

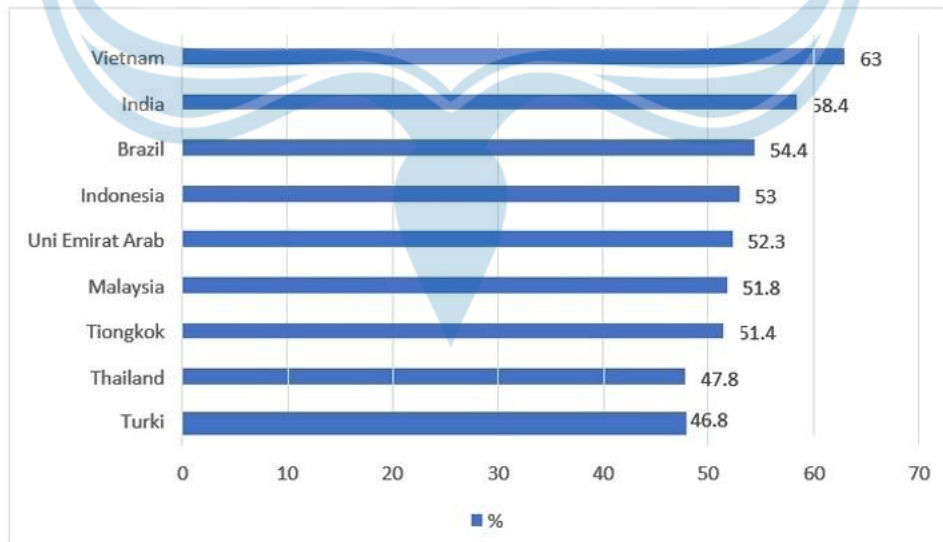
CHAPTER I

INTRODUCTION

1.1. Background

Dated back from the 1990s, Korean Dramas became a hit in Asia and has evolved into a wide scaled phenomenon commonly dubbed as Korean Wave or *Halleyu*. The start of the development introduces cultural products that influence national branding. While most other countries such as United States, Japan and China dominated on exchange in cultural products, South Korea at the time bring in cultural products alongside electronics and food products to the Asia market hence, the start of introduction of Korean Wave where Cultural product was blend with pop culture (Tjoe& Kyung, 2016).

According to Putri & Putri (2019), introduction of Korean Wave in Indonesia starts with The Olympics World cup South Korea-Japan 2002 on a TV program, Trans TV and it became the start of introduction of Korean Drama which was responded positively. From original Korean Drama series Endless Love to adaptations of the famous series, Playful Kiss (ft. Itazura Na Kiss-Japan) and Boys Over Flowers (ft. Meteor Garden- Taiwan).

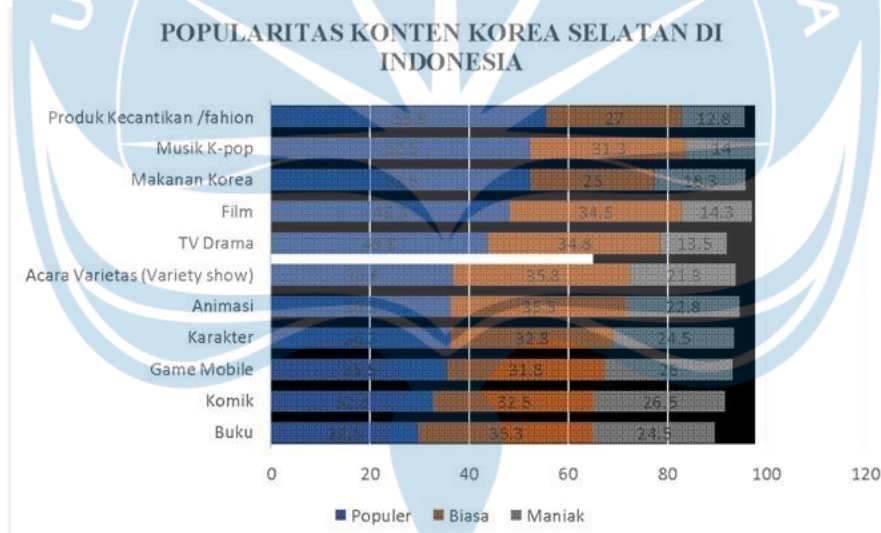


Source: (Chindyana,et .al, 2022)

Figure 1.1

Percentage of Interested customers for Korean products

Attributed by the economic growth and human resource quantity, Indonesia has an increase in GDP per capita up to five times more than year 2000 in 2022. Economic growth, human resource quantity, market size, and natural resources; it is expected that economic growth will increase 5% per year. High income begets high spending, leading numerous foreign companies including South Korea to make use in investment. Indonesia is the fourth highest consumer of South Korean product with a production rate of 53%, higher than Japan, India, China or Thailand but lower than Brazil Figure 1.1. As shown from Figure 1.2, Korean Food Products are up to 52.5% in popularity (Chindyana et. al,2022).



Source: (Chindyana et. al,2022)

Figure 1.2

Popular Content in Indonesia

Food product sales are among the sought out products supporting the K-Wave. As part of Indonesia 4.0, there is an active governmental support to develop food and beverage industry and by the first quarter of 2022, the industry grew up to 3.75%, higher than the first quarter of 2021

that reached 2.45%. (IDN Finance , 2022) Based on the study conducted by Chindyana et. al (2022),it is proven that Indonesia has an Interest and willingness to buy Korean food. To monitor and represent growth in Korean Food Market in Indonesia, Instant food sector is to be represented and the chosen brand is the top Korean instant noodle or Instant *Ramyeon* Brand, SAMYANG. South Korean Food Manufacturer, Samyang Foods invested 3.412 Billion Won (equivalent to 38.64 billion rupiah) into subsidiary. It is reported how 30% exports in South Asian markets accounts Indonesia. To support the predominant Muslim Population, Samyang Foods obtain Halal Certification on year 2017 for the products and sent only certified products (Dudekula, 2023).

There are numerous factors in consideration that influence Korean Product marketing in Indonesia. One such influence is the introduction of the Korean culture in general that gives attraction that led to the adoption of Korean Culture in general due to the introduction of Korea through K wave trend as well as lifestyle or culture in general (Sarajwati, 2020). Attributing the introduction of culture and lifestyle was intensified by the marketing done through the underlying marketing through the fame and influence of K-pop and K-drama delivery. In 2019, it is reported in Statista how 59.8% survey correspondents state Korean Food Popularity in Indonesia and how the rise of Korean Pop and Korean Drama popularity goes hand in hand. Additionally, study shown how there is a need for proper strategies for Korean Food Exports and in response, Korean Food Industry Association (KFIA) strategized K-Food Zones in supermarkets corresponding imports of various food products in response of the popular food products such as Snacks, Drinks, Instant Noodles (Ramyeon), Tteokboki, Ganjang (Korean Soy Sauce).



Source: cdn.soyacinau.com, accessed in 4th August 2023

Figure 1.3

Jakarta Police urge McDonald discontinue special edition BTS Meal

There are ongoing impacts in K-pop endorsement as shown from incidence of Mc Donald branch in Jakarta, Indonesia. The endorsement in question is the collaboration of Mc Donalds and BTS, one of the most famous Boyband K-pop Group causing the most crowded city of Indonesia junction traffic that required governmental interference. From the endorsement done by Mc Donald alone, it increases profit 5.5% Worldwide that, in Indonesia alone can go up to billions of rupiah (Septenia, 2021).

Just as any products have certain demands and supplies balance, so do the criteria of acceptability range of the price and quality needed to last in foreign markets as any International quality product do. Based on a study done by Romana (2020) in Indonesia, it is confirmed how there are confirmed factors that influences the consumption of Korean Products. Those factors include Product Price and Quality balance, Country of Origin reputation, Customer Satisfaction and Repurchase Intention that was shown positive. Supporting the assessment, study done by Shalehah et. Al (2019) has shown how Indonesian markets in response to Korean beauty products will respond with loyalty to brands from Korea with criterias which include Quality, marketing and reputation.

Alongside the Korean Wave trend, K-pop and Kdrama popularity, there is also a growing fanbase as a phenomenon that comes hand in hand Kculture Popularity. In a article done by Hanifah & Kania (2020), they show a glimpse of the social influence from a member of a fanbase “Wannable”, a Korean pop lovers group or fandom that supports a Korean Boys group Wanna One. Based on the survey targeted on the member of the fandom, not only did they focus on merchandise purchase, they also integrate to sub-cultures such as a café event, famous Korean food consumption, endorsed brand product usage (eg. Innisfree, Skincare) and many more. Unlike the bias on how being a dedicated fan includes incessant, unplanned financial spending to keep up, bring a fan-base member, when done correctly can also be a form of controlled and planned financial map for stability.

There are several studies supporting the impact of Country of origin in their impact on market value. One of the research is one done in Central Javadone by Devita & Agustini (2019)

discussing and proving how the influence in public brand Image and country of origin effect sales of Cosmetic product from Korea, Etude House. Another research conducted in Vietnam shown how Country of Origin not only impact purchase intention, but also numerous other factors such as Quality and credibility of brands (Phuong, 2019).

1.2. Problem Statement

Inferring the research Gap from existing literature, this paper focus on the following questions:

1. Does Attractiveness of Korean Wave and Culture influence purchase intention of Korean Food Products in Indonesian consumer in Indonesian Market?
2. Does Korean Pop Culture or K-drama viewing habits and attractiveness influence purchase intention of Korean Food Products in Indonesian Market?
3. Does Korean Celebrity Endorsement Attractiveness influence purchase intention of Korean Food Products in Indonesian Market?
4. Does Product Quality influence purchase intention of Korean Food Products and in Indonesian Market?
5. Does Product Price influence purchase intention of Korean Food Products in Indonesian Market?
6. Does Social influence have an effect towards purchase intention of Korean Food Products in Indonesian Market?
7. Does 'Country of Origin Image' influence purchase intention of Korean Food Products in Indonesian Market?

1.3. Research Objective

The research objectives of this research are:

1. To analyze the influence between Attractiveness of Korean Wave and Culture towards purchase Intention of Korean Food in Indonesian Market
2. To analyze the influence between Korean Pop Culture or K-drama viewing habits and attractiveness towards purchase Intention of Korean Food in Indonesian Market
3. To analyze the influence between Celebrity Endorsement Attractiveness towards purchase Intention of Korean Food in Indonesian Market

4. To analyze the influence between Korean Product Quality towards purchase Intention of Korean Food in Indonesian Market
5. To analyze the influence between Korean Product Price towards purchase Intention of Korean Food in Indonesian Market
6. To analyze the Social influence of Korea towards purchase Intention of Korean Food in Indonesian Market
7. To analyze the influence between Korean Country of Origin Influence towards purchase Intention of Korean Food in Indonesian Market

1.4. Research Benefit

There are several benefits of the research in analyzing Purchase Intention of Cosmetics and Food Products as a focus and Korean Wave Structure of Influence.

a) Theoretical Benefits

The research in question readdresses the use of Marketing Management Theories regarding Purchase Intention as well as case study on foreign country method of success and the factor that supports them. There are also referential materials shown in the thesis as the topics correlates to Foreign or Globalization subtopic which includes cultural exchange and exposure, specified trend on entertainment influence and their effect of social groups, Korean Wave analysis and breakdown, also include the background, methods, approach and strategic approach.

b) Practical Benefits

Interactive approach and awareness of the studies on purchase intention cases from Korea gives insight in innovation of Strategies that involves Cultural, Production, Social, Entertainment and Marketing factors as well as their affect in building the attributes that leads to their integration success to customer affinity. Due to the more apparent trend in Indonesia as shown from the use of Korean idol group and member endorsement, as well as existence of Korean sub-branch built in Indonesia, and Korean Pop Culture and Korean Drama fan base, and so forth; it became apparent that the presence of Information and strategies to take advantage of investment and venture opportunities to rise.

1.5. Systematic Writing

CHAPTER I INTRODUCTION

The introduction will disclose about background, research questions, research objective, research benefits and systematic writing.

CHAPTER II LITERATURE REVIEW

This chapter will explain previous studies and theories that have been found, hypothesis and research models.

CHAPTER III RESEARCH METHODS

Description in research method includes sampling methods, sample or respondents, justified measurement, justified validity and reliability of the measurement and data analysis.

CHAPTER IV DATA ANALYSIS AND DISCUSSION

Data analysis result and interpretation, discussion based on comparative findings of previous studies.

CHAPTER V CLOSING

The conclusion described are short explanation of the findings referring to research questions, advices for management based on research findings, limitations to studies and further studies