



# Product attributes and preference for foreign brands among Vietnamese consumers



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## ABSTRACT

This research attempted to investigate important product attributes in purchasing fashion goods and the influence of these attributes on preferences for American fashion brands versus local fashion brands, by Vietnamese consumers. A web-based survey was developed to collect the data from Vietnamese consumers who reside in HoChinMinh City, which is the Vietnam's largest urban area. Descriptive and multiple regression analyses were used to analyze the data. It was found that the functional attributes such as fit and comfort were the most important attributes when the Vietnamese consumers purchased fashion goods. Vietnamese consumers who put importance on the subjective norm and the symbolic attributes such as latest fashion, country of origin, and well-known brand preferred American fashion brands over local fashion brands. Vietnamese consumers indicated American fashion brands as more attractive, higher quality and more prestigious than local fashion brands. Quality, brand image, and material were indicated as advantages of American fashion brands while price was the only advantage of local fashion brands. American mass-market brands can be competitive in the Vietnam market with appropriate marketing. In order to better compete, American mass-market brands should actively promote their brands in Vietnam, offering quality products with good fit and comfort at lower prices than high-end brands.

## 1. Introduction

While the world markets struggle with slow growth, consumer spending in Asia continues to grow steadily with rising incomes and increasing middle-class populations, giving international retailers many opportunities. Between 2015 and 2020, Asia's retail sales is projected to grow 8.5%, much higher than the global average growth rate of 5.6% (PwC, 2015). Much of the growth has been driven by China and India. However, China is experiencing slow growth as the market matures. Thus, international retailers are switching emphasis to smaller Asian countries, which are Indonesia and Vietnam ("10 Trends", 2015).

Vietnam is one of the most attractive markets in the world with their substantial economic growth and increasing number of middle class. The economy grew 6.5% with 9.6% exports increase and 9.8% of retail sales gain in 2015 (Nguyen, 2015). It is predicted that the middle class will be tripled in Vietnam between 2012 and 2020 ("Vietnamese Consumers", 2013). As the middle class matures, Vietnamese consumers are buying more sophisticated products. For example, urban Vietnamese women aged between 20 and 45

have increased their spending on apparel up to 18% of their monthly income (Breu et al., 2010). In addition, Vietnamese consumers show great interests in foreign products as their demands get more cultivated (PricewaterhouseCoopers LLP, 2005). Vietnam is a fascinating market for foreign marketers with over 90 million people and an average annual growth rate of 15–20% ("Vietnamese Fashion Brands", 2015). While marketers see a huge potential in Vietnam, Vietnam is considered as a challenging market (Young, 2013). Since the Vietnam market has been changing so fast, it is difficult to measure its growth and maturity. In addition, Vietnamese consumers' values, attitudes, and behaviors have changed dramatically (Tambyah et al., 2009). They have been dealing with the conflicts between "traditional self" and "modern self" and trying to adapt new influences with past values (Nguyen et al., 2009). Moreover, there are fierce competitions among foreign brands from Europe, U.S., Japan and South Korea in Vietnam as a developing country. In spite of the importance of the Vietnam market and challenges for foreign marketers, little has been known about Vietnamese consumers. As Vietnam is experiencing a significant progress in their society and marketplace, they will be ready as a global market. Therefore, the

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understanding of Vietnamese consumer behaviors toward foreign brands is critical for foreign marketers to be prepared for the competition in the Vietnam market.

A couple of studies have investigated Vietnamese consumer behaviors toward foreign brands and the focus of the studies was influences of cultural orientation. Nguyen et al. (2008) have found that consumer ethnocentrism negatively influenced imported product judgement and cultural sensitivity (i.e., the degree of awareness, understanding, and acceptance of the values of other culture) positively influenced imported product judgement. Later, Nguyen and Smith (2012) have confirmed the negative influence of ethnocentrism and the positive influence of modern status orientation (i.e., placing a high value on luxury objects, being rich, and being talented enough to earn a high income) on willingness to buy imported products. Similar studies have been conducted in other Asian countries. Parker et al. (2011) have found that animosity, country of origin and ethnocentrism influenced Chinese consumers' willing to buy U.S. products. Later, Javalgi et al. (2013) have found that Taiwan Chinese consumers' traditional cultural values orientation and openness to foreign cultures had effects on purchase intention toward foreign goods. He and Wang (2015) have also confirmed the negative relationship between ethnocentrism and preference for imported brands in China.

The purpose of this study is twofold: 1) to gain insights on Vietnamese consumer behaviors toward fashion goods and foreign fashion brands and 2) to discover other characteristics of Vietnamese consumers that could influence Vietnamese consumer behaviors toward foreign fashion brands. Specifically, this study will investigate Vietnamese consumer behaviors toward American fashion brands.

Since foreign brands are often attached to luxury products in developing countries like Vietnam, the foreign products are often thought of as being of high quality, attractive, and having excellent customer service that can bring consumers such benefits as comfort, convenience, fashion, uniqueness, and desired status (Nguyen and Smith, 2012). King and McDaniel (1989) have found that U.S. goods were generally ranked higher in characteristics such as innovation, quality, styling, service, and overall value than were local goods in China. However, as consumers in developing countries become more sophisticated, they compare product attributes and benefits in making a purchase decision. They do not always prefer foreign products to local products (Rahnam et al., 2008). Consumers make a purchase decision by considering different attributes of fashion products such as price, quality, design, brand image, fashionability, and so forth. Moreover, not every attribute is equally important for consumers' purchase decisions and some attributes are more important than others (Littrell and Miller, 2001). Bennur and Jin (2013) have suggested that consumers might have different expectation for fashion goods by country's development stage. Similarly, Forsythe et al. (1999) have recognized socioeconomic conditions of markets such as income, mobility, and media access as the cause for differing important attributes. In a country where consumer resources, mobility and exposure to media are limited, functional attributes are critical for product evaluation. As consumers' resources, mobility, and media access increase, consumers rely more on symbolic attributes such as brand image. Frank et al. (2014) have also found that consumers in regions with higher economic development relied on more public brand image than quality expectations. Vietnamese consumers' values, attitudes, and behaviors are changing so fast and it is difficult to define their socioeconomic condition of the market.

Thus, it is worthwhile to examine what product attributes are important for Vietnamese consumers and what product attributes influence their preference for foreign fashion brands, specifically American fashion brands in this study.

## 2. Literature review

### 2.1. Social attributes

The impact of social needs on consumer behavior has been long recognized. For example, Vigneron and Johnson (1999) have identified the social value of prestige brands as a determinant of the consumer's purchase decision. The link between social benefits of the product and purchase has more recently been recognized (Hung et al., 2011). People in collectivist cultures are more comfortable in groups (e.g., family, coworker, tribe, and nation) and are more concerned with others' reactions and personal relationships than are people in individualistic cultures (Hofstede, 1980). Therefore, social attributes of the product such as others' approval of purchasing the product is important in purchase decisions among collectivists. Specifically, the relationship between subjective norm and consumer behaviors toward foreign brands has been tested by a number of studies in collectivist cultures. Subjective norm represents a person's perception of whether significant referents approve or disapprove of a behavior. However, the relationship between subjective norm and consumer behaviors toward foreign brands has been inconsistent in collectivist cultures. Earlier, Lee and Green (1991) have reported the positive relationship between subjective norm and purchase intention in South Korea. Similarly, Chan and Lau (1998) have found the significant relationship among Chinese consumers. More recent studies (e.g., Shen et al., 2003) have revealed that Chinese consumers' subjective norm did not significantly influence their apparel purchase intention. Wang (2006) has also supported the insignificant influence with Taiwanese consumers. However, Jin and Kang (2010) have found evidence of the positive relationship between Chinese consumers' subjective norm and purchase intention for foreign brand jeans.

In collectivist cultures, consumers tend to rely on interpersonal relationships for information search or exchange than do consumers in individualist cultures. This information search or exchange is especially important regarding brand choice because, in a collectivist culture, the positive experience with the brand could enhance belongingness to the group (Money et al., 1998). Moreover, O'Cass and Siahtiri (2013) have found that status consumption that focused on social needs contributed to consumers' preference for Western fashion brands in a collectivist culture. Therefore,

**H1.** Vietnamese consumers' subjective norm in purchasing foreign brands will be associated with their preference for American fashion brands.

### 2.2. Functional attributes

Functional needs are defined as those that motivate the search for products that solve externally generated consumption needs (Fennell, 1978). Functional attributes such as comfort, fabric, quality, fit, color, care, style, durability and versatility have been identified as significant influences of consumer behaviors related to fashion purchases among Asian consumers (Hsu and Burns, 2002; Chen et al., 2004; Wu and Delong, 2006; Rahnam et al., 2008). Functional attributes of the product were found to enhance future intention for re-purchase in previous studies (Hung et al., 2011; Shukla and Purani, 2012). Quality was an influence on consumers' purchase intention for foreign brands in Turkey (Ergin and Akbay, 2010). Fit was the most important attribute for Indian consumers in selecting foreign brand jeans (Jin et al., 2010). Moreover, Asian consumers evaluate functional attributes of foreign goods more positively than ones of local brands. Delong et al. (2004) have reported that Chinese consumers perceived U.S. branded apparel as superior than Chinese brands on functional attributes such as design innovation and workmanship. Therefore,

**H2.** Vietnamese consumers' importance of functional attributes in purchasing fashion goods will be associated with their preference for American fashion brands.

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