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Factors Influencing Consumer Preference of Global versus Local Brands in Hospitality Industry

Abstract:

This study consolidates past research on the factors that influence global and local brand preference to develop an integrated framework that is composed of nineteen personal motivational drivers and eight marketing-related factors that drive consumer's preference of global versus local brands in hospitality industry. Quantitative data was collected from regular customers of restaurants in Metro Manila, Philippines. Four interviews were also conducted with restaurant owners and managers to compare their views with the consumers' insights. The findings reveal that consumer preference of both global and local brands is driven by a combination of internal and external drivers that can be clustered into three groups of factors and drivers; *security and image enhancement drivers*, *social acceptance drivers* and *local identity drivers*. Further analysis reveal that the first two groups of factors have positive influence on global brand preference while the third set of factors and drivers has positive effects on local brand preference. We discuss these findings and its implications on marketing managers and owners of restaurant. We also present some practical recommendations and some suggestions for future research.

Keywords: *Global brands, Local brands, Customer preference*

Track: *Cross-Cultural and Global Marketing*

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Introduction

A review of past literature has revealed that there is a great deal of theories and research studies that identify the different drivers of global and local brand preference. Most of these theories, however, have looked at the drivers from different perspectives. Some theories are utilitarian-based while others are values-based, identity-based and external influence-based.

Utilitarian-based theories are based on consumers' externally-generated consumption problems (Chimboza and Muntandwa, 2007). For example, some utilitarian-based studies say that global brands generate higher consumer preference due to higher perceived quality (Halkias et al., 2016; Dimofte et al., 2010) while some studies say that local brands are more preferred because they are more customized to the local market's unique needs (Özsomer, 2012). Values-based theories contend that consumers build brand preference based on their personal values that they use as guiding principles to behaviour (Steenkamp and De Jong, 2010). Values such as materialism, universalism and tradition are all said to influence brand preference in different ways. Identity-based studies contest that consumer preference is based on a brand's symbolic and identity-expressing capabilities. Consumers are believed to prefer brands that match their views and concepts of themselves (Reed et al., 2012) and help them build their own identity (Strizhakova et al., 2011). There are studies that say that global brands are more preferred because of their greater prestige and close associations with symbols that enhance self-image such as modernity, social acceptance and excitement (Alden et al., 2013; Özsomer, 2012). On the other hand, consumers who prefer local brands do so because they represent their national identity and local culture (Calvo et al., 2013). External-influence based theories posit that other social and external elements also have strong

influence on consumers' attitudes towards brands. Examples of these external influences are mass media, reference groups and social interactions (Cleveland and Laroche, 2007).

Aside from the individual and different perspectives used to study brand preference drivers, past studies also use a wide range of contextual factors to explain the varying magnitudes of consumer brand preference. These factors include the economic development of a country, consumer demographics, product category and disposition towards globalization (Dimofte et al., 2008; Özsomer, 2012; Strizhakova et al., 2011). For instance, according to Batra et al. (2000), consumers in emerging countries are more inclined to purchasing global brands because they enhance their social status and give them access to a highly desirable global consumer segment. Local brands under low involvement categories like food, on the other hand, are more preferred than global brands because they are more in line with local tastes and needs (Özsomer, 2012).

The aforementioned research gaps and opportunities have led us to develop the following research objectives. First to identify the drivers that influence consumer's preference of global versus local brands. Second, identify the non-personal marketing factors that influence consumers' choice of global or local brands. Third, to examine consumer's view of the current practice in hospitality industry regarding the use of global versus local brands.

The following parts of this development paper will only present our first steps of data collection and our initial research findings. Data still has to be fully tested and analyzed using some sophisticated statistical techniques to fully understand and critically analyze consumers' views and preference of global versus local brands.

Research Method

Structured questionnaire was used for the quantitative data collection, and a semi-structured interviewing guide was used for the qualitative data collection. Of the 220 contacted consumers, only 150 consumers were qualified for participation in the study based on some selection criteria. The qualified consumers provided good representation of different gender and age groups. The questionnaire was divided into five parts to collect primary data on consumers' views of global versus local brands and what drives them to choose and the relative importance of the influencing factors of chosen brands. Five different types of statistical methods are thought to be used later in this study to ensure that the data produced will accurately address the research objectives:

- **Descriptive statistics:** This includes basic statistical data of respondents' demographics, buying behaviour and scores for each question. It includes the measurement of mean scores and the dispersion of participants' responses from each other through variance and standard deviation scores.
- **Reliability analysis:** To ensure the robustness of the questionnaire and the reliability and freedom from random measurement error of the scales used, Cronbach's alpha, was used (Kline, 2011).
- **Factor analysis:** This technique was necessary to reduce the large number of factors into a manageable set and also to analyse the interrelationships among the different drivers, group them to common themes and eliminate the variables that are not highly correlated with and contributing significantly to the main components (Kent, 2007).
- **Correlation analysis:** Correlation analysis was used to quantify the degree of linear relationship between each of the variables and brand preference.
- **Regression analysis:** This method calculates the strength of cause-and-effect relationship between the drivers and brand preference (Saunders et al., 2012).

Initial Findings and Conclusions

While the data collection process has been completed, the dataset is still to be fully tested and analyzed before we can present the final research findings. This development paper only presents an initial set of results which shows that when it comes to restaurant choices, consumers in this sample highlight the importance of quality, customer service and ambience. Price and location are second factors and the least important factors are brand name, cuisine/s offered and country-of-origin. We can conclude that a single driver cannot influence global or local brand preference. Instead, brand preference is influenced by a combination of values, symbolic motives, utilitarian motives and external influencers. We can also conclude that when measuring consumers' global versus local brand preference, marketing practitioners must look at a combined set of factors including consumers' external influences, personal motives, and utilitarian benefits that any brands can offer. This finding supports our call for a holistic approach to be adopted by restaurant owners/managers in executing their marketing strategies. We recommend for global restaurant brands to be chosen over local brands, owners/managers should be able to consistently associate themselves with higher quality, prestige, esteem, status and modernity. This can be done through better communications through the possible use of mass media, digital media or other effective advertising channels. On the other hand, for local restaurant brands to compete effectively against global counterparts, we recommend that they constantly highlight their local symbolism with a deeper understanding of local tastes, needs and preferences and closer associations with local culture. These can build stronger connections and relationships with their local and even foreigner consumers.

This study has typically some limitations in terms of constructs, target group and sample size. These typical limitations offer opportunities for future research in this area of study and in other parts of the world.

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