CHAPTER 1

INTRODUCTION

1.0 Introduction

Globalisation has been the phenomenon for the decades and it is driven by factors such as worldwide production and marketing, capitalism, global transport, transnationalism cosmopolitanism, advancement of global media, telecommunication technologies and the internet (Ozsomer and Simonin, 2004; Steenkamp and Ter Hofstede, 2002; Stremersch and Tellis, 2004; Van Everdingen, Aghina and Fok, 2005; Alden, Steemkamp and Batra, 2006). Hence in the global economy, interaction between cultures and markets are accelerating. In the same sense, the scholar also highlight that the factors which drives globalisation has dissolved the boundaries across national cultures and economies (Ger, 1999), and shaping the homogeneous global consumption culture, which leads to the creation of 'global consumer culture' (Alden, Steenkamp and Batra, 1999). Alden et al., (1999, p.80) define global consumer culture as "…cultural entity not associated with a single country, but rather a larger group generally recognised as international and transcending individual national cultures". Generally, a large group of consumer around the world are substituting globally diffused consumer image, liking and character that are primarily from the west (Zhou and Belk, 2004) for those from their traditional, local cultures (Holton, 2000; Pieterse, 1995).

However, the convergence of homogeneous global consumption culture has drawn scepticism and disagreement (De Mooij, 2004). Cleveland and Laroche, (2007) emphasis that globalisation does not necessary means that consumer

worldwide likewise are globalizing, in other worlds, it leads to heterogenisation of cultures. Others have debated the local cultures remain influential on consumer behaviour, for example, Ger (1999, p.65) asserts that "…differentiating impact of globalisation strengthens or reactivates national, ethnic, and communal identities, and the pattern of interrelationship fuels a hybridization of social life". According to Crane (2002), there are many people still in favour of their local consumption imagery, as it is easier to associate themselves with the local lifestyle, attitudes, values and behaviours.

Alden et al. (2006) and Cleveland (2006) assert four sets of attitudinal responses to the global diffusion on consumption choices and they are:-

1) Homogenisation or convergence: a common culture of consumption

2) Divergence or separation: support local and decline global

3) Hybridisation / creolisation / glocalisation: merge and bi-cultural characteristics

4) Lack of interest or marginalisation: removal from culturally induce consumption

Above reflects consumer preference is either globalised, localised or hybridised the local and global cultural influences. Thus it is noteworthy that consumer behaviour is being shaped and influenced by local and global culture (Craig and Douglas, 2006; Ger, 1999; Howes, 1996).

Globalisation has posted great challenges to the marketplace (Cleveland and laroche, 2007) and opens up new opportunities on branding strategies of

many international companies (Alden, Steemkamp and Batra, 1999). In line with globalisation trends, recent international marketing literature has started to explore the aspect global consumer culture by investigating how consumer attitudes and behaviours are similar and differ across countries as part of the impact of globalisation. Understanding consumer characteristic and attitudes are essential as many companies have to target their product at segments in cross national frontiers. Successful marketing strategies have to adapt consumer-oriented strategy by matching product attributes with consumer attitudes and values, hence it is very important to understand the characteristic and attitudes of targeted consumer rather than the country alone (Cleveland et al., 2009). To target consumer, psychographic segmentation is an important method to categorise the consumer across countries (De Mooij, 2004), complement by demographic segmentation and common economic approaches. Cleveland et al. (2009) propose a common disposition construct associate to globalisation, they are materialism (MAT), cosmopolitanism (COS) and consumer ethnocentrism (CET). The construct basically explain where and when the disposition of materialism (MAT) and cosmopolitanism (COS) are likely to prefer global and foreign products or brands; whilst consumer ethnocentrism (CET) adversely associated with the same.

In the recent research trends, the marketing practitioners and academicians have stressed that religion is an important cultural influence in modern day's consumer behavior (Muhamad and Mizerski, 2010), however most of the research are revolving around religious psychology areas. The influence of religion on consumers, decision making process and market place behaviours

are still vague in marketing areas. According to Muhamad et al. (2010), religion may influence consumer behaviour through five factors, namely religious affiliation, commitment, motivation, knowledge and social consequences. Religious affiliation refers to a person affiliates himself or herself with a religion, such as Christianity, Islam or Hinduism. For example, consumers who affiliated with different religions incline to show diverse way of consumption behaviour, such as choosing pets, entertainment, residence and transportation (Hirschman, 1983), shopping behaviour (Bailey and Sood, 1993, Essoo and Dibb, 2004), various forms of ethical beliefs (Babakus et al., 2004) and react differently towards advertising which is perceived to be offensive or controversial (Fam et al., 2004).

One of the dilemma faced by international marketing managers is to which extend the marketing programs should be standardised in opposition to adapt local conditions. From consumer viewpoint, responses to the prevalence of global brands seem to be varied. In short, global brands are brands that buyers can find under the same brand name in numerous countries and they applied identical and centrally coordinated marketing strategies (Steenkamp, Batra and Alden, 2003). This relates to the different sets to attitudinal responses towards consumption choices, in which consumers preferences for global, local or hybrid alternatives.

In addition, global image is recognised as a powerful means of boosting sales (Buzzell, 1968; Steenkamp et al., 2003) and building a global image provides more power and value to a brand (Duncan, 1992; Shocker, Srivastava and Reukert, 1994). Furthermore, consumers associate a brand with global image

will enhance self-worth and status via ownership of the brand (Friedman, 1990). Undeniably that globally positioned brands are prone to have special credibility and influences (Kapferer, 1992). Besides, many researchers have advocated the positive effects on global brand image. Nguyen, Barret and Miller (2005), Steenkamp et al. (2003) indicate that consumer perceived global brands to be high quality and portrayed prestigious image, it acts as a 'halo' effect that affect quality beliefs (Han, 1989). Global brands generally are likely to attribute to superior quality, as quality is a thought of requirement for international acceptance. Hence, perceived quality has also been established to impact global brands (Steenkamp et al., 2003), whether the brand will be positively or negatively accepted by consumers. Thus, it is inferred that the global brand perceived value is higher than local brand.

According to Steenkamp et al. (2003), global brands are more expensive and limited than local brands, therefore it has an exclusive appeal. Consumption of global brands portrayed a cosmopolitan and up to date lifestyle, which reflects a highly desirable association for some consumer segments (Steenkamp et al., 1999). Nevertheless, some consumer segments challenge the authenticity of global brands, in which they view the brands as highly standardise and inauthentic in opposition to local brands (Thompson, Rindfleisch and Arsel, 2006). Along similar lines, Suh and Kwon (2002, p. 663) argue that "…further investigation of the different impacts of globalisation among different cultures on buyers attitudes and behaviours should be brought into research agenda". Some researchers have begun to investigate the global consumer culture and global brand attitudes by investigating the antecedents and consequences to global brand attitudes in western countries.

My dissertation endeavours to this notion, with a research design that is intended to examine how consumer perceive and evaluate global brands in Malaysia context.

1.1 Significance of the Study

This study attempts to enhance the previous global brand attitude models by adding new constructs, which is religiosity and consumer ethnocentrism into the existing models. The finding will contribute to the body of knowledge relating to how developing country's consumer, such as consumer in Malaysia perceived global brands and the way they response to global brands. This study also intent to examine the key disposition constructs which linked with global segmentation, namely materialism, cosmopolitanism, consumer ethnocentrism. Religiosity, whether it moderates the perceive value and attitudes toward global brands is examine in this study.

The research area is relevant to Malaysia as this country reflects a heterogeneous society with multi-racial, multi-religious. A country with various ethnicity and religious beliefs may pose challenges in segmenting, planning and implementing marketing strategies, and the impact of globalisation might be diverse across various races and religious beliefs.

Moreover, it is also important for marketing managers to evaluate how their global brands may perform in a new market, whether consumer response favourable or unfavourable towards global brands. The accomplishments of marketing efforts mostly rely on matching product attributes with consumer attitudes and values. In order to understand how Malaysian consumer response to global brands, it is imperative for marketing practitioners to

understand the characteristic of Malaysian consumer, by delving into the key disposition constructs as mentioned earlier, so that possible segmentation may be based on these psychographic metrics that will subsequently influence the perceived values and global brand attitudes.

As a result, the research findings may provide some insights on Malaysian values, beliefs and perception towards global brands. International marketing practitioners may have a better understanding of Malaysian consumers from this research angle, and might be useful to evaluate the possibility of their brands to be positioned to global, local or hybridizing global and local elements in positioning their brands in Malaysia market. In fact, such studies has yet to be carried out in Malaysia, hence this research will provide additional insights in the way developing country perceived global brands and the consumer's attitude towards global brands, in Malaysia context.

1.2 Research Objectives

The research objectives of this study are as follows:

1. To examine the relationship between materialism (MAT), cosmopolitanism (COS), consumer ethnocentrism (CET) and perceived global brand value (PGBV).

2. To investigate the most influential construct (MAT, COS and CET) to perceived global brand value (PGBV).

3. To examine the popularity of the selected brands based on perceived global brand value (PGBV).

4. To examine the moderating effect of religiosity on the relationship between perceived global brand value (PGBV) and global brand attitudes (BA).

5. To inspect the relationship between perceived global brand value (PGBV) and global brand value (PGBV).

6. To investigate whether demographics such as age, ethnicity, income, gender etc. has any relationship with the constructs (MAT, COS, CET, REL, PGBV and GBA).

1.3 Conceptual Framework

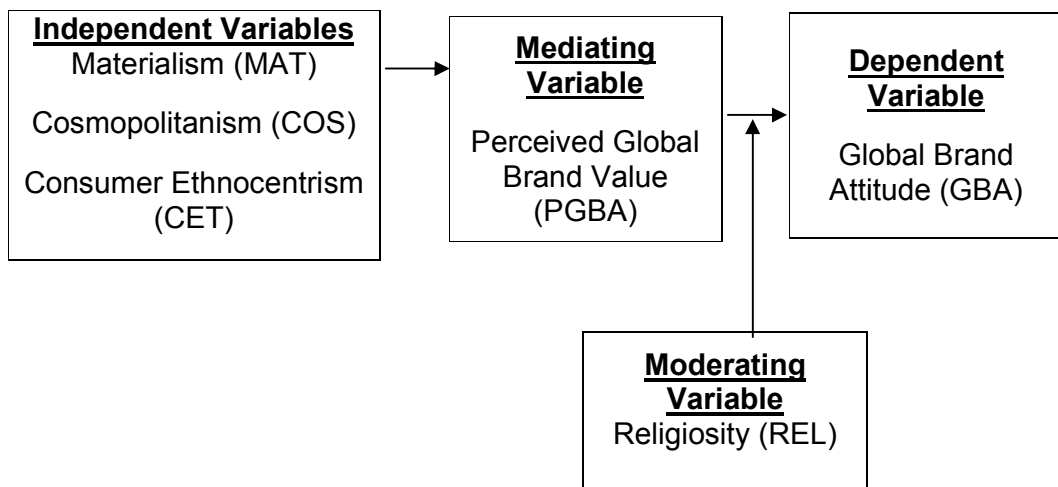The conceptual framework of this study is illustrated as below.

Figure 1.1 Global Brand Attitude Framework

The rationale behind the conceptual framework is to examine the psychographic metrics that influence the perceived values on global brands and identify the consumer's attitudes towards global brands.

The conceptual framework is derived from two established models and theories. The model is first adopt James Kelley's Global Brand Attitude models (2010), in which the researcher study the impact of perceived global brand value had on consumer's global brand attitude in Germany and Brazil. The model suggest that cosmopolitanism (COS) and materialism (MAT) has relationship with perceive value, and propose that perceived global brand value is the key indicator of global brand attitude.

The second adoption is based on the key dispositions constructs (MAT, COS and CET) inspire by Mark Cleveland, Laroche and Papadopoulos (2009) in their research in assessing the validity and reliability of these three constructs across eight countries, and examining how they function in different countries with respect to wider demographic antecedents and behavioural result. The empirical findings largely supported the applicability of these psychographic constructs in the cross-cultural settings; however the results vary across different demographic antecedents amongst eight countries.

1.4 Scope of the Study

The scope of this study is limited to residents in Malaysia, especially peninsular Malaysia. Total of 317 samples were collected. The study is focuses on psychographic metrics (MAT, COS and CET) that influence the perceived global brand values, identify the consumer's attitudes towards global brands and the demographic profile of the survey samples.

1.5 Organisation of the Study

The structure of the remainder chapter is organised as follows.

First chapter briefly delivers an overview of the interest of the research, with regards to psychographic metrics, perceived global brand values and global brand attitudes in Malaysia. This chapter comprises the significance of the study, research objectives, scope of the study and ends with the organisation of the study.

Chapter two outlines the literature fundamentals, commencing from the literature review which focuses on materialism, cosmopolitanism, consumer ethnocentrism, religiosity and perceived values. The chapter ends with hypotheses development and the research framework.

Chapter three explain the research methodology which consist of research instrument, sampling design, data collection procedures, data analysis techniques, selection of measures, and ends by reliability of measures.

The research results is presented in chapter four, which comprises the analysis on the testing of hypotheses, discussions, summary of respondents demographic profile, and summary of research findings.

The final chapter begins with conclusion, follows by the assessment of the limitation of this study, suggestions for additional and future research, and ends by the implication of the study.