

# AN ANALYSIS OF THE CHINESE APPAREL INDUSTRY WITH THE GOAL OF FORECASTING THE LAUNCH OF A NEW BRAND

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## ABSTRACT

This study investigates the relationships between various aspects of brand equity, such as brand awareness and loyalty, brand image and perceived quality, using the Chinese apparel industry as a case study. In order to accomplish this, it builds upon the model for developing brand equity that was developed by Yoo, Donthu, and Lee (2000). In order to accomplish this goal, an intercept survey was carried out in shopping centers located in Beijing and Shanghai, the two most populous cities in China. Chinese customers are beginning to appear and behave more like their counterparts in more industrialized countries as China's middle class continues to grow and the market becomes more global. The directional correlations between brand equity and each of these factors, including perceived quality, brand awareness, brand image, and brand loyalty, were investigated, and it was found that there is some debate over which direction these relationships should go in. This outcome is consistent with what was discovered in the scholarly research. On the other hand, an analysis of variance was carried out in order to investigate the connection between these two factors and the Chinese market. It's possible that this information will be helpful to marketers as they devise distribution strategies for the Chinese market. According to the findings of the study, there is a positive correlation between distribution intensity and all measures of brand performance when using analysis of variance (ANOVA). It is possible that if Chinese customers have a lower opinion of the product's quality, this will lead to a more favorable brand image and an increase in customer loyalty. This would be the result of Chinese customers having a lower opinion of the product's quality.

*Keywords: Brand, Perceived quality, Brand image, Brand awareness.*

## 1 INTRODUCTION

Product refers to anything manufactured on an assembly line, whereas brand refers to something marketed to an individual. A brand is a name or symbol associated with a product or service that is offered to consumers. While a competitor may be able to replicate a product, they will never be successful in doing so when it comes to a company's brand. Although a product's current level of importance may shift in a heartbeat, a solid brand's standing would be firm no matter what the future held (Chu, 2019). Consumers in developing countries and those in well-established areas might be differentiated by a number of cultural and socioeconomic aspects, as recent studies have shown (e.g. Christensen, Siemsen, & Balasubramanian, 2015; Maheswaran & Shavitt, 2000; Michaelidou, Christodoulides, Cadogan, & Veloutsou, 2015; Morgeson III, Sharma, & Hult, 2015). Customers may consider the cultural distance between themselves and a brand while doing research and making a lasting commitment to that brand. Marketing strategy that has been around for eons, branding can be used to set apart goods produced by one company from those produced by others. Branding is the practise of developing a name, symbol, or other identifier for a product or service in the minds of target consumers.

This helps them make more informed purchasing decisions and benefits the company as a whole. These frameworks aid customers in organising product and service information in a way that improves their decision-making and benefits the company. Customers can benefit from these frameworks because they help them organise their knowledge of a company's offerings in a way that is useful for both themselves and the business. In everyday language,

we call these kinds of conceptualizations "brands." To that end, we say that a good or service is branded if it has qualities that distinguish it from others that aim to meet the same or similar needs. For repeat business from satisfied customers, a trustworthy brand is one that communicates the promised quality. Loyalty from those customers is the result. On top of that, loyalty can be defined as the willingness to pay a price that is typically 20-25 percent higher than the prices that are given by competing firms (Kotler and Keller, 2016). The "brand equity" of a company is the value it enjoys as a result of its well-known brand name in the market. This worth originates from the customer's confidence in the brand, their willingness to identify with the brand, and their perception of the brand's superiority. A further contributor to this value is the customer's sense of belonging with the brand. Another contributor to the formation of this value is the extent to which consumers can identify with the brand (Schiffman and Kanuk, 2010). An organization's brand value is affected by consumers' reactions to the brand's marketing in all forms. Each of these elements plays a role in the brand's success, but in different ways. Marketers can now make the crucial strategic link between the here and now and the promising future of their field. In conclusion, companies that invest heavily in their brand's equity have a leg up on the competition in the long run. In addition, they can remain resilient in the face of promotional pressure from competitors. In addition, these corporations can create barriers to entry for new competitors (Paul, 2018).

## 2 PROBLEM STATEMENT

"Brand equity is the incremental utility and value added to a product by its brand name, advertising expenditures, sales force and marketing research expenditures, age of the brand, advertising share, order of entry, and product portfolio as sources of brand equity. Only a select few multinational corporations have been successful in building their brands in the Chinese market."

Customers outside of the US have not been included in studies looking at how marketing efforts contribute to growing brand equity. According to research conducted by Grewal, Krishnan, Baker, and Borin (1998) at a major US state university, customers' impressions of a brand's quality were negatively affected by deep price cuts, while the attractiveness of its retail outlets had a positive effect on the store's popularity. Dodson, Tybout, and Sternthal analysed US household purchasing data and concluded that offering a promotion led to more brand switching (1978). Based on a sample of US women, Kirmani and Wright (1989) found that consumers may infer brand quality from perceived advertising expenditure. By analysing information from the Target Group Index report in the USA, Raj (1985) found that the popularity (market share) of a brand was correlated with its loyalty. Brands with larger advertising budgets were found to have significantly more brand equity than brands with smaller budgets for marketing by Cobb-Walgren, Ruble, and Donthu (1995).

## 3. BACKGROUND OF THE STUDY

Multiple analyses have shown that as disposable incomes grow in China, so does the country's consumers' enthusiasm for "self-expression" industries like those dealing in sports and recreation. This is true across the nation, in both metropolitan and rural locations. To begin, the economy as a whole has grown at a pace of more over 10 percent each year on average during the last five years. The garment industry as a whole, and the sportswear sector in particular,

have benefited enormously from this expansion. A second trend is that as people's schedules become busier in China, they put a higher importance on their personal time. The 2008 Summer Olympics in Beijing are widely acknowledged for elevating the public's consciousness about the need of leading a healthy lifestyle. This newfound information has contributed to a rise in popularity of leisure sports among China's affluent population. At the end of 2005, 37% of Chinese residents were already exercising regularly, and by 2010 it was predicted that over 40% of Chinese citizens (about 500 million people) would become active sports participants, according to data from the General Administration of Sport in China (Husain, 2020).

Also, sports are more than a pastime in China; they are an integral element of the national identity. The issue is important to the Chinese people because it affects not only their feeling of national pride but also their economic and international position. Interest in sports saw a huge uptick in China when the 2008 Summer Olympics were hosted in Beijing. Athletes from China, like Yao Ming, a superstar in the NBA, have found tremendous success in other nations, adding to the buzz (Amores, 2021).

Increased demand for athletic equipment and footwear in China is a direct result of the country's rapidly expanding middle class. Specific types of sportswear, such climbing and trekking clothing, are becoming more fashionable as proof of this trend. The Economist (2003) predicted that the 2008 Summer Olympics in Beijing will lead to a 25 percent yearly rise in the market for sportswear in China. Li-Ning, the largest sportswear manufacturer on the mainland, expanded its network of brand stores by 936 in 2007, bringing the total number of outlets carrying its products to 5,233 in an effort to capitalise on the marketing opportunity presented by the Olympics, while Nike's sales in China increased by 35% from the previous year. In 2007, Nike recorded a 35% rise in sales in Japan over 2006 (Jhamb, 2020).

#### 4. LITERATURE REVIEW

The theoretical framework was developed after a substantial amount of research was conducted on every aspect of the problem that needed to be solved. It was discussed how to build brand equity and awareness, as well as typical advertising techniques, including lavish expenditure. Our comprehension of the intrinsic relationships that exist between these cornerstone components is expanded thanks to the route model. To begin, our company develops theories on the probable links between the aforementioned elements and the propensity of individuals to spend money on items that are intended to draw attention to themselves. The following material provides exhaustive explanations of a wide variety of thoughts and hypotheses that have been suggested (Leung, 2008).

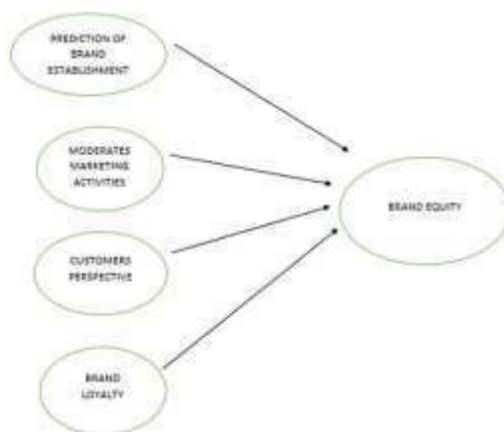
"Brand equity" refers to the positive and negative characteristics of a company's brand, which includes the company name and logo, in the context of a discussion about the value of the products or services that a company offers. These characteristics will be reflected in a company's reputation, which is often referred to as "brand awareness." The assets and liabilities connected with a brand's name and/or logo are the foundation upon which brand equity is built. You may think of this as the skeleton of the equity that your brand has. Changing the name of the brand or the logo might result in a decrease in the value of the brand as well as the loss of valuable assets or liabilities. In the event that this takes place, there is a possibility that the worth of the brand would also decrease. It is possible, despite this fact, for

additional assets and liabilities to be transferred over to the new brand name and symbol. Both the positive and negative aspects of a brand are made up of a number of interconnected aspects, each of which may be addressed in a different manner depending on the specifics of the situation. favouritism for one certain brand over others Patents, trademarks, distribution arrangements, and several other types of monopolistic power that are ingrained in the brand are all considered intangible assets. A representation in picture form of the concept of "brand equity." One may say that the value of a brand is dependent on the establishment of these five different types of assets. The graph demonstrates that consumers, in addition to the firm itself, gain when a business has a strong brand equity in the market. having characteristics that will make the purchase more favourable to the buyer The value that consumers place on a firm's brand may either go up or down depending on the calibre of the intangible assets owned by the company. Both the goods and the services offered by the business might be considered fair game in this scenario. The consumer's perception of the product's quality as well as their perception of the brand may both have a positive influence on the level of satisfaction experienced by the customer, with the perception of the product's quality perhaps having a more substantial role. When worn by an individual who is acquainted with the Tiffany brand as opposed to an individual who is not familiar with the brand, a piece of jewellery manufactured by Tiffany may have a distinct meaning in the eyes of passersby. To the Advantage of That Group At least six distinct avenues may be pursued in order to achieve financial success with the help of the company's brand property. One of these methods is to supplement the cash flow that the company currently gets from its customers in a modest but consistent manner via the use of other revenue streams. To begin, it might be used to reinforce efforts that raise brand recognition and either acquire new clients or re-engage lapsed ones in an effort to increase revenue (Reuters, 2015).

## 5. METHODOLOGY

Researchers conducted interviews and used other methods to compile the study's data. Using the Rao-soft programme, we were able to estimate that a sample size of 600 people would provide reliable results. Of the 775 questionnaires sent, 662 were completed and returned, while 13 were deemed insufficient and were thus eliminated. A total of 649 questionnaires were included for the analysis, 297 from women and 392 from males. The wholesale clothing market, garment factories, retail clothing market, and shopping malls in China were all surveyed for this study. Consumers' ease of access to the study sites was an important factor in determining where to conduct the research. Respondents initially answered control questions regarding the Chinese garment market in order to predict the establishment of brand equity and the size of their organisation. Six hundred individuals were selected at random with the help of Rao Soft. The Likert scale is a type of rating system often used in surveys and questionnaires that is meant to gauge respondents' perspectives. People fill out surveys by selecting one of several predetermined options in response to a statement or question. These options could include "strongly agree," "agree," "did not answer," "disagree," or "strongly disagree." If the study uses numeric coding, such as 5 for "strongly agree," 4 for "agree," and so on, then the values for each category of response must be defined.

## 6. THEORETICAL FRAMEWORK



## 7. RESULTS

### 7.1 FACTOR ANALYSIS

The most typical use of factor analysis is to verify the latent component structure of a set of measurement items (FA). As a result, we attribute the scores on the measurable variables to latent (or unseen) factors. The field of accuracy analysis (FA) relies heavily on models. One of its main goals is to represent the interplay of seen occurrences, undiscovered causes, and measurement error.

The Kaiser-Meyer-Olkin (KMO) Test may be used to see whether the data is suitable for factor analysis. Each model variable and the whole model are checked for sufficient sampling. The statistic is a measure of the possible overlap between several different variables. Factor analysis works best with data when the fraction of missing values is low.

KMO gives back numbers between 0 & 1. If the KMO value is between 0.8 and 1, then the sampling is considered to be sufficient.

If the KMO is less than 0.6, then the sampling is insufficient and corrective action is required. Some writers use a number of 0.5 for this, thus between 0.5 and 0.6, you'll have to apply your best judgement.

- KMO Near 0 indicates that the total of correlations is small relative to the size of the partial correlations. To rephrase, extensive correlations pose a serious challenge to component analysis.

Kaiser's cutoffs for acceptability are as follows:

Kaiser's cutoffs for acceptability are as follows:

A dismal 0.050 to 0.059.

- 0.60 - 0.69 below-average

Typical range for a middle grade: 0.70–0.79.

Having a quality point value between 0.80 and 0.89.

The range from 0.90 to 1.00 is really stunning.

A total of 600 questionnaires were distributed to the respondents. Out of this number 775 sets of the questionnaire were returned and 649 questionnaires were analysed using the Statistical Package for social science (SPSS version 25.0) software.

Table 1. KMO and Bartlett's Test<sup>a</sup>

KMO and Bartlett's Test <sup>a</sup>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.958
Bartlett's Test of Sphericity	Approx. Chi-Square	4950.175
	df	190
	Sig.	.000
a. Based on correlations		

Specifically, Kaiser argued that the KMO (Kaiser-Meyer-Olkin) measure of sample adequacy coefficient value should be more than 0.5 in order to do factor analysis. The KMO for this study's data set is .958. The significance level for Bartlett's test of sphericity was also calculated to be 0.00.

## 7.2 TEST FOR HYPOTHESIS

### MODERATES MARKETING ACTIVITIES

On the other hand, perceived social media marketing activities refer to the manner in which customers perceive a company or brand to be engaging in a variety of media marketing activities.

“H2: There is a significant relationship between moderates marketing activities and brand equity.”

Table 2. Moderates marketing activities test

Descriptives								
Sum								
	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1.00	71%	21.27	1.618	.488	20.19	22.36	20	25
1.25	27%	28.75	1.708	.854	26.03	31.47	27	31
1.50	32%	41.60	3.578	1.600	37.16	46.04	38	47
1.75	6%	34.00	.	.	.	.	34	34
2.00	6%	38.00	.	.	.	.	38	38
2.25	13%	48.50	9.192	6.500	-34.09	131.09	42	55
2.50	20%	53.00	6.557	3.786	36.71	69.29	47	60
2.75	6%	62.00	.	.	.	.	62	62
3.00	20%	67.00	3.000	1.732	59.55	74.45	64	70
3.25	6%	73.00	.	.	.	.	73	73
3.50	32%	71.80	3.834	1.715	67.04	76.56	67	76
3.75	20%	79.00	6.245	3.606	63.49	94.51	74	86
4.00	104%	81.19	1.905	.476	80.17	82.20	78	85
4.25	20%	87.33	3.215	1.856	79.35	95.32	85	91
4.50	13%	90.00	4.243	3.000	51.88	128.12	87	93
4.75	13%	91.00	5.657	4.000	40.18	141.82	87	95
5.00	240%	98.84	2.007	.330	98.17	99.51	91	100
Total	649	73.97	27.687	2.769	68.48	79.46	20	100

For dependent variable (Brand equity), the descriptive output gives the sample size, mean, standard deviation, minimum, maximum, standard error, and confidence interval for each level of the (quasi) independent variable. In this study, respondents who responded for moderates marketing activities, and their mean was 73.97, with a standard deviation of 27.687.

**Table 3.** H<sub>3</sub> ANOVA test

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	75207.347	135	4700.459	572.417	.000
Within Groups	681.563	513	8.212		
Total	75888.910	648			

In this study, the result is significant. The value of F is 572.417, which reaches significance with a p-value of .000 (which is less than the .05 alpha level). This means the “H2: There is a significant relationship between moderates marketing activities and brand equity.” is accepted and the null hypothesis is rejected.

## 8. CONCLUSION

This study found, in line with the findings of Yoo et al. (2000) and Yoo and Donthu (2007), that various types of marketing activity are linked to distinct characteristics of brand equity (2001). Chinese customers are beginning to resemble their Western counterparts in both appearance and behaviour as a result of the growth of China's middle class and the increasing globalisation of the market. It was discovered that many aspects of a company, such as perceived quality, brand awareness, brand image, and brand loyalty, had varying correlations to brand equity. This conclusion was verified, and it was determined to be consistent with what was discovered in the literature research. On the other hand, an analysis of variance was carried out in order to investigate the relationship between these two aspects of the Chinese market. The information might be used by marketers to better inform the decisions they make about distribution strategies in the Chinese market. According to the findings of the study's analysis of variance (ANOVA), there is a positive correlation between distribution intensity and all metrics of brand performance (recognition, loyalty, perception, and perceived quality). It is likely that if Chinese customers have a lower view of the product's quality, this would lead to a more favourable brand image and an increase in customer loyalty. This would be the result of Chinese customers having a lower opinion of the product's quality (Lee, 2020).

## LIMITATIONS

Finally, this study cannot be compared to those by Yoo et al. or Yoo and Donthu for a number of reasons, including the structural model (which was expanded and modified in this study), the sample (consumers as opposed to students), the marketing activities (number and types), the brand equity dimensions (four were used in this study, while they only used three), and the variables used in each. Therefore, we decided to combine the information from the three investigations and analyse it thoroughly. To better understand how Chinese



and international customers see the role of marketing in building brand equity, researchers may need to use the same model and a comparable research approach for future comparative studies of this kind. They may learn how customers in other countries vary from Chinese customers in this respect.

As a consequence of globalization's ubiquitous effect on all facets of consumer life in developing countries, it seems that consumer values in the Chinese market are undergoing fast shifts. This is because globalisation is influencing every facet of consumers' lives in developing nations. As a result, consumers' reactions to certain commercials might range. For instance, younger Chinese consumers are showing decreasing interest in conventional forms of advertising like television and print. With rising wages and standards of living in China, it's possible that the price of imported luxury clothing labels may fall in the not-too-distant future.

This means that research has to be updated often to reflect the shifting priorities of consumers in this sector.

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