

Brand analysis of a US global brand in comparison with domestic brands in Mexico, Korea, and Japan

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Abstract

Purpose – The purpose of this paper is to understand how consumers in three countries (Mexico, South Korea, and Japan) perceive a US global brand versus domestic brands and their marketing efforts. There has been an increasing number of global brands and corresponding competition among global retailers. At the same time, markets in the world are becoming complex, and consumers in many markets demand localized marketing and branding strategies.

Design/methodology/approach – The hypotheses are developed based on the brand analysis framework that consists of brand-specific associations (emotional value, perceived quality), general brand impressions (brand awareness, brand image), and brand commitment (brand loyalty, purchase intention).

Findings – The results revealed significant main effects of country and brand type (global v. domestic) on brand-specific associations, general brand impressions, and brand commitment. Interactive effects also existed on brand-specific associations, general brand impressions, and brand commitment (only brand loyalty).

Research limitations/implications – While almost all of the hypotheses are supported, future research should test other global brands to generalized findings of the study. Sample can be extended to consumers in many other countries to provide more comprehensive insights into consumer perceptions and brand behaviors towards global brands.

Practical implications – The findings demonstrate that clear-cut and unique brand analysis patterns exist among consumers in three different countries for both a US global brand and domestic brands. Based on this, potential strategies for both US global brands and domestic brands are suggested for each country.

Originality/value – This study discovered the effects of country (i.e. Mexico v. South Korea v. Japan) and brand type (i.e. US global v. domestic) on consumer responses to three brand analysis components: brand-specific associations, general brand impressions, and brand commitment. The results provide significant insights into what global and domestic companies must emphasize to be successful in capturing and sustaining consumers' desire to buy and use their brand.

Keywords Brands, Brand identity, Consumer marketing, Mexico, South Korea, Japan

Paper type Research paper

An executive summary for managers and executive readers can be found at the end of this article.

Globalization is a prevalent phenomenon that provides global companies and brands with new opportunities (Alden *et al.*, 1999). As globalization has accelerated, consumers in many countries are presented with a large number of brands, both foreign and domestic. This increasing competition between global and domestic brands exists not only in developed

countries (e.g. Japan), but also in newly industrialized economies (e.g. South Korea, Mexico).

The USA has developed many global brands, ranging from fast food (e.g. McDonald, Wendy's, and KFC) to fashions (e.g. Polo, Levi's, and Guess). US brands are well recognized by consumers around the world, have long-established identities, and are perceived as representing high status and quality (Anholt, 2005). Because of these positive associations, US brands have differentiating power in many international markets, where consumers may seek to enhance self-esteem and competence by acquiring brands that appear cosmopolitan and modern (Alden *et al.*, 1999). However, this phenomenon may depend upon the country (Cattin *et al.*, 1982), product (Lumpkin *et al.*, 1985; Roth and Romeo, 1992), and target market (Eroglu and Machleit, 1988; Wall *et al.*, 1988). Thus, US global brands must understand how consumers in different countries evaluate the brands they

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select, how they differentiate among brands, and how they exhibit different brand behaviors. This understanding of consumers' brand choice behavior will benefit both global companies and domestic companies in developing and implementing appropriate strategies for their target consumers.

Opportunities and challenges for US brands to go global

Companies must look to foreign markets for future growth opportunities (Holt *et al.*, 2004). By 2030, the world population is expected to be 9 billion with 90 percent living in developing countries and only 10 percent living in the developed countries located in East Asia, Europe, and North America. Noteworthy is the World Bank's projection of the emerging global middle class, which currently represents just 7.6 percent of the world population, but is expected to increase to 16.1 percent by 2030 (Beattie, 2006). Thus, developing global brands is increasingly attractive to companies worldwide (Gillespie *et al.*, 2002). In fact, many global brands have been perceived as possessing attractive attributes such as prestige and quality (Kapferer, 2002; Holt *et al.*, 2004).

Many brands that are originated in the West have been globalized, influenced by the growth of global media (e.g. internet, television channels, and movies) and consumer mobility (e.g. worker flexibility, and cross-border tourism). These influences have had a homogenizing effect and have given rise to a global consumer culture that is oriented toward global brands (Alden *et al.*, 2006). In this culture, consumers participate in a dialogue and share icons or symbols by purchasing and consuming global brands (Holt *et al.*, 2004). It is important to remember, however, that a global culture does not indicate that consumers necessarily hold the same values and tastes. As Alden *et al.* (2006) contended, consumers' preferences for brands can be associated with global, hybrid, and localized alternatives, depending on their preferences for goods, services, and lifestyles.

US global brands such as Coke, Levi's, Nike, and Pepsi have been successful partly because their advertising messages stressed their sheer Americanness (Anholt, 2005). However, US brands may face a challenge if they do not endeavor to engage the peoples of the world with cultural sensitivity and open minds (Anholt, 2005). This challenge is more critical for companies that desire to build a single brand image in the global market. Ignoring the importance of localization of the brands can result in being deprived market share (Duncan and Ramaprasad, 1995). For example, the simplicity and robustness of an approach like "buy this, it's American" may raise a consumer backlash (Anholt, 2005).

Indeed, global brands cannot be attractive to all markets (Aaker and Joachimsthaler, 1999) due to inter-country differences in culture (Ricks, 1986; Terpstra and David, 1991), economics (Craig and Douglas, 1996; Terpstra, 1986) and customer perceptions (Bilkey and Nes, 1982; Kaynak and Cavusgil, 1983). In fact, domestic brands that are customized to match local needs have been positioned as major competitors to global brands (Ger, 1999). As Steenkamp *et al.* (2003) pointed out, local companies, if they capitalize on their localness (i.e. local culture and market), can successfully compete against foreign companies. Clearly, global branding strategies should be customized to match local needs.

Global expansion seems to be a viable growth strategy for apparel brands, as they are marketed in many more countries than in the past. Thus, cross-national understanding of consumer behavior related to clothing purchases is important in developing effective strategies for multinational markets (Chen-Yu *et al.*, 2001). Given the challenges faced by global companies, a US company competing in multiple national markets should first develop an understanding of positioning the brand in those markets and identify the characteristics that could affect differences in consumers' brand evaluations and behavior among countries.

The goal of the study is to discover the consumer perception of a US global brand in different countries by comparing with their domestic brands. The first part of the paper describes the global consumer market in different countries followed by the conceptual framework of brand analysis components. The second part is an empirical study to analyze the connection between country (e.g. countries in different developmental stages) and brand type (i.e. a US global brand and domestic brands) and to discover country and brand type effects on consumer evaluation of brands. The paper concludes on the limitations of the study, and suggests possibilities for future research.

Global consumer markets in different economic development stages

World Bank (2006) reported World Development Indicators (WDI) based on GDP, GDP growth, GNI per capita, inflation, population, and population growth. Based on this analysis, Japan, South Korea, and Mexico, the countries used in this study, were identified as high, middle, and low in WDI, respectively. In addition to this statistical report, the three countries are attractive for US companies for various reasons that are discussed in the following section.

The Mexican market

The implementation of the North American Free Trade Agreement (NAFTA) in 1994 has brought Mexico into the world economy and boosted the sale of imported goods. For US exports, Mexico is the second largest single market, after Canada (US Census Bureau, 2006). In addition, the current Mexican retail scene is attractive to US apparel brands for several reasons. First, Mexican consumers are increasingly demanding foreign products, and this preference for imported goods is tied to a high level of brand loyalty (Bos, 1994) that could ultimately lead to long-term success for global companies. Second, Mexicans tend to view US apparel as high quality with a good fashion image and thus are willing to pay more for these attractive attributes (Frostaci, 1999; Keillor *et al.*, 1996). Third, the Mexican population is very young, with more than 50 percent of the population under 21 years old. This high proportion of young people guarantees a growing customer base for global companies in the future (*Latin America Monitor: Mexico Monitor*, 2005) as the Mexican economy continues to grow. Finally, a Deloitte research study identified Mexico as an attractive country for the investment (Deloitte, 2006).

As Mexican companies are increasingly facing foreign competition in their domestic market, especially from the USA and Canada, they see a greater need to improve the quality of products and to gain a better competitive edge in the marketplace (Ahmed and d'Astous, 2003). As a result, the

quality of Mexican goods has improved and Mexicans' perceptions of their domestic products are favorable (Ahmed and d'Astous, 2003). As a matter of fact, despite the increasing demand for foreign products Mexican products are still in greatest demand, indicating that different products are in demand at different market levels (Frastaci, 1999). These different market levels can be demonstrated by the uneven distribution of wealth between the working class and the elite among Mexican consumers. Affluent Mexican consumers, compared to their counterparts, tend to purchase brands that convey status and power. However, even poor Mexican consumers display a tendency towards conspicuous consumption (Vaezi, 2005).

The Korean market

Although consumption has been sluggish since the Asian financial crisis in the late 1990s, the Korean economy has been in a growth mode in recent years (Bang *et al.*, 2005). With the successes of large corporations such as Samsung, Hyundai, and LG, South Korea is recognized as one of the world's largest economies (Hunjoon and Kim, 2006). Although some Korean consumers hold negative attitudes toward foreign businesses because they believe that these businesses transfer local wealth to other countries and crowd out small establishments, the country is increasingly comfortable with the presence of foreign companies. As a result, consumers have become less brand-conscious, and tend to purchase new brands even from unknown companies (Kotabe and Jiang, 2006).

Korean consumers have very sophisticated tastes and favor premium and expensive imported products (Kotabe and Jiang, 2006). They tend to be prestige-oriented and reluctant to buy unknown or less-prestigious products (Yu, 1996; Chung and Pysarchik, 1997), which is indicated by their strong preference for expensive imported products (Baik, 1997; Lee, 1997). The preference for foreign brands and branded products is attributed to Korean consumers' conspicuous consumption patterns, which can be partially explained by the rapid economic growth and unstable social classes during the past 20 years (Baik, 1997; Jin and Sternquist, 2003). Korean consumers, at the same time, are becoming more price sensitive and interested in practical product value (Jin *et al.*, 2003). Young Korean consumers personify a new and emerging consumer purchasing pattern in the Korean market. They are willing to purchase unbranded goods with low or discounted prices for basic products (Jin and Sternquist, 2003; Kotabe and Jiang, 2006), but tend to purchase expensive fashion or high tech products to attain psychological satisfaction.

The Japanese market

Japan is viewed as one of the world's most developed countries and is home to some of the largest multinational corporations and commercial brands in technology, machinery, and finance. Due to successes in these industries, Japan has become a major economic global power (*The World Fact Book*, 2006).

Japanese consumers like high-end luxury goods, and they are the most brand-, status-, quality-, and style-conscious of consumers in all developed countries. Because they are highly group-oriented consumers, they purchase products that have good reputations among people in their social group. They prefer products that enhance their status and contribute to

their senses of identity and self-expression (Kotabe and Jiang, 2006). Furthermore, Japanese consumers are reluctant to discuss buying products at a discount, preferring that others assume they paid full price (Jin and Sternquist, 2003). At the same time, Japanese consumers, especially the younger generation, prefer some products that are low-priced. The "two extreme price markets" explain the tendency for consumers to pay lower prices for practical use products, while paying premium prices for social status, prestige, and the quality of foreign products (Kotabe and Jiang, 2006).

Although Japanese consumers are generally accepting of quality foreign products (Kotabe and Jiang, 2006), many Japanese consumers tend to prefer their own country's products over imported products. For example, over two-thirds of Japanese people prefer domestic products to comparable foreign-made products (Milner, 1996; Ahmed and d'Astous, 2003). This affinity for domestic brands creates a challenge for global retailers.

Brand analysis

To assess the current position of a US global brand among consumers in different countries, it is crucial to analyze how the brand is perceived, how the brand is evaluated, and to what extent consumers are committed to the brand. Dillon *et al.* (2001) proposed that brands can be analyzed based on two components: brand-specific associations and general brand impressions. Dillon *et al.* (2001, p. 417) elaborated on the benefits of using this model:

- determining the extent to which a brand has achieved superiority or ownership of specific benefit dimensions;
- investigating the relative role of each component in shaping global brand attitudes, purchase intentions, or choice; and
- providing insights into which attributes are strongly held by consumers even when the within-brand ratings are highly correlated.

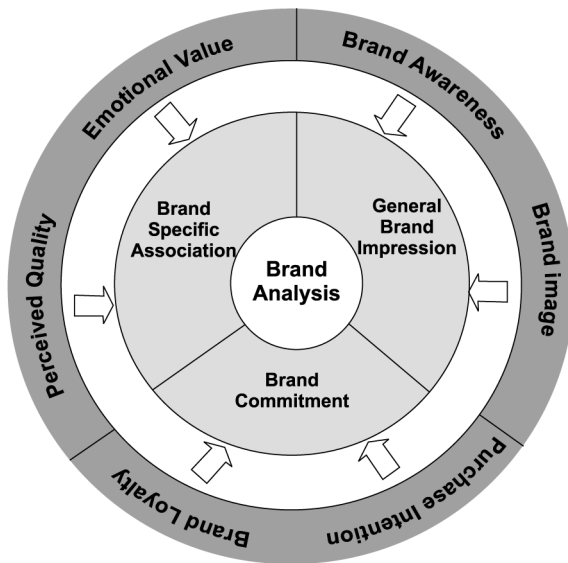
Adopting Dillon *et al.*'s (2001) model, this study is extended to include brand commitment. Dillon *et al.* suggested that the two components (i.e. brand-specific association and general brand impression) are related to the behavioral component (e.g. purchase intention). Thus, our brand analysis model consists of three components: brand-specific associations, general brand impressions, and brand commitment, as depicted in Figure 1.

Brand-specific associations

Brand-specific associations refer to "features, attributes, or benefits that consumers link to a brand and that differentiate it from the competition" (Dillon *et al.*, 2001, p. 417). In this study, we propose two constructs for this brand-specific association: perceived quality and emotional value. Consumers perceive brands in terms of both the physical features of clothing that include quality and fit of the garment (Doyle, 2001; Kaiser, 1998) and non-utilitarian properties and features such as fun and enjoyable experiences (Holbrook, 1986; Sweeney and Soutar, 2001). In fact, these two dimensions have been viewed as crucial factors in product perceptions (Batra and Ahtola, 1991; Hirschman and Holbrook, 1982).

Perceived quality is the consumer's subjective evaluation of the product (Zeithaml, 1988). Perceived quality also provides value to consumers by providing them with a reason to buy

Figure 1 Conceptual framework of brand analysis



and by differentiating the brand from competing brands. The credibility of global brands could signal product positions and increase perceived quality (Erdem *et al.*, 2006). Kinra (2006) found that consumers in developing countries generally perceive foreign brands to be of a higher quality than domestic brands.

Emotional value is defined as the benefit derived from the feelings or affective states (i.e. enjoyment or pleasure) that a product generates (Sweeney and Soutar, 2001). Certain products and brands generate distinct emotional values that are valued by consumers (Holbrook, 1986). In developing countries, foreign brands, especially brands originated in Western countries, are considered highly correlated with status and esteem, enhancing the emotional reward that a consumer can obtain by using those brands (Bhat and Reddy, 1998; Kinra, 2006).

General brand impressions

General brand impressions refer to “general impressions about the brand that are based on a more holistic view of the brand” (Dillon *et al.*, 2001, p. 417). Based on this definition, we propose two constructs that reflect general brand impression: brand awareness and brand image. Brand awareness and image play important roles in consumer decision making because brand awareness influences the formation and strength of brand associations. Also, high levels of brand awareness and image can increase marketing communication effectiveness because consumers who are favorably predisposed toward a brand may respond to advertisements positively and thus require fewer ad exposures to meet communication objectives (Keller, 1993; Rossiter and Percy, 1987).

Brand awareness is conceptualized as consisting of brand recognition and brand recall. Brand recognition relates to a consumer’s ability to correctly discriminate the brand as being exposed to the consumer previously. Brand recall refers to consumers’ ability to retrieve or correctly generate the brand from memory (Keller, 1993). Brand image is associated with reputation and prestige of a brand. High levels of brand awareness and brand image lead to positive brand impression.

Brand commitment

Brand commitment refers to the extent to which a consumer is engaged in buying a specific brand and expressing behavior intention toward the brand. Brand commitment translates into profits. In other words, the customer base composed of customers highly committed to a brand can generate a predictable sales and profit stream. In addition, a loyal customer base represents a basis for a price premium and survival from intense price competition (Motameni and Shahrokhi, 1998). Based on this reasoning, this study proposes brand commitment consisting of brand loyalty and purchase intention.

Brand loyalty is defined as the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice (Oliver, 1997). This definition suggests that purchase intention is related to and reinforces brand loyalty. High levels of brand loyalty and purchase intention are associated with strong brand commitment.

Hypotheses

US global companies must determine how consumers in other countries perceive their brand and marketing efforts. They also must determine how their perceptions relate to consumer loyalty and buying intention, and then use this information to develop competitive marketing strategies. The following hypotheses developed for this study are framed based on the brand analysis that consists of three components: brand-specific associations, general brand impressions, and brand commitment. Hypotheses are developed to determine whether consumer responses to brand analysis components differ by brand type (i.e. US global and domestic) and country (i.e. Mexico, South Korea, and Japan) and interaction effect of these two main variables.

Brand-specific associations

Hypothesis 1 is concerned with the effects of country and brand type on the constructs (i.e. perceived quality and emotional value) of brand-specific associations. Consumers in different countries evaluate products and brands in a different way (Cattin *et al.*, 1982). In developing countries, US brands are considered not only to provide high quality of the products but also to enhance the emotional rewards related to status and esteem (Bhat and Reddy, 1998; Kinra, 2006). For instance, Mexican consumers tend to view US brands as high quality with a prestigious image and thus are willing to pay more for these attractive attributes (Fracaci, 1999; Keillor *et al.*, 1996).

On the other hand, consumers in developed countries perceive that their domestic brands possess higher quality and value than US global brands (Kotabe and Jiang, 2006). For example many Japanese consumers prefer their own country’s brands over global brands in terms of the quality and emotional value of products. Based on this:

- H1a. Country has a main effect on: emotional value; and perceived quality of the brand.
- H1b. Brand type has a main effect on: emotional value; and perceived quality of the brand.
- H1c. Interaction effects on: emotional value; and perceived quality exist between country and brand type.

General brand impressions

Hypothesis 2 is concerned with the main effects of country and brand type on the constructs (i.e. brand awareness and brand image) of general brand impressions. The degree of brand awareness and brand image of US brands and domestic brands is expected to vary across countries (Bilkey and Nes, 1982; Kaynak and Cavusgil, 1983). In Mexico and Korea, US brands are well recognized by consumers with long-established brand image (Anholt, 2005; Frastaci, 1999; Kotabe and Jiang, 2006) while Japanese consumers are strongly aware of their domestic brands with positive brand image (Milner, 1996; Ahmed and d'Astous, 2003). Therefore,

- H2a.* Country has a main effect on (a) brand awareness and (b) brand image.
H2b. Brand type has a main effect on (a) brand awareness and (b) brand image.
H2c. Interaction effects on (a) brand awareness and (b) brand image exist between country and brand type.

Brand commitment

Hypothesis 3 is concerned the influences of country and brand type on the constructs (i.e. brand loyalty and purchase intention) of brand commitment. Based on the culture and economic environment in different countries, consumers' commitment to a brand will vary. Consumers in Mexico show strong affinity and a high level of brand loyalty toward US global brands (Bos, 1994). Korean consumers are known for conspicuous consumption patterns presenting high brand loyalty and purchase intentions toward US global brands (Baik, 1997; Jin and Sternquist, 2003). Korean consumers, at the same time, are becoming more interested in their domestic brands because the quality and image of the domestic brands have been improved (Jin *et al.*, 2003). Japanese consumers have strong preference toward their own country products and brands (Milner, 1996; Ahmed and d'Astous, 2003), which creates high brand loyalty and purchase intention for domestic brands. Based on this:

- H3a.* Country has a main effect on (a) brand loyalty and (b) purchase intention of the brand.
H3b. Brand type has a main effect on (a) brand loyalty and (b) purchase intention of the brand.
H3c. Interaction effects on (a) brand loyalty and (b) purchase intention of a brand exist between country and brand type.

Method

Sample

The sample consisted of students attending major universities in metropolitan cities in three countries that are in different economic development stages: low (Mexico), middle (South Korea), and high (Japan). The respondents participated in the survey in a classroom setting. The final sample consisted of 275 Mexicans (Monterrey), 235 Koreans (Pusan and Seoul) and 172 Japanese (Tokyo).

Brand selection

Two brand types (i.e. US global and domestic) were chosen for each of the three countries. "Polo" was selected as the US global apparel brand, and the domestic apparel brand was selected by asking respondents to refer to "the most popular

casual domestic brand." Polo was selected as a global brand for two reasons. First, Polo is one of the representative US global apparel brands with a globally recognized name and symbols that continues to expand the business overseas (Tessensohn and Yamamoto, 2001). Second, Polo has a strong presence in Japan, South Korea, and Mexico (Greenberg, 2006; Karimzadeh, 2006; Young, 2005).

Measures

The measures consisted of brand-specific associations (i.e. emotional value and perceived quality), general brand impressions (i.e. brand awareness and brand image), and brand commitment (i.e. brand loyalty and purchase intention). Scale items for emotional value were adapted from Sweeney and Soutar (2001); perceived quality, from Dodds *et al.* (1991); and brand awareness and brand loyalty, from Yoo *et al.* (2000). The scale items for brand image and purchase intention were developed for this study. Each item was rated on a six-point scale anchored by "strongly disagree" (1) and "strongly agree" (6). Table I provides the summary description and Cronbach's alphas for the variables in this study.

The measures used in this study were initially developed in the USA using American consumers. Translation and back-translation were utilized for developing survey instruments for the sample in three countries.

Analyses

This study utilized a repeated measure (split-plot) design involving more than two independent groups (Keselman and Algina, 1996). A split-plot analysis of variance (ANOVA) analyzed a design in which a repeated measure (i.e. within-subjects) factor is crossed with a between-subjects (i.e. treatment variable) factor.

The brand type factor was considered as the repeated measures factor (i.e. the within-subjects factor), consisting of two conditions (i.e. Polo and domestic). The country factor was considered as a grouping factor (i.e. between-subjects factor) consisting of three groups (i.e. Japan, South Korea, and Mexico). Therefore, the following linear model was used for analyzing the experimental results:

$$Y_{ijk} = \mu + \beta_j + \pi_i + \beta\pi_{ij} + \delta_{k(j)} + \varepsilon_{ijk}$$

where,

- Y_{ijk} = an impurity value;
 μ = overall mean;
 β_j = fixed effect of the j th group ($j = 1, 2, 3$) of the country factor;
 π_i = fixed effect of the i th trial ($i = 1, 2$) of brand type factor;
 $\beta\pi_{ij}$ = effect of the interaction of the i th trial of the brand type factor by the j th group of the country;
 $\delta_{k(j)}$ = random experimental error for lots ($k = 1, 2, 3$) nested within the country factor; and
 ε_{ijk} = random experimental error on repeated measures.

Results

Table II illustrates results of repeated measure analyses for the effect of country and brand on brand-specific associations, general brand impressions, and brand commitment. Table III displays the result of multi-group comparisons. The

Table I Reliabilities of the factors

Constructs	Items	Cronbach's Alpha						
		Japan	South Korea	Mexico				
Brand-specific associations	Emotional value	Be one that I enjoy						
		Make me feel good						
		Give me pleasure						
	Perceived quality	Make me want to use it	0.87	(0.86)	0.86	(0.83)	0.93	(0.94)
		Feel comfortable using it						
		Be reliable						
General brand impressions	Brand awareness	Be durable	0.83	(0.79)	0.79	(0.80)	0.82	(0.89)
		Be high quality						
		I can recognize this brand among competing brands						
	Brand image	I am aware of this brand	0.67	(0.72)	0.72	(0.63)	0.66	(0.87)
		I can quickly recall the symbol or logo of this brand						
		Have good reputation	0.80	(0.64)	0.66	(0.60)	0.84	(0.88)
Brand commitment	Brand loyalty	Be prestigious brand	0.80	(0.64)	0.66	(0.60)	0.84	(0.88)
		I am loyal to this brand						
		This brand is my first choice among competing brands	0.80	(0.74)	0.69	(0.68)	0.79	(0.81)
	Purchase intention	I intend to buy this brand frequently	0.87	(0.79)	0.84	(0.84)	0.86	(0.87)
		I plan to buy this brand more often						

Note: Values in parentheses indicate domestic brands

Table II Results of repeat measure (split-plot) analysis

Brand analysis	Subject analysis	Brand analysis	
	Country (C)	Brand (B)	C × B
Brand-specific associations			
Emotional value	14.09***	4.73*	8.27***
Perceived quality	4.74**	55.11***	46.07***
General brand impressions			
Brand awareness	16.92***	29.45***	30.93***
Brand image	9.18***	65.04***	49.45***
Brand commitment			
Brand loyalty	21.89***	26.99***	3.38*
Purchase intention	11.42***	31.95***	1.82

Notes: * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$

interaction plots are depicted for the effect of country and brand on brand-specific associations (Figure 2), general brand impressions (Figure 3), and brand commitment (Figure 4).

Brand-specific associations

The significant main and interactive effects of country and brand type on brand-specific associations lead to support of *H1*. In terms of emotional value for the Polo brand, Mexico ($m = 4.0$) had a larger estimated marginal mean than South Korea ($m = 3.5$, $t_{\text{difference (Mexico v. South Korea)}} = 4.66$) and Japan ($m = 3.6$, $t_{\text{difference (Mexico v. Japan)}} = 3.35$). For the domestic brand, Japan had the largest estimated marginal mean ($m = 4.1$) of emotional value followed by Mexico ($m = 3.8$); both means of the two countries were significantly different from the mean of South Korea ($m = 3.5$, $t_{\text{difference (Japan v. South Korea)}} = 5.69$, $t_{\text{difference (Mexico v. South Korea)}} = 3.06$). In addition, in Mexico, Polo had significantly greater estimated marginal mean than the domestic brand, whereas the domestic brand had a greater estimated marginal mean than Polo in Japan.

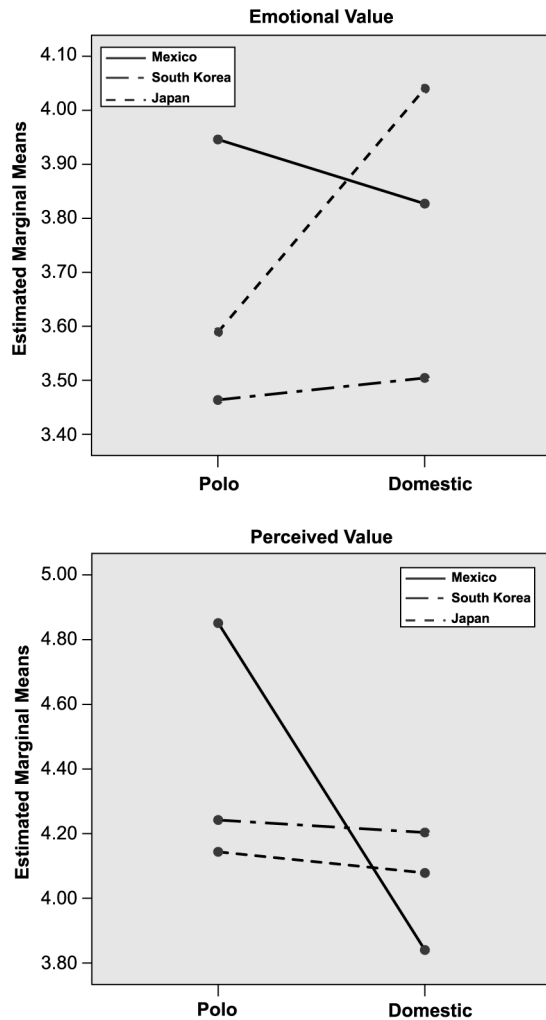
Regarding perceived quality for the Polo brand, Mexico had the highest estimated marginal mean ($m = 4.9$), significantly different from those of South Korea ($m = 4.2$, $t_{\text{difference (Mexico v. South Korea)}} = 7.56$) and Japan

Table III Summary of findings

	Polo brand	Domestic brand
Brand-specific associations		
Emotional value	M (4.0) > SK (3.5); M (4.0) > J (3.6)	M (3.8) > SK (3.5); J (4.1) > SK (3.5)
Perceived quality	M (4.9) > SK (4.2); M (4.9) > J (4.1)	SK (4.2) > M (3.8)
General brand Impressions		
Brand awareness	M (4.5) > SK (4.2) > J (3.6)	SK (4.1) > M (3.5); SK (4.1) > J (3.6)
Brand image	M (4.9) > SK (4.3) > J (4.0)	J (4.1) > M (3.8)
Brand commitment		
Brand loyalty	SK (2.8) > M (2.3); J (2.9) > M (2.3)	J (3.3) > M (2.7); J (3.3) > SK (2.8)
Purchase intention	J (2.9) > SK (2.6)	J (3.5) > M (3.0); J (3.5) > SK (2.8)

Notes: J: Japan; SK: South Korea; M: Mexico

Figure 2 Interaction plots of brand-specific associations by country and brand type

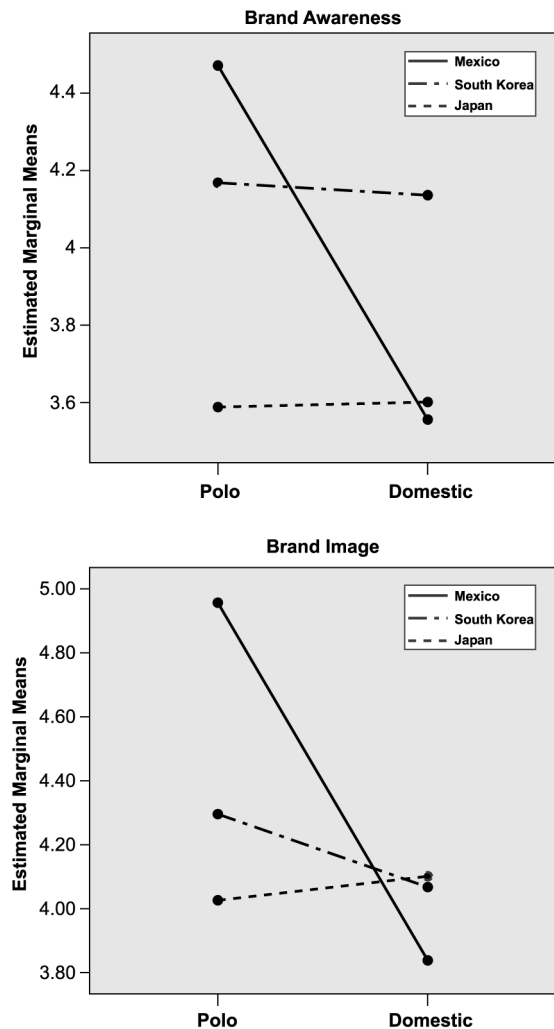


($m = 4.1$, $t_{\text{difference (Mexico v. Japan)}} = 7.81$). Also, estimated marginal means of perceived quality for the domestic brand were much higher among Koreans ($m = 4.2$) than among Mexicans ($m = 3.8$, $t_{\text{difference (South Korea v. Mexico)}} = 3.70$). Although there is no significant difference in perceived quality between Polo and the domestic brand in Japan and South Korea, Mexican consumers perceived the Polo brand as one of higher quality than the domestic brand.

General brand impressions

The significant main and interactive effects of country and brand on general brand impressions led to support of *H2*. As for brand awareness for the Polo brand, Mexico ($m = 4.5$) had the highest estimated marginal mean, followed by South Korea ($m = 4.2$), and Japan ($m = 3.6$) had the lowest estimated marginal mean, with significant differences existing among all three groups ($t_{\text{difference (Mexico v. South Korea)}} = 2.98$, $t_{\text{difference (Mexico v. Japan)}} = 8.24$, $t_{\text{difference (South Korea v. Japan)}} = 5.59$). For domestic brands, South Korea had the highest estimated marginal mean ($m = 4.1$) of brand awareness, significantly different from those of Mexico

Figure 3 Interaction plots of general brand impressions by country and brand type



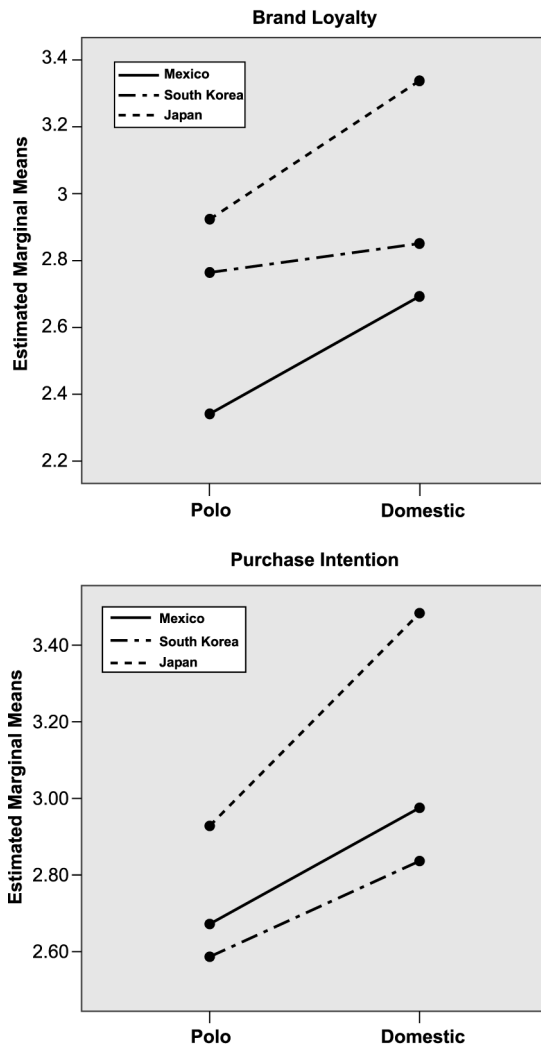
($m = 3.5$, $t_{\text{difference (South Korea v. Mexico)}} = 4.83$) and Japan ($m = 3.6$, $t_{\text{difference (South Korea v. Japan)}} = 5.0$).

In terms of brand image for Polo, Mexico ($m = 4.9$) had the highest estimated marginal mean, followed by South Korea ($m = 4.3$) and Japan ($m = 4.0$), with significant differences existing among all three countries ($t_{\text{difference (Mexico v. South Korea)}} = 7.74$, $t_{\text{difference (Mexico v. Japan)}} = 9.43$, $t_{\text{difference (South Korea v. Japan)}} = 3.16$). For domestic brands, the estimated marginal mean of brand image among the Japanese ($m = 4.1$) was higher than that of the Mexicans ($m = 3.8$, $t_{\text{difference (Japan v. Mexico)}} = 2.14$). Regarding variables of general brand impression, Mexican consumers had significantly higher brand impressions toward Polo than the domestic brand, while Japanese and Korean consumers had similar brand impressions toward both brands.

Brand commitment

Based on the results on the effects of country and brand on brand commitment, *H3a* and *H3b* were supported and *H3c* was partially supported. Significant effects of country and brand existed. The interaction effect of country and brand on

Figure 4 Interaction plots of brand commitment by country and brand type



brand loyalty was significant, whereas no interaction effect existed on purchase intention.

Regarding brand loyalty for Polo, Japan ($m = 2.9$) and South Korea ($m = 2.8$) had higher estimated marginal means than Mexico ($m = 2.3$) ($t_{\text{difference (Japan v. Mexico)}} = 4.76$, $t_{\text{difference (South Korea v. Mexico)}} = 4.04$). Estimated marginal means of brand loyalty for domestic brands were much higher for the Japanese ($m = 3.3$) than Koreans ($m = 2.8$, $t_{\text{difference (Japan v. South Korea)}} = 4.95$) and Mexicans ($m = 2.7$, $t_{\text{difference (Japan v. Mexico)}} = 5.29$).

In terms of purchase intention for Polo, Japan ($m = 2.9$) had a greater estimated marginal mean than South Korea ($m = 2.6$) ($t_{\text{difference (Japan v. South Korea)}} = 2.73$). For domestic brands, estimated marginal means of purchase intention were much higher for the Japanese ($m = 3.5$) than for the Koreans ($m = 2.8$, $t_{\text{difference (Japan v. South Korea)}} = 5.32$) and Mexicans ($m = 3.0$, $t_{\text{difference (Japan v. Mexico)}} = 3.63$). In addition, brand commitment toward domestic brands consistently had greater estimated marginal means than the Polo brand in all three countries.

Conclusions and implications

The goal of the study was to discover the effects of country (i.e. Mexico v. South Korea v. Japan) and brand type (i.e. US global v. domestic) on consumer responses to three brand analysis components: brand-specific associations, general brand impressions, and brand commitment. The findings demonstrate that clear-cut and unique brand analysis patterns exist among consumers in three different countries for both the US global and domestic brand (Table III). The interaction effects of country and brand type on consumers' brand analysis indicate that the perception of the US global versus domestic brand varies among countries that are in different development stages. The findings can provide significant insights into what US global and domestic companies must emphasize to be successful in capturing and sustaining consumers' desire to buy and use their brand.

Mexico

Among consumers in the three countries, Mexico gave the highest ratings to Polo for brand-specific associations (i.e. perceived quality, emotional value) and general brand impressions (i.e. brand awareness, brand image). In addition, they perceived Polo as providing higher emotional value and quality than the domestic brand. Mexican consumers also indicated greater brand awareness and higher brand image for Polo compared to the domestic brand. However, Mexican consumers have higher brand loyalty and purchase intention toward the domestic brand than Polo. One explanation for these findings is that consumers with low brand experience can form strong general brand impressions due to marketing communications efforts, but may remain loyal to the domestic brand unless they form a brand-specific association with a US global brand (Dillon *et al.*, 2001).

Low brand commitment toward the US global brand can be explained in several ways. First, Mexican consumers who perceived a US global brand to have superior quality and a prestigious image may also have perceived its price to be high (Gabor and Granger, 1966; McConnell, 1968). Mexican consumers are known to be highly price-conscious (Frastaci, 1999), which is more true of college students used as the sample in this study. Second, due to the greater availability of inexpensive domestic brands and participants' preferences for familiar businesses and products (Ahmed and d'Astous, 2003), the likelihood of Mexican consumers' buying a US global brand may be lower. Third, although the demand for US global brands is increasing, Mexican products are still in greatest demand, implying that Mexican consumers' perceptions toward domestic products are very favorable and that global companies are facing challenges against the competition from Mexican apparel brands (Frastaci, 1999).

In Mexico, US brands are considered as providing high emotional value and high quality products combined with higher brand awareness and brand image. Thus, global brands could focus on brand-specific features (e.g. superior quality and prestigious image) in order to capitalize on their brand status in Mexico. In order to overcome the low level of brand commitment toward global brands, US global companies could attempt to respond to Mexican consumers' price sensitivity and emphasize the superior quality of the brand.

Mexican companies should endeavor to reshape consumers' attitudes towards domestic brands through marketing and promotional campaigns. However, it is not easy to alter established consumer attitudes (Aaker, 1996). It is recommended that Mexican brands employ aggressive marketing strategies to improve consumers' perceptions of domestic brands in terms of brand-specific features and general impressions. Other possible strategies for domestic companies to improve Mexican consumers' perceptions toward domestic brands include strategic alliances, licensing agreements, or joint ventures in order to sell under global brand names associated with higher status and perceived esteem. The partnership may help domestic brands' weakness be offset by global brands' strength.

South Korea

South Korea was rated in the middle among the three countries for perceived quality of both global and domestic brands, whereas it had the lowest emotional value and purchase intention for both global and domestic brands among the three countries. Further, Korean consumers had the highest brand awareness for the domestic brand among the three countries. There were no significant differences between Polo and the domestic brand in consumers' perceptions toward brands in general, while purchase intention of the domestic brand was higher than that of Polo.

Although South Korea is still considered a developing country, the Korean economy has grown at a rapid pace through significant changes, and it now seems to have joined the ranks of developed countries (*Asia Monitor: China & North East Asia Monitor*, 2006). This indicates that, although US global brands have become popular in South Korea, domestic brands also have gained significant position with good quality and image, including high-end luxury brands desired by consumers.

To attract Korean consumers, US global brands should reshape their brand image. Korean consumers hold a complicated love-hate relationship with foreign brands, although consumers are far less brand-conscious than in the past (Kotabe and Jiang, 2006). Consequently, for US global companies developing market strategies in South Korea, a consumer-oriented approach is crucial to appeal to target consumers. As Wal-Mart realized, US companies need to adapt their strategies for the Korean market by offering trend right merchandise to appeal to consumers' desire for newness (Scardino, 2004). Also, apparel companies should consider providing attractive environment such as clean layout and modern-looking displays.

To earn a competitive edge, domestic brands can emphasize cultural aspects that global brands may not have (Ger, 1999). Further, domestic brands can use their knowledge of Korean consumers' sophisticated tastes and passion for new experiences by implementing marketing strategies and creating shopping environments that appeal to these consumers. Also, domestic brands are uniquely positioned to provide the brand specific association of garment "fit" that is a critical attribute for Korean consumers that global brands often lack. Domestic companies must continuously develop new products and establish prestigious brand value to compete with global brands.

Japan

Japanese consumers considered the domestic brand as providing high emotional value, while they did not rate quality, brand awareness, and brand image differently between Polo and the domestic brand. However, Japanese consumers had the highest level of brand commitment toward the domestic brand among the three countries. The results indicate that Japanese consumers perceive domestic brands as good as or superior to US global brands, which is reflected by their loyalty and affinity toward their own brands (Blackwell *et al.*, 2006). This may be because Japan, as a developed country, has many well-established domestic companies such as Canon, Sony, and Toyota (Kotabe and Jiang, 2006), and thus Japanese consumers are confident toward their domestic products and brands in terms of quality (Kotabe and Jiang, 2006).

The overall high ratings of the domestic brand in Japan were found in this study, which challenges US global companies to recognize the power of localization. To succeed in the Japanese market, US global brands should find effective ways to differentiate themselves from domestic brands by creating brands that contribute to the consumers' sense of identity and self-expression. Domestic brands also need to continuously develop new products and establish prestigious brand value.

Limitations

The findings of this study should be interpreted with caution, as there are some limitations that can be addressed in subsequent studies. The use of a student sample limits the generalizability of the findings, as students represent only a subset of consumers. Future research should be conducted with a sample more representative of the entire consumer population including other consumer groups (e.g. teens, Generation X). This study selected only one brand (i.e. Polo) as a US global brand. For future studies, testing the hypotheses with other global brands to generalize the findings of the study is strongly recommended. Finally, sample can be expanded to consumers in many other countries representing developed countries (e.g. Canada and Western European countries) and developing countries (e.g. China, India, and Russia) to provide more comprehensive insights into consumer perceptions and brand behaviors towards global brands.

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Further reading

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Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.

Global versus local: to compete, play to your strengths

The internationalization of brands has come to be seen as something of an unstoppable force. Many a political campaign has been packaged by the spin doctors to have their candidate's success seem inevitable, have all resistance appear futile, to see the whole thing fall off the rails within sight of the finishing line as voters wake up, smell the coffee, and realize that there are other possible candidates.

And in a different vein, many a developing nation has shrunk back from lowering tariffs and other barriers to entry for foreign companies (often western multinationals) entering their marketplace. The great fear (well the one that is not the loss of easy-to-collect income) is that local providers will simply not be able to cope with the competition, and will roll over and die.

For the multinationals, developing global brands is an imperative, the engine of future growth and profits. They usually have on their side perceptions of quality and prestige, although for some such as Wal-mart it may be cost advantage.

Rear guard actions are fought in various ways, from the covert preferences of government procurement departments to the overt, in your face antagonism of anti-globalization protesters and the damage of its “symbols” – McDonald’s fast food restaurants it seems.

And lest we forget, the moves against free markets are not a developing world issue – simply witness the protectionist rhetoric of the American presidential election, the inability of the European Union to reduce subsidies to allow fair competition, or the hidden barriers to trade in Japan.

Heady stuff!

How very different?

Research conducted by Min-Young Lee of the University of Kentucky, Dee Knight of the University of North Texas, and Youn-Kyung Kim of the University of Kentucky examines perceptions of global and domestic brands. The global brand they chose is American. The markets they examined are Mexico, Korea and Japan. They did so by examining:

- Brand-specific associations – emotional value and perceived quality.
- General brand impressions – brand awareness and brand image.
- Brand commitment – brand loyalty and purchase intention.

The three domestic markets they chose to examine are quite different in their characteristics. The Mexican marketplace was changed beyond recognition by the North American Free Trade Agreement (NAFTA) in 1994. After Canada it is the second largest market for US exports. It is an attractive place to invest. Its consumers are characterized by their youth – there is a high proportion of young people – and a penchant for conspicuous consumption.

Korea has been a post-War success story, post-1960 success story really when living standards started to rise rapidly. Korean giants such as Samsung, Hyundai and LG dominate the economy. It is one of the world’s largest economies but there is an inherent tendency to favour local companies over foreign ones. Brand consciousness is lower than in other

countries, albeit purchases of foreign brands tend to be made based upon quality and perceived benefits of status.

Japan is one of the most developed nations in the world, with a large number of multinational companies producing state-of-the-art consumer goods. Japanese people are viewed as extremely brand aware and status conscious. However, in the main their affinity is for Japanese-owned brands not their international competitors. For many it has been a hard market to crack.

A developing story

The research findings indicate a pattern among all three countries that the authors believe to be at different stages of development. Their research sample was students in metropolitan universities and the US brand examined was Polo – so the usual caveats apply regarding limitations – but the findings are interesting:

- Mexico gave the highest ratings to Polo on the dimensions of brand-specific associations and general brand impressions. They viewed Polo as having a superior image versus the local brand, yet still maintained loyalty to the local brand. Implications – the global brand should focus on emphasizing quality and prestige; the local brands need to be aggressively marketed to re-shape perceptions.
- South Korea was in the middle for perceived quality of global and domestic brands and demonstrated the lowest score for emotional value and purchase intentions. Respondents saw little difference between the Polo and the local brand and would favour purchasing the local one. Implications – global brands need to reshape perceptions among carefully targeted groups; local brands need to emphasize the cultural aspect of their brand.
- Japan had the highest commitment to the domestic brand which also provided high emotional value. Quality, brand awareness and brand image were rated the same for both Polo and the local brand. Implications – the global brand needs to re-think its competitive strategies with local brands, focusing on people’s sense of identity and self-expression; local brands need to develop products fitting with a prestigious brand identity.

The global versus local debate is an ongoing one. It is complex. It is not easy, and these three representative countries point to the dynamism needed combined with a deep understanding of local market perceptions and competition.

(A précis of the article “Brand analysis of a US global brand in comparison with domestic brands in Mexico, Korea and Japan”. Supplied by Marketing Consultants for Emerald.)