

ENHANCING DEMAND RESPONSIVE MARKETING IN THE US APPAREL INDUSTRY: MODELING CONSUMER BEHAVIOR IN GLOBAL MARKETS

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GOAL

The primary goal of this three year project was to develop and test a model of cross-national product acceptance in international markets, providing a framework that may be used by the U.S. textile and apparel industry to increase responsiveness to international consumer markets.

ABSTRACT

This research enhances U.S. industry responsiveness to consumer demand for apparel products in the global marketplace. A model of cross-national acceptance for U.S. textile and apparel products for international consumer markets was developed and tested among consumer markets in Mexico and Mexican apparel consumer markets for U.S. products were identified and profiled. Resulting actionable data may be used to develop product and marketing strategies that will enhance the ability of U.S. firms to position their products for specific international markets, thereby increasing global market share and improving international competitive positions of U.S. firms. Hence, the NTC mission, to provide the research base for the continuing viability and competitiveness of the U.S. textile complex, is enhanced by this research.

RELEVANCE TO NTC GOALS

Future survival of the U.S. textile complex requires success in the global arena. Demand activated manufacturing has emerged as a major strategy of the U.S. apparel industry to become globally competitive by efficiently responding to changing consumer wants and needs. Many in the apparel industry have become convinced that in order to be competitive in international markets, they must be responsive to rapidly changing consumer demands, regardless of improvements in productivity and cost control. Thus, a fundamental requirement to enhance global competitiveness of the U.S. textile and apparel industry is to accurately identify and respond to consumer needs. However, the potential for failure to effectively meet market demand in international markets is even greater because of cultural and market differences.

A suggested conceptual framework for understanding and predicting consumer acceptance of U.S. apparel products in international markets will provide a strategic tool for responding to consumer needs in a more accurate and timely manner than is now possible. This will result in more marketable product offerings and stronger brand images increasing market dominance and enhancing profitability for the U.S. textile and apparel industry.

A key part of this research project is the cross-national product acceptance model which can be used in international markets as well as sub-cultural markets in the U.S. The model is based on

the premise that marketers must understand how informational cues important to consumers' purchase decisions influence product acceptance in targeted international markets in order to develop effective international product and marketing strategies. The cross-national product acceptance model provides a framework for obtaining and using consumer behavior information to increase responsiveness to international consumer markets and thus enhance the global competitiveness of the U.S. industry. Increased competitiveness will result in 1) an increased share of the global apparel market; 2) creating more jobs in the U.S.; and 3) greater profitability.

A growing number of U.S. firms are realizing that accurate information about specific markets is critical to maximize the potential for expanding U.S. market share in both domestic and international markets. Many successful firms are interested in increasing their responsiveness to customer needs based on market research. However, such information is difficult to secure for foreign markets and the likelihood of making incorrect strategic decisions is greater due to cultural and other differences in these consumer markets. Although Mexico offers significant market opportunities for U.S. producers to fulfill the rapidly expanding Mexican consumers' demand, there is virtually no reliable consumer information available to U.S. firms regarding the Mexican apparel consumer.

OBJECTIVES

The key objectives of this study were:

- To develop and test a model of cross-national acceptance for textile and apparel products among international consumer markets in order to understand and predict consumer preferences for U.S. apparel products in Mexico;
- To analyze potential market demand and apparel purchase behaviors in the major Mexican consumer markets;
- To provide consumer profiles of the three major consumer markets in Mexico; and
- To determine the impact of brand name, price and intrinsic product attributes on consumer perception of apparel product quality and comparative value, and on willingness to buy.

TECHNICAL APPROACH

Both survey and experimental research were concurrently used to maximize usefulness of the research findings. A case study approach using various research methods was employed during the first year of this project. During the two subsequent years, both mall intercept surveys in the three major markets in Mexico and experimental research designs were employed to collect data necessary to develop and test the proposed model. A store-intercept survey of over 500 middle- and upper-income consumers in the three major Mexican markets--Mexico City, Guadalajara and Monterrey (which represent almost one third of Mexico's total population) provided critical

consumer information. Previous surveys of apparel wholesalers and retail buyers from Mexico provided information on Mexican consumer preferences and apparel buying behavior. Survey data, analyzed by parametric statistical methods, provided a profile of apparel consumers in each of the major Mexican markets. The survey identified demographic characteristics, apparel purchase behavior, comparative attitudes toward U.S. clothing products, and the factors which influence apparel purchase decisions among Mexican shoppers. This survey, partially supported by textile, apparel and retail firms interested in expanding their business in Mexico, represents a unique collaborative industry-education effort. Research team members worked with a U.S. apparel manufacturer, an international retail consultant, and a Mexico based market research firm to collect local consumer data.

The survey data was augmented by personal interviews, review of government documents and other sources of secondary data. A mall intercept study in a major mall in Mexico City, during October 1993, was used to obtain consumer evaluations of apparel items where the price and brand name were carefully manipulated to pretest the model. The relationships between these product cues and two evaluative variables (perceived quality and perceived product value) and the customer's willingness to buy U.S. apparel products were tested. After the model was refined based upon the results of the pretest, experimental research with a sample of customers in an upscale mall in Mexico City was used to examine the impact of intrinsic product attributes, (U.S. vs Mexican) brand name, and price on Mexican customers' perceptions of apparel product quality and value, and their willingness to buy the product. Factor analysis, ANOVA, multiple regression, and a path analysis were employed to identify cues contributing significantly to consumers' quality and value evaluations and to purchase intentions.

A conceptual model of cross-national product acceptance (illustrated below), which shows how consumers manage informational cues during the purchase decision, can provide a strategic guide for U.S. apparel firms in establishing or expanding their business in Mexico. The model may also be adapted to other Latin American countries or to sub-cultural markets within the U.S. It will provide a basis for U.S. apparel firms to develop product and marketing strategies which can successfully respond to Mexican consumers' needs.

ACCOMPLISHMENTS

Accomplishments of year three were based on the foundation laid in the first two of the research project as summarized. Two international conferences, "Building Bridges Between Textile and Apparel Manufacturers and Retailers in North America", held April 8-10, 1992 and "Business Opportunities Across the Border" held November 4 - 6, 1992, were organized and sponsored by the research team during year one. These two conferences brought together business and government leaders from Mexico and the U.S. to explore business opportunities, and provided invaluable resources for team members to pursue further research efforts. The conferences also resulted in the identification of new business opportunities for both U.S. and Mexican firms. Significant interest in U.S. - Mexican marketing opportunities was evidenced by the large number of executives from the textile and apparel industry attending these conferences.

Research data were collected through a case study approach including direct observation (visits

to various retail stores in the major Mexican markets) and personal interviews with executives of major Mexican and U.S. retail firms in Mexico, and with retail buyers for Mexican stores. Surveys of Mexican retail buyers at the Dallas Apparel Market in August and October 1992 produced an information base on product attributes and services important to retail buyers in Mexico.

In keeping with the case study data collection strategy, numerous meetings were held with apparel manufacturing and retail executives to learn about Mexican consumer markets and potential cultural barriers. Interviews with executives of several Mexican retail firms (in the three major Mexican markets) provided additional insight regarding opportunities to sell U.S. products in Mexico. Additional data on apparel purchase attitudes and behaviors were obtained from a sample of retail buyers from department and specialty stores in Mexico during January and February 1993. The survey instrument was pilot tested with a group of Mexican retail buyers in August, 1992. It was translated into Spanish, and faxed to retail buyers in Mexico following personal phone calls requesting each buyer's participation. Findings included (1) preference ratings for U.S. brands, (2) importance ratings of apparel product attributes, (3) identification of U.S. apparel products and brands currently sold in major Mexican retail stores, and (4) Mexican consumers' attitudes toward U.S. apparel products. Several implications for U.S. brand and product strategies emerged from these findings.

Year three accomplishments consisted of three major projects. The first project consisted of interviews with over 500 Mexican consumers representing middle to upscale shoppers in the three major markets in Mexico to identify demographic characteristics, apparel purchase behavior, attitudes toward clothing (particularly U.S. products) and the factors which influence apparel purchase decisions among shoppers in Mexico. This survey also included an experimental research component where consumers evaluated U.S. apparel products to provide information on perceptions of U.S. products, and willingness to buy among consumers in Mexico. Data analysis is presently underway, and research findings will be disseminated to interested industry participants via working papers and presentations at industry conferences.

The second project examined the impact of (U.S.) country of origin and brand name on Mexican consumers perceptions of product quality, value and their willingness to buy. It also examined the mediating effect of various consumer variables on perceptions and attitudes toward U.S. apparel products. The researchers (in collaboration with Levi Inc.) asked Mexican consumers to evaluate jeans in which the brand label and country of origin label on U.S. jeans had been carefully manipulated in order to determine the relative effect of brand name and country of origin on a U.S. brand that has a strong international brand recognition. Data analysis is underway to examine the results.

The third major study tested the cross-national product acceptance model (Figure 1) by examining the impact of selected informational variables on U.S. apparel product acceptance among Mexican consumers. It had the following objectives: (1) to determine the effect of intrinsic product attributes, U.S. versus Mexican apparel brand names, and price on perceptions of quality, value,

and willingness to buy among Mexican female consumers; and (2) to determine the effect of perception of quality and sacrifice on perceived value and willingness to buy. An experimental research design was employed. One hundred ninety-eight Mexican female shoppers examined a jacket and responded to statements related to quality, value, and willingness to buy. The actual garments, two identical U.S. brand name jackets and two identical Mexican brand name jackets, were used as stimuli. The jackets were similar in style, price points, and distribution through retail stores. The instrument was developed to examine perceptions of quality, value, and willingness to buy among Mexican female shoppers. The data were collected in a major upscale mall located in Mexico City and multiple regression and path analysis were used to examine the data.

This study found that Mexican female shoppers' perceptions of quality and value are greatly influenced by perception of intrinsic attributes of the product. If Mexican consumers perceive the apparel product to be of good quality in terms of fabric, workmanship, durability, and style, they are more likely to have favorable perceptions of value leading to more favorable willingness to buy the product. Brand name did influence perception of overall quality indirectly through an enhanced perception of intrinsic attributes. Thus, Mexican consumers appear to base their perception of quality primarily on intrinsic product attributes rather than brand name per se. Price did not have a significant effect on the quality perceptions of this group of consumers. Also, the findings did not clearly show how price effects the purchase decision among the consumers sampled. The path analysis, however, showed that this group of consumers may not consider price to be a major factor in their purchase decision.

Several researchers have noted the need to integrate knowledge from previous research efforts in order to further develop and establish general applicability of a conceptual model of perceived value and willingness to buy. The present research integrates findings of earlier research and extends the applicability of the conceptual model to an international market. It is apparent that both intrinsic product attributes and one extrinsic attribute (brand name), are important determinants of product quality perceptions among consumers in Mexico. The demonstrated effect of these variables on perceptions of value and purchase intentions among consumers in Mexico clearly warrants additional research to extend this conceptual model with additional international markets.

Two members of the research team, Drs. Forsythe and Cavender, were invited by the National Retail Federation of Mexico (ANTAD) to present their research results at the annual conference in Guadalajara, Mexico. Partial funding was provided by ANTAD which allowed the researchers to take advantage of several additional opportunities while in Mexico. Drs. Forsythe and Cavender participated in a symposium on "Doing Business in Mexico" in Mexico City where they gained significant insights about the nuances of apparel marketing in Mexico. Several important contacts were made in Mexico City, Monterrey and Guadalajara to assist with data collection activities in Mexico. Discussions with professors at Monterrey Tech (one of the major universities in Mexico) focused on potential collaborative efforts and exchange possibilities for faculty and students between the two institutions.

Results of this three year research project have been shared with both business and academic audiences. Over 15 national and international presentations, and seven published articles in trade journals, academic journals and conference proceedings (listed below) have provided avenues for sharing research findings and for obtaining feedback from industry. Several additional papers and presentations are in progress. Two master's theses relating to this project have been completed and another one is in progress.

The following is a list of publications and presentations resulting from this research:

Cavender, D. & Forsythe, S. (September, 1994). A model for internationalization of a retail curriculum: Meeting the challenge of a global environment. Presented at the third International Conference on Education in the Distributive Trades, The Netherlands. Published in Proceedings.

Valencia, M. (August, 1994). The effect of intrinsic attributes, brand name and price on apparel product evaluation of Mexican female shoppers. Master's thesis, Auburn University.

Forsythe, S. & Wilson, K. (July, 1994) Consumer perceptions of apparel product quality. International Trade and Finance Association, Fourth International Conference, Reading, England.

Forsythe, S. (April, 1994) Modeling consumer purchase behavior for apparel in international markets. AMTEX/DAMA Task 5 Workshop, Atlanta, Ga.

Forsythe, S., Barry, M. & Warfield, C. (1993). U.S.-Mexican trade opportunities: Toward the development of a globally competitive North American apparel industry. In K. Fattemi (Ed.), North American Free Trade Agreement, MacMillan. London.

Forsythe, S. & Cavender, D. (December, 1993) Apparel Consumption Behavior in Mexico: Opportunities for U.S. Apparel Producers. Fourth Symposium on Cross-Cultural Consumer and Business Studies in Honolulu, Hawaii. Published in Proceedings.

Forsythe, S.M. & Cavender, D.H. (November, 1993). Expanding opportunities: The Mexican apparel market. International Textiles and Apparel Association (ITAA). White Sulphur Springs, WV. Published in Proceedings.

Cavender, D.H., Ulrich, P., & Forsythe, S.M. (October, 1993). Textiles and apparel products: The potential for international direct marketing. Direct Marketing Educators Conference, Toronto, Canada.

Forsythe, S.M. & Cavender, D.H. (September, 1993). U.S. Apparel Manufacturing: Toward

a Global Marketing Strategy. Proceedings of the 7th International Conference on Research in the Distributive Trades. Stirling Scotland: Institute for Retail Studies, University of Stirling.

Forsythe, S.M. (September, 1993). Marketing U.S. products to Mexico: Opportunities for Alabama apparel manufacturers. Top of Alabama Regional Council of Governments (TARCOG) board of directors meeting, Huntsville, Al. (Invited paper.)

Forsythe, S.M., Anderson, L.J. & Barry, M.E. (1992, November). Mexico makes the grade. *Bobbin* (Invited paper). 34(3), 38-42.

Forsythe, S.M. (1992). U.S. Apparel industry: Toward a global marketing strategy [Summary]. Proceedings of the International Textile and Apparel Association.

Forsythe, S.M. & Cavender, D. (1993, March 30). Mexican consumers of the 90's: Opportunities for growth. National Retailers Association of Mexico (ANTAD), Guadalajara, Mexico. (Invited paper).

Barry, M., Forsythe, S., & Cavender, D. (1993, May 21.) NAFTA: Implications for the U.S. Textiles and Apparel Industry, Special Session: Panel. The International Trade and Finance Association Annual Conference, Miami, Florida.

Forsythe, S., & Cavender, D. (1993, May 21). Opportunities in Mexico's Textile and Apparel Retail Industry. Presented at the International Trade and Finance Association Annual Conference, Miami, Florida.

Cavender, D. (1993, May 21). The Hispanic Markets: A Tremendous \$200 Billion Marketing Opportunity for Direct Mail Apparel Catalog Companies. Presented at the International Textile and Apparel Association, Miami, Florida.

Forsythe, S., Barry, M., & Cavender, D. (1992, November). Marketing U.S. Apparel in Mexico. Panel presented at the second International Symposium "Opportunities for Partnership in Mexico", Auburn, Alabama.

Forsythe, S., Cavender, D., & Barry, M. Globalizing your merchandising efforts and the Mexican consumer (1992, April). Presented at the First International Symposium, "Building Bridges Between Textile and Apparel Manufacturers and Retailers in North America", Auburn, Alabama.

Barry, M., Forsythe, S., & Patton, C. (1992, February). Opportunities for U.S. Textile and Apparel Producers to Export to Mexico. Presented at the Association of Borderland Scholars, El Paso, Texas.

RESOURCE MANAGEMENT

This research represents a unique collaborative approach between academia and industry. A number of apparel manufacturing and retail business and consulting firms with an international focus (including Russell Corporation and Strategies Consulting, International) are contributing to this research both financially and collaboratively in order to leverage the productivity of the team and the quality of the findings.

Utilization and maximization of human resources is of particular importance to this project. The research is enhanced by a team approach which includes team members with diverse, but complementary backgrounds and expertise. Each member of the research team brings expertise which allows synergistic interactions to address the complex, dynamic marketing problem of expanding foreign market share among U.S. textile and apparel firms by accurately meeting consumer needs in those markets. Although each member of the team has industry experience with an international focus, the following specific skills provide a complimentary dimension. The following briefly summarizes team members' expertise to the focus of this research.

Dr. Forsythe (AU) - Consumer behavior and preferences, particularly, apparel consumption behaviors.

Dr. Cavender (AU) - Direct marketing of apparel through catalogues with a focus on Hispanic consumers

M. Valencia (AU Graduate student) - Mexican consumer behavior; Mexican born. Recently completed thesis research examining the effect of product attributes on apparel evaluations among Mexican shoppers.

Dr. Ulrich (AU) - Longitudinal perspective on the international marketing efforts of U.S. textile, apparel and retail firms.

Dr. Barry (AU) - World production and distribution of textiles and apparel.

Dr. Hergeth (NCSU) - Global marketing of European firms; German native.

Dr. Kim (AU) - Analysis of international marketing strategies; implications for the U.S. retail, apparel and textile industry; Korean native.

Dr. Petee (AU) - Social psychology, decision-making models and attitude-behavioral linkages. (Year 3)

Dr. Leon Chapman (Sandia National Laboratories) - Strategies technologies, decision making/analysis tools.

The team stretches beyond one campus and one discipline to seek a broader approach than is typical of most research accomplished in an academic environment. Collaboration with Dr. Chapman of the Sandia National Laboratories, supported through AMTEX, will further enhance the productivity of our limited resources. This research benefits tremendously from industry collaboration in addition to industry support.

The provision of resources external to NTC (including both industry sources, Alabama Experiment station funding and AMTEX support) has helped maximize the use of NTC resources. The project has had a multiplier effect in several ways. Two international conferences on doing business with Mexico were held (NTC support allowed the organization of the conferences which were ultimately self-supporting); industry contacts in Mexico led to a faculty development experience in Mexico and a faculty member's completion of a research project for a U.S. firm presently in Mexico. Also, a consumer survey of the three major markets in Mexico was completed with industry support.

Graduate assistants have played a significant role in executing the research. The efforts of graduate assistants made possible the generation of substantial research material and facilitated the collection of data among buyers and consumers in Mexico. Both graduate students and industry advisors have offered valuable insights to enhance this research. Two graduate student research theses and several independent studies have resulted from this research and a third graduate thesis is in progress. A further result of faculty and student interest in international markets, a three week student study experience to Mexico was completed in the summer of 1994. This international study experience was largely funded by a business executive interested in offering students an opportunity for an international experience.

Much of the research budget has been required for travel. Whenever possible, team members have combined data collection travel with research presentations, attendance at seminars, workshops, meetings with potential consultants or sub-contractors, etc. in order to maximize the efficiency of travel funds. In some cases, travel expenses were paid by the organization inviting the team member to present research at the meeting. Necessary supplies and equipment (e.g., computer equipment and software) have been shared by team members. Also, services (e.g., statistical consulting, secretarial assistance) have been maximized by the team.

Figure 1.

Cross-National Product Acceptance Model

