PERCEPTIONS OF CONSUMERS ON LOCAL AND GLOBAL BRANDS: IMPLICATIONS FOR THE SUSTAINABILITY OF SMALL BUSINESS RETAILERS IN THE CLOTHING SECTOR IN CAPE TOWN

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ABSTRACT

South Africa has high small business failure rate as well as high unemployment. These problems mean that poverty alleviation, reducing inequalities and raising the standard of living for the majority may not be realised easily. In that context studies on small business sustainability have considered several dimensions to inform policy and practice. This paper focused on small clothing retailers and how consumers perceive local and international brands in their purchasing intentions. It sought to analyse the perceptions of consumers on local and global brands and the implications of these perceptions on the survival and sustainability of small businesses. Data was collected using a questionnaire adapted from the literature. The study found evidence that there is no big difference in the perceptions of consumers on the two groups of brands. This indicated that other factors are more essential for competitiveness than the brand construct. Small retailers in the clothing sector were recommended to have a holistic analysis of their business models for sustainability and not rely solely on the concept of brand.

Keywords: Small business, Brand, Sustainability, Consumer perceptions.

INTRODUCTION

It has been reported that almost seventy five percent (75%) of small businesses fail in their first forty two months in business (Van Den Berg, 2017). This has attracted significant attention from both policy makers and academics owing to observations that small business are critical in reducing poverty, creating employment and reducing inequality in South Africa (Bhorat, et al., 2018; Van Den Berg, 2017). With indications that small businesses employ more than sixty percent (60%) of employment in South Africa and the majority (more than 40%) of which are in the Retail and accommodation sector (more than 40%) (SMME Quarterly update, 2019), it is important to investigate small business sustainability. In the clothing and retail sector, small business sustainability is affected by such factors as: poor industry knowledge, weak value proposition, unsatisfactory product or service quality, lack of resources, poor pricing systems, poor leadership and management as well as lagging behind technological (Sgt Group, 2017). Every industry or sector has its own success factors and in the clothing industry the debate about the performance of local as opposed to international brands has been ongoing. This study investigates the perceptions that consumers have on international brands and why they hold such perceptions. Such perceptions are likely to influence the purchase intentions of the consumers. As globalization has accelerated, small business found it easy to engage in clothing retail businesses. As a result, 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 but also in newly industrialized economies (Lee, Night and Kim, 2008) such as South Africa. Consumers of products are faced with the need to make brand choices, to select between local brands and international brands (Ozsomer, 2012). In today's global marketplace, it is important for small business retailers to understand how consumers make their choices and why some consumers prefer global brands to local brands (Ozsomer, 2012). Consequently, knowledge of consumers' perceptions on brands can be a key issue that determines the market positioning of a small business retailer. Thus knowledge of brand perceptions can be the bedrock for competitive advantage.

LITERATURE REVIEW

Wood (2000) noted the complexity of defining the brand construct and after making a review of existing definitions of the term brand, is of the opinion that: a brand is the unique means of giving a product distinctive features for attaining competitive advantage. The American Marketing Association sees a brand as a feature that identifies one seller's good or service in a different form than others. The legal term for brand is trademark. A brand may identify one item, a family of items, or all items of that seller. If used for the firm as a whole, the preferred term is trade name. Brands normally attain some equity where equity is defined as value inherent in a well-known brand name Schiffman et al. (2010), In an analysis of the theoretical basis of brand equity, Schiffman et al. (2010) reveals several concepts associated with brand equity and brand analysis. In the analysis examples are provided to illustrate that some brand names develop into megabrands because of their popularity and dominance in the market. The concept of co-branding is also explained to mean that a single product maybe associated with several brand names so as to make appeal to consumers. The other concept that is associated with brand analysis is that of 'brand loyalty.' The reasons why customers remain loyal to a service provider include: switching barriers (time and effort, alternatives, emotional bonds and switching costs) and affirmatory factors (confidence, social bonds and service recovery). Schiffman, et al (2010) provides that brand loyalty, perceived quality and brand image can be used to measure brand equity. The essence of brands in the small business retail business can be considered from several theories. According to Ozsomer (2012), the signaling theory asserts that when imperfect and asymmetric information characterizes a market, firms may use signals (i.e., manipulate attributes or activities) to convey information about their characteristics. The concept of brand association theory focus on the role of association of brands with certain attributes, people, characters or countries. If these associations are viewed as good then the perceptions of consumers on the brands might be good (Spry et al., 2011).

STUDY PROBLEM AND OBJECTIVES

Small businesses in the clothing retail business organisations are facing pressures to respond to consumer preferences, to adapt, customise or simply attend to changes in consumer taste (Deloitte, 2009; Ernst & Young, 2013; Louw & Venter, 2010). In its report on the top ten risks in the retail sector, Ernst and Young (2013) reported the 'failure to respond to shifting consumer behaviour' as an eighth risk in the retail sector. Should clothing retailers be more strongly localised in approach or they should follow a more international strategy in fashion trends and international brands? The objectives of this study were to: The key study question

explored was: What are consumers' perceptions on international clothing brands relative to local brands offered by small business retailers in the Western Cape.

METHODOLOGY

The researcher held the ontological perspective that the reality of customer brand perceptions is objective and can be scientifically analysed by quantitative methods. The researcher held the position that there can be clear notable patterns of brand perceptions among consumers and these patterns can be analysed to create meaning. Consequently, a questionnaire was used to measure consumer brand perceptions. The questionnaire was split into three sections. Section A collected biographical data while section B collected data on the brand perceptions of consumers. Section B of the questionnaire was an adaptation of the data collection instrument that was developed by Lee et al. (2008) in their study of brand analysis of a US global brand in comparison with domestic brands in Mexico, Korea and Japan. On the other hand, Section C measured the perceptions of consumers using items adapted from Chen (2013). Both section A and section B were based on a 5 point Likert scale (from 'strongly agree' to 'strongly disagree.' Quantitative data was collected by allocating the numbers 5 to 1 on the Likert scales with 5 allocated to 'strongly agree' and 1 allocated to 'strongly disagree.' The middle response was 'not sure' with a weight of 3. The items in section B of the questionnaire were based on elements of brand analysis based on the emotional value that consumers attached to a brand, their perception of the quality of the brand, brand awareness, brand image, brand loyalty and the purchase intentions of the customers. From the literature review, the researcher identified age, income, race, gender and education levels as the key biographical details that influence consumer perceptions on the local and the international brands. To test the moderating influences of consumer age, the age of employees was categorised into: less than 20, 20-30, 30-40, 40-50 and above 50. The income categories were grouped into: less than R5000, R5000-R1000, R10000-R15000, more than R15000 and 'no fixed income.' The levels of education were also taken into consideration by splitting into those: who did not complete metric, with a certificate, who hold a national diploma, who hold and advanced diploma, have a degree, have a masters' degree and those who have a doctorate. Convenience sampling was used to select a clothing retail outlet in Cape Town and request to interact with customers so that those who were interested in participating in the study could complete a questionnaire. Stratified sampling on gender lines was then adopted to ensure that the sample of participants had both males and females. The reason for adopting a stratified sampling technique based on gender was to ensure representativity from both male and female customers of the clothing retail shop. The sample size was 45 (Macdonald, & Sharp, 2004).

FINDINGS AND DISCUSION

The questionnaire response rate for this study was 100% .The questionnaire was brief and most respondents took less than 6 minutes to complete it. Based on the literature review which pointed out that biographical detail such as age, economic status, race and level of education affect consumer perceptions of brands, it was important to collect data about the respondents' biographical details. Figure 1 below shows the distribution of the respondents by age and income group
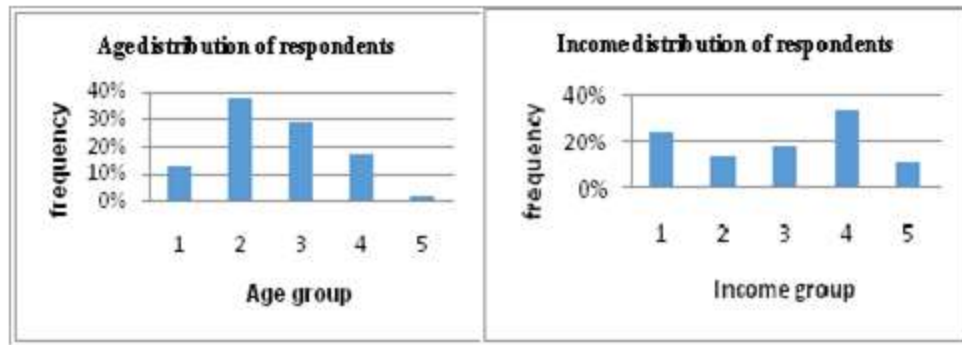
FIGURE 1
AGE AND INCOME DISTRIBUTION OR RESPONDENTS

In Figure 1, the data was coded as follows: less than 20 years (1), 20-30 (2), 30-40 (3), 40-50 (4) and above 50 years 95). Table 1 shows that the majority of the respondents (38%) were in the 20-30 age group followed by 29% from the 30-40 age group. These results reiterates that the 20-30 age group and the 30-40 age groups are economically active and contribute to significant purchase in the clothing shop analysed. Income distribution was coded as follows: less than R 5000 per month (1), R5 000 – R10 000 (2), R10 000- R15 000 (3), more than R15 000 (4) and no fixed income (5). Figure 1 shows that the majority of the respondents (33%) were in the more than R15 000 salary bracket followed by those who were in the less than R5 000 salary bracket. This finding can be interpreted to mean that the consumers who have a taste for international brands are quite high earning. This observation is consistent with findings from the literature review. This could be because international brands are quite expensive. Table 1 shows the racial distribution of the respondents. The coding in the table is as follows: Africans (1), coloured (2), white (3), Chinese (4), Asians (5). From the table, Africans formed the majority 62% of the respondents while Asians the least (4%). There is also a larger percentage of Chinese consumers from the respondents. The results show the racial mix of consumers (Kotler, et al., 1999).

Table 1		
RACIAL DISTRIBUTION OF RESPONDENTS		
Race	**Number**	**Percentage**
1	28	62%
2	4	9%
3	11	24%
4	2	4%
5	0	0%
total	45	100%

In addition, 47% of the respondents where males while 53% of them were females. Furthermore the majority of the respondents (31%) had a degree followed by those who had National Diplomas (22%). This finding again matches arguments from the literature review that literacy levels are congruent with brand choices. The study grouped the respondents according to their levels of education and for purposed of the data collection the following coding was adopted: did not complete matric (1), certificate (2), National Diploma (3), Advanced national diploma (4), Degree (5), Masters degree (6) and Doctorate (7). Figure 2 shows the levels of education of the respondents (Erdem & Swait, 2001).
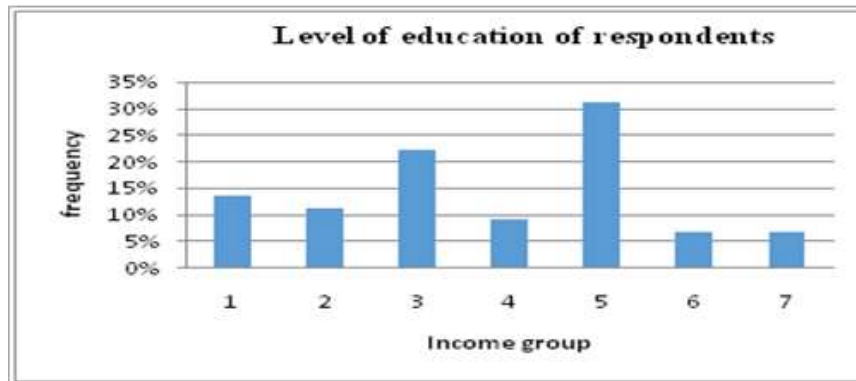
FIGURE 2
LEVEL OF EDUCATION OF RESPONDENTS

BRAND PERCEPTIONS

For purposes of data analysis in the following sections, the coding was as follows: 1=strongly disagree, 2=disagree, 3=not sure, 4=agree, 5=strongly agree. 'Agree' and 'strongly agree' are taken as positive perceptions while 'disagree' and 'strongly disagree' are taken as negative perceptions. On the other hand, the response 'not sure' is taken as a neutral perception.

Table 2 BRAND PERCEPTIONS OF RESPONDENTS					
	Strongly agree	**Agree**	**Not sure**	**Disagree**	**Strongly disagree**
International clothing brands are more preferable to South Africans than local clothing brands	7%	31%	9%	20%	33%
I choose International brands because they are cool	7%	24%	7%	29%	33%
I will first shop at retail stores with international clothing brands before those with local brands	4%	27%	13%	33%	22%
I am more satisfied with international clothing brands than South African clothing brands	7%	27%	7%	38%	22%
Foreign brands are more stylish	0%	9%	4%	22%	64%
Wearing international brands suggests higher status	0%	2%	0%	13%	84%
Wearing international brands is fashionable	0%	16%	7%	38%	40%
International clothing brands offer greater value	0%	2%	9%	29%	60%
Stylish fashion is the most important considerations when purchasing clothing	49%	31%	2%	13%	4%

As can be seen from Table 2, there were generally higher percentages for the 'strongly disagree' and 'disagree' responses. This shows that the respondents generally did not agree that international brands are better than local brands. This result affirms the complex nature of consumer's perceptions on international versus local brands. It appears that there are deeper underlying factors that affect brand preferences among consumers. This finding is consistent with some observations made in the literature review that there is variation of brand preferences from country to country and place to place. The researcher holds the opinion that the strength of local cultures could be the key issue that affect brand preferences especially with regard to such phenomena as ethnocentrism Table 3 (Bruwer, & Van Den Berg, 2017).

ATTITUDES TOWARDS LOCAL AND GLOBAL BRANDS

Table 3 CONSUMERS' RESPONSES		Foreign brands	Local brands	Both local and foreign brands
Attributes				
Emotional value	Enjoyment	9%	56%	36%
	Feelings of being good	7%	58%	36%
	Pleasure	7%	51%	42%
	Wanting to use it	4%	69%	27%
	Comfortable	4%	51%	44%
Quality	Reliable	2%	33%	64%
	Durable	2%	29%	69%
	High quality	2%	31%	67%
Brand awareness	I can recognise the brand easily among other competing brands	2%	76%	22%
	I am aware of this brand	7%	67%	27%
	I can quickly recall the logo or symbol	4%	58%	38%
Brand image	Have a good reputation	2%	33%	64%
	Is a prestigious brand	2%	33%	64%
Brand loyalty	I am loyal to this brand	2%	69%	29%
	This brand is my first choice among competing brands	4%	69%	27%
Purchase intention I	I intend to buy this brand frequently	4%	78%	19%
	I plan to buy this brand more often	4%	78%	18%

When considering the results in this study, a number of literature perspectives can be reffered to. Ozsomer (2012) investigated the interplay between global and local brands and found that perceived brand globalness is positively related related to local iconness in an emerging market, but the relationship is negative in advanced markets. On the other hand Lee, Knight and Kim (2008) assessed brand-specific associations, general brand impressions and brand commitment and found that perceptions on global versus domestic brand varies among countries that are in different development stages. On the other hand, Bae, et al. (2003) assessed factors of clothing orientation (clothing involvement, brand loyalty, fashion leadership, shopping enjoyment, benefit sought, perceive price, perceived quality, perceived value, willingness to buy) and found that when consumers perceived the quality of the product, the brand effect was significantly related to their product evaluation for both local and international brands. However, when they actually purchased a product, the brand effect for the international brand was more influential.

CONCLUSION

This study has produced mixed results and it has not generated significant evidence to accept that one type of brand is better than another. The results, therefore, conclude that there is no evidence that consumers prefer international brands to local brands. There was also no evidence that consumers attach more status to international clothing brands than to local brands The results were scattered and did not show any clear pattern of responses. This study also hereby concludes that the biographical characteristics of age, race, income levels and gender impacted on brand perceptions but the margin of influence applied to be small. It appears that

there are other deeper variables influencing brand perceptions than simply age, gender, race and income levels. These findings are in line with some studies done by other researchers which were not conclusive on whether international brands are more preferable than local brands. The findings on the role of biographical characteristics in moderating the consumers' perceptions are in line with existing literature which has made the same conclusions. However it appears that there are deeper underlying issues that impact on the perceptions of the consumers. Future research on this matter may need to investigate the underlying factors such as cultural and individual socio-psychological characteristics that influence consumer buying perceptions.

RECOMMENDATIONS

Based on the results of this study which have been recorded in the findings section of this research, it can be recommended that more research should be conducted on the underlying psycho-social factors that influence consumers' perceptions of international and local brands. Similar research on this matter should be conducted on a larger scale in order to seek conclusive evidence on consumers. Organisations are recommended to have a generic product offering that is made up of both international and local brands.

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