education¹⁰⁹ was founded in order to develop a common history for China, Korea and Japan. Despite decades of discussion, the history schoolbook issue has not yet been resolved. The official Japanese interpretation of history is in flux. When historians publish schoolbooks that include details about Japanese aggression during the Second World War, they face opposition from conservative groups in Japan. When these details are removed from schoolbooks, neighbouring countries and liberal groups within Japan pressure historians to include more accurate interpretations of wartime atrocities. This cycle has repeated several times over the past years.

The Japanese history schoolbooks currently in use contain information about the Nanjing Massacre, comfort women and Japanese aggression. Nevertheless, some topics are still taboo such as the role of the emperor.¹¹⁰

Recent history schoolbook disputes have included the use of new media: the Internet. For example, the organisation Children and Textbooks Japan Network 21 maintains a website that is one of the crucial parts of its campaign activities. On its website, the organisation offers background information, news, and a newsletter, and it informs and encourages visitors to take action via the website with a note such as the one published on 7 August 2001:

We strongly oppose the decision of the Tokyo Board of Education to select the “*Tsukurukai*” textbook, and urge its members to reconsider that decision. We also

¹⁰⁷ Rose 2005, 62-65

¹⁰⁸ *Ajia rentai kinkyū kaigi*

¹⁰⁹ *Rekishi kyōiku Ajia nettowāku*

¹¹⁰ Hein 2000, 41

appeal to people throughout Japan, not just in Tokyo, to protest against the decision of the Tokyo Board of Education and to demand a review of this decision. Let's send our protest to the members of the Tokyo Board of Education! (Ducke 2003, 209)

The note also included the address, telephone, fax and a link to the website of the Tokyo Metropolitan Government where visitors could post comments.¹¹¹ The organisation *Tsukurukai* also maintains its own website.

2.6. Shocks related to Prime Minister Abe Shinzō

Abe Shinzō was elected Prime Minister on 26 September 2006 after his tenure as the Chief Cabinet Secretary under Koizumi Junichirō. He graduated from Seikei University in Japan and spent one year at the University of Southern California. Abe Shinzō became popular after the negotiations with North Korea over kidnapped Japanese citizens. In April 2006, he visited the controversial Yasukuni shrine. In March 2007, Abe Shinzō publicly denied the fact that the Japanese military had forced women into sexual slavery during the war. *The Economist* wrote: "The prime minister's latest – and most offensive – gaffe is all too typical" (*The Economist* 10 March 2007). His denials caused many reactions. Many newspapers commented on Abe's statements. A group of Japanese researchers brought up evidence – reports of the allied forces - to prove in public that Abe was wrong. Unfortunately, Abe's office was not willing to comment on the incident.¹¹² The reaction outside of Japan was much fiercer. Following the reactions, on 8 March Abe said that his government would continue to honour the 1993 apology.

On 12 September 2007, almost a year after becoming Prime Minister, Abe Shinzō resigned. He was succeeded by Fukuda Yasuo. This event was also classified as a shock in terms of its effect on Chinese consumer markets, though it differs in some ways from other shocks.

¹¹¹ Ducke 2003, 209

¹¹² *New York Times* 2007a

3. Media introduction

3.1. Characteristics of Chinese media

This chapter will focus on an analysis of the characteristics of the Chinese media and its usage by Chinese individuals. A media usage survey conducted in China in spring 2008 among 500 consumers will be discussed. Additionally, the results of a Japanese media usage survey conducted by <http://japan.internet.com> concerning Japanese media consumers will also be presented.

The Chinese media may sometimes act as a shock amplifier or as a shock creator. Mass media reports on shocks are typically in line with government views. The media, being the representative voice of the government, acts as a gatekeeper, and only selected news is distributed to the readers.¹¹³ The media monitors, filters and modifies incoming information. Some information never arrives in China. Since consumers find out about international events first and foremost from the media, the media thus has an impact on their private knowledge. By monitoring and filtering incoming information, the media shapes consumers' private knowledge and engages in knowledge falsification.

Chinese citizens obtain their information about events related to Japan through the media, and they form their opinions based more on what they have read or seen in the media and less on their own judgement.

Freedom of speech plays a central role in the UN's human rights declaration (1948), because of political abuse of the media through programmes such as US President Wilson's Committee on Public Information, which disseminated negative propaganda about the National Socialists during the First World War.¹¹⁴ In this thesis, the role of the media in Chinese-Japanese relations and its impact on consumers and investors will be analysed.

Siedschlag et al. (2007, 107) regard the media as important stakeholders and believe that foreign policy has significantly changed since the widespread adoption of mass media. The mass media actively criticises, impacts, and comments upon foreign political affairs. By making use of radio, TV, and the Internet, the mass media reaches many more people than ever before.

¹¹³ For more on gatekeeping see McQuail 1994, 212-213

¹¹⁴ Siedschlag et al. 2007, 104

The public is influenced by the media and by the information transmitted through the media. In this respect, there is no medium like the Internet. Individuals can take an active role in the creation of new mass media through posting on forums or interacting in chatrooms. Individuals can stay informed about global events far from their home towns or countries, even if these events happened thousands of kilometres away. Before the information reaches the public, it has already been edited, commented on and analysed.¹¹⁵ This all takes place before politicians have a chance to analyse foreign events. In China, however, the news agencies report to the Publicity Department / Propaganda Department, so the news reports' analyses, comments and edits in the media already depict the official view. The role of the media in China was declared by Jiang Zemin in December 1989.

. . . Jiang Zemin asserted that "press freedom" was a slogan used to oppose the Party. "In the new period," he declared, "news reporting must serve socialism and serve the people." The "counterrevolutionary turmoil and rebellion" in May and June, said Jiang, illustrated the chaos that will result "if the tools of public opinion are not tightly controlled in the hands of true Marxists." (Delfs 1989, 27 in Edwards 2001, 209-210)

The Chinese media is an important tool of the Chinese Communist Party.

The CCP exerts near complete control over the country's 358 television stations and 2,119 newspapers—the primary media available to more than one billion Chinese citizens. (Esarey 2006, 2)

The events reported by the media are cautiously selected and censored. Some important events were either never reported in China, or they were reported with a delay that enabled the CCP to reflect upon the event and decide upon their reaction. Sometimes, the dissemination of news is held back until it becomes inevitable as with information about the spread of SARS. The September 11 attacks were reported only after several hours. Some events were not reported, or their coverage was adapted as with the rice price increases in autumn 2003 or the George W. Bush visit to Japan in November 2005.¹¹⁶

When U.S. President George W. Bush visited Kyoto, Japan, in November 2005 and lectured China about the need to improve religious and political freedoms, his comments went unreported in the Chinese media. There was no live news coverage at the press conference following Bush's meeting with Chinese president Hu Jintao in Beijing; subsequent Chinese news coverage of the Bush visit was restricted to carefully censored wire reports, reprinted verbatim in official media. (Esarey 2006, 2)

¹¹⁵ Siedschlag et al. 2007, 107

¹¹⁶ Esarey 2006, 2-4

Gatekeeping, whereby only some information is distributed to the public, is a part of the Chinese government's policies regarding information and communication. The events to be reported and made public are selected and then interpreted. Moreover, the government tries to prevent the public from access to more information through censorship of the media, especially when other information contradicts the official standpoint. This knowledge falsification process plays a crucial role in the shaping of Chinese citizens' private knowledge, which in turn influences the development of their private and public preferences.

Some authors argue that the Internet is a "technology of freedom" (Li, Xuan, and Kluver 2003, 143). According to the China Internet Network Information Centre there were 162 million Internet users as of 30 June 2007.¹¹⁷ Li, Xuan, and Kluver (2003) state that new media have provided new opportunities, including:

- The ability to provide information anonymously
- Equal opportunity for political expression
- Open and unconstrained topics for discussion
- The ability to both read and publish
- Consumer-driven rather than propaganda-driven content
- A rapid media cycle that bypasses government censors. (Li, Xuan, and Kluver 2003, 144)

Researchers agree that the Internet "increases the ability of Chinese to bypass the traditional mechanisms of news selection on the part of authorities, thus increasing their ability to think politically outside the parameters endorsed by the state" (Li, Xuan, and Kluver 2003, 143). Due to widespread adoption of the Internet, Chinese consumers now have access to a flow of information that they did not have access to before, partially due to the fact that some have learnt how to evade the censorship. Moreover, the Internet offers the Chinese an opportunity to exchange their information and to express their thoughts more freely. They may decide to test public reactions to their preferences by posting them on online forums.

As a popular online activity of Chinese Net users (China Internet Network Information Center, 2001), chatrooms thus pose a significant threat to the government-controlled media by revising and reconstructing the agenda set by the Chinese official press. . . . For decades, the Chinese mass media have served effectively in agenda setting for the People's Republic of China. But as globalisation multiplies the number of news outlets, audiences gain the power to select new outlets, and thereby alter their media exposure. (Li, Xuan, and Kluver 2003, 143)

¹¹⁷ China Internet Network Information System 2009

According to Li, Xuan, and Kluver (2003), the Internet “provided a means of obtaining consensus on difficult political issues, and leverage for significant political action, something that could not possibly have occurred without the networks” (Li, Xuan, and Kluver 2003, 145). Li, Xuan, and Kluver (2003) contend that the front-page coverage by the *People’s Daily* does little to shape the agenda of the Net posting public.¹¹⁸ Furthermore, they contend that it is likely that Chinese individuals living overseas bring current international news into the forums.¹¹⁹

By reading posts on the forums, individuals gain an opportunity to discover the preferences of others without expressing their own preferences. Based on the posts, they determine a particular forum's expected public opinion on the topics being discussed.

Some claim that the Internet is a medium that influences its users not only through its contents but also through its unique characteristics. Since the Internet gives the impression that one can post information online anonymously, many expressions of opinions can only be found there and nowhere else. It is probable that some of the Internet posts discussed in the following chapter would never appear in the offline world.¹²⁰ The reason might lie in the fact that, although individuals express their preferences to others, they still remain anonymous even though forums in China are requested to store information on the users. They might use the forums to test the reaction to a particular public preference. Based on the rewards and punishment they receive online, individuals might decide upon the public preferences they want to communicate offline.

The Chinese government has been active in regulating the Internet in order to "minimise the feared side effect of the free circulation of information" (Zhou 2005, 141). On one hand, according to Article 35 of the 1982 Constitution, Chinese citizens have freedom of speech; on the other hand, this freedom is limited by other Articles.

Article 35. Citizens of the People's Republic of China enjoy freedom of speech, of the press, of assembly, of association, of procession and of demonstration. . . .

. . . Article 51. The exercise by citizens of the People's Republic of China of their freedoms and rights may not infringe upon the interests of the state, of society and of the collective, or upon the lawful freedoms and rights of other citizens. . . .

¹¹⁸ Li, Xuan, and Kluver 2003, 153

¹¹⁹ Li, Xuan, and Kluver 2003, 156

¹²⁰ According to the McLuhan theory, a medium influences the recipient not only by the content of the message but also by the characteristics of this medium.

. . . Article 53. Citizens of the People's Republic of China must abide by the constitution and the law, keep state secrets, protect public property and observe labour discipline and public order and respect social ethics.

Article 54. It is the duty of citizens of the People's Republic of China to safeguard the security, honour and interests of the motherland; they must not commit acts detrimental to the security, honour and interests of the motherland. (*Constitution of the People's Republic of China 1982*)¹²¹

The first of several Internet-related regulations were the Safety and Protection Regulations for Computer Information Systems issued by the State Council in February 1994. These required that all Chinese computer networks be connected to the Internet via Chinanet, the national public information network.¹²² Forums in China also became strictly regulated. The regulations required forum providers to:

- (a) remove any inadmissible content immediately, keep a record of it, and report it to the relevant authority
- (b) record the information posted on a BBS; the time it was posted, and the Internet address or domain name of the posting; these records should be backed up, kept for sixty days and shared with the relevant authorities when requested
- (c) record the times at which users log on, the user's account number, the Internet address or domain name, the phone number of the caller, and other such information; these records should be kept for sixty days and provided to the relevant authorities when requested. (Zhou 2005, 143)

China censors and blocks access to some websites including Wikipedia¹²³, the BBC and websites related to Falun Gong, the Tiananmen Square massacre, Tibet, the Dalai Lama, freedom of speech and Taiwan.

While available to more than 100 million users, the Internet is closely monitored by the state; access to politically threatening Internet sites and web logs is blocked; uncensored satellite television is not legally available to the general public; foreign radio broadcasts are scrambled; and the sale of publications with content critical of the regime is restricted. (Esarey 2006, 2)

Some providers closed chat rooms on the tenth anniversary of the Tiananmen Square massacre in order to prevent the users from publishing anti-governmental comments. Some other providers such as a popular website in Guangdong remained open.¹²⁴

On 10 September 2006, China released and began implementing the Measures for

¹²¹ For more on the Articles of the 1982 Constitution concerning the freedom of speech, see Esarey 2006, 7

¹²² Zhou 2005, 141-143

¹²³ Wikipedia has been recently unblocked.

¹²⁴ Pomfret 1999

Administering the Release of News and Information in China by Foreign News Agencies. These measures were aimed at promoting the dissemination of news in a sound and orderly manner. Foreign news agencies need to get approval from Xinhua to release news reports in China. Moreover, they cannot distribute the news on their own; they have to rely on special entities designated by Xinhua to disseminate their news. Chinese citizens are not allowed to subscribe directly to the foreign news agencies; instead, they are required to subscribe to the designated entities in China. They are also not allowed to distribute the news to a third party. Xinhua chooses the news that can be disseminated.¹²⁵

The Measures state that news and information released in China by foreign news agencies shall not contain any of the following that serves to:

- violate the basic principles enshrined in the Constitution of the People's Republic of China;
 - undermine China's national unity, sovereignty and territorial integrity;
 - endanger China's national security, reputation and interests;
 - violate China's religious policies or preach evil cults or superstition;
 - incite hatred and discrimination among ethnic groups, undermine their unity, infringe upon their customs and habits, or hurt their feelings;
 - spread false information, disrupt China's economic and social order, or undermine China's social stability;
 - propagate obscenity and violence, or abet crimes;
 - humiliate or slander another person, or infringe upon the legitimate rights and interests of another person;
 - undermine social ethics or the fine cultural traditions of the Chinese nation;
 - include other content banned by Chinese laws and administrative regulations.
- (Xinhua 2006)

Chinese Internet users are meant to feel that they are being watched at all times. For instance, users are sent short messages in which they are told to obey the rules. Comical figures *Jingjing* und *Chacha* are online guards that are supposed to remind the netizens that they are being watched.¹²⁶

Google, the world's largest search engine, was founded in 1998 by Larry Page and Sergey Brin – two students from Stanford. According to the website, Google's mission is to organise the world's information and make it universally accessible and useful.¹²⁷

Nowadays, Google is available in many different languages and is able to carry out advanced

¹²⁵ Xinhua 2006

¹²⁶ Der Spiegel 2008a

¹²⁷ Google 2009

searches for items such as websites, news and images. Because the search for information has become a crucial part of both private and business life, Google has developed many solutions to facilitate access to information.

Google China was established at the end of 2000. Yahoo China was established in 1999, and its Chinese competitor, Baidu, was established in 2001. On 3 September 2002 Google China was blocked. It was rumoured that Baidu requested that Google be blocked in order to gain market share. At that time Google had 24% versus Baidu's 3%.¹²⁸ In January 2006, Google China formally re-opened and the government allowed Google to self-censor the contents. In China, Google does not make all information universally accessible, and it blocks the information disapproved by the Chinese government.

Yet Google's conduct in China has in recent months seemed considerably less than idealistic. In January, a few months after Lee opened the Beijing office, the company announced it would be introducing a new version of its search engine for the Chinese market. To obey China's censorship laws, Google's representatives explained, the company had agreed to purge its search results of any Web sites disapproved of by the Chinese government, including Web sites promoting Falun Gong, a government-banned spiritual movement; sites promoting free speech in China; or any mention of the 1989 Tiananmen Square massacre. If you search for "Tibet" or "Falun Gong" almost anywhere in the world on google.com, you'll find thousands of blog entries, news items and chat rooms discussing Chinese repression. Do the same search inside China on google.cn, and most, if not all, of these links will be gone. Google will have erased them completely. (*New York Times* 2006)

Other providers are also involved in censorship. In 2004, Yahoo handed over the personal data of an email account owner, journalist Shi Tao, who was then sentenced to ten years in prison because he sent an email to a pro-democracy website based in New York. The email described a government order to the media on how to report the fifteenth anniversary of the Tiananmen Square massacre.¹²⁹

China has two news agencies: Xinhua News Agency¹³⁰, which has 107 bureaus worldwide, and China News Service. Xinhua was set up in 1931 as the Red China News Agency and has existed under its current name since 1937. It is the official Chinese press agency of the government, an institution of the Chinese State Council, and is therefore criticised for its bias

¹²⁸ *New York Times* 2006

¹²⁹ Amnesty International USA 2009

¹³⁰ or New China News Agency

in reporting. It should be noted that Xinhua reports directly to the Propaganda Department of the Chinese Communist Party.¹³¹

With over 10,000 employees, Xinhua is about eight times bigger than Reuters. The Chinese news agency has contracts with more than 80 foreign news agencies and political news departments. Xinhua is available in simplified and traditional Chinese, English, Arabic, French, Spanish and Russian.¹³²

With a circulation of over three million copies a day, *Cankao Xiaoxi* is the largest newspaper in China followed by the *People's Daily* and the *Yangtse Evening Post*.

Rank of Circulation	Newspaper	Circulation	Rank (world)
1	Cankao Xiaoxi	3,183,000	5
2	People's Daily	2,808,000	9
3	Yangtse Evening Post	1,810,000	21
4	Guangzhou Daily	1,680,000	23
5	Guangzhou Information Times	1,480,000	27


 Newspaper chosen for analysis

Figure 3-1 Major Chinese newspapers (Data from: Mondo Newspapers 2009)

The Cross Asia Databank, which archives the widely read *Renmin Ribao* (*People's Daily*), was used for this media analysis. The *People's Daily* sees itself as the most influential and authoritative newspaper in China. It was set up in June 1948 and has a current circulation of three million. It opened its online portal on 1 January 1997. The website is available in various languages: Simplified Chinese, Traditional Chinese, English, Japanese, French, Spanish, Russian and Arabic.¹³³

People's Daily brings you the latest news dispatches of policy information and resolutions of the Chinese Government and major domestic news and international news releases from China. It reflects the views of the Chinese people, expounds on justice and lambasts various forms of malpractice. (*People's Daily* 2009)

Japan and Chinese-Japanese relations are often discussed in the Chinese chat rooms, and

¹³¹ Reporters Without Borders 2005

¹³² *People's Daily* 2009

¹³³ *People's Daily* 2009

most chat rooms have a special forum for these topics. By including forums dedicated to Chinese-Japanese relations, visitors are encouraged to express their preferences and discuss with others.

One of the most popular forums, *Qiangguo Luntan*¹³⁴, contains a forum about Chinese-Japanese relations that is accessible from the homepage.



Figure 3-2 Homepage of <http://bbs.people.com.cn>

Several thousand main threads were posted on this forum over the course of one year, and even more replies have been posted on each main thread. Topics vary, but the tone is usually harsh.

At *sina.com*, a separate forum commemorates the anti-Japanese resistance.¹³⁵ The oldest posts were made at the beginning of 2004 and are still available online. The forum is far less active than the *Qiangguo Luntan*.

¹³⁴ <http://bbs.people.com.cn> – forum of the *People's Daily*

¹³⁵ http://bbs.news.sina.com.cn/g_forum/00/02/00/



Figure 3-3 Anti-Japanese resistance forum on Sina.com

3.2. Chinese media usage survey

The degree to which the media is representative of Chinese consumer opinion had to be determined in order to analyse the media's impact. No up-to-date media usage survey that determined how well the media represented Chinese consumer opinion could be found. Therefore, a media usage survey was performed among 500 Chinese consumers for the purpose of this thesis.

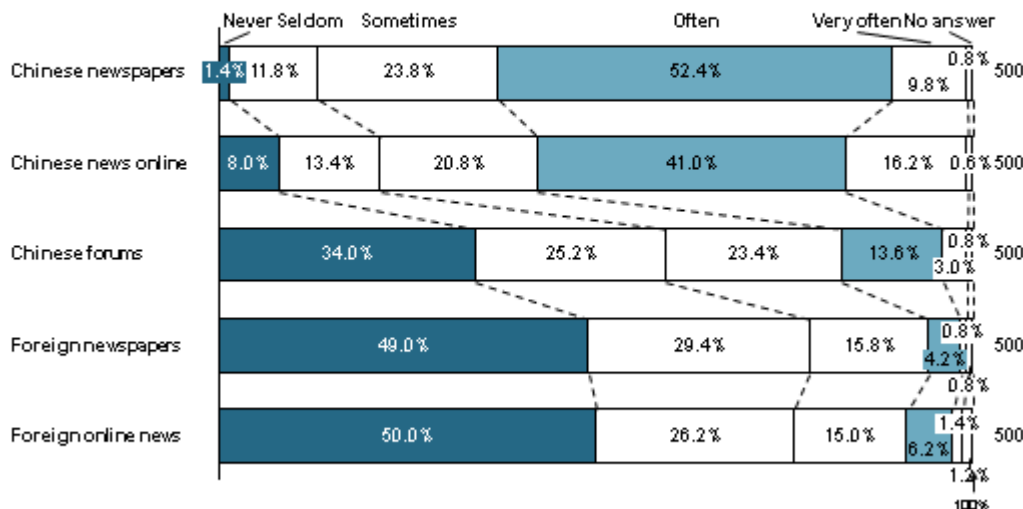


Figure 3-4 Usage of selected media by Chinese consumers

More than 60% of the respondents often or very often read Chinese newspapers. 12% and

24% read the Chinese news seldom and sometimes respectively. The results showed that only 1% of all respondents never read Chinese newspapers, whereas 8% never read Chinese news online.

It is quite evident that the Chinese newspapers and news online are very popular and therefore, *Renmin Ribao* and *Renminwang* were chosen for analysis.

Online Chinese news is also very popular, but it is not yet as popular as the Chinese newspapers. 57% often or very often read Chinese news.

Online Chinese forums are less popular: fewer than 20% read Chinese forums online often or very often. 34% never read Chinese forums online. In this media category, forums including *Qiangguo Luntan* and *Sina.com* will be analysed.

Not many Chinese read foreign news regularly. 50.0% never read foreign news online and 49.0% never read foreign newspapers. Approx. 26.2% and 29.4% seldom read foreign news online or foreign newspapers. A small percentage of respondents read foreign news online or foreign newspapers often or very often.

In addition to media usage questions, the Chinese media survey included questions about the trust the consumers have in the media. In order to analyse the impact of the media on the consumers and assess their impact on private knowledge, it was crucial to know if, and to which extent, Chinese citizens trust the different media. Overall, only approx. 2% and 9% never or seldom trust Chinese newspapers.

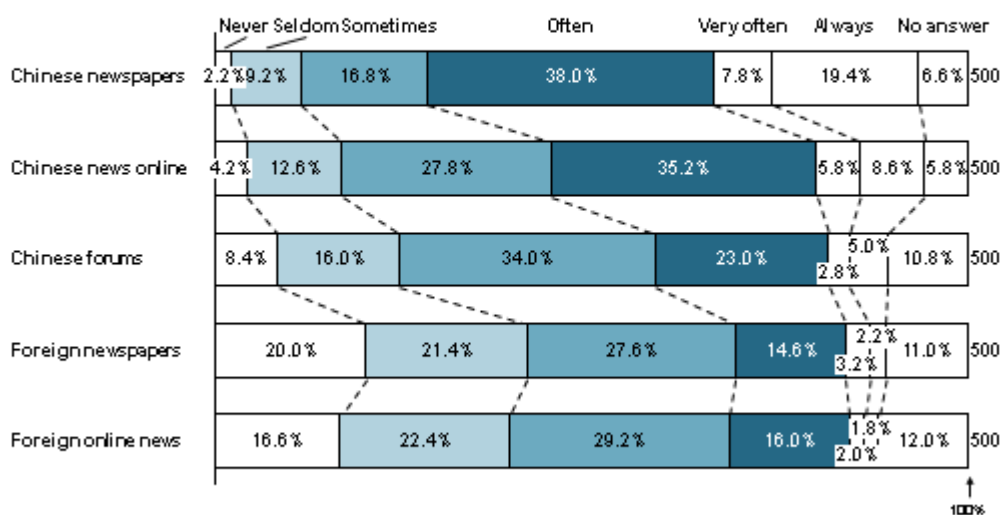


Figure 3-5 How often Chinese consumers trust selected media

Close to 50% trust Chinese newspapers often or very often and nearly 20% always trust

Chinese newspapers. Online Chinese news is not as trusted as the Chinese newspapers; however, approx. 40% trust Chinese news online often or very often, whereas 9% always trust online Chinese news. 17% never or seldom trust online Chinese news. It is evident that Chinese newspapers and news online influence the private knowledge of Chinese consumers.

In comparison to the Chinese newspapers and online Chinese news, the respondents trust online Chinese forums less. 24% never or seldom trust Chinese forums respectively, whereas 34% and almost 23% sometimes and often trust Chinese forums.

As for the foreign newspapers and foreign news online, 20% and almost 17% of respondents never trust foreign newspapers and foreign news online. Almost 28% and 29% only sometimes trust foreign newspapers and the corresponding news online. The reason for some respondents not trusting foreign media might lie in the fact that they do not read it.

3.3. Characteristics of Japanese media

For Japanese consumers, the results of a Japanese survey performed by <http://japan.internet.com> will be presented.

While Japanese newspapers seem to be more heterogeneous and multi-faceted compared Chinese newspapers, loyalty and conformity still rule the Japanese media.

Although the media are guaranteed freedom from government interference and control under the constitution and often expose governmental and business scandals, they are careful, for several reasons, not to challenge too aggressively the bureaucratic-political-business triad. First, there is the emphasis on the group and consensus rather than the individual and independence . . . Loyalty, hierarchy, and conformity in Japanese journalism are institutionalised by the *kisha kurabu*, or press clubs. (Edwards 2001, 216)

Five of the world's top newspapers are Japanese newspapers.

Rank of Circulation	Newspaper	Circulation	Rank (world)
1	<i>Yomiuri Shinbun</i>	10,021,000	1
2	<i>Asahi Shinbun</i>	8,054,000	2
3	<i>Mainichi Shinbun</i>	3,912,000	3
4	<i>Nihon Keizai Shinbun (Nikkei)</i>	3,053,000	7
5	<i>Chunichi Shinbun</i>	2,755,000	10

Figure 3-6 Major Japanese newspapers (Data from *Kyōdō*, *Mondo Newspapers* 2009)¹³⁶

The two largest Japanese news agencies are *Kyōdō News* and *Jiji Press*. *Kyōdō News*¹³⁷, founded in 1945, is a non-profit organisation that finances its operations primarily through membership fees as well as through fees paid by non-member subscribers. Its Japanese-language news is distributed to almost all the newspapers and radio-TV networks in Japan. Its English-language news reports are delivered to news agencies, newspapers, radio-TV broadcasters and various international organisations like WTO, IMF and IOC, and financial information distributors.¹³⁸ *Kyōdō News* also provides news in Chinese.

*Jiji Press*¹³⁹ was also founded in 1945. It has a capitalisation of ¥495 million and provides news in Japanese, English and Spanish.¹⁴⁰

3.4. Japanese media usage survey

Up to the time of writing this thesis, Goo Research had conducted approximately 30 polls on the usage of forums online and about the news sources that the Japanese use. The polls are conducted every two months and this analysis is based on the 29th poll.

Television is the primary source of news for Japanese consumers, followed by the Internet and newspapers.¹⁴¹ For news relating to politics, according to the poll conducted in January 2007, 57% obtain their news from the television, whereas 21.7% and 20.4% obtain their news from the newspapers and Internet respectively. The Internet is the main source of

¹³⁶ According to *Kyōdō*, *Sankei Shinbun* has a higher circulation (2,019,000) than *Chunichi Shinbun*. However, here the ranking has been done according to *Mondo Newspapers* in order to keep it consistent with the Chinese list.

¹³⁷ <http://home.kyodo.co.jp/>

¹³⁸ <http://home.kyodo.co.jp/modules/fstStatic/index.php?pageid=2&>

¹³⁹ <http://www.jiji.com/>

¹⁴⁰ <http://www.fpcj.jp/e/mres/publication/jp/media/news.html>

¹⁴¹ Including politics, economy, international, social

technology, IT and entertainment news.¹⁴²

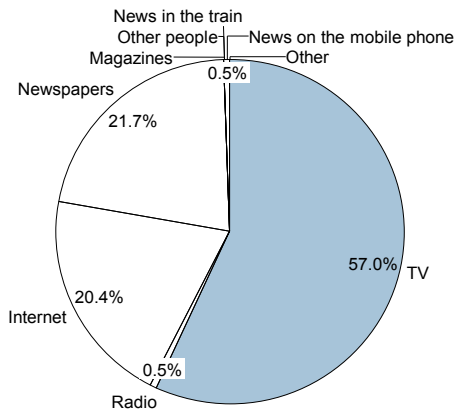


Figure 3-7 From which media sources do you obtain news about politics?¹⁴³ (Data from <http://japan.internet.com/2007a>)

To the question of how often individuals read the news on the Internet, 66.7% of respondents replied that they read it almost every day, 16.7% sometimes read online news and 14% seldom read the news on the Internet.¹⁴⁴

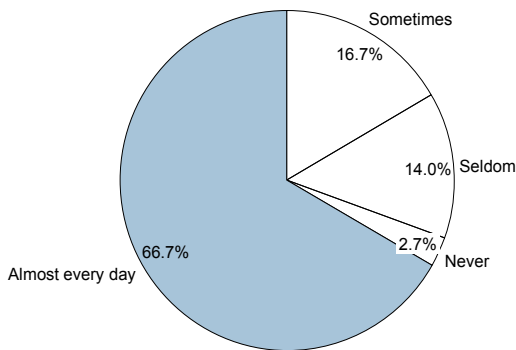


Figure 3-8 Do you usually read news on the Internet?¹⁴⁵ (Data from <http://japan.internet.com/2007a>)

Only 2.7% never read Internet news. 76.2% of all respondents visited a blog last month and only 3.9% of all respondents did not know what a blog is.

¹⁴² <http://japan.internet.com/2007a>

¹⁴³ "政治ジャンルのニュースは、主にどのようなメディアで見聞きしていますか?"

¹⁴⁴ <http://japan.internet.com/2007b>

¹⁴⁵ "あなたは普段どの位、インターネットでニュースを見ていますか"

4. Correlation analysis – media reports vs. consumer reactions

4.1. Introduction

In this chapter, the impact of the media on private knowledge and agenda-setting between 2005 and 2007 will be analysed through a correlation analysis. The examined Chinese media are *Renmin ribao* and the website *Renminwang*. The reactions of consumers will be measured using the forum *Qiangguo Luntan*. This analysis is aimed at examining the agenda-setting theory, and the hypothesis is that Chinese consumers are influenced by the depiction of the events in the media. In subsequent chapters, the impact of shocks on consumers will be analysed using consumer surveys conducted in China and Japan. Several shocks such as the visits to the Yasukuni shrine, the Japanese leaders' denials of the events of the Second World War and the SK-II incident all seem to have negatively impacted the perception and behavior of Chinese consumers towards Japanese products and Japanese enterprises engaged in selling products to Chinese consumers.

4.2. Exogenous “shocks” (from Japan)

4.2.1. Visits to the Yasukuni shrine

Between 2005 and 2007, 78 articles with “Yasukuni shrine” in the title were published on *Renmin ribao*, and 314 articles referred to the Yasukuni shrine in the text.

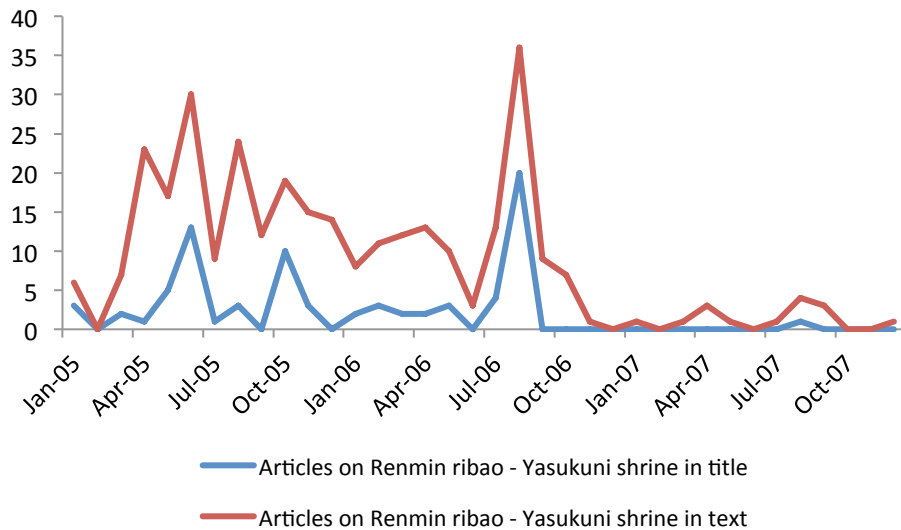


Figure 4-1 Articles related to the Yasukuni shrine on *Renmin ribao*

Analysis based on 314 articles on *Renmin ribao*

The majority of these articles were published in August 2006 due to Prime Minister Koizumi's visit to the shrine. The Prime Minister's previous visit to the Yasukuni shrine in October 2005 also resulted in the publication of a large number of articles. Many Chinese citizens expressed concerns about both visits. In the spring of 2005, numerous articles and posts were made during the period of heavy anti-Japanese protests as well as in the wake of Taiwan Solidarity Union chairman Su Chin-chiang's visit to the Yasukuni shrine.

Overall, the number of posts referring to the Yasukuni shrine posted on *Qiangguo Luntan* during the premiership of Prime Minister Koizumi was much higher than the number of posts during the premiership of Prime Minister Abe Shinzō.

On *Renminwang*, 656 articles refer to the Yasukuni shrine in the title, and 4,576 articles refer to the Yasukuni shrine in the text. Many of the articles and posts mentioning the Yasukuni shrine between 2005 and 2007 refer to the visits of Japanese officials to the Yasukuni shrine. The posting of several articles with similar content supports the agenda-setting theory, which states that media agencies attempt to focus consumers' attention on certain topics. The Yasukuni shrine was also mentioned in several unrelated articles.

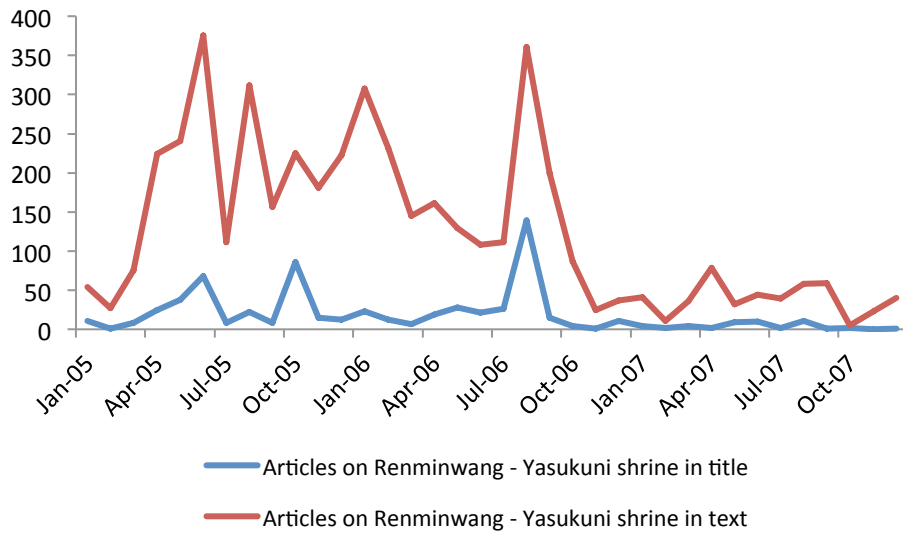


Figure 4-2 Articles related to the Yasukuni shrine on *Renminwang*
 Analysis based on 4,576 entries on *Renminwang*

The fact that *Renminwang* published many more articles about the Yasukuni shrine than *Renmin ribao* might be attributed to lower publishing costs per article. The high number of articles strengthens the agenda-setting process. Repeatedly publishing articles about the Yasukuni shrine causes consumers to think more frequently about Chinese-Japanese relations, and this makes the content seem more credible to the consumers.

The hypothesis that consumers are receptive to the agendas set by media producers is supported by a strong correlation between the number of articles related to the Yasukuni shrine on *Renmin Ribao* and the number of related posts on *Qiangguo Luntan* (0.746 correlation for the articles on *Renmin ribao* that refer to the Yasukuni shrine in the title and 0.880 correlation for articles with the references in the text).

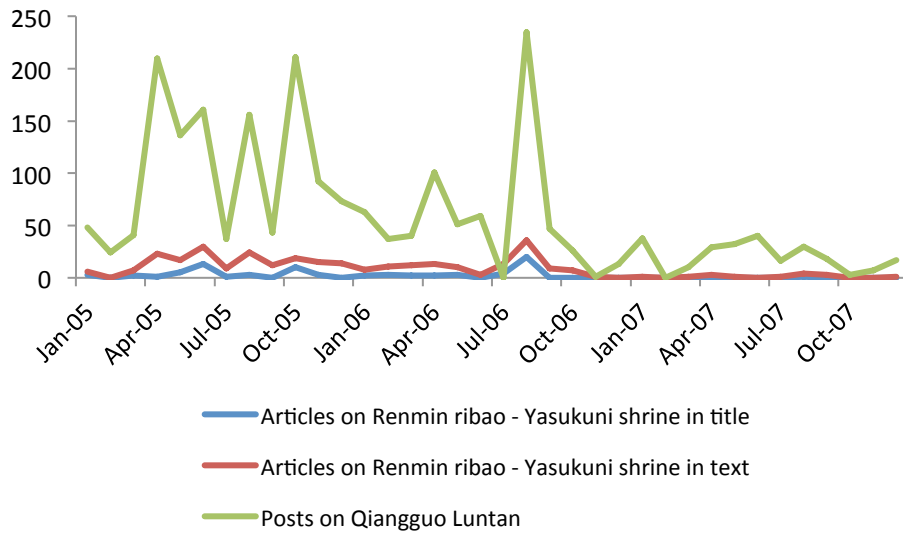


Figure 4-3 Comparison between articles related to the Yasukuni shrine on *Renmin ribao* and the posts on *Qiangguo Luntan*

Analysis based on 314 articles on *Renmin ribao* and 2,145 entries on *Qiangguo Luntan*

Correlation between the entries on <i>Qiangguo Luntan</i> and following media				
	Articles on <i>Renmin ribao</i> - keyword in title	Articles on <i>Renmin ribao</i> - keyword in text	Articles on <i>Renminwang</i> - keyword in title	Articles on <i>Renminwang</i> - keyword in text
Yasukuni shrine	0.746	0.880	0.814	0.801

Figure 4-4 Correlation between the entries on the *Qiangguo Luntan* and the articles on the *Renmin ribao* and posts on the *Renminwang* (Yasukuni shrine)

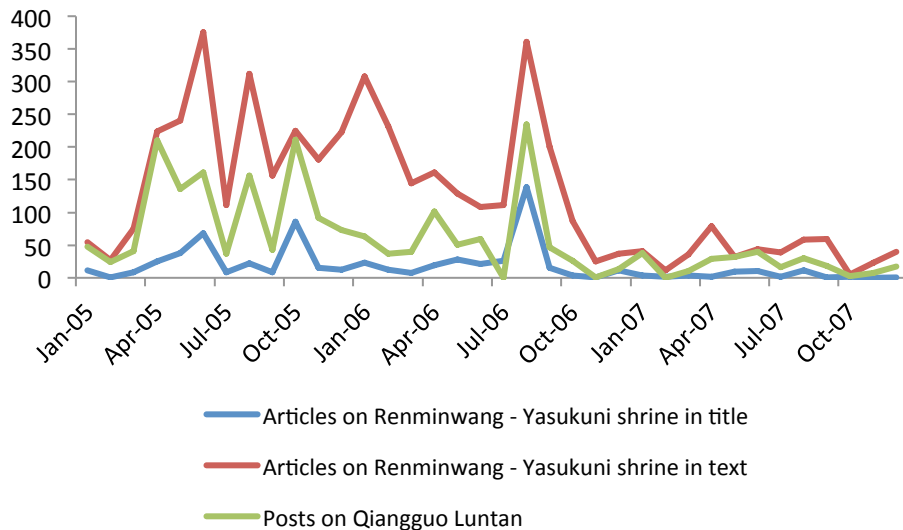


Figure 4-5 Comparison between articles related to the Yasukuni shrine on *Renminwang* and the posts on *Qiangguo Luntan*

Analysis based on 4,576 articles on *Renminwang* and 2,145 entries on *Qiangguo Luntan*

There is also a strong correlation between the articles related to the Yasukuni shrine on *Renminwang* and the posts on *Qiangguo Luntan* (0.814 correlation for the articles on *Renminwang* that refer to the Yasukuni shrine in the title and 0.801 correlation for articles with the references in the text). The increased sensitivity of the Chinese about Chinese-Japanese relations facilitates the agenda-setting process. In addition, a person is more likely to voice his opinion if he thinks that he has the same opinion as the majority. The analysis of the posts on *Qiangguo Luntan* supports the agenda-setting theory as well as the theory that consumers are less likely to express a public preference that differs from the expected public opinion. Generally, netizens on the forum tended to share the same views. Contradicting views could rarely be found, which might indicate preference falsification. Netizens might be afraid of the punishment they could face if they were to express public preferences that differed from those expressed by the majority of the forum participants. Chinese netizens express their public preferences on *Qiangguo Luntan*. The posts on the forums give netizens an opportunity to learn the public preferences of others without expressing their own. They use this information to determine which public preferences will provide the greatest reputational and expressive utility and therefore which preferences to express both on- and offline.

4.2.2. Nanjing Massacre

The Chinese media regularly brings the Nanjing massacre to people’s attention. December 2007, the 70-year anniversary of the Nanjing Massacre, was marked by the publication of many articles referring to the “Nanjing Massacre” on *Renminwang* and *Renmin ribao*.

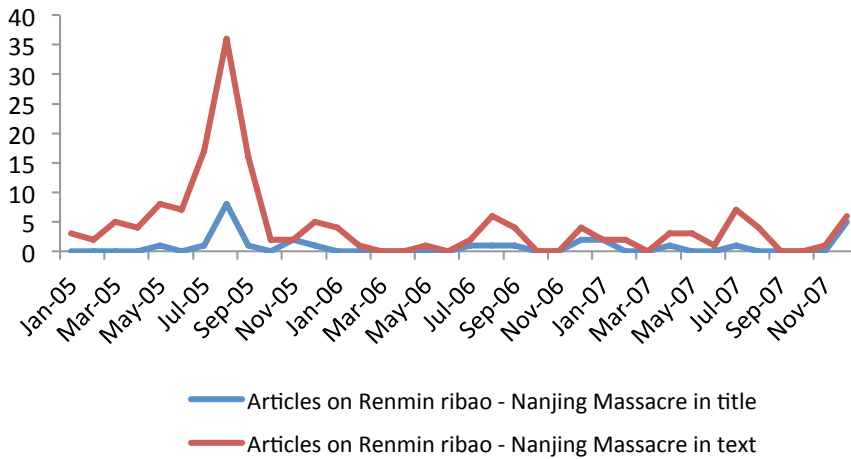


Figure 4-6 Articles related to the Nanjing Massacre on *Renmin ribao*
 Analysis based on 158 articles on *Renmin ribao*

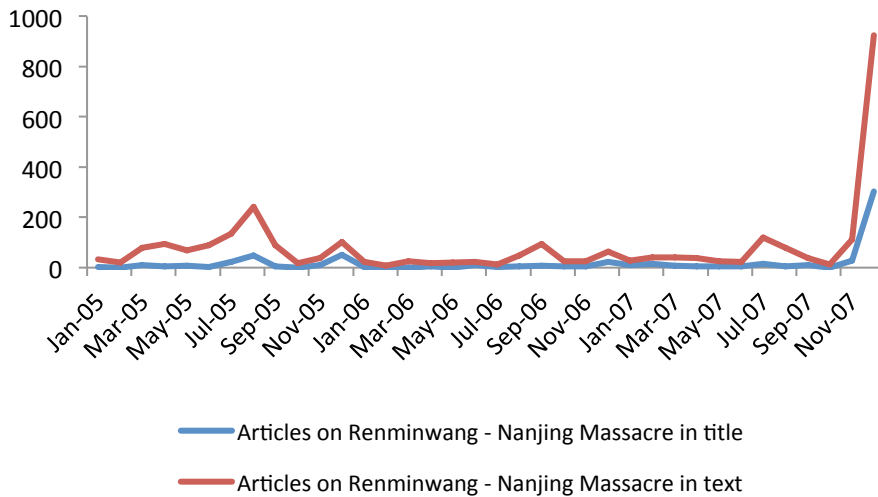


Figure 4-7 Articles related to the Nanjing Massacre on *Renminwang*
 Analysis based on 2,879 entries on *Renminwang*

The number of articles on *Renmin Ribao* related to the Nanjing Massacre in the title positively correlates with the number of the posts on *Qiangguo Luntan* (0.523). However, the number of

articles on *Renmin Ribao* referring to the Nanjing Massacre in the text does not correlate with the posts on *Qiangguo Luntan* (0.135).

Correlation between the entries on <i>Qiangguo Luntan</i> and following media				
	Articles on <i>Renmin ribao</i> - keyword in title	Articles on <i>Renmin ribao</i> - keyword in text	Articles on <i>Renminwang</i> - keyword in title	Articles on <i>Renminwang</i> - keyword in text
Nanjing Massacre	0.523	0.135	0.941	0.913

Figure 4-8 Correlation between the entries on the *Qiangguo Luntan* and the articles on the *Renmin ribao* and posts on the *Renminwang* (Nanjing Massacre)

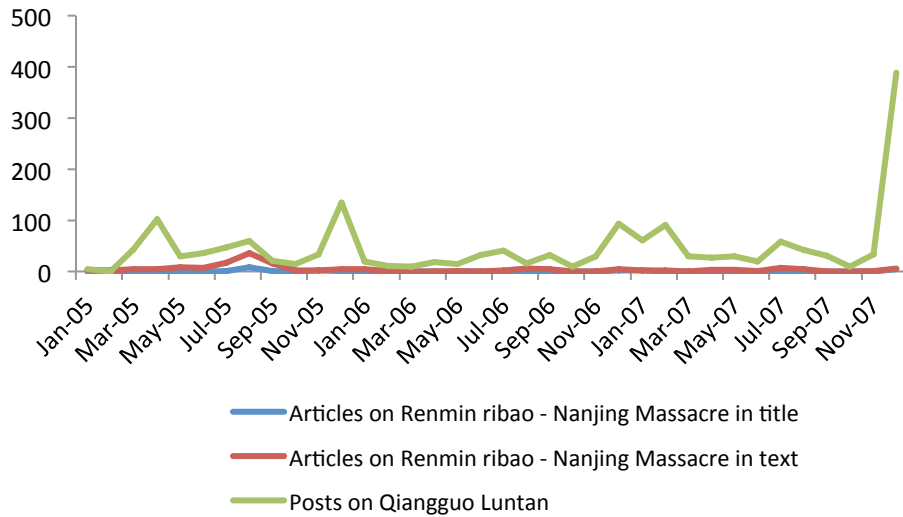


Figure 4-9 Comparison between articles related to the Nanjing Massacre on *Renmin ribao* and the posts on *Qiangguo Luntan*

Analysis based on 158 articles on *Renmin ribao* and 1,673 entries on *Qiangguo Luntan*

Similar to the Yasukuni shrine analysis, there is a strong correlation between the articles related to the Nanjing Massacre on *Renminwang* and related posts on *Qiangguo Luntan* (0.941 correlation for the articles on *Renminwang* that refer to the Nanjing Massacre in the title and 0.913 correlation for articles with the references in the text).

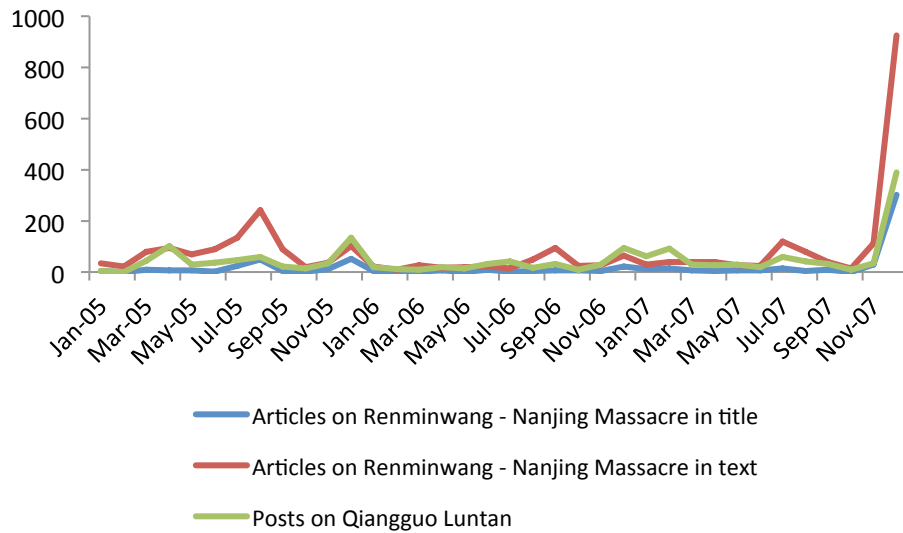


Figure 4-10 Comparison between articles related to the Nanjing Massacre on *Renminwang* and posts on *Qiangguo Luntan*

Analysis based on 2,879 articles on *Renminwang* and 1,673 entries on *Qiangguo Luntan*

In addition to shocks related to the Yasukuni shrine and the Nanjing Massacre, there are several similar shocks with historical backgrounds such as those related to comfort women and to the lawsuit filed by Chinese victims of Japanese chemical weapons. These shocks have a similar impact on Chinese consumers.

4.2.3. Shocks related to Prime Minister Abe Shinzō

With regard to the Prime Minister Abe Shinzō, the content analysis also showed a positive correlation. The articles on *Renmin ribao* referring to Abe Shinzō positively correlate with the entries on *Qiangguo Luntan* (0.902 correlation for the articles on *Renmin ribao* that refer to Abe Shinzō in the title and 0.612 correlation for articles with the references in the text).

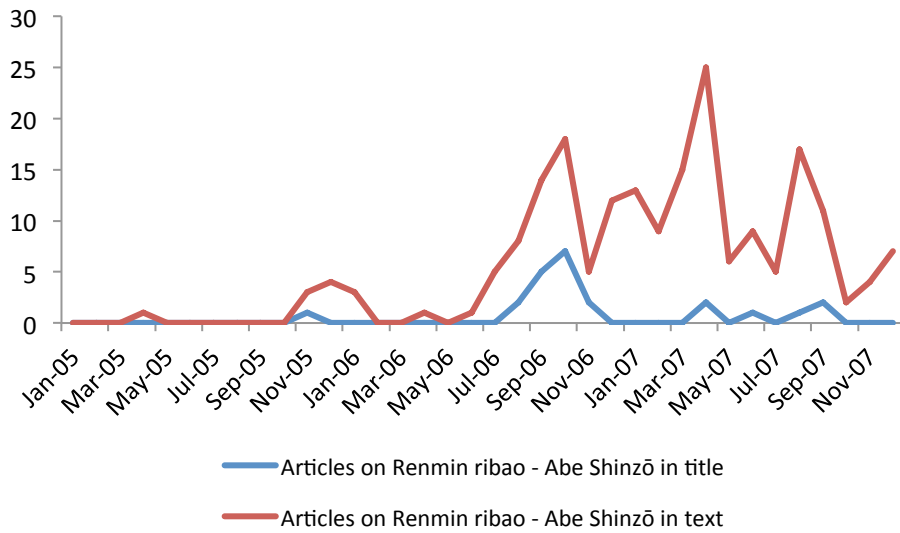


Figure 4-11 Articles related to Abe Shinzō on *Renmin ribao*

Analysis based on 198 articles on *Renmin ribao*

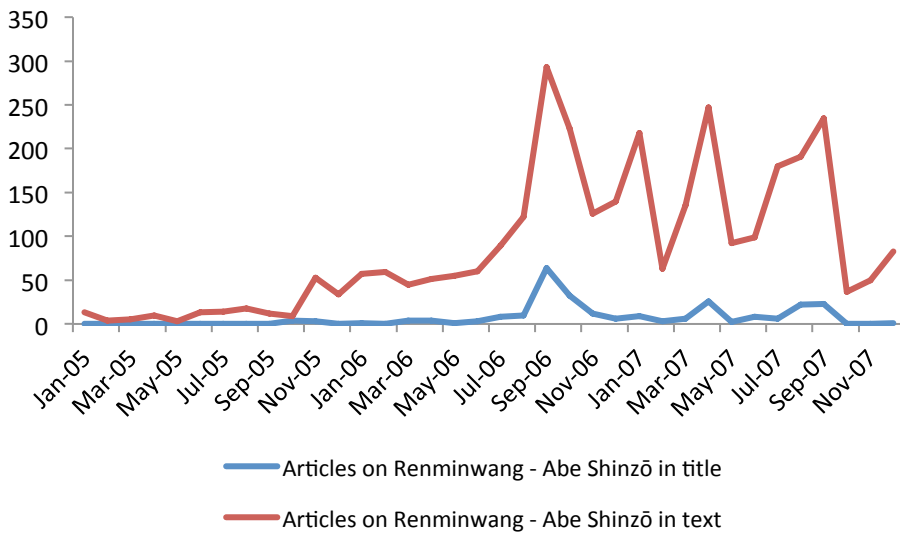


Figure 4-12 Articles related to Abe Shinzō on *Renminwang*

Analysis based on 3,138 articles on *Renminwang*

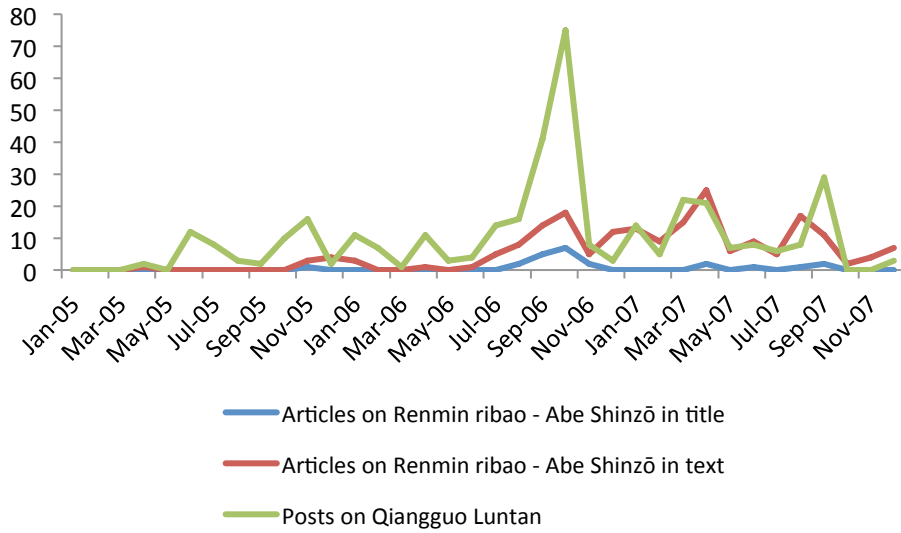


Figure 4-13 Comparison between articles related to Abe Shinzō on *Renmin ribao* and the posts on *Qiangguo Luntan*

Analysis based on 198 articles on *Renmin ribao* and 372 posts on *Qiangguo Luntan*

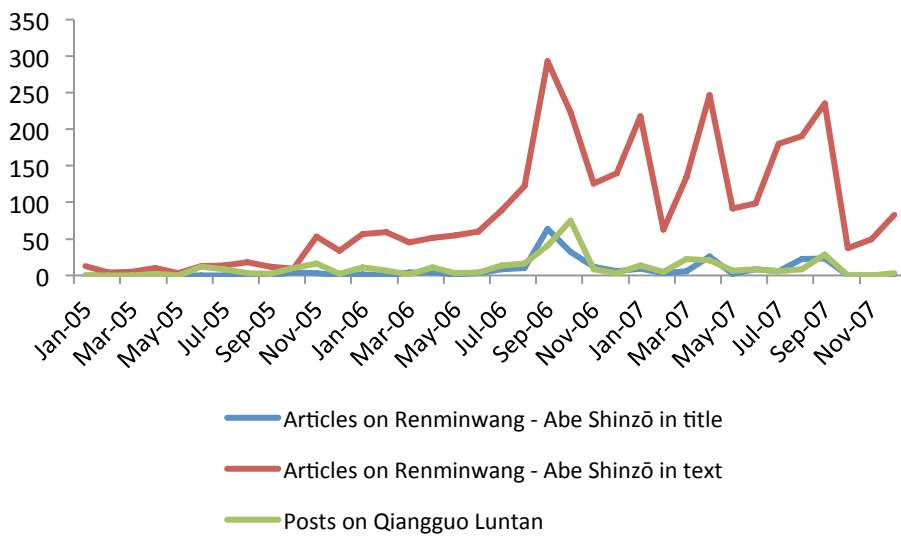


Figure 4-14 Comparison between articles related to Abe Shinzō on *Renminwang* and the posts on *Qiangguo Luntan*

Analysis based on 3,138 articles on *Renminwang* and 372 posts on *Qiangguo Luntan*

Correlation between the entries on <i>Qiangguo Luntan</i> and following media				
	Articles on <i>Renmin ribao</i> - keyword in title	Articles on <i>Renmin ribao</i> - keyword in text	Articles on <i>Renminwang</i> - keyword in title	Articles on <i>Renminwang</i> - keyword in text
Abe Shinzō	0.902	0.612	0.743	0.672

Figure 4-15 Correlation between the entries on the *Qiangguo Luntan* and the articles on the *Renmin ribao* and posts on the *Renminwang* (Abe Shinzō)

Similarly, the articles referring to Abe Shinzō on *Renminwang* and related posts on *Qiangguo Luntan* correlate positively (0.743 correlation for the articles on *Renminwang* that refer to Abe Shinzō in the title and 0.672 correlation for articles with the references in the text).

Overall, this correlation analysis supports the hypothesis that media influences private knowledge. It also supports the agenda-setting theory.

When the resignation of the Japanese Prime Minister Abe Shinzō was announced in September 2007, the Chinese *Renmin ribao* featured it online as its top news story. This shock differed from other historical shocks such as visits to the Yasukuni shrine or the SK-II crisis. It was evident that Chinese consumers would react negatively to these previous shocks. However, the impact of the resignation of Abe Shinzō was difficult to foresee; this uncertainty is incorporated in the title of the article: “Where is Japan heading after Abe’s resignation?”. Because the successor’s stance on Chinese-Japanese relations was unknown, media consumers in both China and Japan reacted with confusion to the news.

4.2.4. Other exogenous “shocks”

The majority of exogenous shocks are related to historical issues such as visits to the Yasukuni shrine and the Nanjing Massacre. These shocks are mostly recurring and have a negative impact on Chinese consumers' perception of Japan.

In addition to the recurring shocks, several non-recurring exogenous shocks took place between 2005 and 2007. A recent shock took place in January 2007, when Japan's minister Yanagisawa referred to women as "baby-machines". This event received substantial criticism in Japan, and he was pressured to resign. Nevertheless, this event caused even more negative reaction in China than in Japan. Articles about this event supported Chinese media

consumers' negative opinions of Japan. These articles may have caused Chinese readers to feel that Minister Yanasigawa's remarks reflected Japanese sentiment as a whole. Repeatedly publishing articles about shocks such as these influences the private knowledge of the consumers and makes the shocks seem more credible.

4.3. Endogenous "shocks" (from China itself)

4.3.1. SK-II crisis

In September 2006, many newspapers reported that Chinese regulators found heavy metals, including chromium and neodymium, in SK-II products during an import inspection. The products were reported to be Japanese products. This event caused panic among Chinese consumers, many of whom requested refunds. Procter & Gamble temporarily closed its SK-II sales counters in China.¹⁴⁶

Traces of neodymium and chromium were first found in nine SK-II products and then a week later in three other SK-II products. An examination centre in Hong Kong also found quantities of these two heavy metals in Lancôme, Estée Lauder, Clinique and Christian Dior products.¹⁴⁷

During the conducted consumer survey, several consumers asked if the SK-II products were safe. These consumers were afraid that the products were not safe; they were not aware of the statement that the government had released about the safety of the SK-II products.

A media analysis revealed that 14 articles related to SK-II products were published between 2005 and 2007 on *Renmin ribao*. The vast majority of the articles were published during the SK-II incident.

¹⁴⁶ *Asia Times Online* 2006

¹⁴⁷ *Asia Times Online* 2006

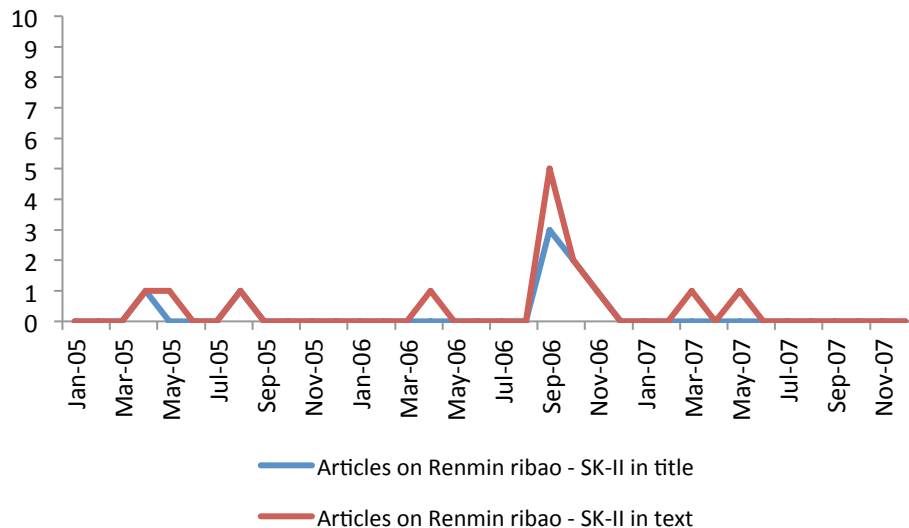


Figure 4-16 Articles related to SK-II on *Renmin ribao*

Analysis based on 14 articles on *Renmin ribao*

In the period between 2005 and 2007, 414 articles referring to SK-II in the text and 168 referring to SK-II in the title were published on *Renminwang*.

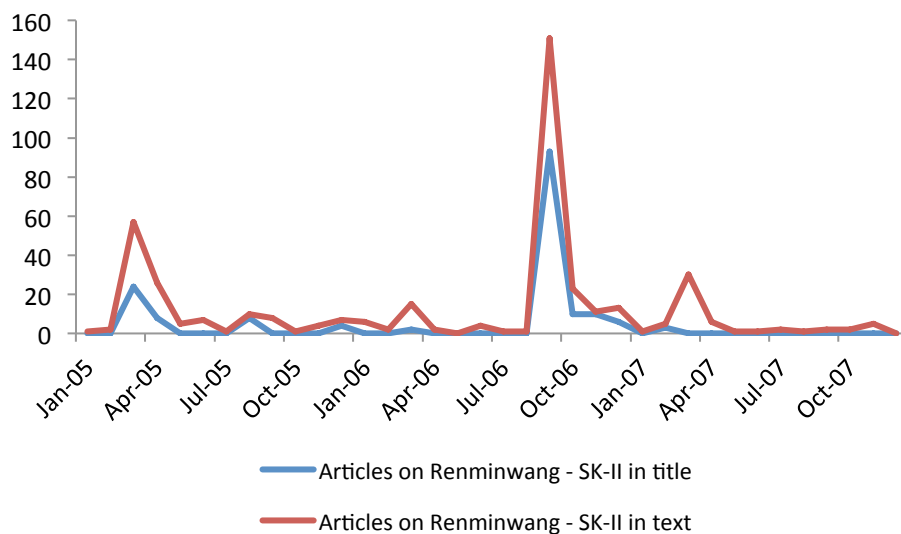


Figure 4-17 Articles related to SK-II on *Renminwang*

Analysis based on 414 articles on *Renminwang*

In 2005, Chinese consumers in Nanchang sued SK-II, and Procter & Gamble was forced to pay 200,000 yuan. The consumer's main claim in their lawsuit was that the SK-II dealers had delivered false propaganda. This event caused a high number of articles about SK-II to be published on *Renminwang* in March and April 2005. The other major spike in the number of

published articles related to SK-II was reported during the SK-II incident in September 2006. A correlation analysis of the articles related to SK-II on *Renmin ribao* and related posts on *Qiangguo Luntan* shows a strong correlation between the two.

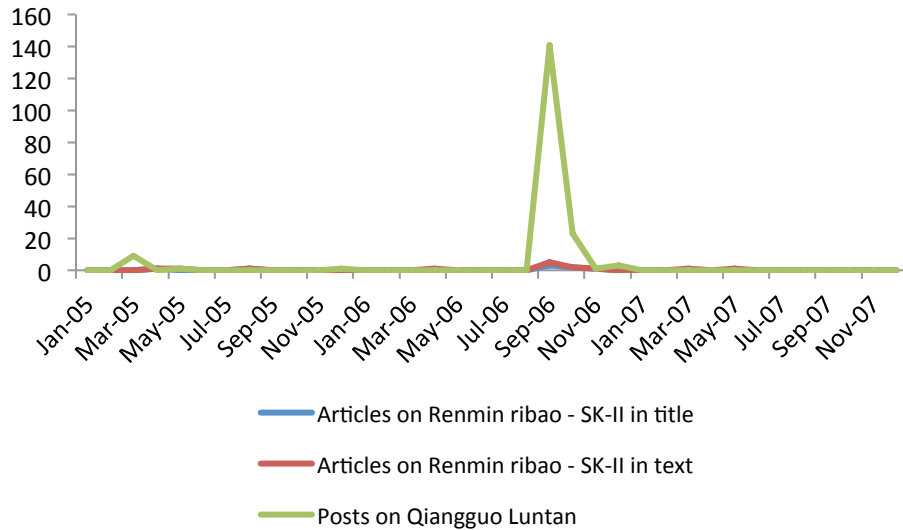


Figure 4-18 Comparison between articles related to SK-II on *Renmin ribao* and the entries on *Qiangguo Luntan*

Analysis based on 14 articles on *Renmin ribao* and 179 entries on *Qiangguo Luntan*

According to the analysis performed on *Qiangguo Luntan*, most of the posts related to SK-II were made during the SK-II incident. There is a strong correlation between the number of articles related to SK-II published on *Renmin ribao* and the reactions of the consumers on the *Qiangguo Luntan* forum (0.815 correlation for the articles on *Renmin ribao* that refer to SK-II in the title and 0.883 correlation for articles with the references in the text).

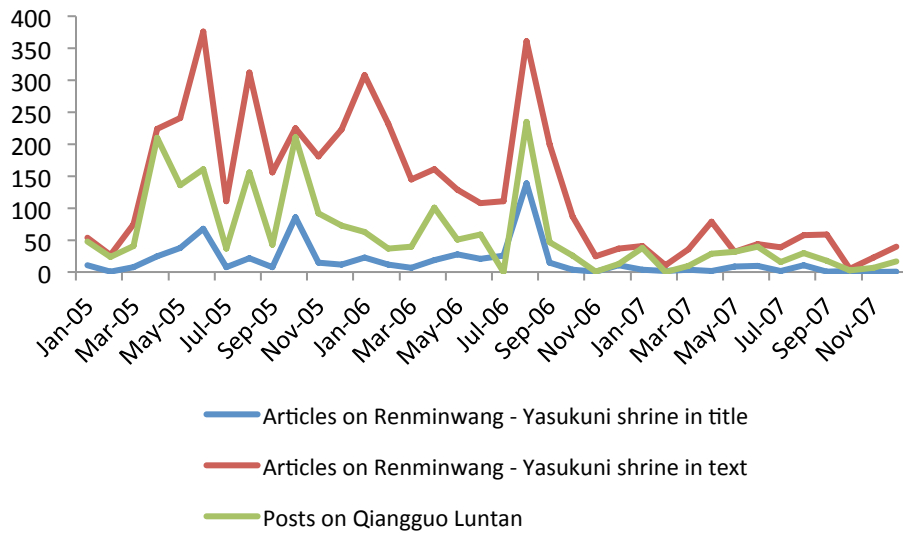


Figure 4-19 Comparison between articles related to SK-II on *Renminwang* and the posts on *Qiangguo Luntan*

Analysis based on 414 articles on *Renminwang* and 179 posts on *Qiangguo Luntan*

Correlation between the entries on <i>Qiangguo Luntan</i> and following media				
	Articles on <i>Renmin ribao</i> - keyword in title	Articles on <i>Renmin ribao</i> - keyword in text	Articles on <i>Renminwang</i> - keyword in title	Articles on <i>Renminwang</i> - keyword in text
Procter & Gamble	0.011	0.625	0.894	0.863
SK-II	0.815	0.883	0.969	0.930

Figure 4-20 Correlation between the entries on the *Qiangguo Luntan* and the articles on the *Renmin ribao* and posts on the *Renminwang* (Procter & Gamble and SK-II)

The analysis of the articles on *Renminwang* also showed a clear relationship between the articles on *Renminwang* and posts on *Qiangguo Luntan*. The articles on *Renminwang* with SK-II and related posts on *Qiangguo Luntan* positively correlate (0.969 correlation for the articles on *Renminwang* that refer to SK-II in the title and 0.930 correlation for articles with the references in the text).

The SK-II products were not the only ones discovered to contain traces of heavy metals. Among others, Lancôme products were also reported to contain traces of heavy metals.¹⁴⁸ Lancôme was referred to in the text of 236 entries on *Renminwang* between 2005 and 2007,

¹⁴⁸ *Asia Times Online* 2006

but only 31 of those posts were made in September 2006. None of the entries published in September 2006 referred to Lancôme in the title. The media reports emphasised the existence of heavy metal traces in SK-II products and drew attention to SK-II products. On *Qiangguo Luntan*, only two entries referred to Lancôme. This relative lack of information on another popular brand found to contain heavy metals as well supports the hypothesis of the agenda-setting theory and the significant impact of the media on private knowledge. Furthermore, the fact that SK-II was fined in March 2005 contributed to consumer reactions with regard to this brand.

Similar to the SK-II analysis, an analysis of articles on *Renmin ribao* and *Renminwang* and posts on *Qiangguo Luntan* related to Procter & Gamble also reveals a peak in September 2006.

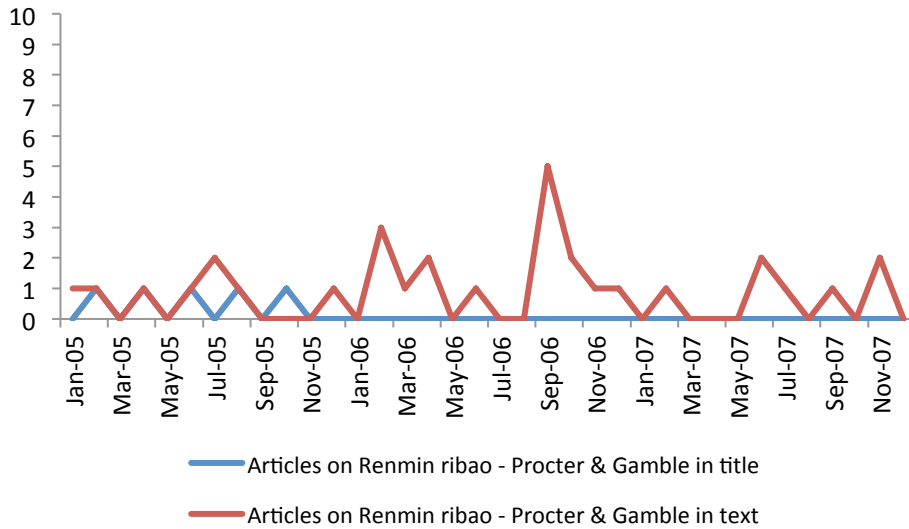


Figure 4-21 Articles related to Procter & Gamble on *Renmin ribao*
 Analysis based on 31 articles on *Renmin ribao*

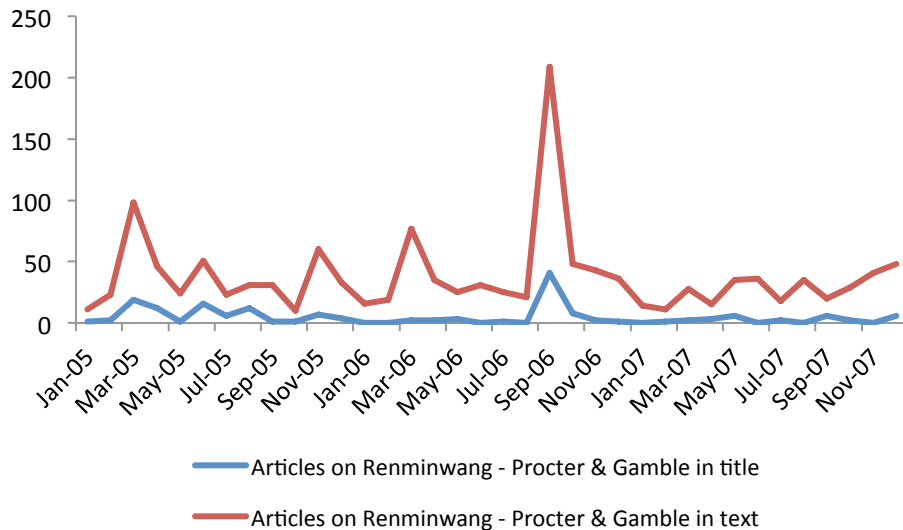


Figure 4-22 Articles related to Procter & Gamble on *Renminwang*
 Analysis based on 1,356 articles on *Renminwang*

The analysis showed a strong correlation between the articles on *Renminwang* related to Procter & Gamble and posts on *Qiangguo Luntan* (0.894 correlation for the articles on *Renminwang* that refer to Procter & Gamble in the title and 0.863 correlation for articles with the references in the text).

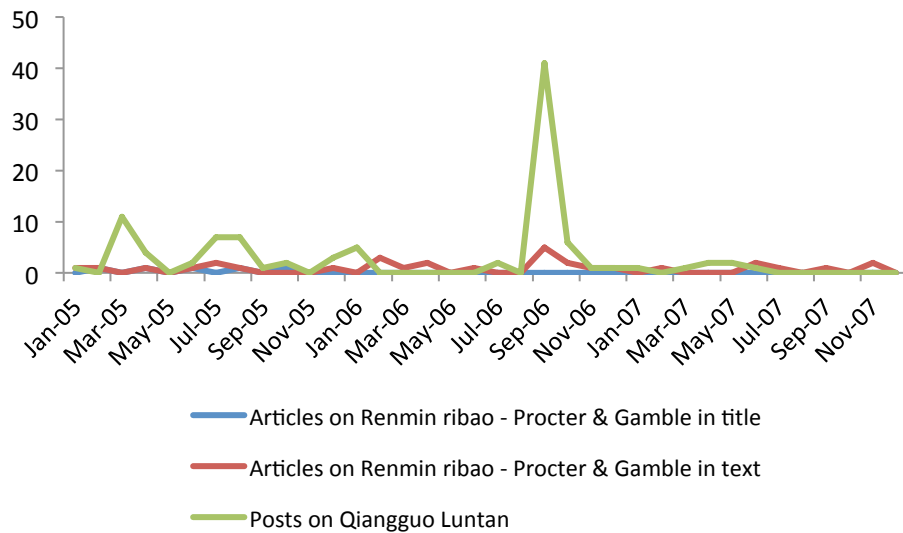


Figure 4-23 Comparison between articles related to Procter & Gamble on *Renmin ribao* and the posts on *Qiangguo Luntan*
 Analysis based on 31 articles on *Renmin ribao* and 101 posts on *Qiangguo Luntan*

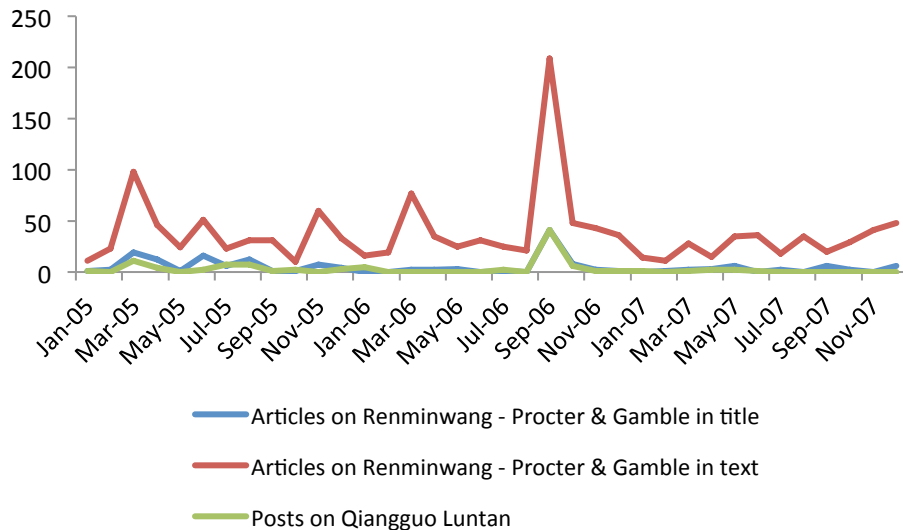


Figure 4-24 Comparison between articles related to Procter & Gamble on *Renminwang* and the posts on *Qiangguo Luntan*

Analysis based on 1,356 articles on *Renminwang* and 101 posts on *Qiangguo Luntan*

With regard to the reactions of netizens participating in the Chinese-Japanese forum on *Qiangguo Luntan*, the SK-II issue received a significant amount of attention in September 2006. Few posts brought up the government's explanation that these products were safe; the majority of posts expressed a negative view of the SK-II brand. Many netizens questioned the quality of Japanese products in general. Many consumers were confused and questioned the products' safety.

SK-II revival; is it good or bad luck? (San Qi She *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on December 2, 2006)¹⁴⁹

SK-II revelation: will it make you more beautiful or harm you? (Zhang Huoding, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on October 3, 2006)¹⁵⁰

Chinese women's SK-II dream has fallen apart: will it make you more beautiful or harm you? (Ai Ni 一~~Wan~~Nian~~~, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on October 3, 2006)¹⁵¹

Some netizens were sceptical about the Chinese and Japanese government's actions.

Why do the Japanese government and Procter & Gamble choose to remain silent about the SK-II incident? (Sheng De Wei Da Huo De Bie Qu, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 30, 2006)¹⁵²

SK-II needs a third party's verification because I do not know whom I can trust: Apart from that, should we check other people's reactions to other issues such as in the case of India's Coca Cola? (Long Long Long Long, *Qiangguo Luntan*, Chinese-Japanese

¹⁴⁹ "SK-II 复活 幸与不幸"

¹⁵⁰ "SK-II 揭秘化妆品：到底是美容还是毁容"

¹⁵¹ "中国女人的一个梦碎了 SK-II 到底是美容还是毁容"

¹⁵² "为何日本政府和宝洁同时选择对 SK-II 事件沉默 zt"

forum, comment posted on September 24, 2006)¹⁵³

We pay attention to SK-II, but we should pay more attention to pesticide residues! I may not use cosmetics, but I have to eat every day! (Long Long Long Long, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)¹⁵⁴

Are the same SK-II products sold in the U.S. and Western Europe? Can we be more accurate than their inspections? This time we won - congratulations! (Long Long Long Long, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)¹⁵⁵

I personally think that our country is irrational with regard to the SK-II incident. Such a small issue is handled so irrationally, China loses more than it gains. (Deng Kai Yuan 8, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)¹⁵⁶

SK-II is back on the shelves and the Vice-Mayor attends the ceremony. Can government officials and business people work together? If I set up a company, why can't I invite a Vice-Mayor? (Zhi Chang Zan Ge, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on December 4, 2006)¹⁵⁷

It is a smart move by China to replace the history issues with the SK-II issue. (Ai Ni --- Wan---Nian---, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 30, 2006)¹⁵⁸

SK-II is only a brand. What about the manufacturer? Let us check who this dishonest manufacturer is. We should all boycott its products. (Bu Ju Yi Ge, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 25, 2006)¹⁵⁹

Some posts cite articles related to SK-II. One of the articles describes several consumers' reactions to the news. Ms. Yeung, one of the consumers, said that she still believed that these products have no problems and she would continue using these products. Another consumer, Ms. Dai, said that she would no longer use SK-II products. The public also pays attention to prominent people who promote a brand. For example, actress Sammi Cheng, announced that she still had confidence in the products and would continue to use them. Karen Mok also expressed her great confidence in the brand, stating that she had already been using the products for ten years and would not stop using them as a result of the incident. The article also describes a consumer who had been using SK-II for five years. The reporter asked her if she had heard about the incident. After finding out about it, she said that there were so many other brands that she would consider giving up SK-II and choosing one of the other products. Several posts and stories show how negative the

¹⁵³ "SK-II, 需要第三方认证, 因为俺也不知道该信谁; 另外, 还应看别人的反应, 印度的可口可乐?"

¹⁵⁴ "关注 SK-II, 更关注农药残留! ——俺可以不用化妆品, 可俺得天天吃饭啊"

¹⁵⁵ "SK-II 同样产品, 在美国、西欧销售吗? 咱比人家还检的准? 这次终于领先啦——庆祝了"

¹⁵⁶ "我个人认为我国这次对 SK-II 的事件的处理非理性。这么小的事用如此不理智的手法, 得不偿失。"

¹⁵⁷ "SK-II 重上货架, 副市长出席仪式, 这个算是官商勾结吗?"

我家公司开业, 为什么请不来副市呢? ? "

¹⁵⁸ "中国这一招实在高明"用 SK-II 替换历史问题"

¹⁵⁹ "SK-II 只是品牌, 厂家呐? 让我们看看这个不诚信的厂家是谁? 大家一起抵制它的产品"

impact of such an incident can be. The netizen below suspects that Japanese people might be trying to poison Chinese consumers.

If it is so (if they did it on purpose), we will suspect that they intended to poison China. (jimye01, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)¹⁶⁰

If the ingredients in SK-II products sold in China are different from the ones sold in Japan and in other countries, then there is a major problem. They may be slowly poisoning us. (jimye01, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)¹⁶¹

Some netizens provided additional insights on the forums and mentioned the presence of heavy metals in other substances such as Chinese medicine, while others mentioned the international standards according to which trace amounts of heavy metals are controlled.

It is very easy for Chinese medicine during growth to absorb heavy metals from the soil. Check any sort of Chinese medicine; they all have many more heavy metals than SK-II! (Ta Shi Xing Le Min Zhu Hao Chu Duo 1, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on October 6, 2006)¹⁶²

Traces of heavy metals present in SK-II products can be up to 1% according to the WHO standards. (renmin06, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 30, 2006)¹⁶³

I used SK-II once several years ago. After several hours, many red spots appeared on my face. I have quite sensitive skin, and I cannot use many kinds of cosmetic products. (Han Mei Dong Xue, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 27, 2006)¹⁶⁴

Following the widespread SK-II incident, the imported cosmetics industry in China became concerned about future business.¹⁶⁵ The incident also triggered a discussion about cosmetic standards.¹⁶⁶ Mainly however, the incident caused confusion and negative sentiment among consumers.

SK-II is closing sales counters across the whole country; consumers do not know what to do. (Yi Tian Yi Di Yi Guang Zai, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)¹⁶⁷

SK-II is withdrawing fully from the Chinese market; customers have smashed windows in Procter & Gamble's Shanghai Branch. (Fou Ding Yi Qie, *Qiangguo Luntan*,

¹⁶⁰ "如果是这样，就要看 SK-II 是否有专对中国投毒的嫌疑了。"

¹⁶¹ "如果 SK-II 在中国销售的成份与在日本国内及在其它国家的销售成份不同，问题就大大的有。这可是慢性毒药了。"

¹⁶² "中药在生长的环境中，非常容易吸附土壤里的重金属元素，你查任何一种，都要比 SK-II 要多!"

¹⁶³ "SK-II 中微量重金属含量是国际卫生组织（WHO）标准的百分之一"

¹⁶⁴ "SK-II 我前几年用过一次，几个小时后脸上就起了很多红苞。

我是敏感皮肤，也是很多化妆品不能用。"

¹⁶⁵ "SK-II 事件持续延烧 中国进口化妆品风声鹤唳 星岛环球网 www.singtaonet.com"

¹⁶⁶ "SK-II 事件引发标准之争 看“三大争议”"

¹⁶⁷ "SK-II 全国撤柜 消费者无所适从"

Chinese-Japanese forum, comment posted on September 23, 2006)¹⁶⁸

A hacker broke into the Procter & Gamble Chinese website; he left a message that said that his intrusion was only aimed at the SK-II issue. (Wen Xun, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)¹⁶⁹

Because of the SK-II incident, windows were smashed in the Procter & Gamble Shanghai Branch. (Ao Xi, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 23, 2006)¹⁷⁰

A crisis that started in one country could possibly be followed by crises in other countries as well.

Hong Kong states that SK-II won't be withdrawn from shelves. (jimmye01, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 23, 2006)¹⁷¹

Singapore discovers that SK-II products indeed contain small amounts of heavy metals. (Xu Er E, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 23, 2006)¹⁷²

Chinese consumers are willing to share their experiences with other consumers. This is known as word of mouth. However, consumers are more likely to share their negative experiences than the positive ones. This has an impact on consumers' private knowledge.

In addition to questioning SK-II, some consumers started to question other Japanese products as well. They also touched upon other long-standing international issues in their discussions about SK-II.

The name itself (SK-II) does not comply with the Chinese national trademark law. (Chen Chen Mo Mo Ji Shi Nian, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 23, 2006)¹⁷³

SK-II has brought out a series of problematic Japanese products. (byzh, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 22, 2006)¹⁷⁴

Standardising business ethics should start with famous international brands; if those fake products are not disposed of, then Chinese companies will follow, let's start with SK-II. (Pi Zhe Yang Pi De Lang, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 20, 2006)¹⁷⁵

SK-II website regards Taiwan as an independent country; Procter & Gamble does not comment. (Zhen Zheng Zhen Zheng, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on December 29, 2005)¹⁷⁶

Some consumers shared their observations and thoughts on the forums, while others sought

¹⁶⁸ "SK-II 全面撤出中国 上海分公司遭用户围堵打砸"

¹⁶⁹ "黑客攻破宝洁中国网 留言称只针对 SK-II"

¹⁷⁰ "因 SK-II 事件群众围堵 宝洁上海分公司被砸(图)"

¹⁷¹ "香港表示 SK-II 不下架"

¹⁷² "新加坡发现 SK-II 品牌化妆品确实含少量重金属"

¹⁷³ "SK-II 的商品名本身就是违犯中国国家商标法的"

¹⁷⁴ "SK-II 带出一连串日本问题产品"

¹⁷⁵ "治理商业道德失范最好从国外名牌开始治理, 国外的伪劣产品得不到处理, 中国企业必然效仿, 从 SK-II 开始"

¹⁷⁶ "SK-II 网站把台湾当成国家 宝洁公司不回应"

explanations from authorities.

When SK-II was accepting returns of products in Chengdu's Taipingyang shopping centre, a female consumer had her skin totally destroyed. The SK-II manager hurriedly took her to the manager's office and refunded her money. (Zhong Guo Ge Ge, Mei Guo Di Di, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 22, 2006)¹⁷⁷

The SK-II brand stops all sales in China and still states that their products are safe. (Ao Xi, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 20, 2006)¹⁷⁸

Mr. Wu Jianmin, please help Chinese consumers! Please say something! SK-II clearly knows that their products have problems; however, they ask consumers to sign an agreement stating that the products do not have problems! This is absurd! (Pi Zhe Yang Pi De Lang, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 22, 2006)¹⁷⁹

Mr. Wu Jianmin says that boycotting Japanese products will do harm to China; however, now SK-II forces Chinese consumers to sign a very bad agreement. Shall we show our love for our country in this way? (Pi Zhe Yang Pi De Lang, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 22, 2006)¹⁸⁰

Japanese officials state: Japanese SK-II products were not inspected before export to China. (Xing Fu Ai Duo Cang Mao Mao, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 21, 2006)¹⁸¹

Some posts include testimonials from consumers. Some consumers attribute their allergic reactions to the traces of heavy metals found in the SK-II products. According to one report, Ms. Hu links her vision problems with the SK-II products that she used from November 2005 until September 2006.¹⁸² On the other hand, there are consumers who trust SK-II products and still use them.

Ms. Liu Jialin states that she uses SK-II all the time. (Gao Ji Xiao Jiao Che, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 20, 2006)¹⁸³

It will be good if our (Chinese) cosmetic products have even half the quality of problematic SK-II products! (Fu Bai Le Bu Xia Tai Wei Xian! , *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 22, 2006)¹⁸⁴

Annex II of the European regulation includes the "List of substances which must not form part of the composition of cosmetic products". Positions 97 and 309 list chromium, chromic acid

¹⁷⁷ "SK-II 在成都太平洋百货退货时候有个女的脸都烂完了, SK 经理赶紧把她拉到经理室退钱"

¹⁷⁸ "SK-II 品牌在华全面停售 仍声明其产品是安全的"

¹⁷⁹ "吴建民先生, 帮中国的消费者说句话吧! SK-II 明知产品有问题却要消费者签定无问题协议! 这是流氓行为啊"

¹⁸⁰ "吴建民说抵制日货是"误国", 如今 SK-II 强迫中国消费者签定流氓题协议, 难道这就是"爱国"应有的代价"

¹⁸¹ "日本官方称:日本 SK-II 化妆品出口前未经检验"

¹⁸² "用 SK-II 十个月眼睛奇痒难耐 要求退货遭遇阻碍"

¹⁸³ "刘嘉玲称一直在用 SK-II"

¹⁸⁴ "我们自己的化妆品什么时候能赶上有问题"SK-II"一半好就好了! "

and its salts, and neodymium and its salts.¹⁸⁵ However, traces of these heavy metals are allowed if they are unavoidable during a good manufacturing process.

Article 4

1. Without prejudice to their general obligations deriving from Article 2, Member States shall prohibit the marketing of cosmetic products containing:

- (a) substances listed in Annex II;
- (b) substances listed in the first part of Annex III, beyond the limits and outside the conditions laid down;
- (c) colouring agents other than those listed in Annex IV, Part 1, with the exception of cosmetic products containing colouring agents intended solely to colour hair;
- (d) colouring agents listed in Annex IV, Part 1, used outside the conditions laid down, with the exception of cosmetic products containing colouring agents intended solely to colour hair;
- (e) preservatives other than those listed in Annex VI, Part 1;
- (f) preservatives listed in Annex VI, Part 1, beyond the limits and outside the conditions laid down, unless other concentrations are used for specific purposes apparent from the presentation of the product;
- (g) UV filters other than those listed in Part 1 of Annex VII;
- (h) UV filters listed in Part 1 of Annex VII, beyond the limits and outside the conditions laid down therein.

2. The presence of traces of the substances listed in Annex II shall be allowed provided that such presence is technically unavoidable in good manufacturing practice and that it conforms with Article 2. (European Commission 2005, 5)

Article 2

A cosmetic product put on the market within the Community must not cause damage to human health when applied under normal or reasonably foreseeable conditions of use, taking account, in particular, of the product's presentation, its labelling, any instructions for its use and disposal as well as any other indication or information provided by the manufacturer or his authorized agent or by any other person responsible for placing the product on the Community market.

The provision of such warnings shall not, in any event, exempt any person from compliance with the other requirements laid down in this Directive. (European Commission 2005, 4)

4.3.2. Boycott of Japanese goods

The majority of the articles related to the boycott of Japanese goods were published in spring 2005. Between 2005 and 2007, 19 articles related to the boycott of Japanese goods were published on *Renmin ribao*.

¹⁸⁵ European Commission 2005, 16-23

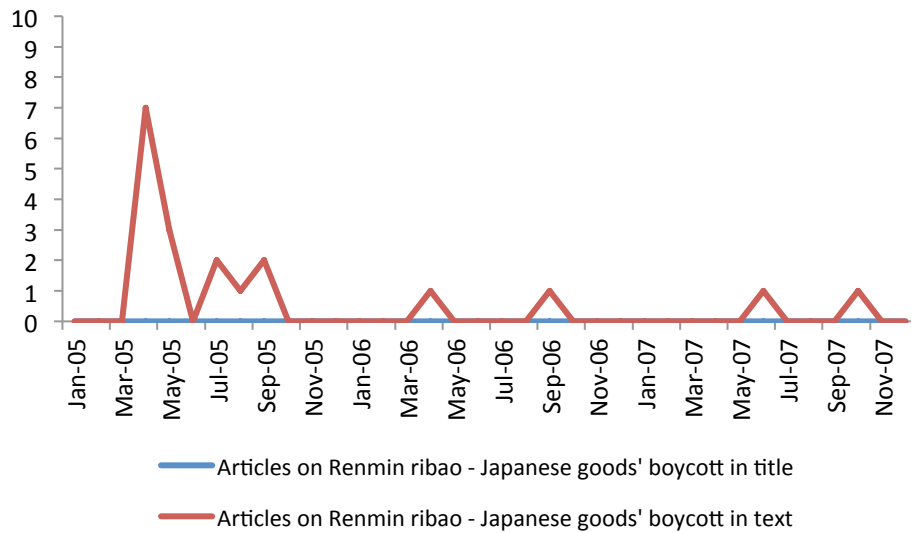


Figure 4-25 Articles related to the boycott of Japanese goods on *Renmin ribao*
 Analysis based on 19 articles on *Renmin ribao*

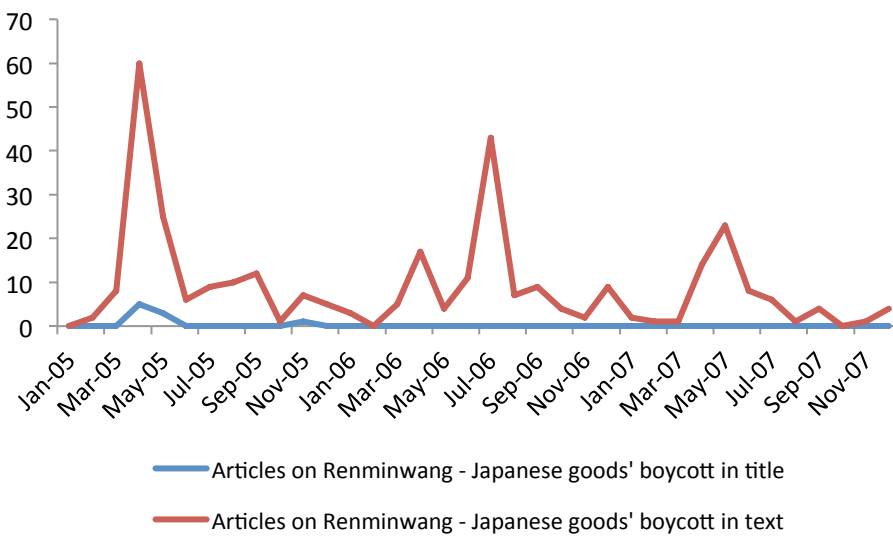


Figure 4-26 Articles related to the boycott of Japanese goods on *Renminwang*
 Analysis based on 324 articles on *Renminwang*

Many *Renminwang* entries referring to the boycott of Japanese goods were published during the anti-Japanese protests in spring 2005 as well as in July 2006. A strong correlation of 0.840 between the articles on *Renmin ribao* referring to the boycott of Japanese goods in the text and the posts on *Qiangguo Luntan* can be observed.

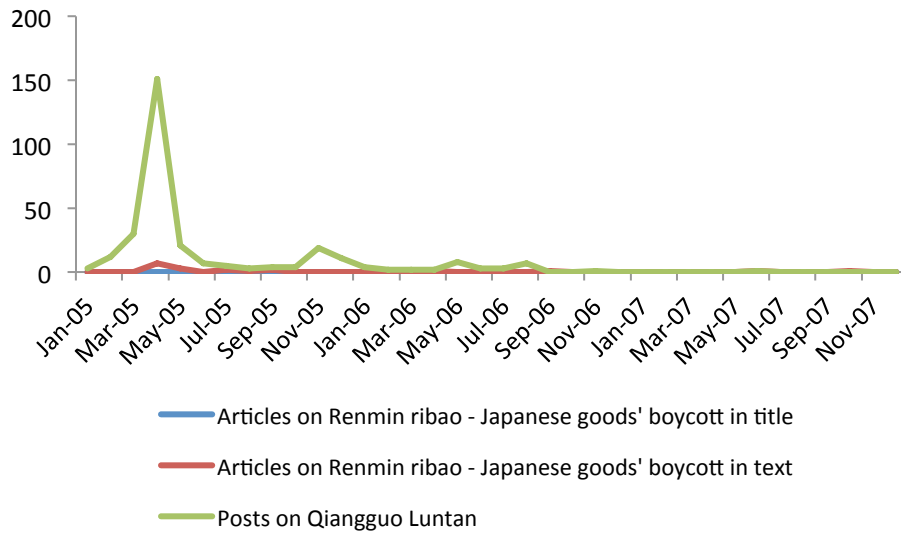


Figure 4-27 Comparison between articles related to the Japanese goods' boycott on *Renmin ribao* and the posts on *Qiangguo Luntan*

Analysis based on 19 articles on *Renmin ribao* and 303 posts on *Qiangguo Luntan*

Correlation between the entries on <i>Qiangguo Luntan</i> and following media				
	Articles on <i>Renmin ribao</i> - keyword in title	Articles on <i>Renmin ribao</i> - keyword in text	Articles on <i>Renminwang</i> - keyword in title	Articles on <i>Renminwang</i> - keyword in text
Japanese goods' boycott	NA	0.840	0.887	0.719

Figure 4-28 Correlation between the entries on the *Qiangguo Luntan* and the articles on the *Renmin ribao* and posts on the *Renminwang* (Japanese goods' boycott)

There is a strong correlation between the number of *Renminwang* articles referring to the boycott of Japanese goods and the number of posts on *Qiangguo Luntan* (0.887 correlation for the articles on *Renminwang* that refer to the boycott of Japanese goods in the title and 0.719 correlation for articles with the references in the text). An analysis of the posts related to the boycott of Japanese goods supports the hypothesis that the media significantly influences the private knowledge of the consumers.

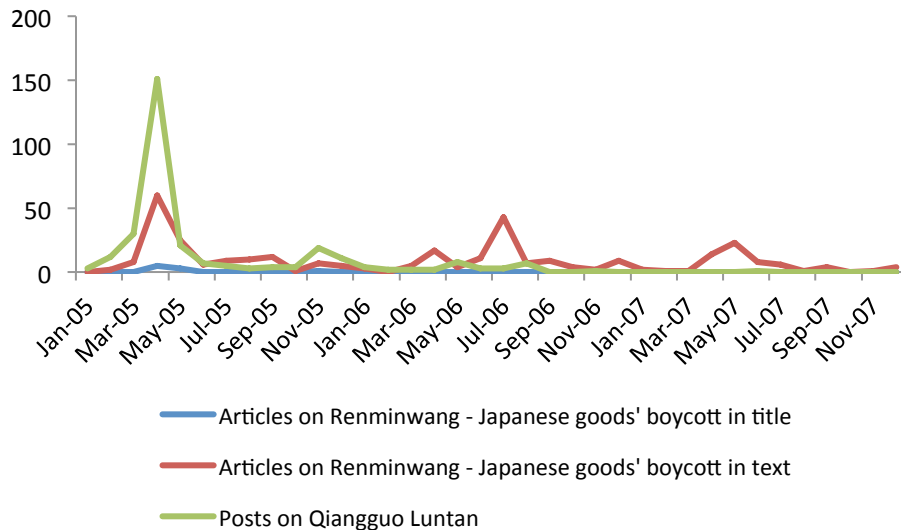


Figure 4-29 Comparison between articles related to the Japanese goods' boycott on *Renminwang* and the posts on *Qiangguo Luntan*

Analysis based on 324 articles on *Renminwang* and 303 posts on *Qiangguo Luntan*

The boycott of Japanese goods was widely discussed on *Qiangguo Luntan*:

Let's bring down Japanese militarism. I strongly urge Chinese people with self-respect to boycott Japanese goods. (Gang Jin Shi Tou, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on February 16, 2005)¹⁸⁶

There is new pragmatic thinking with regard to the boycott of Japanese goods. Diaoyu Islands belong to us. (5151, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on February 2, 2005)¹⁸⁷

Refuse Japanese goods! Buy Korean and other countries' electronics, cars! . . . (Zhong Yi Min, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on March 15, 2005)¹⁸⁸

[Ming Yue Yin] About the rational thinking of the Japanese goods' boycott. (After one year Japan may be paralysed.)¹⁸⁹

[Tai Yuan Da Dao Dui] What you say is right.¹⁹⁰

[Yan Zi Ma Liu] We have already been boycotting Japanese goods for 100 years.¹⁹¹

[Shui Mu Qing Hua Yuan] Thank you for reminding me, we have to continue.¹⁹²

[syzhou] We have to continue boycotting Japanese goods.¹⁹³ (*Qiangguo Luntan*, Chinese-Japanese forum, comments posted on March 9-10, 2005)

We cannot just talk about boycotting Japanese products, we have to act. (58188, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on March 9, 2005)¹⁹⁴

¹⁸⁶ 打倒日本军国主义。强烈要求有自尊的中国人抵制日货。

¹⁸⁷ "抵制日货的务实主义新思维。钓鱼岛是我们的"

¹⁸⁸ "拒买日货，买韩等电子汽车!!!!!! 让日企业黄铺！"

¹⁸⁹ "关于抵制日货的理性思考(一年后，日本即可瘫痪)！"

¹⁹⁰ "说的很对!!!!"

¹⁹¹ "已经抵制 100 年了"

¹⁹² "谢谢提醒，还要继续！"

¹⁹³ "抵制日货，坚持到底"

¹⁹⁴ "同志们啊！抵制日货可不能只停留在口头上。"

[Lun dao Shi Fei] For the sake of the rejuvenation of the Chinese nation and for the sake of Chinese-Japanese relations, let's boycott Japanese goods.¹⁹⁵

[Chen Lao Wu] Rich people, please do not buy Nissan, Lexus or Toyota.¹⁹⁶

. . . (*Qiangguo Luntan*, Chinese-Japanese forum, comments posted on March 20-21, 2005)

A shopping mall in Shanghai asks consumers to take action and boycott Japanese goods in order to undo the bad impact of the schoolbook issue.¹⁹⁷ (Zui Hen Han Jian, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on April 1, 2005)

Today on my way to work, I saw a car with a sentence on the rear window: "Let's boycott Japanese goods, starting with me." Not bad!¹⁹⁸ (Jing Ye Yin Die, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on April 7, 2005)

The largest retail organisation in China decided to stop selling Japanese products.¹⁹⁹ (Tie Feng 696, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on April 7, 2005)

[Feng Xing Jiu Zhou] If Chinese people did not buy Japanese goods for six months, half the people in Japan would be unemployed!!!²⁰⁰

[You Xue Hai Wai] If we do as you say, the number of unemployed Chinese would not be lower than in Japan.²⁰¹ . . .

(*Qiangguo Luntan*, Chinese-Japanese forum, comments posted on April 7-8, 2005)

[Wu Ri] Let's start the boycott of Japanese products by boycotting Japanese cars.²⁰²

[qxsx05] I am against Japan. As we ordinary people say, even if a Japanese product cost one penny, we still would not buy it!²⁰³ (*Qiangguo Luntan*, Chinese-Japanese forum, comments posted on April 14, 2005)

[Dai Kai] A survey shows: 95% of Chinese abhor Japanese atrocities, but less than 5% renounce Japanese goods.²⁰⁴ . . . (Da Kai, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on December 17, 2005)

The Internet forums give the consumers the opportunity to find out about the potential rewards and punishments they would face if they were to express a particular public preference. An individual expressing pro-Japanese feelings or buying Japanese products might be punished by certain pressure groups, which could lead to isolation or even derision on the forums.

People who like to buy Japanese products have the right to do so, and we have the right to despise them.²⁰⁵ (Tian Dao Wu Qing, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on April 24, 2005)

[Xiang Tian Zai Jie 500 Wan] I support buying Japanese products.²⁰⁶

¹⁹⁵ "为了中华民族的复兴、为了中日友好请抵制日货！"

¹⁹⁶ "请有钱人不要购风度凌志丰田车"

¹⁹⁷ "上海商场请行动起来抵制日货，以挽回教科书问题的不良影响。"

¹⁹⁸ "今天上班路上看见前面一辆车的后窗贴有"抵制日货,从我做起"的字样.不错."

¹⁹⁹ "中国最大的零售商组织号召罢卖日货"

²⁰⁰ "如果中国人 6 个月不买日货，日本将有一半人失业!!!"

²⁰¹ "这么干，中国失业的人不会比日本少"

²⁰² "抵制日货从抵制日车开始"

²⁰³ "反日，对于我们老百姓来说，就是一分钱的日货也不买！"

²⁰⁴ "调查显示：95%的中国人痛恨日本的恶行、但 5%不到的人抵触日货....."

²⁰⁵ "爱买日货的人有他买日货的自由，我们有鄙视这种人的自由"---只转一句，精品"

[Se Wu Shen Zhou] Rubbish!! . . . ²⁰⁷ (*Qiangguo Luntan*, Chinese-Japanese forum, comments posted on December 4-5, 2005)

The boycott of Japanese goods becomes "people who use Japanese goods are shameful". What are the results so far? (Dai Kai, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on December 21, 2005)²⁰⁸

Consumers, fearing punishment and isolation, might decide to engage in preference falsification. To make their falsified public preferences credible, they might take actions such as boycotting Japanese products or speaking out against consumers that express pro-Japanese feelings.

4.4. Japanese view on the Yasukuni issue

According to a poll conducted at the end of August 2006, Prime Minister Koizumi's visit to the Yasukuni shrine left the most lasting impression on Japanese interviewees with regard to his premiership. That impression scored 100 points²⁰⁹. Number two on the list was Post Office reform, and number three was shared between the dismissal of Foreign Minister Tanaka Makiko and the repatriation of the five Japanese families kidnapped by North Korea. The Post Office reform scored 96.3, and both number threes scored only 67²¹⁰.

The interviews performed in December 2005 for the purpose of a preceding Master thesis included questions about the Yasukuni shrine. Some respondents had been to the Yasukuni shrine, whereas some others admitted not yet having visited the Yasukuni shrine. Respondents distinguished between visiting the shrine and going there to honour the dead. "I have been to the Yasukuni shrine to visit, not to honour." (Sidor 2006, 137)²¹¹ Several respondents stated that they believed in honouring the dead at the Yasukuni shrine and pointed out that many countries honour the dead. Nevertheless, respondents also stated that it is also necessary to take the feelings of neighbouring countries into account.

I think that the visits in order to honour the war criminals are okay. However, if the shrine's visits by the Japanese Prime Minister hurt the feelings of the other country's people, then it is necessary to reflect on that behaviour. (Sidor 2006, 118)²¹²

²⁰⁶ "支持买日货"

²⁰⁷ "垃圾 !! "

²⁰⁸ "抵制日货, 改为'用日货者可耻'! 效果如何呢? "

²⁰⁹ 100 points means all respondents

²¹⁰ *What Japan Thinks 2006*

²¹¹ "靖国神社行った事あります。単に観光です。別に拝むとかそういう訳じゃない。"

²¹² "戦争戦犯と呼ばれた方を内部に合祀していることについては、別に私はそれに対してはそれでい

	K: Have you ever been to the Yasukuni shrine, the Nanjing massacre museum or any other war-related museum? (Sidor 2006, 117) ²¹³	K: What do you think of the Yasukuni shrine? (Sidor 2006, 118) ²¹⁴
1	I: I have been to the Yasukuni shrine and the museum in Hiroshima. (Sidor 2006, 117) ²¹⁵	I: I think that the visits in order to honour the war criminals are okay. However, if the Japanese Prime Minister's visits to the shrine hurt the feelings of the other country's people, then it is necessary to reflect on that behaviour. (Sidor 2006, 118) ²¹⁶
2	I: I have passed by the shrine by chance. However, I have never been inside. (Sidor 2006, 120) ²¹⁷	I: It is okay. One should not criticise Koizumi's shrine visits, because their purpose is to mourn the dead. They address the feelings of the bereaved and the feelings of the nation. (Sidor 2006, 120) ²¹⁸
3	I: I have never been to a war museum. Neither have I been to the Yasukuni shrine. (Sidor 2006, 122) ²¹⁹	I: It is not good. As for the official visits of the Prime Minister, one should consider the feelings of the neighbouring countries. I am against the visits. (Sidor 2006, 122) ²²⁰
4	I: How do I find the Yasukuni shrine? I went there when I was not aware of the meaning of the shrine. (Sidor 2006, 124) ²²¹	I: This is only religion. Official visits are a problem, but religion is religion. (Sidor 2006, 124) ²²²
5	I: I have been to the	I: One is not initially aware of the meaning of the shrine. I

いと思うんですけども、それは他国、そこに参拝するその日本の首相であると、そう言った方が参拝することが他国の方の感情を傷つけるのであれば、まあ、そう言った行為については多少考える必要があるのかと考えます。"

²¹³ "中国の南京大虐殺記念館、靖国神社あるいはその他の戦争記念館に行った事がありますか?"

²¹⁴ "靖国神社はどう思いますか?"

²¹⁵ "えー、靖国神社と広島原爆記念館には行った事があります。"

原爆記念館には行った時は日本が受けた被害と言うのをすごく実感して、まあ、戦争の酷さであるとか、そう言った事をすごく実感したので、戦争今に伝えると言う意味では非常に意味があるもどと感じました。"

²¹⁶ "戦争戦犯と呼ばれた方を内部に合祀していることについては、別に私はそれに対してはそれでいいと思うんですけども、それは他国、そこに参拝するその日本の首相であると、そう言った方が参拝することが他国の方の感情を傷つけるのであれば、まあ、そう言った行為については多少考える必要があるのかと考えます。"

²¹⁷ "通りかかった事はあるんですけど、中に入った事はないですね。"

²¹⁸ "あっても別にいいと思いますね。あの首相が参拝することについては別問題として亡くなった人を弔いたい気持ち、遺族の気持ちとか、国民の気持ちは別に、そんなに批判されるものではないと思うのであってもいいと思います。"

²¹⁹ "戦争記念館は行った事がないです。靖国も行った事がないです。"

²²⁰ "まあ、あってもいいんじゃないですかね。でもそれに総理大臣が公務として参拝するのは今のその近隣諸国の感情を考えれば、私は反対です。"

²²¹ "靖国はどうですかね。全然意識していない時には行ったって感じですけど。"

²²² "あの一つの宗教でしかない。実際その合祀されている部分が問題にはされるんですけど。飽くまで宗教は宗教なのかなと言う気がするんですけどね。"

	museum in Hiroshima. (Sidor 2006, 127) ²²³	thought that the trials of Class A war criminals were a good thing; however, dead ancestors are also honoured in Korea and the United Kingdom. For example, in Korea, the soldiers that passed away during the Vietnam War and who murdered Vietnamese people are honoured. Therefore, I ask myself if it does not happen in every country. (Sidor 2006, 126) ²²⁴
6	I: I have never been there. (Sidor 2006, 131) ²²⁵	I: I have never been to the Yasukuni shrine because of its bad image. As for other war museums... I have been to the museums in Hiroshima and in Nagasaki. The purpose of the Yasukuni shrine is different from the purpose of these other museums. The museums depict the tragedy of the atom bomb and atomic weapons. One should go there when one is still young so that one may understand the horror of war. (Sidor 2006, 131) ²²⁶
7	I: I have been to the Yasukuni shrine. (Sidor 2006, 132) ²²⁷	I: There is a place with a similar purpose in France: the Arc de Triomphe, where the ones who died during the war and who sacrificed their lives for their country are honoured. They did not know why they should die for their country. Not everybody who died during the war was in favour of it. One should reflect on the memory of the people who died as a consequence of the war and who are being honoured out of simple feelings. It is not anything special, and it is done in many countries. (Sidor 2006, 132) ²²⁸
8	I: I have been to the Yasukuni shrine once. (Sidor 2006, 132) ²²⁹	I: The feelings of all people should be considered in some way. The generation of our grandfathers also had many feelings. One cannot just judge somebody. Everybody has to decide on their own. (Sidor 2006, 132) ²³⁰

²²³ "広島原爆ドームならあるんですけど。"

²²⁴ "始めは全然知識がない頃は、本当にそう言う A 級裁判の人とすればいいと思ってたんですけど。韓国とかにもイギリスにもそう言う英霊を祭るのがあって、例えば韓国でもそう言う亡くなった人やってるんですけど、そのベトナムの戦争の際に、出掛けて行った兵士がベトナムの市民を虐殺した人まで葬られているって言うのを知ったんですよ。そう言うのを知って、どこの国もやっぱり同じじゃないかなと思いました。"

²²⁵ "靖国神社はちょっと怖いイメージがあるので、行った事がないですけども、でも他の。。。"

²²⁶ "靖国神社はちょっと私にとっては不気味なので、入った事はありません。靖国神社はちょっと怖いイメージがあるので、行った事がないですけども、でも他の。。。広島原爆資料館などが、戦争記念館の入るのであれば、それは行った事、長崎も言った事があります。そこは靖国とかと全然趣旨が違うようで、原爆の悲惨さや核兵器などの悲惨さを伝えていて、そう言う所に小さい頃に行くと、やはり戦争の凄まじさや酷さがよく分かる所だと思います。"

²²⁷ "ええっと、靖国神社に行った事があります。"

²²⁸ "例えばフランスでもいつかは分からないんですけど、戦争で亡くなった人を凱旋門の所で祭っているのと同じように国のために戦って死んだ人その人自体を、自分でもなんでそんな事で死ななければならないのか、みんな一概に何ていうか戦争に賛成して死んだ訳でもないし、そう言う色んな思いを抱えて国のために戦って死んだ人なので、そう言う素朴な感情からそう言う国のために死んだ人を祭るのは、別におかしい事ではないと思うし、色んな国でも行われている事だと思っております。"

²²⁹ "靖国神社には一回行った事があります。"

²³⁰ "それぞれ個人それぞれ感情とか、もしかお祖父さんの世代とかには色々あったと思うんで、それは個人で判断する事で一概には言えないと思います。"

9	I: I have visited the Yasukuni shrine. Prime Minister Koizumi goes to the shrine to honour the dead. (Sidor 2006, 135) ²³¹	I: I did not live during the war, but I think that it is a saintly thing to worship the ancestors who died during the war. I do not want to interfere; it is too personal. (Sidor 2006, 135) ²³²
10	I: I have been to the Yasukuni shrine to visit, not to honour. (Sidor 2006, 137) ²³³	I: People feel uncomfortable because of the Prime Minister's visits. Naturally, the way that people treat the shrine is different from person to person. My relationship with the Yasukuni shrine is far from historical ideology; for me, it is linked to the whole of society. The visits of ordinary Japanese are okay. The official visits of politicians are closely watched by the public and are a topic of discussion. (Sidor 2006, 138) ²³⁴

Figure 4-30 What do you think of the Yasukuni shrine? (Data from author's Master thesis)

²³¹ "ありますけど、物見遊山というか、ああ、ここは小泉さんの行っている靖国神社か行って立ち寄って、お賽銭をあげて、適当にお参りして帰っただけなんで。"

²³² "靖国神社についてはあまり、やはり僕としてその戦争とか抜きにして、先祖、戦争に係って亡くなって行った方々たちの霊を慰めるためのもので、やはり神聖なものだと言うイメージを持っていて、あまり汚したくないって言うのは個人的にはあります。"

²³³ "靖国神社行った事あります。単に観光です。別に拝むとかそう言う訳じゃない。"

²³⁴ "日本の総理大臣がまわる事を不愉快に感じる人たちがいる訳ですよね。当然それぞれにとって神社との距離なんて言うのは全然違って、僕にとってはそんな歴史的なイデオロギーみたいなものから外れた所で、靖国神社との関係なんてあるけど、実際の社会とはそのものと結びついている訳ですけども、僕自身は本当に普通の日本人の神社に参ると言う感覚とそんなに変わらないと、むしろ社会的に注目を浴びているって言う事は知っているから。話題性はあると言う程度ですね。"

5. Chinese consumer surveys

5.1. Demographics

The first Chinese consumer survey was conducted between February and April 2008 and included 490 male (54.4%) and 402 female (44.7%) respondents. 8 respondents did not indicate their gender. All ages were represented: under 20 (7.4%), 21-30 (43.8%), 31-40 (24.1%), 41-50 (14.6%), 51-60 (7.1%), and over 60 (2.8%).

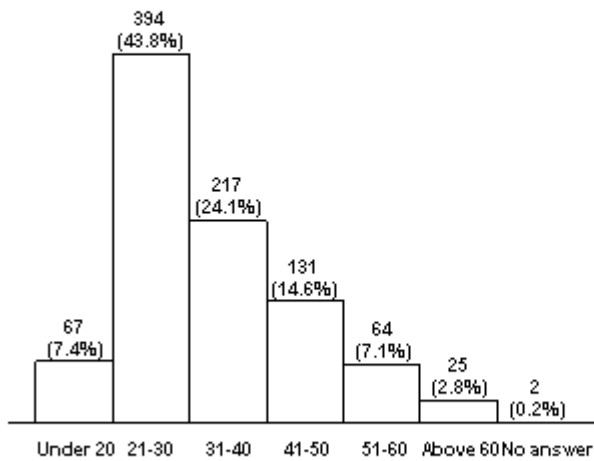


Figure 5-1 First survey distribution by age

Because the survey was done mainly in the Beijing Airport, Chinese from all over the country as well as from overseas were represented. As for the level of education, 59.6% of the respondents attended university, 19.9% secondary senior, 10.8% held a Master's degree, 6.4% attended secondary junior, 2.1% held a Doctoral degree and 0.7% only attended primary school.

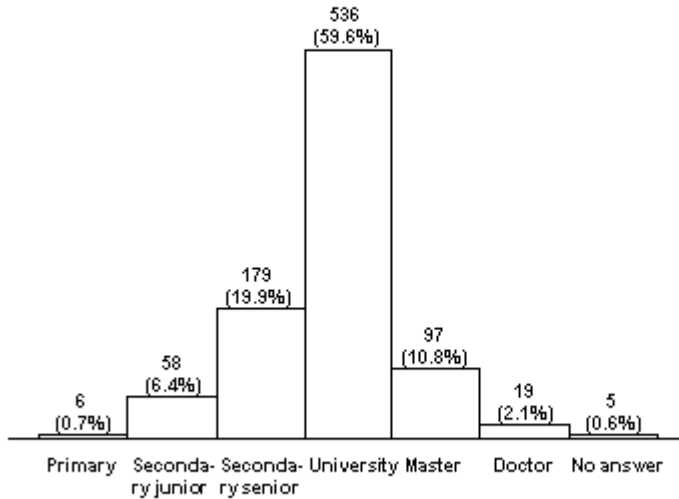


Figure 5-2 First survey distribution by level of education

The second Chinese survey was conducted between April and June 2008 and included 500 respondents. 63.4% of these respondents were male and 35.8% were female. 0.8% of respondents did not indicate their gender. The majority of the respondents (67.4%) came from cities other than Beijing and Shanghai. Many different provinces and cities were represented, including Guanxi, Guandong and Shandong. 25.0% of respondents came from Beijing and 6.8% came from Shanghai. All ages were represented: under 20 (4.4%), 21-30 (38.8%), 31-40 (30.4%), 41-50 (13.6%), 51-60 (9.4%), and over 60 (3.0%).

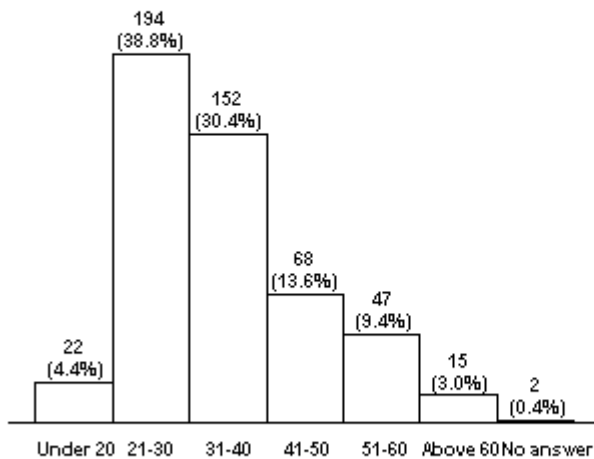


Figure 5-3 Second survey distribution by age

57.0% of the respondents to the second survey, attended university, 22.8% attended secondary senior, 10.8% held a Master's title, 6.6% attended secondary junior, 1.4% held a Doctoral degree and 1.2% only attended primary school.

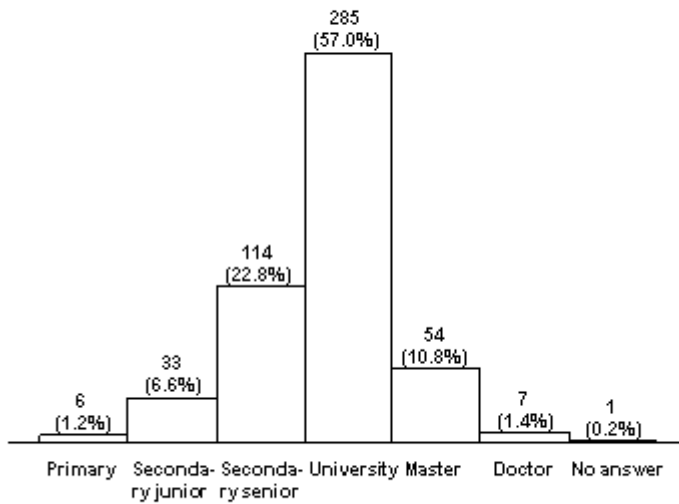


Figure 5-4 Second survey distribution by level of education

5.2. Brand equity of countries

Product origin plays an important or very important role in purchase decisions for 47.2% of all respondents. 34.4% regard product origin as not so important or not at all important. 18.4% are indifferent.

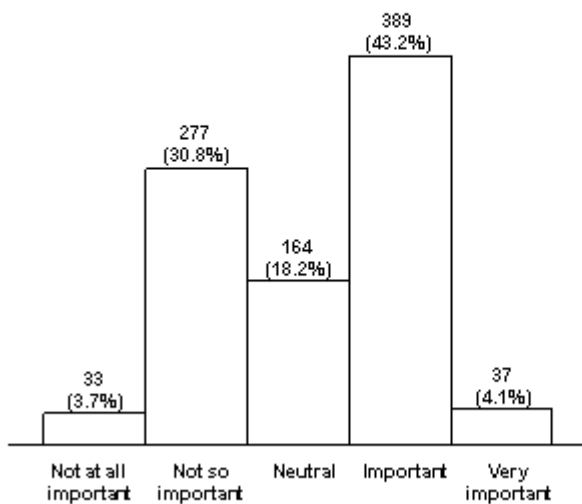


Figure 5-5 Is product origin important to you when making a purchase decision?

However, based on the survey results, Chinese consumers do not only make purchase decisions based on a product's price and quality; they also choose based on the product's country of origin. From the survey, it can be concluded that some countries like Germany have positive country equity in China, whereas others like Japan have negative country

equity. Chinese consumers tend to associate Germany with good or very good quality.

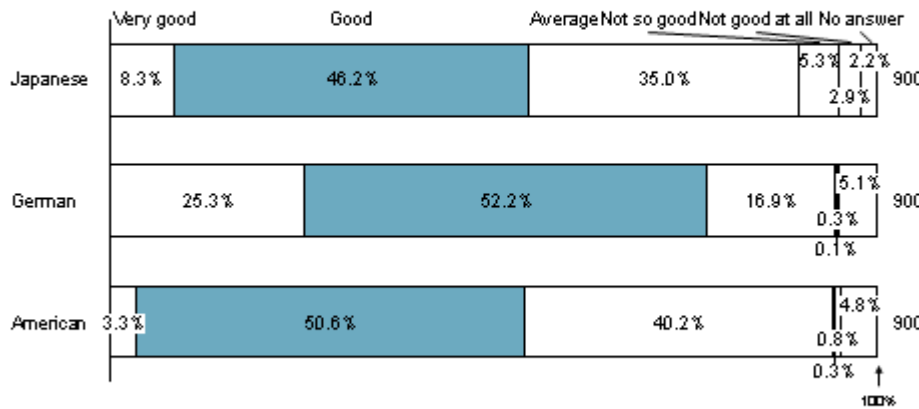


Figure 5-6 Chinese consumers' perception of foreign products

The majority of all respondents regard Japanese products as good and very good (46.2% and 8.3% respectively). 35% regard Japanese products as average and less than 10% regard Japanese products as not so good or not good at all. Slight differences between the different education groups can be observed in Figure 5.7.

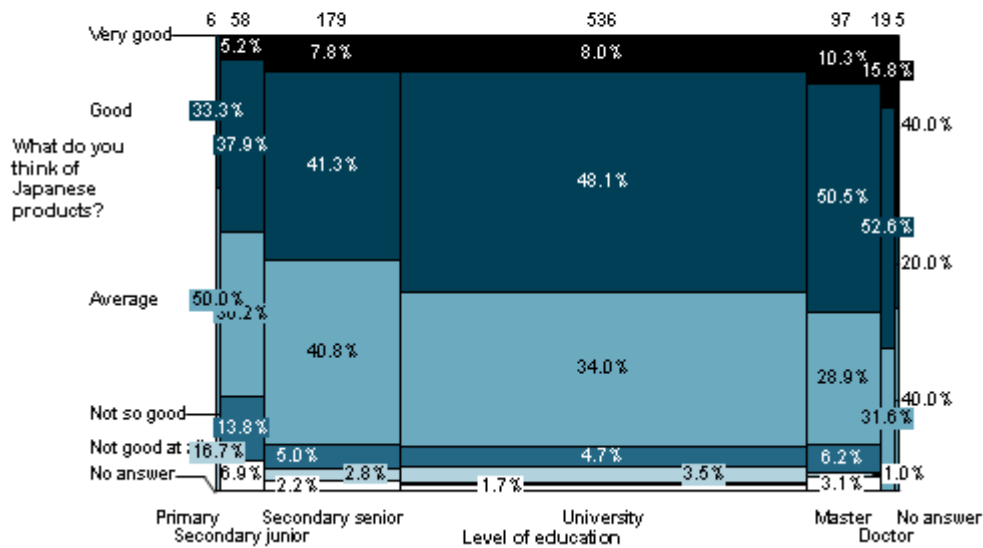


Figure 5-7 What do you think of Japanese products? Distribution by level of education

Japanese products are perceived more positively by consumers with a higher level of education than by those with a lower level of education. One possible reason for this might be an information gap between the different groups. Better-educated consumers may also base their purchase decisions on product knowledge rather than on anti-Japanese feelings. For many consumers, Japanese products have negative brand equity; therefore, their

perceived quality would have to improve for consumers to choose them. Nevertheless, some consumers would not choose Japanese products even if the quality were much higher than that of similar products from other countries. For these consumers, the perceived quality of Japanese items might be lower than that of products from other countries due to the so-called "Japan burden". Preference falsification might also be a reason for Chinese consumers to avoid buying Japanese products. Some consumers might fear isolation and punishment from anti-Japanese pressure groups. Therefore, though they might desire a Japanese product, they would not purchase it, as the purchase might be regarded as expressing pro-Japanese feelings.

According to the consumer surveys, there are:

- Chinese consumers for whom Japan has positive country equity
- Rational consumers for whom Japan has no particular country equity (neither positive nor negative)
- Chinese consumers for whom Japan has slightly negative country equity. This group might buy Japanese products if the consumer surplus is higher than that of other products – if they perceive the Japanese product to be the best value for their money. These consumers are price-/performance-sensitive with regard to Japanese products.
- Chinese consumers for whom Japan has definitively negative country equity. These consumers are not price-/performance-sensitive with regard to Japanese products. Even if possible, the acquisition of these customers would likely be too expensive compared to the revenue they would provide.

Given two products of the same quality, one of which is a cheaper Japanese product, or given two products of the same price, one of which is a higher-quality Japanese product, 46% and 40% respectively choose the Japanese product with higher consumer value. However, many still purchase the non-Japanese product. From this information, it can be determined that these respondents either perceive Japanese products as inherently inferior, or they engage in preference falsification. While questions arose about whether or not the respondents choose the non-Japanese products by coincidence, survey results show that many respondents doubted the quality of Japanese products. It can therefore be assumed

that they choose non-Japanese products deliberately and not by mistake.

When the price and the quality of products from all country origins were the same, the respondents tend to choose American or German products. However, if the price of the Japanese product higher and the quality was much better, they would be more likely to choose the Japanese product. The percentage of respondents who would choose the Japanese product was even higher if the Japanese product were of equal quality but offered at a lower price than the non-Japanese product. These results indicate that if some Chinese consumers could enjoy better product performance for the same price, they would choose the better product, no matter what its country of origin. However, many respondents would still choose non-Japanese products, even if they had lower price-performance ratio than corresponding Japanese products. These consumers might not choose Japanese products simply because of anti-Japanese sentiments. Their product choice behaviour might also be due to preference falsification, which would indicate that they are not willing to make pro-Japanese buying decisions in public for fear of isolation and punishment.

Some consumers perceived Japanese products as very good or good because they valued the quality and durability of the products as well as the work attitudes of the Japanese people.

I like them.²³⁵

Japanese people are very serious.²³⁶

I often use Japanese products because I like durable and good-looking products.²³⁷

Their attitude to work is serious.²³⁸

The Japanese products have developed very well.²³⁹

The Japanese are very dedicated and extremely diligent.²⁴⁰

I have heard from friends that they are good.²⁴¹

I know it from my personal experience.²⁴²

The majority of products used in my home are Japanese.²⁴³

Generally, the Japanese pay attention to product design and practicality.²⁴⁴

I have used them, and there are some good products.²⁴⁵

²³⁵ "喜欢。" (First Chinese survey)

²³⁶ "日本人很认真" (First Chinese survey)

²³⁷ "因为常用日货，很耐用而外观好看，我喜欢。" (First Chinese survey)

²³⁸ "工作态度认真。" (First Chinese survey)

²³⁹ "日本产品发展很好。" (Second Chinese survey)

²⁴⁰ "日本人很敬业，非常认真。" (Second Chinese survey)

²⁴¹ "有口碑。" (Second Chinese survey)

²⁴² "有亲身体验。" (Second Chinese survey)

²⁴³ "我的家用产品大多数是日本产品。" (Second Chinese survey)

²⁴⁴ "日本产品大都注重外观和经济实用。" (Second Chinese survey)

The prices are high, but the quality is high as well and the products are durable.²⁴⁶

Electronic products are demanding, they are also manufactured well.²⁴⁷

In general, Japanese products are of good quality; however, at present there are indeed also many quality issues. Overall, they are good.²⁴⁸

Japan pays a lot of attention to the product quality.²⁴⁹

I personally have had cooperation with a Japanese factory for a long time and I have been able to see their product quality.²⁵⁰

The technology is good.²⁵¹

According to personal experience and news reports, Japan has a good reputation for quality.

Japanese people make strict quality inspections.²⁵²

However, some added that they do not buy Japanese products, even though they regard them as very good or good.

The quality is very good, but I never buy them, because the Chinese do not like the Japanese.²⁵³

...But I boycott Japanese goods, I never use them. I have heard from a friend that Japanese products are good, but I told him that I fully boycott Japanese products.²⁵⁴

Little Japan has progressed a lot, they make fine products.²⁵⁵

The majority of consumers regard Japanese products as good. As no social pressures existed during the survey, it was assumed that the respondents chose answers according to their private preferences. Some respondents that perceive Japanese products as good admitted on the survey that they do not buy them. This might be an indication of preference falsification. In public, consumers might express public preferences that differ from their private preferences. They are likely to take actions such as not buying Japanese products to make their public preferences seem credible to others. Buying Japanese products might contradict their anti-Japanese public preferences, which might in turn result in punishment from social pressure groups.

²⁴⁵ "用过，有比较。" (Second Chinese survey)

²⁴⁶ "价格虽然贵一些，但是质量高耐用。" (Second Chinese survey)

²⁴⁷ "电子产品，严格要求，做的也不错。" (Second Chinese survey)

²⁴⁸ "一般说日本产品质量不错，但现在也确实有很多质量有问题的。总体是好的。" (Second Chinese survey)

²⁴⁹ "日本很重视产品质量。" (Second Chinese survey)

²⁵⁰ "本人与日本工厂有着长期的合作关系。可以看出他们的品。" (Second Chinese survey)

²⁵¹ "科技可以。" (Second Chinese survey)

²⁵² "日本人质检严格。" (Second Chinese survey)

²⁵³ "凭心而论质量很好，但我从不买，因为中国人不喜欢日本。" (First Chinese survey)

²⁵⁴ "但是我抵制日货，从来不用。就是听我朋友说日货不错，但做为我本人来说，我十分抵制日货。" (Second Chinese survey)

²⁵⁵ "小日本很上进，做事精益求精。" (Second Chinese survey)

Even if the quality is good, one cannot buy them.²⁵⁶

I never buy them.²⁵⁷

I do not deny that the product quality is good.²⁵⁸

The products are not bad, but I definitely would not buy them. I boycott Japanese goods!!!²⁵⁹

But I would not choose them.²⁶⁰

I am very much against Japanese goods and there are no real reasons for that.²⁶¹

I have used some Japanese products.²⁶²

Some consumers regard Japanese products as average, but because they boycott Japanese products, they might not necessarily buy them. They might be against Japan, or they might not be willing to show that they buy Japanese products:

I boycott Japanese products.²⁶³

Because I am Chinese.²⁶⁴

From the heart, I am against Japanese products.²⁶⁵

All Japanese export products are not so good.²⁶⁶

The Chinese do not necessarily buy (Japanese products).²⁶⁷

The products imported to China are not the best.²⁶⁸

With regard to the Japanese products, the quality seems to be reflected in the applicability and durability. At the same time, my feelings are important to me; therefore, Japanese products are inferior to local products.²⁶⁹

I have used them only a little. A number of products are of okay quality, but I try to use them as little as possible.²⁷⁰

I do not buy Japanese products, never.²⁷¹

I only buy them from time to time because the Japanese government does not face history, which severely hurts the feelings of the Chinese people.²⁷²

²⁵⁶ "质量再好也不会购买。" (First Chinese survey)

²⁵⁷ "从不买。" (First Chinese survey)

²⁵⁸ "不否认他们的质量好。" (First Chinese survey)

²⁵⁹ "产品不错, 但绝对不会买, 抵制日货!!! " (First Chinese survey)

²⁶⁰ "但不会选择。" (First Chinese survey)

²⁶¹ "偏激抵制日货并没有很实际的意义。" (Second Chinese survey)

²⁶² "使用过一些日本产品。" (Second Chinese survey)

²⁶³ "抵制日货。" (First Chinese survey)

²⁶⁴ "因为我是中国人。" (First Chinese survey)

²⁶⁵ "内心比较抵制。" (First Chinese survey)

²⁶⁶ "日本出口的东西都不太好。" (First Chinese survey)

²⁶⁷ "华不一定实。" (First Chinese survey)

²⁶⁸ "输入到中国的不是最好的。" (First Chinese survey)

²⁶⁹ "对于产品, 质量体现于它的适用性与耐用性, 同时还寄予了某种感情, 就日本产品还是不如国产品。" (Second Chinese survey)

²⁷⁰ "用的很少。数码产品质量还行, 但我尽量不用。" (Second Chinese survey)

²⁷¹ "不买日货, 从不。" (Second Chinese survey)

²⁷² "但我很少买, 因为日本政府不正视历史, 对中国人民的感情伤的太重。" (Second Chinese survey)

A group of respondents regard Japanese products as not so good due to low quality or due to unsolved history issues:

Based on what people say, Japanese cars are not so good.²⁷³

Many Japanese products sold in China are not the same as the ones sold in Japan.²⁷⁴

Japanese products imported to China are of bad quality.²⁷⁵

Many customers who regard Japanese products as not good at all are against Japan and / or boycott Japanese goods:

I do not like little Japan.²⁷⁶

I do not like Japanese products at all.²⁷⁷

If a nation that does not acknowledge or does not face history, how can you believe that their products are trustworthy?²⁷⁸

I never use Japanese products.²⁷⁹

I boycott Japanese products.²⁸⁰

The Japanese products in China are of fairly low quality.²⁸¹

If no price or quality were indicated, almost 18% would choose the Japanese product.

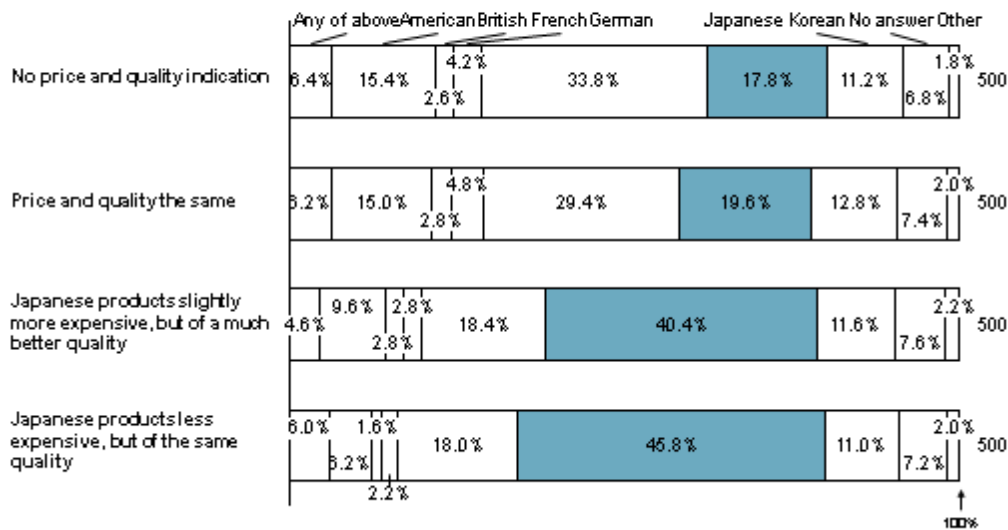


Figure 5-8 Origin preferences of Chinese consumers

If the price and quality were the same, slightly more respondents would choose the Japanese product (19.6%). Many more would buy the Japanese product if its price-performance ratio

²⁷³ "据说日本产的车并不怎么好。" (First Chinese survey)

²⁷⁴ "很多销往中国的日本产品都不如其在国内销售。" (First Chinese survey)

²⁷⁵ "出口中国的产品质量差。" (Second Chinese survey)

²⁷⁶ "不喜欢小日本。" (First Chinese survey)

²⁷⁷ "非常不喜欢日本产品。" (First Chinese survey)

²⁷⁸ "一个民族不承认或不肯面对历史。那么请问它的产品值得信赖嘛?" (First Chinese survey)

²⁷⁹ "从不用日本产品。" (First Chinese survey)

²⁸⁰ "抵制日货。" (First Chinese survey)

²⁸¹ "日货在中国的商品质量相当差。" (Second Chinese survey)

were higher. For instance, if it were slightly more expensive but were of much higher quality, 40.4% of respondents would choose the Japanese product. The percentage would be even higher (45.8%) if the Japanese product were less expensive and of the same quality as other products. However, the survey indicates that while the Japanese product would be the clear rational choice in these situations, over 50% would still choose other products. The reason for this might lie in preference falsification, as buying other countries' products with poor price-performance ratios would signal to others that they are against Japan and Japanese products. On the other hand, this choice might also represent their private preference based on the public discourse around Japan-related issues. Some of the survey respondents might belong to activist groups that lobby against Japan and Japanese products.

Many consumers carry a burden from the past that influences their decisions. This burden consists of public discourse around Japan-related issues and is seldom based on personal experience.

If a nation does not acknowledge or does not face history, how can you believe that their products are trustworthy?²⁸²

I am very much against Japanese goods and there are no real reasons for that.²⁸³

According to the survey, the vast majority of respondents would not only make their decisions according to a product's intrinsic utility, i.e. the price and quality; they would also make a choice based on the products' expressive and reputational utility.

Only 6.4% and 6% answered that they would choose products from any country if no price or quality were indicated and if the price and quality of different products were the same.

German products are most popular among the Chinese respondents. Japanese products are comparably popular and rank second. It is surprising that many respondents would not choose Japanese products even if their price-performance ratios were much higher than those of other comparable products of different origins. As indicated above, some consumers are not likely to switch to Japanese products even if their price-performance ratios were much better than of other products due to anti-Japanese sentiments or due to preference falsification.

²⁸² "一个民族不承认或不肯面对历史。那么请问它的产品值得信赖嘛?" (Chinese Survey)

²⁸³ "偏激抵制日货并没有很实际的意义。" (Chinese Survey)

5.3. Quality perception

According to the consumer survey, slightly over 40% of respondents question the quality of Japanese products, and nearly half recall quality incidents. Overall, 43.7% of respondents think that all products available on the Chinese market are trustworthy:

I support local products.²⁸⁴

Because I am Chinese.²⁸⁵

Because all Chinese products are the pride of Chinese people.²⁸⁶

Because I use "Made in China" products and there have never been any quality issues.²⁸⁷

I believe in China.²⁸⁸

More respondents – approx. 49% do not think that all products available on the Chinese market are trustworthy.

Because there are so many fake products.²⁸⁹

Some are bad, not all are good, and not all are bad.²⁹⁰

I do not think that all products are of good quality.²⁹¹

The Chinese market is a newly developing country, and some flaws are difficult to avoid.²⁹²

There is no definite answer. Every country has inferior products.²⁹³

I do not have full confidence in them.²⁹⁴

I do not trust them fully, but I also do not distrust them fully.²⁹⁵

Many existing products are not yet satisfying, but I believe that one day the whole world will be satisfied with Chinese products.²⁹⁶

Some of the products have quality issues.²⁹⁷

So many products do not meet the entry requirements when entering the market.²⁹⁸

That means all products...; there is no country in the world with perfect products.²⁹⁹

The newspapers have reported that there are some bad quality products.³⁰⁰

²⁸⁴ "支持本国产品。" (First Chinese survey)

²⁸⁵ "因为我是中国人。" (First Chinese survey)

²⁸⁶ "因为中国的任何东西都是中国人的骄傲。" (First Chinese survey)

²⁸⁷ "因为我用的 Made in China 没有一件出现质量问题。" (First Chinese survey)

²⁸⁸ "我相信中国。" (First Chinese survey)

²⁸⁹ "因为现在假东西太多了。" (First Chinese survey)

²⁹⁰ "有好有坏，不是都好，也不是都坏。" (First Chinese survey)

²⁹¹ "并非所有产品质量都值得信赖。" (First Chinese survey)

²⁹² "中国市场是一个新兴发展中心，有缺点是难免的。" (First Chinese survey)

²⁹³ "事物没有绝对的。任何一个国家都有伪劣产品出现。" (First Chinese survey)

²⁹⁴ "至少不是全部值得信任。" (First Chinese survey)

²⁹⁵ "不完全值得信赖，但不是都不值得信赖。" (First Chinese survey)

²⁹⁶ "是存在很多不足，但相信会有使全世界满意的一天。" (First Chinese survey)

²⁹⁷ "部分产品存在质量问题。" (First Chinese survey)

²⁹⁸ "好多都是不正常手段进口上市。" (First Chinese survey)

²⁹⁹ "那就是全部，世界上没有。" (First Chinese survey)

³⁰⁰ "报纸报过有质量不行的。" (First Chinese survey)

5.4. Impact of shocks

In order to measure the impact of a shock such as the SK-II incident or the visits to the Yasukuni shrine, the possible reactions of the Chinese consumers were analysed with regard to their purchase behaviour before and after a potential shock. Several recurring shocks were chosen for analysis. These included a denial of the atrocities of the Second World War, an introduction of a new Japanese history schoolbook and visits to the Yasukuni shrine, all of which are exclusively related to Chinese-Japanese relations. The last analysed shock, a negative media report about a particular product, is not limited to Chinese-Japanese relations.

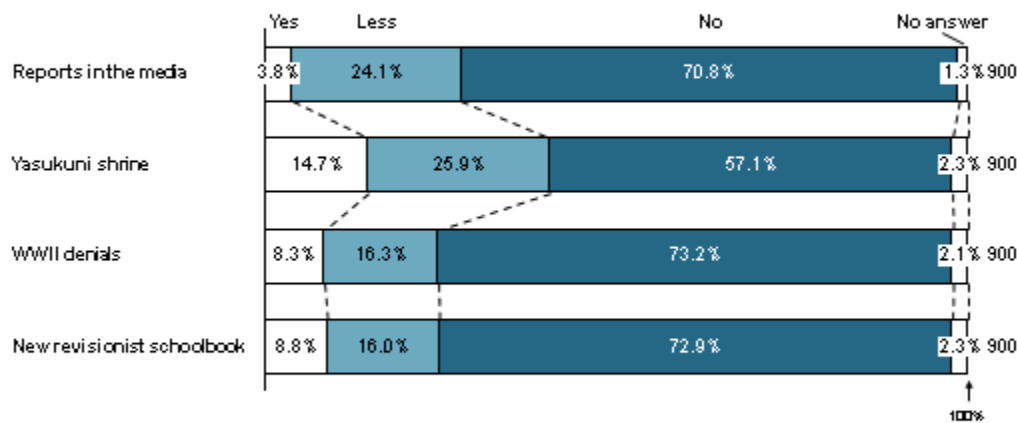


Figure 5-9 Reaction of Chinese consumers to selective shocks

According to the survey, nearly 95% of all respondents would stop or reduce purchases if a product received negative reports in the press. It is evident that media reports influence the private knowledge of consumers, which in turn influences their private and public preferences. If a Japanese public figure were to visit the Yasukuni shrine, 83% of respondents would stop buying or buy fewer Japanese products. In the case of Japanese government officials denying the atrocities of the Second World War, nearly 90% of respondents would stop or reduce purchases of Japanese products. If a revisionist schoolbook were published in Japan, about 89% would stop buying or buy fewer Japanese products. Respondents would react this way to those shocks for one of two reasons. Their reaction might represent their private preference against Japan, or they might be engaging in preference falsification. Buying Japanese products under such circumstances might signal to Chinese pressure groups that they are pro-Japanese. If they had previously expressed anti-Japanese public preferences,

buying Japanese products might then be perceived as contradictory; their anti-Japanese sentiments would therefore not be credible.

It is evident that any of the above analysed events could have a great impact on the perception of Chinese consumers towards Japanese products. A positive relation can be seen between Chinese consumers' previous product perception and the change in intended purchase behaviour due to a shock.

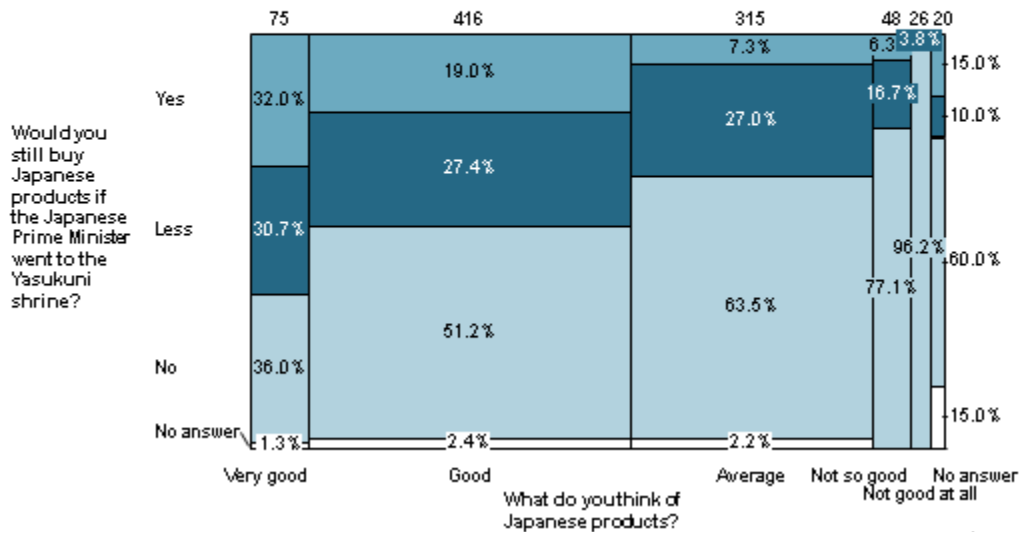


Figure 5-10 What do you think of Japanese products? Would you still buy them if the Japanese Prime Minister were to go the Yasukuni shrine?

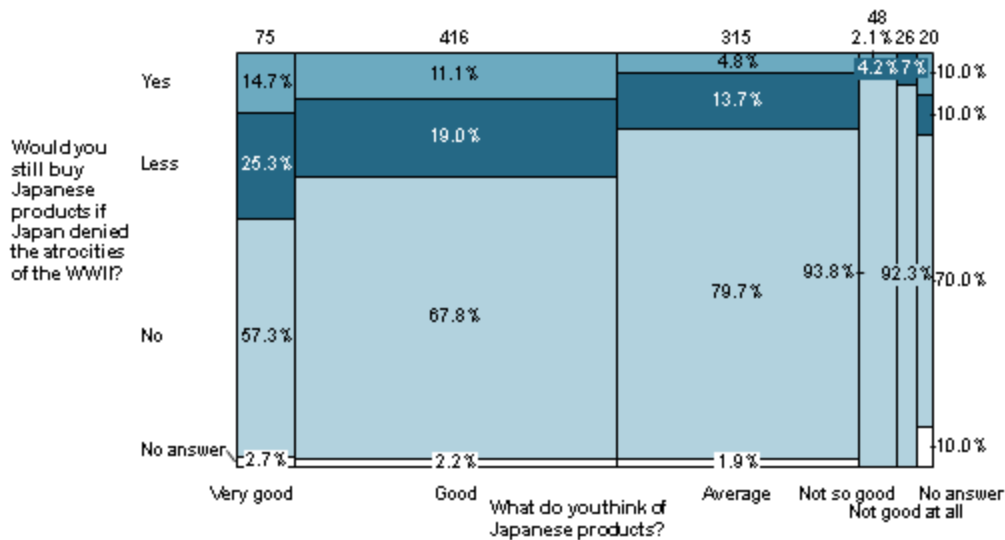


Figure 5-11 What do you think of Japanese products? Would you still buy them if Japan were to deny the atrocities of the Second World War?

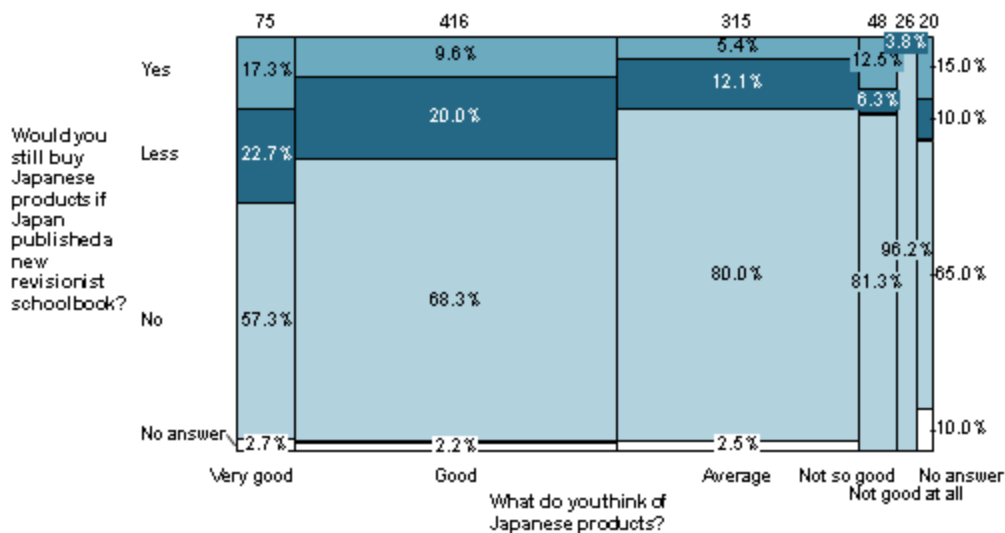


Figure 5-12 What do you think of Japanese products? Would you still buy them if Japan were to publish a new revisionist schoolbook?

A higher percentage of respondents who already regard Japanese products as average, not so good or not good at all would give up buying Japanese products than that of respondents who already regard these products as good or very good. Nevertheless, the majority of respondents who regard Japanese products highly replied that they would still buy fewer or no Japanese products as a result of a shock. A clear distinction can also be observed between consumer reaction to visits to the Yasukuni shrine and the other two shocks to Chinese-Japanese relations. According to the survey results, the other two shocks would have a more severe effect on Japanese product sales.

Following the quantitative analysis, a qualitative analysis was conducted to better understand the reasoning behind the hypothetical decisions made by the respondents.

With regard to the impacts of a negative media report about a particular product, many respondents stated that they trust the media and that if the product has been questioned by the media, then the product must have issues. Therefore, they would not buy the product.

I trust the media.³⁰¹

I trust the point of view of the public.³⁰²

I trust the masses.³⁰³

The media are an authority, and if they say that a product's quality is not good, then it must be so.³⁰⁴

³⁰¹ "相信媒体。" (First Chinese survey)

³⁰² "相信大众眼光。" (First Chinese survey)

³⁰³ "相信群众。" (First Chinese survey)

³⁰⁴ "媒体是一种权威，如果被否认那么产品质量肯定不行。" (First Chinese survey)

I surely would not buy.³⁰⁵

If the media reports doubts, we cannot trust the products.³⁰⁶

If the media questions the product, then the product must have flaws.³⁰⁷

There is no smoke without fire.³⁰⁸

Before I can clarify the facts, I would not buy.³⁰⁹

Many respondents would still try the product themselves and then make a decision about whether to stop using it or not. These consumers base their buying decisions on personal experimentation. They do not fully trust the media, and they observe the news with some scepticism. They admit that press reports are not necessarily completely correct, yet they acknowledge the power of the media.

People lack expert knowledge to make a decision; therefore, the media impact is large.³¹⁰

I try first, then I use. If the product is not good, then I switch to another one.³¹¹

The media is not necessarily correct.³¹²

Not necessarily, I take into consideration if I have used the product before or not.³¹³

I only trust my own judgement.³¹⁴

Sometimes the evaluations in the media are not completely correct; however, the media influences people.³¹⁵

I would decide whether to continue using the product or not based on my own experience.³¹⁶

If I had used the product and was satisfied, then I might continue using the product.³¹⁷

One incident does not mean that the product is not good at all.³¹⁸

Because the product was exposed, some said that there were some issues; however, I might try to find out if the product really has issues on my own.³¹⁹

If a prominent Japanese figure were to visit the Yasukuni shrine, 57.1% of the respondents would not buy Japanese products any more. Many indicated strong feelings of patriotism and negative sentiments toward Japan as a whole:

³⁰⁵ "当然不买。" (First Chinese survey)

³⁰⁶ "媒体受到质疑，我们跟不能相信。" (First Chinese survey)

³⁰⁷ "既然受质疑，这产品肯定有缺陷。" (First Chinese survey)

³⁰⁸ "有质疑，空穴来风。" (First Chinese survey)

³⁰⁹ "在弄清事实之前我不会买。" (First Chinese survey)

³¹⁰ "个人缺乏专业知识判断，受媒体诱导大。" (First Chinese survey)

³¹¹ "先试后用，如差更换。" (First Chinese survey)

³¹² "媒体不一定有正确导向。" (First Chinese survey)

³¹³ "不一定，看我自己是否用过。" (First Chinese survey)

³¹⁴ "我只相信自己的判断。" (First Chinese survey)

³¹⁵ "有时候媒体上的评价并不完全正确，但也是影响人们判断因素。" (First Chinese survey)

³¹⁶ "会根据自己的使用情况，再决定是否继续使用此产品。" (First Chinese survey)

³¹⁷ "如果自己使用的很好，就有可能继续购买。" (First Chinese survey)

³¹⁸ "一件是不代表都不好。" (First Chinese survey)

³¹⁹ "因为被曝光，说明出了问题，但我会自己搞清楚是不是真有问题。" (First Chinese survey)

I love my country.³²⁰
 I do not respect people who cannot admit mistakes.³²¹
 They hurt the feelings of the Chinese people.³²²
 I never buy Japanese products.³²³
 As for good products, one also needs a flawless package.³²⁴
 Actually, products and Japanese politics are not in conflict, but in my heart I feel that it might cause hatred.³²⁵
 I never buy (Japanese products).³²⁶
 I have never bought a Japanese product.³²⁷
 As for the history issue, at the very least they did bad things to the Chinese nation.³²⁸
 I love my country.³²⁹
 Because I am Chinese.³³⁰
 I do not buy at all.³³¹
 Japan does not face history. If a country does not face history, then we cannot reach an agreement.³³²
 Actually, I do not buy any Japanese goods. Unless they are made in another country.
 I am against Japan.³³³

On the other hand, almost 26% of respondents would only buy fewer Japanese products and 15% would buy Japanese products as they did before. These consumers would still use the products if the quality were good.

There are some Japanese products that are difficult to substitute.³³⁴
 Good and innovative products can be used, objectively there are different issues.³³⁵
 It depends on the product.³³⁶
 The durability is the most important.³³⁷
 If the quality is good, I still use it.³³⁸

Buying Japanese products is a publicly visible action that can be used to support or

³²⁰ "爱国。" (First Chinese survey)
³²¹ "不认错的民族不值得尊重。" (First Chinese survey)
³²² "伤害中国人的感情。" (First Chinese survey)
³²³ "从不买日货。" (First Chinese survey)
³²⁴ "在好的东西，也需要无瑕疵的包装。" (First Chinese survey)
³²⁵ "实际上商品跟日本的政治不应有重大冲突，但从心理上还是会产生厌恶感。" (First Chinese survey)
³²⁶ "从来不买。" (First Chinese survey)
³²⁷ "我从没买过日本货。" (First Chinese survey)
³²⁸ "折实历史的问题，起码是对中国民族不太好的事。" (First Chinese survey)
³²⁹ "我爱国。" (First Chinese survey)
³³⁰ "因为我是中国人。" (First Chinese survey)
³³¹ "一直就不买。" (First Chinese survey)
³³² "日本不正视历史，不正视历史就没有谅解。" (First Chinese survey)
³³³ "抗议。" (First Chinese survey)
³³⁴ "部分日本产品的可替代品少。" (First Chinese survey)
³³⁵ "好的和先进的产品还是值得使用的，要客观的区分看待问题。" (First Chinese survey)
³³⁶ "看产品。" (First Chinese survey)
³³⁷ "生存最重要。" (First Chinese survey)
³³⁸ "如果质量好，我还会继续用。" (First Chinese survey)

contradict one's public preferences. The low percentage of respondents willing to buy Japanese products in the event of a shock might be due to the respondents' fear of isolation and punishment from pressure groups. These groups might see any purchases of Japanese products as anti-China. In addition, respondents that answered that they would still buy Japanese products might not do so in reality because of these social pressures.

The Chinese are expected to harbour negative feelings for the Japanese because of the atrocities of the Second World War, and this is what individuals consider when making a decision about how to express their public preferences through the products they choose to buy.

Because we love our country.³³⁹
I am Chinese.³⁴⁰

The reactions would be even more severe if Japan were to deny the atrocities of Second World War. 73.2% of all respondents would not buy Japanese products, 16.3% would buy fewer Japanese products and only 8.3% of all respondents would still buy Japanese products the way they did before. For the Chinese, it is essential for Japan to acknowledge its own history.

I refuse to buy products from a dishonest country.³⁴¹
How can untrustworthy people make good products?³⁴²
If a country does not face its mistakes, then it cannot have the courage to improve its products.³⁴³
I have been to the Nanjing Massacre Memorial Hall.³⁴⁴
I boycott Japanese goods.³⁴⁵
First, they have to admit to their own mistakes; only then do they deserve to be recognised.³⁴⁶
I cannot stand denying history.³⁴⁷
I am very much against Japanese goods, they do not want (to know) history, we do not want their things.³⁴⁸
I am against Japan.³⁴⁹

³³⁹ "因为我们爱国。" (First Chinese survey)

³⁴⁰ "我是中国人。" (First Chinese survey)

³⁴¹ "拒绝从不诚实的国家购买产品。" (First Chinese survey)

³⁴² "这种无赖能做出好产品吗?" (First Chinese survey)

³⁴³ "不敢面对错误, 说明在生产中也不会勇于改进产品。" (First Chinese survey)

³⁴⁴ "我去参观过南京大屠杀纪念馆。" (First Chinese survey)

³⁴⁵ "抵制日货。" (First Chinese survey)

³⁴⁶ "能认识自己的错误, 才值得认同。" (First Chinese survey)

³⁴⁷ "接受不了对历史的否认。" (First Chinese survey)

³⁴⁸ "超级反对日货, 他们不要历史, 我们不要他们的东西。" (First Chinese survey)

As stated before, only 8.3% of all respondents would still buy the same amount of Japanese products as they did before if Japan were to deny the atrocities of the Second World War. These consumers decide whether to purchase a Japanese product based on their needs and available substitutes, and they take into account the quality of the products.

If the quality is good, I might keep using the product.³⁵⁰

I might boycott their politics, but as for the products I might buy them if I need them.³⁵¹

If a revisionist schoolbook were published, 72.9% would not buy Japanese products. These consumers often refer to their patriotism and national self-pride.

We will always remember the atrocities that Japan did to China.³⁵²

It is a protest against the lies and misdeeds.³⁵³

I trust the history.³⁵⁴

My patriotism made the decision.³⁵⁵

People who vilify history are not trustworthy.³⁵⁶

National feelings.³⁵⁷

No explanation is needed; it is a question of principles.³⁵⁸

Japanese products do not have many issues, but I boycott Japanese products.³⁵⁹

Chinese people shouldn't buy them at all.³⁶⁰

After the publication of a revisionist schoolbook, 16.0% of respondents would buy fewer Japanese products and only 8.8% would not change their purchase behaviour.

The quality is good.³⁶¹

If the quality is good, I might continue using them.³⁶²

Some respondents admitted not seeing a relationship between politics and products and stated that such events do not influence their purchase behaviour.

Products and politics are not related.³⁶³

I do not know, but the Second World War and product consumption are not related.³⁶⁴

³⁴⁹ "抗议。" (First Chinese survey)

³⁵⁰ "如果质量好，我还会继续用。" (First Chinese survey)

³⁵¹ "我会抵制他在政治上解毒，但在产品上如需要我可能买。" (First Chinese survey)

³⁵² "我们永远牢记日本对中国人民犯下的罪行。" (First Chinese survey)

³⁵³ "这是对谎言和劣行的抗议。" (First Chinese survey)

³⁵⁴ "因为相信历史。" (First Chinese survey)

³⁵⁵ "爱国思想决定。" (First Chinese survey)

³⁵⁶ "诋毁历史的人不值的信赖。" (First Chinese survey)

³⁵⁷ "民族感。" (First Chinese survey)

³⁵⁸ "没有必要支持，原则问题。" (First Chinese survey)

³⁵⁹ "日本产品问题不多，但是对于日本民族的性格和特点。抵制日货！！!" (First Chinese survey)

³⁶⁰ "是中国人都不会买的。" (First Chinese survey)

³⁶¹ "质量好。" (First Chinese survey)

³⁶² "如果质量好，我还会继续用。" (First Chinese survey)

³⁶³ "产品与政治无关。" (First Chinese survey)

No relationship between politics and products.³⁶⁵

The second survey included a final question related to the boycott of Japanese goods. Approx. 45% replied that they never or seldom boycott Japanese goods.

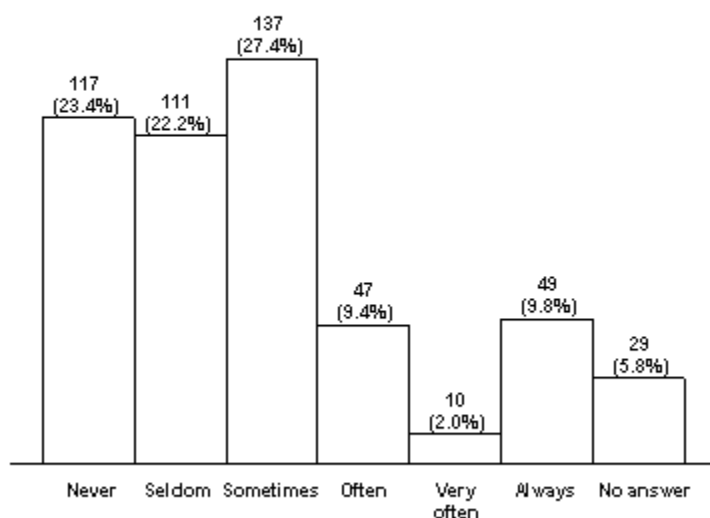


Figure 5-13 Have you ever boycotted Japanese products?

27% of respondents sometimes boycott Japanese goods. Approx. 20% often, very often or always boycott Japanese goods. Some respondents regard Japanese products as products of good or even very good quality and do not boycott them.

Excellent products. We do not have a reason to reject these products.³⁶⁶

Japanese products are good.³⁶⁷

Their products have a considerably large influence in the world!³⁶⁸

They really have very high-quality products.³⁶⁹

Science and technology have no borders. I do not have eternal friends or eternal enemies.³⁷⁰

Some respondents' decisions were based on the quality and price of products and not on their country of origin. These consumers would choose Japanese products if they were of better quality.

In the case of the same products, same quality and price, I would choose the product with the better quality and I wouldn't necessarily boycott Japanese products.³⁷¹

Why should I boycott Japanese goods? If the product and quality are the same, the price

³⁶⁴ "不清楚，但是二战和消费没有直接联系。" (First Chinese survey)

³⁶⁵ "政治于产品无关。" (First Chinese survey)

³⁶⁶ "优秀的东西。我们没有理由拒绝。"

³⁶⁷ "日本的东西好。"

³⁶⁸ "它们的产品在世界上有着相当大的影响力！"

³⁶⁹ "它们确实有质量很好的产品。"

³⁷⁰ "科技无国界。没有永远的朋友，也没有永远的敌人。"

³⁷¹ "同样的产品、质量、价格，当然要选择质量好的，而不一定要抵制那国的产品。"

will be determined by the market; society is very practical.³⁷²
 From my heart I would boycott them; however, from time to time I use them, because sometimes the quality of Japanese products is outstanding.³⁷³
 Why should I boycott Japanese goods?³⁷⁴
 I choose the best product, without reflecting national feelings.³⁷⁵
 Products do not represent people's feelings. Using Japanese products at present will help develop better Chinese products in the future.³⁷⁶
 If the quality is good, then it is okay.³⁷⁷
 Mutual trade, mutual communication.³⁷⁸
 We have to let China become strong; boycotting does not make sense, we have to study other people's strengths.³⁷⁹
 Apart from the politics, why should I boycott (Japanese goods)? It is not necessary.³⁸⁰
 I choose good products. If we want to become powerful, we must start by improving ourselves.³⁸¹

On the other hand, many respondents admitted having boycotted Japanese goods. Anti-Japanese actions are deeply rooted in unsolved history issues. They are either due to the anti-Japanese feelings of the consumers or due to preference falsification.

I never use Japanese products.³⁸²
 ...if you look at it from the national point of view.³⁸³
 Maybe it is because of the national consciousness.³⁸⁴
 There are not that many reasons. I respect Japan, but I do not buy Japanese products.³⁸⁵
 After having read a book about the Nanjing massacre, one might decide not to buy Japanese products.³⁸⁶
 Japan is not friendly towards China.³⁸⁷
 Because they always hurt the feelings of the Chinese people.³⁸⁸
 It is a history issue.³⁸⁹
 It is a history issue, but after all, it is already history.³⁹⁰

372 "为什么要抵制日货啊，同样产品及质量、价格在市场图生存，社会很现实。"
 373 "心理是抵制的，但是偶尔出于实用，因为有时日货质量确实比较突出。"
 374 "为什么要抵制呢？"
 375 "选择优良的产品，是不需要带民族情绪。"
 376 "产品并不代表个人感情，现在用日本的产品是为了将来更好的发展我们中国的产品。"
 377 "质量好就行。"
 378 "互通互通。"
 379 "必须让中国强大起来，光抵制没用，要学习人家的长处。"
 380 "除政治为什么要抵制？没必要。"
 381 "我只选择好的，要强大还是要从自身做起。"
 382 "从来不用日货。"
 383 "从民族观念出发。"
 384 "可能是因为民族意识。"
 385 "没有太多理由，尊重日本，但不买日货。"
 386 "于南京大屠杀的书后，也会受其影响不买日货。"
 387 "日本对中国不友好时。"
 388 "因为他们总伤害中国人感情。"
 389 "历史问题。"

It is difficult to forget national humiliation.³⁹¹

Japanese approach to history.³⁹²

SK-II is just one example. It is harmful to people, but many rich ladies use it.³⁹³

It is because of the national feelings.³⁹⁴

If I can substitute the product, then, as much as possible, I do not use Japanese products.³⁹⁵

It depends on the use of the product, if they are not necessary, I might boycott.³⁹⁶

History, territory (Diaoyu islands).³⁹⁷

I have not used Japanese products since 1998, even if they send them to me for free.³⁹⁸

Apart from Sony products, I do not like them.³⁹⁹

Japan committed horrible crimes against Chinese people. Chinese people might look ahead. They won't be that narrow-minded. With an open economic market, we should strive for a mutual equality.⁴⁰⁰

Their country has never changed their behaviour.⁴⁰¹

³⁹⁰ "历史上问题，但毕竟已经是历史。"

³⁹¹ "国耻难忘。"

³⁹² "日本人对历史。"

³⁹³ "这就是个例子，它是对人有害的，但是很多富婆都买它。"

³⁹⁴ "民族感情方面。"

³⁹⁵ "如果是可以替代的产品，尽量不使用日货。"

³⁹⁶ "从的用途看，没必要，会有。"

³⁹⁷ "历史，领土（钓鱼岛）。"

³⁹⁸ "从 1998 年起我不用日货，即使免费送我都不用。"

³⁹⁹ "不喜欢，除个别 SONY 产品。"

⁴⁰⁰ "日本在中国人面前自己犯下了滔天罪行。中国人会向前看的。在日本面前不会那么小气。在市场经济开放的今天相互追求的应是互相平等。"

⁴⁰¹ "他们国从未改变做法。"

6. Japanese consumer survey

6.1. Demographics

The Japanese consumer survey was conducted in Tokyo in June 2008. 53.2% of all respondents were female and 46.8% were male. All ages were represented: under 20 (12.7%), 21-30 (37.1%), 31-40 (22.1%), 41-50 (11.2%), 51-60 (11.2%), and over 60 (5.6%).

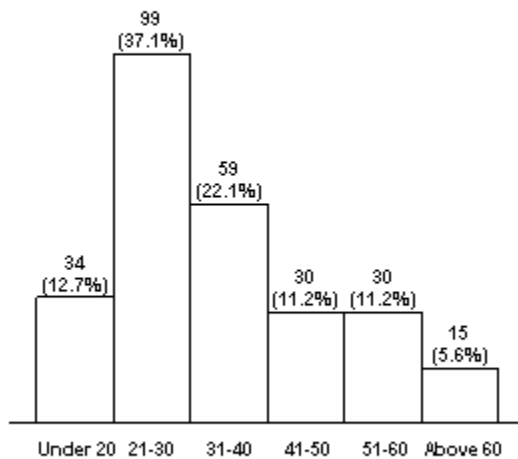


Figure 6-1 Japanese survey distribution by age

Approx. 32% of respondents came from Tokyo, 10% from Yokohama, 3% from Nagoya and 54% from other prefectures. Overall, approx. 50% of all prefectures in Japan were represented in the survey. As for the level of education, 61.0% of the respondents attended university, 27.7% finished high school, 4.9% hold a Master's title, 1.5% hold a Doctoral degree and 2.2% finished middle school.

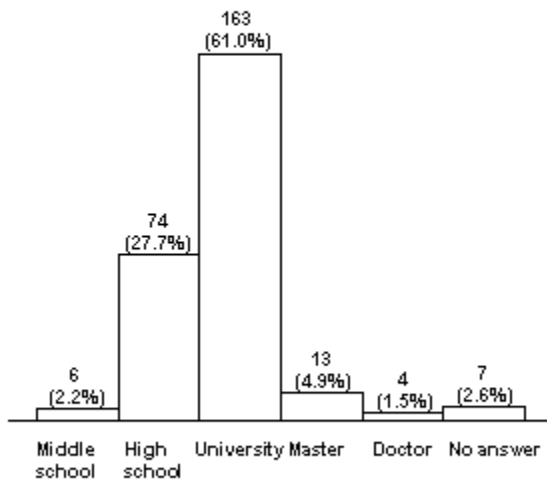


Figure 6-2 Japanese survey distribution by level of education

6.2. Brand equity of countries

38.9% of the respondents regard product origin as not important, whereas 43.1% believe it to be important.

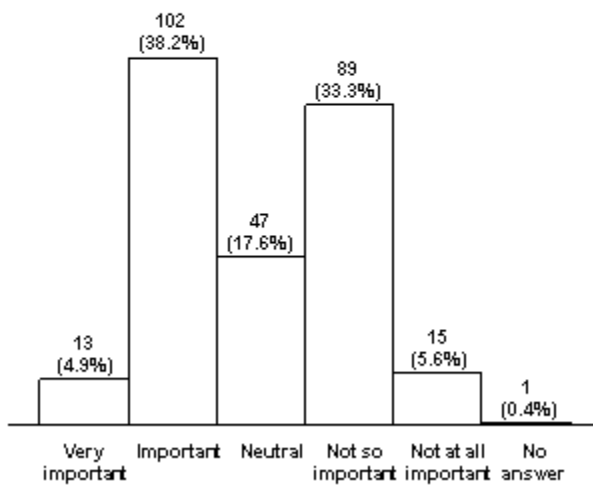


Figure 6-3 Is the origin of the products important to you when making a purchase decision?

The survey results indicated that the vast majority of Japanese respondents (86.1%) believe that Chinese products are not good.

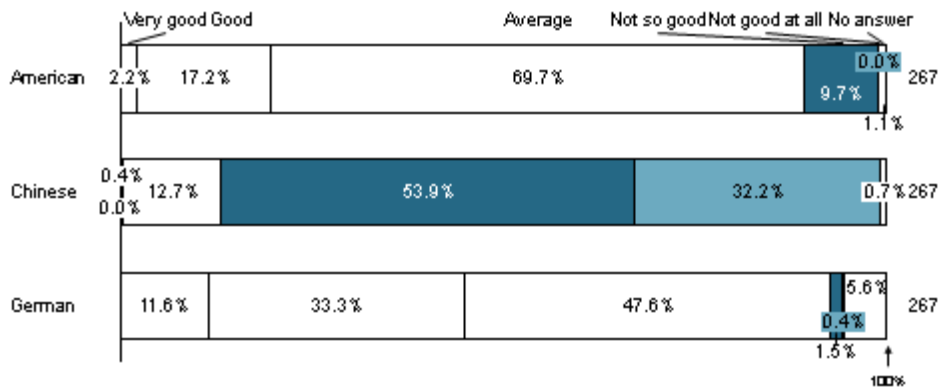


Figure 6-4 Japanese consumers' perception of foreign products

American and German products are better perceived than Chinese ones. 47.6% regard German products as average and 33.3% as good. The vast majority of the respondents believe that American products are average, and 17.2% regard them as good.

A boycott of Japanese products by Chinese consumers would have a significant impact on the purchase behaviour of the Japanese consumers, as many Japanese consumers would buy fewer Chinese products or would stop buying Chinese products. However, the impact would differ depending on the perception of the products: the purchase behaviour of respondents perceiving Chinese products as good or very good would be less impacted than of the ones that perceive them as not good.

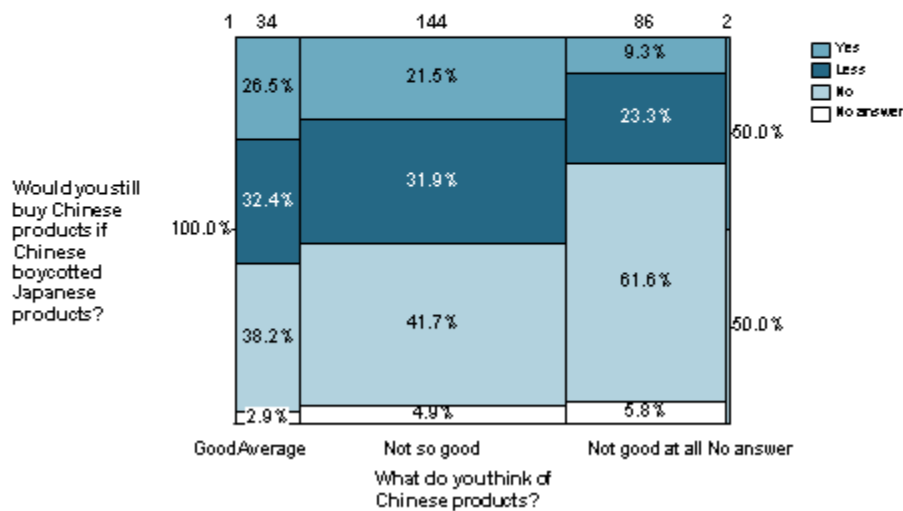


Figure 6-5 What do you think of Chinese products? Would you still buy Chinese products if the Chinese boycotted Japanese products?

Differences can also be observed between female and male respondents in the perception of Chinese products. Women perceive Chinese products more negatively than men do. 51.4%

of females and 56.8% of males believe Chinese products to be not so good, whereas 36.6% of female and 27.2% of male respondents regard Chinese products as not good at all.

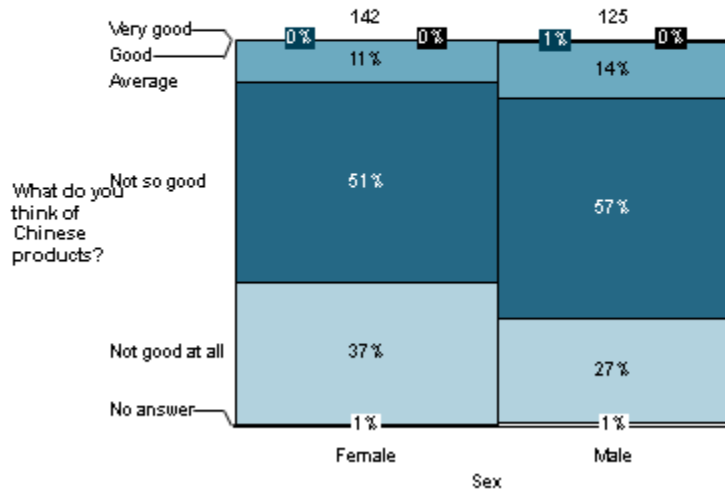


Figure 6-6 What do you think of Chinese products? Distribution by gender

There are differences in the perception of Chinese products between age groups.

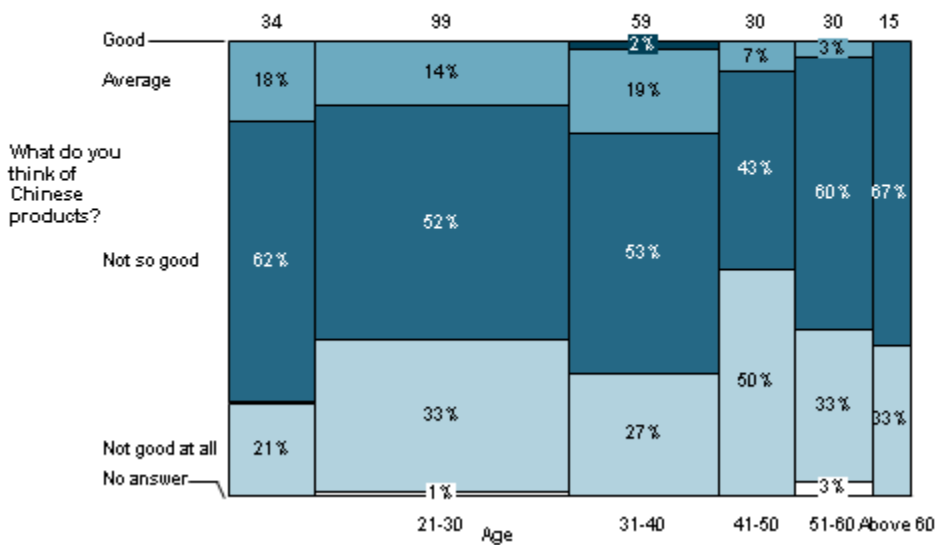


Figure 6-7 What do you think of Chinese products? Distribution by age

Respondents over 40 years of age perceive Chinese products more negatively than younger age groups. However, the sample sizes of the different age groups are small and further surveys would have to be performed in order to test this hypothesis. There are no significant differences in opinion about Chinese products with regard to the respondents' level of education. Some educational groups cannot be evaluated due to a small sample size.

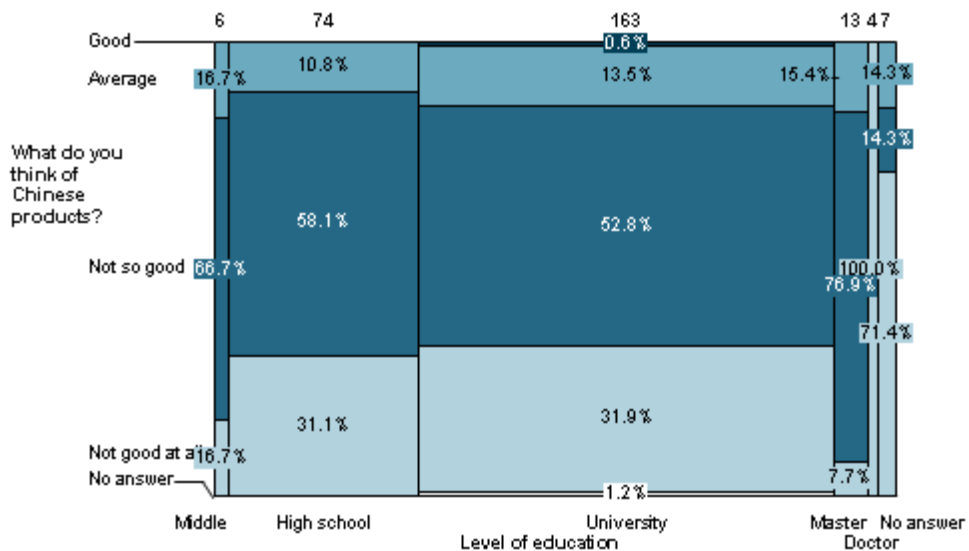


Figure 6-8 What do you think of Chinese products? Distribution by level of education

Compared to products from other analysed countries, Chinese products are least selected by Japanese consumers if the price and quality are the same for all products or if there is no indication of the price and quality.

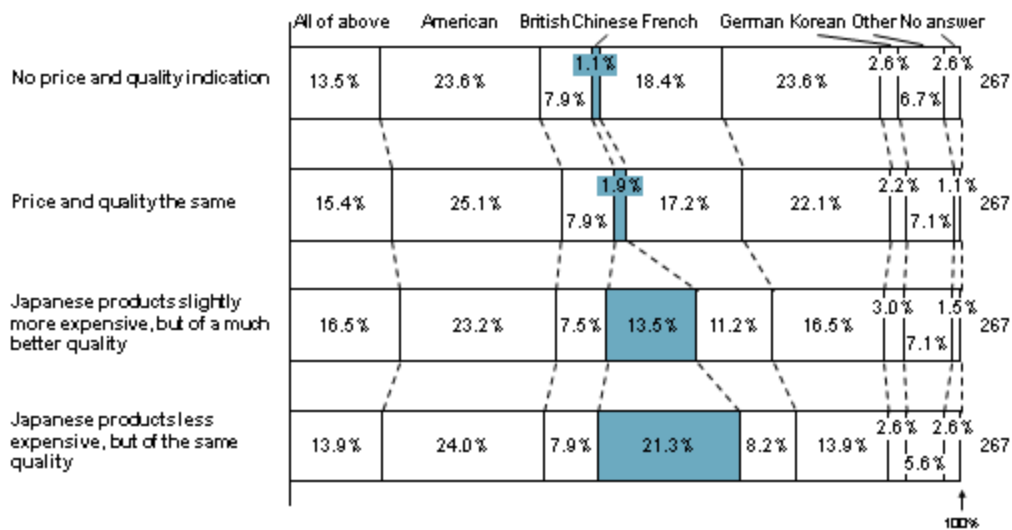


Figure 6-9 Origin preferences of Japanese consumers

If the Chinese product had a higher consumer surplus value, more respondents would choose the Chinese product. In case the Chinese product were slightly more expensive but of a much better quality than other country's products, 13.5% of respondents would choose the Chinese products. In case the Chinese product was less expensive with the same quality, then approx. 21% of respondents would choose the Chinese product. One reason for these results might be that Chinese products are generally regarded as inexpensive and of low

quality.

They are cheap, but the quality is not good (food, clothes).⁴⁰²

They are cheap, but recently there have been many fake products, including agricultural chemicals.⁴⁰³

Clothes do not last long; food is not safe.⁴⁰⁴

The product quality is poor.⁴⁰⁵

I heard that the quality is not good and the products break quickly.⁴⁰⁶

Few consumers would actively demand them even if they had a higher surplus value.

Chinese products are not very popular in Japan for a variety of reasons, including various incidents involving Chinese products such as the dumpling incident and the Mattel incident.

If I can, I try not to buy them.⁴⁰⁷

They are cheap, but because of incidents like the dumplings, I cannot have confidence in Chinese products.⁴⁰⁸

According to the media reports, the image is not good.⁴⁰⁹

I have followed the agricultural chemicals issue in the news and I am afraid to use them.⁴¹⁰

There are too many issues with the products. It is not that I do not use them at all, but if there are substitutes, then I would rather choose the substitute.⁴¹¹

The overall impression among Japanese respondents is that Chinese products are inexpensive, break easily and are dangerous. They indicate that the quality of Chinese products is inferior, and they point out that there are many Chinese counterfeit products. The image that Japanese consumers have of Chinese products is mainly shaped by public discourse and the media and only to a certain extent by personal experimentation. Public discourse and the media provide consumers with information about the incidents upon which they base their private knowledge.

6.3. Quality perception

Japanese consumers regard product quality as one of the most important features for a

⁴⁰² "安いですが質が良くない（食品、洋服）。" (Japanese survey)

⁴⁰³ "安くても農薬とか最近商品の偽造が多いから。" (Japanese survey)

⁴⁰⁴ "洋服→耐久性がない；食品→安全じゃない気がする。" (Japanese survey)

⁴⁰⁵ "品質が悪い。" (Japanese survey)

⁴⁰⁶ "質がよくないと聞くと、実際使ったものもすぐ壊れたりしたから。" (Japanese survey)

⁴⁰⁷ "できれば買いたくない。" (Japanese survey)

⁴⁰⁸ "安いですが、ギョーザ問題などで信頼できなくなった。" (Japanese survey)

⁴⁰⁹ "メディアでの情報で、イメージがよくない。" (Japanese survey)

⁴¹⁰ "農薬問題やニュースを見ると怖いので。" (Japanese survey)

⁴¹¹ "問題が多すぎる。全否定ではないが代替品があればそちらを使いたい。" (Japanese survey)

purchase; therefore, they do not trust Chinese products because they do not have confidence in their quality.

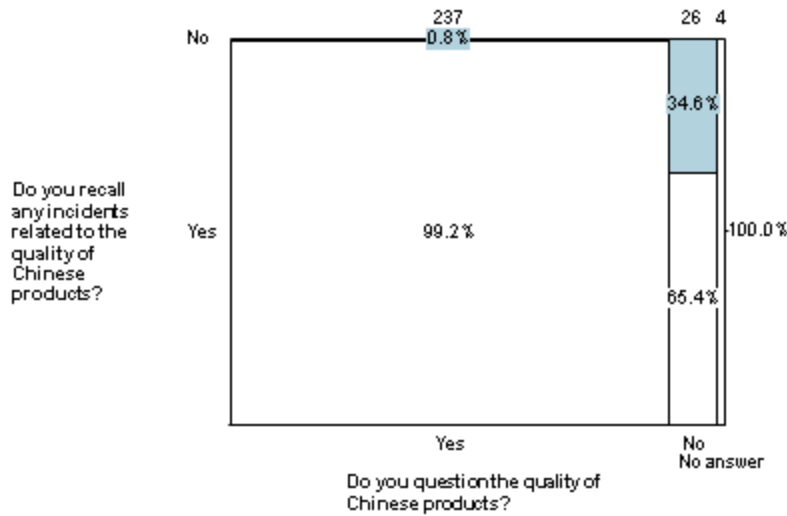


Figure 6-10 Incidents related to the quality of Chinese products – do you question the quality of Chinese products?

Almost all respondents (95.9%) remember incidents when the quality of Chinese goods was questioned. Out of almost 240 respondents who replied that they question the quality of the Chinese products, 99% recall quality incidents related to Chinese products.

Cardboard box, insects.⁴¹²

Dumplings, toys, dog food etc. They were reported to be harmful.⁴¹³

Pet food, tooth powder, dumplings, toys, earthen pots.⁴¹⁴

Harmful ingredients in the toys and food.⁴¹⁵

Dumplings, agricultural chemicals in vegetables.⁴¹⁶

Forbidden substances were used in the toys for the babies. Traces of forbidden agricultural substances in amounts higher than allowed were found.⁴¹⁷

Pirate copies of CDs, DVDs and mangas, fake brand products, dumpling incident.⁴¹⁸

Impurities found in tableware.⁴¹⁹

Tableware (vegetable, frozen food), clothes, toys... there have been too many incidents, I am not able to mention all of them.⁴²⁰

Eel, spinach, dumplings, T-shirts, toys, short-neck clam.⁴²¹

⁴¹² "ダンボール、虫。" (Japanese survey)

⁴¹³ "ギョーザ、おもちゃ、ドッグフードなど。健康上被害の報告あり。" (Japanese survey)

⁴¹⁴ "ペットフード、歯みがき粉、ギョーザ、おもちゃ、土鍋。" (Japanese survey)

⁴¹⁵ "おもちゃ、食べ物に有毒性のある物質が混入していた事件。" (Japanese survey)

⁴¹⁶ "ギョーザ、野菜の農薬。" (Japanese survey)

⁴¹⁷ "赤ちゃん用のおもちゃに禁止されている成分が使われていた。野菜に基準以上の農薬が残留していた。" (Japanese survey)

⁴¹⁸ "CD, DVD, マングの海賊版、ブランド品のコピー製品、ギョーザ事件。" (Japanese survey)

⁴¹⁹ "食器の中に不純物が入っていた。" (Japanese survey)

⁴²⁰ "食品(野菜、冷凍食品)衣服, おもちゃ... いっぱいありすぎて書ききれない。" (Japanese survey)

⁴²¹ "うなぎ、ほうれん草、ギョーザ、Tシャツ、おもちゃ、あさり。" (Japanese survey)

Agricultural chemicals found in frozen spinach, frozen dumplings' incident.⁴²²

The vast majority of Japanese respondents question the quality of Chinese products due to various incidents. They generally learned about these incidents through the media and not through personal experimentation. As a consequence, the perception of Chinese products is generally built on public discourse and media reports and only partially on personal experimentation.

There have been several issues with regard to the quality of the Chinese products.⁴²³

Because of the reports in the press, etc.⁴²⁴

There have been many incidents in the past.⁴²⁵

In recent years, there have been many incidents related to Chinese products; therefore, the image is not good.⁴²⁶

I am worried about safety.⁴²⁷

The impression from additional interviews was that Japanese consumers are mainly concerned that Chinese products are "dangerous"⁴²⁸.

Only 26 respondents do not question the quality of Chinese products. Approx. 35% of these respondents do not recall incidents related to the quality of Chinese products.

Many Japanese and Chinese respondents said that they prefer products from their respective home countries. However, there is a difference in the reasoning used by either. Japanese consumers name the price and after-sales service as the main reasons for their choice. By contrast, the Chinese respondents often cite nationalistic or cultural reasons for their buying decisions. Nevertheless, some Japanese respondents reacted emotionally: "I do not like China".⁴²⁹ Several Chinese consumers stated that they chose Chinese products because they are Chinese or because they love their country. It is difficult to estimate how many of these respondents would do so simply in order to show to others that they love their country.

⁴²² "冷凍ほうれん草の残留農薬の事件や、冷凍ギョーザ事件。" (Japanese survey)

⁴²³ "今までに色々な問題をおこしてきているから。" (Japanese survey)

⁴²⁴ "報道等で情報があるので。" (Japanese survey)

⁴²⁵ "過去の重ねがあるから。" (Japanese survey)

⁴²⁶ "近年、中国産のものに関しての事件が多く、あまりイメージがよくないため。" (Japanese survey)

⁴²⁷ "安全面の心配。" (Japanese survey)

⁴²⁸ *abunai* "危ない" (Japanese survey)

⁴²⁹ "中国がキライだから。" (Japanese survey)



Figure 6-11 Do you think that all products available on the Japanese market are trustworthy?

Overall, the vast majority of Japanese respondents stated that they do not think that all products available on the Japanese market are trustworthy.

6.4. Shock impact

Based on the results of the consumer survey, the shocks do not only cause a change in the purchase behaviour of Chinese consumers; they also have an impact upon the purchase behaviour of the Japanese consumers.

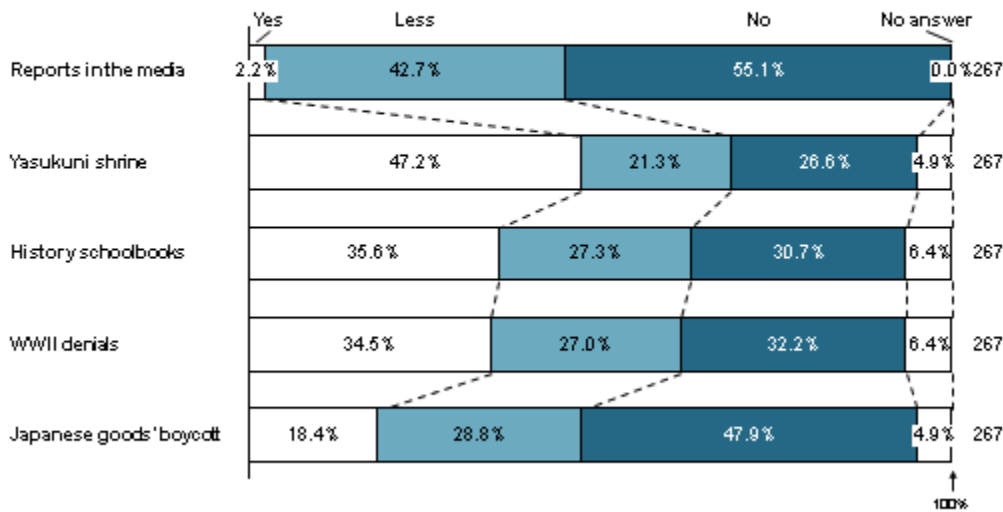


Figure 6-12 Reaction of Japanese consumers to selected shocks

If China were to oppose a new Japanese schoolbook or ask for another apology, the purchase behaviour of nearly 60% of respondents would be impacted, as they would buy fewer Chinese products or not buy them at all. The boycott of Japanese goods by the Chinese would have the largest impact of all the potential shocks analysed. 76.7% of respondents would change their purchase behaviour: 48% of respondents would not buy any

Chinese products and 28.8% of respondents would buy fewer Chinese products. Figure 6.12 illustrates the substantial impact of a negative media report on Japanese consumer behaviour. 55.1% of respondents would not buy a product if there had been negative media coverage, whereas 42.7% would buy fewer products.

In the event of negative media reports, Japanese consumers would mainly be afraid of possible safety issues.

I am afraid of the possible damage inflicted on myself.⁴³⁰

I feel uneasy, because I cannot be very sure about their safety.⁴³¹

Some consumers seem to be easily influenced, while others prefer experiencing the product themselves. Some consumers do not fully trust the media.

I do not believe 100% in the media.⁴³²

I do not trust the media blindly.⁴³³

It is because the Japanese media report without collecting enough data.⁴³⁴

If the products are necessary, I would think about it.⁴³⁵

It depends on what doubts there are, but it has happened before, that I thought that the product was okay indeed.⁴³⁶

The power of the media is significant and people are easy to manipulate.⁴³⁷

With regard to the different shocks such as visits to the Yasukuni shrine or publication of the revisionist history schoolbook, many respondents underlined that there is no relationship between politics and the purchasing of products.

Politics and everyday products are different issues.⁴³⁸

There is no relationship between the Yasukuni issue and Chinese products.⁴³⁹

Respondents' positions are mixed with respect to the visits to the Yasukuni shrine. Some see the official visits to the Yasukuni shrine as not necessary or incendiary, some are indifferent, and others criticise Chinese interference into internal affairs.

Personally, I do not think that the Prime Ministers visits to the Yasukuni shrine are necessary.⁴⁴⁰

⁴³⁰ "自分に害があると恐いから。" (Japanese survey)

⁴³¹ "はっきりと安全が確かめられないと心配。" (Japanese survey)

⁴³² "メディアを100%は信用できないから。" (Japanese survey)

⁴³³ "全面的ではないがメディアを信じる。" (Japanese survey)

⁴³⁴ "日本のメディアは十分な取材をせずに報道するので。" (Japanese survey)

⁴³⁵ "すごく必要なものであれば考える。" (Japanese survey)

⁴³⁶ "疑われている内容によっては自分としては問題ないと思うものもあるから。" (Japanese survey)

⁴³⁷ "メディアの力は大きく、人々は影響されやすいため。" (Japanese survey)

⁴³⁸ "政治と日常商品は別だから。" (Japanese survey)

⁴³⁹ "靖国参拝問題と中国製商品の関係はない。" (Japanese survey)

The Prime Minister does not have to go to the Yasukuni shrine.⁴⁴¹
I think that it is interference in our internal affairs.⁴⁴²
I do not care much; however, I wouldn't feel good about it.⁴⁴³
I do not care much; it is a past issue.⁴⁴⁴

There is a group of respondents who buy Chinese products and who would not change their purchase behaviour after a shock.

It does not prevent me from buying.⁴⁴⁵
Chinese products are cheap; therefore, it would be frightening for our family budget if we fully gave up on Chinese products.⁴⁴⁶
If the quality is good and the product cheap, then it is okay.⁴⁴⁷
I would buy if the products were cheap.⁴⁴⁸
If the products are good, I will buy them.⁴⁴⁹
If the quality were good, then I wouldn't consider what the Chinese people did.⁴⁵⁰
If the product is essential, I buy.⁴⁵¹
If it is easy to buy, then I buy.⁴⁵²
I would buy only essential products.⁴⁵³
In Japan, there are many Chinese products.⁴⁵⁴
If the products are good, then I am not bothered and buy.⁴⁵⁵
Japan's self-sufficiency ratio is low. Therefore, we buy no matter what.⁴⁵⁶
In the case of food, Japan's self-sufficiency is low, so it is unavoidable.⁴⁵⁷
Japan cannot live without Chinese products, therefore, I think that you cannot do anything about it but have to buy them.⁴⁵⁸
Nowadays, there are plenty of Chinese products in Japan and we would have a hard time if there were fewer.⁴⁵⁹

Some respondents would not buy Chinese products after a shock, as they are against China criticising Japan.

440 "個人的に首相の靖国参拝には必要性を感じていないから。" (Japanese survey)

441 "首相は靖国に行くべきではないから。" (Japanese survey)

442 "内政干渉だと思うから。" (Japanese survey)

443 "あまり気にはしていないが少しは気分が悪いので。" (Japanese survey)

444 "気にしない、過去の事。" (Japanese survey)

445 "買う気にならないから。" (Japanese survey)

446 "中国製品は安いので、完全に買わなくなるのは家計に驚くから。" (Japanese survey)

447 "良質で安ければよい。" (Japanese survey)

448 "安ければ買うし。" (Japanese survey)

449 "良いものなら購入します。" (Japanese survey)

450 "質が良ければ、中国人は無関係。" (Japanese survey)

451 "必要な物なら購入します。" (Japanese survey)

452 "手に入りやすいなら買う。" (Japanese survey)

453 "必要な物のみ購入する。" (Japanese survey)

454 "日本でも、中国製品が多いため。" (Japanese survey)

455 "良い商品があれば、気にせず購入。" (Japanese survey)

456 "日本は自給率が低い為、買わざるをえない。" (Japanese survey)

457 "食料品の場合日本の自給率が低いのでやむをえない。" (Japanese survey)

458 "日本は中国製なしでは生活できないので、買うのはしょうがないと思うから。" (Japanese survey)

459 "日本には今、中国製品ばかりあふれているし、なくなったら困る。" (Japanese survey)

Different people think differently; however, I do not want to buy Chinese products after such a statement.⁴⁶⁰

If China keeps on criticising Japan, I try not to buy.⁴⁶¹

I wouldn't buy regardless of the opposition.⁴⁶²

There are also respondents that indicated that they would not buy Chinese products regardless of the shock as they doubt their safety.

I have never bought Chinese products.⁴⁶³

Generally, I do not buy, so I do not buy in this case either.⁴⁶⁴

I wouldn't buy, regardless of the boycott.⁴⁶⁵

I cannot have confidence in them.⁴⁶⁶

I am not sure about their safety.⁴⁶⁷

I do not buy Chinese products regardless of the Yasukuni issue.⁴⁶⁸

I do not trust their product quality management.⁴⁶⁹

Some Japanese respondents do not see the relationship between the product purchase and the shock, whereas others regard it as interference in the internal affairs.

I think there is no relationship.⁴⁷⁰

Sure enough, there is no relationship to the products. If the price is okay, I buy.⁴⁷¹

It is a country matter and therefore, has no relationship to personal purchases.⁴⁷²

Japanese goods boycotts and Chinese products have no relationship.⁴⁷³

It is an internal affairs issue. It is interference in the internal affairs of another country.⁴⁷⁴

Some respondents stated that Japan should also boycott Chinese goods if China were to boycott Japanese goods.

I think that if China boycotts Japan, the Japanese side should also do the same.⁴⁷⁵

If China boycotts Japan, then I think that Japan should also boycott China.⁴⁷⁶

I would also want to boycott (their goods).⁴⁷⁷

⁴⁶⁰ "人それぞれ考えは違う、その発言で購入しなくなることはない。" (Japanese survey)

⁴⁶¹ "日本の悪口を言いつづけるならあまり買いたくない。" (Japanese survey)

⁴⁶² "反対してもしなくても買わない。" (Japanese survey)

⁴⁶³ "もともと中国のものは買わないようにしているから。" (Japanese survey)

⁴⁶⁴ "元々買わないので買わないです。" (Japanese survey)

⁴⁶⁵ "ボイコットしようがしないが関係なく買わない。" (Japanese survey)

⁴⁶⁶ "信用できないから。" (Japanese survey)

⁴⁶⁷ "安全がわからないため。" (Japanese survey)

⁴⁶⁸ "参拝することはどちらでもかまわないが、中国のは買わない。" (Japanese survey)

⁴⁶⁹ "品質管理が信用できない。" (Japanese survey)

⁴⁷⁰ "場合にもよると思うが、あまり関係ないと思うから。" (Japanese survey)

⁴⁷¹ "やはり商品には関係なく。質、値段が良ければ買います。" (Japanese survey)

⁴⁷² "国の事情であるから、個人の購入には関係なくと思う。" (Japanese survey)

⁴⁷³ "ボイコットと中国製品は関係ない。" (Japanese survey)

⁴⁷⁴ "内政の問題で有る。内政干渉。" (Japanese survey)

⁴⁷⁵ "中国がボイコットするなら、日本側もしようと考えてる。" (Japanese survey)

⁴⁷⁶ "中国もしているなら日本もしていいと思います。" (Japanese survey)

⁴⁷⁷ "ボイコットしても欲しいものは欲しい。" (Japanese survey)

After all, I would probably oppose China.⁴⁷⁸
I am for the free economy and therefore I would do the same.⁴⁷⁹
If I can I do the same.⁴⁸⁰
An eye for an eye, a tooth for a tooth.⁴⁸¹
It is give and take.⁴⁸²
Emotionally, I would like to oppose China.⁴⁸³

Other respondents believe that there should be no similar action from the Japanese side.

There is no sense in doing the same.⁴⁸⁴
Until now, as for the past issues, there has not been any reaction similar to the reaction of the Chinese people.⁴⁸⁵

Some respondents refer to the history issue in their answers. Many Japanese believe that it is necessary to consider history to some extent. However, many are not willing to think too much on the past, as many years have passed since the end of the war.

I do not like it if somebody denies the truth.⁴⁸⁶
I think I understand a bit the reasons for the opposition to the schoolbooks.⁴⁸⁷
It depends on the content of the schoolbook.⁴⁸⁸
It is necessary to admit a correct account of history.⁴⁸⁹
Time passes and one cannot stick to the past.⁴⁹⁰
Everybody has the right to know the truth.⁴⁹¹
Many years have passed since the end of the war, haven't they?⁴⁹²
If China opposes a schoolbook, then it has to be considered a schoolbook issue.⁴⁹³
I do not like the anti-Japanese feelings.⁴⁹⁴
Japanese history has to be true (honest).⁴⁹⁵

A discrepancy can be observed in the respondents' views on Japan's apology. Some say that Japan has already apologised enough, while some say that Japan should still apologise.

478 "やっぱり反抗するかも。" (Japanese survey)

479 "自由経済の考えを批判する行為であると考えてるので、同じことをやり返す。" (Japanese survey)

480 "やったらやりかえす。" (Japanese survey)

481 "目には目を。" (Japanese survey)

482 "ギブアンドテイクだから。" (Japanese survey)

483 "感情的には対抗したい。" (Japanese survey)

484 "同じようなこととしても意味がないから。" (Japanese survey)

485 "今まで歴史上であった出来事に対して中国人ほど反応することがないから。" (Japanese survey)

486 "事実を否定する事は嫌いなので。" (Japanese survey)

487 "教科書に反対する理由が少し分かると思うから。" (Japanese survey)

488 "教科書の内容による。" (Japanese survey)

489 "正しい歴史確認は必要。" (Japanese survey)

490 "時代は流れている為、過去にこだわらない。" (Japanese survey)

491 "真実を知る権利は皆が持っている。" (Japanese survey)

492 "戦後何年経っていますか。" (Japanese survey)

493 "教科書に反対したら、教科書の問題として考えるべき。" (Japanese survey)

494 "反日はさすがに嫌な気がするから。" (Japanese survey)

495 "日本の歴史は正直にあるべき。" (Japanese survey)

Indeed, I think what happened before is a fact; however, Japan has apologised many times, how many more times is enough? It was such a long time ago.⁴⁹⁶

Japan has already apologised enough.⁴⁹⁷

Nothing can be done about the past.⁴⁹⁸

It happened over half a century ago; it is an issue of the past.⁴⁹⁹

There is no relationship to politics. I am against the war; however, I am not sure how many times Japan should apologise? The approach to war is in Article 9 (I think that Japan complies with it).⁵⁰⁰

In order to improve future diplomatic relations, it would be better to treat these events as past.⁵⁰¹

A war is reciprocal. Both sides inflict terrible casualties on each other and people lose their lives. Therefore, both sides do bad things.⁵⁰²

I think that both sides have to understand the history issue in order to deepen future diplomatic relations.⁵⁰³

I would not like to drag the past along. Japan should have apologised. For sure, Japan did cruel things, but we cannot change the past.⁵⁰⁴

If the apology is necessary, then I think that Japan should apologise.⁵⁰⁵

Japan should properly admit to the crimes; however, that is a different issue than the market issue.⁵⁰⁶

As for the war, I think that every country is responsible. There are Japanese people who were hurt by the Chinese, and there are also many Chinese people who were hurt by the Japanese. In order to bring forward the Chinese-Japanese friendship, Japan has to apologise, but the product purchases are a different issue.⁵⁰⁷

Some respondents reacted similarly to the Chinese respondents. They reacted emotionally stating that they do not like China.

I do not like China and therefore I won't buy!!⁵⁰⁸

I am against China.⁵⁰⁹

I do not like China.⁵¹⁰

⁴⁹⁶ "たしかに昔にあったことは事実だと思うが、もう何度も何度も謝ったんだからもう良いでしょう?と思う。そういう時代だったのだから。" (Japanese survey)

⁴⁹⁷ "日本は十分謝罪している。" (Japanese survey)

⁴⁹⁸ "過去は仕方がない。" (Japanese survey)

⁴⁹⁹ "もう半世紀も昔の事(歴史上の問題である)。" (Japanese survey)

⁵⁰⁰ "政治とは関係ない。しかし戦争には反対だが、何度も謝罪をしたりする必要があるのかぎもん。戦争の教訓で9条ができたので。"(日本は反省していると思う) (Japanese survey)

⁵⁰¹ "今後の国交をよりよくしたければすでに過去としてよい。" (Japanese survey)

⁵⁰² "戦争はお互いさまで、どちらもすごくキズついたしなう物があったからどちらが悪いとかない。" (Japanese survey)

⁵⁰³ "両国はお互いの歴史観を理解し、将来の国間関係を深めるべきだと思います。" (Japanese survey)

⁵⁰⁴ "もう過去のことを引きずらないでほしい。日本は謝罪したはず。たしかにひどいことをしたが、過去は変えられない。。" (Japanese survey)

⁵⁰⁵ "謝罪すべき点は必要があればすべきだと思うので。" (Japanese survey)

⁵⁰⁶ "日本の罪はきちんと認めすべきなので、マーケットとは別と考える。" (Japanese survey)

⁵⁰⁷ "戦争はどちらの国にも責任があると思う。中国から被害をうけた日本人もいると思うが、逆も多い。日本友好がすすめられるなら、謝罪はすべきで購入はまた別。" (Japanese survey)

⁵⁰⁸ "中国が嫌いなので購入しません!!" (Japanese survey)

⁵⁰⁹ "反中国。" (Japanese survey)

7. Impact of the “shocks” on the Japanese companies

7.1. Introduction

The previous chapters focused on the perception and purchase behaviour of Chinese consumers with regard to Japanese products as well as the changes therein due to exogenous and endogenous shocks. This chapter will include an analysis of the business environment of the Japanese companies operating in China and the impact of the analysed shocks on these enterprises.

7.2. Analysis of key macroeconomic data

China has reported strong economic growth over the last few years.

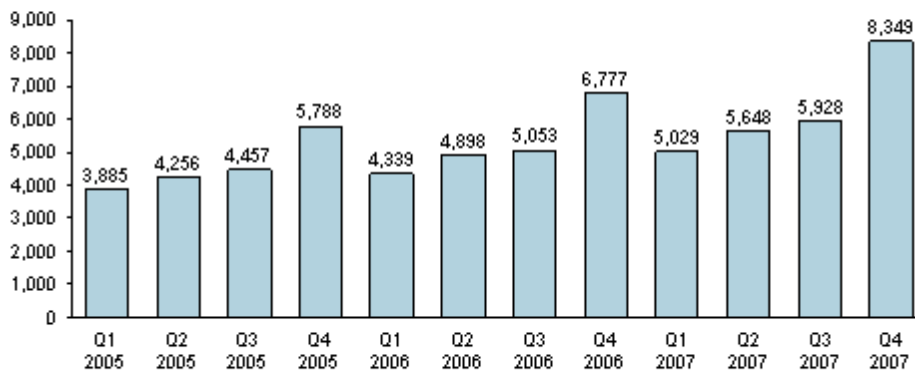


Figure 7-1 China's Gross Domestic Product [Yuan bn]

(Data from the National Bureau of Statistics of China <http://www.stats.gov.cn/>; the data is only available in an aggregate form, therefore, for this analysis the previous quarters have been subtracted.)

The total retail sales of consumer goods in China for all industries as well as the total retail sales of consumer goods in China for wholesale, retail and trade have also increased strongly over recent years.

⁵¹⁰ "中国キライ。" (Japanese survey)

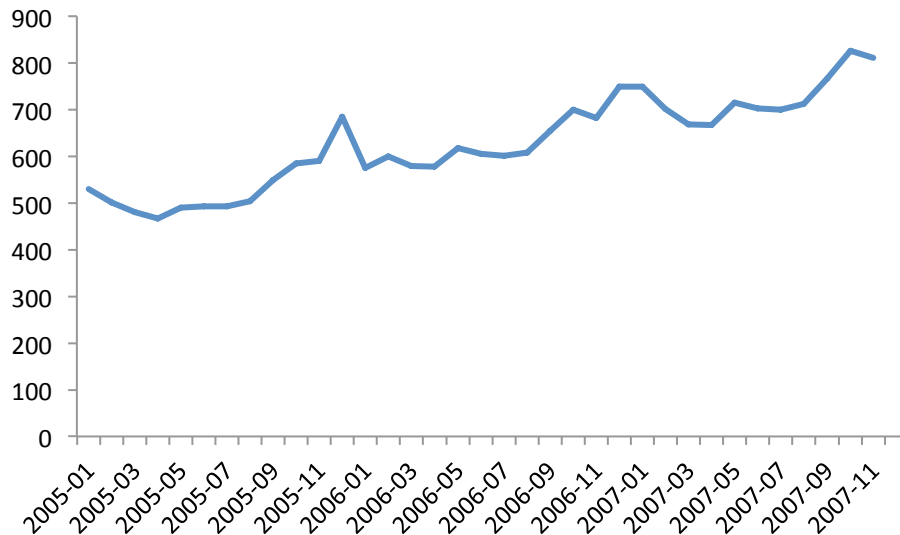


Figure 7-2 Total Retail Sales of Consumer Goods in China [Yuan bn]
 (Data from National Bureau of Statistics of China <http://www.stats.gov.cn/>)

7.3. Foreign direct investment, imports and exports

FDI inflows are a major source of Chinese investment and account for around 30% of the country's economic growth.⁵¹¹

It is sometimes inferred that the appreciation of the Japanese yen is a major motive for Japanese FDI to China and other overseas destinations. One can see that Japanese FDI increased as the yen-dollar exchange rate moved towards 100 Japanese yen per US dollar, or when the Japanese yen appreciated strongly. From the standpoint of Japanese manufacturers, a strong appreciation of the yen leads to profitable exports from low labour cost countries rather than from Japan, as long as the destination is in the US dollar currency bloc. The correlation coefficient of -0.64 suggests that a strong appreciation of the Japanese yen is one factor motivating Japanese companies to shift production capacity from Japan to China. (Horaguchi 2004, 124-125)

An analysis of the Japanese FDI in China between 2005 and 2007 did not show any strong correlation to the media analysis of *Renmin ribao*, *Renminwang* or *Qiangguo Luntan*. The analysis showed Japan's strong commitment to the Chinese market. On the other hand, Chinese direct investment in Japan is very low.

⁵¹¹ Hill 2007, 242

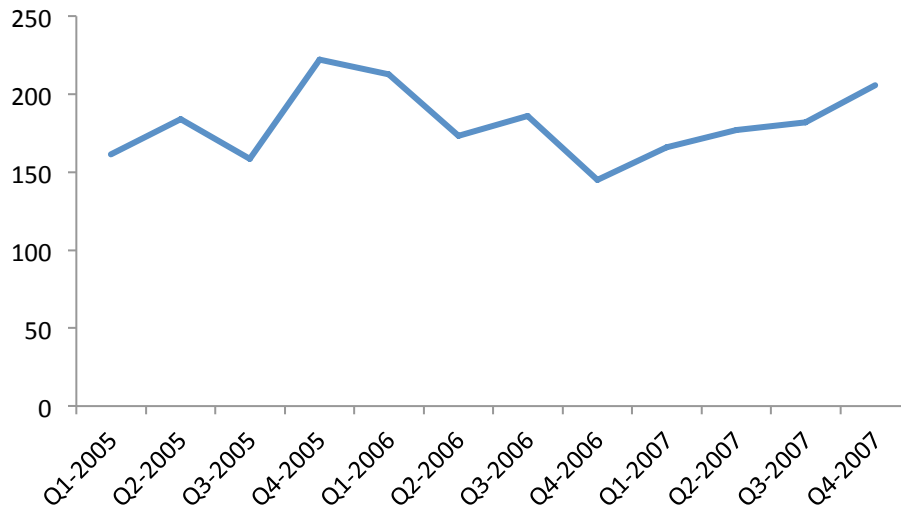


Figure 7-3 Japan's direct investment in China [Yen bn]

(Source: Bank of Japan http://www.boj.or.jp/en/type/stat/boj_stat/bop/diri/index.htm)

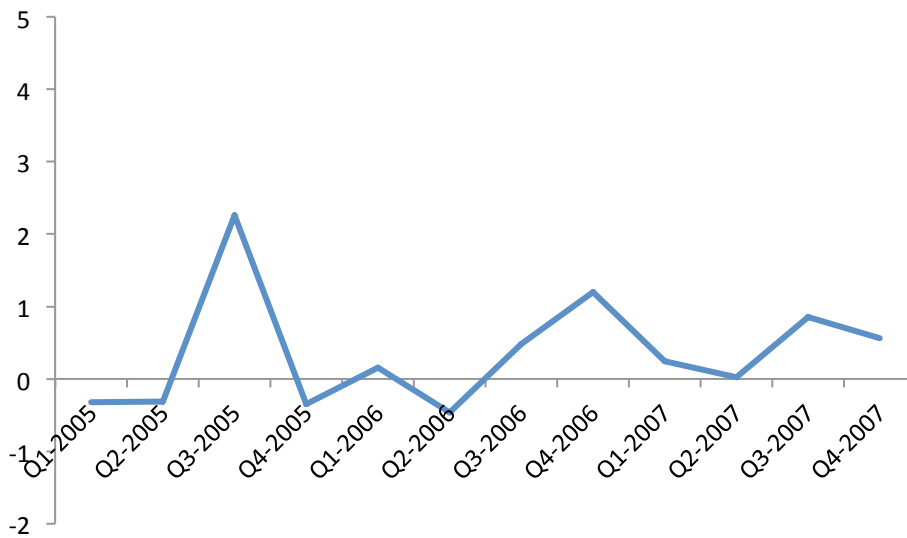


Figure 7-4 China's direct investment in Japan [Yen bn]

(Source: Bank of Japan http://www.boj.or.jp/en/type/stat/boj_stat/bop/diri/index.htm)

Moreover, a clear upward trend in both imports and exports, characterised by seasonality, can be observed between 2005 and 2007.

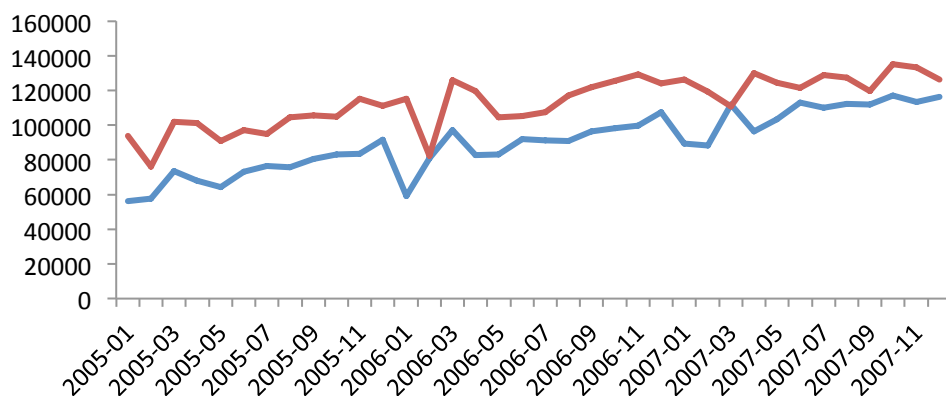


Figure 7-5 Japan's imports and exports from and to China [Yen bn]

(Source: Japanese Statistics Bureau <http://www.stat.go.jp/english/data/nenkan/1431-15.htm>)

Japanese exports to and imports from China correlate negatively with the number of articles on the *Renmin ribao* relating to the Yasukuni shrine and to the boycott of the Japanese goods in the title and in the text. They also negatively correlate with the entries on the *Renminwang* and *Qiangguo Luntan*. The negative correlation was stronger in the case of exports to China than in the case of imports from China.

The main commodities exported to China in 2007 were transport equipment, general machinery and electrical machinery, none of which should have been significantly influenced by the shocks, as the shocks primarily affected the consumer market. Similarly, in the early twentieth century the number of imports from the United States grew during the anti-American boycotts, which might indicate that the boycott was not successful. On the other hand, Gerth argues that the growth in imports during this time was the result of demand for commodities unaffected by the boycott such as copper, plain gray cotton sheeting and cotton drills.

As with all boycotts, it is nearly impossible to gauge the economic impact of the events of 1905. We cannot say what long-term import statistics would have been in the absence of a boycott. In this particular case, Sino-American trade actually peaked. Although monthly statistics do not exist for the period 1904-5, imports from America grew during 1905 by over 250 percent. This suggests the boycott was a tremendous failure. Yet, three items imported into regions largely unaffected by the boycott – copper, plain gray cotton sheeting, and cotton drills – accounted for much of the increase. (Gerth 2003, 130)

7.4. Japanese tourists in China

Several industries benefit from foreign tourists. Long distance transportation and shopping have high shares of foreign exchange earnings. Accommodation, post and communication services, food and beverage, entertainment, tourism and other services also benefit from foreign visitors.⁵¹² Japanese tourists accounted for a significant percentage of all foreign tourists in China for several years. Until 2002, Japanese tourists accounted for between 21.3% and 22.1% of all foreign tourists.

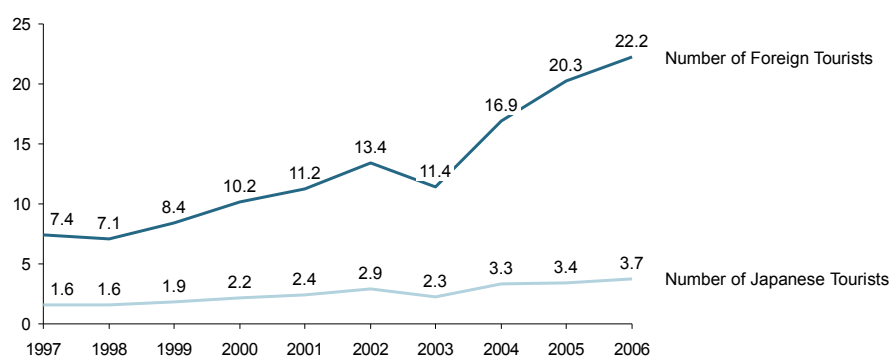


Figure 7-6 Number of Foreign and Japanese Tourists in China [mln]⁵¹³

(Data from the National Bureau of Statistics of China)

This percentage has been decreasing ever since. By 2006, this number fell to 16.9%. The number of Japanese tourists in China dropped significantly in 2003; however, the same trend can also be observed when analysing other foreign tourists to China.

7.5. Shock simulation – Sales forecast

A shock was simulated to illustrate the impact of shocks on Japanese enterprises operating in China. The respondents were grouped according to their perception of Japanese products. The characteristics of these groups have already been described in the previous chapters. Assuming that all consumers find out about the shock and that they all react the way they answered in the simulation, between 36% (for the group that perceived Japanese products as very good) and 96% (for the group that perceived Japanese products as not good at all) of

⁵¹² National Bureau of Statistics of China

⁵¹³ Data for 2007 not yet available online

the respondents⁵¹⁴ would not buy Japanese products any more. Depending on their perception of Japanese products, some consumers would purchase fewer Japanese products, and a small percentage would purchase Japanese products as before. The questions did not include the time period over which the consumers would change their buying habits, which is a potential field for further analysis. The time period of the altered purchase behaviour would most likely vary. Since the answer indicating a decreased demand for Japanese products was not quantified, the level of demand reduction would vary as well.

		What do you think of Japanese products in general?					
		Very good	Good	Average	Not so good	Not good at all	No answer
If a Japanese Prime Minister visited the Yasukuni shrine would you still buy Japanese products?	Yes	32%	19%	7%	6%	0%	15%
	Less	31%	27%	27%	17%	4%	10%
	No	36%	51%	63%	77%	96%	60%
	No answer	1%	2%	2%	0%	0%	15%
	% of Total	8%	46%	35%	5%	3%	2%

Figure 7-7 Would you still buy Japanese products if the Japanese Prime Minister were to visit to the Yasukuni shrine? Segmentation by perception of Japanese products [Percentage of the segment]

		What do you think of Japanese products in general?					
		Very good	Good	Average	Not so good	Not good at all	No answer
If a Japanese Prime Minister visited the Yasukuni shrine would you still buy Japanese products?	Yes	3%	9%	3%	0%	0%	0%
	Less	3%	13%	9%	1%	0%	0%
	No	3%	24%	22%	4%	3%	1%
	No answer	0%	1%	1%	0%	0%	0%
	% of Total	8%	46%	35%	5%	3%	2%

Figure 7-8 Would you still buy Japanese products if the Japanese Prime Minister were to visit the Yasukuni shrine? Segmentation by perception of Japanese products [Percentage of the total]

The negative impact of a shock would likely be more significant if a company experienced seasonality in its sales and the shock occurred during the period of high sales, than if it occurred during the period of low sales. Furthermore, customers would not necessarily react the way they replied in the simulation. For instance, there might not be many substitutes available, or they might not follow through on their intentions to boycott Japanese products. Moreover, it is possible that if a large number of consumers were to stop buying Japanese products, some would follow in response to social pressures, despite the fact that in the simulation, they replied that they would still buy Japanese products.

The private knowledge of the consumers is often shaped by the media. For the above simulation, it was assumed that all consumers found out about the shock through the media.

⁵¹⁴ Calculated as a percentage of the respective segment.

Some consumers might not find out about a shock at all or until later and would therefore not react in the way they specified in their reply. The media usage survey performed in China in spring 2008 was used to understand how consumers related to the media.

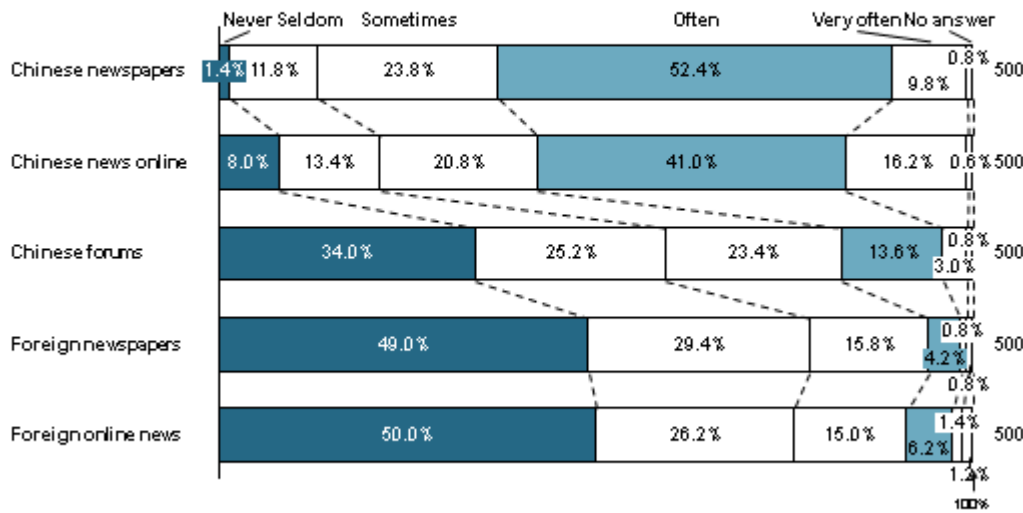


Figure 7-9 Usage of selected media by Chinese consumers (Chinese newspapers, news online, and forums, foreign newspapers and online news)

Consumers who never or seldom read Chinese newspapers might not find out about the crisis from the media. However, they might find out about a shock from other consumers. Furthermore, consumers who only sometimes read Chinese newspapers might have a delayed reaction to a shock, whereas consumers who often or very often read Chinese newspapers might find out about the shock only shortly thereafter.

Chinese consumers would change their behaviour to a greater extent when confronted with the denials of the Second World War atrocities and the publication of a new revisionist history schoolbook than when confronted with the visit to the Yasukuni shrine. The shock would cause consumers to change or falsify their preferences, and as a consequence, to demand fewer Japanese products and more of the competitors' products. In the event of a shock, some consumers would not change their purchase behaviour, some would demand fewer Japanese products and some would cease to buy Japanese products. The decrease in demand would impact the revenues of Japanese enterprises that sell products to Chinese consumers. An enterprise with high fixed costs would not be able to quickly react to the decrease in revenue. An enterprise with a more flexible cost structure would be able to react more quickly to changing conditions.

7.6. JAPIT survey

According to the JAPIT survey, the percentage of Japanese companies with debt decreased from 56.2% to 51.7% since the 8th survey was conducted. The percentage of loans made in Chinese currency by Japanese enterprises has increased substantially. For manufacturing enterprises, the percentage of loans in Chinese yuan increased from 27.9% to 34.2% between the 8th and the 9th survey, ranking second after loans in U.S. dollars. More loans were made in Chinese yuan than in Japanese yen. For non-manufacturing companies, percentage of loans in Chinese yuan increased from 32.3% to 47.6%, ranking higher than the percentage of loans in both U.S. dollars and in Japanese yen.⁵¹⁵ The increase in Chinese loans supports the hypothesis that Japanese companies are committed to the Chinese market.⁵¹⁶

Despite their commitment to the Chinese market, Japanese companies face many obstacles to expansion.

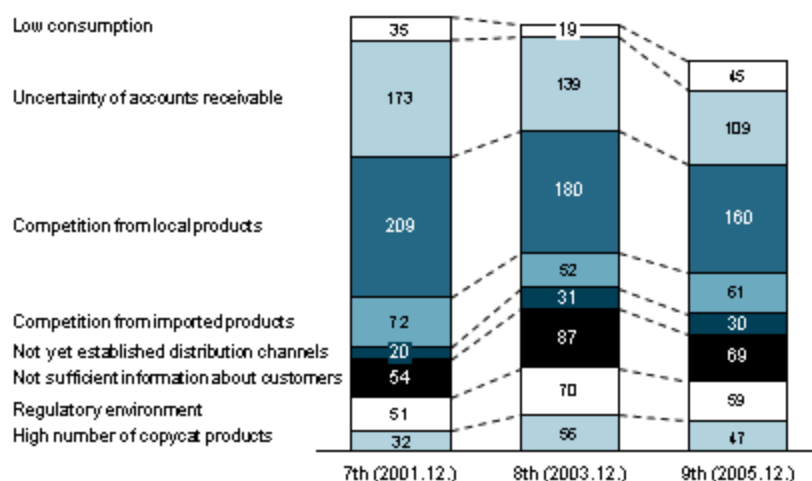


Figure 7-10 Obstacles to expansion in the Chinese market (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 39)

Japanese companies perceive competition from local products as the largest obstacle to expansion, followed by the uncertainty of collecting accounts receivable. The competition from imported products, the regulatory environment, a high number of counterfeit products, low consumption and not yet established distribution channels are regarded as further obstacles. Chinese-Japanese relations are not mentioned as one of the major obstacles, but

⁵¹⁵ *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 31

⁵¹⁶ *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 29

they might be partially included in the 'regulatory environment' category. Furthermore, Chinese-Japanese relations might not have been mentioned because companies might not be aware of the extent of the impact of the issues discussed in this thesis.

According to the survey, Japanese businesses most often contact the Chinese government to discuss taxes, customs and labour.

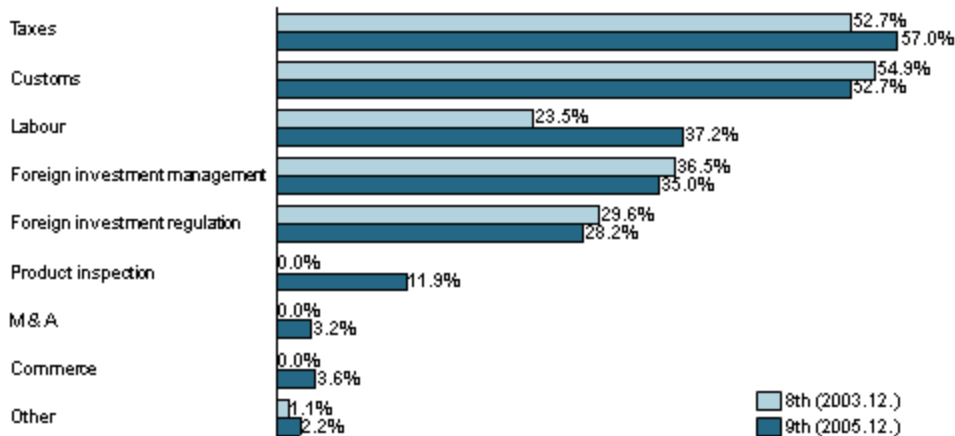


Figure 7-11 Reasons for contact with the government (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 63)

Further reasons for government contact include foreign investment management and foreign investment regulation.

The Japanese companies operating in China admit that they face many challenges.

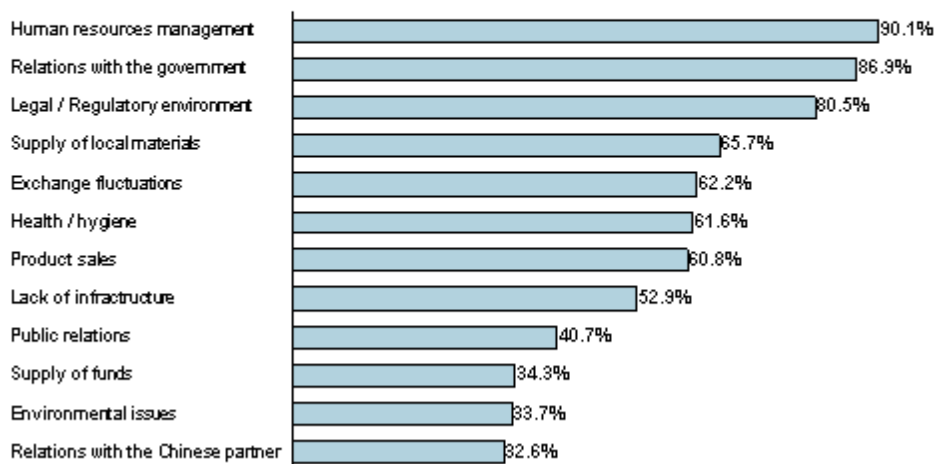


Figure 7-12 Challenges for the Chinese operations of Japanese enterprises (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 62)

Around 90% of respondents mentioned human resources management as the largest

challenge for their China operations. 87% and 81% see relations with the government and the regulatory environment as one of the major challenges. This very high percentage shows how important the relations with the government are for their operations and supports the hypothesis that the Chinese government plays an important role in the operations of Japanese enterprises in China.

Improvement of relations with the Chinese government was listed as one of the main expectations that business leaders had of the JAPIT organization. This confirms the need for an improvement of these relations according to the respondents and the impact that these relations have on their operations in China.

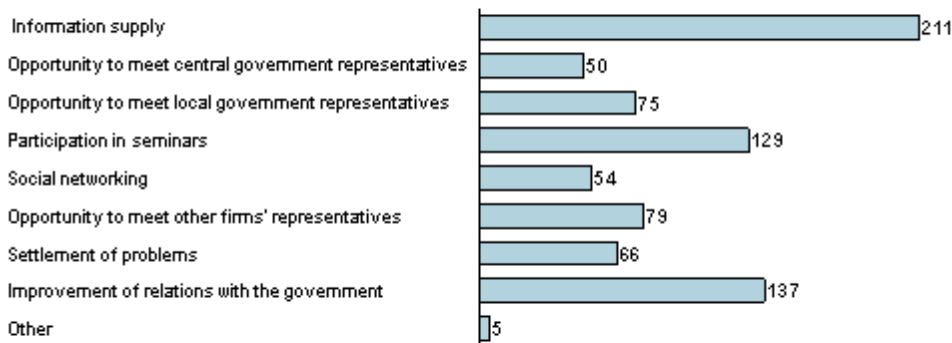


Figure 7-13 What do you expect from the JAPIT activities? (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 336)

Once established in the Chinese market, the majority of respondents to the JAPIT survey employed fewer than 50 employees each.

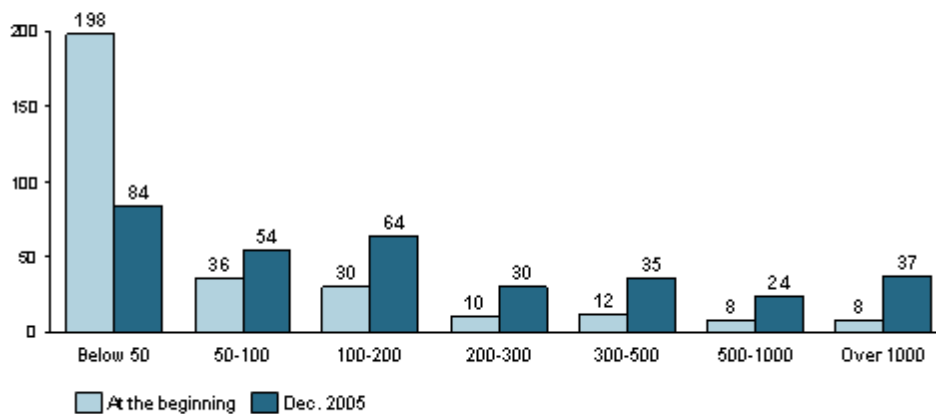


Figure 7-14 Number of respondents with employees in Chinese operations of Japanese enterprises at the moment of establishment (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 97-98)

Over the years, the majority of respondents have significantly expanded their operations and

have created many employment opportunities since they started their operations in China. Not only did Japanese companies create many employment opportunities when they began operations in China; they have created even more as they have grown.

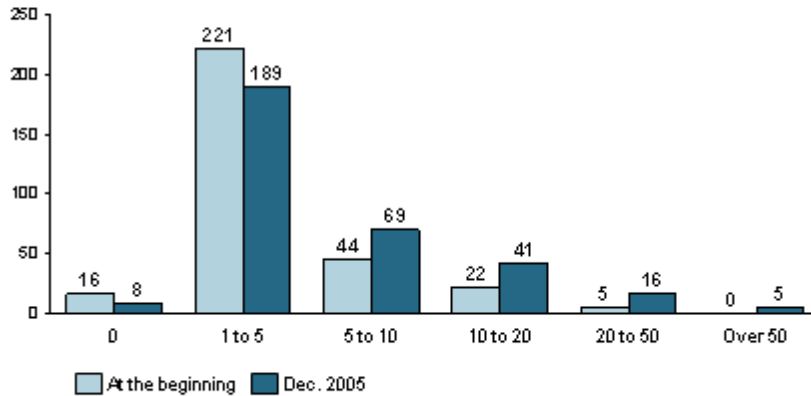


Figure 7-15 Japanese employees in Chinese operations of Japanese enterprises (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka 2007*, 100)

Many employment opportunities have been created in China and will be created by Japanese companies in the future. The majority of the employment opportunities created by Japanese companies are available for local employees. According to the survey, the majority of the respondents only employ between one and five Japanese employees. This leaves many opportunities open for local staff.

Many Japanese products sold in China are produced locally. Therefore, boycotting Japanese products endangers the job security of the local staff employed at these companies.

58.4% of respondents had the goal of participating in the Chinese market, 19% plan to secure a low-cost labour force and produce in China for export overseas and 12% plan to maintain relationships with Japanese suppliers.⁵¹⁷

Overall, Japanese enterprises see many advantages in operating in China. The hard benefits include the treatment of foreign capital (54.5%), good transportation (48.2%), good infrastructure (38.1%) and cheap land (15.4%).⁵¹⁸ 44% of respondents regard good relations with the local government as one of the soft benefits. Other soft benefits were linked to the employees and included the ease of finding suitable employees (43.6%), the cheap labour force (38.5%), and a supply of raw materials (19.6%).

⁵¹⁷ *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka 2007*, 102

⁵¹⁸ *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka 2007*, 104-105

The majority of respondents reported an increase in revenues from 2004 to 2005. 23% reported no change in revenues, and only 12% of the respondents reported a decrease in revenues.

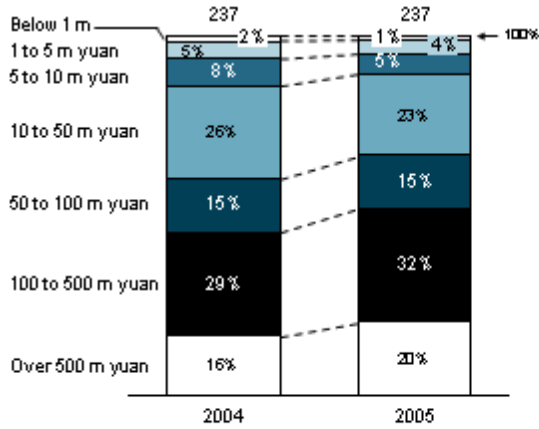


Figure 7-16 Revenues of Japanese enterprises in China, 2004 and 2005 (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 114-115)

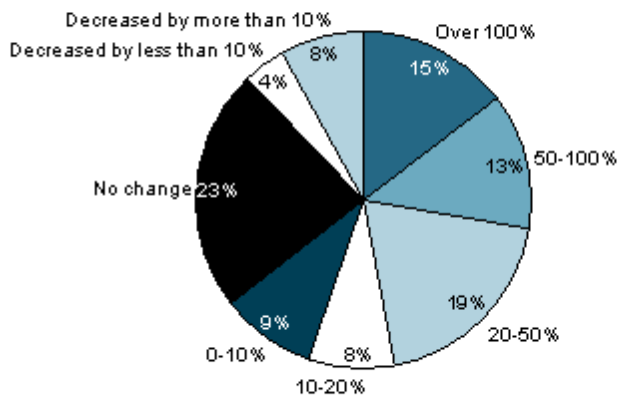


Figure 7-17 Revenues of Japanese enterprises in China in 2005 in comparison with 2004 (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 117)

The majority of respondents were profitable in 2005.

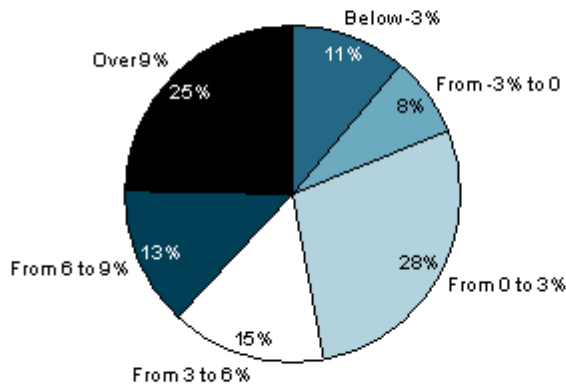


Figure 7-18 Profit margins of Japanese enterprises in China in 2005 (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka 2007, 122*)

The majority of respondents either met or exceeded their targets in 2005, while 35% of the respondents were below their sales targets.

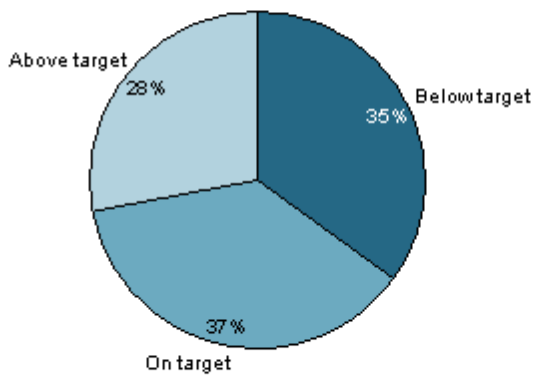


Figure 7-19 Actual versus planned sales in 2005 (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka 2007, 128*)

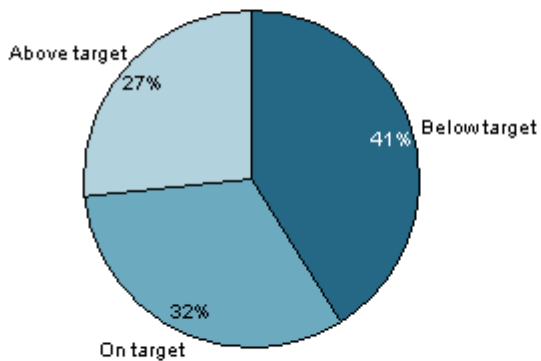


Figure 7-20 Actual versus planned operating income in 2005 (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka 2007, 129*)

These profitable companies are likely to continue their operations in China, thus securing further employment opportunities for Chinese workers. Approx. 40% of respondents pay 15% in taxes, 27.9% pay 33%, 16.4% pay 24% and 15.5% pay other rates.⁵¹⁹

According to the JAPIT survey, 76% of the respondents plan to expand in China and 18% plan not to make any changes with regard to size. Only 2% have decided to downsize. The enterprises' planned expansions will bring about an increased demand for labour and other benefits. This will benefit the growing Chinese economy and contribute to the Japanese companies' success.

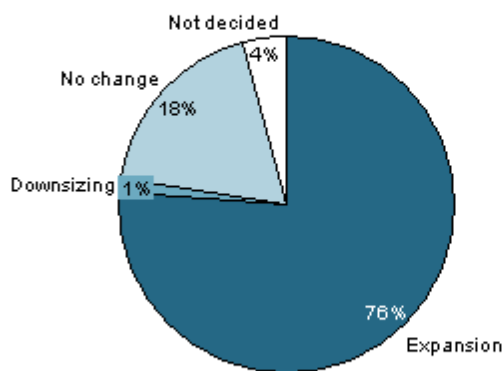


Figure 7-21 What are your company's plans for the near future? (Data from *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 136)

⁵¹⁹ *Daiku-ji Nikkei-kigyō ankēto chōsa. Shūkei, Bunseki-kekka* 2007, 111

8. Discussion

8.1. Result discussion

The main purpose of this thesis was to examine the role of Chinese-Japanese relations on consumer perception and behaviour under normal circumstances and in the case of a shock. The analysis supports the hypothesis that the media often acts as a shock amplifier and shock creator. Mass media reports on shocks are typically in line with government views. Being the representative voice of the government, the media acts as a gatekeeper and only distributes selected news to the readers.⁵²⁰ The media monitors, filters and modifies incoming information, some stories never arrive in China. Since consumers find out about international events first and foremost from the media, the media has an impact on their private knowledge. By monitoring and filtering incoming information, the media engages in knowledge falsification, which in turn shapes consumers' private knowledge.

Through the reports in the media and other public sources, Chinese individuals may conclude that public opinion is against Japan, that expressing anti-Japanese sentiments might lead to social rewards, and that expressing pro-Japanese preferences might expose them to social punishments. Online forums give individuals an opportunity to discover the preferences of others without expressing their own preferences. Based on the content of the posts, they determine the expected public opinion on the issue under discussion. They might use the forums to test the reactions to different public preferences. Based on the rewards and punishments they receive online, they may decide which preference to communicate openly. The media played a role in causing the SK-II incident to become a shock in Chinese-Japanese relations. Media reports have an influence on consumers' private knowledge, as consumers mainly obtain information from the media. Only to a lesser extent do they obtain information through personal experimentation.

Any particular country's mass media usually presents conformist views in line with widely supported views within that country. The media tends to omit news that would challenge these views.⁵²¹ The quantitative content analysis of Chinese news related to Japan supports

⁵²⁰ For more on gatekeeping see McQuail 1994, 212-213

⁵²¹ McQuail 1994, 367-368

this hypothesis. Japan is still negatively perceived in the forums and in the media.

In a research project conducted by Knoche et al. (1992) the role of the media with respect to the Green Party in Germany was analysed. According to the results, the media stabilised the popularity of the party and did not contribute to an increase in their popularity.⁵²² As in Germany, the media in China play a similar role of stabilising the popularity of the party.

Articles in the Chinese press generally present a negative impression of Japan. The analyses of articles related to Japan in Chinese mass media and blogs support the agenda-setting theory. As shown in chapter 4, there is a high correlation between the articles related to events such as the Yasukuni shrine, the SK-II incident or the Japanese goods' boycott on *Renmin ribao* and related posts in the forum *Qiangguo Luntan*. A strong increase in articles on the *Renmin ribao* was often followed by a strong increase in posts in the forum *Qiangguo Luntan*. The vast majority of posts related to SK-II were published on the *Qiangguo Luntan* during the SK-II incident in autumn 2006. This supports the hypothesis that consumers obtain their knowledge from the media and that this knowledge shapes their private and public preferences.

Correlation between the entries on <i>Qiangguo Luntan</i> and following media				
	Articles on <i>Renmin ribao</i> - keyword in title	Articles on <i>Renmin ribao</i> - keyword in text	Articles on <i>Renminwang</i> - keyword in title	Articles on <i>Renminwang</i> - keyword in text
Yasukuni shrine	0.746	0.880	0.814	0.801
Nanjing Massacre	0.523	0.135	0.941	0.913
Procter & Gamble	0.011	0.625	0.894	0.863
SK-II	0.815	0.883	0.969	0.930
Abe Shinzō	0.902	0.612	0.743	0.672
Japanese goods' boycott	NA	0.840	0.887	0.719

Figure 8-1 Correlation between the entries on the *Qiangguo Luntan* and the articles on the *Renmin ribao* and posts on the *Renminwang*

As shown in chapter 3, over 60% of Chinese respondents read Chinese newspapers often or very often and over half read Chinese news online often and very often. Furthermore, many consumers trust Chinese media. Over 19% always trust Chinese newspapers, while 38.0%

⁵²² Knoche et al. 1992, 139

and 7.8% trust them often and very often, respectively. Therefore, media reports will influence a high number of Chinese consumers, who use them to build their private knowledge and estimate the public opinion.

In a vast array of contexts, we rely heavily on public discourse to decide what is fair, right, good, natural, safe, and economical. Conscious of our acute need for ready knowledge, groups pursuing particular agendas fill public discourse with observations and arguments advantageous to their own causes. (Kuran 1997, 159-160)

The consumers rely more heavily on the information provided by society and the media with regard to political issues than with regard to non-political issues.

In any case, since any benefits of a change in the trade regime would accrue primarily to others, and since his own impact on the regime's determination is minuscule, he has little incentive to undertake a costly investigation. As a result, the individual is more dependent on society in political contexts than in the realm of ordinary consumption. This greater dependence implies a greater vulnerability to deception. (Kuran 1997, 162)

Because the use of foreign media is not widespread, local and national media tend to have the primary impact on Chinese consumer sentiment. In the case of the SK-II incident, many consumers became confused as a result of media reports.

SK-II revelation: will it make you more beautiful or harm you? (Zhang Huoding, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on October 3, 2006)⁵²³

Such an event evokes doubt for consumers not only with regard to the SK-II products but also with regard to other products.

SK-II is only a brand; what about the manufacturer? Let us check the name of this dishonest manufacturer. We should all boycott its products. (Bu Ju Yi Ge, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 25, 2006)⁵²⁴

We pay attention to SK-II, but we should pay more attention to pesticides' residue! I may not use cosmetics, but I have to eat every day! (Long Long Long Long, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)⁵²⁵

Consumers expect a reaction from the affected enterprise and from the government. They watch official actions closely and may criticise them online.

Why do the Japanese government and Procter & Gamble choose to remain silent about to the SK-II incident? (Sheng De Wei Da Huo De Bie Qu, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 30, 2006)⁵²⁶

Many stories reported in the Chinese media confirm the negative image of Japan. Chinese

⁵²³ "SK-II 揭秘化妆品：到底是美容还是毁容。"

⁵²⁴ "SK-II 只是品牌，厂家呐？让我们看看这个不诚信的厂家是谁？大家一起抵制它的产品。"

⁵²⁵ "关注 SK-II，更关注农药残留！——俺可以不用化妆品，可俺得天天吃饭啊。"

⁵²⁶ "为何日本政府和宝洁同时选择对 SK-II 事件沉默。"

access to international sources is not guaranteed, and consumers therefore build their knowledge based on the limited information to which they have access.

The forum and survey analyses support the hypothesis theory. Many Chinese consumers seem to have a pre-defined hypothesis with regard to Japan and Japan-related issues. This hypothesis, shaped by the public discourse, past media reports and older generations, influences their perception of information received through the media.

If the ingredients in SK-II products sold in China are different from the ones sold in Japan and in other countries, then there is a major problem. They may be slowly poisoning us. (jimmye01, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 24, 2006)⁵²⁷

Recurring news reports about events such as visits to the Yasukuni shrine make the views presented in the reports seem more credible to the recipients and might cause the recipients to think about the topic more often. The forum analysis supports the hypothesis demonstrated in the study by Lazarsfeld et al. (1944) that media consumers are mostly attracted to information that is consistent with their existing views and that they avoid information that contradicts their own views. The analysis also supports Leon Festinger's hypothesis that consumers try to avoid dissonant pieces of information and are more receptive to the information that confirms their views.

The name itself (SK-II) disobeys Chinese national trademark law. (Chen Chen Mo Mo Ji Shi Nian, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 23, 2006)⁵²⁸

SK-II has brought out a series of problematic Japanese products. (byzh, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on September 22, 2006)⁵²⁹

SK-II website regards Taiwan as an independent country; Procter & Gamble does not comment. (Zhen Zheng Zhen Zheng, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on December 29, 2005)⁵³⁰

The mass media often reminds the Chinese audience of the atrocities of the Second World War, and this influences their perception of Japan. This agenda-setting plays a significant role in Chinese consumer perception of Japan. Many unrelated articles refer to events such as visits to the Yasukuni shrine or Nanjing massacre; this reinforces negative views of Japan. The media is said to be the opinion of the majority. Because of pressure to conform and fear

⁵²⁷ "如果是这样，就要看 SK-II 是否有专对中国投毒的嫌疑了。如果 SK-II 在中国销售的成份与在日本国内及在其它国家的销售成份不同，问题就大大的有。这可是慢性毒药了。"

⁵²⁸ "SK-II 的商品名本身就是违犯中国国家商标法的"

⁵²⁹ "SK-II 带出一连串日本问题产品"

⁵³⁰ "SK-II 网站把台湾当成国家 宝洁公司不回应"

of being isolated, a person is more likely to voice an opinion in line with that presented by the media. If media consumers are convinced that they hold a minority opinion, they are less likely to express what they think due to fears of social punishment.

The most extreme points of view are often expressed on the Internet. With regard to Japan-related issues on the forums, netizens often express strong feelings against Japan. Reading these posts, individuals with positive feelings toward Japan might feel that their preferences belong to the minority and therefore might engage in preference falsification.

A subject who perceives that he is being pressured will sensibly think that to differ from the group consensus would be to risk being treated as separate. (Kuran 1997, 28)

In forums like *Qiangguo Luntan*, Chinese netizens were more likely to voice their opinion if they thought that they had the same opinion as the majority. Conversely, netizens holding a minority opinion were less likely to voice it. In the forums, this was supported by the low number of posts expressing positive sentiments about Japanese products and the negative reactions toward those who expressed this minority opinion. By reading the posts on the forum, consumers sense how they would be treated – punished or rewarded – depending on the public preferences they might express.

People who like to buy Japanese products have the right to do so, and we have the right to despise them.⁵³¹ (Tian Dao Wu Qing, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on April 24, 2005)

[Xiang Tian Zai Jie 500 Wan] I support buying Japanese products.⁵³²

[Se Wu Shen Zhou] Rubbish!! . . .⁵³³ (*Qiangguo Luntan*, Chinese-Japanese forum, comments posted on December 4-5, 2005)

The boycott of Japanese goods becomes "people who use Japanese goods are shameful". What are the results so far?⁵³⁴ (Dai Kai, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on December 21, 2005)

Based on their observations, consumers evaluate the intrinsic, expressive and reputational utility of any given public preference. A consumer might decide to engage in preference falsification if he determines that the reputational utility of a socially acceptable public preference is greater than the expressive utility gained by adopting a public preference that mirrors his private, socially unacceptable preference.

If one distinguishing characteristic of preference falsification is that it brings discomfort to

⁵³¹ "爱买日货的人有他买日货的自由，我们有鄙视这种人的自由"---只转一句，精品"

⁵³² "支持买日货"

⁵³³ "垃圾 !! "

⁵³⁴ "抵制日货，改为‘用日货者可耻’！效果如何呢？"

the falsifier, another is that it is a response to real or imagined social pressures to convey a particular preference. (Kuran 1997, 5)

By engaging in preference falsification, consumers would not express their actual thoughts and would conceal their private preferences and private knowledge from others.

Consumers receive information, reflect on it, make a decision based on that information and then possibly react. This may entail a psychological reaction or an actual reaction. A psychological reaction would be a change in the customer's opinion that might not necessarily be followed by an actual reaction, i.e. a change in purchase behaviour. This is especially true when it comes to Chinese consumers. Their perception of Japanese products and their purchase behaviour often do not correlate; many Chinese consumers perceive Japanese products as good, but they admit that they do not buy these products due to public pressure or past historical issues. These consumers might be against Japan and Japanese products, or they might be engaging in preference falsification. They might not hold negative opinions about Japan or Japanese products, yet they would not like to signal to other consumers that they are fond of Japanese products.

One actual reaction resulting from information received through the media is known as the word-of-mouth effect. This effect is often caused by a post on a forum or direct interaction with other consumers. Other consumers become acquainted with a negative shock through word-of-mouth transmission, and they might react by reducing their demand for a particular product. In the case of Chinese consumers, positive word-of-mouth is not as effective with regard to Japanese products as for other products. Some consumers who perceive Japanese products as good do not buy Japanese products whether or not they receive positive word-of-mouth. Does public perception of Japan influence Chinese consumers' purchase behaviour and perception of Japanese products? The forums support the hypothesis that it does.

Let's bring down Japanese militarism. I strongly urge Chinese people with self-respect to boycott Japanese goods. (Gang Jin Shi Tou, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on February 16, 2005)⁵³⁵

Refuse Japanese goods! Buy Korean and other countries' electronics, cars! . . . (Zhong Yi Min, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on March 15, 2005)⁵³⁶

⁵³⁵ 打倒日本军国主义。强烈要求有自尊的中国人抵制日货。

⁵³⁶ "拒买日货，买韩等电子汽车!!!!!! 让日企业黄铺！

[Lun Dao Shi Fei] For the sake of the rejuvenation of the Chinese nation and for the sake of Chinese-Japanese friendship, let's boycott Japanese goods.⁵³⁷

[Chen Lao Wu] Rich people, please do not buy Nissan, Lexus or Toyota.⁵³⁸

. . . (*Qiangguo Luntan*, Chinese-Japanese forum, comments posted on March 20-21, 2005)

A shopping mall in Shanghai asks consumers to take action and boycott Japanese goods in order to undo the bad impact of the schoolbook issue.⁵³⁹ (*Zui Hen Han Jian*, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on April 1, 2005)

The largest retail organisation in China decided to stop selling Japanese products.⁵⁴⁰ (*Tie Feng 696*, *Qiangguo Luntan*, Chinese-Japanese forum, comment posted on April 7, 2005)

According to the results of the consumer surveys, many consumers perceive Japanese products as good or even very good. However, many consumers would not choose a Japanese product even if the product's price-performance ratio were higher than that of products from other countries. If the Japanese product were slightly more expensive but was of a much better quality, 40.4% of respondents would choose the Japanese product. If the Japanese product were less expensive but was of the same quality as other products, 45.8% of respondents would choose the Japanese product. Some respondents might perceive Japanese products as inferior due to their country of origin. However, others might engage in preference falsification. Therefore, the hypothesis that the perceived value of a Japanese product is much lower than that of a similar product without the "Japan burden" can be only partially supported.

⁵³⁷ "为了中华民族的复兴、为了中日友好请抵制日货！"

⁵³⁸ "请有钱人不要购风度凌志丰田车"

⁵³⁹ "上海商场请行动起来抵制日货，以挽回教科书问题的不良影响。"

⁵⁴⁰ "中国最大的零售商组织号召罢卖日货"

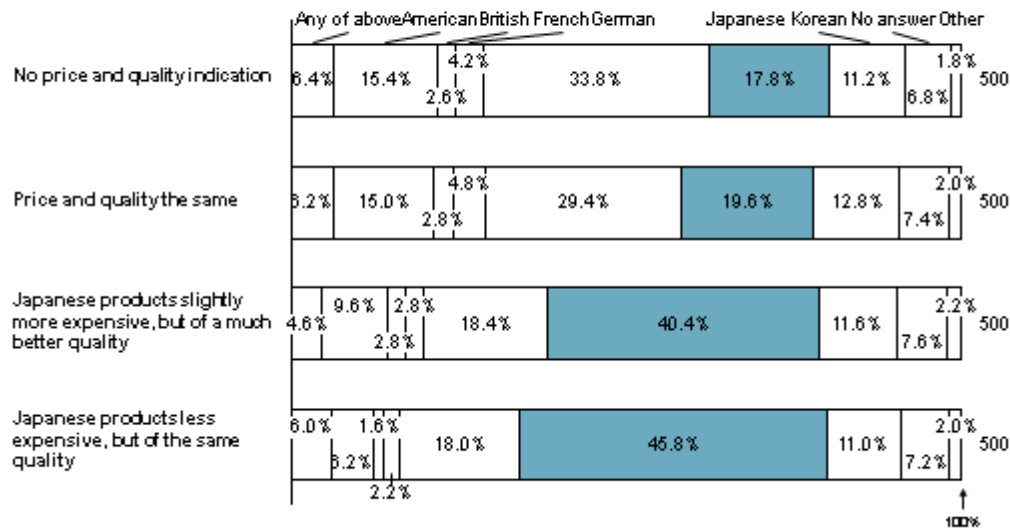


Figure 8-2 Origin preferences of Chinese consumers

Some consumers perceived Japanese products to be inferior due to the Japan burden. However, many Chinese respondents stated that they perceive Japanese products as good or even very good: 8.3% of respondents of the first survey regarded Japanese products as very good. Around half of the respondents (46.2% of the respondents of the first survey) regarded Japanese products as good.

Many Chinese consumers acknowledge the positive intrinsic cues, or physical attributes, of Japanese products. However, Japanese products suffer from negative country equity, an important extrinsic cue. Other extrinsic cues include product-related but not product-specific cues such as brand name and the level of advertising. The objective and perceived value of Japanese products is high. Nevertheless, many Chinese consumers would still not buy them either due to the negative country equity (they are against Japan) or because of preference falsification.

The quality is very good, but I never buy them because the Chinese do not like the Japanese.⁵⁴¹

I am extremely against Japanese goods and there are no real reasons for that.⁵⁴²

...But I boycott Japanese goods, I never use them. I heard from a friend that Japanese products are good, but I told him that I fully boycott Japanese products.⁵⁴³

I never buy them.⁵⁴⁴

⁵⁴¹ "凭心而论质量很好，但我从不买，因为中国人不喜欢日本。"

⁵⁴² "偏激抵制日货并没有很实际的意义。"

⁵⁴³ "但是我抵制日货，从来不用。就是听我朋友说日货不错，但做为我本人来说，我十分抵制日货。"

⁵⁴⁴ "从不买"

The products are not bad, but I would definitely not buy them. I boycott Japanese goods!!!⁵⁴⁵

But I would not choose them.⁵⁴⁶

By buying Japanese products, these consumers would signal to the public that they are not against Japan or its products. Others might punish them by questioning their patriotism.

Many scholars have discussed whether intrinsic or extrinsic cues are more important to a product's success in the market. Some scholars argue that the intrinsic cues are more important to the consumers who evaluate the quality of a product, because intrinsic cues possess a higher predictive value. They argue that consumers only use extrinsic cues to evaluate the product's quality if they do not possess enough information about the intrinsic cues.⁵⁴⁷ The results of the consumer surveys showed that:

1. One of the most important extrinsic cues is the origin of the product;
2. For some consumer segments, the above mentioned extrinsic cue was more important than the intrinsic cues, and even though some consumers might choose a Japanese product due to its intrinsic cues, these segments choose different products due to this extrinsic cue, either because of negative feelings toward Japan or because of preference falsification.
3. For another consumer segment the intrinsic cues are more important than the extrinsic cues or these consumers do not engage in preference falsification when facing social pressures.
4. For yet another segment the intrinsic cues were important, but their positive perception of Japanese products caused them to choose these products more often.

The consumer behaviour can be viewed as a sequence of psychological states:

1. A consumer is fully unaware of the existence of the product.
2. A consumer is aware, but is not interested in the purchase of the product.
3. A consumer is familiar with the product offering.
4. A consumer is fond of the product.
5. A consumer prefers the product when comparing with all other products.

⁵⁴⁵ "产品不错, 但绝对不会买, 抵制日货!!!"

⁵⁴⁶ "但不会选择"

⁵⁴⁷ Zeithaml 1991, 35-36

6. A consumer would like to buy the product and regards the purchase decision as a wise one.
7. A consumer buys the product.⁵⁴⁸

The answers to the survey questions indicate that some consumers are fond of Japanese products but are not willing to buy them. Even if they were fond of a particular Japanese product, they would not publicly demonstrate a preference for it over other similar products. The reason for these purchase behaviours might come from a public perception of Japanese products as inferior due to the Chinese-Japanese relations. It might also be due to preference falsification.

Improving intrinsic cues by improving the physical attributes of a product would make some consumer segments switch to Japanese products, but some consumers would not switch regardless of the improved intrinsic values. This could result from extrinsic cues such as low country equity or the fear of punishment from the pressure group. An improvement of this extrinsic cue would be required in order for this consumer group to switch.

Even though the actual value of a Japanese product might be higher than of another product, some customer segments in China might perceive it as an inferior product and decide not to purchase it. Even if they don't see it as inferior, they still might not buy it to avoid signalling that they are fond of products from Japan. Chinese consumer perception and purchase behaviour with regard to Japanese goods change following a shock in Chinese-Japanese relations. As a result of a shock the perceived value of Japanese products decreases. The survey confirmed the hypothesis that consumer preferences change after a shock such as a visit to the Yasukuni shrine or the publication of a revisionist history schoolbook. Additionally, anti-Japanese social pressures become even fiercer after a shock, causing more Chinese consumers to engage in preference falsification.

⁵⁴⁸ Lavidge 1961, 59-62 in Markin 1974, 504

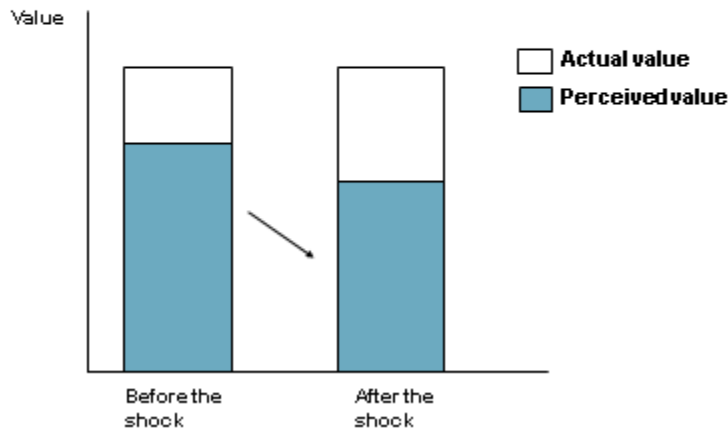


Figure 8-3 Value perception of a Japanese product by a Chinese consumer before and after a shock
 According to the consumer survey, the shocks impacted the consumer's purchase behaviour negatively; however, the extent of the negative impact differs depending on the nature of the shock.

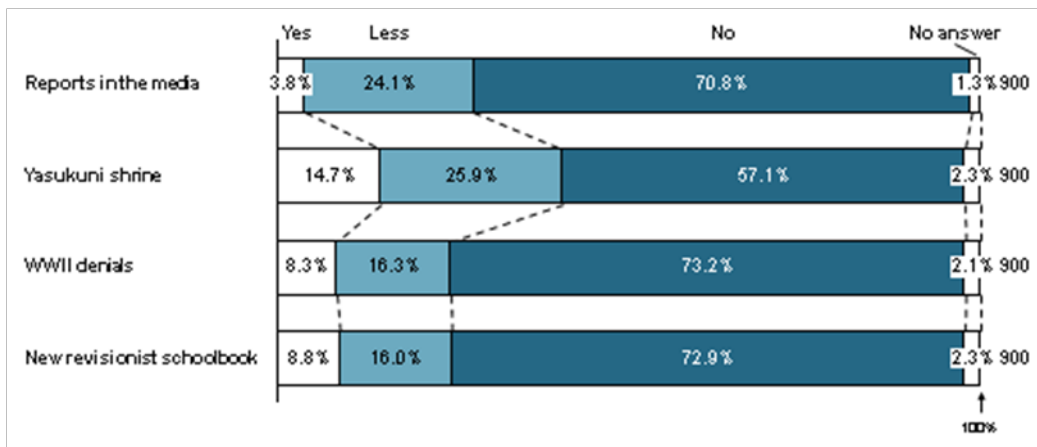


Figure 8-4 Reaction of Chinese consumers to selective shocks

Chinese consumers would be much less affected by the visits to the Yasukuni shrine than by the denials of Japanese leaders or introduction of new revisionist schoolbooks. Each of these three shocks – a negative report of a product in the media such as the SK-II incident, the denial of the Second World War atrocities or an introduction of a new revisionist schoolbook – would lead to over 70% of respondents not buying Japanese products at all, which would negatively impact the sales performance of Japanese companies in China. In the case of denials of wartime atrocities or new revisionist schoolbooks, the surveys indicate that approx. 16% would buy fewer Japanese products. 24.1% would buy fewer products that have been questioned in the media. The shocks clearly affect all consumer segments. Reacting to real

or imagined social pressures, some consumers would not buy Japanese products following a shock due to their changed preferences and some due to preference falsification.

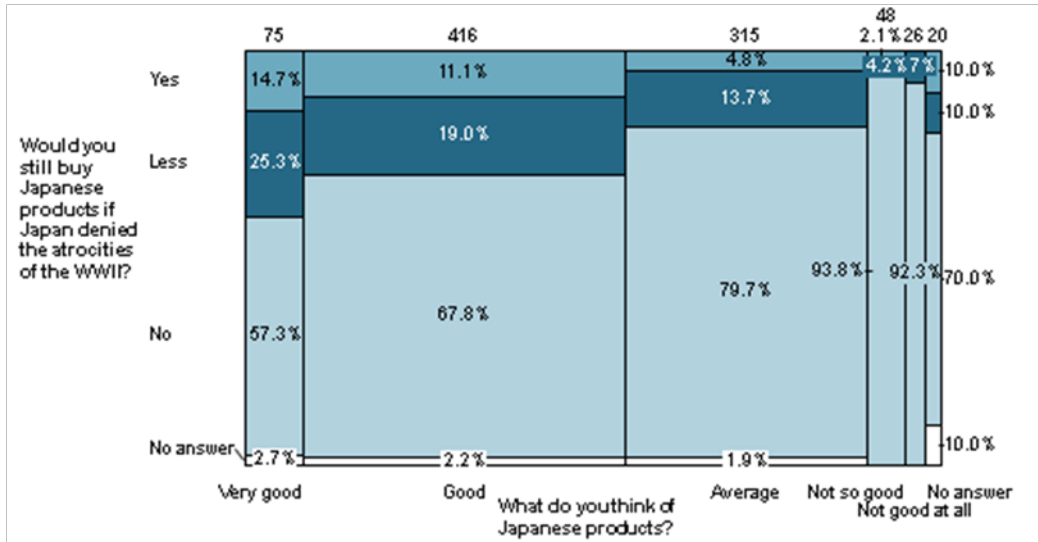


Figure 8-5 What do you think of Japanese products? Would you still buy them if Japan were to deny the atrocities of the Second World War?

If Japan were to deny the atrocities of the Second World War, 57.3% of consumers who perceive Japanese products as very good and 67.8% of consumers who perceive them as good would not buy them. Only 14.7% and 11.1% respectively would not change their purchase behaviour. Some consumers that perceive Japanese products as good or very good might decide not to purchase Japanese products following a shock due to the unsolved history issue or to avoid social isolation and punishment. A historical shock negatively influences extrinsic cues such as brand and country equity, and it increases the social pressures that consumers face from others. These shocks also shape the private knowledge of the consumers. Consumers are more receptive to reports about events that confirm their beliefs and less receptive to reports that contradict their beliefs. They tend to internally suppress information that clashes with their past choices. Even if consumers chose Japanese products according to intrinsic cues, the majority would choose other products following a shock.

As a result of a prominent figure’s visit to the Yasukuni shrine or an official denial of the atrocities of the Second World War, many Chinese consumers would give up using Japanese products. Following such a shock, some consumers would see it as national honour not to buy Japanese products. Buying Japanese products might be perceived as unpatriotic, and

consumers who buy Japanese might be punished by others for not being loyal.

(I don't buy Japanese products) Because of how they behave towards China.⁵⁴⁹

As for good products, one also needs a flawless package.⁵⁵⁰

The behaviour of the Japanese people has already shown they are not trustworthy.⁵⁵¹

I love my country.⁵⁵²

National honour.⁵⁵³

I refuse to buy products from a dishonest country.⁵⁵⁴

How can untrustworthy people make good products?⁵⁵⁵

I will feel honoured if my country is powerful. If somebody denies history, then I am absolutely against it.⁵⁵⁶

A nation that denies history cannot be trusted.⁵⁵⁷

Only some consumers are not affected by the shock. Some are unaffected because they value Japanese products and would not engage in preference falsification, while others do not see the relationship between a shock and product purchase. Even though they might be exposed to social punishment, these consumers might decide to purchase Japanese products.

If the quality is good, I still use it.⁵⁵⁸

The level of decreased consumer demand would differ after a shock depending on the nature of the product in question. If there are many close substitutes for the product and the switching costs are low, consumers are likely to switch. In absence of substitutes or in case of necessity, the consumers might maintain their demand for the product.⁵⁵⁹

As in the case of the SK-II incident, following the shock, consumers' preferences change, or they feel pressured and are not willing to signal that they would still buy Japanese products. As a consequence, the consumers demand fewer SK-II products and more of the competitors' products.

The perceived value of the SK-II products has decreased, even though there has been no

⁵⁴⁹ "是对中国不满" (First Chinese survey)

⁵⁵⁰ "在好的东西，也需要无瑕疵的包装。" (First Chinese survey)

⁵⁵¹ "日本人的行为都表示，他们都是不值得信赖的人" (First Chinese survey)

⁵⁵² "爱国" (First Chinese survey)

⁵⁵³ "民族尊严" (First Chinese survey)

⁵⁵⁴ "拒绝从不诚实的国家购买产品" (First Chinese survey)

⁵⁵⁵ "这种无赖能做出好产品吗？" (First Chinese survey)

⁵⁵⁶ "国兴我荣，如谁否认历史，坚决反对。" (他写：坚决) (First Chinese survey)

⁵⁵⁷ "一个否认历史的民族是不值得信任的。" (First Chinese survey)

⁵⁵⁸ "如果质量好，我还会继续用。" (First Chinese survey)

⁵⁵⁹ There are some Japanese products that are difficult to substitute. "部分日本产品的可替代品少" (First Chinese survey)

change in their objective value. The vast majority of the respondents indicated that they would not buy Japanese products at all following a shock. Some respondents indicated that they would buy fewer Japanese products.

This change in demand would impact Japanese enterprises, whose revenues and profits might suffer. The SK-II incident did not only impact the SK-II brand; it also impacted the manufacturer Procter & Gamble as well as other companies in the industry. For example, following the incident hackers broke into Procter & Gamble's Chinese website.

Due to the three-month closure of the SK-II sales counters in China, SK-II revenues declined significantly in China. However, even though SK-II suffered a considerable decline in revenues in China in 2006⁵⁶⁰, there was no major impact on worldwide cosmetic sales of Procter & Gamble beauty products, as Procter & Gamble possesses multiple products with multiple brands in several consumer segments in many countries worldwide. In addition, SK-II does not belong to the so-called "billion-dollar brands" with the highest contribution to Procter & Gamble sales, so a fall in SK-II sales did not have a major impact on the company as a whole⁵⁶¹.

A change in product perception and purchase behaviour following a shock such as the SK-II incident does not only relate to SK-II products. It might also affect other products in the cosmetic industry and in other industries. Though Shiseido is a Japanese company whose products also contained traces of heavy metals, it was not brought to consumers' attention. The media mainly focused on the problems with SK-II products, and it failed to mention other brands, including local Chinese brands whose products also contained traces of heavy metals. This case illustrates the overwhelming power of the media and its significant impact on private knowledge as well as on private and public preferences.

The impact of shocks goes beyond that on Chinese consumers and Japanese enterprises operating in China. According to Japanese consumer surveys, many Japanese consumers react to Chinese reactions to exogenous shocks by changing their purchase behaviour.

I think that if China boycotts Japan, the Japanese side should also do the same.⁵⁶²

I am for the free economy; therefore I would do the same.⁵⁶³

⁵⁶⁰ *Asia Times Online* 2006

⁵⁶¹ Procter & Gamble 2006, 27

⁵⁶² "中国がボイコットするなら、日本側もしようと考えてる。" (Japanese survey)

Different people think differently; however, I do not want to buy Chinese products after such a statement.⁵⁶⁴

If China were to oppose a Japanese Prime Minister's visit to the Yasukuni shrine, 26.6% of the Japanese respondents would not buy Chinese products any more, 21.3% would buy fewer Chinese products and only 47.2% would buy as they did before.

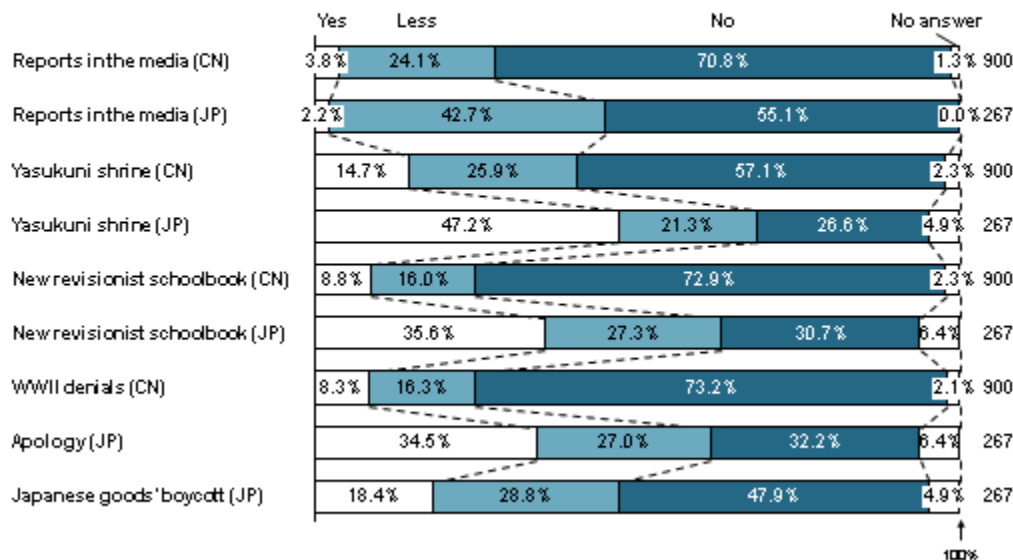


Figure 8-6 Reaction of Chinese and Japanese consumers to selective shocks

If China were to boycott Japanese goods, over 75% of Japanese respondents would not buy or would buy fewer Chinese products, while only 18.4% would buy as they did before. If China were to oppose a new Japanese history schoolbook, 58% of Japanese respondents would reduce or stop purchases of Chinese products, and 35.6% would maintain their demand. If China were to ask for another apology for the atrocities of the Second World War, nearly 60% of Japanese respondents would not buy or would buy fewer Chinese products, while only 34.5% would not change their purchase behaviour.

For some respondents, product origin is one of the most crucial attributes with regard to product choice. For some markets, a product's price and quality might not be enough to convince certain consumer groups to buy it. It is important to consider both intrinsic and extrinsic cues including a product's country of origin. Some companies might choose to boost their products' value by adding features or decreasing price in order to compete with those with stronger origin equity. Chinese consumers are more likely to choose a Japanese product

⁵⁶³ "自由経済の考えを批判する行為であると考えてるので、同じことをやり返す。" (Japanese survey)
⁵⁶⁴ "人それぞれ考えは違う、その発言で購入しなくなることはない。" (Japanese survey)

if it has the same quality as a non-Japanese product but is of a lower price. The hypothesis that the perceived lower value of Japanese products can be compensated by a lower price was partially supported by the survey. However, these answers were given in the absence of social pressures. Respondents might react differently in public when facing social pressures. Markin (1974) specifies two types of decisions: programmed, routinised decisions and non-programmed, non-routinised decisions. In the case of programmed decisions, if consumers recognize the same need again and again, they will continue to make the same decision to address the need as long as the solution provides an appropriate level of satisfaction. A non-programmed decision involves a more complex decision-making process during which the consumer seeks detailed information and evaluates the information.⁵⁶⁵ By making a product more attractive, the company invites the consumer to evaluate the product and possibly make a non-programmed decision to purchase it.

To influence behaviour, a chain of processes must be initiated within the person. These processes are complex and interrelated, but in broad terms they may be characterized as (i) creating a particular cognitive structure, (ii) creating a particular motivational structure, and (iii) creating a particular behavioural (action) structure. (Cartwright 1949, 255 in Markin 1974, 506)

The hierarchy-of-effects concept is implied by the three stages of influencing behaviour. According to the hierarchy effect, the probability of the purchase of a particular product increases from one stage to the next.⁵⁶⁶

If a consumer is satisfied enough times after making the same non-programmed decision to purchase Japanese goods, he may give up his prejudices and become a loyal customer. Choosing Japanese products will then become a routinised, programmed decision that will be far less likely to be influenced by historical shocks. He may also create a positive word-of-mouth effect. However, if a consumer is dissatisfied with the product, it might confirm his previous beliefs and cause him to abandon the product for good. He might also create a negative word-of-mouth effect.

Historically, pressure groups in China have punished consumers who used Japanese products. Conversely, they have rewarded the consumers who showed anti-Japanese feelings. Similarly, on the Chinese-Japanese forum, individuals who express opinions

⁵⁶⁵ Markin 1974, 498-500

⁵⁶⁶ Markin 1974, 507

favourable to Japan and Japanese products were punished. These individuals might be punished not only by those with anti-Japanese feelings but also by those with pro-Japanese feelings who engage in preference falsification in order to make their public preference credible.⁵⁶⁷

During the anti-Japanese boycotts in China in the first decades of the twentieth century, the view that being Chinese meant buying Chinese goods developed. The concept of the duality of products was promoted. Chinese products were associated with values such as nationalism, righteousness and integrity, whereas foreign products were associated with treason, inauthenticity and immorality.

The category of national products was linked to nationalism, authenticity, and modernity, as well as to traditional concepts such as propriety, righteousness, integrity, and shame. In contrast, the category of foreign products was associated with imperialism, treason, inauthenticity, weakness, and immorality. (Gerth 2003, 187)

Consuming Chinese (national) products was regarded as patriotic and efforts were made in order to shape preferences of Chinese consumers toward Chinese and against foreign products.

Nation-making included learning, or being coerced, to shape preferences around something called the Chinese nation and away from items deemed foreign – a problematic process reinforced by institutional elaborations. (Gerth 2003, 17)

Individuals who purchased Japanese products, maintained contact with Japanese businesses or sold Japanese products were punished by the pressure groups. Individuals are aware of the punishment faced by those who have expressed pro-Japanese feelings both historically and recently.

As Japan expanded its control over China, the Chinese intensified their search for "traitors". Traitors were seen as those with contacts with Japanese, and these contacts came to include any consumption of Japanese products. (Gerth 2003, 362)

Consumer surveys were performed by secret ballot and should not be influenced by preference falsification. No social pressures existed, and the respondents were assured that their answers would have no social consequences. By contrast, obvious preference falsification can be observed on the Chinese-Japanese online forums. The netizens face a trade-off between expressing their true preference and how they are perceived by others.

⁵⁶⁷ Kuran 1997, 11

Regardless of the expressed preference, one individual will hardly influence the collective opinion. Therefore their public preference (that they express to others) may differ from their private preference (the preference they have in private). While some individuals express their true preferences in public, others choose to engage in preference falsification.⁵⁶⁸

The duality between the private and public preferences is visible in the analysis of the online forums and consumer surveys. The surveys show that the majority of Chinese respondents perceive Japanese products as good; however, the forum analysis presents a different picture. The intent of the consumer surveys was to have respondents reveal their private preferences in their answers, because they seem to reveal their public preferences on the forums. The answers to the questions about possible reactions to shocks show that even though many consumers perceive Japanese products as good or very good, they would not buy these products in the case of a shock. The reason might lie in preference falsification, as these consumers are afraid of facing isolation or punishment if others discover that they are not against Japan or Japanese products.

By monitoring and filtering incoming information, many Chinese publications and reports may engage in knowledge falsification. Preference falsification also entails knowledge falsification, as others do not know that the person engaging in preference falsification is doing so. In many cases, individuals have to rely on the media and the public preferences of other individuals in order to build up their private knowledge. Private knowledge about Japan is influenced by the media and other public sources such as publications, museums, films, older generations and other consumers. Individuals attach high importance to the information they gain from face-to-face contact with others.⁵⁶⁹ As a consequence, consumers develop their private preferences based on the knowledge gained from sources which may, in fact, be engaging in knowledge falsification.

Preference falsification influences public discourse. This is because to conceal our private preferences successfully we must hide the knowledge on which they rest. . . .In so doing, we distort, corrupt, and impoverish the knowledge in the public domain. (Kuran 1997, 19)

Undertaken as a means of preference falsification, knowledge falsification has an unintended effect: it alters the composition of public discourse, making favoured

⁵⁶⁸ Kuran 1997, 16-17

⁵⁶⁹ Kuran 1997, 77

messages more common and unfavoured ones less so. An immediate consequence is the distortion of public opinion, and a longer-run consequence is the distortion of private knowledge and private opinion. (Kuran 1997, 177-178)

In order to adequately falsify one's preferences, public preference must be conveyed in such a manner that others believe it is one's private preference – it must be supported by appropriate gestures and actions. This is especially the case with regard to issues that are of interest/significance to others.⁵⁷⁰ Japan-related issues are political issues and are of interest to others.

One reason why public opinion is a source of social pressure is that individuals trying to enhance the credibility of their chosen public preferences show approval of people who have made the same choice and disapproval of people who have made other choices. . . . People feel compelled to back up their declarations of support with concrete actions precisely because preference falsification is common and understood to be so. (Kuran 1997, 61)

As the reputational utility of a particular public preference depends how well it cleaves to public opinion, the individual will evaluate the public opinion based on the mass media as well as the public preferences communicated by others.

Since the mass media sources such as TV, newspapers and Internet convey a similar view of Japan-related issues, and because more recent reports convey the same view as historical ones, many Chinese individuals base their private knowledge on these reports. This in turn shapes their private preferences.

Yet in practice preference falsification does affect private preferences. It distorts public discourse – the corpus of assertions, arguments, and opinions in the public domain. In turn, the distortion of public discourse transforms private knowledge – the understandings that individuals carry in their own heads. The transformation of private knowledge ends up reshaping private preferences. (Kuran 1997, 157)

Failure to communicate any public preference about Japan might be perceived as holding a minority opinion. As a consequence, an individual might face punishment from the majority pressure group for failing to express a public preference. With regard to Japan-related issues, individuals are often faced with dichotomous choices – they must be for or they are against a certain issue. There is no middle ground. As individuals might face punishment if they do not join any pressure group and rewards if they do, they are likely to join a pressure group.

⁵⁷⁰ Kuran 1997, 39

If the issue in question is sufficiently sensitive, the reputational advantages of joining one pressure group or the other will outweigh, for all nonactivists, the physical cost of any preference falsification involved. (Kuran 1997, 56)

Eliminating the prejudice of Chinese consumers with respect to Japanese products is a necessary step for Japanese companies if they want to increase their competitiveness in China. It may be a difficult and long process, but a common action by means of the Japanese government, Japanese enterprises, trade associations, chambers of commerce and other relevant organisations is likely to bring desired results. According to a survey conducted by JAPIT among Japanese companies in China, 10% of the respondent companies named the Chinese-Japanese relations as one of or the only reason for the loss that the company is incurring.

From the standpoint of conventional diplomacy, Chinese-Japanese relations describe the relations between the two governments or between diplomats. However, public diplomacy focuses more on the relationship between the government and the population of the other country as well as between the two populations. As opposed to conventional diplomacy, which focuses on the actions and opinions of the governments, public diplomacy focuses on the actions and opinions of the public.

[Public diplomacy is] a government's process of communicating with foreign publics in an attempt to bring about understanding for its nation's ideas and ideals, its institutions and culture, as well as its national goals and current policies. (Tuch 1990, 3 in: Siedschlag et al. 2007, 111)

The term 'public diplomacy' was first used in 1965 by Edmund Gullion, a diplomat and later a deacon at the Fletcher School of Law and Diplomacy at Tufts University in Massachusetts.⁵⁷¹ Public diplomacy has two functions: persuasion and cultural communication. Persuasion aims at influencing the public who will then influence the government. It is often a short-term strategy. One country's government tries to explain and / or defend its actions to the foreign public. Cultural communication is more of a long-term function, and it aims at communicating one country's principles and ideas to the public of the other country.⁵⁷²

⁵⁷¹ Siedschlag et al. 2007, 111

⁵⁷² Siedschlag et al. 2007, 112

Cultural communication and other efforts to improve the perception of Chinese consumers towards Japanese products and to decrease the impact of shocks should be undertaken on a macroeconomic level by the Japanese government, Japanese enterprises and lobbying associations if these organizations wish to further improve public and economic relations with China.

Communication between Chinese and Japanese populations, as well as between each government and the other country's population, could contribute to an improvement in Chinese-Japanese relations. However, this would mean allowing different points of view to be distributed to the public.

Foreign actors should also be involved in the process. Reconciliation between China and Japan and the Cooperative Security Network was initiated at an international workshop at the Australian National University in August 2006. This network encourages cultural resolution and the establishment of cooperative-security institutions in the Asia-Pacific region.

FDI (foreign direct investment) can contribute by increasing employment opportunities; it can promote the specialisation of domestic producers, allowing them to focus on a variety of selected activities. Local businesses profit from positive spillovers such as technology and skill transfers. On the other hand, FDI also has disadvantages and negative spillovers such as environmental pollution and investment overcrowding by foreign firms.⁵⁷³ Despite this host country dilemma, it is beneficial for China to attract Japanese FDI. Capital investors are encouraged to invest in a foreign country if the country offers attractive rates of return. China has been improving its business environment, and it has introduced many measures to attract FDI.

The higher the rates of return to investors, the easier it is to encourage a greater volume of investment. However, as the Solow model points out, unless policy changes or new technologies are introduced to enhance productivity, marginal productivity tends to fall as the volume of investment increases.⁵⁷⁴

The investors look for several factors:

Investors clearly place a high priority on macroeconomic and political stability. High

⁵⁷³ Perkins, Randelet and Lindauer 2006, 418-422, Oatley 2004, 187-188

⁵⁷⁴ Perkins, Randelet and Lindauer 2006, 402

rates of inflation, volatile exchange rates, or recurring financial crises raise production costs and create substantial risks for investors, thus deterring investment even in projects that might be profitable. (Perkins, Randelet and Lindauer 2006, 411)

Perkins, Randelet and Lindauer also cite other factors, including good infrastructure, favourable trade policy and economic openness, high-quality institutions and governance, and low cost of doing business.⁵⁷⁵ Direct market access and proximity to the market were found by a study of W. N. Cooke and D. S. Noble to be "the single greatest determinant of investment location" (Hay 2008, 334). The second greatest determinant is the skill level of labour, as the quality of the labour is crucial to the investment. The enterprises evaluate the potential labour market according to potential workers' skills and productivity, and higher labour costs do not reduce the level of FDI if these costs are linked to higher skills and productivity.⁵⁷⁶

The impact of the shocks goes beyond the Japanese companies. Many non-Japanese companies such as Procter & Gamble have Japanese brands in their portfolios. 76% of the respondents of the Japanese enterprise survey plan to expand in China, however, such a shock might impact their expansion plans.

Because many Chinese customers perceive Japanese products negatively or engage in preference falsification, revenues would be lower for a Japanese product than for an equivalent product without the negative country equity. Following a shock, the revenues of the Japanese product and its profitability are likely to decrease.

Country equity can impact both revenues and the costs. If a company or brand has negative country equity, this is likely to have an impact on how it is viewed by prospective employees. Prospective employees, especially young professionals and recent graduates, might look for a company with higher country equity. They may even sacrifice some monetary benefits for nonmonetary ones such as higher country equity.

Some other considerations include relations with suppliers who seek reliable customers with stable revenues.

As in the case of SK-II, relations with the government are crucial to minimise the extent of shocks' negative impact upon both revenues and costs. The authorities published a

⁵⁷⁵ Perkins, Randelet and Lindauer 2006, 411-413

⁵⁷⁶ Cooke and Noble 1992, 602 in Hay 2008, 334-335

correcting note stating that the SK-II products posed no harm to consumers. Unfortunately, many consumers were not aware of the correcting note or may have been sceptical about its content.

While media may shape consumer consciousness, it does not necessarily have any major impact on macroeconomic factors. According to the macroeconomic analysis, no correlation between FDI, export and import data and selected shocks was found; however, the main commodities exported to China are transport equipment as well as general and electrical machinery, which the shocks should not significantly influence.

Neither poor Chinese-Japanese relations nor the different shocks seem to have impacted any of the major Japanese car manufacturers operating in China. China is one of the main markets for these companies.

Toyota sees China as one of its most important markets. The company has recorded a year-on-year increase in sales in China. Of all 52 overseas production sites, Toyota has 12 production facilities in China which account for approx. 23% of all overseas operations. In comparison, the company has 8 production facilities in the U.S.⁵⁷⁷ However, no Toyota R&D sites are located in China. According to its 2006 annual report, Toyota plans to further invest in China by increasing its production capacity, adding product line-ups, increasing competitiveness in China, expanding its sales network and extending cooperation with local suppliers.⁵⁷⁸

Honda, like Toyota, sees China as one of its most important markets. Honda's history in China goes back to 1982 when the company entered the market and began production of motorcycles. In 1999, the first locally manufactured car was sold in China. The following years saw Honda's operations expand tremendously.⁵⁷⁹ Honda was the first passenger car manufacturer in China to export Chinese-made cars to Europe.⁵⁸⁰ Honda, like Toyota, is expanding its production capacities in China. It has reported a year-on-year increase in sales in China with the Honda Accord accounting for the vast majority of the sales. Japanese and

⁵⁷⁷ Toyota 2006, 135

⁵⁷⁸ Toyota 2006, 39

⁵⁷⁹ Honda 2006, 23

⁵⁸⁰ Honda 2006, 18

other countries' auto manufacturers understood that they could not afford not to participate in the rapid growth of the Chinese market, both in terms of production and distribution.

The success of Japanese car manufacturers in China could be caused by a good price-performance ratio valued by the growing Chinese middle class customers.

While there have been Japanese successes like those of Honda and Toyota in China, managers should also be prepared for a crisis situation. When handling a crisis, managers should analyse its cause and decide whether it will have a long-term impact and whether it is recurring or non-recurring.

If a crisis is determined to have a short-term impact, management should attempt to minimise its impact and counteract the decrease in sales as well as the negative impact on consumer perception of the brand. Proper timing and a short reaction time is crucial. On the other hand, if a crisis is determined to be long-term, management needs to consider if any adjustments such as portfolio restructuring have to be made to the production process and other primary and secondary activities. It should weigh the benefits of crisis management actions against the costs that the company would incur. In both cases, but especially in the case of long-term crises, management should look for other opportunities in the market in order to counteract the impact of the crisis. If, due to a high reliance on the product in question, the impact of the crisis is substantial, the company must first ensure its short-term survival capabilities and then initiate any necessary long-term turnaround initiatives. Through an implementation of scenario planning, businesses can analyse and prepare for possible outcomes and their impacts.

An enterprise needs to have available funds to take appropriate action if a public relations crisis occurs. Management can also minimise the impact of shocks by implementing measures to improve diversification, increase switching costs and develop customer loyalty. In addition to all actions taken, it is crucial that the company send clear signals to the market indicating its commitment to its new image and quality.

The impact of any particular event will depend on how much the company relies on the Chinese market or particular product line. A well-diversified company will experience a smaller impact on future cash flows. However, a smaller company that relies more on the

Chinese market and a particular product line will experience a larger impact on its future cash flows as well as greater volatility.

The recency of a nation's country equity development is also important. Companies originating in nations with more recently developed country equity will be much more vulnerable than those from nations whose country equity has long been established.

The nature of a company's particular industry will influence how shocks affect the company. If a foreign company from a country targeted by a shock has mainly Chinese competitors or competitors with higher country equities, then provided that the products are close substitutes and switching costs are low, the shock is likely to have a greater impact upon the company. If there are no close substitutes or if the switching costs are high, the company may not be as affected. Additionally, a vulnerable company should try to specialise in areas with fewer alternatives for customers. The company should try to find consumer segments that are not yet served or develop products not yet on offer. Choosing the right target customer group is vital, as consumer surveys show that some customer groups are more susceptible to the influence of the media than others. Products that are unique are difficult for customers to replace. Uniqueness can be based on different attributes such as quality and customer service. Michael Porter discusses the concept of policy choice as one of several drivers of uniqueness. Policy choices include product features and services offered such as credit, repair, delivery, intensity of an activity adopted (for example the rate of advertising), contents of activity, technology employed, quality of inputs, and procedures governing personnel such as frequency of inspection, sales calls, skills and experience levels and information employed. Other drivers include linkages within the value chain such as supplier linkages or channel linkages, which can include training channels in selling, joint selling efforts with other channels or subsidising for channel investments like personnel and facilities. Timing, location, inter-relationships, learning spillovers, integration and scale institutional factors are also drivers of uniqueness. Any of these drivers will only be advantageous if they bring value to the customer either by lowering buyer cost or raising buyer performance.⁵⁸¹

Buyer cost does not only consist of the price of a particular product. It also takes the total cost of ownership into account. Buyer cost might include delivery, installation and financing cost.

⁵⁸¹ Porter 2004b, 124-131

The advantages gained by a driver of uniqueness might include a decrease in the required rate of usage of the product, a decrease of the direct cost of using the product such as decreased labour, fuel, maintenance or required space, a decrease of the indirect cost of using the product such as decreased weight resulting in lower transportation costs, a decrease in the buyer cost for other value activities, or a decrease in the risk of product failure and therefore a decrease in the buyer's expected cost of failure.⁵⁸²

A company needs to communicate and signal the value of its products to the customers. If not, the customer will not be able to distinguish the product from other products. If the product in question also has lower country equity, it is likely that the customers will choose another product. As shown in the survey, many customers only choose Japanese products if they know that the products will deliver higher value. The survey also indicated that companies may be able to command a premium price for these higher-value products.

If customers are loyal to a brand, they will be much less susceptible to press reports and social pressures. Therefore, it is important for companies to deliver good value products and communicate this value to the customers. Loyal and satisfied customers are less likely to switch brands in the event of a shock, since they have a higher perception of the company's products. Increasing switching costs by means of initiatives such as training costs will make it less likely for customers to switch.

Finally, it is important to take appropriate steps to communicate with the media. A company's public relations department should attempt to stop the spread of negative publicity and try to counteract it by counter-arguing the negative publicity and/or questioning its credibility.

The shutdown of SK-II sales counters was avoidable, and the crisis' impact could have been minimised. The right attitude would have been to engage with unsatisfied customers and offer refunds. The impact of the crisis would have been much less extensive. The SK-II crisis was not caused by the quality of the products. It was a crisis on a macroeconomic level that had its roots in poor Chinese-Japanese relations.

⁵⁸² Porter 2004b, 135-136

8.2. Conclusion

Even though many years have passed, unsolved history issues still seem to have an impact on the consumer perception and behaviour of Chinese consumers with respect to Japanese products. While many Chinese consumers perceive Japanese products to be good, they might still prefer to purchase products from other countries either due to their own perception of Japan or Japanese products or due to preference falsification. In addition, in the case of a shock, these consumers might change their purchase behaviour and demand fewer Japanese products or purchase an alternative product.

Hypothesis: the media plays a significant role in the creation and amplification of shocks to Chinese-Japanese relations.

This hypothesis has been supported by the analysis. The media's significant impact on the opinions of Chinese consumers can be observed in the analysed forums and consumer surveys.

The media often acts as a shock amplifier and shock creator. Mass media reports on shocks are typically in line with government views. The media acts as a gatekeeper and only distributes selected news to the readers.

By presenting some information and restricting other information, the media and other public sources shape private knowledge in certain ways. They thus engage in knowledge falsification. The knowledge falsification leads to preference falsification in many consumers, which contributes to the persistence of the status quo. The media shapes private knowledge of consumers, which in turn shapes their private and public preferences. In addition, the media is used by consumers to estimate the public opinion.

The media sets the agenda for the consumers. By repeatedly publishing news items about topics that inflame anti-Japanese sentiment such as visits to the Yasukuni shrine or denials of Second World War atrocities, Chinese media agencies set an agenda for their readers and viewers. They make consumers think about the topics more often, giving anti-Japanese sentiments more credibility. This hypothesis is supported by a high correlation between media reports and posts on the online forums.

Hypothesis: Chinese consumers have a predefined hypothesis with regard to Japan

The forum and survey analyses support the hypothesis theory. Many Chinese consumers seem to have a pre-defined hypothesis with regard to Japan and Japan-related issues. This hypothesis, shaped by the public discourse, past media reports and older generations, influences their perception of information received through the media.

Hypothesis: Chinese-Japanese relations play a role in the Chinese perception of Japanese products

The forum and consumer survey analysis support the hypothesis that Chinese perception of Japan influences Chinese perception of Japanese products. According to the results of the consumer surveys, many consumers perceive Japanese products as good or even very good. However, many consumers replied that they would not choose a Japanese product even if the product's price-performance ratio were higher than that of products from other countries.

In the event of a shock in Chinese-Japanese relations, consumer perception and purchase behaviour might change. Consumer surveys supported the hypothesis that after shocks such as visits to the Yasukuni shrine, publications of revisionist history schoolbooks or public denials of wartime atrocities, the preferences and behaviours of consumers may change.

Hypothesis: Many Chinese consumers perceive Japanese products as not good due to the “Japan burden”

This hypothesis could be partially supported. According to the results of the consumer surveys, many consumers perceive Japanese products as good or even very good. However, many consumers would not choose a Japanese product even if the product's price-performance ratio were higher than that of products from other countries. While many consumers acknowledge the intrinsic cues of Japanese products, they make their purchasing decisions based on the extrinsic cues of product origin. Japanese products suffer from low country equity. The objective and perceived value of Japanese products may be high, but because Japan has low country equity, many Chinese consumers choose to buy other products. This may be due to a perception of Japanese products as inferior due to their

low country equity, or it may be due to preference falsification. As was shown in the media analysis of the forums, many Chinese consumers are sensitive to the real and imagined social punishments that would result from going against what they perceive to be the dominant public opinion about Japan. This holds true whether expressing an opinion in online forums or making a decision to purchase a particular product. So, even if they do not perceive Japanese products as inferior, these consumers may falsify their preferences in response to social pressures.

Hypothesis: In the event of a shock, consumer perception and purchase behaviour change

In the event of a shock in Chinese-Japanese relations, consumer perception and purchase behaviour may change. Consumer surveys supported the hypothesis that after shocks such as visits to the Yasukuni shrine, publications of revisionist history schoolbooks or public denials of wartime atrocities, the preferences and behaviours of consumers may change. Shocks tend to exacerbate the already-existing anti-Japanese trends described above. Social pressure on people who consider purchasing Japanese products increases, and Chinese consumer perception of Japanese products decreases. According to the consumer surveys, the shocks influence the consumer's purchase behaviour negatively; however, the extent of the negative impact differs depending on the nature of the shock. Chinese consumers seem to be less affected by the visits to the Yasukuni shrine than by the denials of Japanese leaders or publications of new revisionist schoolbooks.

The nature of the product would determine the extent to which a shock would affect its sales. If it had many close substitutes and the switching costs were low, consumers would likely switch.

Hypothesis: Following a shock and the reactions of Chinese consumers, Japanese consumers might also change their purchase behaviour

Furthermore, many Japanese consumers react to Chinese consumers' reactions to shocks. If China were to boycott Japanese goods, over 75% of Japanese respondents would not buy or would buy fewer Chinese products, while only 18.4% would buy as they did before.

Hypothesis: The Chinese operations of Japanese companies might be negatively affected by events such as the SK-II crisis due to unsolved issues in Chinese-Japanese relations

The hypothesis could be partially supported. Based on the macroeconomic data, the hypothesis could not be supported, however, based on the consumer survey and forum analysis the hypothesis could be supported.

The main commodities exported to China in 2007 were transport equipment, general machinery and electrical machinery, none of which should have been significantly influenced by the shocks, as the shocks primarily affected the consumer market. Similarly, in the early twentieth century the number of imports from the United States grew during the anti-American boycotts, which might indicate that the boycott was not successful. In addition, several Japanese enterprises have been very successful in the Chinese market and many enterprises plan to further expand their operations.

Based on the consumer survey and forum analysis the hypothesis could be supported. According to the results of the consumer surveys, many consumers perceive Japanese products as good or even very good. However, many consumers would not choose a Japanese product even if the product's price-performance ratio were higher than that of products from other countries. In addition, in the event of a shock in Chinese-Japanese relations, consumer perception and purchase behaviour may change and consumers would demand fewer Japanese products or purchase a substitute.

However, the extent to which the Japanese enterprises can be impacted might differ. In the case of SK-II, the fact that SK-II is a Japanese brand had an impact on the shock. Chinese press reports played a major role in causing consumers to switch to other products, and they impacted the reputation and sales of SK-II. However, despite the fact that SK-II suffered a considerable decrease in Chinese revenues, thanks to global diversification, worldwide sales of Procter & Gamble beauty products decreased only 1% in Q4 2006. This minor drop was the only lasting effect of the SK-II crisis on Procter & Gamble's balance sheets.

Cooney sees China as "an attractive alternative to the U.S. for Japan" (Cooney 2002, 113),

but he sees the problems in "China's political ambitions and Japan's history in East Asia" (Cooney 2002, 113). According to Cooney, China will not accept Japan on equal terms, because "Japanese atrocities against China and the Chinese people during World War II would make it politically impossible" (Cooney 2002, 113).

Cooney (2002, 114) states that in order for Japan to achieve an "interdependent relationship with China", it has to "deal honestly and forthrightly with its past" (Cooney 2002, 114). He adds that "Japan would have to pay a huge political cost both at home and in pride to ally with China". (Cooney 2002, 115)

In order to improve the perception of Japan in China, Japan would have to prevent the occurrence of exogenous shocks such as the publication of revisionist history schoolbooks or denials of the atrocities of the Second World War. In addition, it would be advantageous if the public discourse with respect to Japan in China included more positive messages. The process will take time, but China and Japan need to cooperate in order to improve the perception of Japanese products in China. This is a win-win situation for both parties in the long run. The thesis proves that poor Chinese-Japanese relations and shocks will have a negative impact upon both countries. Only cooperation is a win-win situation for both countries.

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Appendix

1.1. First Chinese Consumer survey

1.1.1. English translation

INSTRUCTIONS: This survey is a part of the research for my Ph.D. thesis.

This survey is anonymous and no personal data will be used or released.

The survey includes 18 questions and takes 10-15 minutes to complete. Please tick (✓) next to the answer that best describes your situation / your point of view. Please choose only one answer.

Example:

Gender:

Male

Female

Following every multiple-choice question, you will have an opportunity to explain your choice.

Example:

Gender:

Male

Female

Age:

Under 20

41-50

21-30

51-60

31-40

Above 60

City of residence:

Beijing

Shanghai

Other: _____ (please name)

1. Is the origin of the products (i.e. Japanese, American, German) important to you when making a purchase decision?

Not important at all

Not so important

Neutral

Important

Very important

Why?

2. What do you think of American products in general?

Not good at all

Not so good

Average

Good

Very good

Why?

3. What do you think of German products in general?

Not good at all

Not so good

Average

Good

Very good

Why?

4. What do you think of Japanese products in general?

Not good at all

Not so good

Average

Good

Very good

Why?

5. What do you think of German cars?

Not good at all

Not so good

Average

Good

Very good

Why?

6. What do you think of Japanese cars?

Not good at all

Not so good

Average

Good

Very good

Why?

7. If you have a choice between products of different foreign countries, which product do you choose? (no indication to price and quality)

- American
- British
- French
- German
- Japanese
- Korean
- Other: _____ (please name)
- Any of above

Why?

8. If you have a choice between products of different foreign countries given the same price and quality / attributes, which product do you choose?

- American
- British
- French
- German
- Japanese
- Korean
- Other: _____ (please name)
- Any of above

Why?

9. If you have a choice between products of different foreign countries where the Japanese product is slightly more expensive than other products, but is of much better quality / has more attributes, which product do you choose?

- American
- British
- French
- German
- Japanese
- Korean
- Other: _____ (please name)
- Any of above

Why?

10. If you have a choice between products of different foreign countries where the Japanese product is less expensive than other products, but has the same attributes, which product do you choose?

- American
- British
- French
- German
- Japanese
- Korean
- Other: _____ (please name)

Any of above

Why?

11. Do you question the quality of Japanese products?

Yes

No

Why?

12. Do you remember any incidents when the quality of Japanese goods was questioned?

Yes

No

Which ones?

13. Do you think that products available on the Chinese market are trustworthy? (with regard to quality)

Yes

No

Why?

14. If a product's quality has been questioned in the media do you still buy these products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

15. If a Japanese Prime Minister were to visit the Yasukuni shrine, would you still buy Japanese products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

16. If a Japanese Prime Minister were to release a statement denying the atrocities of the Second World War, would you still buy Japanese products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

17. If Japan were to publish a new history schoolbook that denies the atrocities of the Second World War, would you still buy Japanese products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

1.1.2. Original survey

消费者调查

说明：本次调查是我的博士论文的一个部分。

本次调查为匿名，任何有关个人的数据将不会被使用或者发布。

本次调查包括 18 个问题，10-15 分钟即可完成。请勾出 (√) 最合适的答案 (只需选择一个答案即可)。

例如：
性别：
 男 女

你对每个选择题来说，如果可能请解释你为什么做出该选择。

例如：
问题：为什么？
答案：因为。。。

性别：

男 女

年龄：

20 岁以下 41-50 岁
 21 – 30 岁 51-60 岁
 31 – 40 岁 60 岁以上

居住地：

北京 上海
 其他： _____

教育水平：

小学
 初中
 高中
 大学
 硕士
 博士

1. 你通过媒体、网络、博客购物吗？

从来不

很少

偶尔

经常

很频繁

如果回答是、哪一些媒体、网络、博客？

2. 你买东西的时候是不是重视产品的产地（比如中国、美国、德国）？

一点也不重视

不太重视

无所谓

重视

非常重视

为什么？

3. 一般来说你怎么看待美国产品？

质量非常差

质量差

质量一般

质量好

质量非常好

为什么？

4. 一般来说你怎么看待德国产品？

质量非常差

质量差

质量一般

质量好

质量非常好

为什么？

5. 一般来说你怎么看待日本产品？

质量非常差

质量差

质量一般

质量好

质量非常好

为什么？

6. 你怎么看待德国车？

质量非常差

质量差

质量一般

质量好

质量非常好

为什么？

7. 你怎么看待日本车？

质量非常差

质量差

质量一般

质量好

质量非常好

为什么？

8. 如果你需要在同一种外国产品中作出选择,你会选哪一种产品? (不考虑价格、质量因素)

我选择_____产品:

- 美国
- 英国
- 法国
- 德国
- 日本
- 韩国
- 其他: _____ (请列举国家)
- 上述任何国家

为什么?

9. 如果你需要在同一种外国产品中作出选择,同样的价格和质量你会选哪一个?

我选择_____产品:

- 美国
- 英国
- 法国
- 德国
- 日本
- 韩国
- 其他: _____ (请列举国家)
- 上述任何国家

为什么?

10. 如果你需要在同一种外国产品中作出选择,日本产品的价格略高而质量比另外的产品高很多你会选哪一个?

我选择_____产品:

- 美国
- 英国

- 法国
- 德国
- 日本
- 韩国
- 其他： _____ (请列举国家)
- 上述任何国家

为什么？

11. 如果你需要在同一种外国产品中作出选择，日本产品的价格低而质量跟另外的产品一样你会选哪一个？

我选择 _____ 产品：

- 美国
- 英国
- 法国
- 德国
- 日本
- 韩国
- 其他： _____ (请列举国家)
- 上述任何国家

为什么？

12. 你怀疑日本产品的质量吗？如果是，为什么？

- 对，我怀疑日本产品的质量。
- 不，我不怀疑日本产品的质量。

为什么？

13. 你是否记得任何一件日本产品受到质疑的事件？

- 对，我记得。
- 不，我不记得。

哪一件？

14. 你认为中国市场上商品的质量都值得信赖吗？

对，我认为值得信赖。

不，我认为不值得信赖。

为什么？

15. 如果一个产品的质量在媒体上受到质疑，你是否还购买这种产品？

对，我还买。

对，但是我买的少了。

不，我不买了。

为什么？

16. 如果日本首相去参拜靖国神社你还买日本产品吗？

对，我还买。

对，但是我买的少了。

不，我不买了。

为什么？

17. 如果日本首相发表声明否认二战的暴行你还买日本产品吗？

对，我还买。

对，但是我买的少了。

不，我不买了。

为什么？

18. 如果日本出版新的历史教科书否认二战的暴行你还买日本产品吗？

对，我还买。

对，但是我买的少了。

不，我不买了。

为什么？

1.2. Second Chinese Consumer survey

1.2.1. English translation

Second Chinese Consumer survey

INSTRUCTIONS: This survey is a part of the research for my Ph.D. thesis.

This survey is anonymous and no personal data will be used or released.

The survey includes 18 questions and takes 10-15 minutes to complete. Please tick (✓) next to the answer that best describes your situation / your point of view. Please choose only one answer.

Example:

Gender:

Male

Female

Following every multiple-choice question, you will have an opportunity to explain your choice.

Example:

Gender:

Male

Female

Age:

Under 20

41-50

21-30

51-60

31-40

Above 60

City of residence:

Beijing

Shanghai

Other: _____ (please name)

1. How often do you read Chinese newspapers?

- Never
- Seldom
- Sometimes
- Often
- Very often

Which ones?

2. How often do you read Chinese news online?

- Never
- Seldom
- Sometimes
- Often
- Very often

Which ones?

3. How often do you read Chinese online forums?

- Never
- Seldom
- Sometimes
- Often
- Very often

Which ones?

4. How often do you post on Chinese online forums?

- Never
- Seldom
- Sometimes
- Often
- Very often

Which ones?

5. How often do you answer on Chinese online forums?

- Never
- Seldom
- Sometimes
- Often
- Very often

Which ones?

6. Do you think that Chinese newspapers are trustworthy?

- Never
- Seldom
- Sometimes
- Often
- Very often
- Always

Why?

7. Do you think that Chinese news online are trustworthy?

- Never
- Seldom
- Sometimes
- Often
- Very often
- Always

Why?

8. Do you think that Chinese online forums are trustworthy?

- Never
- Seldom
- Sometimes
- Often
- Very often
- Always

Why?

9. How often do you read foreign newspapers?

- Never
- Seldom

Sometimes

Often

Very often

Which ones?

10. How often do you read foreign news online?

Never

Seldom

Sometimes

Often

Very often

Which ones?

11. Do you think that foreign newspapers are trustworthy?

Never

Seldom

Sometimes

Often

Very often

Always

Why?

12. Do you think that foreign news online are trustworthy?

- Never
- Seldom
- Sometimes
- Often
- Very often
- Always

Why?

13. What do you think of Japanese products in general?

- Not good at all
- Not so good
- Average
- Good
- Very good

Why?

14. If you have a choice between products of different foreign countries, which product do you choose? (no indication to price and quality)

Please choose only one answer.

- American
- British
- French
- German

- Japanese
- Korean
- Other: _____ (apart from Chinese)
- Any of above
- All but Japanese

Why?

15. If you have a choice between products of different foreign countries given the same price and quality / attributes, which product do you choose?

Please choose only one answer.

- American
- British
- French
- German
- Japanese
- Korean
- Other: _____ (apart from Chinese)
- Any of above
- All but Japanese

Why?

16. If you have a choice between products of different foreign countries where the Japanese product is slightly more expensive than other products, but is of much better quality, which product do you choose?

Please choose only one answer.

- American
- British
- French
- German
- Japanese
- Korean
- Other: _____ (apart from Chinese)
- Any of above
- All but Japanese

Why?

17. If you have a choice between products of different foreign countries where the Japanese product is less expensive than other products, but has the same attributes, which product do you choose?

Please choose only one answer.

- American
- British
- French
- German
- Japanese
- Korean

Other: _____ (apart from Chinese)

Any of above

All but Japanese

Why?

18. Have you ever boycotted Japanese products?

Never

Seldom

Sometimes

Often

Very often

Always

Why?

1. 你经常看国内报纸吗？

从来不

很少

偶尔

经常

很频繁

如果回答是、哪一些报纸？

2. 你经常上国内网看新闻吗？

从来不

很少

偶尔

经常

很频繁

如果回答是、哪一些网站？

3. 你经常上国内论坛吗？

从来不

很少

偶尔

经常

很频繁

如果回答是、哪一些论坛？

4. 你经常在国内论坛上发帖吗？

从来不

很少

偶尔

经常

很频繁

如果回答是、哪一些论坛？

5. 你经常在国内论坛上回帖吗？

从来不

很少

偶尔

经常

很频繁

如果回答是、哪一些论坛？

6. 你认为国内报纸都值得信赖吗？

从来不

很少

偶尔

经常

很频繁

总是

为什么？

7. 你认为国内网络上的新闻都值得信赖吗？

从来不

很少

偶尔

经常

很频繁

总是

为什么？

8. 你认为网络上的国内论坛都值得信赖吗？

从来不

很少

偶尔

经常

很频繁

总是

为什么？

9. 你经常看外国报纸吗？

从来不

很少

偶尔

经常

很频繁

如果回答是、哪一些报纸？

10. 你经常上外国网看新闻吗？

从来不

很少

偶尔

经常

很频繁

如果回答是、哪一些网站？

11. 你认为外国报纸都值得信赖吗？

从来不

很少

偶尔

经常

很频繁

总是

为什么？

12. 你认为外国网络上的新闻都值得信赖吗？

从来不

很少

偶尔

经常

很频繁

总是

为什么？

13. 一般来说你怎么看待日本产品？

质量非常差

质量差

质量一般

质量好

质量非常好

为什么？

14. 如果你需要在同一种外国产品中作出选择,你会选哪一个国家的产物? (不考虑价格、质量因素)

只需选择一个答案即可。

美国

英国

法国

德国

日本

韩国

其他： _____ (不包括中国)

上述任何国家

为什么？

15. 如果你需要在同一种外国产品中作出选择，同样的价格和质量你会选哪一个国家的产品？

只需选择一个答案即可。

美国

英国

法国

德国

日本

韩国

其他： _____ (不包括中国)

上述任何国家

为什么？

16. 如果你需要在同一种外国产品中作出选择，日本产品的价格略高而质量比另外的产品高很多你会选哪一个国家的产品？

只需选择一个答案即可。

美国

英国

法国

德国

日本

韩国

其他： _____ (不包括中国)

上述任何国家

为什么？

17. 如果你需要在同一种外国产品中作出选择,日本产品的价格低而质量跟另外的产品一样你会选哪一个国家的产品?

只需选择一个答案即可。

- 美国
- 英国
- 法国
- 德国
- 日本
- 韩国
- 其他: _____ (不包括中国)
- 上述任何国家

为什么?

18. 你抵制日货吗?

- 从来不
- 很少
- 偶尔
- 经常
- 很频繁
- 总是

如果回答是、为什么?

1.3. Japanese Consumer survey

1.3.1. English translation

Japanese Consumer survey

INSTRUCTIONS: This survey is a part of the research for my Ph.D. thesis.

This survey is anonymous and no personal data will be used or released.

The survey includes 17 questions and takes 10-15 minutes to complete. Please tick (✓) next to the answer that best describes your situation / your point of view. Please choose only one answer.

Example:

Gender:

Male

Female

Following every multiple-choice question, you will have an opportunity to explain your choice.

Example:

Gender:

Male

Female

Age:

Under 20

41-50

21-30

51-60

31-40

Above 60

City of residence:

Tokyo

Yokohama

Osaka

Nagoya

Other: _____ (please name)

1. Do you use the media / Internet / blogs to buy products?

- Never
- Seldom
- Often
- Very often

Which ones?

2. Is the origin of the products (i.e. Japanese, American, German) important to you when making a purchase decision?

- Not important at all
- Not so important
- Important
- Very important

Why?

3. What do you think of American products in general?

- Not good at all
- Not so good
- Average
- Good
- Very good

Why?

4. What do you think of German products in general?

Not good at all

Not so good

Average

Good

Very good

Why?

5. What do you think of Chinese products in general?

Not good at all

Not so good

Average

Good

Very good

Why?

6. If you have a choice between products of different foreign countries, which product do you choose? (no indication to price and quality)

American

British

Chinese

French

German

Korean

Other: _____ (please name)

Any of above

Why?

7. If you have a choice between products of different foreign countries given the same price and quality / attributes, which product do you choose?

American

British

Chinese

French

German

Korean

Other: _____ (please name)

Any of above

Why?

8. If you have a choice between products of different foreign countries where the Chinese product is slightly more expensive than other products, but is of much better quality / has more attributes, which product do you choose?

American

British

Chinese

French

German

Korean

Other: _____ (please name)

Any of above

Why?

9. If you have a choice between products of different foreign countries where the Chinese product is less expensive than other products, but has the same attributes, which product do you choose?

American

British

Chinese

French

German

Korean

Other: _____ (please name)

Any of above

Why?

10. Do you remember any incidents when the quality of Chinese goods was questioned?

Yes

No

Which ones?

11. Do you question the quality of Chinese products?

Yes

No

If yes, why?

12. Do you think that products available on the Japanese market are trustworthy? (with regard to quality)

Yes

No

Why?

13. If a product's quality has been questioned in the media do you still buy these products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

14. If China were to oppose a Japanese Prime Minister's visit to the Yasukuni shrine, would you still buy Chinese products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

15. If China were to boycott Japanese goods, would you still buy Chinese products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

16. If China were to oppose a new Japanese history schoolbook, would you still buy Chinese products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

17. If China were to ask for another apology, would you still buy Chinese products?

Yes, I still buy

Yes, but I buy fewer products

No, I do not buy

Why?

1.3.2. Original survey

消費者調査

説明: この調査は私の博士論文の一部です。
本アンケートは匿名であり、他の目的に一切使用しません。

この調査は十六個質問があります。所要時間は約10-15分の間です。以下の質問に該当する部分にチェックを入れてください。

答えは一つのみご選択ください。

例:
性別:

男

女

以下質問に回答された、その理由をご記入ください。

例:
質問: その理由は?
答え: ...

性別:

男

女

年齢:

20歳以下

41-50歳

21-30歳

51-60歳

31-40歳

60歳以上

住所:

東京

横浜

大阪

名古屋

その他 _____ (ご記入ください)

学歴:

小学校

中学校

高校

大学

修士

博士

1. 買い物をするときに、商品の生産国は重要ですか？（例えばドイツ、アメリカ、日本）

全く重要ではない

それほど重要ではない

どちらでも構わない

重要

とても重要

その理由は？

2. 一般的にあなたはアメリカの商品をどう思いますか？

全く良くない

それほど良くない

普通

いい

とてもいい

その理由は？

3. 一般的にあなたはドイツの商品をどう思いますか？

全く良くない

それほど良くない

普通

いい

とてもいい

その理由は？

4. 一般的にあなたは中国の商品をどう思いますか？

全く良くない

それほど良くない

- 普通
- いい
- とてもいい
その理由は？
-

5. 以下の国の商品がある場合、あなたはどの国の商品を選びますか？（値段と質は考慮しない）

答えは一つのみご選択ください。

- アメリカ
- イギリス
- 中国
- フランス
- ドイツ
- 韓国
- その他: _____ (ご記入ください)
- 以上の国の商品は何でも構わない

その理由は？

6. あなたは以下の国の商品を選ぶ場合、値段と質は同じならば、どの商品を選びますか？

答えは一つのみご選択ください。

- アメリカ
- イギリス
- 中国
- フランス
- ドイツ
- 韓国
- その他: _____ (ご記入ください)
- 以上の国の商品は何でも構わない

その理由は？

7. 以下の国の商品を選ぶ時、その中で中国の商品は他の国の商品に比べて良質で値段も少し高い場合、あなたはどの商品を選びますか？

答えは一つのみご選択ください。

- アメリカ
- イギリス
- 中国
- フランス
- ドイツ
- 韓国
- その他: _____ (ご記入ください)
- 以上の国の商品は何でも構わない

その理由は？

8. 以下の国の商品を選ぶ時、その中で中国の商品は他の国の商品と同等の質であるが、値段が安い場合、あなたはどの商品を選びますか？

答えは一つのみご選択ください。

- アメリカ
- イギリス
- 中国
- フランス
- ドイツ
- 韓国
- その他: _____ (ご記入ください)
- 以上の国の商品は何でも構わない

その理由は？

9. あなたはこれまでに中国の商品の質が問題とされた事件を記憶していますか？

- はい、記憶しています。
- いいえ、記憶していません。

どういう事件を記憶していますか？

10. あなたは中国の商品を疑いますか？

はい、疑います。

いいえ、疑いません。

もし疑うのなら、それはどうしてですか？

11. あなたは日本のマーケットにある全ての商品の質を信用しますか？

はい、信用します。

いいえ、信用しません。

その理由は？

12. メディアを通して製品が疑われているとしたら、あなたは引き続きそれら製品を購入しますか？

はい、購入します。

はい、しかし購入することは以前に比べて少なくなりました。

いいえ、購入しません。

その理由は？

13. もし中国が日本の首相が靖国神社に参拝することに反対する場合、あなたは引き続き中国製品を購入しますか？

はい、購入します。

はい、しかし購入することは以前に比べて少なくなりました。

いいえ、購入しません。

その理由は？

14. もし中国が日本製品をボイコットするとしたら、あなたは引き続き中国製品を購入しますか？

はい、購入します。

はい、しかし購入することは以前に比べて少なくなりました。

いいえ、購入しません。

その理由は？

15. もし中国が日本の新しい歴史教科書に反対する場合、あなたは引き続き中国製品を購入しますか？

はい、購入します。

はい、しかし購入することは以前に比べて少なくなりました。

いいえ、購入しません。

その理由は？

16. 中国がもう一度、第二次世界大戦に対して日本に謝罪を求める場合、あなたは引き続き中国製品を購入しますか？

はい、購入します。

はい、しかし購入することは以前に比べて少なくなりました。

いいえ、購入しません。

その理由は？
