The Effect of Korean Wave on Consumer’s Purchase Intention of Korean Cosmetic Products in Indonesia*

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Abstract

Purpose – This study is to examine the effect of Korean Wave (Hallyu) towards consumer purchase intention of Korean Product in Indonesia. In addition, this study also investigates the image of Korea whether it can give an impact on Indonesian consumers’ intention to purchase Korean Products.

Research design, data, and methodology – A total of 227 respondents from Indonesian consumers were collected using online surveys. The results from this survey were analyzed using principal component analysis (PCA) to identify each of the factors. Multiple regression and process analysis (designed by Andrew F. Hayes) were conducted to test the hypotheses.

Results – This research found that ‘Korean Wave’, ‘Ethnocentrism’, and ‘Country-of-Origin Image’ significantly affected consumer purchase intention towards Korean Products in Indonesia, while ‘Country Image’ on the purchase intention was not significant affected the purchase intention.

Conclusions – Study findings provide useful information for business practitioners and government to develop and maintain the use of Korean Wave in the business and marketing fields. By only referring to the image of country, it will be difficult for the consumers to decide whether they want to purchase the products or not. In other words, the favorable image of Korea, usually represented by high level of industrialization and economy, is more likely to be enhanced by favorable image of product and Korean cultural wave.

Keywords: Cultural Image (Cul), Korean Wave, Ethnocentrism (Eth), Country-of-Origin Image (COI), Country Image (CI), Purchase Intentions (PI).

JEL Classifications: L82, M16, M31.

1. Introduction

Culture has successfully influenced on national branding such as in America and Japan. However, in recent years, South Korea has become more developed country in short period of time. According to Organization for Economic Cooperation and Development (OECD), South Korean Economy expanded by 3.4% in 2014 compared to 2013. In 2000s, Asian market was still dominated by cultural products from foreign country, such as United States, Japan and China. However, at that time, South Korean Government was trying to export cultural products along with electronics and food products. As time pass by, South Korean cultural products became well known and more popular than before. Their cultural products include film, drama, and pop music, which phenomena have been called ‘Korean Wave’. Music and film industry in South Korea are a main factor that

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* This article was summarized partly on the base of the dissertation submitted by thesis for master in Kangwon National University (2016).
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introduced the Korean Wave itself. Korean drama and film have always brought elements of culture, for example, fashion, food, or different areas of South Korea. Moreover, the influence of Korean pop music (K-Pop) itself has entered into various countries, especially across most of Asian countries. Moreover, as Korean culture has become one of the major trends in Asia (Onishi, 2005) and it has affected western countries, such as U.S., and Europe as well. It is proved that this new phenomenon has enhanced familiarity and awareness on Korean Products among foreign consumers. The spread of Korean Wave has become a phenomenon that affects not only on the South Korean culture itself, but also on its fashion, food, music and movies. Although South Korea’s total exports in 2015 showed a negative growth by 8%, the total Korean wave related exports including cultural content, tourism, and consumer goods in 2015 increased by 2.2% to 8 trillion won. According to ‘Indonesian Statistic Organization’, the balance of trade between Indonesia and South Korea has significantly increased since 2010, especially the value of imports from South Korea rose significantly through the times where the Korean Wave phenomenon became a trend in Indonesia. Korean Products such as smartphone, television, electronics, food products, and beauty products, which have been circulating in Indonesia, are using this Korean Wave phenomenon as promotion and advertisement. 

Korean Wave has been utilized by South Korean Companies in Indonesia to increase their promotion and sales of their products at the same time.

Therefore, this study attempts to investigate and study the influence of Korean Wave on purchasing decision on Korean product in Indonesia, direct and/or indirectly. In addition, this study also investigates the image of Korea whether it can give an impact on Indonesian consumer’s intention to purchase Korean Products.

2. Theoretical Background

2.1. Ethnocentrism

Ethnocentrism refers to people who have an inclination to be attracted to people of the same culture rather than of different culture (Shimp & Sharma, 1987). The first initial signs of ethnocentrism in consumer behavior research can be found at early 1970s, but the conception was still vague and totally socio-psychological (LeVine & Campbell, 1972). Then, Shimp and Sharma (1987) expanded the concept of ethnocentrism to consumer behavior and created a new measurements item which called the ‘CETSCALE’ (Consumer Ethnocentrism Tendencies Scale). In addition, ethnocentrism gives less expectation on predicting consumer choices for foreign products (Balabanis & Diamantopoulos, 2004).

In the business and marketing fields, consumer behavior defines consumer’s beliefs about the properness and standards of moral on purchasing foreign-made products (Piron, 2002). Specifically, consumer ethnocentrism has the following characteristics: results from superior feeling towards their own country and the worry of losing controls of one’s economic interests as the results of harmful effects that imports may bring to citizen, contains the intention not to purchase foreign products, and lastly refers to personal level of prejudgment against imports, although it may be assumed that the level of consumer ethnocentrism in a social world is the accumulation of individual tendencies (Sharma, Shimp, & Shin, 1995). There are some consequences of consumer ethnocentricity which includes over-estimation of domestic products, while under-estimation of foreign products, a moral responsibility to purchase domestic products, and its preference.

2.2. Cultural Image – Korean Wave

Cultural image refers to the crystallization of the history development and culture of different ethnics in the long-term period (Li, 2010). During that period, they continue to appear not only in the people’s mind, but also in literature and artistic works for a long generation. As a result, they developed into a cultural symbol with a unique cultural meaning which can even have an extensive and far reaching image association. This research considered ‘Korean Wave’ as cultural image, as it becomes a symbol of culture in South Korea.

Korean wave is described as a significant increase in the popularity of South Korean entertainment and culture which became a phenomenon that spread around the world especially, East Asia and South East Asia countries (Margaretha, 2014). Moreover, Korean Wave has been also defined as the cultural phenomenon in which people admire, follow, and learn Korean Pop Culture (Kim, 2013). This term was coined in mid 1990s by Beijing journalists that surprised by the South Korean entertainment and culture popularity growth in China. Korean wave has been developed since 1990s until now (See <Figure.1>).
Korean Wave can be said as marketing and business phenomenon which involve a lot of efforts by promoters, publicists, and corporate agents to sell Korean culture as a product (Cho & Kang, 2006; Han & Lee, 2008; Kim et al., 2008; Lee et al., 2008). In addition, Korean government has promoted the Korean Wave as an export industry. At the same time, the Korean government has offered to give subvention towards ‘cultural industries’ (Chua & Iwabuchi, 2008), and also industry representatives have been given low-interest loans in order to support the continuations of Korean wave (Kang, 2009).

2.3. Image of a Country

Basically, there are three main concepts that have been introduced to make a clear definition for the image of a Country, which are ‘product image,’ ‘country image (CI),’ and country-of-origin image (COI). These three types of image are closely related from the marketing perspective and somewhat overlapping, and influencing each other both directly and indirectly (Jenes & Malota, 2013).

2.3.1. Country Image

Country image is actually the complete set of descriptive, inferential and informational beliefs about the given country (Martin & Eroglu, 1993). Moreover, according to Kotler et al. (2002), country image refers to the set of people’s beliefs, ideas and impressions about a certain country. Along with the studies, an inter-disciplinary review of the literature (e.g., international business, political sciences, economics, and sociology) resulted in the identification of four relevant dimensions. Four dimensions that are used to define the construct’s circumstances are (1) political, (2) economic, (3) technological, and (4) social desirability. The first three dimensions are self-explanatory and the fourth dimension, social desirability, includes such factors as quality of life, standard of living, and level of urbanization (Martin & Eroglu, 1993).

2.3.2. Country-of-Origin Image

Traditional definition of country-of-origin means the country of manufacturer’s products or brand is associated with its home country (Saeed, 1994). Other researchers defined country-of-origin as identified by ‘made-in’ or ‘manufactured-in’ labels (Nagashima, 1977), and the country of manufacture or assembly (Bilkey & Nes, 1982). The products of Country-of-Origin and brand name are considered extrinsic cues and can be changed without any physical changes in the product (Verlegh & Steenkamp, 1999). The extrinsic cue, which is part of product’s image, can influence consumer’s view without considering the product performance.

2.4. Purchase Intention

Purchase intention refers to consumer’s deliberate plan to buy or purchase products in the near future. Researchers also argued that consumer purchase intention reflected the short term behavior of the consumer’s purchase decision itself. Therefore, purchase intention is expected to forecast the consumer’s actual purchase behavior in the future (Espejel et al., 2008).

3. Research Methodology

3.1. Hypotheses Development

The image of country in general is informational belief
about specific country (Martin & Ergul, 1993), while
country-of-origin image is a picture, reputation, and stereotype
of specific domestic products in the mind of businesses and
consumers (Nagashima, 1970). However, both items can
also be related with each other. Country image can be
shaped by its product, and the product image of that
country can also be reflected from the general image of
itself.

**H1** Indonesian consumers, who have favorable image
towards Korea, are more likely to have favorable
image on Korean brand.

The Korean cultural wave may project an image of Korea
as an advanced, modern, and internationalized country.
Moreover, as Korean cultural wave usually advertise their
culture and products through a lot of media, it influences
people’s perception of its country-of-origin images.
Furthermore, it can also influence people to consume
Korean products more frequently. Previous study have
shown that by liking Korean celebrities, dramas and music,
consumers was allowed to create a positive images which
replaces their existing perceptions about Korea (Lee et al.,
2015).

**H2** Indonesian Consumers, who have favorable image
towards Korean culture, are more likely to have
favorable image towards Korean brand.

According to Kotler et al. (2002), country image refers to
the set of people’s beliefs, images, ideas and impressions
about a certain country. Cultural Image is the crystallization
of the historical development and culture of different ethnics
in the long-term period which can develop into cultural
symbol (Li et al., 2010). Sometimes people try to look a
country according to their country’s economic and
industrialize development, and also can be seen from its
culture. Therefore, both variables can be called external
perceptions towards the country, while ethnocentrism is an
internal feeling or prejudice towards foreign products. If the
external factors are strong, it might affect the internal
judgment towards foreign products. As image of Korea has
become powerful in the mind of consumers, it is possible to
affect the judgment towards its products.

**H3** Indonesian consumers, who have favorable image
towards Korea, are more likely to create positive
judgment to buy Korean products.

**H4** Indonesian consumers, who have favorable Image
towards Korean culture, are more likely to create
positive judgment to buy Korean products.

According to Mariani (2008), Korean cultural wave has led
to an increase in the consumption of Korean products such
as foods, electronic devices, automobile, cosmetics, etc.
Furthermore, country-of-origin image provides knowledge to
consumers, which have a positive effect on their intention to
purchase foreign products (Heidarzadeh & Khosrozadeh,
2011). Other researchers also believe that country-of-origin
image has an indirect effect towards intention to purchase
products, arguing that when consumers are familiar with its
product, they tend to use a product from the same country.
Yaprak and Prameswaran (1986) mentioned that image of
the source country and consumer's general perceptions
towards products of that country can directly affect consumer
purchase intention towards those country’s products.
However, consumer ethnocentrism reflects a level of
discrimination towards foreign products (Baughn & Yaprak,
1996).

**H5** Indonesian consumers, who have favorable image
towards Korean brand, are more likely to purchase
Korean products.

**H6** Indonesian consumers, who are more ethnocentric,
has a low possibility to purchase Korean products.

**H7** Indonesian consumers, who have favorable image
towards Korea, are more likely to purchase Korean
products.

**H8** Indonesian consumers, who have favorable image
towards Korean culture, are likely to purchase
Korean products.

According to Wang et al. (2012), there is a relationship
between country image, country-of-origin image, and
purchase intention. The influence of country's general image
on purchase intention towards products is channeled through
consumer's perceptions towards those particular products.

**H9** Relationship between image of Korea and purchase
intention towards Korean products, is positively
mediated by Korean country-of-origin image.

As Korean cultural wave has spread around the world,
there were lots of researches trying to relate Korean cultural
wave to purchase intention towards Korean products.
Adoption of Korean wave can directly influence Korean
products, which are related to tourism, media, cosmetics,
and electronics, especially mobile phones (Yu et al., 2012).
Korean cultural wave has become a global phenomenon,
contributing to shaping general image of Korea and
expanding its consumers globally. Therefore, the perception
or image of Korean cultural wave in consumer's mind can
enhance the Korean image in general.

**H10** Relationship between image of Korea and purchase
intention towards Korean products, is positively
mediated by image of Korean culture.

### 3.2. Research Model

Based on our hypotheses, the research model of our
study is created and shown in <Figure 2> below.
3.3. Research Methodology

This research used primary data, which was collected from 227 Indonesian consumers. The surveys containing 27 questions (please refer to appendix) were distributed via online through several social medias such as facebook, twitter, path, and kakao-talk. The demographic characteristics can be seen in <Table 1>.

Prior to hypotheses validation, the reliability and validity of measurement analysis were tested (<Table 2>). The internal consistency of each construct item estimated with Cronbach’s alpha ranged from 0.808 and 0.951, which explained that the specific samples has a high level of internal consistency (reliable). However, items of ‘CI3’ need to be removed as it doesn’t belong to any of the available components.

### Table 1: Demographic Characteristics

<table>
<thead>
<tr>
<th>Subject</th>
<th>Options</th>
<th>Number of Samples</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>54</td>
<td>23.79%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>173</td>
<td>76.21%</td>
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<tr>
<td>Age</td>
<td>10 - 20 years</td>
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<td>4.85%</td>
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<tr>
<td></td>
<td>21 - 30 years</td>
<td>182</td>
<td>80.18%</td>
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<td></td>
<td>31 - 40 years</td>
<td>27</td>
<td>11.89%</td>
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<td></td>
<td>Above 40 years</td>
<td>7</td>
<td>3.08%</td>
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<tr>
<td>Educational Qualification</td>
<td>High school level or below</td>
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<td>5.29%</td>
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<tr>
<td></td>
<td>Diploma</td>
<td>9</td>
<td>3.96%</td>
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<tr>
<td></td>
<td>Undergraduate</td>
<td>162</td>
<td>71.37%</td>
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<tr>
<td></td>
<td>Graduate or above</td>
<td>44</td>
<td>19.38%</td>
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<td>Monthly Average Income</td>
<td>less than $100</td>
<td>26</td>
<td>11.45%</td>
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<td></td>
<td>$100 - $250</td>
<td>36</td>
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<tr>
<td></td>
<td>$250 - $500</td>
<td>54</td>
<td>23.79%</td>
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<tr>
<td></td>
<td>$500 - $1000</td>
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</tr>
<tr>
<td></td>
<td>more than $1000</td>
<td>42</td>
<td>18.50%</td>
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### Table 2: Reliability and Validity Measurements

<table>
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<tr>
<th>Items</th>
<th>Component 1</th>
<th>Component 2</th>
<th>Component 3</th>
<th>Component 4</th>
<th>Component 5</th>
<th>Cronbach’s Alpha</th>
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<td>Eth1</td>
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<tr>
<td>Eth2</td>
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<td>Eth3</td>
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<td>Eth4</td>
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<td>Eth5</td>
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<tr>
<td>Eth6</td>
<td>.732</td>
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<tr>
<td>Eth7</td>
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<tr>
<td>Eth8</td>
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<tr>
<td>Eth9</td>
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<td>Eth10</td>
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<tr>
<td>Eth12</td>
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<td></td>
<td>.628</td>
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</table>

### Table 3: Descriptive Analysis and Correlation of Variables

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<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnocentrism</td>
<td>2.815</td>
<td>0.686</td>
<td>1</td>
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<td></td>
</tr>
<tr>
<td>Country of Origin Image</td>
<td>3.679</td>
<td>0.634</td>
<td>.153*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cultural Image</td>
<td>3.736</td>
<td>1.136</td>
<td>.001</td>
<td>.338**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase Intention towards Korea Products</td>
<td>3.093</td>
<td>0.762</td>
<td>.175**</td>
<td>.293**</td>
<td>.371**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Country Image</td>
<td>4.233</td>
<td>0.661</td>
<td>.121</td>
<td>.444***</td>
<td>.270**</td>
<td>.145*</td>
<td>1</td>
</tr>
</tbody>
</table>

*p<0.05, **p<0.01
<Table 3> contains the means, standard deviation and correlation matrix for all variables included in this research. The average value of ‘country image’ (4.233) was found to be highest followed by ‘cultural image’ (3.736), ‘country-of-origin image’ (3.679), ‘purchase intention’ (3.093), and ‘ethnocentrism’ (2.815). Most of the correlations between each of the variables were statistically significant related, positively or negatively. However, there are two correlations of variables: ‘ethnocentrism’ and ‘cultural image’, ‘ethnocentrism’ and ‘country image’, which are statistically insignificant.

4.2. Hypotheses Testing

<Hypotheses 1> to 8 have been analyzed using multiple regressions. The results are presented in <Table 4>. As predicted, ‘country-of-origin image’, ‘cultural image’, and ‘ethnocentrism’ have a significant effect towards consumer’s purchase intention towards Korean products. While country-of-origin Image (COI) ($\beta$=0.244, $T=3.525$, $p<0.001$) and cultural image (CI) ($\beta$=0.302, $T=4.694$, $p<0.001$) have a positive effect towards purchase intention (PI), ethnocentrism (Eth) ($\beta$=-0.193, $T=3.175$, $p<0.01$) has a negative impact towards consumer’s purchase intention towards Korean products. It is also shown that country image and cultural image have a positive association with Korea’s country-of-origin image. The ‘CI’ variables was shown to have a strongest effect upon ‘COI’ ($\beta$=0.365, $T=6.007$, $p<0.001$), followed by ‘Cul’ ($\beta$=0.236, $T=3.882$, $p<0.001$). In addition, country image ($p>0.05$) and cultural image ($p>0.05$) don’t have any significant impact towards ethnocentrism.

4.3. Mediation Test

After using bootstrap analysis, Sobel test (Normal Theory Test) was performed. The first mediator, which is country-of-origin image, showed a significant result in mediating country image and purchase intention towards Korean products ($\beta=0.126$, $z=2.771$, $p<0.01$). Furthermore, the second mediator, which is cultural image, also showed a significant result as a mediator ($\beta=0.122$, $z=3.201$, $p<0.01$).

5. Discussion

5.1. Conclusions

This study is successfully examining the impact of Korean Wave on the purchase intention towards Korean products in the Indonesian consumer’s society. Overall results have been analyzed and noted that the variable has a positive relationship directly to the purchasing intention of Korean products in Indonesia. Moreover, Korean Wave also becomes a mediator to link between the perception of general Korea country image and purchase intention. Based on the results, image of Korea and Korean cultural wave have positively significant relationship with the image of Korean country-of-origin. By having positive perceptions towards the image of country and also Korean wave image, it can enhance the image of Korean country-of-origin. Furthermore, the image of Korea and Korean cultural wave does not have any relationship at all with consumer’s ethnocentrism. Image of country and its culture cannot affect the ethnocentric judgment towards foreign product. Once consumers have created judgmental attitude internally on foreign products, favorable image provided by external stimulus cannot easily change their decision to purchase foreign products. Korean image, Korean cultural wave image, and consumer’s ethnocentrism have direct impact on the purchase intention towards Korean products. While consumers, who have a better view towards the image of Korean country-of-origin and Korean cultural wave, tend to purchase Korean products, and the consumers, who are more ethnocentric, will have a sensitive issue in making decision to purchase Korean products. As most of consumers in Indonesia can be characterized as ethnocentric, they usually have a skeptical view on consuming foreign products, resulting in negative influence on the intention to buy foreign products. In addition, Indonesian consumers, who have favorable image towards Korea, do not have any direct
effect on purchasing decision of Korean products. Only through other variables, the image of Korean country-of-origin and Korean cultural wave, it can affect the purchase intention of Korean products. By only referring to the image of country, it will be difficult for the consumers to decide whether they want to purchase the products or not. In other words, the favorable image of Korea, usually represented by high level of industrialization and economy, is more likely to be enhanced by favorable image of product and Korean cultural wave.

5.2. Implications

The results of this study can provide some practical implications in regard to business players and policy makers. First, for Korean companies eager to invest in Indonesia, Korean Wave can be very helpful, since Korean cultural wave has become influential trend among the Indonesian consumers, especially the younger generation. Therefore, it can create business opportunities for new entrant and additional values to the existing companies. Second, given that Korean Wave has generated and enhanced favorable image of Korea in the Indonesian consumer's mind, Korean government needs to maintain and/or upgrade current Korean cultural wave such as TV-dramas, movies, music, etc. Lastly, Indonesian government can learn from the case of Korean cultural wave how to utilize its own culture to promote not only Indonesian products, but also its image of country and culture globally, that can enhance Indonesian value.

5.3. Limitations and Future Research

The study has encountered several limitations. Firstly, although we had 227 respondents in our survey, they were mostly dominated by female respondents. Moreover, although Indonesia is composed of various characteristic regions, we can only cover a few big cities, especially in Java provinces. Secondly, because we conducted survey mostly via-online such as facebook, twitter, kakao-talk, and any other application available on internet, it was quite difficult to reach respondents, who are over 40s, as they were not really familiar with those internet applications. Lastly, the although Korean cultural wave spans such various areas as drama, film, music, magazine, and games, each of which can lead to different effects on consumer's attitude, our study did not consider differential impact of each factors. For future research, researcher can include additional variables to confirm whether Korean cultural wave can play a moderating role between image of country and purchase intention. In addition, by analyzing more about country-of-origin image and consumer's ethnocentrism, we can have a better idea about consumer's cognitive dissonance, whether they want to consume the products or not.

Reference


