

Country of Origin Image and It's Impact on Brand Association, Perceived Quality and Brand Loyalty

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Abstract

Purpose – The purpose of this research is to explain the influence of country of origin image on every elemen of brand equity. **Design/Methodology** – Observation of this research was done to 200 respondents who live in Pontianak City, Kalimantan Barat Province. The collection of data were obtained from the consumer of import crackers of Malaysia, by using the sampling method like judgement sampling. This research is focusing on famous crackers brands from Malaysia, that is Lexus, Deluxe, Hupseng, Hwa Thai, Shoon Fat, Munchy's and Pimpong. Data processing was done by using the Structural Equation Modelling based on AMOS Program version 20. **Findings** – The result of this research has shown that country of origin image has a significant influence to brand association, but country of origin image has not significant influence to perceived quality, brand association has a significant influence to perceived quality, brand association has a significant influence to brand loyalty, but the perceived quality has not significant influence to the brand loyalty. **Implication** – A positive country of origin image should be built considering its significant contribution to strenghten the brand association and its loyalty towards the brand from this country. **Original Value** – The finding of this research is important in order to identify the role of country of origin image in every elemen of brand equity 's import product in a domestic market.

Keywords:ountry of origin image, brand association, perceived quality, brand loyalty, Kalimantan Barat.

1. Introduction

In the context of global marketing, a brand from a country is available for the consumer of other countries. Consumer's response towards the brand will be different to a different country (Schifman and Kanuk, 2007: 442). This is happening because of the culture differences among countries which is resulted in the difference of consumer's behaviour in various countries, likewise when the domestic consumer assess the foreign brand. Consumer recognition of a certain brand in various countries is not always the same, similiar to their association towards the brand, the quality of the brand that they feel and also the loyalty towards the brand. This means the brand equity from consumer's point of view will be addressed diversely by the consumer in other countries. Therefore, international marketer should comprehend some factors that affect their brand equity in the foreign market. Empirical studies showed that effort to achieve brand equity in the foreign market is affected by the image of the country of origin (Yassin et al., 2007; Pappu et al., 2007; Pappu et al., 2006; Lin and Kao, 2004). This supports the findings from the research which declared that country of origin image as an extrinsic attributes is often used when doing the evaluation of product and brand (Pecotish and Ward, 2007; Agarwal and Kamakura, 1999; Johanson et al., 1985) and as the basic assessment of the quality of product (Essousi and Merunka, 2007; Hamzoui and Merunka, 2006; Kinra, 2006; Verlegh and Steenkamp, 1999; Samiee, 1994). Consumer is using country of origin image as the basic of assessment to judge the brand as an effort to minimize the purchase risk especially on the condition of information ownership about the limited product and brand.

The efforts to understand the consumer's perception about country of origin image is a crucial thing to do because of some reasons. First, country of origin image is used most of the time by the domestic consumer to judge the foreign product and brand, moreover in current condition where globalization and the development of international business activity is expanding the product marketing and brand to various countries, product and brand from a certain country are widely available for the consumer in other countries. In fact, many studies explained that globalization is giving impact to the increase of consumer's perception of foreign product based on its origin country to the different product categories (Sanyal and Datta, 2011; Zou et al., 2010; Yassin et al., 2007; Essousi and Merunka, 2007). Information owned by the consumer about the origin country of the product will be used to create, to strenghten, and to affect their first perception about this product (Johanson, 1994). In many product categories, the origin country has the main role in decision making, consumer has the stereotype about a various country that can affect their judgement towards a product (Kotabe and Helson, 2011;383). Second, country of origin image is not static, it is constantly changing (Nagashima; 1970, and Papadopoulos et al, 1987). For example Japan in the 1950s is imaged as a country that produce cheap and bogus product compared to the product made in developed country, however in the end of 1990s Japan's image has changed into the origin country of high quality product. Third, bear in mind that there are many research findings that explained about the important role of country of origin image to the successful marketing of brand (Pappu et al., 2006; Pappu et al., 2007; Yassin et al., 2007), marketers have to understand this connection before diverting their

production and sales to another country. Therefore, an effort must be done in order to identified the factor which affects the changing in consumers behaviour in judging country of origin image as the basic of assessment of brand and quality of product. Better understanding about the connection between country of origin image and the success of brand or its marketing will help in making the marketing decision in the targeted country. As it is stated by Kleppe et al, (2002) in Pappu et al. (2007) that country of origin image can affect the choice of global marketing strategy in the targeted market in various countries. Therefore, the reasearch aimed to examine the influence of the image of the origin country towards the succeed of brand marketed in certain country as the target market is important to do. Study about the country of origin is trying to understand how consumer respond to the product of certain countries.

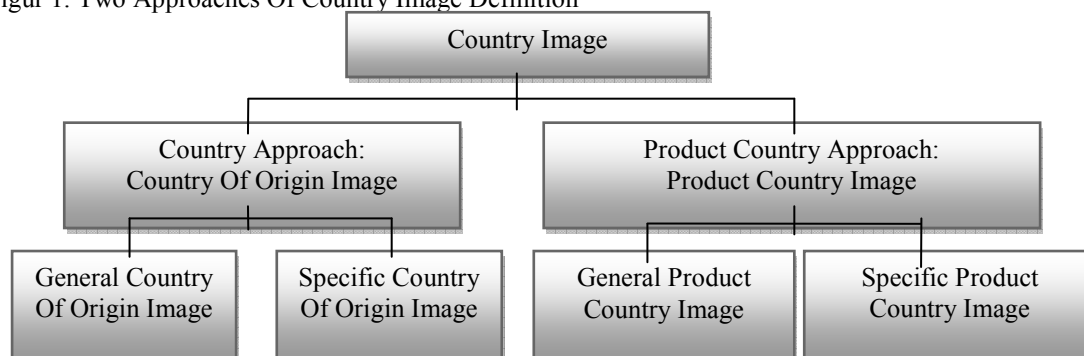
The consumer of processed food and drink for example, is associating the brand of processed food and drink from another country with their judgement towards the country of origin image where the food and drink originated from (Sanyal and Datta, 2011; Dozen et al., 2007). In Pontianak city for example, currently found many import processed food and drink product from various countries, especially import crackers from Malaysia. This happens because the geographic proximity of Pontianak city as the capital city of Kalimantan Barat with Malaysia. There is a tendency that consumer association and their judgement towards the import crackers are based on their judgement towards country of origin image where this crackers come from. This research is to clarify the connection between this variable, which is to give a theoretic and empiric advice about the role of country of origin image on every aspect of brand equity in foreign market.

2. Literature Review

2.1. Country of Origin Image

The term image that refers to a country, was first stated by Nagashima in 1970 with a term country of origin image or COO image. Country image is a description, reputation, stereotype (opinion or prejudice in someone's mind) about a certain country where businessman and consumer stick a product from another coutry. This image is resulted from several variables which represent the product, national characteristic, economic and politic background, history and tradition (Roth and Diamantopoulos, 2008; Nagashima, 1970). From various notions of the definition of country image stated by some researcher, essentially the definition of country image can be seen in two approach which are country approach and product country approach.

Figur 1. Two Approaches Of Country Image Definition



First approach, Country of Origin Image is a perception towards the image of the country of origin where the product came from (Kotler and Keller, 2012:636; Kotabe and Helson, 2011:341; Lavoret, 2010:374; Jenes, 2005). According to this definition, the image of country of origin is not a perception towards the image of the product from a certain country. The definition of country of origin image in this context was first stated by Nagashima in 1970. Some oher researchers who also analyze country of origin image of this approach such as Martim and Eroglu (1993), Kotler et.al. (1993), and Laroche (2005). Martin and Eroglu (1993) declared that country of origin image is a set of descriptive beliefs, inferential and informational which is aimed towards the country where the product originated from. Kotler et.al. (1993) stated that country of origin image is a number of convictions towards people and impression about a certain country as where the product originated from. Related to this matter Fishbein and Ajzen (1975) before had declared that the conviction of the consumer towards a certain country can formed in a descriptive belief, informative belief or inductive belief, where this belief is formed in some different ways (Laroche, 2005). Descriptive belief happens through experience, while informative belief is formed by information obtained by external sources (such as media, friends), and inductive belief comes from a perception about the relation between some events in the past and stimulus of this present time. The effect of this direct and indirect experience, is an important consideration factor of country of origin image. Country of origin image in this approach can be defined into two levels such as general country of origin image and spesific country of origin image.

General Country of Origin Image, is country of origin image which is defined in a macro context

which covers all aspects of an origin country. Banister and Saunders (1978) in Zeugner et al. (2008) declared that the assessment towards the country of origin image is not only affected by the product made by this country, but also by other variables such as economy, politic, historical event, relation with other countries, tradition, industrialization level and the advance of technology. According to Graby (1993) in Zeugner et al. (2008) country of origin image is an assessment towards the country of origin in physical environment (geography, natural resources, demography), culture (history, culture), personal (name, flag, celebrity), relational (with the government, international organization) and a controlled element (the establishment of the awareness of country of origin image). According to Alfred et al. (1999) in Zeugner et al. (2008) country of origin image where the product originated from, where the image or the perception of a country of origin is based on the economic condition of the country, political structure, culture, conflicts with another country, condition of the labor, and the current issues of environment. Moreover Verlegh and Steenkamp (1999) in Pappu et al. (2006) declared that country of origin image is a number of mental representation of people, product, culture and national symbol of a certain country. According to Jenés (2005) country of origin image is formed based on the experience and opinion about a nation and or a country, especially based on the information obtained through many sources such as politic (internal affairs and foreign policy), telecommunication, entertainment (film) and rumour. Jenés (2005) also stated that country of origin image consists of many elements: national symbols, colors, costumes, typical building, things, songs, pieces of literature, specialization of political system, vogue, historical heritages, and many more.

Specific Country of Origin Image, is country of origin image defined in a micro context, as well as stated by some researchers. Pecotich and Rosenthal (2001) stated that country of origin image is a judgement towards a country as a place where the brand was firstly introduced and where the main company located, where the judgement is based on the capability of this country to produce a certain category of product. The measurement of the country image in this more specific context has been done by some researchers. Yassin (2007) stated that the measurement of country of origin image consists of measurement towards the country's capability in doing a more innovative company, producing the high technology product, good design, creative labors, and country's capability to produce a prestige value product. While Pappu et al (2007) stated country of origin image consists of the country's capability as the producer of innovative product, pride, technical advance, famous brand name, reliable, high status, dependable, and up-market.

Second approach, Product Country Image is a perception towards the quality of product from a certain country. This approach portrayed the image of the country of origin as an element formed by the totality of product and brand from a certain country. This definition is focusing on the general perception of product's quality from a certain country. In this point of view, some of the factors that affect the shaping of country of origin image by consumer has been pointed out from the product's attribute in general. The concept of product country image is stated by some researchers. According to Bilkey and Nes (1982), Han (1989), Parameswaran and Yaprak (1987) stated that the country of origin image is the overall perception of consumer about the quality of product made in a certain country. Moreover, Roth and Romeo (1992) stated that country of origin image is the overall perception of consumer about the quality of product from a certain country based on the strength and the weakness in marketing. Image role in the country of origin in the shaping of consumer's behaviour was stated by Han (1989), where according to him, the image role of this country of origin can be explained in two models, which are halo model and summary construct model.

- (i) Halo model. When the consumers feel unfamiliar with the product, country image plays the role as a halo effect. Consumers make a conclusion that country of origin image as an attribute of product which indirectly affects attitude toward brand through belief.
- (ii) Summary Construct Model. When the consumers feel familiar with the product from a certain country, country image plays the role as a construction that covers all of the consumers believe about the product and directly affects their attitude.

Moreover, Hsieh et al. (2004) stated that basically country image in the perspective of Product Country Image can be defined in two stages, which are aggregate product country image and specific product country image. Aggregate product country image refers to the term product country image in general, so it's called **general product country image**. It's the overall cognitive feeling that is associated with the product of a certain country or impression towards the overall product quality which originated from a certain country. For example, the consumer's general perception towards Japanese's product have high technology, China's product have a cheap price, and German's product have a high durability. **Specific Product Country Image** is the overall of cognitive feeling that is associated with the product specification from a certain country. For example the general point of view of consumer which appreciate the cosmetics made in France, dairy product from Netherland, electronic product from Japan.

2.2. Brand Association

Brand association is everything related in the memory of consumers about a brand (Aaker, 1991:109). Brand

associations are the other informational nodes linked to the brand node in memory and contain the meaning of the brand for the consumers (Keller, 1993). Moreover Keller (1993) stated that there are connection between the brand association and the brand image, that the brand image is perceptions about a brand as reflected by the brand associations hold in consumer memory. Brand association according to Aaker (1996) is an intangible quality that is connected by the consumers with a certain brand like innovation, unique, dynamic and prestige. The combination of the tangible attribute and the intangible attribute later on will create an identity brand which plays the role as a set of unique brand association. In accordance with Aaker's (1996), Chen (2001) stated that the brand association can be seen in every form and it reflects the feature of product or independent aspect of the product itself.

Assessment towards the brand itself is based on the association and how they are different compared to the competitors. An association can affect the whole process and the recall of the information, give a differentiation point, give a reason to buy, create a positive behaviour and feeling. Established brand association can affect the purchase behavior and affect the consumer's satisfaction. Aaker (1991:115) stated eleven types of brand association, those are brands associated as product attributes, intangibles, customer benefits, relative price, use / application, user / customer celebrity / person, life-style / personality, product class, competitors, and country / geography. The measurement of brand association is built upon three perspectives (Aaker, 1996) such as : brand as product / value, the brand as person, and the brand as organization. While according to Keller (1993) brand association can be divided into three, such as : attributes, usage, and behavior

2.3. Perceived Quality

Aaker (1991) dan Zeithaml (1988) stated that perceived quality is not the real quality of product, but perception of customer towards the overall quality or the excellence of product or service. Thus perceived quality becomes the assessment of customer towards the overall excellence and product superiority or service, which is different from the real quality of objectivity. This means that perceived quality is a subjective assessment of consumer towards a certain product. The difference between the objective quality and perceived quality that the objective quality is based on the standard of the original design of product, while the perceived quality is based on internal and external product attribut which has been the basic of consumer's assessment (Zeithaml, 1988). Perceived quality is the assessment of consumer towards the accumulation of product usage and the subjective feeling towards the quality of product. Aaker (1991) stated that the perceived quality can show the important differentiation of a certain product or service and become a choice of brand within the consumer's mind.

The measurement of perceived quality according to David A. Garvin (1984) in Aaker (1991:133) covers all performance, future, congruence in specification, reliability, durability, services, fit and finish. Performance is the main operational benefit of a product; future is product's characteristic which is an additional feature offered in a certain product; compatibility with the specification is the compatibility of specification in a product that is delivered through its labelling in a realistic usage; reliability is a consistency of quality in a product; durability is endurance of a product; service is the availability of service system that is efficient, competent, and pleasant; while output is the overall quality of product. For service category, Parasuraman et al. (1985) in Aaker (1991) stated that consumer's perception towards the service quality covers five dimensions of service quality, such as tangible, empathy, reliability, responsiveness and assurance.

2.4. Brand Loyalty

Brand loyalty often becomes the essence of brand's equity, which also the main source in the realization of brand's equity (Aaker, 1991:41). A customer can switch to another brand, especially when there is a more profitable changes in that brand, whether in price and also product's feature. Assael (1998) defined the brand loyalty as customer's satisfaction towards the experience of using the brand, which later on formed the behavior of repurchasing. According to Oliver (1999) the brand loyalty is a brand preference, which means the consumer will not consider other brands when they are buying a certain product. Thus the brand loyalty shows the commitment of re-purchasing in the future purchasing, this will also indicate that consumer will not change their loyalty towards brand in another situation. Brand loyalty from the attitude perspective is a tendency to loyal to a certain brand as it is shown by the intention to buy it as the main choice.

The measurement of brand loyalty has stated by some researches. Aaker (1996) measure the brand loyalty through readiness consumer repurchase a certain brand although there price is increasing, would still repurchase it on another chance and would recommend it to other people. Brand loyalty can also measured in two dimensions which are affective loyalty and action loyalty (Oliver, 1999). Affective loyalty is a preference towards a certain product as the accumulation of satisfaction in the past. Affective loyalty shows the intention to repurchase, but it does not mean that consumer will do the purchasing action. Action loyalty shows that consumer have not only a preference towards a certain brand but also do the repurchasing. Yoo and Donthu (2000, 2001), brand loyalty is shown in how far the consumer feeling loyal to a certain brand, the brand is the first choice and will not buy another brand as long as the brand is available at the store. Furthermore, Tong and

Hawley (2010) stated that the brand loyalty is shown in the behavior of a loyal consumer, make this brand as their first choice, would still buy it as long as it is giving them the satisfactory they need, willing to buy it although the price is a little bit more expensive compared to the competitor's brand, and would like to recommend it to other people.

3. Hypothesis

Perception of country of origin image as a country has the ability to create delicious food and drink product, better packaging, an expert in the food and drink packaging, will encourage the forming of positive association in the consumer's memory, for example in associating that the food and drink product from this certain country is trustworthy and superior. This consumer's positive association later on affect the consumers' superior judgement towards the eminence quality of this cracker food, for example about the delicious taste, safe to consume, good packaging. The more brand association evaluated as positive and enjoyable, the more it will show the unique of the food cracker, and it will shown the excellent of this product more than any other product and the superior assessment of the quality, which later on will affect a higher loyalty level for them to always consume the processed food cracker. In this case, the brand association and quality assessment are the strong predictor for loyalty.

Based on the description, research hypothesis is defined as the following :

- H1 : Country of origin image has significantly influence on brand association
- H2 : Country of origin image has significantly influence on perceived quality
- H3 : Brand association has significantly influence on perceived quality
- H4 : Brand association has significantly influence on brand loyalty
- H5 : Perceived quality has significantly influence on brand loyalty

4. Research Method

4.1. Population and Samples

Population in this research are the consumer of import cracker biscuit from Malaysia who live in Pontianak, Kalimantan Barat. Sampling technique is non probability sampling which is the Judgement sampling. The amount of samples are 200 respondents. Respondent criteria is the consumer of the import cracker biscuit from Malaysia who take part in the decision making of purchase and know the origin of country where the cracker biscuit comes from. Observation on famous cracker's brands from Malaysia, that is Lexus, Deluxe, Hupseng, Hwa Thai, Shoon Fat, Munchy's and Pimpong.

4.2. Variable And Measurement

In order to obtain a complete and accurate data, the definition of operational variable is made as a basic to make valid and reliable questions. Operational variable definition is stated as the following :

- Country of origin Image (X1). Country of origin Image in this research refers to Kotler et al. (1993), Pappu et al. (2007) and Yassin et al. (2007) which stated that the consumer's judgement in general towards Malaysia as the origin country of the cracker's brand based on the information obtained from various sources, which is reflected from their knowledge about Malaysia as the producer of superior product, eminent technology and the origin country of famous brand. Measurement of country of origin Image as a variable in this research refer to the research of Pappu et al (2007) and Yassin et al (2007), which are dependable product performance, recognizable brand name, and technological advance.
- Brand association. Brand association (X2) in this research refers to Aaker (1991, 1996), Keller (1993, 1998), which is the perception of consumer towards every aspect related to the memory of consumer about the brand. The measurement of brand association in this research are intangible attributes, usage, and competitors Aaker (1991).
- Perceived quality. Perceived quality (X3) in this research refers to David A. Garvin (1984) and Aaker (1991), which is the perception of consumer towards the overall quality and superiority of product from the brand consumed. The measurement of perceived quality in this research is done through three indicators which are performance, durability, and feature (Garvin, 1984; Pappu et al. 2006, Pappu et al. 2007).
- Brand loyalty. Brand loyalty in this research refers to Aaker (1991) and Mowen and Minor (2001), is the tendency of customer to loyal and has positive attitude towards the brand, has a commitment and intention to repurchase in the future. The measurement of brand loyalty in this reaserch is done through four indicators which are first option, word of mouth positive, recommendation, and price premium (Tong and Hawley, 2010; Pappu et al.2007).

4.3. Research Procedure And Data Collecting

First, doing a former research to test the research instrument. In this stage, the questioner is done to 30 respondents of cracker biscuit consumers. Result of validity and reliability test can be seen on chart 1 and chart 2.

Based on the validity test result done in this research shown that all questioner items can be said as valid, thus can be used as an instrument in measuring the variable in this research.

Table 1. Instrument Validity Test

| Variable | Indicator | Correlation (R) | Sig. | Note |
|------------------------------|-----------|-----------------|-------|-------|
| Country Of Origin Image (X1) | Cooi 1 | 0.916 | 0.000 | Valid |
| | Cooi 2 | 0.899 | 0.000 | Valid |
| | Cooi 3 | 0.830 | 0.000 | Valid |
| Brand Association (X2) | B_Ass 1 | 0.709 | 0.000 | Valid |
| | B_Ass 2 | 0.778 | 0.000 | Valid |
| | B_Ass 3 | 0.912 | 0.000 | Valid |
| Perceived quality (X3) | P_Qual 1 | 0.735 | 0.000 | Valid |
| | P_Qual 2 | 0.822 | 0.000 | Valid |
| | P_Qual 3 | 0.820 | 0.000 | Valid |
| Brand Loyalty (Y) | B_Loy 1 | 0.768 | 0.000 | Valid |
| | B_Loy 2 | 0.804 | 0.000 | Valid |
| | B_Loy 3 | 0.830 | 0.000 | Valid |
| | B_Loy 4 | 0.682 | 0.000 | Valid |

Based on the result of the reliability test done towards all items in this research shown that all questioner items can be said as reliable, thus can be used as an instrument in measuring the variable fixed in this research.

Table 2. Instrument Reliability Test

| Variable | Cronbach's Alpha | Note |
|------------------------------|------------------|----------|
| Country Of Origin Image (X1) | 0.848 | Reliable |
| Brand Association (X2) | 0.717 | Reliable |
| Perceived Quality (X3) | 0.680 | Reliable |
| Brand Loyalty(Y) | 0.775 | Reliable |

Second, do the former research to see whether there is a different response towards the brands of import cracker made by Malaysia. This is done to define the object of research, whether there is any certain brand or to all brand of Malaysia's cracker marketed in Pontianak. This matter is very important to do because so that the findings of this research can give a more accurate explanation. Questioner is given to 30 respondents for every brand, where the amount of overall respondents in the previous research was 210 respondents. There are seven brands observed which are Lexus, Deluxe, Munchys, Hup Seng, Shoon Fat, Pimpong and Hwa Tai. The test of difference is done by using the kruskal wallis test. The result shown that there are brand association difference, perceived quality and loyalty of brand among these 7 brands observed. The result of Kruskal Wallis test is shown below :

Table 3. Kruskal Wallis Test

| | B_ASS | P_QUAL | B_LOYAL | B_EQUITY |
|-------------|--------|--------|---------|----------|
| Chi-Square | 31.852 | 58.701 | 53.436 | 63.504 |
| df | 6 | 6 | 6 | 6 |
| Asymp. Sig. | .000 | .000 | .000 | .000 |

The result of Kruskal Wallis test found that the probability value $< 0,05$ so H_0 is rejected, H_a is accepted, this means that there are significant differences among seven brands observed. Thus the brand association, perceived quality and brand loyalty among the seven brands observed are different. Based on the findings of this research, two brands are chosen to later on observed in this research. These brands are Hupseng and Shoonfat, with the consideration as favorable brands based on the source of information on nine supermarkets in Pontianak. The other consideration, there is similarity characteristic between Hupseng and Shoonfat in brand association, perceived quality and brand loyalty. The data collecting was done by meeting the respondents in nine stores in Pontianak that sell Hupseng and Shoonfat brand crackers.

Third, processing and data analysis technique by using the Structural Equation Modelling (SEM) with the AMOS program 20.0

5. Result

5.1. Construct Confirmatory Test

Based on chart 4, it is known that over all of the construct indicator of country of origin image, brand association, perceived quality, and brand loyalty, all of them have the significant estimated parameter value, with the loading value more than 0,6. Thus, those indicators stated as valid as the construct measurement of country of origin image, brand association, perceived quality and brand loyalty.

Table 4. Confirmatory Construct Test

| No | Variable | Indikator | Loading Factor |
|----|-------------------------|--------------------------------|----------------|
| 1. | Country of origin image | Dependable Product Performance | 0,751 |
| | | Recognizable Brand Name | 0,655 |
| | | Technological Advance | 0,723 |
| 2. | Brand association | Intangible | 0,706 |
| | | Benefit | 0,623 |
| | | Competitor | 0,704 |
| 3. | Perceived quality | Performace | 0,664 |
| | | Durability | 0,604 |
| | | Feature | 0,784 |
| 4. | Brand Loyalty | First Choice | 0,796 |
| | | <i>Word Of Mouth Positif</i> | 0,756 |
| | | Recommendation | 0,789 |
| | | Premium price | 0,805 |

5.2. Goodness of fit index

Goodness of fit index used to measure the compatibility observation input with the prediction proposed model. Goodness of fit index CFA model in this research is summarized in Table 5 below :

Table 5. Goodness of fit Indeks

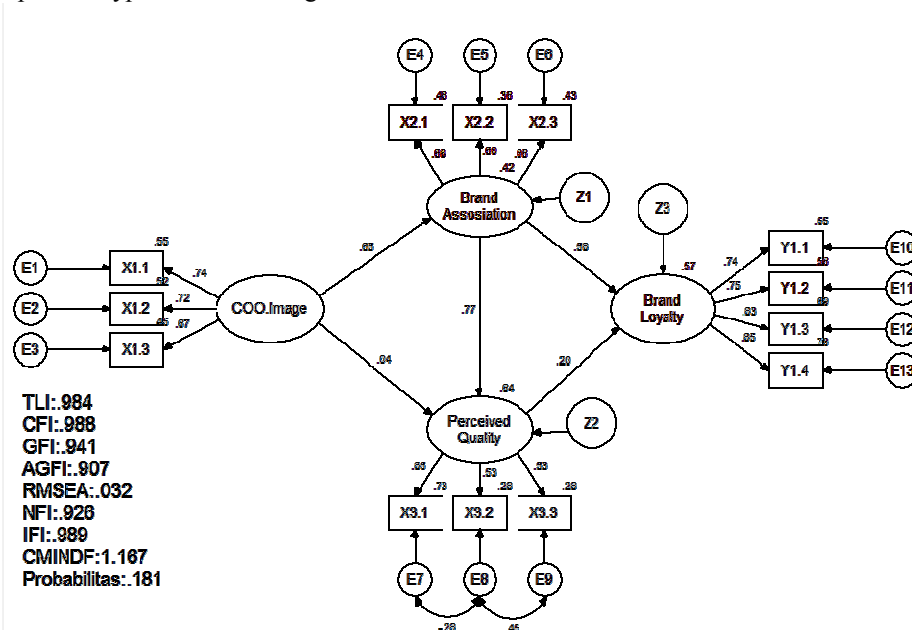
| Goodness of fit Indeks | Criteria | Fit Indeks | Note |
|------------------------|----------|------------|------------|
| GFI | >0.9 | 0,937 | <i>Fit</i> |
| CFI | >0.9 | 0,962 | <i>Fit</i> |
| IFI | >0.9 | 0,913 | <i>Fit</i> |
| TLI | >0.9 | 0,974 | <i>Fit</i> |
| AGFI | >0,90 | 0,912 | <i>Fit</i> |
| RMSEA | ≤0,08 | 0,074 | <i>Fit</i> |
| CMINDF | <2 | 1,1475 | <i>Fit</i> |
| PROBABILITAS | ≥0,05 | 0,1101 | <i>Fit</i> |

Based on chart 5, fits index value as the result of the research all of it are under the standard fit index value. Thus can be summarized that variables used as the construct latent (country of origin image, brand association, perceived quality, and brand loyalty) is feasible enough to be constructed as research variable, because goodness of fit index value obtained is good enough. In other words, model proposed is suitable with the theory used.

5.3. Structural Equation Modelling (SEM) Analysis

After going through testing of confirmatory factor, validity and construct reliability, it can be summarized that the research data can be used to defined the latent construct in this study. It means, these result have indicated that analysis can be continued to all full model. The next analysis is the structural equation modelling analysis by the full model which meant to test the model and hypothesis developed in this study. Path diagram used in this structural model in this research is as following :

Figur 2. Output Of Hypothetical Testing



Based on the goodness of fit index after the modification model has been done, it is known that all of the criterias SEM model accuracy has been fulfilled. This shows that the modification model done is good and capable in confirming the hypothesis theory.

5.4. Hypothesis Test and Discussion

In order to test the research hypothesis and investigate the influence between variable in this research, analysis test of structural model is done to test it. Data processing in this research is done based on the questioner data obtained, and then processed by using AMOS 20.0 for Windows. The result of AMOS 20.0 software is as the following :

Table 6. Coefficiency Parameter Of Structural Equation

| Correlation Between Variable | Regression Weights | | | | | Standardized Regression Weights |
|--|--------------------|-------|-------|-------|----------|---------------------------------|
| | Estimate | S.E. | C.R. | P | Ket. | Estimate |
| <i>Brand Assosiation</i> <--- <i>COO.Image</i> | 0.617 | 0.12 | 5.146 | 0.000 | Sign | 0.646 |
| <i>Perceived Quality</i> <--- <i>Brand Assosiation</i> | 0.549 | 0.14 | 3.912 | 0.000 | Sign | 0.77 |
| <i>Perceived Quality</i> <--- <i>COO.Image</i> | 0.088 | 0.118 | 0.747 | 0.455 | Not Sign | 0.041 |
| <i>Brand Loyalty</i> <--- <i>Perceived Quality</i> | 0.443 | 0.321 | 1.379 | 0.168 | Not Sign | 0.2 |
| <i>Brand Loyalty</i> <--- <i>Brand Assosiation</i> | 0.773 | 0.265 | 2.921 | 0.003 | Sign | 0.584 |

Based on AMOS 20.0 on chart 6, regression weights show the influence between variable latent exogen (independent variable) toward the variable latent endogen (variable dependent). Testing result towards the hypothesis 1 proved that this hypothesis is accepted with the coefficience path value 0.646, t-statistik 5,165 (>1,96) and p-value 0,000 (<0,05), this means the country of origin image is significantly affects the brand association. The assessment that Malaysia has a strong ability and trustworthy in producing this product, later on also capable of gaining trust from the respondents towards these Hupseng and Shoonfat product. The judgement of Malaysia's image is in the mind of the respondents, and then will relate it to the Hupseng and Shoonfat cracker brands, cracker biscuits from Malaysia which has been spreading in Pontianak for some times. High assessment towards the image of the country of origin Malaysia encourage the respondents to give a high assessment to Hupseng and Shoonfat brands. This can assure respondents that Hupseng and Shoonfat brands are eminent in cracker category because they are assessed capable of giving a good advantage as well as the good price. There is a conformity between country of origin image Malaysia with the brand association of Hupseng and Shoonfat from this country.

The result of hypothesis 2 proved that this hypothesis is rejected, with the coefficien value 0,773 > 0,05, which means country of origin image is not significantly affect the perceived quality. A high judgement

towards Malaysia as a country that produced many food and drink products and also trusted as a country that is also developing in product processing technology, is not directly affect the respondents assessment towards the perceived quality of Hupseng and Shoonfat brands cracker. The explanation of this study is that first, the product observed in this research is the cracker product, which is the low involvement product. Consumer's consumption behavior in low involvement product characterized as routine purchase, frequent usage experience, low purchase risk, and easy to evaluate, as well as stated by Assael (2001;149). This condition gives the consumers better knowledge and experience towards the product. It makes the consumers feel easy to make an assessment towards the product quality related to the extrinsic product. Second, in this research, respondents have judged that the information about Hupseng and Shoonfat crackers is complete, as well as their response that the information about this crackers is complete, whether it is about the expiration date, and also ingredients compositions. Third, brands cracker observed in this research is a familiar brand, while the impact of country origin of image will affect more on the assessment of the product quality towards the unfamiliar brand. Fourth, respondents of this research is doing a perceived quality assessment based on the rational reason. Judgement toward the quality of cracker brands is tend to be more objective based on the experience of product consumption, not just based on country origin of image where the product comes from.

Test result of hypothesis 3 shown that this hypothesis is accepted, with the coefficient path value 0,77, t-statistik 3,877 ($>1,96$) and p-value $0,000 < 0,05$, it means the brand associations affects significantly towards the perceived quality. Respondent's association towards Hupseng and Shoonfat brands give the differentiation point for these brands compared to other brands. This condition creates a positive attitude and feeling towards the Hupseng and Shoonfat brands, and it affects the perceived quality judgement of respondents in variation of delicious flavor, safe to consume, a good packaging that can protect the content, a clear information of ingredients, and expired date. The findings of this research is in accordance with Keller (1993) that the brand association evaluated strictly and delightly will be the uniqueness for the brand and implies a better excellence compared to other brands.

The test result of hypothesis 4 proved this hypothesis is accepted, with the coefficient path value of 0,584, t-statistic 2,734 ($>1,96$) and p-value 0,006 ($<0,005$), which means the brand association affects significantly towards the brand loyalty. Information about Hupseng and Shoonfat brands accepted by respondents and saved in the knowledge, is also affecting the preference of respondents towards the Hupseng and Shoonfat brands. This happens because of the respondents' association towards these brands can give a difference point, uniqueness, and identity excellence compared to other brands. Brand association constantly pushing the respondents to stay loyal and have a positive attitude towards brands. This findings is in accordance with the statement by Aaker (1991) that the brand associations can be the stepping stone in purchasing decision and brand loyalty. The findings proves the theory of attitude element by Schiffman and Kanuk (2007) who stated that the attitude element is not supposed to relate linearly in cognitive-affective-conative process, but also can make a not related and non linear order. Brand association, a cognitive response of respondents which related to the knowledge and information of someone about brand, has caused a conative response which is a loyalty towards brand, which is a real action that can be directly observed.

The test result towards hypothesis 5 proves that this hypothesis is rejected, with the coefficient path value 0,2, t statistic, 1,024 ($<1,96$) and p-value 0,306 ($>0,05$), that means the perceived quality does not affect significantly towards the brand loyalty. The findings of this research shows that first, the purchasing behavior of respondents towards the crackers product in this research is a purchasing behavior that is looking for a variation. This condition gives an illustration that respondents most of the times change to other brands not because they are unsatisfied towards the perceived quality of brands, but because they are just looking for variation in flavor. Second, perceived quality of brands craker brand which is highly judged by the respondents is not different towards the perceived quality of respondents towards other cracker brands that they normally consume. Third, in generally respondent's characteristic have low-middle income level. Level income can affect the behavior sensitivity towards price. In this group, assessment towards the high perceived quality is not going to guarantee them to making a purchase in the future, especially if the price would go up in the future.

6. Conclusion

The findings of this research showed that not all element of brand equity in global market observed in this research is directly affected by country of origin image. Country of origin image has a significant influence directly on brand association, but it has not directly significant influence on perceived quality, furthermore brand association has a significantly influence on perceived quality, and brand association has a significant influence directly on brand loyalty, while perceived quality has not significantly influence on brand loyalty.

The result of this research shows that country of origin image plays an important role to affect the perceived quality indirectly, but through the brand association. Country of origin image has indirectly influence on brand loyalty through brand association. Thus brand association strongly play a role as the intervening variable. This also shows that the higher country of origin image, the higher brand association comes from this

country, and the higher brand association affects in the increase of perceived quality. Thus, the higher country of origin image, the higher brand association comes from this country, which later affects the increase of brand loyalty.

The role of mediation variable “brand association” on the influence country of origin image to perceived quality and on the influence country of origin image to the brand loyalty in this finding, shows that the attitude forming happens through the linear process and non linear process. Stages of linear process started from the cognitive (country of origin image affects the brand association), pushing the affective (perceived quality). Stage of non linear process started from the cognitive (country of origin image affects brand association), pushing behavior (brand loyalty). The result of this research also produced support to the theory of purchase decision, where the judgement of country of origin image (search of information) affects the respondent’s judgement towards brand association (alternative evaluation), which later on affects in the judgement of perceived quality (alternative evaluation). The assessment of country of origin image (search of information) affects the judgement of the respondents towards the brand association (alternative evaluation), which at last pushing the loyalty of respondents towards the brand (purchase decision and the post-purchase behavior).

7. Future Research

Further research will be able to develop a research related to the factors that can affect country of origin image towards the judgement of overall brand equity, brand association, perceived quality and brand loyalty in different condition of the brand, characteristic of country of origin, and various purchase behavior.

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