International Brand Management and Strategy: Apparel Market in China

Dr. Yi-Ju Chen, Florida International University, USA
Dr. Po-Chung Chen, Chaoyang University of Technology, Taiwan

ABSTRACT

This study examined the perceptions of the country of origin and the methods of communicating branding information of international apparel brands. The findings of the study indicated that the respondents perceive European clothing brands as more stylish than brands from other nations. The results also indicated that information about apparel brands provided by friends and information provided by retail store operators was considered more reliable than information provided by advertising or the Internet. Lastly, it suggested that there were regional differences in the perceptions of consumers of foreign apparel brands, but the regional differences manifested themselves in only a few of the variables examined by the study.

Keywords: Brand management, Communication methods, Country of origin

INTRODUCTION

In the general approach to global branding in the apparel industry, China represents a unique market environment due to the relatively recent development of branding practices in this nation (Brouthers & Xu, 2002; Delong, Bao, Wu, Chao, & Li, 2004). China is a socialist market economy that is experiencing economic growth at a rate substantially higher than the majority of other nations. The nation has a population of 1.3 billion, which represents the largest single market of consumers in the world. The market is highly segmented on the basis of demographic factors such as age, geographic factors such as urban or rural location and psychographic factors such as perceptions of the importance of status (Gibb & Li, 2003). The size of the market, coupled with the segmentation, present a range of difficulties for firms attempting to develop a branding strategy tailored to the Chinese environment.

Over the past decade, consumers in China have become increasingly conscious of brands, with brand recognition functioning as an antecedent to the purchase decision (Wang, 2005). At the same time, the number of international and domestic brands in the marketplace is rapidly increasing as firms attempt to capture a share of this giant consumer market. As a result, there is a high level of cognitive dissonance in the marketplace caused by the proliferation of brands that have a similar message, which causes confusion for the consumer. The Chinese marketplace is characterized by a comparatively smaller number of brands than in other developing nations (Baroncelli, Fink, & Javorcik, 2005). In addition, the majority of the branding activity in the nation is conducted by foreign firms, although there has been a recent increase in branding efforts by domestic firms. The Chinese marketplace has also been receptive to various types of branding approaches that have been effective in other nations, including affiliate and co-branding. There is also some evidence that branding in China is highly visual and related to cultural symbols to a greater degree than in many other nations. As a result, a successful branding effort requires a symbolic linkage with an attribute that can be accomplished with a marketing communication that is
highly visual and symbolic. In general, the specific branding approaches that have been most successful in China associate the product with an intangible attribute associated with success or leadership (Ambler & Witzel, 2003).

There is also some evidence in the Chinese market of a difference in branding approaches between domestic and multinational firms (Zhou, Zhang, & Vertinsky, 2002; Delong, Bao, Wu, Chao, & Li, 2004). The domestic firms often attempt to rapidly establish brand awareness through the use of heavy advertising or other promotional activities for brief periods of time with the intent of increasing brand recognition among the consumer. In addition, local firms frequently change their brand strategies and sometimes abruptly terminate their branding efforts for individual products. In contrast, multinational firms that engage in branding in China tend to follow the traditional branding approach of using the same strategy over the long term and a steady pace of communication within the marketplace to establish brand awareness. At the same time, there is evidence that there is distrust of marketing communications in the Chinese marketplace that are identifiable as advertising or promotions intended to stimulate the purchase decision (Zhou, Zhang, & Vertinsky, 2002; Gao & Zhang, 2011). As a result, viral forms of marketing and branding have often been more effective in the Chinese marketplace; ones that do not direct communications toward an advertising approach.

The general theoretical models discussed thus far contain a presumption that the information regarding the attributes associated with the brand will be communicated to the consumer in order to build brand knowledge over time. Madhavaram, Badrinarayanan and McDonald (2005) provide a qualitative overview of the relationship between branding practice and integrated marketing communication (IMC). The IMC is essential for a firm to convey information to the consumer regarding the attributes of the brand. In practice, however, there is often little coordination between branding strategies and the IMC, with the majority of communications to the market aimed at stimulating purchasing rather than developing the level of consumer knowledge about the brand. This has led to marketing approaches in which branding and promotion are regarded as separate activities, with no effective means available to measure the effectiveness of branding. The authors further contend that increasing the level of brand equity requires the full integration of branding concepts into all of a firm’s marketing communications, with establishing and reinforcing the brand identity of the firm being the most important aspect of the IMC. While many of the authors’ arguments are compelling, there is no empirical evidence to fully support the premise and the model IMC offered by Madhavaram, Badrinarayanan and McDonald. In general, however, the concept of consistent use of the IMC to support branding conforms to general branding theory; which contends that the level of brand knowledge of the consumer is cumulative and increases in proportion to their level of exposure to information about the brand (Keller, 2003; 2012; Shimp, 2010).

Country of origin theories in global branding (De Mooij, 2005; Steenkamp, Batra, & Alden, 2003) suggests that the country where a product originates, or where the headquarters of a firm is located, can create certain inferences in global consumers about the attributes that are inherently associated with the product. Han (1989) evaluated the role of country image in consumer evaluations. Two models were developed: 1) the Halo Model; 2) the Summary Construct Model. The Halo Model hypothesized that country image plays as a halo in product evaluation. However, the Summary Construct Model hypothesized that country image serves as a summary construct. These mean when consumers are not familiar with country products, “halo effect” of country image may show on the perception unfamiliar products. In contrast, when consumers are familiar with country products, country image may become a construct, which summarizes consumers’ beliefs about the product attributes (Han, 1989, p.222).
The purpose of this study was to investigate the perceptions of Chinese consumers towards international apparel brands in order to identify the branding strategies that are most effective in this market. The study also examined the country of origin information and the methods of communications of brand information that may influence the branding models multinational firms may use in launching apparel brands in the Chinese market.

**METHODLOGY**

**Instrumentation**

The study used a survey questionnaire developed for the purposes of this study. The instrument was carefully evaluated and reviewed by two experts — one professor from the Psychology Department, and another from the Business Department. The instrument was built up in line with the review of literatures that focused on the customer preferences with international apparel brands and methods of communications of brand information, and country of origin information that may influence the branding models.

**Sampling**

The sampling strategy for this study involved the use of a convenience sampling of individuals leaving retail apparel shopping outlets in mainland China, which was analogous to the mall intercept sampling strategy used in consumer studies in Western nations. Local university students were trained by the researcher to conduct the survey in four malls at various hours to collect the data. The research questions are as follows:

Does the country of origin of foreign apparel brands influence the perceptions of consumers in the Chinese market?

Do the methods of communications of brand information influence the perception of the brand among Chinese consumers?

- **H1o:** The country of origin of an international apparel brand does not influence the perceptions of Chinese consumers of the brand.
- **H1a:** The country of origin of an international apparel brand influences the perception of Chinese consumers of the brand.

Some findings (De Mooij, 2005; Steenkamp, Batra, & Alden, 2003) suggest that the country where a product originates, or where the headquarters of a firm is located, can create certain inferences in global consumers about the attributes that are inherently associated with the product. Jaworski and Fosher (2003) noted that the strategies used in the international branding of a product are based on whether the country of origin has a positive or negative image in the target nation.

- **H2o:** Chinese consumers place equal trust in viral marketing, formal advertising or other types of direct marketing communications as sources of brand information.
- **H2a:** Chinese consumers place greater trust in viral marketing sources of brand information than formal advertising or other types of direct marketing communications.

The specific research conducted by Erdem (1998) involved a validation of the model through the use of panel data, which is an inherently subjective method of gathering data on branding. The findings of his study indicated that the latent brand value operates to convey information about all products associated with a brand, with the brand image and knowledge transferring to the other products. His study,
however, also determined that informal channels of communication in the market have a powerful impact on consumer brand knowledge and can offset the formal communications of a firm through its marketing and branding efforts.

**H3o:** The demographic factors of age, gender, education, income, length of living in the cities and residential location do not affect the perceptions of foreign apparel brands among consumers in China.

**H3a:** The demographic factors of age, gender, education, income, length of living in the cities and residential location do affect the perceptions of foreign apparel brands among consumers in China.

Other researchers (Crocker & Tay, 2004) indicated that the Chinese market is highly fragmented in terms of language, customs and income due to disparities in economic development among regions. These authors also suggest that there is a very low amount of relevant research regarding the behaviors and perceptions of Chinese consumers, which creates substantial difficulties for firms planning branding campaigns as a part of their overall marketing strategy in the nation. That means more sophisticated foreign brands have a great deal of appeal to Chinese consumers that are educated and have a general understanding of the global market.

**FINDINGS**

**Country of Origin**

The central tendency information for this data suggests that the respondents perceive European clothing brands as more stylish than brands from other nations, followed by Japanese and American clothing brands. The skewness and kurtosis for the European brands indicates a relatively narrow and peaked distribution around the median, which is compared to a more normal distribution for Japanese and American brands. In addition, the respondents were neutral in their opinion of whether American apparel brands were more stylish than the brands from other nations. The median and the mode were substantially lower for the American brands than for the European or Japanese brands. Table 1 contains the median, mean, mode, skewness and kurtosis for the country of origin of apparel brands.

<table>
<thead>
<tr>
<th>Table 1: Mean, Median, Mode, Skew and Kurtosis of Country of Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
</tr>
<tr>
<td>European clothing brands are more stylish than clothing brands from other nations</td>
</tr>
<tr>
<td>American clothing brands are more stylish than clothing brands from other nations</td>
</tr>
<tr>
<td>Japanese clothing brands are more stylish than clothing brands from other nations</td>
</tr>
</tbody>
</table>

**Methods of Communication**

The central tendency of the data with respect to methods of communication for product information relied on by Chinese apparel consumers suggests that friends are viewed as providing the most reliable information, followed by the Internet and retail stores. The reliance on friends as a source of brand information suggests that some type of viral marketing occurs in the Chinese market. The skewness and kurtosis for the data regarding sources of information suggests a relatively normal distribution, although the data for friends as a source of information is somewhat peaked. The data further suggests that the respondents did not prefer to wear the same clothing brands as their friends, which is an anomalous finding due to the high degree of reliance that the respondents placed on friends as a source of information about apparel brands. In addition, the respondents did not believe that there was an excessive amount of information about apparel brands that made it difficult to select among the brands. The
respondents indicated that they do not gather as much information as possible before making a purchase decision. The median and mode for this variable was low at 2.00 and 2 respectively, with a relatively small amount of skewness and kurtosis. Table 2 contains the mean, median, mode, skewness and kurtosis for the variables associated with the method of communication of brand information.

Table 2: Mean, Median, Mode, Skew and Kurtosis of Methods of Communication

<table>
<thead>
<tr>
<th>Method of Communication</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
<th>Skew</th>
<th>Kur.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most of my friends wear foreign clothing</td>
<td>3.11</td>
<td>3.00</td>
<td>4</td>
<td>-0.26</td>
<td>-1.28</td>
</tr>
<tr>
<td>Advertising provides reliable information about clothing</td>
<td>3.20</td>
<td>4.00</td>
<td>4</td>
<td>-0.54</td>
<td>-1.38</td>
</tr>
<tr>
<td>Retail stores provide reliable information about clothing</td>
<td>3.45</td>
<td>4.00</td>
<td>4</td>
<td>-1.06</td>
<td>-0.52</td>
</tr>
<tr>
<td>Friends provide reliable information about the differences in</td>
<td>3.74</td>
<td>4.00</td>
<td>4</td>
<td>-1.23</td>
<td>1.47</td>
</tr>
<tr>
<td>The Internet provides reliable information about the</td>
<td>3.46</td>
<td>4.00</td>
<td>4</td>
<td>-0.85</td>
<td>-0.40</td>
</tr>
<tr>
<td>There is so much information about clothing brands that it</td>
<td>2.62</td>
<td>2.00</td>
<td>2</td>
<td>0.74</td>
<td>-1.01</td>
</tr>
<tr>
<td>is difficult to make a selection</td>
<td>2.36</td>
<td>2.00</td>
<td>2</td>
<td>0.29</td>
<td>-2.35</td>
</tr>
</tbody>
</table>

Demographic Variables

The median age for the respondents fell between 26 and 39 years, with this age group representing 48.5% of the sample. The respondents were 58.4% male. The data indicated that there was a relatively even distribution of educational levels among the sample, with between 21% and 27% in each of the four major educational categories (the categories were Under High School, High School, College, and University). Only the percentage of respondents with graduate degrees fell outside this general pattern, with this group representing only 4.1% of the respondents. The largest income group among the respondents was in the moderate range of 2001 to 4500 RMB, which represented 48.2% of the respondents. In addition, 46.2% of the respondents had lived in the cities where the survey was conducted for more than 10 years.

However, if the demographic factor - locations (Shanghai and Guangzhou) - were viewed separately. There were some interesting differential in between. The median age for the respondents in Shanghai fell between 40 to 55 years (52.5%). The respondents were 59.2% male. The data also indicated that the educational levels among the sample in Shanghai were a relatively even distribution, with between 19.4% and 28.1% in each of the four major educational categories (the categories were Under High School, High School, College, and University). Only the percentage of respondents with graduate degrees fell outside this general pattern, with this group representing only 6.1% of the respondents. The largest income group was in the moderate range of 2001 to 4500 RMB, which represented 49.5% of the respondents. Besides, 48.5% of the respondents had lived in Shanghai was conducted for more than 10 years.

On the other hand, in Guangzhou, the largest age group for the respondents dropped between 26 to 39 years (57.7%). The respondents were 57.7% male. The educational levels among the Guangzhou sample was 35.2% in Under High School, 30.7% in High School, 16.3% in College, and 15.8% in University. Respondents with graduate degrees represented only 2.0% of the respondents. The largest income group was in 2001 to 4500 RMB, which represented similarly with Shanghai (46.9% of the respondents). Further, 43.9% of the respondents had lived in Guangzhou was conducted for more than 10 years. Table 3 presents the summary of frequencies and percentages for the demographic variables of the study.
Table 3: Frequencies and Percentages of the Demographic Variables

<table>
<thead>
<tr>
<th></th>
<th>Frequency Both cities</th>
<th>%</th>
<th>Frequency Shanghai</th>
<th>%</th>
<th>Frequency Guangzhou</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-25</td>
<td>35</td>
<td>8.9</td>
<td>16</td>
<td>8.2</td>
<td>19</td>
<td>9.7</td>
</tr>
<tr>
<td>26-39</td>
<td>190</td>
<td>48.5</td>
<td>77</td>
<td>39.3</td>
<td>113</td>
<td>57.7</td>
</tr>
<tr>
<td>40-55</td>
<td>167</td>
<td>42.6</td>
<td>103</td>
<td>52.5</td>
<td>64</td>
<td>32.6</td>
</tr>
<tr>
<td>56 or older</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>229</td>
<td>58.4</td>
<td>116</td>
<td>59.2</td>
<td>113</td>
<td>57.7</td>
</tr>
<tr>
<td>Female</td>
<td>163</td>
<td>41.6</td>
<td>80</td>
<td>40.8</td>
<td>83</td>
<td>42.3</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under High School</td>
<td>107</td>
<td>27.3</td>
<td>38</td>
<td>19.4</td>
<td>69</td>
<td>35.2</td>
</tr>
<tr>
<td>High School</td>
<td>100</td>
<td>25.5</td>
<td>40</td>
<td>20.4</td>
<td>60</td>
<td>30.7</td>
</tr>
<tr>
<td>College</td>
<td>83</td>
<td>21.2</td>
<td>51</td>
<td>26.0</td>
<td>32</td>
<td>16.3</td>
</tr>
<tr>
<td>University</td>
<td>86</td>
<td>21.9</td>
<td>55</td>
<td>28.1</td>
<td>31</td>
<td>15.8</td>
</tr>
<tr>
<td>Graduate</td>
<td>16</td>
<td>4.1</td>
<td>12</td>
<td>6.1</td>
<td>4</td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low (RMB 2000 and below)</td>
<td>79</td>
<td>20.2</td>
<td>16</td>
<td>8.2</td>
<td>63</td>
<td>32.2</td>
</tr>
<tr>
<td>Moderate (RMB 2001-4500)</td>
<td>189</td>
<td>48.2</td>
<td>97</td>
<td>49.5</td>
<td>92</td>
<td>46.9</td>
</tr>
<tr>
<td>High (RMB 4501 and higher)</td>
<td>124</td>
<td>31.6</td>
<td>83</td>
<td>42.3</td>
<td>41</td>
<td>20.9</td>
</tr>
<tr>
<td><strong>Length Living in City</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5 years</td>
<td>85</td>
<td>21.7</td>
<td>41</td>
<td>20.9</td>
<td>44</td>
<td>22.4</td>
</tr>
<tr>
<td>5-10 years</td>
<td>126</td>
<td>32.1</td>
<td>60</td>
<td>30.6</td>
<td>66</td>
<td>33.7</td>
</tr>
<tr>
<td>More than 10 years</td>
<td>181</td>
<td>46.2</td>
<td>95</td>
<td>48.5</td>
<td>86</td>
<td>43.9</td>
</tr>
</tbody>
</table>

CONCLUSIONS AND IMPLICATIONS

The findings of the study supported that the country of origin has an effect on the preferences of Chinese consumers for foreign apparel brands, with European and Japanese brands perceived as more stylish than clothing brands from the United States. European brands were perceived as more stylish among men, although women also considered the brands to be very stylish. The college group generally has more favorable opinions of European and Japanese brands as being more stylish.

The findings of the study also supported the conclusion that viral marketing methods are an important method of disseminating information about clothing brands in the Chinese market. The respondents relied heavily on their friends as sources of information about brands, although they did not necessarily prefer to wear the same brands of clothing as their friends. This suggests that word-of-mouth methods of communicating with the market are perceived as more reliable than other types of more formal communication methods. The findings also support the conclusion that promotions or other types of communications that occur in retail stores are very effective in this particular market. The respondents viewed communications about apparel brands from retail stores as more reliable than most other forms of communications. Both the word-of-mouth and retail store type of communications involve some degree of direct relationship with another individual, which distinguishes these types of communications from advertising or the use of the Internet as a means of disseminating product information.

Another conclusion that is supported by the findings is that the consumers of apparel in China do not engage in lengthy searches for information about retail apparel and that they do not believe that there
is an over-abundance of information in the market about clothing. Consumers in this market apparently
do not consider clothing a major purchase and therefore do not engage in a lengthy or complex search for
information to assist them in choosing a clothing brand. As a result, they are most responsive to
immediate influences such as information provided by retail stores at the point of sale. In addition, they
appear to recall the information provided by personal relationships more readily than information
provided by advertising sources.

The implication of the findings is that the consumer of retail clothing should be approached with an
integrated marketing communications approach that involves multiple methods of communication that are
cumulative over time. Because the consumer does not engage in an extensive search for information
about apparel brands prior to a purchase, they depend heavily on referent knowledge that they already
have about the attributes associated with the brand. As a result, the consumer’s knowledge base about the
attributes of a particular brand should be gradually developed over time, with a similar message provided
by all sources of communication (Madhavaram, Badrinarayanan, & McDonald, 2005) This situation
suggests that foreign apparel brands should adopted an integrated marketing communication approach
that conveys a consistent message regarding the attributes associated with the brand to the consumer.

Another implication of the study is that there may be significant regional differences in China
regarding the perception of foreign apparel brands. This suggests that the marketing approach for brands
may need to vary in different regions in China, depending on the perceptions of the local population. This
may be a particularly important when it is necessary for a brand to compensate for a negative country of
origin effect, which appears to be an important variable in at least the two cities examined in this study.

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