

Foreign Branding and Its Effect on Brand Perception: an Overview to Local Entrepreneurs

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ABSTRACT

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Foreign branding is a branding strategy by giving a brand name using spelling or pronunciation in a certain foreign language, with the main target of influencing the dimensions of brand image, and influencing perceived quality, as well consumer attitudes towards products. The purpose of this research is to explain foreign branding and its effect on brand perception. A literature review from various sources related to foreign branding strategy was conducted as part of the research. According to the research findings, brand image, purchase decision, and brand admiration are the effects of foreign branding. Consumers tend to prefer foreign-sound products because it creates brand image as international products which have best quality. So it effects on how people decide to but the foreign products and people also admire foreign-sound products too much especially in young generation. Local entrepreneurs should learn a lot about foreign branding to compete and upgrade the level of their products and sales.

Keywords: Foreign Branding, Local Entrepreneurs, Brand Perception

1. INTRODUCTION

There is a shift in public perception of foreign terms supported by the rapid development of technology in the current era. Using foreign terms changes people's perceptions and attitudes in making purchases of the goods they are interested in. In the business sector, recently the term "Foreign Branding" strategy has emerged. This term is considered as the pronunciation of a strategy or spelling a brand name in a foreign language.

This term is being actively promoted along with the growing development of marketing of local products/MSMEs in Indonesia. This foreign branding makes consumers view the brand name as something important from the product. Consumers also think that foreign brand names add to the value of a brand. If the consumer's perception of the brand has been formed, then the company's image will rise. This foreign branding strategy is also considered effective in boosting promotion and marketing.

In Indonesia, the foreign branding strategy has long been used by large companies engaged in different fields. Silver Queen products that use foreign terms in their trademarks, are products from PT. Petra Food which was founded in 1950. Le Minerale whose name sounds foreign is also a domestic product produced by PT. Tirta Fresindo Jaya. The very popular bicycle product branded Polygon is also produced by a bicycle company from Indonesia based in Sidoarjo Regency, East Java, namely PT. IneraSena.

Launching from Kompas.com, many local products made in a country use foreign branding strategies, however, many consumers think that these products are products from abroad. Based on research in 2018, the foreign branding strategy can increase the variable of buying interest by 83.4 percent, while the remaining 16.6 percent. Some companies show positive results with this naming strategy. Not only the use of foreign languages, several brand names in Indonesia also adapt their founding history to produce unique word combinations. For example, the Krisbow brand is a combination of the name of its founder, namely Krisnandi Wibowo (<https://lifestyle.kompas.com/read/2021/03/15/120954920/foreign-branding-strategi-merek-lokal-agar-disangka-product-impor?page=all>, accessed 12 September 2022).

The unique characteristics of modern marketing currently rely on the creation of unique brands with the aim of strengthening the brand image and brand personality of the product. So that competition to get consumers is not only limited to product functional attributes such as product usability, but has been associated with brands that provide a special image for their consumers (<https://www.startfriday.asia/ideas/strategi-foreign-branding-yang-berhasil-deceptive-consumers>, accessed 12 September 2022).

By using this foreign branding strategy, it is not impossible that MSME products can also compete globally. A name that is global but still upholds the value of local wisdom can become a principle in marketing MSME products. Through the implementation of the foreign branding strategy, it is hoped that it will become an effective way to increase promotions and have an impact on increasing sales and revenue.

This study aims to discuss about foreign strategy that affects to consumer perception. This research will discuss brand image, purchase decision, and brand admiration. This study hopes to provide new and useful insights for businesses to attract consumer interest for buying foreign branding products.

2. LITERATUR REVIEW

Foreign Branding

According to Villar et al. (2012), states that foreign branding is a branding strategy by giving a brand name using spelling or pronunciation in a certain foreign language, with the main target of influencing the dimensions of brand image, and influencing perceived quality, as well consumer attitudes towards products. Foreign branding indicators include: brand luxury, brand prestige, brand name and pronunciation, suitability of the meaning of the brand name, brand quality, brand association. There is previous research which shows that foreign branding variables have an influence on purchasing decisions, as research has been conducted by (Ariesmendi & Saraswati, 2016).

Foreign language brands provoke consumer curiosity and generally the language used is from developed countries with all its advantages that increase the perception of product quality. Where when compared to other brands that provide little information, products with foreign branding are considered to have higher quality (Villar et al., 2012).

Several reasons consumers prefer foreign branding are due to their belief in quality, reliability, functionality, and prestige. By using a foreign branding strategy, it will benefit the company and consumers. The tendency of local consumers in a number of developing countries to have a preference for foreign brands has resulted in many companies using foreign languages for their brands (Villar et al., 2012). The reason why more product branding uses a foreign language or foreign branding that "the value generated by the use of a foreign language in a brand will bring the products offered to be higher and more prestigious in nature".

Brand Perception

In marketing, the role of the brand (brand) is very important. By definition, a brand is a name, term, sign, symbol or combination which becomes the identity of a product. The brand contains a promise from the company to always consistently provide features, benefits, and services to customers of a product. Brands, in addition to providing identity to a product, also contain certain images and associations that can increase the selling value of a product or can also reduce the selling value.

A brand is a stimulus that encourages consumers to make purchasing decisions for a product. Stimuli describe information that will be perceived by consumers. Brand names are extrinsic stimuli influencing consumer perceptions of a product. A successful brand can bind consumers so they are loyal to a product (brand loyalty).

The existence of stimuli in the form of information about a brand will affect consumer perceptions of the product or brand. Perception of the product is the selection, organization, and interpretation of marketing and stimuli environment into a picture for the individual. Perception of a product will affect a person's attitude towards the product (Kussudyarsana, 2016).

3. RESEARCH METHOD

This is a qualitative study that employs the literature review method to collect sources related to foreign branding and brand perception from a variety of sources, including books on foreign branding, journal articles, and other trusted online sources. The goal of this research is to present the most up-to-date and reliable information on best practices in using foreign branding and presenting brand perception, based on research and experiences conducted by marketing experts. The findings of this study can help marketing and management professionals plan effective foreign branding strategies to achieve the best brand perception (Zulfikar & Zulfikar, 2022).

4. RESULTS AND ANALYSIS

a. Brand Image

The brand itself serves as the primary motivator for establishing a strong presence in both the domestic and international markets. Foreign brands indicate status, provide experiences, and stories to tell; the brand expresses the personality of its users. In the case of a developing country, the emergence of international brands may have a negative impact on regional business entities, local brands (large and small), and entrepreneurs. Though some Bangladeshi brands known as "deshi" brands are doing very well, in most cases, entrepreneurs begin their business operations with informal set-ups and implement branding strategies throughout their entrepreneurial journey (Shahriar et al., 2019).

Furthermore, in any emerging market, consumers are more vibrant, making it difficult to determine the nature of the market and its maturity. With rising income (Lee & Nguyen, 2017; Kashi, 2013) and changing lifestyles, consumers seek innovation and variety, and inexperienced marketers fail to implement responsive marketing strategies. Given the size and potential growth of emerging markets, foreign brands are also attempting to establish a strong presence in these markets. Because advancements in information technology and globalization have given customers more options and opportunities to consider when purchasing any preferred products or services, customers' preferences and perceptions of purchasing foreign products rather than locally available products may be shaped based on a variety of criteria.

Dao and Heidt (2018) conducted an important study on consumers' perceptions of purchasing foreign brands; in their study, they attempted to understand why consumers from developing countries prefer foreign brands. They concentrated on Vietnamese consumers' preference for two well-known Japanese brands, Sony and Honda. They gathered the necessary information from 400 Vietnamese consumers and discovered that when identifying with the developed world, consumers in developing countries prefer foreign brands from the developed world over domestic brands.

Customers' perceptions of foreign products and brands are also influenced by their perceived social status or expressiveness (Taqi & Muhammad, 2020). As is common in Bangladeshi culture, many customers believe that western products and brands are superior and contribute more to personal image development or higher social status maintenance. This perceived fascination with foreign brands and products, which may be associated with their social value confirmation, influences those customers' perception of foreign brands in a biased manner.

Foreign brands are viewed as a threat to domestic brands (Ali et al., 2017). Because well-known international brands with aggressive marketing strategies can easily capture the market, the growing trend of international trade has created tension among local entrepreneurs. Developing a brand identity is a difficult task, especially for small and informal businesses. However, local brands and new entrepreneurs can learn a lot from foreign brands and their strategies. The findings are also supported by other studies (Gulliando & Shihab, 2019).

b. Purchase Decision

Consumers in emerging markets are also looking for better products and solutions, and they are willing to spend more money on foreign brands. Customers' favorable attitudes toward foreign brands and foreign products, as well as their proclivity to purchase them, contribute to the country's diverse entrepreneurship opportunities and exciting inspection activities. While some entrepreneurs use business strategies based on customers' perceptions of foreign brands and products, others struggle to keep their businesses afloat due to customers' preference for foreign products and brands over local ones. Some entrepreneurs believe that customers are correct to choose foreign brands and products because they provide more innovative offerings and, in this day and age, accurately match customers' requirements.

Respecting customers' positive perceptions of foreign brands and products, these entrepreneurs built or adapted their businesses around the concept of providing customers with high-quality foreign products and familiarizing them with well-known foreign brands. Customers' preference for foreign products benefits entrepreneurs running e-commerce businesses, online shops, or importers. Because of the effects of globalization and global standards, these entrepreneurs believe that customers' increased preference for foreign brands and products is unavoidable. Local consumer product industries should also evolve in accordance with international standards; otherwise, local industries will fall behind.

However, many entrepreneurs are suffering the most as a result of customers' preference for foreign brands and products over local ones. Entrepreneurs attempting to develop local brands and promote locally made products are finding it difficult to establish their businesses due to customers' bias toward foreign products and brands. Customers, according to these entrepreneurs, overestimate foreign brands or products while underestimating local brands and products, denying them the opportunity to prove themselves.

These phenomena lead to disappointing outcomes for young and new local entrepreneurs, who are unable to attract customers to their brands and products. As a result, the success of local entrepreneurship or development, as well as the success of local brands, is now in doubt, as consumers frequently regard them as unworthy. Such victim entrepreneurs hope and believe that, while customers' selective and biased perception is costing them business, the situation is likely to improve as customers' perception is slowly changing and soon, they will realize the importance of buying local brands and products, which are becoming equal in terms of value and quality to foreign brands and products (Momen et al., 2022).

c. Brand Admiration

Consumers have an emotional brand association known as brand admiration (Aaker et al., 2012). Both constructs, like the concept of brand love, indicate positive emotions similar to those felt toward other people. These include a strong emotional attachment to the brand. They do, however, differ significantly in terms of the consumer experience with the brand. Brand love has been found to be strongly related to the outcomes of a long-term relationship/experience with a brand. It is an intensely emotional experience (Carroll & Ahuvia, 2006). This can, in fact, lead to brand evangelism (Marticotte et al., 2016). Satisfied customers can become brand advocates.

Brand admiration, on the other hand, does not always involve experiences, as consumers may admire a brand or have a strong desire to own/use it but be unable to do so due to a lack of funds. As a result, consumers who do not necessarily experience satisfaction or perceive the excellence of using the brands may hold brand admiration. This is especially true in developing countries, where consumers value foreign brands (western brands in particular). Foreign brand admiration refers to a positive attitude toward brands from other countries, as consumers positively evaluate the brand's ability to meet their needs. Consumer perception of foreign brand capability may not always be based on personal experience. They admire the brand because they believe it provides what they truly desire (Sulhaini et al., 2020).

Consumers in developing countries value foreign brands because they believe they provide high quality and emotional value. They may not be familiar with the brands, but they have a favorable impression of their quality (Bhardwaj, Kumar & Kim, 2010). Consumers in developing countries have a strong preference for foreign brands, which are perceived to be more reliable and safer than local brands (Kinra, 2006). Foreign brand admiration is higher because consumers perceive them to provide high prestige, social status, and superior quality (Bhardwaj et al., 2010;).

Local culture in developing Asian countries indicates that appearances are important in social life; as a result, consumers will seek brands with symbolic meaning, such as status, prestige, and self-image. Furthermore, consumers tend to buy brands not for utility but to save face or protect their reputation (Pham & Richard, 2015). It is also argued that in a high-context culture, brands can serve as a source of identity, such as when a consumer admires a brand in order to gain social recognition (Kashif, Awang, Walsh, & Altaf, 2015).

Moreover, income disparities are high in those countries, and consumers tend to buy foreign brands as status symbols and to display luxury and prestige. Consumers want foreign brands that signal wealth, status and power (Zhu, Yu & Hu, 2016) to create their own identity (Phau & Leng, 2008). In these countries, this is a growing trend, as foreign brands (particularly western ones) and modern lifestyles are becoming important symbols of global citizenship, and consumers need foreign brands as symbols (Pham & Richard, 2015) or to express a modern self-image (Halkias, Davvetas, & Diamanopoulos, 2015). They require foreign brands for symbolic, status-related reasons and for their high quality (Kumar et al., 2009).

5. CONCLUSION

As stated earlier in the study, the paper's goal is to provide an overview for local entrepreneurs. This discovery will aid local entrepreneurs in strategizing their next steps. They should not limit the features and types of their products. Instead, new product designs and types should be introduced into the market in response to customer demand. Furthermore, they should establish their brand image in the minds of their customers by combining strategic brand building with continuous brand communication strategies (Novansa & Ali, 2011). Local brands can be very competitive against their international counterparts if they can achieve this.

Foreign perspectives are created for consumers by brands that use foreign languages. For example, pronouncing brand names in foreign languages is a well-known way to support the assumption of country of origin (COO) with the goal of creating good quality in a product. Seeing products with brands in foreign languages is expected to result in more classy and trusted goods/services by consumers (Aruan, 2021).

Their willingness to pay more for foreign brands may be influenced by both positive and negative emotions. Nonetheless, positive emotions have a much stronger influence on young consumers' willingness to pay more for brands they admire (Sulhaini et al., 2020).

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