SUMMARY

DEWI ANNISA PUSPITA. The Effect of Country of Origin, Brand Image, and Marketing Mix on Purchase Intention of Indonesia Local Handbag (Study on Goviyar Handbag). Supervised by LILIK NOOR YULIATI and DIAH KRISNATUTI.

Free trade in this globalization era causes business competition to be more intense, both in the domestic and global market competition so companies need to implement the right marketing strategy. Consumers will conduct product evaluations that may interest their purchases before proceeding at the buying decision stage. Evaluation can be through the marketing mix aspect even to the psychological aspects such as brand image and the level of consumer knowledge on a product based on the Country of Origin image. Leather industry is one of the industries in Indonesia that contributes to the economy, both in the domestic market and overseas and is one of the strategic sectors of the country's foreign exchange. Based on data from the Ministry of Industry in 2017, leather, leather goods and footwear industries are in the tenth order of the top ten industry groups with the largest export value of USD 5.01 billion in 2016. Leather can be used as one of the raw materials to make a variety of products. The basic materials of the skin used can be various types, one of them using artificial leather (synthetic leather). The subsector of synthetic leather has a good contribution which can be viewed by the increasing role in export of this subsector in every year (2012-2016).

Goviyar is one of Indonesia local bag company from Bogor city that selling artificial or synthetic leather product. Goviyar utilizes internet technology to introduce its products to consumers, only by online marketing activities so the products can be viewed at any time by everyone, both from Indonesia and overseas. From 2016 to 2017, Goviyar has a decrease in sales and the impact on turnover decrease, so it is important to figure out the factors that affect consumer buying interest in order to increase the sales. Until now, Goviyar has been focusing more on domestic sales although it has been getting the foreign customers from Taiwan, Malaysia and Singapore in 2016. It also encourages companies to know consumers’ interest in purchasing its products.

The purpose of this study is: 1) To analyze the influence of Country of Origin on Goviyar brand image to foreign and domestic consumers; 2) To analyze the influence of Country of Origin, brand image, and marketing mix on the interest of purchasing Goviyar bags to foreign and domestic consumers; 3) Recommend a marketing strategy to be able to increase the sales of Goviyar products. The scope of the study is focus on synthetic leather handbag which is conducted on female respondents who are domiciled within the country and abroad who have not bought but they know or have been exposed to product information when filling out the questionnaire. Respondents from abroad are restricted to Malaysian and Singapore countries with sampling located on campus and shopping malls. Sampling method is nonprobability sampling with purposive sampling technique. Data obtained are 160 people from abroad and within the country, with 90 people from Malaysia and Singapore, and 70 people from
Indonesia. Data were analyzed using Structural Equation Modeling-Partial Least Square (SEM-PLS) with SmartPLS software.

The result of hypothesis test shows that the hypothesis 1 Country of Origin variable significantly influences the brand image of Goviyar bag, both from foreign and domestic respondents. This means that the respondents consider that the image of the country of origin of Indonesia is good enough to form the image of Goviyar leather bag brand which is a local product from Indonesia. Hypothesis 2 Country of Origin variable significantly influences directly and indirectly to the purchase intention of Goviyar bags for foreign respondents. However, in domestic respondents the direct effect has insignificant results, but it becomes significant when evaluated with the brand image variable (indirect influence). This is because the respondents come from within the country of Indonesia which assess the products of their own country, and especially in the middle class segment, the Country of Origin aspect is not a major concern in influencing their purchase intention. While the foreign respondents, the aspect of the origin of a product becomes one of considerations that may affect purchase intention.

Hypothesis 3 brand image variable significantly influences the purchase intention of Goviyar bags to both foreign and domestic respondents. In foreign respondents, corporate image is the most influence to purchase intention. While in domestic respondents, product image is the most influence to purchase intention. The hypothesis of 4 marketing mix variables significantly influences purchase intention of Goviyar bags to both foreign and domestic respondents. In foreign respondents, promotion is the most influence to purchase intention. While the domestic respondents, the product is the most influence to purchase intention.

The recommended managerial implications are segmentation for promotions in middle and upper to middle income class women, targeting for young to active adults, positioning as synthetic leather bags with simple, elegant, and multifunctional designs. In addition, the need for product innovation adds more uptodate product design, releases limited edition product, maintains affordable prices on products, provides the product warranty, promotes through brand ambassadors, joins the community, opens special booths and attends various exhibitions or events. For the government can provide export subsidies, export premiums, socialization to companies, management training, fostering, and promotion of trade abroad and within the country.

Keywords: Brand image, country of origin, local handbag, marketing mix, purchase intention