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Consumer Perception and Preference for Multinational Brands vs Local Brands

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ABSTRACT

This research paper looks into local brands vis-a-vis multinational brands within the context of product perceptions, preferences and attributes like pricing, quality, innovation, advertising, and ethical standards. Based on a structured survey with 43 respondents from different age groups, the study shows that although MNCs tend to receive a more favorable perception owing to their superior product quality, technological innovation, and marketing, there is strong propensity among consumers to switch to local brands—with ethical integrity adding value. Furthermore, the report shows that the perception of advertising and customer service impacts brand loyalty, as does the brand reputation in relation to value, competition, and price control policies. The research also emphasizes the increasing significance of ethics and branding of sustainability in the consumer's choice before purchasing. These findings point to a shift in consumer expectations and local brands garnering support in the marketplace if they keep pace with the changing expectations of consumers.

INTRODUCTION

The ever-more interconnected world has made it important to understand how consumers are coming to view local versus multinational brands. Global consumer culture exists together with a definite revival of local identity among consumers, wherein the consumers tend to make preference for products emanating from their own culture and heritage. For businesses operating in this mixed environment, understanding changing preferences is not merely an academic exercise but a strategy imperative. The objective of this study is to provide a multifaceted analysis of the factors influencing consumer choices between local and foreign multinational brands, thereby assisting in strategic decision-making. The report's structure will include the analysis of factors driving consumer preferences, the competitive landscape within which the two types of brands coexist, consumer perception and concerns toward multinational companies, the place and benefits of local brands, pricing strategies and their impact, ethical consumption and brand loyalty growing in importance, and finally, consumer boycotts as the expression of dissatisfaction and brand preference.

OBJECTIVES OF THE STUDY

The primary aim of the proposal is to evaluate consumer preferences for multinational brands as opposed to local brands. It is aimed at discerning the psychosocial and economic factors that engender loyalty toward a brand and engender trust in it. It also aims to study the role of branding, price, advertisement, and innovations in the purchase decision formation process. Further, it also aims to assess whether or not consumers are willing to accept local options upon alternatives being given to them and to assess consumer perception with respect to ethical and sustainable practices within branding.

RESEARCH METHODOLOGY

The study was quantitative in nature. A structured Google Form was disseminated to a diverse respondent set. There were a total of 43 recorded responses, covering demographic details like age and gender and opinions about different aspects of the comparison between MNCs and local brands. The data were analyzed in search of patterns and insights relating to consumer behavior and preference.

DEMOGRAPHIC PROFILE OF RESPONDENTS

The survey sampled participants that were 43 in number with various ages and genders. Most of them were between 25-44 years old, classified as working professionals and adults with purchasing power. The gender distribution indicated somewhat more male respondents (58.1%) than female respondents (41.9%).

FREQUENCY & MOTIVATION OF CHOOSING MNC's

Around 65% of the respondents observed that they usually or always preferred MNC products over those of local brands. The major pull factors for consumers choosing an MNC included product quality and durability, followed by brand reputation and better customer service. One could, therefore, infer the perception that MNCs act as guarantors of superior quality and reliability.

PERCEPTION OF INNOVATION & TECHNOLOGY

More than 95% of the respondents either agreed or strongly agreed that MNC products are more innovative and more technologically advanced than local products. This is a reflection of an inherent identification of MNCs with the latest technology.

CUSTOMER SERVICE COMPARISON

Most of the respondents (66.7%) believed that MNCs provide better and more reliable customer care. Most of them had positive experiences with MNC support staff, citing timely resolution and helpful tips.

ADVERTISING & BRAND INFLUENCE

Advertising plays a crucial role in consumer decision-making. Over 70% of the respondents admitted to being influenced by MNC ads, especially through television and social media. Celebrity endorsements and influencer marketing were sporadic drivers, but not the determinants.

PRICE SENSITIVITY & VALUE PERCEPTION

Factors Influencing Consumer Preference: Local vs. Multinational Brands

Consumer preference between local and multinational brands is influenced by a complex mix of factors. Companies must understand these to target their markets effectively.

1. Price and Value Proposition

Pricing significantly influences brand selection. Approximately 42% support global brands and 43% have a preference for local brands based on pricing or value. Some consumers value a price search, and favor local brands, while others are willing to pay a premium for global brands that can deliver quality and perceived prestige. Value entails more than cost including product quality, emotional satisfaction benefits, etc.

2. Perceived Quality and Product Attributes

Consumers often associate global brands with higher quality and status, but local brands are closing the gap; especially in culturally pertinent sectors like food and beverage with products that are perceived authentic and consistent. Quality perception greatly impacts brand preference.

3. Brand origin and National Pride

Brand origin has implications on consumer's decision-making. A global study reported that nearly 75% of consumers considered brand origin to be just as important as price or quality. National pride is an enormous driver for local brand preference in markets in Asia, Africa, and Latin America. Global brands must adapt advertising messages to stay relevant.

4. Emotional connection and Brand Identity

Brands that forge emotional connections with consumers are preferred. Local brands can cultivate loyalty based on a consumers' ties to specific communities and/or cultural relevance, while global brands create consumers' loyalty through modern aspirational imagery. Both global and local brand strategies must reflect the consumers' beliefs and values to build loyalty.

5. Ethical Considerations and CSR

Ethical consumerism is rising. Consumers are demonstrating higher levels of preference for brands that practice sustainability and are socially responsible. Local brands will often emphasize local sourcing and support of the community. MNCs need to ensure that they adapt their CSR programs to reflect local context and expectations to establish trust.

6. Innovation and Uniqueness

Innovation is often what drives preference. MNCs are recognized for their innovation because those brands can often draw upon resources and scale that the local competitors are unable to access, however, local players have the ability to respond more quickly to the market needs of niche segments. Both MNCs and local brands can co-exist by providing unique, original and meaningful solutions to problems.

7. Advertising and Brand Communication

Advertising shapes perception, attitude and loyalty. Global brands take the advertising approach of a consistent message to appeal to as many consumers as possible, while local brands succeed with region-specific narratives. Emotions are important in storytelling and using the local language in campaigns can gain better engagement and recall.

8. Brand Loyalty and Customer Service

Brand preference can drive brand loyalty. Local businesses can usually provide more personal service that builds trust. MNCs can build brand loyalty through consistency and responsiveness.

The Competitive Landscape: Local Brands Navigating the Multinational Presence

The marketplace today is a constantly evolving and competitive arena for both local and multinational brands. While MNCs typically have notable advantages, local brands also have key attributes which enable them to access many competitive alternatives. Importance of assessing the competitive force of local versus MNC, provides value to develop strategies for either.

Category	Local Brands	Multinational Brands	Typical Consumer Perceptions
Strengths	Agility, innovation, personalized customer experience, understanding of local needs, pricing flexibility, connection to local culture, potential for higher trust	Vast resources, brand recognition, economies of scale, often higher perceived quality and prestige (especially in emerging markets), faster speed to market for new products, large advertising budgets	Often seen as authentic, community-oriented, potentially more affordable, deeply connected to local culture
Weaknesses	Limited resources, potentially lower brand recognition outside local market, may face perception of lower quality in some categories	Can be slower to adapt to local needs, may lack deep cultural understanding, potential for impersonal customer service, may be perceived as less trustworthy than local businesses	May be seen as lacking innovation, lower quality, less prestigious, limited product range

Strengths of Multinational Corporations (MNCs)

- Global recognition, large budgets, and economies of scale.
- Perceived higher quality and faster innovation.

Strengths of Local Brands

- Deep cultural understanding, pricing flexibility, and community trust.
- Strong customer relationships and responsiveness.

Local Brands' Strategies

- Focus on niche markets and local relevance.
- Emphasize superior service, authenticity, and ethical values.
- Use "glocalization" to blend global standards with local customization.

Competitive Strategies for Local Brands Against MNCs

To successfully compete against the large presence of multinational corporations, local brands utilize various methods that make use of their advantages. An effective way to do this is by focusing on niche markets that larger competitors may not have the time or flexibility to focus on the needs of. Local brands can also use custom products or services focused on local preferences and opportunities, which create a vetting process that can create a significant advantage. Providing better customer service and also developing closer, more personable relationships with people, provides a distinction that local brands have in an environment that's often dominated by the standard services of MNCs. Capitalizing on unique selling points (USPs), competitive edges, and specialized focus, like using local ingredients, ethical production practices, or community engagement initiatives, resonates particularly well with local consumers. Building brand loyalty with transparency and authenticity is a powerful strategy for local brands to retain consumers when competing with MNCs marketing in your territory on a much larger scale. Establishing partnerships with local businesses or even with MNCs (and all parties benefit) can provide additional reach and resources.

Consumer Perceptions and Concerns Regarding Multinational Corporations

Consumer attitudes toward multinationals are affected by many factors, which include trust, pricing, and whether there are monopolistic tendencies. Attitudes reflect all of this but businesses must be mindful of these consumer perceptions and concerns if they want to develop or maintain brand equity in the MNC space.

- **Trust in MNCs vs. Local Businesses**

Consumers often place more trust in locally owned or local businesses due to a deeper personal contact and exposure to their business practices. MNCs offer a personal touch but they have to work at it, locally owned businesses do not.

- **Pricing**

MNCs are widely viewed as expensive, however, many multinationals give consumers aspirational value. Local brands lend themselves to price-sensitive segments of the marketplace.

- **Monopolistic Concerns**

When consumers consider that MNCs dominate their locale, they believe that they are eliminating choices and removing opportunities for innovation. There needs to be regulatory oversight imposed on MNCs so that consumers are not exploited and local economies are safeguarded.

The Role of Local Brands: Authenticity, Connection, and Competitive Edge

Local brands can often achieve a level of authenticity, cultural connection, opportunity for innovation, and competitive strength that MNCs cannot equal, due to being firmly rooted in, and vested in, a geographic area/concept, and culture.

- **Localness as a Multifaceted Concept**

The notion of "localness" exists beyond geography. It relates to the extent to which a brand is part of local culture (local iconness); to whether it engages local resources (domestic production), and to whether a product is made in the country (national origin). There can also be "glocal" brands, indicating the height of a brand's "localness" with regards to globality and local significance. This means that localness encompasses cultural relevance, economic contribution, and national culture.

- **Authenticity and Cultural Relevance**

Local brands are often attractive, relative to global brands, due to their authentic identity and local relevance. Because local brands organize their brands to include local symbols, values and traditions, they create familiarity and emotional connection with local consumers. This makes local brands indistinguishable from the local culture they represent and support, serving as a switch on to the overtures of global homogenization by offering consumers a sense of cultural identity and cultural relevance.

- **Community Connection and Economic Impact**

A number of consumers will support a local, national brand because local national brands are often seen to re-invest into the community; stimulate the local economy; and are often perceived to be a representation of national pride. Establishing loyalty through social identity, local, community and event recognition are mechanisms local brands adopt in ways that the multinational companies cannot, because of the lack of community significance to their engagement and overall entrepreneurial values.

- **Pricing Strategies and Their Impact on Brand Selection**

The pricing strategies applied by local and multinational (MNC) brands also affect consumer purchasing decisions. Understanding pricing strategies and how they affect consumer perceptions is useful for businesses in deciding how to position their brands in the market.

- **Pricing Strategies of MNCs**

MNCs use several pricing strategies in global markets. While some have standardized pricing in order to create some consistency, the majority of MNCs use different pricing strategies based on local price-demand, competition, and local market conditions. Some typical pricing strategies are penetration pricing (low initial price in order to gain market share), price skimming (high initial launch price for innovative product), and geographical pricing (considering characteristics in geographical area like taxes, duties, and purchasing power). These pricing strategies help MNCs balance global brand consistency while taking local realities into account.

- **Pricing Strategies of Local Brands**

Pricing strategies of local brands are generally far more flexible than the pricing strategies of MNCs. Local brands often price competitively, as they take advantage of lower costs and possess deeper market understanding. Local brands often use value-based pricing, where they price their products according to the perceived value to the customer. Furthermore, local brands do not have global pricing strategies to consider local price sensitivity.

- **Impact of Price Differences on Consumer Perception**

Price guides brand selection. Some consumers pay for global brands they perceive as better quality or more aspirational, while some consumers buy affordable local brands. Home country bias may also enhance preference for local brands. In some weight categories, we may pay a little more for a local located brands. In all cases, brand selection will depend on how price affects value perception, country of origin, and the consumer's needs.

Ethical Consumption and Brand Loyalty

- **The Rise of Ethical Consumerism**

Consumers now consider the ethics around their purchase decisions and are shifting their focus to issues like sustainability, labor rights and supply chain transparency. Brands are responding by demonstrating supply chain transparency, eco-consciousness and steering away from "green-washing." Authenticity is key, so consumers will put their money behind brand, practices that they believe to be ethical.

- **Impact on Brand Preference and Loyalty**

Ethical brands attract a higher level of loyalty. Many consumers are willing to pay higher prices for products that meet their value expectations. Transparency is linked to trustholding and unethical behaviours can lead to boycotts. Social media increases the leverage that consumers have over brands to be accountable. Brands - both local and global - need to meet high ethical expectations to earn consumer loyalty.

Consumer Response to Ethical Practices of Local vs. Multinational Companies

Both local and multinational companies are increasingly under scrutiny when it comes to ethical practices, though the challenges they must tackle are quite different. Multinational corporations (MNCs) function in different cultural and regulatory contexts and cannot have a single global CSR strategy but must localize their CSR strategy to account for these different contexts and expectations. For MNCs, CSR is a long-term proposition and the value of CSR depends on the regional nature of the pristine consumption, and consumers are varied in their beliefs that these efforts are credible or simply expanded marketing efforts. Local brands are usually much smaller and more entrenched in community. If they choose to promote ethical practices like local sourcing, fair labor, and working with community organizations, it can be easier for them to form trust with consumers. Being a part of the community helps build trust. Regardless of size, true commitment to an ethical approach is critical in either building loyalty to the brand, or a one-time taste preference in a value based economy.

Consumer Boycotts: A Sign of Preference and Protest

Consumer boycotts have developed as a preferred avenue of activism that allows individuals to express a lack of approval of a brand's policies or ethical standards (or lack thereof) by not purchasing its products or services.

Triggers of Boycotts

Boycotts are often sparked by:

- Unsafe products or health risks
- Labor violations (e.g., child labor, union suppression)
- Environmental harm
- Political stances or associations with controversial countries
- Sudden or unfair price hikes

Social media amplifies these movements, enabling rapid awareness, organization, and public pressure.

Impact on Multinational Corporations

Boycotts can significantly damage MNCs by:

- Reducing sales and market share
- Eroding brand reputation and consumer trust
- Forcing public statements or policy changes to rebuild goodwill

Even if financial losses are sometimes modest, reputational damage can be long-lasting, especially if the brand fails to respond authentically.

Why Consumers Participate in Boycotts

Motivations include:

- Ethical or political beliefs
- Cultural or religious values
- Social identity and activism
- Ease of switching to alternative brands

CONCLUSION

The realm of consumers' preferences about local versus multinational brands is an intricate tapestry, woven with many interrelated threads of influence. Although price and perceived value are still primary concerns for consumers, they are increasingly being influenced by many other aspects, such as product quality, origin, emotional connections, ethical behaviors, innovation, advertising, commitment, and customer service. Multinational corporations often utilize their market power and resources to portray quality and prestige. Local brands are more agile and understand the local culture more deeply, while building stronger connections and trust in the community. The ethical consumerism movement, along with the rise of consumer boycotts, indicates

that values and accountability are becoming more important to consumers when selecting brands. Ultimately, both local and multinational brands will have to understand these changing preferences and adjust accordingly or risk not existing in this increasingly global market.

RECOMMENDATIONS

Based on the analysis presented in this paper, the following recommendations are offered for both local and multinational businesses:

For Local Brands:

- **Leverage Local Identity:** Emphasize your local roots, cultural connections, and community involvement in your branding and marketing efforts. Highlight the authenticity and unique aspects of your brand that stem from its local origin.
- **Focus on Niche Markets:** Identify and cater to specific needs and preferences within your local market that might be underserved by larger multinational corporations. Offer customized products or services where possible.
- **Prioritize Customer Service:** Build strong, personal relationships with your customers by providing exceptional and attentive service. This can be a key differentiator against larger, more impersonal competitors.
- **Highlight Ethical Practices:** If your business prioritizes ethical sourcing, sustainable practices, or community support, make this a prominent part of your brand messaging. This can resonate strongly with ethically-minded consumers.
- **Embrace Agility and Innovation:** Stay close to your customers and be responsive to their evolving needs and market trends. Your ability to adapt quickly can be a significant advantage.

For Multinational Corporations:

- **Localize Strategies:** Recognize the importance of local culture and preferences. Adopt a "glocal" approach by adapting your products, marketing, and communication strategies to resonate with specific regional markets.
- **Build Trust and Authenticity:** Be transparent about your operations and supply chains. Actively engage with local communities and demonstrate a genuine commitment to understanding and serving their needs.
- **Invest in CSR:** Develop and implement localized corporate social responsibility initiatives that address the specific social and environmental concerns of the markets in which you operate. Ensure these initiatives are authentic and impactful.
- **Maintain Consistent Quality:** While adapting to local tastes, ensure that you maintain the quality standards that consumers associate with your global brand.
- **Monitor Consumer Sentiment:** Pay close attention to consumer perceptions of your brand, including concerns about pricing, ethical practices, and potential monopolistic behavior. Be prepared to address these concerns proactively and transparently.

By understanding and responding to the nuanced factors that drive consumer preferences for local versus multinational brands, businesses can position themselves for success in an increasingly complex and interconnected global marketplace.