

Does *Hallyu* Matter? Determinants of Boycott Decision on Korean Food Brands among Indonesian Youngsters



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2017年、インドネシアで韓国製インスタント麺のハラール違反が摘発され、韓国製品の不買運動が起きた。しかし主要な消費者である若者の間では「韓流」文化が大人気。果たして「韓流」ブームは不買運動にどのような影響を与えたか。

Abstract

This study addresses the role of attitude toward *hallyu* (Korean wave) on boycott decision of Korean food brands among Indonesian youngsters. Drawing from positioning theory, this study found that positive attitude toward *hallyu* decreased the tendency on boycott decision. Interestingly, this paper also discovered that the severity of *halal* violation was not moderating the effect of attitude toward *hallyu* on boycott. Either severe or light violation, once youngsters fall for *hallyu*, they ignore the severity of *halal* violation of the products. Data were collected from 156 respondents and were processed with linear and hierarchical regression analysis. This paper is the first to relate attitude toward *hallyu* on boycott decision and also the first to study boycott of Korean food brands due to the recent *halal* violation incident in Indonesia. Implications and findings are discussed.

Keywords

boycott decision, attitude toward *hallyu* (Korean wave), severity of *halal* violation

1. Introduction

The Korean Wave, widely known as *hallyu*, appoints to the popularity of Korean-related cultural products, such as film, drama, and music (Jang and Paik, 2012; Bae, *et. al.*, 2017); it also refers to recent pattern of cultural flow (Jeon and Yoon, 2005). In spite of targeting youngsters market, *hallyu* attracts wider age-groups and social classes (Suh, *et. al.*, 2016) in Korea as well as in global market (Jang, *et. al.*, 2016), spreading from East and Southeast Asian Countries, some European countries, up to Middle East (Hong and Kim, 2013).

The international recognition on *hallyu* has gained cultural and economic effects to the country (Jang and Paik, 2012; Bae, *et. al.*, 2017). It has become a marketing platform to enhance the Korean brand value and eventually increases profit from the overseas market (Huang, 2011). As mentioned by Jeon, *et. al.*, (as cited in Oh, 2016), the total export produced by *hallyu* was as

much as US\$ 7.03 billion in 2015.

As a result of being constantly exposed to *hallyu*, more and more global consumers, particularly in emerging countries such as Indonesia, raise their interest by consuming various import products from Korea. According to Wang and Chen (2004), imported goods are mostly preferred by consumers in developing countries because of their brand image in which associated with its native country. Among those imported products, Korean noodle has become one of the most preferred choices compared to other domestic and import brands in Indonesia. It dominated the market share of import noodle in the country. In 2016, the import value of Korean instant noodle in Indonesia reached up to US\$ 13.55 million, while China (US\$ 2.69 million), Thailand (US\$ 0.33 million), Singapore (US\$ 0.22 million), and Japan (US\$ 0.111 million) remained sequentially on the big 5 (Ministry of Finance, 2017).

Despite the favouritism of Indonesian consumers to Korean noodle brands, serious *halal* violation occurred. BPOM (Drug and Food Control Agency) detected pork DNA-fragment in some Korean noodle products. Therefore, in June 2017, BPOM officially banned 4 Korean noodles from different brands: *Samyang (U-dong)*, *Samyang (Kimchi Flavor)*, *Nongshim (Shim Ramyun Black)*, and *Ottogi (Yeul Ramen)* (Saeno and Aldila, 2017). Dealing with this issue, BPOM imposed administrative sanctions to the importer (PT Koin Bumi) by revoking its marketing license and asking the importer for products withdrawal from the market (Pos Kota, 2017).

Consumers could respond negatively to such violation by boycotting the non-*halal* products. Boycott involves consumer's avoidance of purchasing products and brands due to companies' unethical credibility (Lavorata, 2014). Responding to this incident, local newspapers and online news reported boycotts exclamation by local MUI (Indonesian Council of Ulama) as well as YLKI (Indonesian Consumer Foundation) (Prasetya, 2017). Through the media, some sources mentioned that this case lead to violation of the Consumer Protection Law, Food Law, and *Halal* Product Warranty Act. Consequently, the public awareness on determining *halal* products, particularly for import noodle products, has risen among Indonesian Muslim consumers.

Consumer evaluation on foreign products is formed by their general attitudes, country-specific attitudes (positive or negative), or brand-specific attitudes (e.g. special liking to a particular brand (Bandyopadhyay, *et. al.*, 2011). Studies on foreign products evaluation, as well as intention to buy, and its relations to consumer's ethnocentrism (Smith and Li, 2010; Bandyopadhyay, *et. al.*, 2011; Guo and Zhou, 2017), country of origin (Gurhan-Canli and Maheswaran, 2000; Chen, *et. al.*, 2011), and animosity toward a country (Russel and Russel, 2006; Smith and Li, 2010) provides a large body of literature, yet little is known regarding the role of attitude toward *hallyu* (Korean wave) on boycott decision of Korean food brands due to *halal* violation.

To the best of our knowledge, this paper is the first to relate attitude toward *hallyu* on boycott decision and also the first to study boycott of Korean food brands due to the recent *halal* violation event in Indonesia. This study highlighted two important purposes. First, it identified the effect of attitude toward *hallyu*

on boycott decision. Second, it examined whether or not the severity of *halal* violation moderating the effect between attitude toward *hallyu* and boycott decision.

1.1. Theory developments

The underlying theory of the relationship is positioning theory. Positioning theory states that different culture adoption by individual might lead to better understanding, toleration, and adaptation with that culture and possibly changing buying behaviour from that culture (Suh, *et. al.*, 2016). Better understanding of another culture increases the reluctance to boycott. With the massive wave of *hallyu*, children, students, and adults are exposed daily by Korean culture. They learn food, traditional clothes, way of eating, and many more from it. As a result, individuals feel as a part of that culture and make it into the justifications of their behaviour.

1.2. Influence of attitude toward *hallyu* on boycott decision

Despite the rising trend on *hallyu*-related research over the years (Huang, 2011; Jang and Paik, 2012; Hong and Kim, 2013; Suh, *et. al.*, 2016; Chen, 2016; Bae, *et. al.*, 2017), its effect on boycott decision has not been investigated. In this research, attitude toward *hallyu* refers to its country (Korea), its people (Korean), and its products (Amine, 2008). Suh, *et. al.* (2016) stated that the foreign culture' adoption magnify general attitudes toward the country, its companies, and its products; consequently, it drives purchase intention of foreign products. Furthermore, favourable feeling, sympathy, and attachment toward particular foreign country positively impacts consumer decision making related to foreign products (Bandyopadhyay, *et. al.*, 2011) even though considerable violation might happen to those products. Subsequently, consumer's tendency for boycotting those products might be buried away.

Hypothesis 1: Positive attitude toward *hallyu* decrease the tendency of boycott decision on Korean noodle brand

1.3. Severity of *halal* violation as a moderating factor

The importance of *halal* in Muslim world has been emerging on business and trade, and has become an international symbol

of quality assurance and lifestyle choice, as well as substantial factor in Muslim's consumption behaviour (Omar, et. al, 2017). Encountering *halal* violation, Muslim consumers respond with different attitudes and behaviours, such as boycotting the product, spreading negative word of mouth, and changing over to the competitors' product, in which eventually could bring a breakdown for the company' reputation and brand (Omar, et. al, 2017). The existence of *halal* violation from particular product could cause consumers' loss, financially and non-financially (feeling betrayed, frustration, and inconvenience) (Hess, 2008), but consumers' reaction on the violation depends on their subjective evaluation of the severity (intensity or seriousness) (Omar, et., al., 2017). Recalling the case, it is expected that the more severe *halal* violation of Korean noodle brand, consumers suffer a higher loss, and finally decide to engage in product (and brand) boycott. It is also expected that severity of *halal* violation moderates the link between attitude toward *hallyu* and boycott.

Hypothesis 2: Severity of *halal* violation moderates the relationship between attitude toward *hallyu* and boycott decision on Korean noodle brand

2. Methods

2.1. Sample

This study purposively chose 160 undergraduate students from three big Universities in Surakarta and Yogyakarta (Indonesia): Universitas Sebelas Maret, Universitas Muhammadiyah Surakarta, and Universitas Negeri Yogyakarta. In order to be eligible as respondents, the students must be Muslim, know about *hallyu*, and know/consume at least one of Korean noodle brands (*Samyang*, *Nongshim* and *Ottogi*). The survey was executed from August 21st to 28th 2017. Among the returned questionnaires, 156 (97.50%) of them were completed.

The description indicated that there were 54.49% of female respondents and 45.51% of male. Among those numbers, 68.59% respondents were the consumers of Korean noodle from various brands (not limited to the mentioned brands). Furthermore, the majority of respondents (75.64%) knew that some of Korean noodle products contain pork DNA-fragment, while 16.67 % of them hesitate, and the remaining 7.69% did not know about the issue.

2.2. Instrument measurement

This study used exploratory factor analysis (EFA) and CFA. Attitude toward *hallyu* was measured by 8 items adapted from Suh, et. al (2016) ($\chi^2 = 61.560$; $P = .003$; $df 34$; $GFI .929$; $IFI .967$; $TLI .956$; $CFI .967$) ($\alpha = .911$). While severity of *halal* violation was operated by 3 items adjusted from Omar, et. al (2017) ($\alpha = .842$). Additionally, 4 items were used to measure boycott decision ($\chi^2 = 6.781$; $GFI = .979$; $IFI .969$; $TLI .0810$; $CFI .968$), which was adopted and combined from Omar, et. al (2017) and Bruner (2009) ($\alpha = .848$). All questions were measured on Likert scale, ranging from 1 (strongly disagree) up to 5 (strongly agree).

3. Results

This study used linier regression for hypothesis 1. Given that this study used moderation, we performed hierarchical regression technique to analyse hypothesis 2. Detailed results were presented in table 1.

Table 1. Hierarchical regression analysis predicting boycott decisions

	<i>S.E</i>	<i>t</i>	<i>R</i> ²
Step 1			
Attitude Toward <i>Hallyu</i>	.072	-3.952***	.090
Step 2			
Severity of Violation	.060	3.194***	.147
Step 3			
Boycot Decision	.059	1.509	.160

Significant levels: $\alpha^{***} = .000$

Table 1 depicted the regression result of hypothesis 1. As the study predicted, attitude toward *hallyu* negatively influenced the boycott decision ($\beta = -.280$; $t = -3.90^{***}$). Hence the result supported our proposed hypothesis 1. Moreover, hypothesis 2, in which stated that severity of *halal* violation weaken the relationship between attitude toward *hallyu* and boycott decision on Korean noodle brand was not supported ($\beta = -.280$; $t = -1.27$). This finding was interesting, since individually, severities of *halal* violation have positive impact on boycott decision in step 2 of hierarchical regression.

4. Discussion

4.1. Influence of attitude toward *hallyu* on boycott decision

The study revealed that positive attitude toward *hallyu* decreased the tendency on boycott decision. According to Rice and Wongtada (2007), attitude and behaviour toward a brand could be the result of consumer's animosity or affinity toward certain country related to the brand. The result is strengthened by Shukla (2010) who stated that the greater the consumer's favourable image to a foreign brand, the bigger the consumer's willingness to buy that particular brand. Therefore, putting back to the case, positive attitude toward *hallyu* will hinder young Muslim consumers in Indonesia to boycott Korean related products—including noodle—despite *halal* violation involved some of the products.

4.2. Severity of *halal* violation as a moderating factor

The result shows that the severity of *halal* violation was not moderating the effect between attitude toward *hallyu* and boycott. Either severe or light violation, once youngsters were attracted to *hallyu*, they ignored the severity of *halal* violation of the products. It implies that consumer's favour to a brand could be very strong in which overwhelms other influences (Bandyopadhyay, et. al., 2011). The result is supported by Omar et. al (2017) who found that even though severity of *halal* violation is positively related to negative consumer behaviour (avoidance, boycott, and revenge), it does not successfully moderate the link between trust recovery and boycott.

In Indonesia, consumer's opinion on the severity of *halal* violation of Korean noodle products did not necessarily translate into ethical buying practices by boycotting the product. It seems that the fondness of young Muslim consumers to *hallyu* exceed the consumer's concern on *halal* violation.

Another possible explanation is that youngsters—the biggest internet user group—are well informed on *halal* issue. Accordingly, they recognized that only few of Korean noodle products available in the country were involved in *halal* violation (regardless their level of severity), leaving the the others free from *halal* violation. Additionally, they found out that marketing license of the importer along with its non-*halal* Korean noodle products has been withdrawn by BPOM. For this reason,

consumers might feel that the incident was well-taken care of. This could give an assurance for young Muslim consumers for not undertaking boycott.

5. Conclusion

This research found some interesting findings to enrich literatures on *hallyu*, *halal*, and boycott related studies. Firstly, the more positive consumers' attitude toward *hallyu*, the lower is the tendency on boycott decision, regardless the existence of *halal* violation. Another important finding is that in Indonesia context, the severity of *halal* violation was not moderating the effect of attitude toward *hallyu* on boycott decision.

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