Authenticity and Institutional Context: Studies of Individual Preference in China

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Project Goals

- Develop empirical evidence about the appeal (or not) of authenticity among consumers in developing consumer markets.
- We focus on an aspect of market development—classification.
Market Development

- By market development, we mean the establishment and organization of economic, political and social institutions that underlay and support market exchanges.

- In particular, we concentrate on how institutionalized the classification system for a product (or service) is.
  - At one extreme, we imagine a product market that relies on an established and institutionalized classification system of products to shape exchanges, much like the markets for art or music where genres define the categories of the classification system.
  - At the other extreme, we envision a product market where there is no real operative classification scheme. Parties in this type of exchange base their actions on their own perceptions, beliefs, and values, much like the market for hairstylists or fitness trainers or tutors.
Carroll-Wheaton (2009) Theory

Type
- Type authenticity
- Craft authenticity

Moral
- Moral authenticity
- Idiosyncratic authenticity
Hypotheses

H1
- In market contexts where transactions are not shaped strongly by institutionalized classification systems, individual preferences and choices will prioritize other meanings of authenticity (craft, moral, or idiosyncratic) over type authenticity.

H2
- In market contexts where transactions are shaped strongly by institutionalized classification systems, individual preferences and choices will prioritize type authenticity over other meanings of authenticity (craft, moral, idiosyncratic).
# Four Studies in the PRC

## TABLE 1. Design of Studies

<table>
<thead>
<tr>
<th>Study</th>
<th>N</th>
<th>Population sampled</th>
<th>Product</th>
<th>Method</th>
<th>Hyp. Tested</th>
<th>Quality Confound</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>128</td>
<td>PKU students</td>
<td>Italian handbags</td>
<td>Behavioral lab exp.</td>
<td>1</td>
<td>Controlled strictly (high)</td>
</tr>
<tr>
<td>2</td>
<td>116</td>
<td>PKU students</td>
<td>Italian &amp; Chinese handbags</td>
<td>Behavioral lab exp.</td>
<td>1</td>
<td>Controlled Strictly (high)</td>
</tr>
<tr>
<td>3</td>
<td>76</td>
<td>PKU students</td>
<td>White tea</td>
<td>Behavioral lab exp.</td>
<td>2</td>
<td>Controlled strictly (high)</td>
</tr>
<tr>
<td>4</td>
<td>153</td>
<td>PRC students &amp; shoppers</td>
<td>White tea</td>
<td>Field Survey</td>
<td>2</td>
<td>Controlled Strictly (high)</td>
</tr>
</tbody>
</table>
Italian Leather Handbags
Choose among product descriptions written to emphasize each types of authenticity, compared to a description written to emphasize quality
**Quality:** Valdesollo handbags showcase the quality of Italian handbags. The leather is entirely Full Grain grade, which creates a soft and durable product that will withstand decades of use. The careful stitching and lining uses a triple-reinforced patented design, which guarantees the bag will never tear or break from wear.

**Type:** Ferrara handbags are the quintessential Italian handbags. Founded in 1742 as a leatherman’s shop in Venice, the Ferrara family company has become the hallmark of Italian designer handbags. The products feature the perfect balance between functionality and design, from one of the original families in the business.

**Craft:** Each Cappanori handbag features a unique design that is individually handcrafted in the small workshop in Venice, where our designers must complete a minimum of 10 years as an apprentice to our master craftsmen. The master craftsmen use no modern technology in the process, utilizing only handmade knives, punches, and swivels to produce each piece.

**Moral:** All handbags made by Montegiorgio are produced from leather from cattle and sheep raised on local 100% organic farms in northern Italy. The dyes used in production are all natural, and are never produced with any chemicals commonly found in leather treatment dies, such as benzidine and petro-chemicals. The production facility is entirely solar powered, and all waste is recycled by local furniture manufactures.

**Idiosyncratic:** La Spezia specializes in unique handbags produced in northern Italy. The leather for each handbag is first cut and dried only on nights of full moons (the company’s founder insists that the lunar light is absorbed by all handbags). Each bag is also designed to have exactly 1,982 stitches, representing the year the founder’s first child was born, and a trademark secret inner pocket to protect any valuables.
White Tea

“A lightly oxidized tea from Fujian.”
“White tea comes from the delicate buds and younger leaves of the Camellia sinensis plant. Production is simple but selection of raw material is stringent--only the plucking of young tea leaves with much fine hair can produce good-quality white tea with lots of pekoe.”
“The buds and leaves are allowed to wither in natural sunlight before they are lightly processed to prevent oxidation or further fermentation. The process preserves the tea’s characteristic flavor.”

(Wikipedia, Aug. 22, 2011)
**Type: Chen’s Silver Needle.** The Chen family settled in Fuding County and their renowned family “Silver Needle” came to be seen as a quintessential White Tea. Tea leaves of Chen’s “Silver Needle” are still picked from the same type of white tea trees that the Chen family has been cultivating for multiple generations. Only a few leaf sprouts showing the right shape, greenness, and position from each tea tree are selected to make the “Silver Needle”. In addition, only the very first sprouted leaves from each tea tree every spring are considered to qualify as “Silver Needle.”

**Moral: Xie’s Silver Needle.** Xie’s “Silver Needle” uses tea leaves only from organically grown tea trees. No fertilizers or preservatives are used in the tea farms. This method ensures the environmental sustainability of the local mountain areas. The Xie Company also provides full labor protection to its workers, with most of whom are from the local community. Every year, a portion of revenue from Xie’s “Silver Needle” is donated to a local tea institute for promoting the “White Tea Culture.”

**Craft: An’s Silver Needle.** An’s “Silver Needle” uses only carefully hand-selected tea leaf sprouts featuring the prototypical needle shape. After being air-dried on flat porcelain containers in the airing room until the optimal dryness is achieved, tea experts bake the sprouts in traditional outdoor ovens fueled by an open wood fire. Baking is finished when the whiteness of tea leaf appears to be the same color as a sample of the original “Silver Needle” that the An family has kept for more than a hundred years.

**Quality: Jiang’s Silver Needle.** Jiang’s “Silver Needle” comes from the tea farm that has passed the rigorous international ISO9001 certification. Each tea leaf is similar in size and weight. Due to its high quality, Jiang’s Silver needle tea has been exported to many countries abroad and has recently won several awards at the International Tea Expo.

**Idiosyncratic: Wang’s Silver Needle.** Tea leaves for Wang’s “Silver Needle” are picked only between 5:00am and 7:00am in the last week of March (Chinese lunar calendar) by young females. The fresh sprouts are then dried for exactly seven days in a stone cave, which is believed to be the home of the local tea god. Only the oldest man in the Wang Village can finish the last step by tasting the first cup of tea and announcing it “Silver Needle.”
**Type:** 陈氏白毫银针 陈氏家族世居福建福鼎县。陈氏所产“白毫银针”被视为典型的福鼎白茶。每年陈氏都从家族传承数代的白茶树上摘取芽叶。每颗茶树上只有很少符合特定形状及颜色标准并生长在茶树特定位置的芽叶会被用来制作“白毫银针”。此外，每年春季第一茬芽叶被制作成“白毫银针”。

**Moral:** 谢氏白毫银针 谢氏“白毫银针”采用摘自有机茶树的茶叶制成。茶园不施任何农药与化肥。尽管这一做法限制了产量，但它保护了茶园及周围茶山的自然生态。谢氏茶园雇佣了大量当地居民参与茶叶生产，并给予他们优厚的劳动者保障与福利。每年，谢氏茶园的一部分收入都捐献给当地的茶文化研究院以推广白茶文化。

**Craft:** 安氏白毫银针 安氏“白毫银针”所用茶叶为经手工精心挑选的饱满针形白茶芽叶。新叶经均匀摊放在传统瓷盘并自然风干至最佳湿度后，茶园专家在户外生明火，架祖传铸铁茶炉翻炒烘干成型。待所炒茶叶呈现出和安氏珍藏百年的“白毫银针”同样色泽时即成。

**Quality:** 江氏白毫银针 江氏“白毫银针”茶园通过了严格的国际ISO9001认证。每片茶叶大小及重量都十分相近。因其良好品质，江氏所产“白毫银针”出口至世界多个国家，并在近年的世界茶叶博览会上屡获殊荣。

**Idiosyncratic:** 王氏白毫银针 王氏“白毫银针”所用茶叶均为采茶少女于每年农历三月最后一周内清晨5点到7点间所摘。采得嫩芽均摆放在一上古天然石洞中并风干七日整。该石洞被王村茶农视为白茶神发祥之地。风干茶叶经翻炒成型后，需王村最年长老者开炉品尝第一盏新茶方可认定为“白毫银针”。“
Silver Sprout Jasmine  金奖银芽
King of Jasmine  花茶王
68 每位/PP

The marriage of the finest silver needle white tea and fresh jasmine flowers creates the perfect balance of delicate white tea flavors and aromas of sweet jasmine. Silver Needle is China’s finest white tea. It’s perfect, downy buds are picked and sun dried in April, in the mountains of China’s Fujian Province. In August, the tea is laid beneath a bed of fresh jasmine flowers for seven consecutive nights marrying the sweet white tea with fragrant jasmine.

Yunnan Pu’er Tea  云南普洱
98 每位/PP

This black tea derives its name from the market town of Pu’er, where it was originally processed and sold, but it is grown on the Nuoshan Mountains. It is said that the unique taste of Pu’er was developed because it took weeks to transport the tea leaves by horseback to the town to be processed. During this transportation period the tea leaves would begin to ferment in the humidity and release a strong, fragrant aroma, which the tea is now famed for.

Anxi Tikuan Yin  特级安溪铁观音
108 每位/PP

Anxi Tikuan Yin King  安溪铁观音王
380 每位/PP

Ti Kuan Yin, named after the goddess of mercy, has a mild, refreshing flavor. The name of this tea comes from a popular tale. It tells of tea bushes growing in the high mountains that were favored for their flavor but very dangerous to pick. The local farmers decided to train monkeys to harvest the tea leaves. Although nimble, the monkeys were not careful pickers and would grab both new and old leaves. The result was a blend of leaves that created a tea with a special character and light flavor known today as Monkey Picked. Though we love the stories and myths that surround Chinese tea culture, we assure you that no monkeys are involved in processing this tea.
Research Design

- Our study relies on a key contrast between the PRC’s market development & classification between Leather Handbags and White Tea.

| Leather handbags are known but the market is not very institutionalized | White tea is well known and its market is highly institutionalized |

- H1: Leather handbags
- H2: White tea

- Craft, moral and idio authenticity
- Type authenticity
### TABLE 2. Consumer Choice Among Italian Handbag Options (Studies 1 & 2)

<table>
<thead>
<tr>
<th>Study</th>
<th>Domain</th>
<th>N</th>
<th>Choose type auth.</th>
<th>Choose moral auth.</th>
<th>Choose craft auth.</th>
<th>Choose idio. auth.</th>
<th>Chi-Square Test</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Handbags</td>
<td>128</td>
<td>20%</td>
<td>11%</td>
<td>54%</td>
<td>16%</td>
<td>61.42</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>2</td>
<td>Handbags</td>
<td>116</td>
<td>18%</td>
<td>18%</td>
<td>43%</td>
<td>21%</td>
<td>27.31</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

### TABLE 6. Consumer Choice Among White Tea Options (Studies 3 & 4)

<table>
<thead>
<tr>
<th>Study</th>
<th>Domain</th>
<th>N</th>
<th>Choose type auth.</th>
<th>Choose moral auth.</th>
<th>Choose craft auth.</th>
<th>Choose idio. auth.</th>
<th>Chi-Square Test</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>White Tea</td>
<td>76</td>
<td>34%</td>
<td>24%</td>
<td>21%</td>
<td>21%</td>
<td>4.77</td>
<td>.189</td>
</tr>
<tr>
<td>4</td>
<td>White Tea</td>
<td>153</td>
<td>42%</td>
<td>27%</td>
<td>10%</td>
<td>20%</td>
<td>11.37</td>
<td>&lt;.01</td>
</tr>
</tbody>
</table>
Other findings

- Chinese handbags regarded similar to Italian handbags—Craft authenticity preferred
- WTP for handbags less supportive but shows expected pattern generally
- WTP for tea less supportive but shows expected pattern generally (one aberrant finding)
- Direct consumer assessment of authenticity in handbags favors Craft authenticity
- Consumer preference for tea favors Type authenticity
The Last Slide

Findings
- Support for hypotheses
  - Question robustness on choice and preference
  - WTP weaker

Plans
- Comparative sample for US or elsewhere?