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Global Brand Perception in Indonesian Young Consumer

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Abstract

Global brands have been dominating Indonesian market in these few last years. Indonesia itself is one of a unique and heterogeneous market which is supposed to be difficult to penetrate but the reality shows that Indonesian market has tendency to accept foreign products easily. In addition, Indonesian consumers were very open minded with global brand that was made these brands strong and dominated more than 50% Indonesian market. The global marketers demonstrate their strategic plan to integrate their messages and build good perception in Indonesia notwithstanding the variety of target consumers’ characteristic. Perception itself is an important phase to create the next level of consumer behaviour, which is purchase and repurchase. This research tried to define the integrated marketing communication (IMC) strategy in developing perception in Indonesia and measure its effectiveness on develop perception. From various strategy inside IMC, the research will try to quantify which one is more effective than others and also measure its possibility to adopt the strategy for another product, especially the local brand. Besides that, this research also measured the relation between demography and income to perception of global brand. Magnum Indonesia has been chosen based on their success in Indonesia ice cream market and change people’s opinion about ice cream, from a product for kids into a lifestyle brand. The survey used as a tool in this research and focused on Generation Y as the biggest target market in the world right now and to dig more about their understanding and motivation to choose global brand than the local one. This research chooses Yogyakarta and Jakarta as the target cities which represents the divergence of respondents’ characteristic.

Keywords: integrated marketing communication, perception, generation Y, consumer behaviour, global brand
1. Introduction

In these few years, there were many international brands opened their stores and distributed their brands in Indonesian market. More than 50% Indonesian market dominated by global brands, especially in oil and gas sector, bank asset, stock exchange, consumer good and fashion market production (“Brand Asing Kuasai Pasar Indonesia”, 2013). It is surprising that Indonesian consumer prefer to consume global products than local.

Indonesia has a very heterogenic market created from more than 34 tribes, 764 languages and 17,000 islands with various cultures. The culture itself is a dynamic process and usually create different behaviour between consumers in and other countries [21]. Market globalization will affect consumers to accept global brand and push the consumer behaviour and attitude into homogeneity of lifestyle and taste. Globalization make stranger brand become more familiar than the local brand especially after the global advertising was booming the media. The heterogeneity of Indonesian market becoming homogeneity as result.

The information process influenced by culture background and also product campaign itself. As the globalization comes, consumer is easier to recognize global brand which applied standard of world environment in their product [8]. Some global brand tried to adapt with the other country condition and need but brand global will still preserve their identity. There is also a tendency that consumer thought that global brand more trusted than the other local brand. However, to success their product, the brand maximized their marketing communication with different concept and integration so it will reach the consumers effectively.

The global brand phenomena accepted by young consumers as something positive [8] where they tried to elevate the social status using the power of the brand itself. If the brand looks promising and shows luxurious lifestyle, they may be affected of the brand and has the access to the first-class social group. This research focus on Magnum product, which has young consumer with high-class lifestyle and called ‘the pleasure seekers’ as their consumer code. Magnum itself is very famous in Indonesia and gained lot of success since their breakthrough in 2010, which create new trends in Indonesia where ice cream began to consume by older consumers, not kids or teenagers anymore, to elevate their social status as pleasure seeker.

This research tried to measure the effectivity of global brand marketing communication to create consumer perception of the brand, especially Indonesian young consumers. Besides that, this research will also measure others factors that may affect
the perception as well such as demography and income status because single variable may do not have the power to change the perception but sometimes it needs several encouragements to do that.

2. Global Brand

To understand the brand, researcher need to go deep inside the culture in the society. As far as we concern, the culture is a dynamic process, which will affect people’s acceptance of product. However, with the globalization trend, global product will push people’s attitude and behaviour into one homogeny global taste [21]. Together with this strategy, foreign brand will be more familiar with the consumers than the local brand itself because of the penetration or the communication tools in the media into our world every day.

The early concept of globalization introduced by Marshall McLuhan [19] with his theory ‘the medium is the message’ and ‘global village’ concept. Global village show to us how other side of the world will be closer just like we are at the same place in the same time. Giddens (1990) backed up this theory with his ‘world-wide social relation’ and Robertson (1992) with ‘world as whole’.

Global brand is a brand which adopt global standard to achieve the similarity product standard in all places in the world [8]. Sometimes, in the middle of the process, there are some modification of the product but still global brand preserves their identity. Global brand also stands out with the product, distribution and promotional strategy standard that make them more reliable than local competitor. As additional, some consumer chooses global brand to find their own status and position in the social system.

Brand has important position to create identity, achievement then recognize by the consumers. To achieve this, global brand tried to show their high quality and luxury in their communication messages. As result, approximately 44% consumers trigger to see the quality before analyze and decide their brand preferences [14]. Besides that, their expensive price and scarcity increase the consumers’ social status.

3. Product Perception

As their movement in creating consumers’ need of the social status, global brand has to develop the strategy to persuade the consumers to buy their product. At first, the
brand will try to create good perception of the brand itself with ideal communication messages to show the brand identity. Perception itself described as ‘how we see the world around us’ since every individual has their own interpretation based on their background [26]. Each individual will choose, organize and interpret every phenomenon to create a meaning. In this case, every product has meaning, which is a combination between experience and expectation [10].

First of all, brand marketing tried to inform and to persuade which then divided into hierarchical model of cognitive, affective and behaviour [21]. In the first phase, consumer know about the product (cognitive). This phase has several steps which including need recognition and information search. After brand push their product into the market and the cognitive process started, each individual will create their own perception then will affect their affective and behaviour level in the end.

Need recognition is the step when consumer aware of their condition now and the condition they want, they want to fulfil the gap between those two different condition. In here, Magnum create the statement for their consumer ‘pleasure seeker’ where consumers then encourage to have this status and pleasure which they may not have in their real life.

The second phase, consumer starts to be affected and think then trust the product. Using the brand ambassador, sometimes that was the easiest way to make sure that consumers attract to them and adopt the social behaviour they might want to. The last, consumer decided to buy the product [6, 22]. This condition happened in 2010 where all the Magnum ice cream product were difficult to find in the market because of so many people want to buy it. The perception process very important to make individual decide to like or dislike the product.

As part of perception, consumer’s mind tries to analyze and select all the stimulus aspect then decide to see, neglect or reject something [26]. Consumer see what they want to see based on the brand familiarity, experience and also expectation of the product. Brand has to build good perception in consumer’s mind [10] so people willing to buy the product. Cognitive research usually used to understand brand in consumer’s mind. Cognitive research doesn’t count emotional, historical and tradition factor but more to how human’s function and react while human control their knowledge, memory and also attractiveness. In conclusion, this process shows how human understand concept and then they create action, such as brand choice.
4. Consumer Behaviour

Consumer behaviour is a long process which was started when the individual or group choose, buy, use or throw the product, service, idea or experience to fulfil their needs and wants [6]. In this process, sometimes we also found the influencer, a person or group who could affect the consumer’s choice of product, and also the decision maker or also known as the person who could decide to buy the product especially when the product will be consumed together or with the others. The influencer here could be start as friends, family or brand endorser to push consumers to buy the product in the end.

In cognitive psychology, consumers always search and accept stimulus from the environment to produce a perception to create a decision in the end [12, 20]. Sometimes, it was not possible for someone to experience some condition directly, that was why people created something so another people can imitate it, for example movie, advertising, sampling product, etc. Eventually, that was also called stimulus which will also create response.

In consumer approach, brand has strong association, unique and attractive in consumers’ mind. Just like computer processing the data, the consumer uses the psychology cognitive and economical information to analyze the product [12] before they decide to see, ignore or reject product [26]. Usually, this process also affected by familiarity, experience or expectation of the product. When good perception developed in consumers’ mind, it will influence the final decision about the product.

5. Previous Research

In Vietnam, the research about perception of Italian brands conducted by Miani and Merola in 2012. The result showed that Vietnam’s consumers were very open to foreign brands, including Italia, but they did not have the intention to buy. In addition, Sun (2011) developed research to understand generation Y in China who attracted to consume luxury fashion brands. In his survey, he found out that Chinese’s consumerism was very high among young generation. As predicted before, their intention was to express their selves so their peer group would accept them as part of the group.

In 2011, Roy and Chau created research related with brand equity and status seekers motivation between local and global brand in Australia. Using combination about Steenkamp’s perception of global brand, Eastman’s status seeker motivation and Keller and Aaker’s brand quality perception, they were developing scales to use in
the research. The result showed that consumers’ motivation to use global brand is for elevating their social position. Global brand has higher quality than local. As additional, the western’s product usually has status symbolism, quality and prestige [14].

In other research developed by Ing et al. (2012), they found that consumers accept global brand positively and more attracted to it with motivation to elevate their social status. Besides that, global can create higher demand since the consumer in Australia tried to elevate their social status using the global brand. The consumer also thinks that global brand has better quality than the local in Malaysia and it will definitely boost their prestige in social relationship.

6. Generation Y

Generation Y in this research was very important, beside they were the Magnum’s main target market, they are also the biggest consumers in Indonesia right now. They are the internet generation and has been introduced to gadget since they were born. According to McCrindle (2007), generation Y exposure by the technologies and economic independency since they were very little and now they have the tendention to buy technological stuff and branded product to get the quality they want. Generation Y knows internet and gadget at their early life and their closeness with global brand are higher than others.

7. Integrated Marketing Communication

Nowadays, marketer use integrated marketing communication (IMC) which also known as 360 degrees. This strategy is trying to combine all marketing communication message including marketing mix to send the right message to the consumers consistently [22]. IMC is trying to integrate all messages to create effective message which divided into advertising, marketing public relation, sales promotion and direct marketing communication [22] also personal selling and publicity [3]. Advertising always come up as the first marketing communication message to consumers through all media to represent and promote the product, service and idea which usually paid by brand [4] to create a specific effect [22]. On the other hand, marketing public relations tend to more build good relationship between company and public. As globalization is coming at the door, public relation nowadays works at marketing scope and care about what consumer wants [25] than only thinking about the stakeholder.
H1. The more intensive Integrated Marketing Communication, the higher perception brand in consumer’s mind

Beside advertising and marketing public relation, direct marketing communication and sales promotion are also important parts of IMC. Both of them designed to push consumer response as fast as possible, especially to make them buy the product. Direct marketing communication’s objective is to inform the consumer about the promotion meanwhile sales promotion is to boost purchase in the shop. Both of these techniques are to increase sales, not the brand’s perception. That is why these two techniques will not include as part of IMC with its relation to create brand perception in this research.

7.1. Advertising

Advertising used as non-personal communication to represent and promote product, service or ideas which paid by specific sponsor [4]. It was designed to have an impact for the audiences from the brand, endorsers and or messages [22].

H2. The more intensive advertising, the higher perception brand in consumer’s mind

7.2. Marketing public relation

Public relation tried to build relation between company and public. However, with the effect of globalization, public relation more focus to understand about consumer, so then it called marketing public relation [25]. Marketing public relation is getting more popular nowadays since budget for television, radio, magazine or internet are getting higher. One of the benefit to have marketing public relation as part of the communication plan is the budget wise. It is more affordable to use marketing public relation than others. Nowadays, people more educated about what they want, so using marketing public relation will make them more focus on the product specifically and rationally than to watch it over the television.

H3. The more intensive marketing public relation, the higher perception brand in consumer’s mind
7.3. Population & sampling technique

The population from this research is Generation Y in Jakarta and Yogyakarta. Generation Y is the consumer who were born between 1980 and 1996 and also known as Digital or Net Generation since they were very familiar with computers. As the biggest market nowadays, Generation Y also has tendency to buy luxurious products [22, 28].

This target also relevant with the global product in this research which is Magnum with consumer age target 19-30 years old. Jakarta and Yogyakarta are representing Magnum’s target market. Jakarta is a big city which reflecting consumer target which are more mature and stable in terms of economic condition. With their productive age (24-30 years old), they already had good stability in financial and emotional in their working life. On the other hand, Yogyakarta, which is a small city, more reflecting young consumer (19-24 years old) which not yet stable in term of economic and emotional life and usually they still studying in the university or at their first year job placement.

In big cities, there are more shopping street and malls which have better, complete and affordable facilities and variant than in small cities. This condition makes consumers feel easier to spend their money on stuff. On the other side, consumers who live in small city have tendency to shop online because of it feels easier to shop online and get what they want which may not available in their city at that time. In addition, consumers in small city has more consideration about stores, prices and product quality before buying something (McHugh, 2014). This make consumer in big city spends more than from small city.

H2. The bigger the city, the higher perception brand in consumer’s mind

Job is usually become the foundation on purchase decision. Blue-collar consumer will not buy very expensive stuff, they will buy the clothes or other equipment based on what they have at that time. It will be very different if the person works for white collar or maybe person with specific job, such as artist, actor, public relation, model, etc., which will definitely affect their choice of brand.

Job means income, which will define shopping style. The bigger the income, the more active consumer to spend their money. Usually they will join into middle up social group which including government official, businessmen, manager or high class employee. On the other side, consumer with low income included into traditional consumer type which is more conservative and not active [30].
**H3. The higher level income of the consumer, the higher perception brand in consumer’s mind**

From that population, researcher used non-probability sampling which is a quota sampling. About 384 respondents will be taken proportionally from both of these cities with assumption 95% confidence level and 5% margin of error [27]. The quota sampling has been chosen because of the number of population is too big and researcher want to focus on these two specific group as comparison [2].

**8. Result**

The data has been analyzed with Statistical Product and Service Solution (SPSS 21) with validity, reliability, and regression analysis. From the validity analysis, it found that all question items are strong and able to use in this research as their result is above of the standard (a > 0.30) [23]. There was advertising (a = 0.5), marketing public relation (a = 0.639) as part of IMC and cognitive (a = 0.588), affective (a = 0.572) as part of perception. Reliability analysis also show good consistency of measurement tools (a = 0.831), which is the questionnaire, with Alpha Cronbach coefficient > 0.70 [31].

Then, the regression and correlation analysis has been done in this research to predict relation between dependent and independent variable [31]. For the first hypotheses, the data proved the relationship between Integrated Marketing Communication and perception brand (F=160.814; a= 0.000). IMC built message to link target audience with the trends. Strategically, IMC orientated to build positive perception of the product then to make them buy the product in the end [11, 15]. The data also shown that the relationship between IMC and perception was strong (R=0.547) and coefficient determination of IMC to perception was weak, around 29.9% (R²=0.299). And the rest of it affected by other factor such as environment, culture, family, reference group, etc. as individual’s unique filter [22]. Hybels and Weaver (2004) also backed up the statement that in perception process also happen deletion, distortion and generalization process because of human limitation and that made imperfect perception.

As mentioned by Nowak and Phelps [29], integrated marketing communication has important roles in creating consumer perception. When integrated marketing communication applied, it means that all messages, positioning, image and corporate identity coordinated into marketing communication.

However, nowadays, consumer accept too many information from too many sources. It will be very important for marketer to create consistent messages and
choose the right channel to reach the target market. In addition, Kotler [29] also mentioned that marketer should be careful in create clear messages and consistent about the product so it will develop strong perception in consumer’s mind.

Integrated marketing communication has several function and one of them is shaping vs mirroring [22]. Integrated marketing communication reputed to have power in creating social trend to make people think and act. It happens because of integrated marketing communication develop message to link back the target audience and trending topic. In strategic perspective, integrated marketing oriented to consumer which will push them to build good perception with the final result is to consume the product [11, 15].

However, this research finding shows that marketing public relation create stronger relationship and effect to perception (R=0.479, R²=0.230) than advertising (R=0.321; R²=0.103). To support this, Kotler and Keller (Krismiyati et al., 2014) also mentioned that marketing public relation has power to create strong identity and easily recognize by the society. It has important roles for creating event and news which will attract audience.

In addition, Shimps [25] said that marketing public relation communicate through society service and sponsorship which could increase consumer perception about the product by the familiarity feeling.

In fact, Magnum has tendency to use marketing public relation in events, sponsorships or other publication activities. On the other side, Magnum’s consumer is come from high-class society who will buy products based on brand image and identity (Chen and Green, 2012). In 2015, Magnum created lot of events such as ‘5 Years of Magnum’, ‘Magnum New Café’, ‘Magnum Pleasure Maker’ and ‘Magnum Revelation of Magnum Infinity’. All activities supported by national publicity and also social media which endorsed by many artists. In result, these activities boost Magnum perception up to 25%.

Marketing public relations itself boost brand image which will attract brand conscious consumer [9]. This group really focus on famous and expensive brand as a high quality signal. However, this kind of consumers could come from various social and income class as part of their high-class representation image. Using famous brand can help them to achieve their wants which is social status in their peer group.

Using correlation analysis, researcher found that there was also significant difference between consumer in Jakarta and Yogyakarta perception (α = 0.004). As result, researcher found that young consumer who live in Jakarta has better perception (49.2%) about Magnum brand. The level of perception for consumer in Jakarta is
between medium and good. On the other, consumer in Yogyakarta shows that the Magnum brand perception is between very bad to medium (20.8%).

This finding supported by Kumara & Ashan (2004) that demography factor will affect the consumer perception significantly. Further than that, Chan & McNeal [7] also said that consumer in big cities usually see marketing and media as useful information and consumer in small cities see word of mouth as more reliable source. That is why consumer in big cities relatively more open into information and new products.

In addition to the above statement, Sun and Wu [7] said that consumer from big city usually shopping in the luxurious shops with first class service. This habit will create perception of foreign product and usually it will make the consumer more open of new or strange products with their ideas. This condition make consumer also feel more comfortable to buy stuff. On the other hand, consumer from rural area do not care about brand and sometimes find difficulties to understand the brand’s concept [7]. This condition also makes them don’t trust the foreign product and have bad perception on them.

At last, the third hypotheses also proven that the level of income will affect brand perception in consumers’ mind (F= 81.544; a = 0.000) with strong relationship and effect to brand perception (R=0.551; R²=0.304). This finding supported by Husin & Cicic [9] that consumer who wear luxurious brand has motivation as ‘status seeker’ who want to increase their status. They also enjoy people reaction when they see the brand and enjoy the superior status.

For young consumer, global or foreign aspect may increase their status, especially when they are still teenager or young. It is also important for employee or workers which related with their global credibility and authority [1]. This trend also known as global consumer culture positioning (GCCP) which also leads the usage of brand ambassador to relate them with specific lifestyle that they want to achieve in the brand value.

In Magnum product itself, consumers usually enjoy the product to show their existence within their peer group. They want to have superior status than others, even though they come from middle class. Magnum is a resemble of luxurious product and create the higher consumption which sometimes affect the supplies in the market itself [9]. In fact, Magnum product were out of stock in the market at 2010. This is because their big came big in marketing communication campaign ‘Magnum Classic’. This phenomenon shows how a marketing communication could change the market condition.
9. Conclusion

These research findings show that integrated marketing communication (IMC) has positive relationship with perception. It was because IMC has power to integrate the message to consumer structurally [11, 15]. Some brands also known as luxurious brand, such as Magnum as subject on this research. In fact, the demand of this increasing year by year which show that level of consumption in Indonesia also increasing.

Beside IMC, as individual, advertising and marketing public relations has strong power to create good perception of the brand. Surprisingly that the level of relationship between marketing public relations to create perception is higher than advertising, not like other research show us before. This means that marketing public relation may create new power and trends regarding the developing of perception in consumer’s mind.

This research also strengthens the premise which demography background has relation with perception. In this research finding shows that young consumer from big city has better perception than consumer from small city. It is maybe because of the level of product information and event, and also the characteristic consumer from small city which is more difficult to approach with lower brand facilities which may affect the perception itself.

In addition, different level of income will affect the level of perception where consumer with high level of income will more tend to buy more expensive brands than others. That is why to show that the product is luxurious will create better perception on people with high income. To understand the motivation to be a superior in the peer group will be very interesting to explore. Motivation is something more complicated and need to be understand thoroughly and in the end of that research, it will be a good benefit for marketing communication area to understand motivation deeply in terms of product choice.

Beside motivational background, for further research, it would be very interesting to understand individual’s unique filter in developing perception and customer-based brand equity, especially consumer media habit which not really done in this research. It is very important to show the social media position, as the new trends, in the relationship effect to consumers mind.
References


