

INDUSTRIES AWARENESS ON KOTRA AND THEIR PERCEPTION ON KOTRA SERVICE QUALITY

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ABSTRACT

Since 2008, KOTRA Indonesia has focused its strategy on the customer satisfaction enhancement, both in the origin country and destination country. However, there hasn't been any adequate research to achieve a better understanding of how Indonesia market perceived KOTRA. Further more, there is a concern that Indonesian companies might not very familiar to such international promotion agency like KOTRA regardless the longstanding existence in Indonesia.

The main objectives of this thesis are to measure the industries awareness on KOTRA, and how they perceive KOTRA service quality. Methods are using questionnaire and measurement using statistical through mean scores. Complimentary data on import-export volume is also deployed.

Results show that industries which are not KOTRA's customers are not familiar with International Promotional Agencies. Further more, all of Non-KOTRA Customers respondents do not know about KOTRA. However, KOTRA Customers have good understanding in IPA with a very good perception on KOTRA's service quality.

Recommendations given are strongly on the brand awareness building through promoting image and association with Korean products

Keywords: *brand awareness, perceived service quality, international promotion agency.*

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INTRODUCTION

South Korea government is one of many countries which actively operates investment promotion agency across the globe. Korea is one of the fastest growing economies in the world for over four decades. Its remarkable transformation to a wealthy developed country in less than half a century made it earned the distinctive reputation of "Asian Tiger" in the international community (Wikipedia). South Korea is also one of the biggest exporters in the world. Moreover, Korea has become one of Indonesia's main import-export partners in Asia aside from Japan, Singapore and China. In terms of economics relation with Indonesia on 2007, export from Indonesia to South Korea reached \$9.110 million dollar, while import from South Korea at \$5.770 million dollar (ANTARA).

Through KOTRA (Korea Trade-Investment Promotion Agency) which first established in 1962, the government of South Korea has been successfully facilitated Korea's rapid export-led economic development through various trade promotion activities such as overseas market surveys and business matchmaking, including Indonesia. KOTRA's presence in Indonesia dated back in 1964 where it began to operate with special attentions on developing exports of Korean Small Medium Enterprises (SMEs).

Since 2008, KOTRA Indonesia has focused its strategy on the customer satisfaction enhancement, both in the origin country and destination country. However, there hasn't been any adequate research to achieve a better understanding of how Indonesia market perceived KOTRA. Further more, there is a concern that Indonesian companies might not very familiar to such international promotion agency like KOTRA regardless the longstanding existence in Indonesia. In addition, the industrial development of Indonesia resulted on the rise of new types of industries, where they are also varied in scale from small, medium even large enterprises. These industries, indeed becoming an opportunity for KOTRA to promote Korean products, and not very least, the industries play an important role in sculpting the image of KOTRA and Korean products in general.

As a foothold on formulating further business development strategy and making effective decision, KOTRA will require comprehensive information about market brand awareness and perceived quality of KOTRA.

PROBLEM CONCEPTUALIZATION

From the background, we underline that the problem that KOTRA faced is significantly concerned with unidentified brand awareness and perceived service quality. If this condition is continuous, in future KOTRA might face potential difficulties in deploying effective strategies in order to achieve customer satisfaction. Thus, we conceptualize the problem in this Group Field Project as:

“Industries awareness on KOTRA and their perception on KOTRA service quality”

With the objectives:

- To measure the brand awareness of KOTRA
- To measure the perceived service quality level of KOTRA

- To analyze the differences in brand awareness and perceived service quality level of KOTRA among industries in Indonesia.
- To provide recommendations to KOTRA related to the effort to achieve a better brand recognition in Indonesia.

LITERATURE REVIEW

Wells and Wint (2000) define investment promotion as activities through which governments aim to attract FDI inflows. These activities encompass: advertising, investment seminars and missions, participations in trade shows and exhibitions, distribution of literature, one-to-one direct marketing efforts, facilitating visits of prospective investors, matching prospective investors with local partners, help with obtaining permits and approvals, preparing project proposals, conducting feasibility studies and servicing investors whose projects have already become operational. Their definitions of promotion excludes granting incentives to foreign investors, screening potential investment projects and negotiations with foreign investors, even though some IPAs may also be engaged in such activities.

Investment promotion activities can be grouped into four areas: (i) national image building, (ii) investment generation, (iii) investor servicing, and (iv) policy advocacy. Image building activities aim to build a perception of the country as an attractive location for foreign direct investment. Investment generation involves identifying potential investors who may be interested in establishing a presence in the country, developing a strategy to contact them and starting a dialogue with the purpose of having them commit to an investment project. Investor servicing assisting committed investors in analyzing business opportunities, establishing and maintaining it. Policy advocacy encompasses initiatives aiming to improve the quality of the investment climate and identifying the views of private sector in this area (Wells and Wint, 2000).

Brand knowledge refers to brand awareness (whether and when consumers know the brand) and brand image (what associations consumers have with the brand). The different dimensions of brand knowledge can be classified in a pyramid (adapted from Keller 2001), in which each lower-level element provides the foundations of the higher-level element. In other words, brand attachment stems from rational and emotional brand evaluations, which derive from functional and emotional brand associations, which require brand awareness. Brand knowledge measures are sometimes called “customer mind-set” measures because they capture how the brand is perceived in the customer’s mind.

Marketing scholars have developed a “stage model” of the buying decision process (see Figure 2-2). The consumer passes through five stages: problem recognition, information search, evaluation of alternatives, purchase decision, and post purchase behavior. Clearly the buying process starts long before the actual purchase and has consequences long afterward.

Perceived quality is defined as the customers’ judgment about an entity’s (service’s) overall excellence or superiority (Zeithaml, 1987). It differs from objective quality which involves an objective aspect or feature of a thing or event (Garvin, 1983). Perceived quality of a service is a type of attitude, related to but not the same as satisfaction, and resulting from comparison of expectation with a perception of performance (Rowley, 1998). According to the “integrative approach” advocated by Klaus (1985) quality of service could even be understood

as its value to customer. In the last few years, there has been quite a lot of material published about the measuring of service quality and this trend is to be continued (Lee et al., 2000).

RESEARCH METHODOLOGY

In this research we utilize primary and secondary data. Primary data is obtained from a set of questionnaire collected from 100 samples of 50 KOTRA Customers and 50 Non-KOTRA customers from 10 different industry groups which are Automotive, Food, Health, Home Appliances, Household, Information Technology, Cosmetics, Mechanical, Security, Textile. Questionnaire used Likert scale 1-6 to indicate respondents' level of knowledge and agreement to several statements. Data processing tools used are Microsoft Excel to obtained mean score level and standard deviation, and SPSS for variance analysis. Pre-test to 30 respondents were conducted in preliminary to actual questionnaire spreading to 100 respondents.

Secondary data is any other form of data to support the primary data. The data could be in a form of company profile, vision and mission, organization structure, performance and any other information obtained from interviews.

RESULT

Results show that industries which are not KOTRA's customers are not familiar with International Promotional Agencies (IPAs) with a mean score level at 2.59 (scale 1-6). Further more, all of Non-KOTRA Customers respondents do not know about KOTRA. However, KOTRA Customers have good understanding in IPA with mean score level at 3.315 and their level of knowledge in KOTRA is also good at a mean score level of 3.46 (scale 1-6) with a very good perception on KOTRA's service quality with a mean score level at 4.65 (scale 1-6).

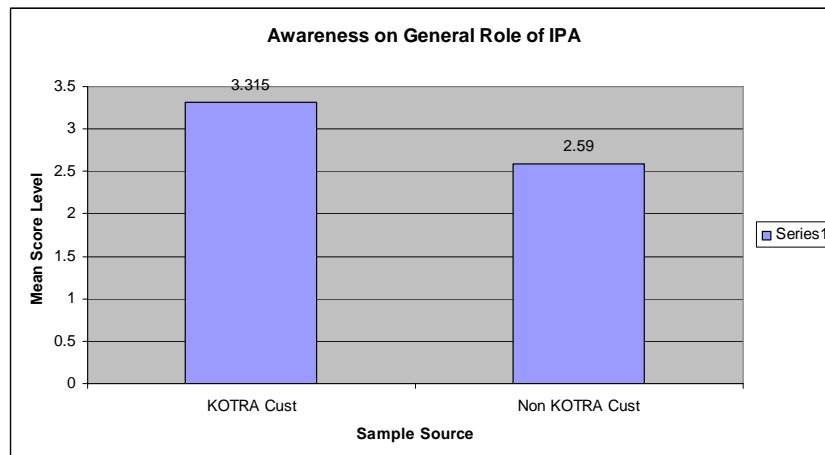


Figure 1. Respondents Awareness on the General Role of IPA

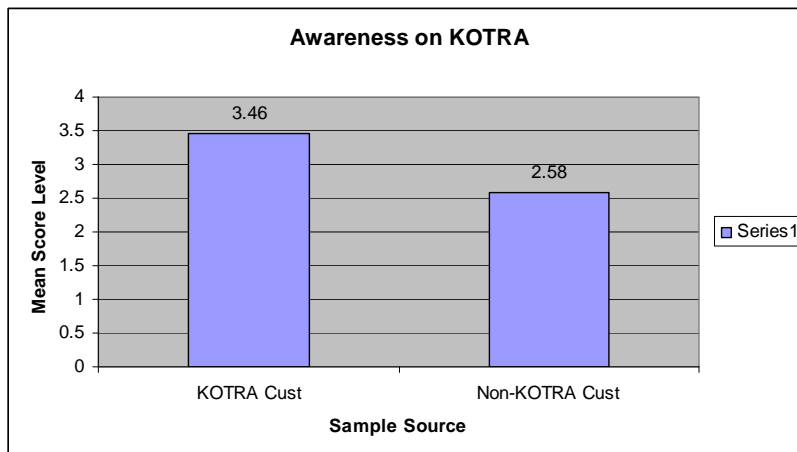


Figure 2. Respondents Awareness on KOTRA

On the general role of IPA, sample group from KOTRA customer has overall standard deviation at 1.48, while from Non-KOTRA customer, overall standard deviation is at 1.07. On the awareness on KOTRA, sample group from KOTRA customer has overall standard deviation at 1.47, while from Non-KOTRA customer, overall standard deviation is at 0.76. This number shows that the degree of variety, both on the level of knowledge in IPA and the on the awareness on KOTRA is higher on those from KOTRA customers.

Table 1. Mean Score Level: Awareness on General Role of IPA

Sample Group	Mean Score	Standard Deviation
KOTRA Customer	3.315	1.48
Non-KOTRA Customer	2.59	1.07

Table 2. Mean Score Level: Awareness on KOTRA

Sample Group	Mean Score	Standard Deviation
KOTRA Customer	3.46	1.47
Non-KOTRA Customer	2.58	0.76

Among IPAs, BRITCHAM and CIPA have the highest awareness from respondents while TAITRADE and JETRO have the lowest. Mean score level on the awareness ranged from 2.46-2.92 on KOTRA customers and ranged from 3.34-3.62 on Non-KOTRA customers (scale 1-6).

Variance analysis using One Way ANOVA was conducted on the result of brand awareness and perceived service quality. On brand awareness, the test was divided into “among industry groups” and “between KOTRA and Non-KOTRA respondents”. Among

industry groups, Result shows that P_{value} (*Sig*) is at 0.193 (from KOTRA customer sample) and 0.156 (from Non-KOTRA customer sample). With 0.193 and 0.156 exceeded 0.05, we can conclude that there is no significant differences in brand awareness mean scores among industry groups. Between KOTRA and Non KOTRA customers, Result shows that P_{value} (*Sig*) is at 0.00. With $0.00 < 0.05$, indicating that there is a significant difference in brand awareness mean scores between KOTRA and Non KOTRA customers.

Table 3. One Way ANOVA Test on Brand Awareness Mean Score Level from KOTRA Customers Samples

(Among Industry Groups):

ANOVA

Aw_KOTRA_Cust

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	26.420	9	2.936	1.468	.193
Within Groups	80.000	40	2.000		
Total	106.420	49			

Table 4. One Way ANOVA Test on Brand Awareness Mean Score Level from Non-KOTRA Customers Samples (Among Industry Groups):

ANOVA

Aw_NonKOTRA_Cust

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.380	9	.820	1.577	.156
Within Groups	20.800	40	.520		
Total	28.180	49			

Table 5. One Way ANOVA Test on Brand Awareness Mean Score Level (Between KOTRA Customers and Non-KOTRA Customers):

ANOVA

Awareness

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	19.360	1	19.360	14.096	.000
Within Groups	134.600	98	1.373		
Total	153.960	99			

On perceived service quality, the test was only conducted into respondents of KOTRA customers and those of Non-KOTRA customers who stated that they know about KOTRA. Result shows that $P_{\text{value}} (Sig)$ is at 0.386. With $0.386 > 0.05$, we can conclude that there is no significant difference in perceived service quality mean scores among industry groups.

Table 6. One Way ANOVA Test on Perceived Service Quality Mean Score Level
(Between Industry Groups):

ANOVA					
PercQ					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	8.882	9	.987	1.126	.386
Within Groups	19.278	22	.876		
Total	28.160	31			

Respondents also signify that promotion through email and phone calls are the ones that could trigger the buy-in. Recommendations given are strongly on the brand awareness building through promoting image and association with Korean products.

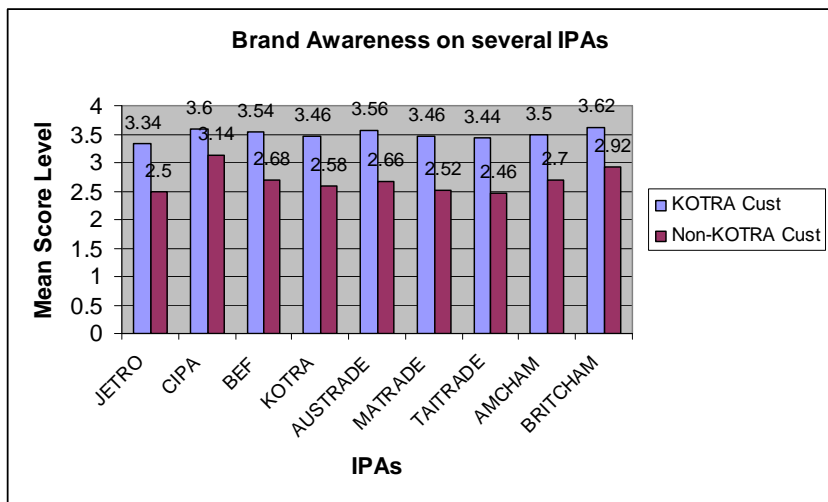


Figure 3. Respondents Awareness on several IPAs

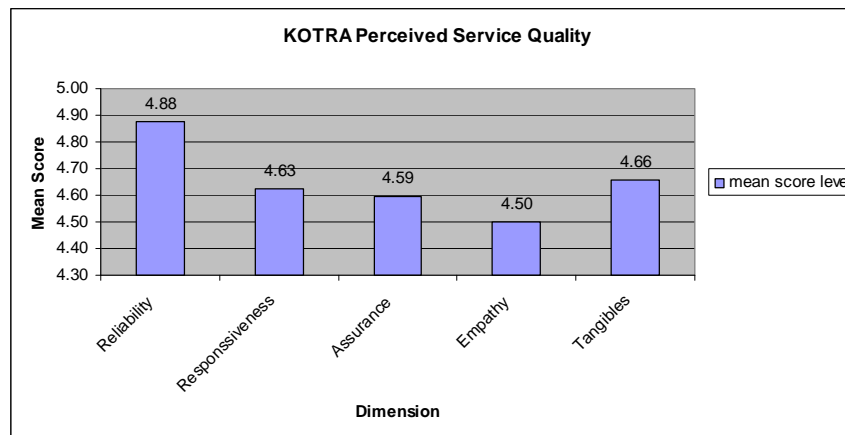


Figure 4. Respondents Perception on KOTRA Service Quality

CONCLUSION & RECOMMENDATIONS

From the data collection and processing, we then drawn up some conclusions:

- The Industries in Indonesia are not aware of KOTRA
- The Industries in Indonesia has good perception on the service quality of KOTRA
- There is no significant difference on the brand awareness of KOTRA among industry in Indonesia
- There is no significant difference on the perceived service quality of KOTRA among industries in Indonesia.

From the result and analysis we assume that within its existing customers, KOTRA could achieve a well recognition and good perception., which are: to educate the market regarding the advantages that IPAs could offer to make their business grow, to build brand recognition through success stories and enhance marketing via online and promoting information technology dominance.

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