

**BRAND ORIGIN CONFUSION EFFECTS ON BRAND PREFERENCE  
AND BRAND PURCHASE LIKELIHOOD**

**A THESIS**

**Presented as Partial Fulfillment of the Requirements for the Degree of  
Sarjana Ekonomi (S1) in Management Program Faculty of Economics**

**Universitas Atma Jaya Yogyakarta**



**Compiled by:**

**Yessy Trisiana Lestari**

**Student ID Number: 10 12 18211**

**FACULTY OF ECONOMICS**

**UNIVERSITAS ATMA JAYA YOGYAKARTA**

**2014**

**A THESIS**

**Faculty of Economics**

**Universitas Atma Jaya Yogyakarta**

**I hereby recommend that the thesis prepared under my supervision by**

**Yessy Trisiana Lestari**

**Student ID Number: 10 12 18211**

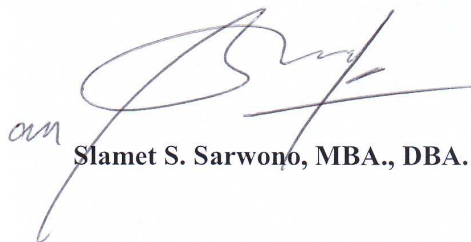
**Thesis entitled**

**BRAND ORIGIN CONFUSION EFFECTS ON BRAND PREFERENCE  
AND BRAND PURCHASE LIKELIHOOD**

**Be accepted in partial fulfillment of the requirements for the Degree of  
Sarjana Ekonomi (S1) in Management Program Faculty of Economics**

**Universitas Atma Jaya Yogyakarta**

**Advisor,**

  
**Slamet S. Sarwono, MBA., DBA.**

**Yogyakarta, June 9, 2014**

This is to certify that the thesis entitled

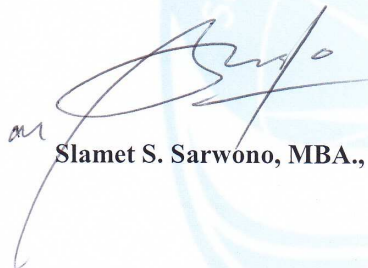
**BRAND ORIGIN CONFUSION EFFECTS ON BRAND PREFERENCE  
AND BRAND PURCHASE LIKELIHOOD**

Compiled by:  
**Yessy Trisiana Lestari**  
**Student ID Number: 10 12 18211**

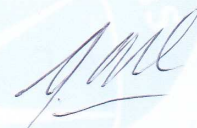
Has been defended and accepted on July 15, 2014 towards fulfillment of the  
requirements for the Degree of Sarjana Ekonomi (S1)  
in International Business Management Program  
Faculty of Economics, Universitas Atma Jaya Yogyakarta

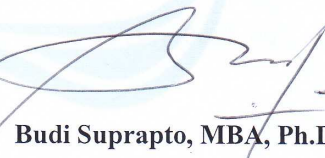
**Examination Committee**

**Chairman**

  
**Slamet S. Sarwono, MBA., DBA.**

**Member**

  
**Gunawan Jiwanto, Drs., M.B.A.**

  
**Budi Suprpto, MBA, Ph.D.**

Yogyakarta, July 15, 2014

On behalf of the Dean of Faculty of Economics

Universitas Atma Jaya Yogyakarta

**Vice Dean I**

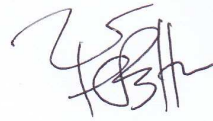
  


**Alexander Jatmiko Wibowo, SE., SIP., MSF.**

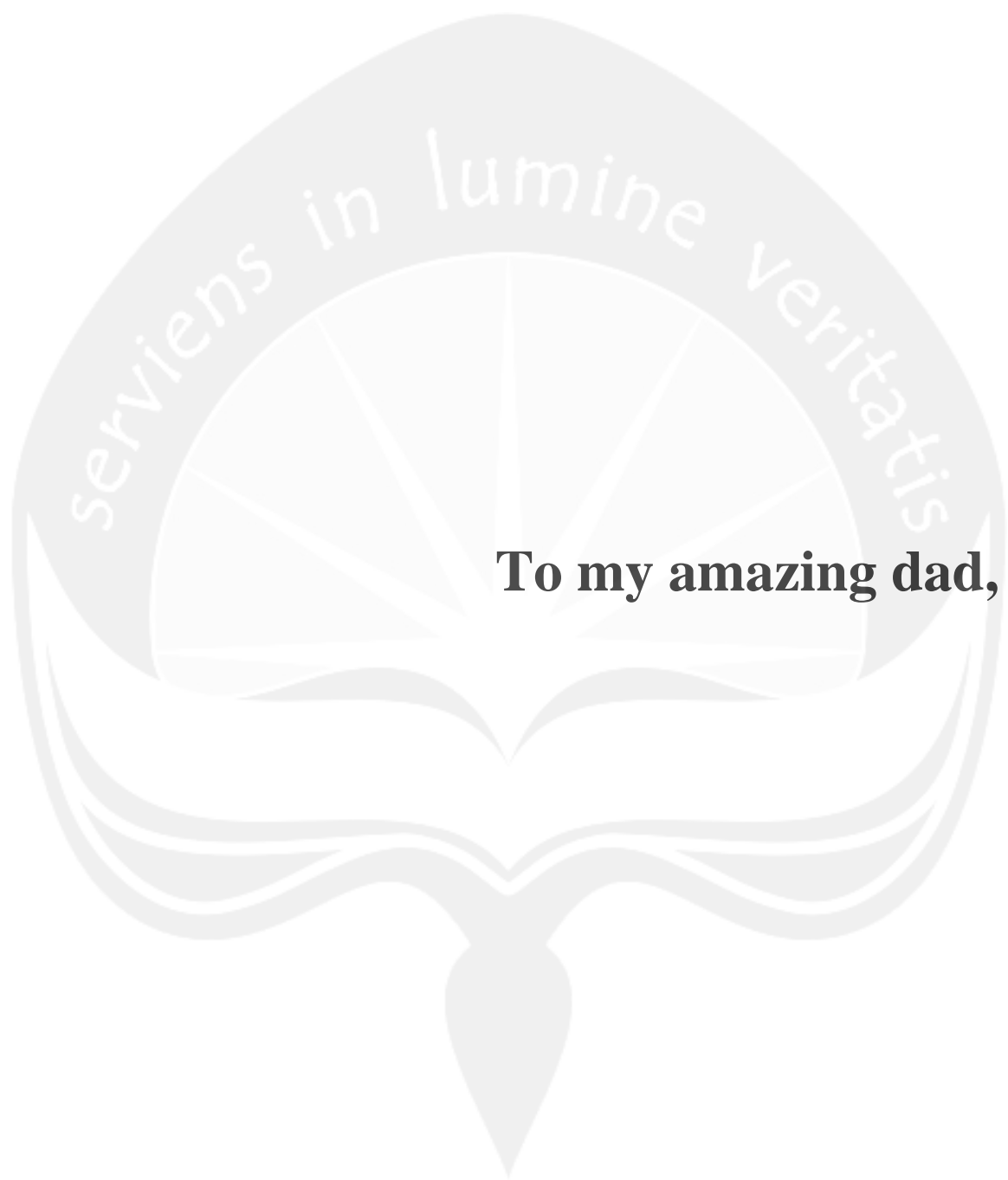
## **AUTHENTICITY ACKNOWLEDGEMENT**

**I, the writer of this thesis, hereby declare that I compiled this thesis by myself. I fully knowledge that my writings does not contain others' or part (s) of others' writting, except for those that have been cited and mentioned in the references.**

**Yogyakarta, June 9, 2014**

A handwritten signature in black ink, appearing to be 'Yessy Trisiana Lestari', written in a cursive style.

**Yessy Trisiana Lestari**



**To my amazing dad,**

## ACKNOWLEDGEMENT

In completing this thesis, entitled “Brand Origin Confusion Effects on Brand Preference and Brand Purchase Intention”, I had received so much encourage for many people around me. In this opportunity, I would like to give thanks to all of people who had already given me so much help and support.

First of all, I would like to say my gratitude to the God who has given me so much blessing, strength, encourage, and hope. Thank you also to Mother Mary who always listens to my prayer. Moreover, I would like to say thank you to:

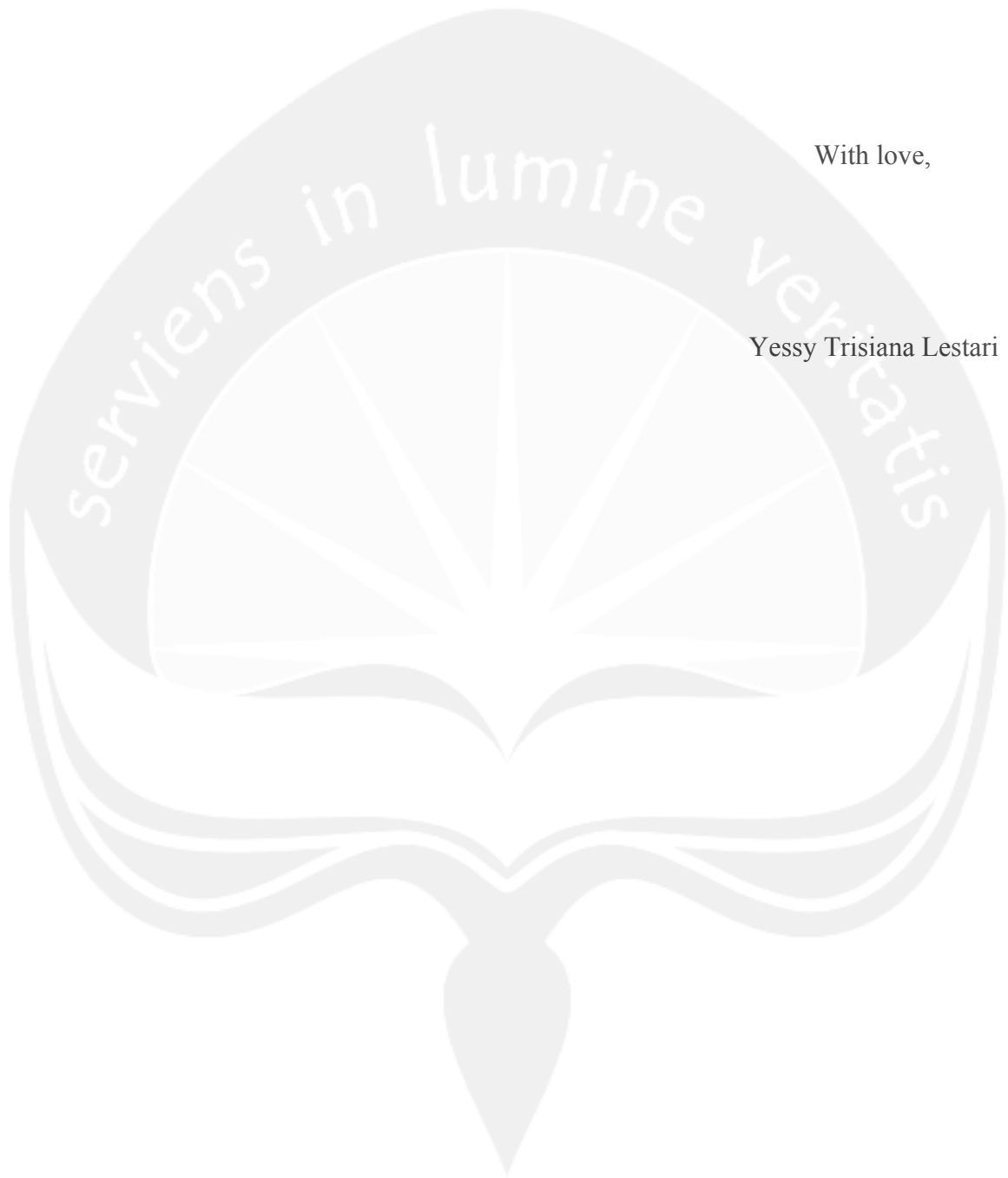
1. The greatest man in my life, my hero, my everything, Papi. Thank you for your love, laugh, support, and encouragement that make me who I am now. I love you so much.
2. The strongest woman that I know, Mami, who does not even know what thesis is, for the greatest love and care. Thank you for your support and prayer.
3. The best of the best girlfriends in my life:
  - a. My oldest sister, Cik Lala, for her love, teaching, support, and care. Anyway, I won't forget her husband, Ko Fian. God always bless both of them.
  - b. My older sister, Cik Nda Nda, whom I share a bedroom with for years, for her love, sharing, care, support, laugh and gossips. You will always be my partner in crime.
  - c. My younger sister, Ivon, the most annoying but loveable one, for her love and support. Good luck for your future!

4. The mentor of academic life since my first semester in UAJY who is also my advisor, Mr. Slamet S. Sarwono for his guidance, teaching and support. Your charm is the best!
5. My also mentor and advisor, Mr. Fandy Tjiptono for supporting me, helping me, and directing me through my hardness. Your classes are my favorites! Good luck for your future carrier.
6. Mr. Adit from international office for his kindness, caring, and patience.
7. All my lecturers in international program, Mr. Budi, Mr. Parnawa, Mr. Jiwan, Mr. Andre, and many others that I could not be able to mention one by one.
8. My besties and partners in crime, Fina, Chyntia, Vera, Melina, Stephanie, Monica, Angel, and so many others that I could not mention one by one. Thank you for your support and encouragement.
9. All my friends in IBMP and IFAP batch 2010. My 4 years group mate, Elin; my sharing mate, Tasha; my academic/nonacademic gossiping mate, Tegar; my unique bible teacher, Bion; my sweet friend, Agnes; my KKN room mate, Nita; my craziest friend, Nyenyeyes; my hot and cold friend, Icha; my “unknown” chef, Manggala; my anime lover, Yeffi; my skinny friend, Bani; and others.
10. All of FE UAJY Computer lab assistants, Tasha, Tegar, Kak Dea, Kak Putri, Cik Novi, Dheta, Konde, Helty, Ryan, There, Aya, Desy, Bobby, Grace, Bion, Antok, Slentenk, Asty, Hansen, Lisa, Ayu, Adit, Nana, Cik Ivon, and Kak Lana. Thank you for being my family, for your support, care, laughter and encouragement, especially for Tegar, Slentenk, and Bobby who help me for my thesis.

11. All of my seniors and juniors in international program, IBMP and IFAP batch  
2008, 2009, 2011, 2012, 2013.

With love,

Yessy Trisiana Lestari





## TABLE OF CONTENTS

<b>TITLE PAGE .....</b>	<b>i</b>
<b>APPROVAL PAGE .....</b>	<b>ii</b>
<b>COMMITTEE’S APPROVAL PAGE.....</b>	<b>iii</b>
<b>AUTHENTICITY ACKNOWLEDGEMENT.....</b>	<b>iv</b>
<b>ACKNOWLEDGEMENT .....</b>	<b>v</b>
<b>TABLE OF CONTENTS.....</b>	<b>ix</b>
<b>LIST OF TABLES .....</b>	<b>xii</b>
<b>LIST OF FIGURES .....</b>	<b>xiv</b>
<b>LIST OF APPENDIXES .....</b>	<b>xiv</b>
<b>ABSTRACT .....</b>	<b>xv</b>
<b>CHAPTER I: INTRODUCTION .....</b>	<b>1</b>
1.1. Research Background.....	1
1.2. Research Questions .....	4
1.3. Scopes of Research .....	4
1.4. Objectives of Research.....	6
1.5. Benefits of Research .....	7
1.6. Research Report Outline .....	8
<b>CHAPTER II: LITERATURE REVIEW.....</b>	<b>10</b>
2.1. Introduction.....	10
2.2. Country-of-Origin .....	10
2.3. Further Development of Country-of-origin Concept.....	13

2.4. Concept of Brand Origin.....	15
2.5. Foreign and Local Brand.....	17
2.6. Brand Origin Effect in Developing Country.....	19
2.7. Hypotheses Development .....	24
2.7.1. Brand Origin Confusion to Brand Preference.....	24
2.7.2. Brand Knowledge .....	27
2.7.3. Brand Origin Confusion to Brand Purchase Likelihood .....	29
<b>CHAPTER III: RESEARCH METHODOLOGY .....</b>	<b>31</b>
3.1. Introduction.....	31
3.2. Research Context .....	31
3.3. Sample and Sampling Method .....	32
3.4. Data Collection Method .....	33
3.5. Pilot Study.....	34
3.6. Pretest.....	34
3.7. Data Measurement Method.....	35
3.8. Measurement of Variables .....	36
3.8.1. Single-item Measurement.....	37
3.8.2. Operational Definition.....	40
3.9. Data Analysis.....	44
3.9.1. Reliability and Validity Test.....	44
3.9.2. Hypothesis Testing .....	46
<b>CHAPTER IV: RESULT AND DISCUSSION .....</b>	<b>50</b>

4.1. Introduction .....	50
4.2. Response Rate .....	50
4.3. Respondents' Profiles .....	52
4.4. Descriptive Analysis .....	54
4.5. Hypothesis Testing and Discussion .....	55
4.5.1. Misjudgment Ratio .....	55
4.5.2. The Effect of Brand Origin Confusion on Brand Preference .....	57
4.5.3. The effect of Brand Knowledge on Brand Preference ....	60
4.5.4. Brand Knowledge as the Moderating Variable of Brand Origin Confusion Effect on Brand Preference.....	63
4.5.5. The Effect of Brand Preference on Purchase Likelihood.....	65
4.5.6. The Effect of Brand Origin Confusion on Purchase Likelihood.....	66
4.6. Summary .....	72
<b>CHAPTER V: CONCLUSION.....</b>	<b>74</b>
5.1. Introduction.....	74
5.2. Conclusion .....	74
5.3. Managerial Implication.....	76
5.4. Limitations of Research .....	78
5.5. Suggestions for Future Research.....	79
<b>REFERENCES.....</b>	<b>81</b>

## LIST OF TABLES

Table 2.1	Literature Overview on Country-of-origin Effect.....	22
Table 3.1	Research Variables.....	44
Table 4.1	Multi-item and Single-item Response Rate Result .....	51
Table 4.2	Gender .....	53
Table 4.3	Age .....	53
Table 4.4	Universities .....	53
Table 4.5	Average and Standard Deviation of Variables (Local Brands).....	54
Table 4.6	Average and Standard Deviation of Variables (Foreign Brands) ....	54
Table 4.7	Misjudgment Ratio of Local Brands .....	56
Table 4.8	Misjudgment Ratio of Foreign Brands.....	56
Table 4.9	Regression Analysis of BOC to Local Brand Preference .....	57
Table 4.10	Regression Analysis of BOC to Foreign Brand Preference .....	59
Table 4.11	Regression Analysis of Local Brand Knowledge to Local Brand Preference.....	60
Table 4.12	Regression Analysis of Foreign Brand Knowledge to Foreign Brand Preference .....	60
Table 4.13	Regression Analysis of Local Brand Knowledge and BOC to Local Brand Preference.....	61
Table 4.14	Regression Analysis of Foreign Brand Knowledge and BOC to Foreign Brand Preference .....	62
Table 4.15	Regression Analysis of Moderating Variable to Local Brand Preference.....	64

Table 4.16 Regression Analysis of Local Brand Preference to Local Brand Purchase Likelihood .....	65
Table 4.17 Regression Analysis of Foreign Brand Preference to Foreign Brand Purchase Likelihood .....	66
Table 4.18 Regression Analysis of BOC to Local Brand Purchase Likelihood .....	67
Table 4.19 Regression Analysis of BOC to Foreign Brand Purchase Likelihood .....	68
Table 4.20 Regression Analysis of Local Brand Preference and BOC to Local Brand Purchase Likelihood .....	70
Table 4.21 Regression Analysis of Foreign Brand Preference and BOC to Foreign Brand Purchase Likelihood.....	70
Table 4.22 The Summary of Hypotheses Result.....	73

## LIST OF FIGURES

Figure 2.1 Antecedents and Consequences of Brand Origin.....	16
Figure 2.2 Conceptual Model .....	8

## LIST OF APPENDIXES

Appendix 1: Pilot Study (English Version)	
Appendix 2: Pilot Study (Bahasa Version)	
Appendix 3: Pretest (English Version)	
Appendix 4: Pretest (Bahasa Version)	
Appendix 5: Questionnaire (English Version)	
Appendix 6: Questionnaire (Bahasa Version)	
Appendix 7: Multi-item and Single-item Response Rate Results	
Appendix 8: Respondents' Profile	
Appendix 9: Frequency of Misjudgment Perception and Ratio	
Appendix 10: Averaged Data According to the Variables and Brand (Local)	
Appendix 11: Averaged Data According to the Variables and Brand (Foreign)	
Appendix 12: SPSS Output of Regression Analysis	

# **BRAND ORIGIN CONFUSION EFFECTS ON BRAND PREFERENCE AND BRAND PURCHASE LIKELIHOOD**

**Compiled by**

**Yessy Trisiana Lestari**

**Student ID Number: 10 12 18211**

**Advisor**

**Slamet S. Sarwono, MBA., DBA.**

## **ABSTRACT**

This study investigated the effects of brand origin confusion (BOC) on consumers preference and consumers purchase likelihood of local versus foreign brands in Indonesia. Come up from country-of-origin (COO) literatures and brand origin recognition accuracy, this study would like to confirm whether there are significant effects of BOC to brand preference and purchase likelihood. It intended to describe whether BOC really affected brand preference and purchase likelihood in developing markets, such as Indonesia.

Pilot study was conducted and 24 brands (12 local and 12 foreign) which exist in Indonesia were selected. One hundred and fifty respondents evaluated some variables such as brand origin, brand knowledge, brand preference, and brand purchase likelihood. For the data analysis, simple and multiple regressions were conducted.

The result of this study mostly supported the hypotheses. Specifically, the results showed that in a high level of BOC, local brands are likely to have advantage and foreign brands are likely to have disadvantage. Meanwhile, brand knowledge was not found to have moderating role of BOC effect to brand preference.

**Keywords:** Country of origin, Brand origin recognition accuracy, Brand awareness, Brand Equity, Indonesia