

# Effect of country of origin image, product knowledge, brand familiarity to purchase intention Korean cosmetics with information seeking as a mediator variable: Indonesian women's perspective

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## Abstract

The purpose of this research is to analyze the influence of country of origin image, product knowledge, brand familiarity on purchase intention with information seeking as the mediation variable with Etude House cosmetic product as the object research in Indonesia. This research is a quantitative research that using SEM AMOS and Sobel test to analyze data. Sample of this research were 213 women in Indonesia who have known brand Etude House and never bought them but they knew that Etude House is Korea brand. The results of this research show that country of origin image, information seeking, and brand familiarity have positive impacts on purchase intention, and information seeking mediated the influence of country image on purchase intention, but product knowledge have negative impact on both information seeking and purchase intention, but also information seeking is not mediated the influence of product knowledge on purchase intention.

## Introduction

Global marketing is growing in the competitive modern era. For companies, the competition is not only to local products, but also with foreign products. Consumers evaluate product quality can be based on country image. Generally, the origin of the product helps consumers evaluate products in general.<sup>1</sup> Country image of the product is one of the extrinsic cues, in addition to price and brand name, which then becomes part of the total image of the product.<sup>2</sup>

*Consumer's perception of the country of origin of a product can be both beneficial and detrimental.*<sup>3</sup> If consumers have a positive assessment of the producer country, then consumers tend to give a positive assessment of the products produced by the country, thereby increasing the likelihood of

purchasing these products (profitable dimensions). On the contrary, if the producer country has a negative image, the same thing will happen with the product produced by the country (detrimental dimension). This is very sensitive, especially in developing countries.<sup>4</sup>

Global product consumption was also carried out by Indonesian consumers. The popularity of Korean TV series and K-POP (Korean Pop) music gave rise to the Hallyu (Korean hype), a high interest in everything related to Korea, from culture to Korean-made products. Hallyu in Indonesia has caused Indonesian consumers to become interested in the Korean lifestyle and pursue everything related to Korea from lifestyle to Korean products, including cosmetic products.

Hallyu allows Indonesians who are not Korean lovers to be interested in Korean products, especially cosmetic products. Because Korea is considered an expert in beauty. Korean cosmetics are undoubtedly at the forefront of revolutionary skin care technology and play a major role in shaping the global beauty trend. The popularity of Korean cosmetics is not only accepted in the Asian region, but also globally. For business activities, purchase intention is important. This is because business activities can only continue and develop if there are product sales. Understanding of the factors that influence purchase intention is important to know and need to be considered because it is used as a basis for formulating a marketing strategy. One factor that can influence purchase intention is the country of origin image.

Internet content that is often accessed by Indonesian people is social media. Hallyu's influence caused his lovers to find information related to Korea. The positive reputation of the country of origin of the product can lead to consumer perceptions of product quality originating from that country. It encourages them to know more about the product and then conclude it.<sup>5</sup> So that the existence of information seeking needs to be considered as a driving factor for purchase intention. Besides influencing purchase intention directly, information seeking can mediate the influence of country image and purchase intention on foreign products. The purchase intention does not directly arise because of the country image, but consumers will search for information related to the image to confirm. The results of research by Hong and Wyer support this.<sup>5</sup>

The amount of product knowledge that consumers have also affects their choice to consume the product or not.<sup>6</sup> Product knowledge influences consumer purchase intention because when consumers choose products, consumers use the knowledge

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they have regarding the product to be evaluated. Furthermore, product knowledge will influence consumers in seeking information, attitudes, and the amount of information to be sought. Consumers who have high product knowledge tend to use their knowledge to assess product quality. Meanwhile, consumers with low product knowledge will seek information about the products that will be evaluated.<sup>7</sup> This is what causes product knowledge to influence information seeking.

Besides country image, information seeking and product knowledge, brand familiarity also has an influence on purchase intentions on foreign products<sup>8</sup>. Brands have high closeness with consumers if consumers are familiar with the brand, and on the contrary the brand has a low closeness if consumers are not familiar with the brand<sup>9</sup>. The more familiar consumers with a brand, the greater purchase intention to products because familiarity can specifically direct consumers' attention to the brand.<sup>10</sup>

Several studies with similar variables have been carried out,<sup>3,11,12</sup> but there has been no research on cosmetic products. Pink industry is a dynamic industry, with a large number of producers and consumers throughout the world, so it is always interesting to study. The purpose of this study was to determine the effect of country of origin image, product knowledge, brand familiarity to purchase intention of Korean cosmetics with information seeking as a mediation variable, from Indonesian woman's perspective.

## Theoretical Background

### *Country Image dan Information Seeking*

Product quality based on the country's positive reputation where products are produced can cause curiosity about the actual product quality in consumers. This encourages consumers to know more about the product<sup>5</sup>. The results of Hong and Wyer's research showed that country image influences the evaluation of information about product attributes<sup>5</sup>. The better the country image, the stronger the consumer's desire to find information about products from the country. The hypothesis generated

H1: Country image has a positive effect on information seeking

### *Country Image dan Purchase Intention*

When product production is done in developed countries, products are considered better by consumers than if done in developing countries because countries with good country image are considered to produce production with sophisticated technology<sup>13</sup>. While developing countries are perceived to have relatively unsophisticated technology and cannot produce good quality products.<sup>14</sup> Thus, the country image clearly has a positive influence on consumers' purchase intentions.<sup>11</sup> It can be said that the more positive the country image is attached to a product brand, the greater the consumer's purchase intention to the product. The hypothesis generated:

H2: Country image has a positive effect on purchase intention.

### *Information Seeking dan Purchase Intention*

Information seeking can increase consumer knowledge about products by accessing a collection of information<sup>15</sup>. Increased consumer product knowledge, makes consumers feel assisted in the decision-making process and increases consumer purchase intention. By accessing or searching for product reviews, providing diagnostic values for consumers in the process of their purchasing decisions and thus increasing sales of products.<sup>16</sup> Previous research shows that product reviews have a positive effect on consumer buying behavior and increase intention to buy.<sup>17</sup> The hypothesis generated:

H3: Information seeking has a positive effect on purchase intention.

### *Country Image, Information Seeking, dan Purchase Intention*

According Hong and Wyer's research<sup>5</sup>, country image affects the processing of consumer information about product attributes based on positive information received. Based on that information, consumers make

decisions whether to find other positive information or buy the product. If consumers get and understand information related to the country image properly, then they can better understand information about products that manufactured in that country and produce a positive evaluation of the product, so consumers do not hesitate in making purchase decisions. Increased consumer knowledge about the country and products produced in that country help consumers make purchasing decisions and increase consumer buying intentions for the products. The hypothesis generated:

H4: Information seeking mediates the influence of country image on purchase intention

### *Product Knowledge dan Information Seeking*

Product knowledge is needed when consumers will choose products. Consumers use their product knowledge to evaluate the product, and their product knowledge will also influence consumers in seeking information and behaving. This is supported by the results of the Brucks study which found that consumers who have knowledge of product attributes from various alternative products no longer need additional information from other sources<sup>18</sup>. However, when consumers are aware that the information they have about a product is still lacking, they will start looking for information related to the product. The results of the study by Larkin et al. show that product knowledge has an influence on consumer information seeking<sup>19</sup>. The resulting hypothesis:

H5: Product knowledge has a negative effect on information seeking

### *Product Knowledge dan Purchase Intention*

Consumer product knowledge can establish consumers' purchase intention towards the product. When consumers are involved in process of the product purchasing decision, their product knowledge will affect their attitude in the decision making process. High product knowledge consumers have better analysis and logic of products than the low ones<sup>7</sup>. Through their product knowledge, consumers are aware of product value and influence their purchase intention on that product<sup>20</sup>. The higher the consumer product knowledge, the greater the consumer's intention to buy the product. The hypothesis generated:

H6: Product knowledge has a positive effect on purchase intention

### *Product Knowledge, Information*

## Seeking, dan Purchase Intention

Consumers assess product quality based on their product knowledge. Consumers with low product knowledge will seek information about products that will be evaluated to determine product value<sup>7</sup>. Consumers tend to carry out information seeking and rely on this information to evaluate products<sup>16</sup>. In other words, purchase intention is strongly influenced by the product knowledge that is owned by the consumer, in which the purchase intention is inseparable from the information retrieval process that is influenced by the condition of consumer product knowledge. The hypothesis generated:

H7: Information seeking mediates the effect of product knowledge on purchase intention

### *Brand Familiarity dan Purchase Intention*

Consumers will doubt value that is owned by a brand that is not familiar to them because of the lack of information they have to make an assessment of that product<sup>8</sup>. Brand familiarity has a positive relationship to consumer buying intentions. When consumers are familiar with a brand, there will be a consumer intention to buy that products because consumer tend to take the attention to a brand that they know<sup>10</sup>. Familiar brands will encourage consumers to form positive associations as a basis for providing judgment as a trusted product<sup>9</sup>. Study of Chen and Paliwoda was found that when consumers are faced with two brands, they will tend to make fast decisions to choose a brand that they understand more, this is because consumers who are familiar with a brand will be less trying to evaluate similar products from other brands<sup>21</sup>.

H8: Brand familiarity has a positive effect on purchase intention. The hypotheses tested in this study can be seen in the Research Model as seen in Figure 1.

## Materials and Methods

The survey method, with an online questionnaire, was conducted to collect data. The questionnaire uses 25 question items with 5 Likert scales (1 = strongly disagree, 5 = strongly agree). Purposive sampling was used as a sampling method. There were 213 respondents who were used, with certain criteria (purposive sampling), namely Indonesians who knew the Etude House products, had never bought this brand's cosmetic product, and knew that this brand was a Korean cosmetic brand. Validity and reliability tests are carried out to ensure the validity and reliability of the measuring

instrument used. Hypothesis testing is carried out using Structural Equation Modeling (SEM) analysis techniques. The research model is designed using Analysis of Moment Structures (AMOS) so that it can produce a conclusion that can be generalized and answer the formulation of the problems contained in the study

## Results

Question items used in the questionnaire are declared valid because they meet the criteria for loading factor or standardized loading estimate > 0.50. Reliability test results show a good level of reliability, because all construct reliability values > 0.70. The results of hypothesis testing can be seen in Tables 1 and 2.

Based on the results of hypothesis testing using SEM, the hypotheses supported are H1, H2, H3, and H8, because they have a P value < 0.05. While the unsupported hypotheses are H4 and H5 because of their P Value > 0.05. Then, based on the results of the mediation effect test of AMOS and Sobel test, H8 is supported and H7 is not supported.

## Discussion

The majority of respondents used in this study were between 20-25 years old (65.7%), student status (46.5%), with income in the range between Rp. 1,000,000 - <Rp. 3,000,000 (41%).

The new finding in this study is that product knowledge does not affect information seeking. This is because the majority of respondents are students aged between 20-25 years. They are millennials who are very close to the digital world. Gadgets as a tool for finding information are tools that are very close to their lives. They always look for a lot of information from their gadgets, both the information needed or just as a time filler activity. For those seeking information not because of the lack of product knowledge they have but more about their characters who want to date to the things that interest them. This can be seen from the mean value for very large information seeking (4.11).

In addition, product knowledge also has no effect on purchase intention. Millennials are people who prioritize social identity and experience. They tend to follow existing trends to be considered up to date. Etude House is a cosmetic brand that is well-known by millennials as a result of Hallyu (mean value brand familiarity 3.98). They have a large purchase intention for the product (mean value 3.34) even though with not

really high product knowledge (mean value 2.75). Their purchase intention is not obstructed by their low product knowledge of the brand.

From this study it is known that the possibility of respondents to buy Etude House products because this product is a Korean product (country image influences purchase intention). Based on this, companies can increasingly show that their products and brands come from Korea which can make consumers more confident to use Etude House products because Korea is famous for its advanced beauty industry.

Other findings, brand familiarity influences purchase intention. From this study it is also known that the likelihood of respondents buying Etude House products because of the high level of familiarity of this brand. Companies should be able to take advantage of this opportunity by holding roadshows or participating in cosmetic product exhibitions, and Etude House should be more incentive to advertise their brands both on social and print media (teenage

women's magazines). Etude House can also increase their familiarity brand by giving kit samples from the latest Etude House products to influencer beauty when launching new products. So that the potential target market and consumers who do not know the Etude House can be more familiar with this brand and also increase the purchase intention of this products.

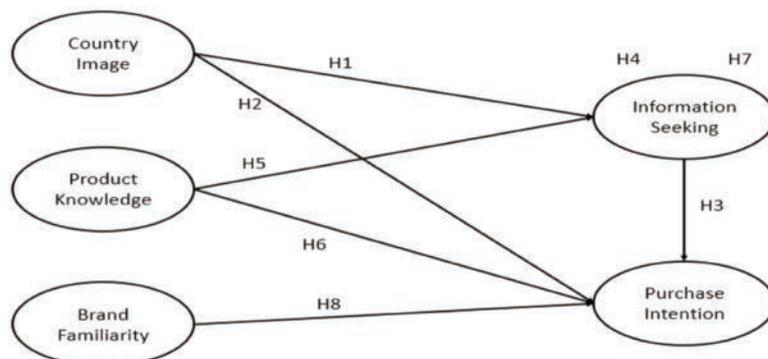
Finally, information seeking influences purchase intention. From this study it was also known that respondents were willing to read a review of Etude House products, asking people who had used Etude House products, or visiting a shop to see Etude House products before buying them. This opportunity should be utilized by the company by increasing the information in the media that is often used by consumers in finding information such as the internet. The company can also work with people who are considered able to help companies deliver information about Etude House products to consumers who will buy and also consumers who do not know the Etude House brand.

**Table 1. Hypothesis Testing Result.**

Hypothesis	Estimate	S.E.	C.R.	P Value
H1. Country image → Information seeking	0.495	0.132	3.751	0.000
H2. Country image → Purchase intention	0.134	0.061	2.208	0.027
H3. Information seeking → Purchase intention	0.182	0.044	4.105	0.000
H5. Product knowledge → Information seeking	0.059	0.069	0.862	0.389
H6. Product knowledge → Purchase intention	0.025	0.029	0.868	0.386
H8. Brand familiarity → Purchase intention	0.149	0.064	2.338	0.019

**Table 2. Mediation Effect Testing Result (Sobel Test).**

Hipotesis	Test statistic	S.E.	P. Value
H4. The effect of information seeking mediating the influence of the country image on purchase intention	2.32	0.06	0.02
H7. The effect of information seeking mediating the influence of product knowledge on purchase intention	0.88	0.03	0.38



**Figure 1. Research Model.**

## Conclusions

An important finding in this study is that country image is very influential in encouraging someone's intention purchase. It is very important for marketers to emphasize the country of origin of the product, and to disseminate product information, especially through internet networks to be more familiar to consumers. Because the results of the study also show the influence of brand familiarity on purchase intention. In addition, the country image also encourages people to search for information to confirm the image so that the purchasing decisions made by consumers are not wrong. But keep in mind that country image can be a boomerang for countries that have a negative country image, because products from that country can be perceived as negative as well.

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