

ANALYSIS CONSUMER PREFERENCES FOR BRAND IMAGE OF FOREIGN AND DOMESTIC DAIRY PRODUCTS IN MANADO

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ABSTRACT

All of the consumers that used foreign product and domestic product have their own perception why they used foreign product and why they used domestic product. Phenomenon in dairy consumption in Manado is not so much different from other big cities in Indonesia. Most of the people have a tendency to consume foreign dairy products than the domestic one. In fact, still there are a few consumers who prefer to consume domestic products rather than foreign product. However, this situation is unclear about the reason consumers of dairy products in Manado to choose foreign product or select domestic product. The purpose of this research is to analyze the consumer preferences of foreign and domestic dairy products in Manado. This research used qualitative approach and descriptive method. The data is collected through the interview as case study types. The analysis is descriptive process, and there are 15 informants as research samples. The result of this research show that most of the informants prefer for foreign dairy product rather than domestic dairy product. There are five indicators of consumer preferences, which are: product quality, reference group, brand loyalty, price, and packaging. This research suggest the company that produce domestic dairy product to improve their marketing ways and find solutions to promote their product and for the company that produce foreign dairy product to make another product innovation to attract the consumers to keep buying their products.

Keywords: *consumer preferences, brand image, product*

INTRODUCTION

Research Background

Free trade is affecting the economic throughout industrial situation in Indonesia. The vast growing of world trade and the establishment of free trade are increasing the competition among manufacturers which not only for domestic traders, but also foreign traders. They are aiming to increase the number of sales, by considering Indonesia has large market. Foreign producers began to open a branch of their company to manufacture their products in Indonesia.

The rapid development of free trade has supported by the development of science and technology, the manufacturers are racing to produce better products in accordance with the opening of a manufacture in Indonesia. The foreign producers began to learn to adapt to Indonesian consumers to be able to produce the products according to the needs of consumers and manufactured with the advanced level of technology.

All of the consumers that used foreign product and domestic product have their own perception why they use that foreign product and why they used domestic product. Phenomenon in dairy consumption in Manado itself is not so much different from some of other big cities in Indonesia. Most of the people in Manado have a tendency to consume dairy product of foreign company compared to consume dairy product of domestic

company. In fact, still there are a few consumers who prefer to consume domestic products rather than foreign product. However, this situation is unclear about the reason consumers of dairy products in Manado to choose foreign product or select domestic product.

Research Objectives

The objectives of this research are to analyze the consumer preferences for foreign and domestic dairy products in Manado.

THEORETICAL REVIEW

Marketing

Kotler, et al. (2012:5) explains that marketing is the process by which companies create value for customer and build strong customer relationships in order to capture value from customers in return. Boone and Kurtz (2011:353) Marketing is an organizational function and a set of processes for creating communicating, and delivering value up customers and for managing customer relationships in ways that benefit the business and its stakeholders.

Consumer Behavior

Solomon (2013:31) identified consumer behavior is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires. Schiffman and Kanuk (2007:8) defines consumer behavior as the behavior that consumer display in searching for, buying, using, evaluating and disposing of products and services that they expect will satisfy their needs. Consumer behavior focuses on how individuals make decisions to spend their available resources (time, money, effort) on consumption related items.

Consumer Preferences

Fife-Schaw, et al. (2006:5) expressed that consumer preferences is used primarily to mean an option that has the greatest anticipated value among a number of options. Preference and acceptance can in certain circumstances mean the same thing but it is useful to keep the distinction in mind with preference tending to indicate choices among neutral or more valued options with acceptance indicating a willingness to tolerate the status quo or some less desirable option.

Product

Kotler, et al. (2012:247) argues product is anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need. McDaniel, et al., (2011:337) said that Product is everything, both favorable and unfavorable, that a person receives in an exchange. Many of people expected that definition of product only as tangible goods. But in fact, service and ideas is a product. There are two type of products Business Product and Consumer Product. Business Product or in other meaning industrial product is a product used to manufacture other goods or services, to facilitate an organization's operations, or to resell to other customers. Consumer product is a product bought to satisfy an individual's personal wants.

Brand Image

McDaniel, et al. (2011:222) explains that brand image is a set of beliefs about a particular brand. In turn, the brand image shapes consumers attitudes toward the product. Brand image is the way public actually perceives them that for the right image to be established in the mind of consumers, the marketer must convey brand identity through every available communication vehicle and brand (Kotler, et al. 2009).

Country of Origin

Solomon (2013:347) assumes that country of origin is a determinant attribute in the decision making process. Nowadays consumers associate some products with specific countries, and that product from those countries often attempt to benefit from these linkages. The consumers have their own expertise with the product category moderates the effects of this attribute. Consumers are making their purchase decisions; the consumer may take into consideration the countries of origin of their choices. Consumers use their knowledge of where products are made in the evaluation of their purchase option. The effect of Country-of-Origin identified such as consumers often aware that a particular firm or brand name is associated with a particular country. (Schiffman and Kanuk, 2007).

Previous Research

Several literature reviews are used in this research which provides the grand concept of this research and the relationship of previous researches and this research.

1. Zeenat Ismail, Sarah Masood, and Zainab Mehmood Tawab (2012) these researches provide the rating of the factors influencing consumer preferences of international brand and local brand. Quality of the branded product was considered the most important factor in shaping the consumers purchase decision. Price of the product was rated as the third most important factor.
2. Lucia Vileekovai, Miroslav Saboi (2011) Considering demographic factors and brand buying behavior, there is a relationship between age and attitudes toward brands, where young people prefer foreign brands and country of origin is more important for them as for older consumers. There is mild correlation between income and brand preferences.
3. Samuel Kwadwo Frimpong (2011) Found that Ghanaian consumers characteristic are quality-oriented who willing to buy high quality imported brands with the freedom to choose which brand and are not held down to particular brands.

Conceptual Framework

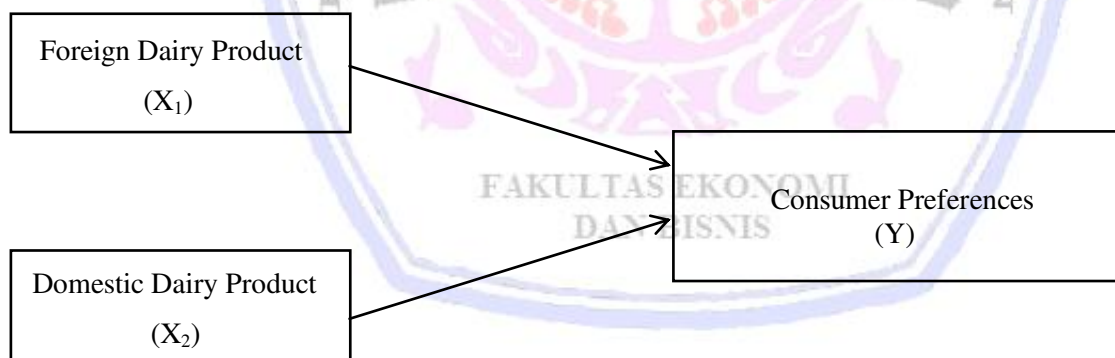


Figure 1. Conceptual Framework

Source: Theoretical Review

The Figure above shows the conceptual frameworks of this research to analyze the consumer preferences for foreign dairy product and domestic dairy product.

RESEARCH METHOD

Type of Research

In conducting this research used qualitative method to analyze informants' individual experience about the phenomenon. Sekaran and Bougie (2009: 369) explained that qualitative data are in the form of words. Examples of qualitative data are interview notes, transcripts of focus group, answer to open-ended questions, transcriptions of video recordings, accounts of experiences with a product on internet, news articles, and the

like. Qualitative data can come from a wide variety of primary sources and/or secondary sources, such as individuals, focus groups, company records, government publication, and the internet. The analysis of qualitative data is aimed at making valid inferences from the amount of collected data. Qualitative data can give data, information, meaning, and objective or purpose in certain condition. Type of this research is Descriptive which is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation (Sekaran and Bougie, 2009:105). This research uses qualitative approach and descriptive method, because the data is collected through the interview and as case study types, the analysis is descriptive process that collects information and classifying the data and then describing the indicators of consumer preferences for dairy products.

Place and Time of Research

This Research is conducted in Manado city. The interviews are conducted in separate place according to the location of every informant but still in Manado city. The interview was conducted in June 2014.

Population and Sample

The population on this research is people who used foreign and domestic dairy products in Manado. There are 15 informants as research samples.

Data Collection Method

There are two types of data which are primary data and secondary data. Primary data is the data sources that provide data directly to the data collector. Secondary data is sources that do not directly provide data to data collectors. Hair et al., (2007), there are two broad approaches to qualitative data collection, those are observation and interviews. Further, Hair et al., (2007) explained that observational data are collected by systematically recording observations of people, events or objects. While, interview is where the researcher "speaks" to the informants directly. Interview and observation are conducted in this research as a method for collecting the data which supported by all gathered data from journals and books to study about this research.

Method of Analysis

Qualitative research focused on validity aspects. In qualitative research, a reality is a pluralistic, dynamic or constantly changing, there is consistent, and repeatable as before. Qualitative research has components to retain trustworthiness. The components are Credibility, Suitability, Transferability, and Conformability. Sekaran and Bougie (2009:370) defined data reduction refers to the process of selecting, coding, and categorizing the data from this research. In this research, data reduction is applied in chapter 4 as the part of interview result. The data reduction is used to summarize the main point of informants in order to make easy for this research to categorize the data. After Reduced the data, the data will be arranged in to data display, which refer to the ways of presenting the data. A selection of quotes, a matrix, a graph, or a chart illustrating pattern in the data which can help to draw conclusions based on patterns in the reduced set of data. Data display involves reduced data and displaying them in an organized, condensed manner. Data display is used in discussion part in chapter 4 in this research. The data is categorized in form of table with the explanation related with the result of interview. Sekaran and Bougie (2009:382) Conclusion drawing is the "final" analytical activity in the process of qualitative data analysis. Conclusion drawing process has been started since the data collection process on the field and continued with the process. At the first since the data has been collected, and become clear result in the end when the data or information from the informant has been processed. More detail of drawing conclusion/verification is discussed in chapter 5 in this research.

RESULT AND DISCUSSION

Result

This research is to analyze the consumer preferences for foreign dairy product and domestic dairy product in Manado. When the interviews were done, the researcher found that almost all respondent had the similar opinions, although every informant had their own point of view about product that they currently consume. Also, the informant had the differences in the range of daily consumption, the benefits they wanted, and the reasons why they prefer to each product. The appearance of the findings is similar to their answers and reasons. But the researcher found that every single informant is unique and had their experiences. By analyzing the differences of their reasons, researcher also found that even different answers and different products that they consume, the reasons of their answers could be correlated to one another and their mind map was the same. The result of this research, mostly the informants know about the brands they consume. The informants clearly know the products they consume because of the brand image of these dairy products in the market. There are 15 informants as follow, 11 informants preferred for brand image of foreign dairy products, 2 informants preferred for domestic dairy products and the rest 2 informants preferred for both products. There are another various reasons and factors why consumer prefers each product. There are five indicators that emerging when the interviews were done, the indicators are product quality, reference group, brand loyalty, price, and packaging. The most influence on consumers is the product quality. The next indicator is the reference group and brand loyalty in the third position. After that it followed by the indicator price and packaging of the product.

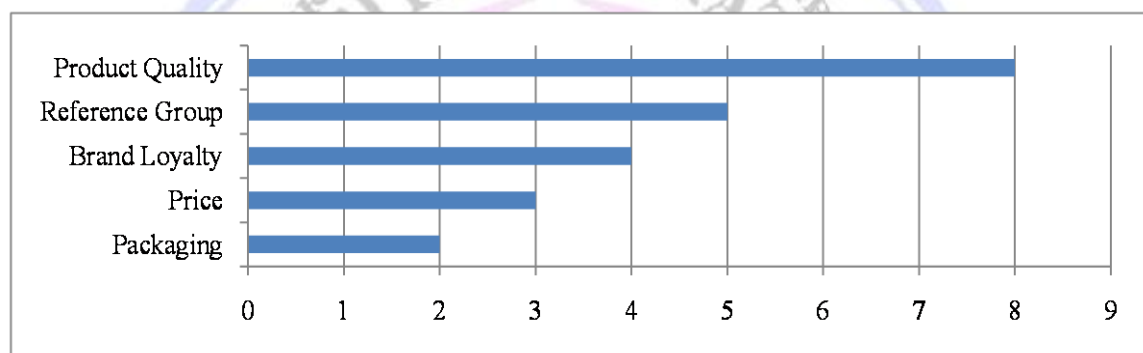


Figure 2. Indicators of Consumer Preferences

Source: Data Processed

Discussion

Product Quality

Informant 3, 4, 5, 6, 7, 12, 13 and 15 prefer to consume dairy product that mentioned because they have already proven the quality of product and fulfill the desire of those who consume that dairy product. These results prove the theory of Kotler, et al. (2012:253) Product quality is the characteristics of a product or services that bear on its ability to satisfy stated or implied customer needs.

Informant 4, 7, and 9 that routinely consume foreign dairy product has the same purpose to shaping their body. Informant 7 and informant 9 thought that brand determines the quality because the content of each brand is different so the benefits therein are also different. While informant 4 thought that the quality of product determines the authenticity of the brand that he consumes.

Informant 5, 6, 12, and 13 routinely giving milk to their children and brother every day explained the same opinion about product quality. The third informant stated that certain brands determine the quality of product and the benefits therein, because not all of the products have the same benefits, composition and also the nutrition similar to each other. Informant 3 also has the same opinion with the other informants. Informant 15 asserted that the quality is guaranteed and trusted so he can feel the benefits after consuming it.

Most of the informants stated that every product has different qualities from each other. Product quality of the products is guaranteed and trusted so they can feel the benefits after consuming that product. Besides, this result has a correlation with the previous research of Ismail, et al. (2012) thought that quality is the most influential factor than the other.

Reference Group

As a stated of Solomon (2013:430) that reference group an actual or imaginary individual or group that has a significant effect on an individual's evaluations, aspirations, or behavior. Informant 1, 4, 10, 11, and 15 prefer to consume dairy product because of reference group. There are three ways that influence the consumer: informational, utilitarian, and value-expressive (Solomon, 2013). The results show that all of the informants regularly consume dairy milk product that were influenced by reference group in utilitarian way, because of their influence by preference of their family member and the society.

Brand Loyalty

There are 4 informants stated in their interviews that they consume dairy product because they already accustomed to consume milk since they were a kid and they never replace that brand until now. It's becomes a habit of informant 2, 10, 11, 15 to continue buying that product and never replaced it. This result can be proved through the theory of Solomon (2013:350) that Brand Loyalty is a repeat purchasing behavior that reflects a conscious decision to continue buying the same brand. All of the informants thought that they no need to replacement products because that brand is already the best for them and become a habit to consume that product. When the product is running out, they return to buy the same dairy product to fulfill their needs.

Price

The previous research found that price of product becomes a factor that determines the product quality, expensive products result higher quality, which similar to informants' perceptions. Most of the informants assume that the price is not a problem for them. Informant 8 said that foreign dairy product with expensive price have the best quality, consumer will get the benefits in short times since they consume it. But in fact informant 8 not consume foreign dairy product because the price is more expensive than the product that he routinely consume now. While informant 4 and 7 need to manage her financial properly to routinely consume carnivore because the price of carnivore is more expensive than domestic product. Some of the informant thought that they prefer for some product because the price is affordable for them.

Packaging

In this research found that packaging becomes a factor that influences consumer preferences of dairy product. As quoted by Kotler, et al. (2012:256) innovative packaging can give a company an advantage over competitors and boost sales. Informant 11 and 14 consume ultramilk because that product has a simpler package, they don't have enough time to make it by themselves. It also becomes an advantage for the company because sales of that product increase.

CONCLUSION AND RECOMMENDATION

Conclusion

The data were analyzed and the result came up, then the conclusions are:

1. The results of the research found that consumer prefer foreign dairy product because they consider the matter of the quality of the products that have been tasted and reliable. Brand image of the product makes consumers never change the product with the other brands because of their trust of the brand since the first. These things are supported by the influence of family member and also society. The only weakness of foreign dairy product is the price of that product is more expensive than domestic dairy product. Although, there are few consumers who are not concerned about it because they feel that the benefits of product that they use is worthy with its expensive price.

2. The results of this research found that consumers prefer domestic dairy product because the package is easy to take anywhere and life savior for people who are too busy to make it by themselves because of their activity. In addition, the price of domestic dairy product is cheaper than foreign dairy product. The weakness of domestic dairy product is lack of product promotion and lack of availability of domestic dairy product in supermarket and minimarket and it makes the consumers buy foreign dairy product.

Recommendation

The recommendation is proposed by the researcher to the company that produce domestic dairy product. In order to increase the sales of dairy products, company needs to improve their marketing ways and find solutions to promote their product. Company also needs to establish good cooperation with supermarket and minimarket or kiosk to provide attractive offers for the consumers and interest consumer to purchase for their product. The recommendation is also proposed for the company that produce foreign domestic dairy product. The company must maintain their manufacture in Indonesia periodically, in order keep or improve the quality of product. They need to make an innovation of product to attract the consumer to keep buying their products. It is also recommended for the consumer to increase and enhance their knowledge about foreign and domestic dairy product in order to be able to examine much better than they do now.

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