Global Versus Local Brand: Perceived Quality and Status-Seeking Motivation in the Automobile Industry

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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 enhanced social standings. Likewise, regardless of high or low status-seeking motivation, a global brand is still preferred over a local brand in Malaysia.

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).

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 themselves as ‘sons of the soil’ to directly identify with consumers’ own local traditions, customs, and culture (Cayla & Eckhardt 2007).

In essence, the findings from these researchers show that consumers’ psychological disposition towards global or local brands differs under different circumstances. In light of this, it is important for marketers to understand Malaysian consumers’

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behaviour towards these brands in order to create marketing strategies with better fit for developing nation consumers. Hence, this paper aims to examine the influence of consumer’s status-seeking motivation on perceived quality of a global versus local brand in the Malaysian context. 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 research adopts a different approach by pursuing the global versus local brand context by primarily focusing on 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).

This paper contains the following sections. A literature review on the perceived quality of global and local brands in relation to consumers’ status-seeking consumption is presented in the next section. This is followed by the methodology and findings of the survey. Subsequently, the findings are discussed and the implications are examined. The conclusion is then followed by limitations and potential for future research.

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’s superiority and distinction (Akram, Merunka & Akram 2011). Perceived quality is important in determining consumer preferences towards global and local brands (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). 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 being 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 allows 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 unalike preference towards global and local brands (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).

In Roy and Chau’s (2011) study of consumer-based brand equity and status-seeking motivation for a global versus local brand, it was found that Australian consumers with high status-seeking motivation perceived a higher quality for global brands while consumers with low status-seeking motivation perceived no difference in quality between both brands. While high status-seeking consumers preferred Toyota, the researchers found that Holden, the local automobile brand used in the study, was preferred by low status-seeking consumers due to its strong local positioning as a cultural icon. In light of this, this study intends to examine the difference in behaviour of consumers in Malaysia, a developing country, as compared to the results by Roy and Chau (2011) as it has been found that consumers from emerging and developing economies in general tend to perceive global brands to be of high quality than local brands (Akram et al. 2011). Studies show that developing country consumers consume products from Western countries as a symbol of status and associate these
products with high quality and prestige (Bhardwaj et al. 2010, as cited in Akram et al. 2011). 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 million (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.
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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, as cited in Akram at al. 2011) perceived brand globalness (PBG) scale 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, as cited in Akram at al. 2011) perceived brand quality (PBQ) scale 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 I. 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 1: 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 v.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...
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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 (see Table 1 for results). 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).
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, as cited in Akram et al. 2011) stated that global brands are synonymous with quality for consumers.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Brand</th>
<th>Mean</th>
<th>Std. Dev</th>
<th>t</th>
<th>df</th>
<th>Sig. (Two Tailed)</th>
<th>Mean Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Perceived Quality</td>
<td>Toyota</td>
<td>4.52</td>
<td>0.619</td>
<td>24.595</td>
<td>302</td>
<td>0.000</td>
<td>1.25</td>
</tr>
<tr>
<td></td>
<td>Perodua</td>
<td>3.27</td>
<td>0.794</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Quality of High Status-Seeking Consumers</td>
<td>Toyota</td>
<td>4.54</td>
<td>0.641</td>
<td>17.071</td>
<td>149</td>
<td>0.000</td>
<td>1.25</td>
</tr>
<tr>
<td></td>
<td>Perodua</td>
<td>3.29</td>
<td>0.856</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived Quality of Low Status-Seeking Consumers</td>
<td>Toyota</td>
<td>4.50</td>
<td>0.599</td>
<td>17.667</td>
<td>152</td>
<td>0.000</td>
<td>1.24</td>
</tr>
<tr>
<td></td>
<td>Perodua</td>
<td>3.26</td>
<td>0.731</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

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 predicted that there is no significant difference between the perceived quality of a global and local automobile brand among low status-seeking consumers. This is in contrast to findings in the 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
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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 & Okoarofo 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. Implications

The results from this study demonstrate that both high and low status-seeking consumers perceived global brands as having higher quality. Consumers attribute higher quality to global brands as such quality is assumed to be critical to global acceptance and the promotion of higher purchase likelihood (Pappu et al. 2007, as cited in Roy & Chau 2011). The importance of quality is further emphasised by Holt et al. (2004, as cited in Gammoh et al. 2011) who found that an average of 44% of brand preference was attributed to quality, showing that perceived quality has a significant direct association with consumer preference of global brands. This trend of global brand preference is mostly due to the rapid advancement in information and communications technology especially the internet and transportation, as well as declining world trade barrier, creating potential global consumer segments (Hassan & Katsanis 1994, as cited in Gammoh et al. 2011).

The findings from this study also further supports the theory of global versus local branding by exemplifying how consumers’ choice may be motivated by psychological factors such as status-seeking motivation (O’Cass & McEwen 2004; Roy & Chau 2011). This study 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. Additionally, in an apparel study, respondents rated people who wore a global brand name clothing more highly than people who wore an ordinary store brand (Workman 1988, as cited in Kwak & Sojka 2010). That being said, a high status-seeking person would buy globally branded items so that others will view them as having a higher status and in turn, improve his or her social standing (Veblen 1899, as cited in Roy & Chau 2011; Hannerz 1990, as cited in Roy & Chau 2011). Relating this to the current study, consumers would buy Toyota instead of Perodua because they want to be seen as having a superior status in the society.

The information obtained from this study has significant implications for marketers as it amplifies the importance of pursuing a global strategy for automobile companies (Phau & Yip 2008). Taking Perodua as an example, while it is considered a local brand, it has a joint venture with Daihatsu Motor Co. Ltd. (DMC) which is a subsidiary of Toyota. Having this strategic partnership with another global brand has allowed Perodua to tap into the technologically advanced facilities and manpower expertise of DMC (Othman & Ghani 2008; Lim 2010). Perodua should further make use of this partnership by making it widely known that another global brand is involved in the making of their automobiles in their marketing strategy in order to boost consumers’
Based on results in this study, automobile companies should adopt the “Think-Global, Act-Global” approach in strategy-making which involves standardisation across the world (Thompson et al. 2011, p.222). Brand globalness is judged by consumers based on availability around the globe with standardised products, brand name, distribution channel, and communications (Akram et al. 2011). By going global, the company will enjoy an increase in market share, which indicates increase in demand for their products (Huang & Hsieh 2011). With that, the company can produce with economies of scale, reduce cost per unit and increase production efficiency resulting in serving customers efficiently and economically. Most importantly, compared to local brands, companies with global brands will be able to penetrate into markets more easily, regardless to high or low status-seeking consumers. This is supported by Steenkamp et al. (2003) who mentioned that global brands positioned with a proper strategy will enable them to achieve an enhanced global image (as cited in Roy & Chau 2011).

This study also shows components related to perceived quality to consumers. Factors such as reliability, technological advancement, workmanship, attention to details, durability, repair frequency, workforce quality, designs, performance, comfort, safety features, and built quality contributes to higher perceived quality of consumers. That being said, besides marketing, automobile companies should also focus on value-creating activities as such so that consumers will have a better perception of quality of the brand (Wang et al. 2008). By incorporating these factors, it also delivers a functional benefit such as creating a differentiation from industry competitors (Wang et al. 2008).

7. 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 attracted to global brands as global brands are perceived to be of higher quality. Like many other developing nations, higher 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.

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