

GLOBAL VERSUS LOCAL BRAND: PERCEIVED QUALITY AND STATUS-SEEKING MOTIVATION IN THE AUTOMOBILE INDUSTRY

Jessica Sze Yin Ho, Derek Ong Lai Teik, Wang Pheik Ing, Grace Tay
Tsu Phing and New Chye Peng

The purpose of this research is to examine the influence of status-seeking motivation on perceived quality of a global versus local automobile brand in Malaysia. The data for this research was collected through 303 questionnaires from young working adults within the Klang Valley. Data was analysed using repeated measure t-test and results show that a global brand is generally preferred in terms of perceived quality in regards to wealth, achievement and enhance social standings. Likewise, regardless of high or low status-seeking motivation, a global brand is still preferred over a local brand.

Field of Research: Perceived Quality, Status-Seeking Motivation, Global and Local Brands, Automobile Industry

1. Introduction

Amidst rapid globalisation, consumers are ever more faced with the varieties between global and local brands, making their choice of consumption worth researching (Batra, Alden, Steenkamp, & Ramachander, 2000). While globalisation may be the success factor of many large organisations, local companies can also obtain competitive advantage through profound understanding and connectivity with consumers (Ger, 1999). Global brands are more likely to be preferred by consumers as they have the ability to associate status, wealth and prestige with the self-identity of a consumer and further enhance social standings in a social class (Alden & Steenkamp, 1999).

Jessica Sze Yin HO, Sunway University Business School, Malaysia. email: jessicah@sunway.edu.my

Derek Ong Lai Teik, Sunway University Business School, Malaysia. email: dereko@sunway.edu.my

Wang Pheik Ing, Sunway University Business School, Malaysia. email: esther_wang3@hotmail.com

Grace Tay Tsu Phing, Sunway University Business School, Malaysia. email: gracetaytp@gmail.com

New Chye Peng, Sunway University Business School, Malaysia. email: elaine_new21@yahoo.com

Nonetheless, circumstances exist whereby consumers would prefer local brands over global brands. For instance, consumer ethnocentrism is displayed when consumers are inclined towards local brands, for various reasons such as fear of loss of jobs due to import of global brands and the unpatriotic sense when purchasing global brands (Kaynak & Kara, 2002). Further, local brands may be better in positioning the brands as 'sons of the soil' to directly identify with consumers' own local traditions, customs, and culture (Cayla & Eckhardt, 2007).

This paper aimed to further examine the influence of consumer's status-seeking motivation on perceived quality of a global versus local brand. In terms of research contribution, the current work adopts and extends work (Roy & Chau, 2011) which compares consumer-based brand equity and status-seeking motivation for a global versus local brand in Australia. In contrast to this contribution, this current research adopts a different approach by pursuing the global versus local brand context by primarily focusing on the consumers' status-seeking motivation in pursuing brands for status symbols. As global brands tend to be preferred when status consumption is a motivator, the work is pursued more in-depth by further investigating the perceived quality of the global versus local brand. Additionally, the work follows existing recommendations from various researchers to apply different scales such as Steenkamp's (2003) perceived brand globalness (PBG) scale, status seeking consumption scale (SSC) (Eastman, Goldsmith & Flynn, 1999) and the perceived brand quality (PBQ) scale (Keller & Aaker, 1992).

2. Literature Review

2.1 Perceived Quality of Global Versus Local Brand

Perceived quality is the subjective judgment of consumers towards a product or brand superiority and distinction (Akram, Merunka & Akram, 2011). Perceived quality is important in determining consumer preferences towards global and local brand (Milberg & Sinn, 2008, as cited in Akram et al., 2011). A global brand is defined from a consumer's perspective as a brand which is believed to be marketed and recognised in multiple countries (Steenkamp et al., 2003, cited in Akram et al., 2011). In turn, a local brand is produced domestically for a specific national market and usually only obtainable in the particular region (Batra et al., 2000; Craig & Douglas, 2000). It is identified that a local brand may be preferred when consumers can identify with others in their community as the local brand is often positioned to understand local needs and culture (Cayla & Eckhardt, 2007).

On the other hand, global brands have been perceived to be of higher quality in developed and developing countries (Batra et al., 2000; Bhardwaj, Kumar, & Kim, 2010). This is due to the fact that global brands are accepted globally and charges a premium price (Keller, 1997; Kapferer, 1997). The high perceived quality notion of global brands is further supported by Milberg and Sinn (2008, cited in Akram et al., 2011) and Steenkamp et al. (2003, cited in Akram et al., 2011). Steenkamp et al (2003) further expounded that consumers also regard global brands as having higher prestige and are preferred essentially because of brand globalness, in regards to be internationally desirable and demanded. Additionally, it was found that global brands even appeal to local consumers due to higher perceived quality, status and prestige (Batra et al., 2000). Hence, the following hypothesis is proposed:

H1: There is a significant difference between the perceived quality of a global and local automobile brand.

2.2 Status-Seeking Consumption and the Perceived Quality of Global Versus Local Brand

The most influential factor among social motives for consumer shopping and purchasing decision is the enveloping desire for social status (Amaldoss & Jain, 2005; Charles, Hurst, & Roussanov, 2009; Han, Nunes, & Drèze, 2009). Evidently, many economists have ascertained the desire for status as the fundamental of their economic analyses (Dusenberry, 1949; Veblen, 1899) while marketing researchers have established a long time ago the desire for status as consumers' primary motivator for brand decision (Martineau, 1957). This desire is fuelled by the increasing levels of affluence worldwide which allow for higher consumption of status goods (Silverstein, Fiske, & Butman, 2005). Status-seeking consumption occurs without taking into account the consumer's income level or social class (Bourdieu, 1989; Eastman et al., 1999; O'Cass & Frost, 2002).

Brands play an integral role in affecting status-seeking consumption as premium pricing is involved when consuming status brands (Shukla, 2010). Moreover, importance of brands is accentuated in crafting an identity, accomplishment and recognition for consumers. Elliot (1997) and Elliot and Wattanasuwan (1998) further endorse that brands help construct an emblematic significance and develop an unconscious form of self-identity in a social class. Consecutively, consumers with dissimilar status-seeking motivation may exhibit unlike preference towards global and local brand (Roy & Chau, 2011). In comparison to local brands, some researchers contend that global brands are likely to be relatively scarce and have a price premium, leading to higher status (Bearden & Etzel, 1982). More current research has also support that scarcity can lead to higher status, hence influencing consumption choice (Phau & Prendegast, 2000, as cited in Roy & Chau, 2011). In this regards, global brands are able to command higher demands as status-seeking consumers are highly likely to consume such brands to improve social standing (Veblen, 1899; Hannerz, 1990). Thus, it is proposed that:

H2: There is a significant difference between the perceived quality of a global and local automobile brand among high status-seeking consumers.

H3: There is no significant difference between the perceived quality of a global and local automobile brand among low status-seeking consumers.

Thus far, researches in the area of status-seeking consumption have mainly studied on automobiles, among other categories like mobile phones and designer label wear (Wong, 1997; Eastman et al., 1999; O'Cass & Frost, 2002; Amaldoss & Jain, 2005). For the purpose of this research paper, automobile is selected as the category of research on the status-seeking motivation on perceived quality of a global versus local brand. Mason (1981) further assert that the consumption choice of automobiles display the consumers' status, personality and self-identity which is additionally replicated in Amaldoss and Jain's (2005) study.

3. Methodology and Research Design

3.1 Data Collection

A survey design was employed to collect data for this research. A total of 303 questionnaires were collected from young working adults within the Klang Valley area. According to the definition of the Malaysian government, young working adults fall between the age group of 15 to 40 (Department of Statistics, 2008). However, for the purpose of this research, young working adults will be defined as those aged between 21 and 40 because young adults in this age range are more likely to earn sufficient income to indulge in status seeking consumption of automobiles. To collect data, the convenience sampling approach was adopted, and questionnaires were distributed via a web-based survey that provided a link to respondents to access the questionnaires. An internet snowball procedure, as used in Akram et al.'s (2011) study of perceived brand globalness in emerging markets, was also used for this research and respondents were asked to send the questionnaire link to their contacts as well.

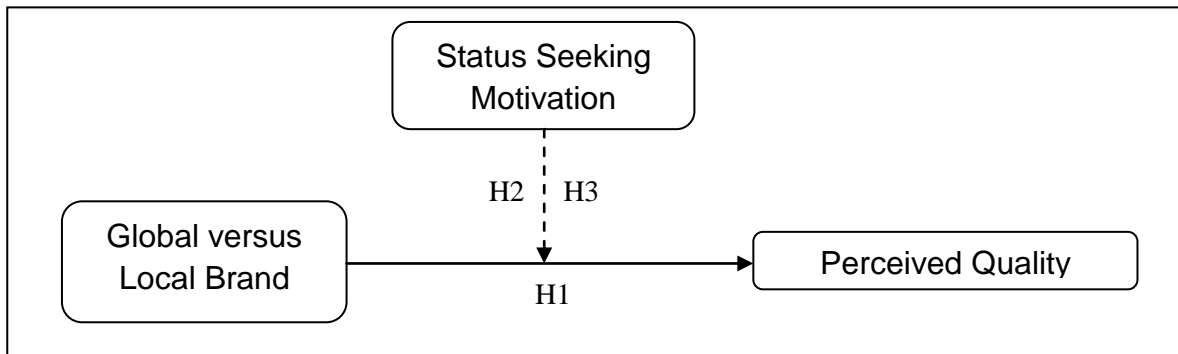
3.2 Product Selection and Instrument

For this study, Toyota was selected to represent a global automobile brand while Perodua was selected to represent a local automobile brand. Both Toyota and Perodua were selected because they are both best selling brands in the global and local arena. In 2010, Toyota maintained its position as best selling global automobile brand with sales standing at \$8.42 billion (Datamonitor, 2011). Similarly, Perodua was also acknowledged as the top selling local automobile brand in Malaysia, achieving 188,641 units in sales in 2010 and occupying 31.2% of the Malaysian market share (Carlist.my, 2011). Besides that, both brands also share the similarity of producing compact passenger cars, making it possible to compare between both brands.

The questionnaire used for this research was adapted from various literatures. To evaluate consumers' perception of a global or local brand, Steenkamp et al.'s (2003) perceived brand globalness (PBG) scale (as cited in Akram et al., 2011) was adopted. For the measurement of status-seeking motivation, Eastman et al.'s (1999) status-seeking consumption (SSC) scale was employed. This scale has been assessed by its authors for dimensionality, test-retest reliability, criterion validity, discriminant validity, nomological validity, internal consistency, and freedom from response bias (Phau & Yip, 2008). As for perceived quality, Keller and Aaker's (1992) perceived brand quality (PBQ) scale (as cited in Akram et al., 2011) was adopted along with other questions adapted from several journals to provide a comprehensive measurement of the variable. A six-point Likert scale, ranging from strongly disagree (1) to strongly agree (6) was used to measure all the items in the study.

The research model representing all the hypotheses is given in Figure 1. This model is an adaptation of Roy and Chau's (2011) conceptual framework to study consumer-based brand equity. However, this model refines and extends the previous model and zooms in on one particular construct of brand equity- perceived quality.

Figure I. Research Framework of Global versus Local Brand and Status-Seeking Motivation on Perceived Quality



3.3 Pretesting

A pilot test was conducted with 35 respondents before distributing the final version of the questionnaire. Using SPSS software ver 19.0, collected pilot data was subjected to reliability and normality testing prior to hypothesis testing. Based on this measure, it has been found that all the variables demonstrated good reliability with Cronbach alpha of minimum 0.7 (Nunnally, 1978). Status-seeking motivation recorded a Cronbach alpha of 0.749 while perceived quality of both Toyota and Perodua recorded a Cronbach alpha of 0.943 and 0.959 respectively, indicating sound reliability for all variables. In order to perform the repeated measures t-test, the assumption of normality must be met (Coakes, Steed, & Ong, 2009). Both perceived qualities for Toyota and Perodua, and status-seeking motivation recorded normal distribution when assessed using histograms, skewness and kurtosis, normal probability plots and detrended normal plots.

Before analysing the data, some data were subjected to recoding. A median split was performed to divide the respondents into high status-seeking and low status seeking groups. After recoding respondents into two groups (high and low status-seeking), it was found that 150 respondents (49.5%) with scores of 3.41 and above were categorised as high status-seeking consumers while 153 respondents (50.5%) were categorised as low status-seeking consumers. The median of 3.40 was used to separate the data.

4. Findings

4.1 Respondents Profile

The respondents constituted of 303 young working adults within the age range of 21 to 40, amongst which 53.1% were male and 46.9% were female. Respondents were divided into 4 age groups, and it was found that 51.4% of respondents were aged between 21 and 25; 17.5% were aged between 26 and 30; 13.5% were aged between 31 and 35; and 14.9% were aged between 36 and 40. Among the respondents, a majority were professionals (33.7%), followed by respondents in managerial (22.8%) and clerical (11.9%) positions, as well as respondents who were self-employed (7.6%). There were also 15.5% of respondents who reported having other occupations and 6.9% who were unemployed. In terms of income level, an equal proportion (32.3%) of respondents reported a monthly income range of

RM1500 to RM3000 and RM3001 to RM5000. Other income ranges of respondents include those below RM1500 (16.8%), those between RM5001 and RM7000 (10.9%), those between RM 7001 and RM9000 (2.6%) and those above RM9000 (3.0%).

4.2 Test of Hypotheses

Repeated measures t-test, also known as paired sample t-test, was used to analyse the data. The first test conducted for hypothesis H1 involved the entire sample group and it was aimed at testing whether the overall perceived qualities of Toyota and Perodua automobiles significantly differed. Based on the findings, it was found that there is a significant difference between the overall perceived quality of Toyota automobiles and Perodua automobiles. Toyota automobiles were found to have significantly higher perceived quality than Perodua automobiles (M= 4.52 versus 3.27; $t(302)= 24.595$, $p<0.05$).

The second test for hypothesis H2 was then conducted upon the 150 high status-seeking respondents. Results generated showed that amongst the high status-seeking group, there is also a significant difference in perceived quality between both automobile brands. Similar to the findings in the first test, Toyota automobiles emerged as having significantly higher perceived quality than Perodua automobiles (M= 4.54 versus 3.29; $t(149)=17.071$, $P<0.05$).

The third test conducted for the purpose of hypothesis H3 involved the 153 low status-seeking respondents. According to the result generated, low status-seeking consumers also perceived a significant difference between Toyota and Perodua automobiles. Again, Toyota automobiles was found to be significantly stronger in perceived quality as compared to Perodua automobiles (M= 4.50 versus 3.26; $t(152)= 17.667$, $p<0.05$).

Table I. Perceived Quality Difference for Global Versus Local Brand

Variable	Brand	Repeated Measures T-Test					
		Mean	Std. Dev	t	df	Sig. (Two Tailed)	Mean Difference
Overall Perceived Quality	Toyota	4.52	0.619	24.595	302	0.000	1.25
	Perodua	3.27	0.794				
Perceived Quality of High Status-Seeking Consumers	Toyota	4.54	0.641	17.071	149	0.000	1.25
	Perodua	3.29	0.856				
Perceived Quality of Low Status-Seeking Consumers	Toyota	4.50	0.599	17.667	152	0.000	1.24
	Perodua	3.26	0.731				

5. Discussion

Using Toyota as representative of a global brand and Perodua as representative of a local brand, this paper examined how status-seeking motivation and the globalness or localness of a brand influence consumers' perceived quality of automobiles. Results in this study showed that, as a whole, respondents perceived Toyota as having higher quality as compared to Perodua. The results obtained validates findings from other authors who also ascertained that perceived global brands tend to be of higher quality compared to local ones in emerging and developing countries such as Malaysia (Abdul-Aziz & Wong, 2011). Another reason for consumers' belief in higher quality of global brands is the global acceptance of such brands (Kapferer, 1997, as cited in Roy & Chau, 2011). Also, Milberg and Sinn (2008) stated that global brands are synonymous with quality for consumers (as cited in Akram et al., 2011).

When respondents were divided into two groups- high status-seeking and low status-seeking- it was found that for the high status-seeking group, Toyota automobiles had significantly higher perceived quality than Perodua automobiles. This is in line with findings from other authors who stated that high status-seeking groups consume global brands because of their associations with high status and high prestige (Friedman, 1990, as cited in Roy & Chau, 2011). Also, high status seeking consumers prefer global brands because it does not only indicate wealth but also achievement (Shukla, 2008). This study also agrees with Kwak and Sojka (2010) in showing how brands can reinforce individual identity, give a sense of achievement, and be an indicator of social status.

Similar to the high status-seeking group, the low status-seeking group was also found to perceive Toyota as having higher quality than Perodua. However, this result contradicts the third proposition (H3) which it is predicted that there is no significant difference between the perceived quality of a global and local automobile brand among low status-seeking consumers. In contrary to findings in a study by Roy and Chau (2011) which indicated that high status-seeking consumers tend to prefer global brands when it comes to perceived quality while no significant difference was indicated for low status-seeking consumers. Nevertheless, the results could be justified as consumers in general tend to prefer global brands due to its higher perceived quality and higher prestige (Steenkamp et al., 2003, as cited in Gammoh, Koh & Okoroafo, 2011). In addition, global brands are said to be synonymous with quality for consumers (Milberg & Sinn, 2008, as cited in Akram et al., 2011). On top of that, global brands often have advertising messages associated with promoting higher quality (Batra et al., 2000; Batra & Alden, 2002, as cited in Akram et al., 2011). Thus, the result findings can be attributed to Toyota's monumental success in marketing itself to the entire market as a high quality brand, regardless among high or low status-seeking groups.

6. Limitations, Further Research and Conclusion

The present study suffers from several limitations. Due to time constraint, respondents were acquired via convenience sampling in Klang Valley instead of random sampling throughout Malaysia. The latter would be a better option as a wider coverage of the population in Malaysia will allow this study to be more representative of the entire country and will provide better usability and enhance external validity (Roy & Chau, 2011).. Secondly, this study focused on the automobile industry in Malaysia, generalizability of the results to other automobile industry in other parts of

the world is limited. Future researches are encouraged to replicate the study in other geographical locations.

With globalisation as a precedential force for companies to succeed in the marketplace, it has become increasingly important to understand consumers' perception and factors that influence their purchasing behaviour. The concept of brand globality and locality is an important source of strategic insight to marketers in the automobile industry. Overall findings show that the difference between global and local automobile brand is significant for both high and low status-seeking groups. Consumers are also attracted to global brands as global brands are perceived to be of higher quality. Like many other developing nations, the perceived quality in global brands is common for developing countries such as Malaysia. Despite this, it is important for local companies to note that although globalisation helps large companies such as Toyota, local companies such as Perodua can obtain similar advantages as well through understanding and connecting with consumers.

References

- Akram, A., Merunka, D. & Akram, M.S., 2011, 'Perceived brand globalness in emerging markets and the moderating role of consumer ethnocentrism', *International Journal of Emerging Markets*, vol. 6 no. 4, pp. 291-303.
- Abdul-Rashid Abdul-Aziz & Sing-Sing Wong, 2011, 'Business networks and internationalisation of contractors from developing countries: An explorative study', *Engineering, Construction and Architectural Management*, vol. 18 no. 3, pp. 282-296.
- Alden, D.L. & Steenkamp, J.E.M., 1999, 'Brand positioning through advertising in Asia, North America and Europe: the role of global consumer culture', *Journal of marketing*, vol. 63 no. 1, pp. 75-87.
- Amaldoss, W. & Jain, S., 2005, 'Pricing of conspicuous goods: a competitive analysis of social effects', *Journal of Marketing Research*, vol. 42 no. 1, pp. 30-42.
- Batra, R., Ramaswamy, V., Alden, D.L., Steenkamp, J.B.E.M. & Ramachander, S., 2000, 'Effects of brand local/non-local origin on consumer attitudes in developing countries', *Journal of Consumer Psychology*, vol. 9 no. 2, pp. 83-95.
- Bearden, W.O. & Etzel, M.J., 1982, 'Reference group influence on product and brand purchase decisions', *Journal of Consumer Research*, vol.9, pp. 183-194.
- Belk, R.W., 1988, 'Possessions and the extended self', *Journal of Consumer Research*, vol. 15 no. 2, pp. 139-168.
- Bhardwaj, V., Kumar, A. & Kim, Y., 2010, 'Brand analyses of US global and local brands in India: the case of Levi's', *Journal of Global Marketing*, vol. 23 no.1, pp. 80-94.
- Bourdieu, P., 1989, 'Social space and symbolic power', *Sociological Theory*, vol. 7 no. 1, pp. 14-25.

Carlist.my., 2011, *Perodua is best selling brand in Malaysia for 2010, again*, viewed 31 October, 2011, <http://news.carlist.my/perodua-is-best-selling-brand-in-malaysia-for-2010-again/>

Cayla, J. & Eckhardt, G.M., 2007, 'Asian brands without borders: regional opportunities and challenges', *International Marketing Review*, vol. 24 no. 4, pp. 444-456.

Charles, K.K., Hurst, E. & Roussanov, N., 2009, 'Conspicuous consumption and race', *Quarterly Journal of Economics*, vol. 124 no. 2, pp. 425-467.

Coakes, S.J., Steed, L. & Ong, C., 2009, *SPSS version 16.0 for Windows: Analysis without anguish*. Australia: John Wiley & Sons Australia, Ltd.

Datamonitor, 2011, *Global top 10 automobile companies report: Industry, financial and SWOT Analysis*, viewed 31 October, 2011, http://www.datamonitor.com/store/Product/global_top_10_automobile_companies_report_industry_financial_and_swot_analysis?productid=DBCM8938

Department of Statistics, 2008, *Special Release Migration Survey - Geographical mobility of young adults in Malaysia*, vol. 3 no. 1, viewed 31 October, 2011, http://www.statistics.gov.my/portal/download_Labour/files/BPTMS/Siri3_Bil1_2008.pdf

Dusenberry, J.S., 1949, *Income, saving and the theory of consumer behavior*. Cambridge: Harvard University Press.

Eastman, J.K., Goldsmith, R.E. & Flynn, L.R., 1999, 'Status consumption in consumer behaviour: scale development and validation', *Journal of Marketing Theory and Practice*, vol. 7, pp. 41-51.

Elliott, R., 1997, 'Existential consumption and irrational desire', *European Journal of Marketing*, vol. 34 no. 4, pp. 285-296.

Elliott, R. & Wattanasuwan, K., 1998, 'Brands as symbolic resources for the construction of identity', *International Journal of Advertising*, vol. 17 no. 2, pp. 131-144.

Ger, G., 1999, 'Localizing in the global village: local firms competing in global markets', *California Management Review*, vol. 41, pp. 64-83.

Gammoh, B.S, Koh, A.C. & Okoroafo, S.C., 2011, 'Consumer culture brand positioning strategies: an experimental investigation', *Journal of Product & Brand Management*, vol. 20 no. 1, pp. 48-57.

Han, Y. J., Nunes, J. C. & Drèze, X., 2009, *First impressions: Status signaling using brand prominence*, Working Paper Series No. 09-107, Cambridge, MA: Marketing Science Institute.

Hannerz, U., 1990, 'Cosmopolitans and locals in world culture', *Theory, Culture and Society*, vol. 7, pp. 237-251.

Kapferer, J.N., 1997, *Strategic brand management: New approaches to creating and evaluating brand equity*, Dover, NH: Kogan Page.

Kaynak, E. & Kara, A., 2002, 'Consumer perceptions of foreign products: an analysis of product- country images and ethnocentrism', *European Journal of Marketing*, vol. 36 no. 7/8, pp. 928-949.

Keller, K.L., 1997, *Strategic brand management: Building, measuring and managing brand equity*, Upper Saddle River, NJ: Prentice-Hall.

Keller, K.L. & Aaker, D., 1992, 'The effects of sequential introduction of brand extensions', *Journal of Marketing Research*, vol. 29 no. 1, pp. 35-50.

Kwak, L.E. & Sojka, J.Z., 2010, 'If they could see me now: immigrants' use of prestige brands to convey status', *Journal of Consumer Marketing*, vol. 27 no. 4, pp. 371-380.

Martineau, P., 1957, *Motivation in advertising: Motives that make people buy*, New York: McGraw-Hill.

Mason, R., 1981, *Conspicuous consumption: A study of exceptional consumer behaviour*, Gower Farnborough: Palgrave Macmillan.

McCraken, G., 1988, *Culture and consumption*, Bloomington and Indianapolis: Indiana University Press.

O'Cass, A. & Frost, H., 2002, 'Status brands: Examining the effects of non-product-related brand associations on status and conspicuous consumption', *Journal of Product & Brand Management*, vol. 11 no. 2, pp. 67-88.

Phau, I. & Yip, S.L., 2008, 'Attitudes toward domestic and foreign luxury brand apparel: A comparison between status and non status seeking teenagers', *Journal of Fashion Marketing and Management*, vol. 12 no. 1, pp. 68-89.

Roy, R. & Chau, R., 2011, 'Consumer-based brand equity and status-seeking motivation for a global versus local brand', *Asia Pacific Journal of Marketing and Logistics*, vol. 23 no. 3, pp. 270-284.

Shukla, P., 2008, 'Conspicuous consumption among middle age consumers: psychological and brand antecedents', *Journal of Product & Brand Management*, vol. 17 no. 1, pp. 25-36.

Shukla, P., 2010, 'Status consumption in cross-national context: Socio-psychological, brand and situational antecedents', *International Marketing Review*, vol. 27 no. 1, pp. 108-129.

Silverstein, M. J., Fiske, N. & Butman, J., 2005, *Trading up: Why consumers want new luxury goods and how companies create them*, New York: Portfolio.

Veblen, T.B., 1899, *Theory of the leisure class: An economic study of institutions*, London: Unwin Books.

Wang, H., Wei, Y. & Yu, C., 2008, 'Global brand equity model: combining customer-based with product-market outcome approaches', *The Journal of Product & Brand Management*, vol. 17 no. 5, pp. 305- 316.

Wong, N.Y., 1997, 'Suppose you own the world and no one knows? Conspicuous consumption, materialism, and self', *Advances in Consumer Research*, vol. 24, pp. 197-203.