

Demystifying Buying Behaviour of Indian Consumer: Comparative Brand Preference Analysis

Dr. Malhar Kolhatkar*

Dr. Nirzar Kulkarni**

Key Words:

1. Consumer Behaviour
2. Brand Choice

Abstract : The present study aims to determine factors affecting Indian consumers' purchase intentions toward an existing local clothing brand and a foreign clothing brand available in the Indian market. Clothing, a vehicle through which people express their unique personalities and views, is an important product category that illustrates the relationship among individuals' self, their interests, and their behaviour in consumption. Based on the results of this study, implications will be drawn for both foreign and Indian retailers. Consumers in emerging countries are increasingly presented with brands imported from western or developed countries. In this competitive environment, retailers must understand how and why consumers in emerging countries make their choice between foreign brands and local brands.

Introduction:

India is expected to become a major global economic power in the near future. A recent increase in the number of middle class families with higher household income has led to a rise in disposable income (Business India Intelligence, 2005). The rapidly expanding middle class consumers of India, with their increasing purchasing power, constitute the primary market for branded foreign goods (Bharadwaj, 2005). The increase in consumer spending is evidenced by the current growth of the Indian retail industry, in addition to the expected growth to a \$500 billion industry by the year 2010. India's \$3.5 billion clothing market represents the second-largest industry for India and it presents opportunities for both domestic and foreign retailers (Fernandes, 2000). Though the economy holds a lot of promise, India is the second largest untapped retail market behind China (Field, 2005).

In India, foreign brands were considered expensive and available only to the rich and the upper income consumers because of government policies that limited the entry of foreign goods in India (Batra, 2000). In the past few years, the Indian Government has opened its domestic market to international companies.

As a result, Western clothes are becoming increasingly popular in India, creating intense competitions between local products and foreign products. Western clothes were adopted first by Indian men and later by Indian women as more women are joining the workforce (Wilkinson-Weber, 2005). In spite of the popularity of

western clothing among Indians, there is no empirical research on understanding consumer perceptions toward foreign clothing brands and more specifically foreign clothing brands.

Many foreign retail companies and brands are expanding their businesses into India, making their products and brands easily available to the typical Indian consumer. Some of the foreign clothing brands available in India are Levi's, Calvin Klein, Nike, Dockers, and Wrangler. Indian consumers are purchasing these brands in modern shopping formats such as malls and department stores, similar to those in the USA and Europe. Foreign brands are expected to become more popular in India as western clothes such as jeans, T-shirts and skirts are becoming the norm for college students and working women.

Although retailing in India seems to provide countless opportunities to both foreign and local retailers, it has been the subject of relatively little research. More empirical research should be conducted to determine factors that explain Indian consumers' brand choice between local brands and foreign brands sold in India.

Consumers' purchase behaviour:

In India, where higher income disparities and status mobility exist, consumers seek to emulate western practices by purchasing foreign brands (Batra, 2000; Kinra, 2006). They may use foreign clothing brands to enhance their self concept, to project a unique identity, or to exhibit their social standing. Thus, Indian consumers' perception and purchase of specific clothing brands may reflect congruence between their self-concept and consumption behaviour such as need for uniqueness (NFU) and interest in clothing. Assessing whether these postulations apply to both foreign and local clothing brands requires testing of hypotheses.

In this paper, Indian consumers' self-concept and consumption behaviour are postulated to be linked to brand perceptions, which

*The author is faculty at Dr. Ambedkar Institute of Management Studies & Research, Deeksha Bhoomi, Nagpur and can be reached at malharkolhatkar@rediffmail.com

** The author is faculty at Dr. Ambedkar Institute of Management Studies & Research, Deeksha Bhoomi, Nagpur

are postulated to influence purchase intention. Brand perceptions can be viewed as utilitarian (e.g. quality and price) as well as non-utilitarian (e.g. display of status, wealth and prestige). Indian consumers' brand perception may be influenced by their self-concept, NFU, and by the level of clothing interest. This study is designed to determine the factors influencing Indian consumers' purchase intention toward a foreign versus local clothing brand. Purchase intention is explained with several variables: self-concept, consumer's NFU, clothing interest, perceived quality, and emotional value.

Hypothesis:

H1: Indian consumers' self-concept, NFU (need for uniqueness), clothing interest are direct and indirect antecedents of purchase intention toward local and foreign clothing brands.

H2: Emotional value plays a critical role in Indian consumers' intention to purchase foreign and local clothing brands.

Research Methodology:

This study identified factors that are significant in determining the purchase intention of a foreign clothing brand versus a local clothing brand in India.

Brand Selection:

The brand "Wrangler" was selected as the foreign clothing brand for two reasons:

1. From a focus group interview among Indian consumers, Wrangler was found to be one of the few foreign brands that were available in Indian markets for both men and women.
2. Being a mature brand in the foreign, it needs to be examined for market potential.

The local clothing brand was selected by asking respondents to think about "the most popular casual local brand" when answering the survey. Such an approach was adopted for the local brand because of a wide variety of local brands available in the Indian market for men and women.

Measures:

The measures consisted of a self-oriented variable (i.e. self-concept), product-oriented variables (i.e. NFU (need for uniqueness) and clothing interest), and brand-specific variables (i.e. perceived quality, emotional value, and purchase intention). Brand-specific measures contained the same corresponding items for Wrangler and the local brand. Each item was rated on a six-point scale anchored by "strongly disagree" and "strongly agree." The reason for choosing a six-point Likert type scale was to have an even number of ratings in the scale so that respondents commit to either the positive or negative end of the scale thereby avoiding a neutral or ambivalent answer choice (Cummins and Gullone, 2000).

Sample:

A total of 411 undergraduate students enrolled at a major state university in Nagpur, Maharashtra, India answered the self-administered questionnaire through e-mail and telephonic interview. A total of 405 usable surveys were obtained. About 64 percent of the sample was male. Ages ranged from 19 to 30, with a mean age of 22 years. The most frequently used retail format in which respondents made a purchase of casual clothing was a discount store, followed by a department store.

Results:

The proposed model consisted of one exogenous variable (self-concept) and five endogenous variables (NFU, clothing interest, perceived quality, emotional value, and purchase intention). Structural equation modeling with AMOS graphics version 5.0 was used to analyze the data and parameters were estimated using the maximum likelihood method. Following confirmatory factor analyses (CFA), the structural models were tested for Wrangler and the local clothing brand.

Measurement Model:

CFA was used to validate the measurement model that consisted of six constructs. During the process of CFA, a few items were

Exhibit 1: Discriminate validity for Wrangler brand and local brand

	1	2	3	4	5	6
1. Self-concept	0.87(0.85)					
2. Need for uniqueness	0.01(0.03)	0.83(0.84)				
3. Clothing interest	0.05(0.04)	0.61(0.66)	0.64(0.61)			
4. Perceived quality	0.01(0.01)	0.01(0.02)	0.05(0.03)	0.83(0.79)		
5. Emotional value	0.01(0.01)	0.02(0.02)	0.05(0.06)	0.10(0.12)	0.74(0.77)	
6. Purchase intention	0.02(0.05)	0.01(0.03)	0.02(0.01)	0.12(0.20)	0.69(0.65)	0.64(0.62)

Notes: values in parentheses indicate for the local brands; diagonal entries show the AVE by the construct; off-diagonal entries represent the variance shared (squared correlation) between constructs

discarded from the model because of large standardized residuals greater than 2.58, indicating high correlations among the error terms (Schumacker and Lomax, 2004). The final model consisted of six constructs. The measurement models showed acceptable model-data fit: for Wrangler brand, $\chi^2 = 466.59$ ($df = 191$, $p < 0.001$), χ^2 / df ratio = 2.44, comparative fit index (CFI) = 0.92, and root mean square errors of approximation (RMSEA) = 0.06; for the local brand, $\chi^2 = 460.87$ ($df = 191$, $p < 0.001$), χ^2 / df ratio = 2.413, CFI = 0.91, and RMSEA = 0.06.

The construct validities of the latent constructs were evaluated by both convergent and discriminate validity. For both Wrangler and the local brand, all path weights were significant ($p < 0.001$) and

all R2 values exceeded 0.50 (Hildebrandt, 1987); the composite reliabilities of all constructs were greater than the minimum criteria of 0.70 (Nunnally and Bernstein, 1994), indicating adequate convergent validity.

Discriminate validity was assessed in two ways. First, 2 difference tests were performed for all pairs of constructs to determine whether the unrestricted model (i.e. correlation was freely estimated) was significantly better than the restricted model (i.e. correlation was fixed at 1). For both Wrangler and the local brand, all 2 differences were highly significant ($p < 0.001$), providing evidence of discriminate validity

Exhibit 2: Standardised coefficients and fit statistics for the structural model

Structural paths	Standardized estimate	
	Wrangler brand	Local brand
Self concept- need for uniqueness	0.12	0.12
Self concept- clothing interest	0.11*	0.11*
Need for uniqueness-clothing interest	0.76**	0.77**
Clothing interest- perceived quality	0.31**	0.03
Clothing interest- emotional value	0.31**	-0.07
Perceived quality-purchase intention	-0.34**	0.005
Emotional value- purchase intention	0.78**	0.66**
Clothing interest- purchase intention	0.32**	0.11*
Fit statistics		
$\chi^2(df)/\chi^2/df$ ratio/ p -value	495.70(197)/2.51/0.000	495.70(196)/2.41/0.000
RMSEA	0.060	.06
CFI	0.92	0.91
Notes: * $p < 0.05$; ** $p < 0.001$		

(Anderson and Gerbing, 1988). Second, we examined whether the average variance extracted (AVE) was larger than the shared variance (i.e. squared correlation coefficients) between all possible pairs of constructs (Fornell and Larcker, 1981). This examination also provided evidence of discriminate validity as indicated in Exhibit 1.

Discussions:

This study demonstrates that Indian consumers' self-concept, NFU (need for uniqueness), clothing interest, and emotional value are direct and indirect antecedents of purchase intention toward local and foreign clothing brands. The insignificant relationship between self-concept and NFU (need for uniqueness) implies that

Indian consumers with high self-concept neither wish to be different from others nor wish to fit in with others. The positive relationship between self-concept and clothing interest suggests that Indian consumers may consider their clothing a way to convey and enhance their self-concept. The positive relationship between NFU (need for uniqueness) and clothing interest suggests that Indian consumers use clothing as a means to express their individuality.

The positive relationship that clothing interest had with perceived quality and emotional value for Wrangler brand supports previous findings that products from developed countries were positively evaluated in terms of product quality and emotional benefits.

However, this positive relationship did not exist for a local brand. This may be explained by the fact that consumers from developing countries prefer foreign brands over brands from their own country because foreign brands are associated with status symbols and quality while local brands are not.

The negative effect of perceived quality on purchase intention of Wrangler can be explained in several ways. First, although consumers may consider foreign brands to have high quality, certain external factors may strongly influence their purchase intention. Second, Indian consumers who perceived Wrangler to have superior quality may also have perceived its price to be high due to the price-quality relationship. This may have lowered the intention to buy Wrangler because quality is less important than price to Indian consumers. This may be particularly true for college students who are typically sensitive to price. Third, due to the greater availability of inexpensive local brands compared to more expensive foreign brands, the likelihood of Indian consumers' buying foreign brands may be lower. On the other hand, a positive relationship was found between the emotional value of Wrangler brand and purchase intention. This suggests that Indian consumers' perception of foreign clothing brands as providing superior emotional value is likely to enhance their purchase intention.

In case of the local brand, emotional value significantly influenced purchase intention, while perceived quality did not. This supports finding that Indian consumers are more oriented toward emotional value rather than functional value for shopping. The present study clearly demonstrates that emotional value plays a critical role in Indian consumers' intention to purchase foreign and local clothing brands. The direct positive relationship between clothing interest and purchase intention for both Wrangler brand and the local brand suggests that Indian consumers who are interested in clothing will buy foreign brands and local brands, regardless of how they perceive the brand.

Conclusion:

This study identified factors influencing of purchase intention toward a foreign versus local clothing brand based on self-concept, NFU (need for uniqueness), clothing interest, brand perception, and purchase intention. In both the models (i.e. foreign and local brands), self-concept and NFU (need for uniqueness) directly influenced clothing interest and indirectly influenced purchase intention.

Clothing interest and emotional value were other important variables that directly influenced purchase intention. This study provides valuable implications for both existing Indian clothing retailers and foreign clothing retailers who plan to enter the Indian market. Foreign retailers entering India could focus on uniqueness and emotional aspects of foreign clothing brands in order to appeal to Indian consumers, especially those who exhibit higher interest in clothing.

Although the direct effect of self-concept on purchase intention was not tested, indirect effects via clothing interest and emotional value were found. It has been reported that self-concept is of central importance to individuals and thus individuals will direct

their behaviour to maintain and enhance their individual self-concept. Therefore, advertising campaigns could impart emotionally-appealing messages stressing the uniqueness of wearing a foreign clothing brand, while projecting the product's features that satisfy or improve self-concept of these consumers. In India, retailers are in an advantageous market condition in which the emotional aspects (e.g. entertainment and fun) rather than functional aspects (e.g. quality and expected performance) of a brand may be appealing and far-reaching due to the fact that the numerous Indian languages and dialects make it difficult to disseminate cognitive product information.

Indian retailers must note the insignificant relationship between clothing interest and brand perception (i.e. perceived quality and emotional value) of local brands. Positive perceptions of quality and emotional value are important for the long-term success of a brand. Therefore, it is recommended that Indian retailers employ aggressive strategies to improve consumer perception of their brands in terms of quality and emotional appeal among those who have higher interest in clothing. One strategy is to hire Indian celebrities to endorse their brands in advertisements in order to form positive consumer attitudes toward the brand. Other possible strategies to improve Indian consumers' perception toward local brands include strategic alliances, licensing agreements, or joint ventures in order to sell under foreign brand names associated with higher status and quality. Such partnerships may enable local brands' weaknesses to be balanced by foreign brands' strengths.

The use of a student sample may be a limitation to generalize of this study's findings and future research should be conducted with a sample that is more representative of the entire Indian consumer population. This study utilizes only one foreign brand (Wrangler) and determines Indian consumers' purchase behaviour based on that brand. Future research should identify several foreign brands that are available in India and extend this study toward those brands. Further, no single local brand is identified as respondents were asked to pick a local brand that came to their mind. This may lead to a bias as each respondent would have different perceptions about the local brand that they chose. In order to compare foreign consumers and foreign consumers in their attitudes and perceptions toward global brands, cross cultural studies are recommended. This study used a clothing brand that is usually associated with symbolic and hedonic attributes, which may have resulted in a greater influence of emotional value on purchase intention. Future studies can be extended to other consumer products.

References:

- Anderson JC and Gerbing DW (1988), "Structural equation modelling in practice: a review of recommended two-step approach", *Psychological Bulletin*, 103(3); 411-23.
- Batra R, Ramaswamy V, Alden DL, Steenkamp, J.-BEM; and Ramachander, S (2000); "Effects of brand domestic and nondomestic origin on consumer attitudes in developing countries", *Journal of Consumer Psychology*, 9(2); 83-5.
- Bharadwaj, VT, Swaroop, GM and Vittal, I (2005), "Winning the Indian consumer", *McKinsey Quarterly*, Special edition, 42-51.
- Bhushan, R (2004), "Celebrities: bang for buck?" *Business Line*, January



29.

Business India Intelligence (2005), "Spreading their sales", Business India Intelligence, 12(6), 1-2.

Cummins, RA and Gullone, E (2000), "Why we should not use 5-point Likert scales: the case for subjective quality of life measurement", Proceedings of the 2nd International Conference on Quality of Life in Cities, National University of Singapore, Singapore, 74-93.

Fernandes, M, Gadi, C, Khanna, A, Mitra, P and Narayanaswamy, S (2000), "India's retailing comes of age", McKinsey Quarterly; 4; 95-102.

Field, A. (2005), "Passage to India", available at: <http://retailtrafficmag.com>/Fornell, C and Larcker, DF (1981), "Evaluating structural equation models with unobservable variables and measurement error", Journal of Marketing Research, 18; 39-50.

Gabor, A and Granger, CWJ (1966), "Price as an indicator of quality: report on an enquiry", 33 (129); 43-70.

Han, CM and Terpstra, V (1988), "Country-of-origin effects for uni-national and bi-national products", Journal of International Business Studies, 19 (2); 235-55.

Demystifying Buying

Hildebrandt, L (1987), "Consumer retail satisfaction in rural areas: a reanalysis of survey data", Journal of Economic Psychology, 8 (1), 19-42.

Iyer, GR and Kalita, JK (1997), "The impact of country-of-origin and country-of-manufacture cues on consumer perceptions of quality and value", Journal of Global Marketing, 11 (1), 7-27.

Kinra, N (2006), "The effect of country-of-origin on foreign brand names in the Indian market", Marketing Intelligence & Planning, 24 (1), 15-30.

McConnell, D (1968a), "An experimental examination of the price-quality relationship", Journal of Business Research, 4(4), 439-44.

Nunnally, JC and Bernstein, I (1994), Psychometric Theory, McGraw-Hill, New York, NY.

SanFilippo, M (2004), "Nautica signs with four new partners", Home Textiles Today, 25 (26), 23.

Schumacker, RE and Lomax, RG (2004), A Beginner's Guide to Structural Equation Modelling, Lawrence Erlbaum Associates, Hillsdale, NJ.

Wilkinson-Weber, C (2005), "Tailoring expectations: how film costumes become the audience's clothes", South Asian Popular Culture, 3 (2), 135-59.