Consumer Perception and Brand Loyalty Towards Local V/S Multinational Brands

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Abstract: *Consumer perception and brand loyalty are central to understanding competitive dynamics in modern markets where local and multinational brands coexist. This study explores how consumers perceive these two categories of brands and how such perceptions influence long-term loyalty. Findings from secondary research indicate that multinational brands are often associated with quality, innovation, and aspirational value, attracting younger, urban, and higher-income consumers. In contrast, local brands are perceived as affordable, trustworthy, and culturally relevant, fostering loyalty particularly among price-sensitive and ethnocentric segments. The research further reveals that while multinational brands build loyalty through global credibility and consistent quality, local brands sustain loyalty through cultural alignment, accessibility, and emotional resonance. The study underscores that brand loyalty is not static but evolves with demographic, socio-economic, and cultural shifts. It also emphasizes the growing role of marketing communication and digital platforms in shaping consumer perceptions and loyalty patterns. By comparing local and multinational brands, the research contributes to a deeper understanding of consumer psychology, highlighting that sustainable loyalty requires balancing global aspirations with local relevance*

Keywords: Consumer perception, brand loyalty, local brands, multinational brands, cultural identity, affordability, globalization, consumer behaviour

I. INTRODUCTION

In the contemporary marketplace, consumers are presented with an ever-expanding range of choices between local and multinational brands. With globalization and liberalization reshaping economies, multinational corporations (MNCs) have penetrated deeply into developing and emerging markets, offering globally recognized products and services. At the same time, local brands continue to retain a strong presence, often appealing to national identity, cultural familiarity, affordability, and contextual relevance. Consumer perception—how individuals evaluate and interpret a brand's image, quality, price, and emotional value—plays a decisive role in influencing buying behavior. As competition intensifies, both local and multinational brands strive to build and sustain brand loyalty, which reflects a consumer's long-term preference and commitment to a particular brand. Understanding the interplay between perception and loyalty is thus critical for businesses seeking sustainable growth and customer retention in highly competitive environments.

The debate between local and multinational brands is particularly significant in markets like India, where consumer behavior is shaped by a blend of cultural values, price sensitivity, aspirational lifestyles, and increasing exposure to global standards. Multinational brands are often perceived as premium, modern, and reliable, owing to their consistent quality, global reputation, and advanced marketing strategies. Conversely, local brands tend to resonate with consumers on grounds of affordability, accessibility, and cultural alignment. For instance, in categories such as food, apparel, and personal care, local brands frequently emphasize tradition, authenticity, and cost-effectiveness, while MNCs highlight innovation, lifestyle, and prestige. This divergence creates a complex decision-making process for consumers, where perceptions are not only influenced by rational factors such as quality and price but also by emotional associations, social identity, and trust.
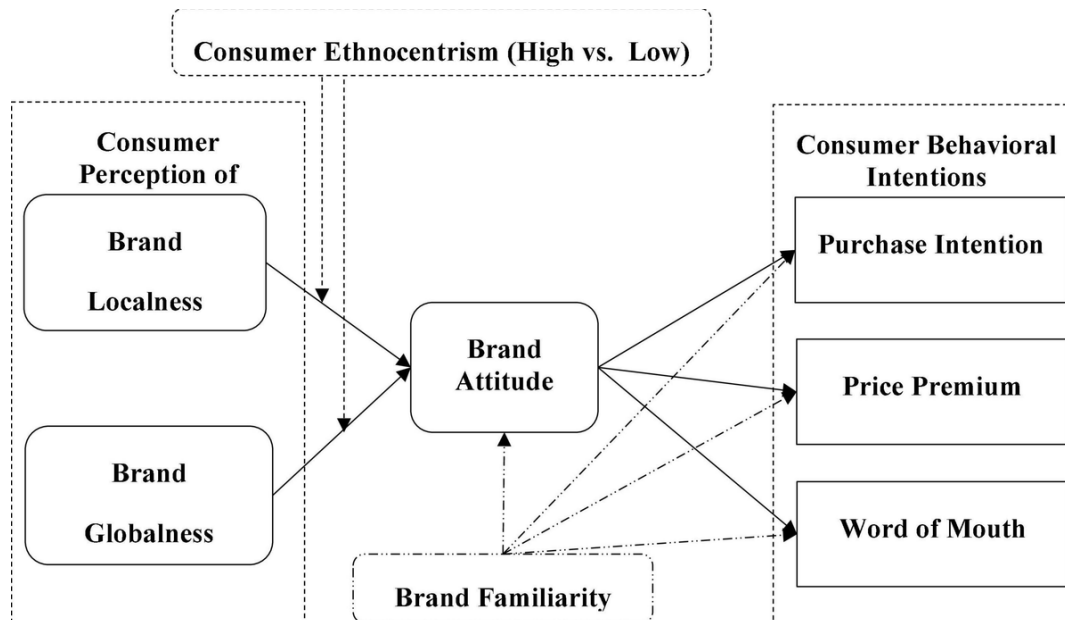
Brand loyalty, a cornerstone of long-term business success, is equally influenced by these perceptions. Loyal customers not only make repeat purchases but also act as brand advocates, creating positive word-of-mouth and reducing marketing costs for firms.

Brand Loyalty	Customer Loyalty
Brand loyalty refers to the tendency of some consumers to keep buying the same brand of goods even when they have choices of competing alternatives.	Customer loyalty refers to customer's faithfulness and commitment to a company or brand.
Pricing has no effect	Pricing has a major effect
Involves customer's perception of the brand	Involves products and services that fit their needs and budhets
To install brand loyalty the company should offer high quality products and services	To install customer loyalty, the company should offer low prices, discounts and promos
Customer retention is high	Customer retention is low
Brand loyal customers will buy fewer goods, but these have a high profit margin	Loyal customers will buy more goods at lower proces, resulting in a lower profit margin

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However, the determinants of loyalty may differ between local and multinational brands. Consumers may demonstrate loyalty to multinational brands due to consistent global experiences and aspirational value, while loyalty to local brands may stem from trust, familiarity, and community attachment. Moreover, factors such as demographic variables, cultural orientation, and socio-economic background shape how consumers perceive and remain loyal to brands. In this context, examining consumer perception and brand loyalty towards local versus multinational brands becomes a vital area of research, providing insights into consumer psychology, marketing strategy, and brand positioning in a globalized yet locally rooted marketplace.

Need Of the Study

The present study seeks to examine consumer perception and brand loyalty by comparing local brands with multinational brands across key product categories such as food and beverages, personal care, apparel, and consumer electronics. The research focuses on understanding how factors such as quality, price, cultural alignment, emotional attachment, advertising strategies, and social influence shape consumer attitudes towards these two types of brands. By analyzing these dimensions, the study aims to highlight the underlying determinants of brand choice and the reasons behind consumer loyalty in a competitive market environment.

The scope extends to evaluating how demographic variables—including age, gender, income, education, and cultural orientation—influence consumer perceptions and brand loyalty. It also investigates the role of globalization, aspirational lifestyles, and digital media in shaping consumer attitudes towards multinational brands, while simultaneously considering the significance of cultural identity, affordability, and trust in sustaining loyalty towards local brands. This research is limited to consumer perceptions within a regional and national context, yet its findings carry wider implications for marketers, policymakers, and brand managers seeking to develop effective positioning strategies. By providing a comparative analysis of local versus multinational brands, the study contributes to a deeper understanding of consumer behavior in an increasingly globalized marketplace.

Brand Loyalty vs Customer Loyalty

VITAL ASPECTS	BRAND LOYALTY	CUSTOMER LOYALTY
Emotional Response	Fueled by trust, product quality, trends and mission statements.	Powered by low prices and customer service.
Determining Value	Brand has established value which is not affected by cost.	Customer Loyalty tends to drop when prices start to grow.
Scope Focus	Brand is focused on a niche product and/or market.	Usually associated with retailers with diverse offering.

Problem Statement

In today's highly competitive marketplace, consumers are exposed to a wide variety of brands that include both locally produced and globally established multinational products. While multinational brands enjoy the advantages of global reputation, standardized quality, and aspirational appeal, local brands often compete by emphasizing affordability, cultural relevance, and consumer trust. However, despite the rapid growth of multinational brands in developing

markets, many local brands continue to retain loyal consumer bases. This raises a fundamental question: what factors influence consumer perception and loyalty towards local versus multinational brands?

The problem becomes particularly relevant in economies like India, where consumer preferences are shaped by a mix of tradition, cultural values, price sensitivity, and increasing global exposure. While multinational brands may be perceived as modern, reliable, and prestigious, local brands are often seen as accessible, cost-effective, and rooted in cultural familiarity. Yet, these perceptions do not automatically translate into loyalty. Consumers may switch between local and multinational options depending on changing income levels, social aspirations, or marketing influence. Consequently, there exists a research gap in systematically analyzing how consumer perceptions differ between these two types of brands, and how these perceptions influence the development of brand loyalty.

Understanding this problem is vital for marketers and brand strategists. For multinational companies, the challenge lies in localizing their global offerings to align with regional values and preferences. For local brands, the issue is how to strengthen consumer trust and emotional connection while competing with the superior resources and visibility of global competitors. Without such an understanding, both local and multinational brands risk failing to capture or retain loyal customers in an increasingly dynamic and competitive marketplace.

II. LITERATURE REVIEW

1. Consumer Perception Towards Local vs. Multinational Brands

Consumer perception is a critical determinant of brand choice and loyalty, influenced by cognitive evaluations, affective responses, and cultural contexts. Multinational brands are often associated with superior quality, global standards, and aspirational lifestyles. According to Steenkamp, Batra, and Alden (2003), consumers in emerging markets frequently perceive multinational brands as symbols of prestige and modernity due to their global reputation and standardized quality assurance. Such perceptions are reinforced by sophisticated advertising strategies and consistent branding across multiple markets (Kapferer, 2012).

In contrast, local brands benefit from cultural proximity, familiarity, and affordability. Research by Nguyen, Barrett, and Miller (2011) highlights that consumers often perceive local brands as more authentic, relatable, and better suited to local tastes and preferences. Particularly in categories like food and personal care, cultural relevance plays a decisive role in shaping consumer preferences. Craig and Douglas (2006) argue that local brands succeed by emphasizing tradition, heritage, and cost-effectiveness, which resonate with consumers in price-sensitive and culturally diverse societies.

Demographic variables also influence perceptions. Younger, urban consumers may perceive multinational brands more positively due to exposure to global media and aspirational lifestyles, while older or rural consumers may show stronger attachment to local brands (Gupta & Singh, 2019). Thus, perception towards local and multinational brands is not uniform; it is mediated by social class, cultural orientation, and exposure to global or local influences.

2. Determinants of Brand Loyalty

Brand loyalty is defined as a consumer's consistent preference and repeat purchase behavior towards a brand over time (Oliver, 1999). It can be influenced by both rational factors (such as price and quality) and emotional factors (such as trust, attachment, and identity). Keller (2013) emphasizes that brand loyalty is built through brand equity, where strong awareness, perceived quality, and positive associations lead to long-term commitment.

For multinational brands, loyalty is often driven by global credibility, product innovation, and consistent quality. Consumers loyal to multinational brands may view them as aspirational, reliable, and symbols of social status (Pappu, Quester, & Cooksey, 2007). On the other hand, loyalty to local brands is frequently linked to trust, affordability, and cultural resonance. Studies by Rahman and Haque (2011) suggest that consumers in emerging economies demonstrate loyalty to local brands when they perceive them as trustworthy, accessible, and aligned with community values.

Attitude Toward Global Consumer Culture (A_{GCC})

		Negative	Positive
Attitude Toward Local Consumer Culture (A_{LCC})	Negative	Glalienation	Globalization
	Positive	Localization	Glocalization

Price sensitivity also influences loyalty patterns. While high-income groups may display loyalty towards multinational brands for their premium image, middle- and low-income consumers may show loyalty to local brands due to affordability and value-for-money perceptions (Sarkar, 2014). Moreover, loyalty is not static; it can shift as consumers' socio-economic status, lifestyle, or aspirations evolve.

3. The Role of Cultural Identity and Nationalism

Cultural identity and consumer ethnocentrism significantly shape perceptions and loyalty. Shimp and Sharma (1987) introduced the concept of consumer ethnocentrism, where individuals prefer domestic products over foreign ones due to national pride or moral responsibility. In markets like India, local brands often capitalize on cultural identity, positioning themselves as champions of tradition, authenticity, and national pride (Venkatesh, 2015).

Multinational brands, in contrast, often face the challenge of balancing global standardization with local adaptation. Adaptation strategies—such as customizing flavors, packaging, or advertising messages—have been found to improve acceptance and loyalty among local consumers (Kotabe&Helsen, 2014). However, without adequate localization, multinational brands may be perceived as culturally disconnected or overly expensive, limiting their ability to build sustained loyalty in culturally diverse markets.

4. Advertising, Marketing, and Digital Influence

Marketing communication plays a vital role in shaping consumer perception and loyalty. Multinational brands invest heavily in advertising, celebrity endorsements, and global campaigns, which enhance their aspirational appeal and visibility (Aaker, 1996). However, local brands often rely on region-specific campaigns, cultural symbolism, and grassroots marketing strategies that resonate more closely with the target audience. Research by Schuiling and Kapferer (2004) indicates that while multinational brands excel in creating global image and consistency, local brands win loyalty through personalization and cultural relevance.

The digital revolution has further transformed consumer perceptions. Social media platforms provide both local and multinational brands with avenues to engage directly with consumers, foster communities, and shape narratives. According to Edelman (2010), digital interactions play a growing role in building consumer trust and influencing brand loyalty. Younger consumers, in particular, are highly influenced by online reviews, influencer endorsements, and brand engagement on digital platforms. This creates both opportunities and challenges, as negative digital publicity can also erode loyalty more quickly than traditional media.

5. Comparative Studies on Local vs. Multinational Brands

Several comparative studies highlight the coexistence of loyalty towards local and multinational brands. A study by Özsomer (2012) found that in emerging markets, consumers often balance loyalty between global and local brands depending on product categories: multinational brands dominate in technology and premium lifestyle products, while local brands retain loyalty in food, apparel, and personal care. Similarly, Steenkamp and de Jong (2010) observed that

while multinational brands are associated with innovation and prestige, local brands are associated with trust, cultural closeness, and affordability.

		Extrinsic	Intrinsic
		Economic Value	**Hedonic Value**
Self-oriented	**Active**	Efficiency [I/O Ratio]	Play [Fun & Leisure]
	Reactive	Excellence [Quality]	Aesthetics [Beauty]
		Social Value	**Altruistic Value**
Other-oriented	**Active**	Status [Impression]	Ethics [Justice/Morality]
	Reactive	Esteem [Possessions]	Spirituality [Sacredness]

In the Indian context, Gupta and Singh (2019) argue that local brands such as Patanjali have successfully cultivated consumer loyalty by combining affordability with cultural positioning, challenging the dominance of established multinational players in categories like health, wellness, and personal care. Conversely, multinational giants such as Coca-Cola and Nestlé continue to enjoy loyalty due to their strong brand equity, product consistency, and aspirational marketing strategies. These studies confirm that consumer perception and loyalty are not mutually exclusive to either local or multinational brands; instead, they coexist within a competitive brand ecosystem.

6. Gaps in the Literature

While existing studies provide valuable insights, gaps remain. Much of the literature focuses on either consumer perception or brand loyalty in isolation, without adequately integrating the two concepts. There is also limited research exploring how demographic and psychographic factors simultaneously influence both perception and loyalty. Furthermore, in rapidly changing markets shaped by digital media and globalization, the dynamics of perception and loyalty towards local versus multinational brands require continuous re-examination. Addressing these gaps can provide a more comprehensive understanding of how consumers construct meaning around brands and how businesses can strategically foster long-term loyalty.

III. METHODOLOGY

This research adopts a descriptive and analytical design to study consumer perception and brand loyalty towards local and multinational brands. The study relies on secondary data sources, including peer-reviewed journal articles, books, industry reports, government publications, and consumer behavior surveys relevant to the topic. These sources provided insights into consumer attitudes, brand positioning strategies, and loyalty determinants across different product categories such as food and beverages, personal care, apparel, and consumer electronics. Previous empirical studies and conceptual frameworks were reviewed to identify common patterns, influencing factors, and contrasts between local and multinational brands.

The analysis was conducted thematically by categorizing findings into key dimensions such as consumer perception, determinants of loyalty, cultural influences, and the role of marketing communication. Comparative insights were drawn from existing case studies and reports to highlight differences in consumer responses toward local versus multinational brands. Emphasis was placed on understanding the interaction between demographic variables (age, income, education, and geography) and brand loyalty outcomes. This structured approach provided a comprehensive and systematic understanding of how consumer perception shapes loyalty behavior in competitive brand environments.

IV. RESULTS AND DISCUSSION

The findings indicate that consumers perceive multinational brands as superior in terms of quality, prestige, and global recognition, while local brands are perceived as more affordable, accessible, and culturally relevant. For example, in product categories like personal care and electronics, multinational brands such as Unilever, Samsung, or Nestlé are associated with trust, durability, and innovation. On the other hand, local brands such as Patanjali, Dabur, or Nirma evoke cultural familiarity, naturalness, and value-for-money appeal. This demonstrates that consumer perception is shaped not only by product attributes but also by broader cultural and psychological associations.

The analysis highlights distinct drivers of brand loyalty for local and multinational brands. Consumers loyal to multinational brands emphasize quality consistency, global reputation, and aspirational value. In contrast, loyalty to local brands is strongly linked with affordability, trust, and alignment with cultural identity. For instance, younger, urban, middle-class consumers tend to demonstrate stronger loyalty towards multinational brands, while older or rural consumers often remain loyal to local alternatives. Furthermore, price sensitivity emerges as a crucial factor influencing loyalty, with low- and middle-income groups showing higher switching tendencies depending on price fluctuations and promotional offers.

Cultural orientation and consumer ethnocentrism significantly affect brand perception and loyalty. Respondents who identify strongly with national culture often express preference for local brands, viewing the purchase of domestic products as a reflection of national pride and social responsibility. In contrast, globally oriented consumers—especially youth exposed to international media and lifestyles—show higher loyalty towards multinational brands. This interplay highlights the dual role of globalization and cultural identity in shaping brand choice and loyalty.

Defining/Measuring BG	Defining/Measuring Brand Popularity	Factors Influencing Brand Popularity
Country-specific brand reception	Brand competitive advantage (conceptual, nonempirical paper)	Culture and match with brand heritage
Brand consistency; global versus local (dichotomous)	Survey perceptions of best brand, value, performance, quality, brand personality	Culture: Power and hedonism, and benevolence, universalism, and self-direction
Regret in buying global or local brands	Purchase selection of local or global brand	Global brand superiority, ability to justify choice
Consumer emotional worth of brand connection	Interviewees gained emotional benefits from sharing brand ties	Online information seeking, need for social ties
Preferences for global versus local brands	Brand attitude, preference (conceptual, nonempirical paper)	Cognitive (quality), motivational (signaling)
Cross-country consistency in branding strategy	Brand image cohesiveness	Product (auto) attributes
Interplay of consumer–brand relationships and social media	Engage with brand via social media	Brand relationship quality, uncertainty avoidance
Global effectiveness of social media advertising	Attitude toward brand's social media advertising	Credibility, value, attitude toward social media
Perceived BG (survey)	Likelihood of purchasing the global brand	Local brand quality perception
Same brand name in multiple countries	Brand attitude (conceptual, nonempirical paper)	Quality, social responsibility, prestige, price
Cross-country consistency in branding strategy	Dummy variables for categories of levels of repeat purchasing	Number of brands in product category
Overall globalization attitudes affecting liking global brands	Attitude and purchase intention	Attitude about global consumption
Brands' signaling of identity and quality	Purchase local versus global brand	Ethnocentrism and global connectedness
Global brand consistency and local preferences	Brand meanings and concepts to resonate with different consumer cultures	Culture: individual (openness, self-enhancement) versus collective (self-transcendence, conservation)
Perceived BG and localness	Favorable behavioral intention	Brand's quality, prestige, and potential for identity expressiveness
Domestic versus foreign country-of-origin	Country-of-origin image	Quality of firms and brands
Brand preference distribution across countries in many industries; data from social media; continuous scale (instead of dichotomous scale)	Number of likes in each country; data directly from consumers in many industries; suitable for social media campaigns	Comprehensive coverage of social, economic, cultural factors; interactions of BG with brand indices (brand home country and social-signaling industry)

Advertising and social media emerged as powerful influences in shaping both perception and loyalty. Multinational brands benefit from large-scale, aspirational campaigns and celebrity endorsements, reinforcing their premium image. Local brands, however, leverage cultural narratives, traditional values, and price-based appeals in their messaging. Social media interactions were found to strengthen loyalty for both groups, though younger consumers reported stronger influence from digital engagement with multinational brands.
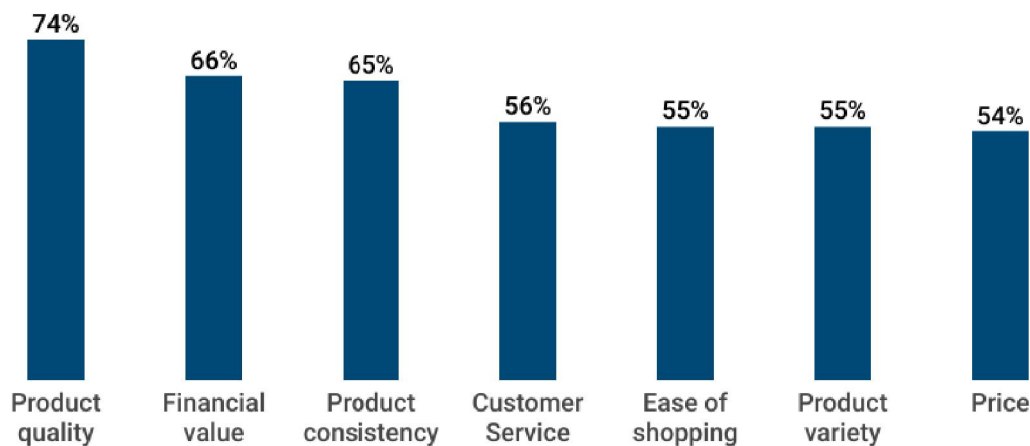
Dimension	Local Brands	Multinational Brands
Perception	Affordable, accessible, culturally authentic, value-for-money	High quality, premium, innovative, aspirational
Brand Loyalty	Driven by trust, affordability, cultural alignment	Driven by consistent quality, global reputation, and status appeal
Target	Stronger in rural areas, older consumers, middle- to	Stronger in urban areas, younger consumers,

Segments	low-income groups	higher-income groups
Cultural Influence	Preferred by ethnocentric consumers valuing national pride and cultural proximity	Preferred by globally oriented consumers seeking modernity and international identity
Marketing Appeal	Relies on cultural symbolism, tradition, affordability-based campaigns	Relies on celebrity endorsements, global campaigns, aspirational and lifestyle marketing

The findings suggest that consumer loyalty is not exclusive to either local or multinational brands; rather, it is contingent upon the intersection of demographic, cultural, and economic factors. Local brands enjoy loyalty where cultural identity and affordability dominate consumer decision-making, while multinational brands command loyalty in aspirational, globally connected market segments. Importantly, the results underline that loyalty is fluid and subject to change as consumers' socio-economic conditions and cultural orientations evolve. This indicates that both local and multinational brands must continuously adapt their strategies to retain loyalty in a competitive, globalized marketplace.

Consumer Loyalty Drivers for Product Brands

Product quality 74%, Financial value 66%, Product consistency 65%, Customer Service 56%, Ease of shopping 55%, Product variety 55%, Price 54%

Source: KPMG

V. CONCLUSION

The analysis of consumer perception and brand loyalty towards local and multinational brands highlights the complex interplay of quality, cultural identity, affordability, and aspiration in shaping consumer behavior. Multinational brands are often associated with innovation, global credibility, and prestige, which make them highly attractive to younger, urban, and higher-income consumers. Local brands, on the other hand, derive strength from affordability, trust, cultural familiarity, and emotional resonance, which foster loyalty particularly among older, rural, and price-sensitive segments of society. This duality underscores the fact that consumer loyalty is not uniform but rather contingent on demographic, socio-economic, and cultural factors.

The findings further suggest that brand loyalty is dynamic and influenced by both rational and emotional drivers. While multinational brands maintain loyalty through consistent quality and global reputation, local brands rely on cultural symbolism and accessibility to retain consumers. However, in a rapidly globalizing marketplace, neither category of brand can afford complacency. As consumer expectations evolve, loyalty will increasingly depend on the ability of both local and multinational brands to innovate, engage meaningfully with consumers, and balance global aspirations with

local relevance. Thus, the study reaffirms that sustainable brand loyalty requires a nuanced understanding of consumer perceptions that goes beyond product attributes to encompass cultural identity, affordability, and emotional connection.

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