PURCHASE INTENTION TOWARDS LOCAL AND FOREIGN APPAREL BRANDS: COMPARISON BETWEEN LATIV AND UNIQLO

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Abstract

This study attempts to gain knowledge about consumer purchase intention towards local and foreign apparel brands in Taiwan. Taiwanese brand Lativ and Japanese brand UNIQLO are selected as the research target. This study adopted a sample of 200 respondents which was obtained from on-line survey and respectively analyzed with ANOVA, factor and multiple regression analysis. The results indicated that consumer willingness to purchase is significantly affected by brand image and perceived quality for both brands. Moreover, price is significant to UNIQLO, but insignificant to Lativ. We implied that consumers are more sensitive to the price fluctuation of UNIQLO. The results also reveal that country of origin is negative significant to both brands. The consequence is contrary to our hypothesis and is further explained in our discussion.

Key words: purchase intention, country of origin, apparel brand, brand image, perceived quality, price, Taiwan
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1. Introduction
   a. Background
      Due to international competition and technology development in past decades, Taiwan’s industrial structure has undergone gradual transformation. Nowadays, electronics and information sectors expanded rapidly to become the island's mainstream industries. Contrarily, the labor-intensive export industries, which once played an important role in Taiwan’s economic development, are increasingly turning out of date due to the rapid changing society. They face great challenges and difficulties to adapt to new environment.

      The apparel industry is one of these typical traditional industries in Taiwan. The apparel factories in China and India enjoyed relatively lower average wages and larger scale of production. Under the fierce competitiveness, the apparel industries in Taiwan, especially for the Original Equipment Manufacturer (OEM) industries, have been perceived as one of the sunset industries mainly due to rising wages and lack of resources for expansion. To survive in the ever-changing world, they seek the possibility of transforming into Original Design Manufacturer (ODM) to establish their own apparel brands.

      Lack of marketing strategies and resources for expansion, local apparel brands usually found it hard to succeed and sustain development. On the other hand, the international fashion brands equipped with good marketing strategies and sufficient capital, take Zara and UNIQLO for example, are considered as powerful competitors to the Taiwanese apparel brands. Foreign apparel brands have gradually occupied Taiwan’s apparel market in recent years. Most of them became an instant hit once their stores open in Taiwan. These brands are well-known for their distinctive features and affect consumer’s willingness to purchase. As a result, the competition between foreign and local apparel brands became increasingly intense. Based on this acknowledgement, we would like to know if country of origin plays a key role in affecting Taiwanese consumers' purchase intention. An analysis of other main factors would also be conducted to gain further understanding of the purchase intention towards apparel brands.
b. **Objective of Study**

To compare Taiwan apparel brands to foreign apparel brands, the famous Japanese brand UNIQLO is chosen as our research target because it’s the most sell-out foreign apparel brand in Taiwan and its market share keeps increasing in recent years. Moreover, teenagers in Taiwan are familiar with and affected by Japanese culture. On the other hand, a domestic apparel brand-LATIV is chosen as the other research target. As a relatively successful local brand, Lativ embraced enormous development and market share recently. Additionally, the similar clothing style is what UNIQLO and Lativ share in common and provide the comparison base. We aim to exam whether the consumers’ purchase intention is influenced by country of origin. For instance, consumer may view Japan as a country with high technical advancement and good economic development. The country of origin then results in stronger purchase intention for Japanese brand UNIQLO. Except country of origin, we would like to figure out other factors what consumers value the most. Finally, management suggestions will be provided to the apparel brands which are willing to develop in Taiwan to adjust and set their brand position.

2. **Literature Review**
   a. **Purchase Intention**

   Purchase intention simply means consumers’ comments plus their reaction towards external factors (Syu Shih Jyun, 1987). It demonstrates that purchase intention is infected by both consumers feeling and the external factors. Past studies also pointed out that purchase intention is positively associated with perceived value (Grewal, Monroe, and Krishnan, 1998). Therefore, we can refer that the higher the perceived value, the stronger the purchase intention is (Dodds, Monroe & Grewal, 1991). This definition implies that the level of the purchase intention mainly depends on the perceived value to customers.

   More specifically, perceived value is consumer’s anticipation about the outcome of purchasing a product or service based on future benefits and sacrifices (Spreng, Dixon and Olshavsky, 1993). We select perceived quality as the main future benefit the consumer would gain, and the price as the main future sacrifices. That is, perceived quality and price satisfaction are both positively relative with perceived value.
b. Perceived Quality

Perceived quality is the quality as the customer perceives it. Customers imbue products and services with their understanding of their goodness (Garvin, 1983). It is mostly determined by consumers’ subjective feeling rather than the objective feature of products. As a result, we consider it as one of the factors infecting purchase Intention in consumers’ mind. We assume there is a positive relation between perceived value and perceived quality, and perceived value is positively relative with purchase intention, so there would be a positive relation between perceived value and purchase intention.

c. Price Satisfaction

Price has been viewed as an important element in affecting consumers’ willingness to purchase. Customers’ purchase intention is related to the reflection of price satisfaction. Some studies pointed out that price satisfaction is a consequence of price fairness and price perception (Campbell, 1999), while some discussed that price perception has an effect on satisfaction (Keaveny, 1995 and Varki & Colgate, 2001). Based on this acknowledgement, we can further infer that higher price satisfaction results in higher satisfaction and consumers tend to tolerate the price more. Price tolerance is closely related to the concept of consumer surplus: “the excess of the price which a man would be willing to pay rather than go without having a thing over what he actually does pay is the economic measure of his satisfaction surplus” (Marshall, 1890). Therefore, we assume that there is a positive relationship exists between customers' price satisfactions and their purchase intentions. Cheaper and more reasonable price will increase consumers’ purchase intention.

d. Brand Image

A brand is a kind of name, symbol, design or mark that can make a product get beyond its function and value (Farquhar, 1990). We think brand image provides additional value besides perceived quality and is also a factor influencing purchase intention. Many studies revealed that brand image is a kind of consumer construct and it is one of the dependence when consumers deciding to buy or not (Keller, 1994). Some also claimed that people will have higher purchase intention with better image of products (Yang Syuan Yu, Jhang Yu He, 2006). Based on these theories, we are more convinced that there is a certain relation between brand image and purchase intention. Therefore, we choose brand image as an analysis factor and assume that there
is a positive relation between brand image and purchase intention.

e. Country of Origin (COO)

To compare the difference of consumer purchase intention towards local and foreign brands, “country of origin “(hereafter written in abbreviation form, COO) is adopted as an important factor to examine if consumers care about where the products come from. COO is picture, reputation or the stereotype that businessmen or consumers attach to products of a specific country (Nagashima Akira, 1970). Additionally, this image is represented by the combination of representative commodity, politic & economy background and history of one country. Hence, we assume that COO has positive relation with purchase intention.

To sum up, we set purchase intention as the dependent variable to discuss what factors have significant influence on it. Based on the definition of purchase intention and other references, we could know that purchase intention is positive relative to perceived value. We also found that perceived value would get higher when the perceived quality is higher, and if the perceived price is higher, the perceived value would get lower. So we set perceived quality and perceived price as independent variables, the former has positive correlation with purchase intention, when the latter is negatively correlated. Moreover, because brand image provides excess value beyond the original product value, we set brand image as an independent variable which has positive relation with purchase intention. Last but not the least, in order to find out whether country of origin of a brand is important to consumers or not, we make country of origin as one independent variable, which has a positive correlation with purchase intention.

3. Methodology

a. Conceptual Framework for the Study

There are sufficient theories to define all the variables and support our notion that consumers’ purchase intention is influenced by the country of origin, brand image, perceived quality and price satisfaction. Therefore, as detailed elaborated in the previous section, we propose our concept model for the study as depicted in figure 1.
Figure 1: Conceptual Framework

b. Questionnaire

We conducted an on-line questionnaire as a structured survey to collect the primary information. The questionnaire consists of two parts. The first part includes basic demographic and personal factors regarding consumers’ purchase experience. Then in the second part, the consumers were asked about the factors that affect their purchase intentions and their reactions about the chosen brands according to the four independent variables. We divide each independent variable into some dimension and we can design the questionnaire questions.

Take the chosen questions for country of origin for example, according to Han and Terpatra(1988) & Roth and Romeo(1992), we choose 6 dimensions, including technical advancements, prestige, workmanship, economy, serviceability and innovativeness, which direct to COO. These dimensions will be used in designing our questionnaire questions, and they can help us more clearly to measure the level of COO in consumers mind.

When factor analysis was run, four factors turned up (country of origin, brand image, perceived quality and price satisfaction), and we delete the questions that not direct to the factors. We employed a sample of 200 consumers in Taiwan respectively for LATIV and UNIQLO. Moreover, Only Taiwanese consumers who ever had purchasing experience of UNIQLO or LATIV clothes are allowed to fulfill the on-line questionnaire. That is, if someone has ever bought a product of UNIQLO, he would be qualified to answer the questionnaire questions of UNIQLO.
c. **Multiple Regression**

Regression analysis is used to analyze the linear relationship between the variables. We adopt regression analysis to examine the casual relationship between those variables and figure out the linear rule between the independent variables and the dependent variable. We construct a multiple regression equation, and use the quantified data to analyze and measure the coefficients:

\[ Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon \]

- \( Y \): Purchase Intention
- \( X_i \): Independent variables
- \( \beta_0 \): constant
- \( \beta_i \): coefficient, \( i > 0 \)
- \( \varepsilon \): standard error

All statistical analysis were using SPSS version 18.0 program. The data obtained from the survey (on-line questionnaires) are coded and entered into the SPSS system to be further analyzed.

4. **Research Results**

a. **Descriptive Statistics**

There are four independent variables to evaluate the purchase intention of customer on Lativ and UNIQLO. We individually set several constructs to evaluate the four independent variables (as Table a-1 and Table a-2 show), and took the average number between those constructs.

**Table a-1 Descriptive Statistics of Lativ**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Sample size</th>
<th>Number of constructs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention</td>
<td>3.6100</td>
<td>.7501</td>
<td>200</td>
<td>4</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>3.7750</td>
<td>.5361</td>
<td>200</td>
<td>7</td>
</tr>
<tr>
<td>Brand Image</td>
<td>3.403</td>
<td>.6945</td>
<td>200</td>
<td>5</td>
</tr>
<tr>
<td>Price Satisfaction</td>
<td>3.63</td>
<td>.569</td>
<td>200</td>
<td>5</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>3.786</td>
<td>.6628</td>
<td>200</td>
<td>3</td>
</tr>
</tbody>
</table>

**Table a-2 Descriptive Statistics of UNIQLO**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Standard Deviation</th>
<th>Sample size</th>
<th>Number of constructs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Intention</td>
<td>3.5930</td>
<td>.6115</td>
<td>200</td>
<td>4</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>4.3245</td>
<td>.5116</td>
<td>200</td>
<td>7</td>
</tr>
<tr>
<td>Brand Image</td>
<td>3.50</td>
<td>.575</td>
<td>200</td>
<td>5</td>
</tr>
</tbody>
</table>
b. Analysis of variance (ANOVA)

We set the Null Hypnosis of the F test as follow,

\[ H_0 : \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0 \]
\[ H_1 : \text{not all } \beta_i = 0 \ ( i = 1,2,3,4 ) \]

**Table b-1 ANOVA of Lativ**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig. (P-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>71.751</td>
<td>4</td>
<td>17.938</td>
<td>87.002</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>40.204</td>
<td>195</td>
<td>.206</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>111.955</td>
<td>199</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Perceived Quality, Price satisfaction, Brand Image, COO

b. Dependent Variable: Purchase Intention

**Table b-2 ANOVA of UNIQLO**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig. (P-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>35.438</td>
<td>4</td>
<td>8.860</td>
<td>44.536</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>38.592</td>
<td>194</td>
<td>.199</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>74.030</td>
<td>198</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Perceived Quality, Price satisfaction, Brand Image, COO

b. Dependent Variable: Purchase Intention

In **Table b-1(Lativ)**, the F-value=87.002 and the P-value=.000<.05, so we reject \( H_0 \), the impact of independent variables get significant level.

In **Table b-2(UNIQLO)**, the F-value=44.536 and the P-value=.000<.05, so we reject \( H_0 \), the impact of independent variables get significant level.
c. Coefficients

Table c-1 Regression analysis of Lativ

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>t test</th>
<th>Significant Level (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B Coefficient</td>
<td>Standard Error</td>
<td>Beta Distribution</td>
<td></td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>.457</td>
<td>.273</td>
<td>1.674</td>
<td>.096</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>-.180</td>
<td>.073</td>
<td>-.129</td>
<td>-2.456</td>
</tr>
<tr>
<td>Brand Image</td>
<td>.578</td>
<td>.069</td>
<td>.535</td>
<td>8.317</td>
</tr>
<tr>
<td>Price Satisfaction</td>
<td>.076</td>
<td>.064</td>
<td>.058</td>
<td>1.184</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>.421</td>
<td>.073</td>
<td>.372</td>
<td>5.784</td>
</tr>
</tbody>
</table>

Table c-2 Regression analysis of UNIQLO

<table>
<thead>
<tr>
<th></th>
<th>Unstandardized Coefficient</th>
<th>Standardized Coefficient</th>
<th>t test</th>
<th>Significant Level (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B Coefficient</td>
<td>Standard Error</td>
<td>Beta Distribution</td>
<td></td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>.652</td>
<td>.340</td>
<td>1.919</td>
<td>.057</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>-.151</td>
<td>.068</td>
<td>-.127</td>
<td>-2.219</td>
</tr>
<tr>
<td>Brand Image</td>
<td>.335</td>
<td>.070</td>
<td>.315</td>
<td>4.793</td>
</tr>
<tr>
<td>Price Satisfaction</td>
<td>.175</td>
<td>.053</td>
<td>.186</td>
<td>3.303</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>.496</td>
<td>.077</td>
<td>.404</td>
<td>6.478</td>
</tr>
</tbody>
</table>

In the two tables, we can see that most of the independent variables we set are significant and have positive effect to purchase intention. Except that the country of origin has negative effect to purchase intention and the price satisfaction of Lativ is not significant to purchase intention.

5. Discussion

1. Country of Origin(COO)

The result indicated that country of origin has negative relationship with purchase intention to Taiwanese consumers in both Lativ and UNIQLO. As for Lativ, the previous controversial event of Lativ this year has impact on its brand image. Lativ was originally established to strongly boost Taiwan traditional apparel industries. However, due to the increasing production output demand, it moved out its production line from Taiwan to other countries, which was regarded as a behavior violating the original statement by Taiwanese consumers. Lativ even declared that those who
only support the products manufactured in Taiwan do not purchase Lativ’s clothing. This issue and Lativ’s reaction has negative effect on the result. Therefore, those who prefer Taiwan as the origin country may turn to dislike Lativ and result in the negative relation between purchase intention and country of origin.

On the other hand, UNIQLO has greatly reset its production lines in other countries in recent year. Due to the globalized production chain, consumers may build weak relations between country of origin and UNIQLO itself although UNIQLO is a Japanese brand.

2. Perceived Quality and Price Satisfaction

Both the brand image and the perceived quality of Lativ and UNIQLO are significant to purchase intention, which indicates that brand image and quality have positive effect on purchase intention for Taiwan consumers. The mean of Lativ and UNIQLO are both over 3, which means that people have good image on these two brands and trust their quality.

Price satisfaction of Lativ is the only one independent variable that is insignificant to purchase intention, which indicates that price is not an important factor for Taiwan consumers to buy Lativ. The cloth of Lativ is much cheaper than those of many other brands. It's about one-third of UNIQLO’s price. Moreover, the mean of Lativ’s price satisfaction is 3.63, people generally satisfy to Lativ’s price. However, the price of Lativ is too cheap to be significant. Because people seem to have had the fixed image that the price of Lativ is low, then it won’t be really work if Lativ uses the strategy to lower their price. Consumers care about other factors more but not the price. We think that it will be better for Lativ to devote to improve the quality and the brand image.

To see UNIQLO, the mean is 3.06. Comparing to Lativ, Taiwan consumers seem not really satisfy to the price of UNIQLO in Taiwan. Though UNIQLO is said to be a low price brand in Japan, it is not really cheap at all in Taiwan, due to the relatively low salary structure and the high tax on cotton products in Taiwan. Moreover, the price of UNIQLO is significant to purchase intention, so people do care about the price of UNIQLO.
6. Reference


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