Analysis of Country of Origin, Brand Image, Marketing Mix, and Purchase Intention of Indonesia Local Bag

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Abstract: *This research analyzed Country of Origin, brand image, marketing mix, and purchase intention of Indonesia local bag for consumers in abroad and domestic. The method used in this research was descriptive with the survey conducted through questionnaire. Purposive sampling was used as the sampling technique. Data were collected using questionnaire on 160 respondents in 3 countries, namely Malaysia, Singapore, and Indonesia who were female consumers, above 17 years old who had not purchased yet, but they knew or had been exposed to the information of bags. The findings revealed that Indonesia's creativity in producing synthetic leather bags are more approved by respondents in Country of Origin variable. Based on brand image, Goviyar have been followed up the trends /up to date, increased consumer's confidence, and multifunction product. Based on marketing mix, Goviyar have various color choice, affordable price, easy payment, good social media Instagram and Facebook in distributing the products, have discount and challenge giveaway, and bundling program. Based on purchase intention, foreign respondents still want to find the information about Goviyar, meanwhile domestic respondents still want to seek and read the testimonials about Goviyar's products. Domestic respondents prefer to own the products rather than foreign respondents.*

Keywords: Country of origin, brand image, marketing mix, purchase intention

1. Introduction

Global business competition makes the company can freely enter the overseas market and reach consumers to expand their market share. Especially, the establishment of the ASEAN Economic Community (AEC) in 2015 which is a form of economic integration by ten ASEAN countries makes the market in the Southeast Asia become more dynamic and competitive. Indonesia as one of the countries in Southeast Asia has a great opportunity and potential to be able to compete in the free market. One of the industries which potential in Indonesia comes from the leather industry which support the national economic growth and one of the strategic sectors in producing foreign exchange. Leather industry, commodity from leather, and footwear are in the tenth rank of the top ten industrial groups with the greatest export value of USD 5.01 billion in 2016 [5].

Nowadays, more and more circulate local and imported products that cause a lot of products choices for consumers. Each product has its own superiority which has its own attractiveness so as to make consumers have an intention to buy the product. Figuring out the consumer purchase intention can be a prediction for the company to see consumer interest toward the product offered that can be affected by Country of Origin, brand image, and marketing mix. Therefore, there are some aspects that have been our concern to this research, namely Country of Origin, brand image, marketing mix, and purchase intention.

One of Indonesian local bags is Goviyar, the base is in Bogor which using material from artificial or synthetic leather. To promote its products, Goviyar is using internet or online marketing activities to reach the consumers. This has been a problem since 2016, sales decreasing ever since then until now. Even there are customers from abroad such as Taiwan, Malaysia, and Singapore but the sales keep decreasing. Therefore, it was necessary to solve this problem through the understanding of the factors that affect consumers in purchasing Goviyar bags. We hope this study is able to provide information and input for the company in improving the sales trend to reach more customers. This research aimed to analyze in descriptive based on Country of Origin, brand image, marketing mix, and purchase intention of Indonesia local bag for consumers in abroad and domestic.

2. Literature Review

There are numerous studies related to Country of Origin, brand image, marketing mix, and purchase intention as described below.

2.1 Country of Origin

According to [10], Country of Origin is an association or a person's mental belief in a product that is triggered by the product's original state or the country where the products are produced. Country of Origin (COO) is the whole form of consumer perception of the product of a particular country based on previous consumer perceptions of the advantages and disadvantages of production and marketing of the

country [7]. Country of Origin is one of the most commonly used information by consumers when evaluating a product, as proposed by [11], that COO provides stimulus effects on potential consumers and consumers in evaluating a product and used to find other information about the product. According to [6], Country of Origin is the country's innovation in production, the technological progress, the design of production, the creativity of production, the quality of production, the prestige of the country, and the country image as a developed country.

2.2 Brand Image

Brand image is the consumer's perception of the company or its products [10]. According to [3], brand image is a set of brand associations that formed and stuck in consumers mind. Brand image is a representation of the overall perception of the brand and is shaped from the past information and experience of the brand [8]. The producer must ensure that brand image of the product is well preserved. A good brand image will facilitate the public in recognizing a product and create the purchase of product so that the company will gain greater benefits. According to [1] and [2], there are three indicators of brand image, such as corporate image, user image, and product image.

2.3 Marketing Mix

According to [9], marketing mix is a set of marketing tools used continuously to achieve its marketing objectives in the target market. Marketing mix is the most visible aspect (tangible) of a company in marketing activities. Marketing mix consists of 4P: product, price, place, and promotion [9]. Product is a thing that can be offered from a producer to a consumer through a series of activities undertaken by the company with the aim of getting a response from consumers. Price is the amount of money charged to a product or service that exchanged by the consumer for benefits of owning or using the product or service. Distribution channel is the place of activities that undertaken by companies to make their products easily available to targeted consumers. Promotion is a company's communication activity in introducing products and persuading the consumers to buy them.

2.4 Purchase Intention

Purchase intention is something that arises after receiving the stimulus from the product, and then the interest to try the product until it finally has the desire to buy in order to have it [10]. Indicators of purchase intention are explained by several components [4], which are interested in finding information about the product, want to know the product, consider buying, interested to try, want to have the product.

3. Method

Research design used in this research is quantitative descriptive which aims to provide an overview of the nature and ongoing events of a research object that is observed. Data collection was conducted in Juny – July 2017. The research conducted in 3 countries, namely Malaysia,

Singapore, and Indonesia. Number of samples are 160 respondents, consists of 90 foreign respondents from Malaysia and Singapore, and 70 domestic respondents from Indonesia.

The data used in this research are primary data and secondary data. Primary data was obtained through online questionnaire by self administer. Questionnaires were sent to the respondents by email for foreign respondents and direct message of social media Instagram for domestic respondents in the form of Google Docs. Likert scale 1-5 were used for scaling technique. Scale 1 for strongly disagree statements and scale 5 for strongly agree statements. Secondary data was obtained through the journals, theses, books, articles in websites related to this research.

Population and samples were female consumers, above 17 years old who had not purchased yet, but they knew or had been exposed to the information of bags. The sampling method used non probability sampling with purposive sampling technique.

Data analysis used Top Two Boxes (TTB) method with Microsoft Excel for processing. Top Two Boxes analysis is a method that combines the percentage of respondents' answers in Likert scale. This analysis is used to find out how the comparison between the number of bottom options (scores 1, 2, 3) which is strongly disagree, disagree, and neutral with the top option (score 4, 5) or fTi, which is agree and strongly agree [12]. In this study, bottom options are grouped into disagreed scales, and top options are grouped into agreed scales to facilitate the data interpretation. The formula on the Top Two Boxes method is as follows.

$$\text{TTB} = \sum \frac{fTi}{Total\ Responden} \times 100\%$$

3.1 Reliability Test

Reliability test results can be seen that each variable has Cronbach's alpha > 0.60 as presented in Table 1. This shows that all variables used in this research are reliable.

Table 1: Reliability test

Variable	Cronbach's alpha	Standard of alpha	Note
Country of Origin	0.673	0.6	Reliable
Product	0.771	0.6	Reliable
Price	0.724	0.6	Reliable
Distribution channel	0.870	0.6	Reliable
Promotion	0.656	0.6	Reliable
Corporate image	0.932	0.6	Reliable
User image	0.931	0.6	Reliable
Product image	0.855	0.6	Reliable
Purchase intention	0.876	0.6	Reliable

4. Result

4.1 Characteristic of Respondents

In this study, 160 respondents were taken consisting of overseas respondents from Malaysia and Singapore as many as 90 people and domestic respondents from Indonesia as

many as 70 people. Characteristics of respondents based on identified demographics include age, marital status, education, occupation, and average income per month. Descriptive analysis of demographic was shown in Table 2.

Table 2: Demographic characteristic of respondents

Characteristic	Category	Foreign		Domestic	
		Amount	%	Amount	%
Age	17-24	40	44.4	51	72.9
	25-34	42	46.7	18	25.7
	35-44	8	8.9	1	1.4
	≥ 45	0	0	0	0
	Total	90	100	70	100
Education	High School	18	20	26	37.1
	Diploma	9	10	6	8.6
	Bachelor	49	54.4	38	54.3
	Postgraduate	14	15.6	0	0
	Total	90	100	70	100
Marital Status	Single	60	66.7	56	80
	Married	30	33.3	14	20
	Total	90	100	70	100
Occupation	Student	24	26.7	32	45.7
	Civil Servant	3	3.3	2	2.9
	Private Employee	40	44.4	25	35.7
	Entrepreneurs	7	7.8	0	0
	Housewife	14	15.6	4	5.7
	Others	2	2.2	7	10
	Total	90	100	70	100
Average Income/month	< IDR 1,000,000	6	6.7	16	22.8
	IDR 1,000,000- IDR 1,999,999	4	4.4	22	31.4
	IDR 2,000,000 – IDR 3,999,999	10	11.1	17	24.3
	IDR 4,000,000 – IDR 5,999,999	24	26.7	9	12.9
	≥ IDR 6,000,000	46	51.1	6	8.6
	Total	90	100	70	100

The characteristics of age in foreign respondents are dominated by 25-34 years old with percentage about 46.7%. The proportion of this age spreads with the second largest percentage being in the 17-24 years old, which is about 44.4%. Domestic respondents are dominated by 17-24 years old, which is about 72.9%. This shows the profile of respondents observed in young and productive women.

Age differences among foreign and domestic respondents can create differences in tastes and preferences for the brand and design of a particular product, including bag products. More adult tends to prefer a simple and elegant bag model as well as a more calm and neutral color to look more mature. In addition, the working women tend to look for bags with well-known brands that come from certain countries and have trusted quality and image, so that can increase their confidence. Younger people tend to prefer the bright colors and various models of bags with many pockets on the bag. At this age, the famous brand and Country of Origin are not being the major consideration as long as the model is attractive and having affordable price.

The last education level on foreign and domestic respondents is dominated by bachelor degree, which is equal to 54.4%. In the profile of foreign respondents, there are 20% of senior high school and 15.6% of postgraduate, while the profile of

domestic respondents by 37.1% of senior high school and no respondents observed with postgraduate education.

The level of education of a person will affect the way of thinking, perspective, and perception of a thing [13]. Foreign respondents are people who pay attention to the level of education so that this makes them more selective in selection of the brands or products due to a higher level of knowledge. They will be very responsive to information and tend to pay more attention to good brand image, Country of Origin, and product quality than price.

Based on marital status, respondents are dominated by single status both on foreign and domestic respondents, which is respectively 66.7% and 80%. This is in accordance with the majority age of respondents that is young people. Married status in foreign respondents are 33%, while in domestic respondents are only 20%.

Based on occupation, foreign respondents are dominated by private employees, which is about 44.4%. This is in accordance with the age range of 25-34 years old in working age. The second largest are students, which is about 26.7%. Domestic respondents are dominated by students, which is 45.7% because they are dominated by 17-24 years old age range. The second largest is private employees which is about 35.7% of the total domestic respondents.

For the average income per month, foreign respondents are dominated by the range ≥ IDR 6,000,000 which is 51% with the majority of occupation as private employees. The second largest is in the range IDR 4,000,000 - IDR 5,999,999, which is 26.7%. In the profile of domestic respondents, the proportion is more spread with majority in the range of IDR 1,000,000 – IDR 1,99 9,999 which is about 31%. The second order in the range of IDR 2,000,000 - IDR 3,999,999 which is 24%, and the third is in the range < IDR 1,000,000 which is 23%. This is in accordance with the majority of respondents at the age of 17-24 years old with occupation as students. The amount of income will describe the amount of purchasing power of a consumer. Purchasing power will illustrate the number of products that can be bought or consumed [13].

4.2 Country of Origin

In the country of origin variable, the items of questions given to respondents are to see the level of approval related to Indonesia which is identical with synthetic leather bags. Based on the result of research, Indonesia's creativity in producing leather bags is the highest percentage of approval value on foreign and domestic respondents, which are respectively 87% and 79%. Creativity is described with variety design of bags and adding Batik motifs or accessories such as scarf on the bags. Today, craftsmen in Indonesia are starting to pay attention to the unique and differentiated product creativity to attract foreign consumers. Especially by accentuating the side of Indonesian culture such as Batik, Songket woven fabric, or other various characteristics combined to beautify the appearance of product. This could be its own advantages for Indonesian products.

Meanwhile, the country image of Indonesia as a developed country in producing leather bags is the smallest percentage from foreign and domestic respondents, which are respectively 36% and 49%. This shows the respondents considered that Indonesia is still not as good as other countries that are more advanced in producing leather bags, both in technology and quality. Therefore, it is important to improve the technology that can make the production process easier and stricter in quality control. Table 3 shows the level of approval of the country of origin.

Table 3: The level of approval of the country of origin

Indicator variable	Agree (%)		Disagree (%)	
	Foreign	Domestic	Foreign	Domestic
Innovation	63	74	37	26
Technology	44	53	56	47
Design	74	69	26	31
Creativity	87	79	13	21
Quality	47	60	53	40
Prestige	40	53	60	47
Country image	36	49	64	51

4.3 Brand Image

In the brand image variable, the items of questions given to the respondents are to see the level of approval related to the brand image of Goviyar bags. This is viewed from corporate image, user image, and product image. Follow up the trends (up to date) is the largest percentage of corporate image variables for foreign and domestic respondents, which are respectively 72% and 79%. Respondents rated Goviyar bags are already following the up to date design. In user image variables, foreign and domestic respondents are more likely to agree with one's confidence when using Goviyar bags with percentage of 58% and 73% respectively. Respondents rated that Goviyar bags can also make consumers feel more confident when using it. In product image, foreign and domestic respondents approve the product function, 82% and 80% respectively. Goviyar bag is multifunctional because it can be used as a tote bag, sling bag or backpack in a product. The percentage of approval level can be seen in Table 4 below.

Table 4: The level of approval of brand image

Indicator variable	Agree (%)		Disagree (%)	
	Foreign	Domestic	Foreign	Domestic
Corporate image				
Credibility of company	58	69	42	31
Up to date	72	79	28	21
User image				
Confidence	58	73	42	27
Consumer tastes	56	71	44	29
Product image				
Simple and elegant design	72	73	28	27
Product function	82	80	18	20

4.4 Marketing Mix

In the marketing mix variable, the items of questions given to the respondent are to see the approval level of respondents related to the product, price, distribution channel, and promotion offered by Goviyar according to the assessment of

respondents. The level of approval of marketing mix can be seen in Table 5 below.

Table 5: The level of approval of marketing mix

Indicator variable	Agree (%)		Disagree (%)	
	Foreign	Domestic	Foreign	Domestic
Product				
Quality of material	72	59	28	41
Variety of design	74	71	26	39
Color choice	83	76	17	24
Size choice	63	73	37	27
Price				
Affordable price	88	70	12	30
Easy payment	66	77	34	23
Distribution channel				
Website	72	79	28	21
Social media	81	83	19	17
E-commerce	68	69	32	31
Promotion				
Discount promo	80	76	20	24
Challenge giveaway promo	80	70	20	30
Premium member program	62	74	38	26
Bundling program	69	77	31	33

For the product variable, color choice is the highest percentage of approval on foreign and domestic respondents, which are respectively 83% and 76%. Goviyar has various colors, such as black, navy blue, light brown, hazel, beige, red, almond, teracotta, lime, mahony, tosca, pink, and mocca. Goviyar provides a wide selection of product colors to suit the outfit for many events and color tastes of consumers. Meanwhile, the size choice is the smallest percentage value on foreign respondents, which is 63% and material quality is the smallest percentage on domestic respondents, which is about 59%.

For price variable, foreign respondents more approve in affordable price with 88% percentage because the price offered by Goviyar is very affordable with price range of IDR 99,000 to IDR 400,000. Domestic respondents more agree on the payment system's convenience, which is 77% because Goviyar provides many options for transferring the costs to various accounts in purchasing the products.

In the distribution channel, location in social media Instagram or Facebook is the largest percentage both on foreign and domestic respondents, with percentage of each 81% and 83%. This shows that respondents understand better with the sales and promotional content applied by Goviyar through the social media. Goviyar displayed the description of photos with detail and clearly along with the product photos. It is include the price, promotional forms like discount, challenge giveaway, or free voucher are also displayed in social media, so it is more interesting to browse the information of the products. The location in e-commerce (Lazada or Elevenia) is the smallest percentage, both on foreign and domestic respondents with percentage of 68% and 69%. This is because the information displayed through e-commerce is not so detailed and interesting, beside that the respondents feel easier and more often use social media in their daily activities than through e-commerce that must download a special application to be more easily accessible.

For promotion variable, foreign respondents more agree on the form of promotion with discount and challenge giveaway which is about 80%. This form of promotion is considered more attractive to respondents because it offers special rewards compared to the Premium Member program or Bundling program. Meanwhile, domestic respondents approve the Bundling program, which is 77%. This is because Bundling program will save more expense and get a package of products with specified color from Goviyar. Bundling program package contains bags, shoes, wallets, and key chains with the same matching color.

4.5 Purchase Intention

In the purchasing intention variable, the question items given to the respondents are to see the level of approval regarding the intention of purchasing Goviyar synthetic leather bags. The indicator on purchase intention variable which has the largest percentage from foreign respondents is to find information which is 61%. The smallest percentage is interest in owning the product, which is 44%. Based on the result, foreign respondents still want to dig the information related to Goviyar bags before they decide to make a purchase at last. While the largest percentage from domestic respondents is the interest to seek and read testimonials, which is 71% and the smallest percentage is to know the product, which is 60%. Consumers are more exposed to information related to Goviyar bags because the products are from Indonesia and they already know the products. Further, to convince more and increase their trust in the company and Goviyar products, they should read the reviews or testimonials from other previous customers to make sure that Goviyar is high quality products. Domestic respondents prefer to own the Goviyar's products (61%) rather than foreign respondents (44%). The percentage of approval level of purchase intention can be seen in Table 6 below.

Table 6: The level of approval of purchase intention

Indicator variable	Agree (%)		Disagree (%)	
	Foreign	Domestic	Foreign	Domestic
Find the information	61	64	39	36
Know the product	56	60	44	40
Consider the purchase	50	66	50	34
Seek and read the testimonials	58	71	42	29
Own the product	44	61	56	39

5. Conclusions

Based on Country of Origin, both foreign and domestic respondents are more approve Indonesia's creativity in producing synthetic leather bags. Based on brand image, both on foreign and domestic respondents are more approve that Goviyar have been followed up the trends /up to date (corporate image), increased consumer's confidence (user image), and multifunction product (product image). Based on marketing mix, both on foreign and domestic respondents are more approve that Goviyar have various color choice for product variable. For price variable, foreign respondents are more approve in affordable price, meanwhile domestic respondents prefer easy payment. For distribution channel variable, both on foreign and domestic respondents are more approve that social media Instagram and Facebook are the

good location to distribute the products. For promotion variable, foreign respondents prefer discount and challenge giveaway, meanwhile domestic respondents prefer bundling program. Based on purchase intention, foreign respondents still want to find the information about Goviyar, meanwhile domestic respondents still want to seek and read the testimonials about Goviyar's products. Domestic respondents prefer to own the products rather than foreign respondents.

6. Research Scope

This study has limitations in the form of focusing on fashion field that is synthetic leather local bag from Indonesia. The research is conducted on female respondents who are domiciled within the country and abroad who have not bought but they know or have been exposed to product information when filling out the questionnaire. In addition, this research does not observe the buying behavior of foreign and domestic consumers.

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