

The Effect of Brand Name on Customer Purchase Intention: An Experimental Study

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Abstract: *Many marketing strategies are carried out by companies, one of them is the use of foreign brand name for a product. Consumer in developing countries might think that the brand which use foreign name as their brand name is originated from developed countries. This research aim to examine effect of brand name on customer purchase intention. An experimental approach was used to test the research hypotheses. Eighty one participants were randomly assigned to one of two stimuli using fake brand name (in Bahasa Indonesia & in English). The result of this research shows that brand name affect consumer purchase intention.*

Keywords: *Brand Name, Purchase Intention, Experimental Design.*

1. INTRODUCTION

Globalisation make consumer easily exposed with products from any other countries in the world (Yim Wong, Polonsky, & Garma, 2008). The openness in global economy create an opportunity for small companies to compete with global brand in order to attract those consumer. The growth of small and medium enterprises (SMEs) arise not only in developed country but also in emerging countries. The phenomenon of growth of SMEs also occur in Indonesia. Indonesia as one of the developing countries in the world and also the world's fourth largest population in the world with more than 250 million people is very potential market for companies, even for local SMEs. According to government data, until 2017, there are total of 62 million companies in Indonesia, ranging from micro to large business from various industries (Kemenkop, 2018). Most of them are micro and small businesses.

This data shows that SMEs producers from Indonesia are ready to compete with large companies and even with foreign companies to attract local consumers. However, they must implement the best strategies suitable for their business so that their products will be chosen by consumer from many choices available. One strategy widely used by companies is foreign branding strategy. Foreign branding is a strategy of giving a brand name that sounds or looks foreign (Z. G. Li & Murray, 1998).

The implementation of foreign branding has been broadly used by companies around the world. For example, Haagen-Dazs from US and Storck from German, use a foreign language as their brand name. The objective of this strategy is to create perception of the quality that might be moulded from naming their brand using language that originating from certain countries (Melnyk, Klein, & Völckner, 2012). It turns out that this strategy also implemented by firms in developing countries including Indonesia to take advantage from quality perception of developed (mostly Western) countries (Zhou, Yang, & Hui, 2010). Brands like, Hoka-Hoka Bento, Polygon, Polytron, Zyrex are from Indonesia and using foreign language or sounds like foreign.

Previous research found that French language increase consumer's perceived hedonism and positive attitude in (Leclerc, Schmitt, & Dube, 1994). Foreign branding and congruence of COO also affect consumer's purchase intention in New Zealand (Melnik et al., 2012). Another research in German suggest that foreign branding may be a very successful strategy to increase consumer's willingness to buy and willingness to pay (Aichner, Forza, & Trentin, 2017). This research focus on examining the effect of brand name on consumer's purchase intention in Indonesia.

2. LITERATURE REVIEW

Brand Name is the most crucial element in a brand (Keller, 2013) and defined as a unique commercial term used by a company to identify and promote itself or its products/services (Friedman, 1985). A very well established brand name is a valuable assets for company as consumer will easily identify a brand and easily accept new products under those brand name (Meyers-Levy, 1989).

For consumer, name will be seen first rather than other brand elements and will lead them toward personality of the brand itself (Round & Roper, 2015). According to Park and Winter (1997) in (Soto, Mobarec, & Friedmann, 2009) that brand name can acts as a signal for developing associations related to the brand. Thus, careful consideration in selection brand name is necessary in order to get perfect brand name. Furthermore, appropriate brand name itself, without any advertising support can influence sales (Kohli & Labahn, 1997). There are at least four roles of brand name (Chung & Eoh, 2019); (1) giving information to customer, (2) increase consumer's awareness toward product/brand, (3) establish consumer's positive attitude toward product, and (4) differentiate from other products available.

Because brand name is very important element, and selecting an appropriate brand name is very crucial, the using of foreign language is extensively used by marketers. The use of foreign language referred to certain countries were expected to prompt association linked to those countries, especially quality association (Hendraso & Utama, 2019). Strategy to use a brand name which sounds or look foreign called foreign branding (Z. G. Li & Murray, 1998).

This foreign branding strategy is different from country-of-brand. Foreign branding is when a product is given name in such way that it can exploit the stereotype of certain COO in market, while country- of-brand is a COO aspect which is usually defined as the origin of a brand, including company's headquarter (Josiasen & Harzing, 2008). However, marketers use foreign branding to make consumers believe that the products offered to them were originated from certain countries and acquire advantage from COO effect (Aichner et al., 2017). By using foreign branding strategy, consumer is expected to perceive the brand is originated from foreign country, despite there is no exact country of origin cues such "made in" label in the brand.

Another thing to be concerned is how involved a consumer with a product. In the process of purchase decision, consumer perception differ on the level of involvement of product to buy (Ahmad & Laroche, 2015). Concept of product involvement is an acknowledgement that certain type of product can be more or less important to the life of individual, his attitude toward him/herself, and his relationship with the world (Traylor, 1981). For consumer, according to its importance and relevance, products can be divided into two; high and low involvement (Y. Li, 2019). High-involvement product refers to products which consumer tend to search more for product information and make detailed comparison of alternative brands. In high involvement level, the process of searching product information, evaluating alternative brands, comparing brands differences, and brand preference are carried out in more detail and complex than in low involvement level (Zaichkowsky, 1985). While in low-involvement level, consumer's purchase decisions are much simpler and even neglect the

information search and alternative (Y. Li, 2019). One of the central information for consumer is the origin of the product before making evaluation and purchase decision (Ahmed et al., 2004).

3. HYPOTHESES DEVELOPMENT

Previous research found that French language increase consumer's perceived hedonism and positive attitude in (Leclerc et al., 1994). Foreign branding and congruence of COO also affect consumer's purchase intention in New Zealand (Melnyk et al., 2012). Another research in German suggest that foreign branding may be a very successful strategy to increase consumer's willingness to buy and willingness to pay (Aichner et al., 2017).

In high product involvement, consumer tend to search more on product information including the origin of the product. The higher the level of involvement, the higher the possibility of consumer using origin information in product evaluation situation (D'Astous& Ahmed, 1999) and purchase intention (Lin & Chen, 2006). When the actual origin of the brand is not specified in the product, consumer use brand name as the signal to determine the origin of the product (Coskun&Burnaz, 2016). Thus, the using of foreign language as brand name is useful as a signal for consumer to perceive the brand from certain countries. Therefore our hypotheses is as follows:

H: In the context of low-involvement, brand name using Bahasa Indonesia will have higher purchase intention compared with brand name using English

4. METHODOLOGY

This study use an experimental approach in brand name design consisting brand name in Bahasa Indonesia and brand name in English. This research used fictitious brand name to avoid the possibility of bias due to familiarity with existing brand in the market. The population in this study covered all general population who live in Jabodetabek (Megapolitan) area and either undergraduate student or already finish their bachelor. The participant were selected using nonprobability sampling technique.

Pilot Study

To determine the brand name for the main experiment, researcher conduct a pilot study. A group of 30 undergraduate student from University of Indonesia and Gundarma University were asked to choose 3 name out of 8 name listed in Bahasa Indonesia and English that they consider suitable as a brand for mineral water. Previously, researcher already decide to use mineral water as product for the experiment as mineral water represent low-involvement product.

All of the name listed were chosen by researcher by own perception that represent/related to mineral water. The result showed that for Bahasa Indonesia, MURNI will be used as brand name, and PURE will be used for English brand name.

Main Experiment

Selected participant offered a link which contains 2 online forms. Researcher gave participant flexibility to choose between those 2 options in order to get randomization placement. Sixty participants were selected and offered the above mentioned link. Each online forms consist of products with either Bahasa (MURNI) or English (PURE) as its brand name.

For the main test, participants were asked to measured purchase intention as dependent variable. It has 4 items 7-likert scale (1 = strongly disagree, 7 = strongly agrees) adapted from

(Hoonsopon&Puriwat, 2016). The items were; (1) I am interested in buying this product, (2) I will consider buying this product, (3) I will recommend this product to a friend, and (4) It is a possibility for me to buy this product.

5. RESULT

A total of 81 participants took part in the experiment. The participants consist of 62% female and 38% male. From those number, 62% are bachelor degree, 14% are highschool graduate, 12% are master degree, 11% are diploma, and 1% is doctoral degree. In term of occupation, 36% are private employees, 27% are civil servants, 17% are undergraduate students, 10% are entrepreneur, 6% are housewife, and 4% are other.

The result in Table 1 shows that participant who measure local branding (\bar{X} = 4.79) had higher purchase intention than foreign branding (\bar{X} = 3.96). Additionally, t-test result shows that there is a significant different on purchase intention between product with Bahasa Indonesia and product with English. Therefore hypotheses for this study is supported.

Table 1. Result of Independent Sample T-Test

Brand Name	Dependent Variable	Mean	Sig.	Result
MURNI	Purchase Intention	4.79	0.000	Hypotheses Supported
PURE		3.96		

Stimuli used for main experiment



Fig. 1 Stimuli for Bahasa Indonesia brand name



Fig.2 Stimuli for English brand name

6. DISCUSSION

This research support previous study that prove that for higher involvement product, consumer will more concern on the origin of the product and increase purchase intention (Lin & Chen, 2006). Consumer perceived that a product using foreign language considered from foreign country and has better quality than domestic product (Aichner et al., 2017). However, for low involvement product like mineral water, consumer do not care on the origin of the product. In the purchase process, consumer will rely more on their routine/habitual behaviour with little or even no effort (Solomon, 2009).

7. CONCLUSION

Branding strategy is very crucial for company. Marketer should really aware in choosing the best name for their brand. They may implement foreign branding strategy in order to exploit positive stereotype they may get from certain country. However, they need to consider product type they offer to consumers. Author suggest that for low-involvement product like mineral water and other convenience goods they should implement more on local branding rather than foreign branding in order to increase purchase intention.

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