Customer Perceived Brand Equity in Measuring Consumption Preference towards Local and Imported Products: A serial Studies on Urban and Suburban Level of Indonesia Society in Greater Jakarta

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This study is generally aims to analyze how the preferences of Indonesian as a customer in consuming the local and imported products. The specific purpose of this study is to confirm measurement tools of the customer perceived brand equity, which are product country image, culture, marketing mix, and product quality. The result of this study indicates that Indonesian consider much about the marketing mix and product quality, while the culture not so much. The product country image on the other hand gives the opposite effect. It is significantly related but has negative impact to the customer preference. This study is expected to gives clarity in factors that contribute to create the customer preference, consumption, and behavior in consuming local and imported product. So further local and imported product could compete equally.

Keywords: Customer Perceived Brand Equity (CPBE), consumption preference, culture, product country image, product quality

Introduction

Imported product has become major issue in recent trade condition of Indonesia. Import occurs in almost every sector and has increasing trend. For the period of January to August 2010 to 2011, import for textile sector has increased approximately 24.3%, while electronic import increased 7.48%. And, most of the imported products are come from China (The Ministry of Trade, Republic of Indonesia 2011).

Demographic evidence of Indonesia is one of the reasons why it becoming the favorite country for target exports. Indonesia has high number of citizen, with high-level consumption. It is showed by the number of import for consumption product that reach 9.9US$ in the period of January to September 2011. Increased approximately 38.5% from the previous year which only 7.2US$. That high-level consumption support 6.7% from the economic growth, and succeed to help Indonesia to survive global crisis that affected most of the European nations.

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On the other hand, that high-level consumption, cannot be captured by the Indonesian themselves. Local products must compete with import products in many ways such as price, quality, unique selling products, and not to mention the image of the country producers. That is why the local producers need to improvise in giving more value to their product, so the local has more competitive advantage than the import. Most of all the government should intervene in taking strict policy to protect domestic industries.

Before to do so, the first step that can be done in the mean time is to analyze the characteristics of Indonesian, and this is the study takes part, to measure the factors that might influence customer regarding their preference to consume local and imported products. Brand is considered as a perfect measure of preference due to the brand creates value to all parts of the distribution channel; manufacturers, wholesale retailers, and customers (Aaker 1991; Cobb-Walgren, Ruble, and Donthu 1995).

Literature Review

Customer Perceived Based Equity

Brands represent enormously valuable pieces of legal property, capable of influencing consumer behavior, being bought and sold, and providing the security of sustained future revenues to their owner. The value directly or indirectly accrued by these various benefits is often called brand equity (Kapferer, 2005; Keller, 2003). Brand equity can also become measurement to know whether customer feel positive differentiation toward a product compare to another (Kotler and Amstrong, 2004). Overall, the brand equity is the power of a brand that can be added or decreased the value of the brand itself.

Keller (1993) also mentioned that Brand equity can become one of the reason why a person continuous the use of a brand. Measurement of brand equity is strongly associated with fidelity and measurement part of the new users into loyal users (p. 43). Some authors define brand equity as: a set of brand assets and liabilities associated with a brand, name and symbol that add to or diminish, the value provided by a product or service. (Susanto and Wijanarko (2004, p. 127); Brand equity is positive differentiation effect that can be seen from the response of consumers to the goods or services (Kotler and Amstrong (2004).

Customer Perceived Brand Equity (CPBE) is referred to the customer perception toward the product quality as a whole (Aaker, 1991). It is also the ability of a customer to provide accurate statement about a brand compare to another alternatives available in the market, it is often called the intrinsic attribute. But during the situation of market demand that is moving rapidly, optimum-innovated-formulize-product, or so call intrinsically formulize product, is not enough. Customers also pay attention to extrinsic attribute of the product, such as brand, price, and others.

Consumer Loyalty to a brand is defined as “consumer” who is committed to repurchase products or services consistently in the future, despite situational influences and marketing some of the activities that have the potential to cause switching behavior (Oliver 1997, p.392). Loyal consumers tend to continue to choose the same brand even if competitors offer price discounts or other promotions for their products. Consumer awareness of and associations with a brand is the ability of consumers to recognize or recall that a brand is part of a particular product category (Aaker 1991) and they immediately associate the product to the manufacturer’s brand (Aaker 1991; Aaker and Keller 1990; Keller 1993).

The point is, one of the important dimensions to build CPBE concerns not only whether consumers aware of a particular brand or not, but with more emphasis on awareness and associations are strong and provide a clear reason to buy products (Aaker, 1991). This study combines the three dimensions of brand equity to form the Customer Perceived Brand Equity (CPBE). The dimensions are further described as follow.

• Product Country Image

Product country image (PCI) is defined as “a place and/image where the buyer and/or seller may associate the product” (Papadopoulos and Heslop 2003, p. 404). PCI is one of the extrin-
sic cues that are important and have impacts on consumer decision-making and choice behavior (Papadopoulos and Heslop 2003). Keller and Lehmann (2006) said, “Despite the company that makes the product, country or geographic location of where a product comes also associated with brand equity.” In the other study, product country image also called as macro country image that defined ‘the total of all descriptive, inferential and informational beliefs one has about a particular country’ (Martin and Eroglu, 1993, p.193).

PCI acts as a signal of product quality (Han 1989; Li and Wyer 1994) and also affects the perception of risk (Wall, Liefeld, and Heslop 1991) as well as the possibility of purchasing (Knight and Calantone 2000; Laroche et al 2005). It is also associated with the perception of the product evaluation such as product quality and credibility, brand identification, attitudes and purchase intentions (Hong and Wyer 1990; Leclerc, Schmitt, and Dubé 1994; Thakor and Lavack 2003).

We argue that product country images can affect the equity they associate to a brand with the country origin. That is, for a selected product category (e.g., computers), for example in Australia, consumers’ image of a country (e.g., USA) and image of the products from that country, can affect the consumer-based equity of a brand (e.g., IBM or Apple) from that country. Country image can influence the key dimensions of brand equity such as brand associations, perceived quality and brand loyalty, which in this study called as consumer perceived brand equity.

Brands from the same country share images or associations, which is referred to country equity (Shimp et al., 1993). Brands originating from a particular country can create intangible assets or liabilities in consumers’ minds, shared by other brands originating from the same country (Kim and Chung, 1997: 367). Shimp et al. argue that country equity ‘disentangles the equity contained in a brand’ (p: 328). In particular, country equity is believed to be deriving from the association of the product with a country. For example, brands such as Toyota, Mitsubishi and Suzuki could share certain associations, such as ‘reliability’, because of their common home country of Japan. Thakor and Katsanis (1997: 93) suggested that country equity might be product category specific.

Since countries generated intangible assets in consumers’ minds, and since countries possess equity, a country’s image could influence (positively or negatively) the equity of brands originating from that country, in a selected product category. Extant research also suggests linkages between certain consumer-based brand equity dimensions (Eg, perceived quality and brand associations) and country image. For example, several Researchers have shown that consumers’ perception of quality was affected by country-of-origin. Indeed, Haubl and Elrod (1999) found that consumers’ quality perceptions of the Slovenian brand Elan were higher when the brand was made in Slovenia than when the brand was made in Germany. Lee and Schaninger (1996: 234) argued that, even in the case of global prestigious brands, consumers’ perception of quality and purchase decisions are Likely to be influenced not only by the brand name but also by where the products are manufactured or assembled.

• Culture

Levitt (1983) argues that globalization has created a homogeneous market to the world, which increased the number of customer from different geographic location and cultural background to have the same preferences. Therefore people around the world have a tendency to live in a more uniform pattern which has facilitated the emergence of a global brand with a marketing strategy that has standardize across cultural boundaries (Zou and Cavusgil, 1996). But that does not mean every country has the same culture toward imported products. In fact, cultural affects the purchase decision towards imported products, whether the products are suitable in accordance to the value espoused of a country.

In this research, the “individualism” dimensions are considered. This has been found to be valid across several other studies (Blodgett et al., 2001; Gregory and Munch 1997). Hofstede (2001) found that “individualism” and “power distance” where the two main attributes that characterized the difference between Thai and UK cultures. “High power distance” cultures (Thai) tend to be “low on individualism”,

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whereas “low power distance” societies (UK) tend to be “high on individualism”.

According to Hofstede (2001), “Individualism” refers to the society where the ties between individuals are very loose. In contrast, “collectivism” is defined as a society where individuals are integrated into strong and cohesive in-groups. In individualist cultures, people tend to be motivated by their own preferences, needs and rights in order to achieve their personal goals (Lee and Kacen, 2008). On the side of “collectivist culture”, societies have a significant attitude toward building long-term relationships and the role of trust. Members of societies are often motivated by duties and norms of societies (Usunier, 2000). Triandis (2004), with reference to Hofstede’s work (1980), also demonstrated that collectivist societies are more concerned with ‘interpersonal relationship’ than an individualist culture.

Research conducted by Kimberly et al., (1995) using the Hofstede theory, indicated that cultural differences are seen as especially important for consumers’ choice of products and services. Roth (1995) discovered that the services that place emphasis on variety and hedonistic experiences could generate value to an individualist society. Also, Strabub et al., (1997) found that high power distance and collectivist societies would reject the communication media, which not support the social pressures. According to Heine and Lehman (1997), self-concept of independent corresponds to the cultural concept of individualism, whereby people express themselves as inherently separate and distinct. Conversely, the cultural concept of collectivism is related with the interdependent self-concept that concerned on contextual, relational, and socially situated. Further, Lee and Kacen (2008) discovered that subjective cultures tend to influence the buying intention of consumers.

- **Marketing Mix**

  **Product**

  According to Papadopoulus and Heslop (2003), Product as an extrinsic cue is impacting to customer decision-making and choice behavior. It is also correlated to the product country image and product quality. Product quality in this term is the product sustainability and differentiation from competitor’s to meet customer needs and satisfaction (Hunt, 1993). Not less importance than Hunt, Deming (1982) defines that quality is the fitness for the used of product that is confirmed to the requirements of the market.

  **Price**

  Price is divided into two terms, which are price deal and price level. Both Price deal and price level is also considered in this study. Price deals are short-term price reductions, including rebates, refunds, coupons, or discount, which unfortunately used to be a signal for lower quality offers (Winer 1986; Yoo, Donthu, and Lee 2000). Price deal, which is too often is possible to confuse buyers, and usually affects negatively to the brand awareness and brand associations (Aaker 1991; Gupta 1988). But then again, price deal can also become one of the reasons why customers buy their products, since it is more profitable on their side.

  Price level on the other hand is generally assumed to provide important extrinsic cues for buyers to evaluate a product (Aaker 1991; Rao and Monroe 1989). For customers, a higher price is associates to higher quality.

  **Promotion**

  Promotion is a marketing activity that works to increase the sales of a product as success-

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**Table 1. Hofstede Cultural Dimensions**

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Distance</td>
<td>The degree of inequality among people within a society</td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>The member of a cultural feel endangered by uncertain, ambiguous, risk or undefined situations.</td>
</tr>
<tr>
<td>Masculinity Vs. Femininity</td>
<td>The sex role characteristics or attitude or norm or perception</td>
</tr>
<tr>
<td>Long – term Orientation</td>
<td>The extent to which a society exhibits a pragmatics, future-oriented perspective rather than a conventional historic or short-term perspective.</td>
</tr>
</tbody>
</table>

Source: Adapted from Usunie and Lee (2005), and Hofstede (1991).
ful in generating advertising brand equity and affect sales (Boulding, Lee, and Staelin 1994; Chy and Tellis 1994; Johnson, 1984; Maxwell 1989). The amount of investment in promotion acts as a signal of product quality (Kihlstrom and Riordan1984; Milgronm and Roberts 1986) and is also seen as an indicator for a good brand.

Based on the above framework, the following model and hypotheses were proposed to test in this study.

4 (four) latent variables were identified, that is, Product Country Image (PCI), Culture, Marketing Mix (MM), Product Quality (PQ). These variables were hypothesized to measure the reason customer to choose local and imported product. According to Figure1, this study has 4 (four) hypotheses to be tested as follows:

**H1.** PCI is significant as measurement of the customer perceived brand equity to consume local and imported product.

Image of origin of the product or brand (product country image) is extrinsic cues that is important and have an impact on consumer decision-making as well as consumer and retailer behavior (Papadopoulos and Heslop 2003). Therefore product country image associated with product quality, brand credibility, attitude, an intention of purchase, so if consumers rate the PCI positively and consumers will think the product is worth to buy and chosen to be one of their product portfolio. Then arises hypothesis above.

**H2.** Culture is significant as measurement of the customer perceived brand equity to consume local and imported product.

Cultural effects also influence the purchasing decisions of the imported and local products. Is the product in accordance with the values espoused a country. Given that the origin of imported products could come from several different countries and will be evaluated by the consumer itself, we introduce a dummy variable for the importing country of origin of goods.

**H3.** MM is significant as measurement of the customer perceived brand equity to consume local and imported product.

Marketing Mix in this study consists of promotion, price level and price deal. We will breakdown the detail one by one.

**Promotion.** Promotion is a marketing activity that works to increase the sales of a product as successful in generating advertising brand equity and affect sales (Boulding, Lee, and Staelin 1994; Chy and Tellis 1994; Johnson, 1984; Maxwell 1989). The amount of investment in promotion acts as a signal of product quality (Kihlstrom and Riordan1984; Milgronm and Roberts 1986) and is also seen as an indicator for a good brand. So correlation between promotions can be positive or negative.

**Price Level.** For retailers, the high price level can be counter-effective to develop loyal customers because loyal customers often expect special prices from their suppliers (Feinberg, Krishna, and Zhang 2002). Aaker, 1991 argued that the retailer, which is one part of the distribution channel, can offer high quality products are perceived at an attractive price. Same thing applies to the consumer; the consumer will
choose the products at prices cheaper than the high priced product, if the assumptions that affect other purchasing decisions are considered fixed.

Deal Price. Deal price is also considered in this study. Price deal in the form of short-term price reductions, rebates, refunds, coupons, or discount the price, it can reduce the effort to build brand equity as this may be a signal for lower quality and / or obsolete offers (Winer 1986; Yoo, Donthu, and Lee 2000). Deal price is also possible that too often confuse buyers (Aaker 1991; Gupta 1988). Therefore, the deal price negatively affects brand awareness and associations.

Based on self-perception theory (Dodson, Tybout, and Sterntthal 1978), buyers who chose the product because of price promotions (ie, external) cause consumers to easily switch to another product when external causes (special price deal) will be removed, so that price promotions can encourage consumers switch to another product with a fast (switching) (Ailawadi and Keller 2004; Walters 1991). As with the consumer, the consumer will be more interested in products that offer price deal because it will be more profitable on their side.

H₄. PQ is significant as measurement of the customer perceived brand equity to consume local and imported product.

According to Juran (V. Daniel Hunt, 1993: 32), the quality of the product is the use of product suitability (fitness for use) to meet customer needs and satisfaction. Suitability of the use of a product if the product is to have the use of a long endurance, enhance the image or status of consumers who use it, not easy to damage the quality assurance (quality assurance), and when used ethically. If the quality of product meets the customer needs, it will effect positively to their attitude and purchase of intention

Methods

This study uses single cross-sectional design to analyze how the customer preference in consuming local and imported products. This study took place in greater Jakarta, which is Jakarta, Bogor, Depok, Tangerang, and Bekasi. Total respondents are 704 people divided into 13 city and region, in 88 villages. Selection of target respondents is using systematic random sampling method based on population census data (BPS, 2010), with the following criteria:

a. Respondent should be divided into 50% of woman and man, so the opinions of the perceptions are resulted equally.

b. Respondent should be age 21 or older or married.

c. Perform shopping deals at least 1 time in the last 1-month in a shopping center, Market Traditional, Modern Shop, and Small Shop (not stall).

d. Residing or family member of the household that was selected as respondents.

Table 2. Reliability Test (n = 30)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Country Image</td>
<td>0.954</td>
<td>Reliable</td>
</tr>
<tr>
<td>Culture</td>
<td>0.859</td>
<td>Reliable</td>
</tr>
<tr>
<td>Price</td>
<td>0.911</td>
<td>Reliable</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.847</td>
<td>Reliable</td>
</tr>
<tr>
<td>Brand Performance</td>
<td>0.864</td>
<td>Reliable</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.970</td>
<td>Reliable</td>
</tr>
<tr>
<td>Standard Quality Product</td>
<td>0.892</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Table 3. Reliability Test (n = 30)

<table>
<thead>
<tr>
<th>Variable</th>
<th>KMO Result</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Country Image</td>
<td>0.940</td>
<td>Reliable</td>
</tr>
<tr>
<td>Culture</td>
<td>0.866</td>
<td>Reliable</td>
</tr>
<tr>
<td>Price</td>
<td>0.911</td>
<td>Reliable</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.877</td>
<td>Reliable</td>
</tr>
<tr>
<td>Brand Performance</td>
<td>0.854</td>
<td>Reliable</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>0.953</td>
<td>Reliable</td>
</tr>
<tr>
<td>Standard Quality Product</td>
<td>0.924</td>
<td>Reliable</td>
</tr>
</tbody>
</table>
Pre-test are performed to test the accuracy of the questionnaire as a measuring tool in the study. Questionnaires will be declared as a good gauge if it meets the test criteria of good reliability and validity. Reliability testing on the pretest is using 30 (thirty) samples. Pretest data processed using SPSS 17.0. There are variable in this framework that is formed of constructs such as marketing mix that formed from price, promotion, and performance; and product quality is formed from perceived quality, and standard quality product. Table 2 demonstrates the result of reliability test (pretest) and table 3 demonstrates the validity of test result (pretest) of all variables as follows.

Based on test validity there are some constructs of the variables that have insufficient value on the value of communalities and component value matrix. Nevertheless other indicators that also support the construct validity still meets the criteria set value. Therefore these variables are still included in the subsequent analysis.

All the latent variables, which are tested through the construct of the questionnaire, showed good results. Thus, all constructs can be continued as a measurement tools in the main study.

The measurement and structural model are further explained in subsection result and discussion below.

Result and Discussion

To test our research hypotheses we estimated a structural equation model using LISREL. We employed averaged indicators of the constructs. This approach is suggested when model complexity is high as the procedure offers the advantage of obtaining more precise structural estimates (Bandalos 2002). We also considered possible confounding effects and incorporated country and category products as control variables. As explained in the previous subsection, the measurement and the structural model are explained as follows:

Figure 2 shows the factor loading value and error value based on the results of measurement model through the standardized solution path analysis.

According to table 5, the value of variance extracted of the marketing mix variable is not reach the minimum acceptance. However, the value of reliability of the variable is reach 0.57, so the variable is retained. Except that, all of variables show good reliability both on the value of reliability construct as well as the variance extracted. By that, the variable of product country image, culture, marketing mix, and product quality are reliable in measuring the customer perceived brand equity.

Based on the results of testing the measurement model and structural model as shown in
Figure 3, it is known that all variables are valid. The t-value of each variable are all > 1.96, and according to Wijanto (2008), every latent variable that has t-value higher that 1.96 is valid and overall support the structural model.

The result indicates that the theoretical framework model has an accurate correlation between variables with the reality occurs. The compatibility of the model also in the scale of marginal fit, which is also indicates good fitness. And finally the variables of product country image, culture, marketing mix, and the product quality is a good fit to used in measuring or
reasonable factor that influence the customer perceived brand equity.

Based on the figure 3, it is known the significance of the hypothesis of this research through the t-value of each of the hypotheses set as follow. Hypothesis that constructed is accepted but the effect level is different between antecedents.

Based on the path diagram and structural model above, these four hypotheses are significant. The causal relationship formed and data also supported the hypotheses as follow:

**Hypothesis 1** is testing that the product country image can have a significant impact on costumer perceived brand equity toward local and imported products. Based on calculations of structural models for hypothesis 1, obtained t-value of -2.32. Value is greater than the value of t-table (1.96) and thus the data in this study supports the hypothesis. However, PCI has a negative value, meaning that the higher the knowledge of a product country image could be inversely proportional to purchase behavior of the country.

**Hypothesis 2** is testing that Culture has a significant effect in influencing customer perceptions of local and imported products thru their perceived brand equity. Based on calculations of structural models for hypothesis 2, obtained t-value of 5.69. Value is greater than the value of t-table (1.96) and thus the data in this study supports the hypothesis. This finding shows that even though globalization has created a more homogeneous world market with the same preference, purchasing decision whatsoever still related to the values of a country thru the culture.

**Hypothesis 3** is testing that the Marketing Mix (price and promotion) have a significant impact on customer perceived brand equity toward local and imported products. Based on calculations of structural models for hypothesis 3, obtained t-value of 8.25, the value is even bigger than the value of PCI and Culture, that shows indirectly that promotions have more impact to the consuming preference of customer.

**Hypothesis 4** is testing that the Product Quality has a significant impact on customer perceived brand equity toward local and imported products. Based on calculations of structural models for hypothesis 3, obtained t-value of 10.55 (the largest t-value of all hypotheses). The same as marketing mix, product quality that is formed from variables such perceived brand equity.
quality and standard quality product is the main factors that is become consideration of customer to purchase their locals as well as imported product.

**Conclusion**

In this study, product country image has a significant impact on consumer perception of local and imported products. As mention before CPI is also associated with the perception of the product evaluation such as product quality and credibility, brand identification, attitudes and purchase intentions (Hong and Wyer 1990; Leclerc, Schmitt, and Dubé 1994; Thakor and Lavack 2003). However, PCI has a negative value in this study, it can affect the perception of the consumption of local products and imports. The point is that the higher the level of consumer knowledge of the product image of a country then the purchase of the country could be going down.

One of the reason may conclude from the previous research, said that consumer brand images could also change if the brands are made in different countries. For example, Han and Terpstra (1988) found that brand image of Japanese cars Suffered erosion when production was shifted to South Korea. Similarly, Nebenzahl and Jaffe (1996) Suffered found that Sony’s brand image erosion when made in the USA, whereas GE’s brand image improved when made in Japan. Kim and Chung (1997) also suggested a link between country and brand images. Researchers have argued that these consumers have country-specific brand images. Further, a country’s image in a given market might be affected by the performances of major brands originating from that particular country (Kim, 1995). Thus the marketing literature suggests a directional relationship between country image and brand image.

However, it is uncontested that Product country image can be a reference for the customer to perceive the brand equity, especially for imported product. In fact, some countries reflect the image of quality by itself. Nevertheless, this study find that the signification result in negative way, meaning that the more customer identifies the country origin of a product, does not guarantee the more they will purchase the product. It can be acts inversely proportional to purchase behavior of the country.

Culture also has a significant effect in influencing consumer perceptions of local and imported products. Culture has a positive value correlated with perceived brand equity. It is accordance with study Zou and Cavusgil, 1996: Cultural effects are also influential in the purchase decision against imported products. Is the product in accordance with the values espoused a country, region or community.

This study also support Levitt, 1983 who argues that globalization has created a world market that is more homogeneous with increasing number of consumers of geographic locations and different cultural backgrounds but have the same preferences. With the advent of globalization and people around the world have a tendency to live in a more uniform pattern has facilitated the emergence of a global brand with a marketing strategy that has standardized across cultural boundaries (Zou and Cavusgil, 1996). But that does not mean every country has a culture (culture) related to the same imported products.

This study measured cultural values above 3 (three) dimensions; attitudes toward foreign products; cultural values, and cultural dimensions. Based on the significance of each of these dimensions, then the value of culture and cultural dimensions are the two most significant cultural influences that formed in her role influencing consumer perceptions of local and imported products.

Marketing Mix (price and promotion) has a significant effect in influencing consumer perceptions of local and imported products. Based on the significant value price dimensions and promotion indicates that the two dimensions are significant, but the promotion clearly gives a higher impact on consumer perceptions of local and imported products. It support study before which is the promotion is a marketing activity that works to increase the sales of a product as successful in generating advertising brand equity and affect sales (Boulding, Lee, and Staehlin 1994; Chy and Tellis 1994; Johnson, 1984; Maxwell 1989).

Product Quality has a significant effect in influencing consumer perceptions of local and imported products. Product quality in this study
to measure the product of each country imports by 4 (four) dimensions, namely: reliability, Durable, More Features Complete, and Keeping quality. The fourth dimension is based on the theory of perceived service quality proposed by Parasuraman, Zeithaml, and Berry (1990). Thus the product reliability, product durability, completeness of features and excellent quality is very significant in measuring and consumption became an excuse to perception of local and imported products.

In this study there are additional finding shows that Indonesian in essence are more proud of their local products compare to imported products. This actually gives opportunity to local industries to produce more of the local products, especially herbal products that are natural heritage of Indonesia. Nevertheless the impression of imported products as prestigious/more up-to-date/modern/more durable and so on, should be considered even more to be able to give a chance for the local product to compete.

Therefore, cultural paradigm needs to be emphasized to encourage the creation of such an impression upon the local product (in the country). Things that could be emphasized in the process include:

1. **Marketing Mix (Price & Promotion) & Brand Association**
   Increase the process of marketing mix, especially the promotion and brand association of local product to enhance the value of consumption. Create specific brand identity and brand image in accordance to specific customer segmentation. Striking a balance between price and quality of the offered products, meanwhile ensuring the availability of products and improve the performance of the market to make local product easier to reach.

2. **Product Quality**
   Products made by the USA are recognizing as reliable, durable, have more feature, and maintain the quality of products. In relation that customer prefer products that is more in quality, therefore, it becomes important to communicate the quality of the local products. It may not as qualified as the USA or other imported products, but at least the customer aware that local products also have quality is some way, and let them choose.

**References**


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