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GUIDO BENNY SUNARDI
Bussiness Administration, Faculty of Social and Political Sciences, University of Indonesia

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Consumers Perception Under the Construct of Nationalism, Worldmindedness, “Made In” Label, and Brands

GUIDO BENNY SUNARDI

1Business Administration, Faculty of Social and Political Sciences, University of Indonesia

Abstract. The implementation of economic integration under the ASEAN Community is accelerated to 2015. Many observers argued that Indonesian businesses were not ready to compete. Then, a study was conducted to examine how Jakarta consumers perceived the competitiveness of domestic shoes products, a leading Indonesian export products, against similar products made in some ASEAN and other developed and newly industrialized countries. The study employed six dimensions of Country Image for shoes products in revealing consumers’ perception of “made in” labels and consumers’ perception of brands. The study also adopted the constructs of consumers’ nationalism and worldmindedness. To increase the validity of the study, the respondents were carefully selected with judgemental quota sampling, using gender, area and cohort variables. The research revealed some interesting results that would be important for business people and government as regulator.

Keywords: consumers, nationalism, worldmindedness, brand origin, country of origin

INTRODUCTION

The implementation of South East Asian Countries Economic Integration, named The ASEAN Community was accelerated to 2015. To compete in the global economy, the domestic business should prepare for the tighter competition. Goods and services are designed, made, and marketed all over the world through a dynamic production chain order and they have been able to go beyond country boundaries as well as across enterprises (Sangkala, 2005).

According to some experts in marketing sciences, building brand is one of the key to win consumer choice (Kotler, 2003). From the consumers’ perspective, a brand offers guarantee for consistent performance and give the signal of higher benefits than the unbranded products. For the consumers, brand is also perceived as the “contract” with the provider of the products that the products bearing the brand name are guaranteed to deliver quality, comforts, status, and other considerations which are important for consumers’ purchase.

The leading expert of economics for competitiveness, Michael Porter (1994) had revealed brand as one of the factors that form the competitive advantage (Rosinta, 2007). Brand can be a key to differentiate the offer of a company from its competitors. Brand is also able to protect the company from fierce price war in the oligopoly competitive market. A strong brand can become a barrier of entry for competitors who are willing to entry to a business. Finally, brands make it possible for a company to attract and maintain loyal and profitable customers.

In global competition context, consumers give higher attention to the brand’s origin. Studies of country of origin (COO) effects in the discipline of international marketing observed the country image as the multi dimensional constructs that influence perceived quality (Han, 1989).

Stereotyping the products based on COO is universal but the level in which it applied and occurred to the evaluation of the products varied. The consumers’ sensitivity to COO image varied from one country to other country (Papadopoulus et al, 1990). It also varied by the level of consumers’ knowledge (Schaefer, 1997). Other study found the tendency that consumer may give positive attitude in evaluating their domestic products (Kaynak and Cavusgil, 1983).

The tendency of consumer to prefer domestic products was mentioned in some study as consumer nationalism (Rawwas, Rajendran, and Wuehrer, 1996). Nationalist consumer regards that buying imported products as a wrong manner because it is unpatriotic, can ruin domestic economy, and lead to the loss of domestic working opportunity.

Observe the nationalist consumer, Shimp and Sharma (1987) found that consumers with high nationalism tended to pay attention to the positive aspects of domestic products and tend to ignore the positive aspects of the imported ones.

However, not every consumer is nationalist. In many countries, consumers face so many alternatives of products to choose (Netemeyer et al, 1991). Furthermore, with the increasing level of immigration, foreign children adoption, international marriage, and continuous transformation in the world because of the high adoption of information and communication technology, a new culture was created in many countries (Weiner, 1994). This hybrid culture gave birth to the appreciation of the “shared world” and public welfare. The citizen of those
countries then showed empathy and understanding to other countries’ society. In the international business context, this phenomenon is called “consumer worldmindedness” by Sampson and Smith (1957).

This study used the constructs of consumer nationalism and consumer worldmindedness revealed by Rawwas, Rajendran, and Wuehrer (1996). The study also used the study of Mohamad, et al (2000) that examined the perception of the consumer on Malaysian and imported clothing products. Inspired by those studies, the writer then carried a study in Indonesia. Shoes, as product from Indonesia with high value of export, was chosen as the object of study. The research also studied the construct of brand origin that measures the consumer perception to the products marketed with the brands of several countries. Then, the purposes of this paper were (1) to reveal the nationalism and worldmindedness attitudes of Indonesian consumers; (2) to describe the perceived quality of shoes products made in several ASEAN and developed countries; (3) to describe the perceived quality of shoes products marketed under the brand name from several ASEAN and developed countries.

RESEARCH METHOD

To collect primary data, field survey was conducted to 288 consumers in the greater Jakarta area on November 2-14, 2007. The area consisted of nine districts; those are five districts of Jakarta (Central, North, South, East and West) and four neighboring districts (Bogor, Tangerang, Bekasi, Depok).

The study used judgmental quota sampling technique with gender, area, and cohort as the criteria variables. Each respondent is interviewed using a structured questionnaire. Each indicator in the consumer nationalism and consumer worldmindedness constructs was measured using 5-likert scale. The quality perceptions constructs were measured using 5 points secondary scale descriptors. The answers then were analyzed using descriptive data analyses and paired t-test to test the difference of quality perception of products and brands.

Details of respondents’ identity are shown in Table 1. Respondents were chosen balanced based on quota of gender, four cohort groups and nine district areas. The majority of respondents’ education were senior high school or above.

RESULT AND DISCUSSION

A. Consumer Nationalism and Worldmindedness

In the study, consumer nationalism was measured by fourteen indicators. The indicators can be simplified into three dimensions: attitude toward domestic products, toward imported products, and perceived impact of import products to the national economy. Table 2 shows the consumer nationalism attitude.

The majority of respondents agreed with the statements of attitude toward domestic products: Indonesian citizen should always buy Indonesian products, purchasing Indonesian product will always be the best option, and products made in Indonesia should be the first choice. However, they were not agree nor disagree if they wanted to stop buying imported products and wanted to shift to buy products made in Indonesia. This result revealed that, the nationality of Indonesian consumers was still high. However, they were hesitant to shift to the Indonesian products because they were not convinced enough that Indonesian products would satisfy their needs and desires.

Under the attitude toward imported products dimension, majority of respondents agreed that: trade or purchase of goods from other countries should be pressed to the minimum level; prohibition to all imported products should be imposed on, except they were badly needed; they should only purchase the imported products that were not produced in the country; and only the goods that were not available in our country can be imported. However, most respondents shows their hesitancy that they choose not to buy imported products that are subsidized by their government. This proved that, although respondents regarded themselves as nationalist, the pragmatism still their main attitude; if the imported products were to made available with lower price, they would choose the products.

Under the third dimension of nationalism, the perceived impact of imported products to the national economy, majority of respondents agreed to all the
statements. They admitted if imported goods will impact adversely to our economy; that government should protect domestic industries by creating trade barriers and imported goods that threaten local industry should be banned; if they should not buy imported products because it was harmful for Indonesian business and employment; and they should only accept imported goods from countries that accepted exports from Indonesia. Under this dimension, the nationality of respondents was high.

Indonesian consumers’ attitude under the worldmindedness construct is exhibited in Table 3. Majority of respondent showed their disagreement if they found imported goods more desirable than domestically produced products. Even, majority of respondents disagree if quality of life would improve when more imported goods available. However, when the third question is asked, that where a good is produced does not affect their decision to purchase the item, most respondents agreed.

This results were consistent with previos the result under nationalism construct. It implied that the purchase decision of respondents was not influenced highly by the place of production of a product or brand. If products are available with acceptable quality and reasonable price, the products will get enough opportunity to obtain consumer preference.

B. Consumer Perception on the Quality of Product Under “Made in” Label

The perceived quality of products under made in label was measured using questionnaire that ask respondents to rate the quality of shoes from eight countries/regions, as shown in Table 4. In general, consumer perceived that the shoes with highest quality of eight countries/regions are the shoes made in Europe. Together with shoes made in USA and Japan, the quality is perceived to be good. Then, the shoes from five other countries are perceived to be in ‘so-so’ quality.

How about the quality of shoes under each dimension of quality? The result are shown below (1) Product innovation and comfort of use: European shoes were perceived to be the highest, followed by the USA’s, and
Table 4. The Consumer Perception on Quality of Shoes Made in Indonesia Compared with Shoes Made in Seven Other Countries

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country/Region</th>
<th>Product Innovation Mean</th>
<th>t-test value and significance</th>
<th>Product Design Mean</th>
<th>t-test value and significance</th>
<th>Product Prestige Mean</th>
<th>t-test value and significance</th>
<th>Workmanship Mean</th>
<th>t-test value and significance</th>
<th>Comfort to use Mean</th>
<th>t-test value and significance</th>
<th>Quality Average Mean</th>
<th>t-test value and significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Europe</td>
<td>3.99</td>
<td>-9.23</td>
<td>(0.00)</td>
<td>3.97</td>
<td>-9.41</td>
<td>(0.00)</td>
<td>4.09</td>
<td>-13.01</td>
<td>(0.00)</td>
<td>4.02</td>
<td>-10.68</td>
<td>(0.00)</td>
</tr>
<tr>
<td>2</td>
<td>USA</td>
<td>3.88</td>
<td>-7.24</td>
<td>(0.00)</td>
<td>3.92</td>
<td>-7.60</td>
<td>(0.00)</td>
<td>4.00</td>
<td>-11.44</td>
<td>(0.00)</td>
<td>3.99</td>
<td>-9.82</td>
<td>(0.00)</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>3.72</td>
<td>-5.66</td>
<td>(0.00)</td>
<td>3.7</td>
<td>-5.65</td>
<td>(0.00)</td>
<td>3.7</td>
<td>-8.30</td>
<td>(0.00)</td>
<td>3.68</td>
<td>-6.17</td>
<td>(0.00)</td>
</tr>
<tr>
<td>4</td>
<td>Singapore</td>
<td>3.4</td>
<td>-0.24</td>
<td>(0.81)</td>
<td>3.43</td>
<td>-0.63</td>
<td>(0.70)</td>
<td>3.39</td>
<td>-3.29</td>
<td>(0.00)</td>
<td>3.41</td>
<td>-1.00</td>
<td>(0.32)</td>
</tr>
<tr>
<td>5</td>
<td>Hongkong</td>
<td>3.32</td>
<td>1.03</td>
<td>(0.30)</td>
<td>3.42</td>
<td>-0.38</td>
<td>(0.53)</td>
<td>3.31</td>
<td>-1.31</td>
<td>(0.07)</td>
<td>3.39</td>
<td>0.38</td>
<td>(0.52)</td>
</tr>
<tr>
<td>6</td>
<td>Indonesia</td>
<td>3.38</td>
<td>-</td>
<td>-</td>
<td>3.4</td>
<td>-3.21</td>
<td>-</td>
<td>3.34</td>
<td>-</td>
<td>-</td>
<td>3.52</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>China</td>
<td>3.11</td>
<td>4.88</td>
<td>(0.00)</td>
<td>3.23</td>
<td>3.28</td>
<td>(0.00)</td>
<td>3.09</td>
<td>2.51</td>
<td>(0.01)</td>
<td>3.2</td>
<td>2.89</td>
<td>(0.00)</td>
</tr>
<tr>
<td>8</td>
<td>Malaysia</td>
<td>3.08</td>
<td>5.18</td>
<td>(0.00)</td>
<td>3.14</td>
<td>4.59</td>
<td>(0.00)</td>
<td>3.06</td>
<td>4.59</td>
<td>(0.00)</td>
<td>3.14</td>
<td>3.79</td>
<td>(0.00)</td>
</tr>
</tbody>
</table>

Note: t-test value and significance was obtained from paired t-test procedure with the perceived quality of Indonesian product as the comparing variable. Numbers in parenthesis were the value of significance’s 2 tailed test with df = 287; N = 288.

Source: data by author

Japan’s; while the Indonesian stood in the 4th rank; (2) product design, product prestige and workmanship: European shoes were perceived to be the highest, followed by the USA’s, and Japan’s; while the Indonesian stood in the 6th rank.

From paired t-test statistics, in general the shoes made in Indonesia was perceived significantly lower than shoes made in Europe (t = -12.00; sig = 0.00), USA (t = -10.18; sig = 0.00), Japan (t = -7.45; sig = 0.00). Shoes made in Indonesia was perceived not significantly different in shoes from Singapore (t = -0.85; sig = 0.39) and Hongkong (t = -0.03; sig = 0.98). However, shoes made in Indonesia were perceived better in quality than China’s (t = 4.77; sig = 0.00) and Malaysia’s (t = -5.61; sig = 0.00).

Furthermore, the competitiveness of shoes made in Indonesia in each dimension of quality was as follow (1) In product innovation dimension, product design dimension and workmanship dimension, shoes made in Europe, USA and Japan was perceived significantly higher than Indonesian. The shoes from Indonesia was perceived insignificantly different with Singapore and Hongkong’s. However, Indonesian shoes was perceived significantly higher than Chinese and Malaysian. (2) Shoes made in Europe, USA and Japan was perceived as significantly higher in product prestige than Indonesian was. Shoes made in Indonesia was perceived in the same prestige level with Hongkong’s. However, Indonesian shoes was perceived significantly higher than Chinese and Malaysian. (3) Finally, in comfort to use dimension, shoes made in Europe, USA, and Japan was perceived higher than Indonesia’s. Indonesian shoes product was perceived insignificantly different from Hongkong’s. While, Indonesian made shoes was perceived as significantly better than Singaporean, Chinese, and Malaysian.

The finding of this study then confirmed the similar study in Malaysia (Mohamad et al, 2000). Products made in more developed countries (USA, Europe, and Japan) were perceived higher in quality than the less developed countries’. The result was also consistent with the previous research (Tan and Farley, 1987; Hulland, Todino, and Lecraw, 1996).

What interesting is that there was tendency that Indonesian consumers perceived Indonesian products’ quality as higher than several neighboring countries’ product, which was the developing countries. The same result shown in Mohamad et al. study (2000) in Malaysia, than Malaysian consumer tend to see the product of Malaysia higher than the other South East Asian countries’ products. Both of the study support the result of Kaynak and Cavusgil’s research (1983) that there is a tendency that consumers may be more positive in evaluating the products from their own country.

More interestingly, Indonesian consumers put Malaysian products as the lowest. Some incidents with this neighboring country, (Rasa Sayange Song, Batik, Indonesian workers, etc) might hurt Indonesian feelings and then provoke Indonesian consumers’ nationality.

C. Brand Origin: Consumer Perception on the Quality of Product Under National Brand

How is Indonesian consumers’ perception on the quality of products under national brands and foreign brands? Table 5 shows the result under brand origin construct; that is the perception on the quality of shoes under Indonesian brands compared with other countries’ brands. In general, consumer perceived the shoes brands’ quality from Europe, USA and Japan was the highest. While, shoes under the brands from 5 other countries rated middle in quality. Brand origin’s perceived quality under each dimension were as follows (1) for product innovation, product prestige, and workmanship, the brands from Europe were perceived to be the highest, followed by the USA, and Japan; while Indonesian stood in the sixth rank; (2) for product
design, USA's brands were perceived to be the highest, followed by the European brands, and Japan's; while Indonesian stood in the sixth rank; (3) for comfort to use, brands from Europe were perceived to be the highest, followed by the USA, and Japan; while Indonesian stood in the fourth rank.

From paired t-test statistics, in general the Indonesian shoes’ brands were perceived significantly lower than shoes made in Europe (t = -12.59; sig = 0.00), USA (t = -14.25; sig = 0.00), Japan (t = -9.77; sig = 0.00) and Singapore (t = -2.99; sig = 0.00). Indonesian brands were not significantly different from the brands from Hongkong (t = -1.47; sig = 0.00). However, shoes made in Indonesia were perceived better in quality than China’s (t = 3.08; sig = 0.00) and Malaysia’s (t = -4.33; sig = 0.00).

Furthermore, the position of competitiveness of Indonesian brands in each dimension of quality was as follows (1) in product innovation, the brands of shoes from Europe, USA, Japan, and Singapore was perceived significantly higher than Indonesian. The brands from Indonesia was perceived insignificantly different with the Hongkong’s. However, Indonesian brands was perceived significantly higher than Chinese and Malaysia (2) in product design and workmanship, shoes with brands from Europe, USA, and Japan was perceived significantly higher than Indonesian. The brands from Indonesia was perceived insignificantly different with Singapore’s and Hongkong’s. However, Indonesian brands was perceived significantly higher than Chinese and Malaysia (3) shoes with brands from Europe, USA, Japan, Singapore, and Hongkong was perceived as significantly higher in product prestige than the Indonesian. However, Indonesian brands was perceived significantly higher than Chinese and Malaysia (4) finally, in comfort to use, brands from Europe, USA, and Japan was perceived higher than Indonesian. Indonesian brands was perceived insignificantly different from Singapore and Hongkong. While, Indonesian brands was perceived as significantly better than Chinese and Malaysian.

Comparing the result of quality perception of shoes made in Indonesia and shoes that was marketed under Indonesian brands, there were some interesting phenomena. In the dimension of product innovation, Indonesian brands were perceived lower in position compared to when they were marketed using the ‘made in Indonesia’ label, but marketed using the more developed countries’ brands. In other dimensions, consistently Indonesian brands obtained lower rating than when they were using the ‘made in Indonesia’ label but also were marketed under the more developed countries’ brands. From this phenomena, we can see that Indonesian consumer had not yet had enough trust to domestic brands that they can maintain good quality of their products. This was an important note for domestic business to strive for trust from Indonesian consumers.

**CONCLUSION**

In this globalized world, tighter competition could be the nightmare for the companies who do not well prepared. Some experts have shown their worries that the Indonesia people was just be the market in the more integrated ASEAN economy.

From consumer nationalism perspective, the Indonesian consumer showed that their nationalistic attitude was still high. They still showed positive attitude to domestic products, compared to imported products. Generally, they perceived that imported products might harm the national economy.

However, pragmatism were shown by the majority of consumer. If imported products were cheaper, they tended to choose them. Moreover, they showed hesitant to stop buying imported goods and to shift to Indonesian products. This prove that Indonesian consumers were not ready to change if there was no change in Indonesian products those were perceived significantly higher than Chinese and Malaysian.
as lower in quality or more expensive than some imported products.

The study also found that Indonesian consumers were heavily influenced by the country of origin of a product. In this case, the products made in or marketed under brands from more developed countries were perceived better than the products made in or marketed under the brands from developing countries.

The study also proved that there was a tendency that Indonesian consumers were more positive in evaluating the products made in and marketed under Indonesian brands, comparing to other developing countries products.

Furthermore, the study showed that Indonesian consumers give higher rating to the products with foreign brands although their products were made in Indonesia. Their ratings were higher than the products with Indonesian brands, although both the products were made in Indonesia.

The study implies that country of origin can be a powerful tool that can be used in position the product. From the result of study, it is apparent that Indonesian consumers prefer foreign brand-names than domestic brand-names. One of brand-naming strategy was giving a foreign-image name to domestic made products. For examples, the Eagle and Spotec brands in shoes products; Lea jeans, Henry Adams, and The Executive for apparel products; Polytron, Digitec, B/Y/O/N, A-Note and Zyrex for electronic, etc. As the result, the products marketed under those brand names were impressed as high in quality, although the brands are originally domestic.

Finally, for the government as regulator, it is recommended that they should be aware to the competitiveness of Indonesian products and brands in the global competition. While the time limits of ASEAN Community is approaching, government should prepare Indonesian business and consumers. Campaign for loving Indonesian products and brands can be promoted to increase the nationalism attitude of Indonesian consumers.

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