

Relationship between Country of Origin, Brand Association, Brand Awareness, Brand Loyalty and Perceived Quality

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Abstract: The main purpose of this study is to investigate brand's country of origin on the consumer based-brand equity. Dimensions of consumer based-brand equity are brand awareness, brand association, perceived quality and brand loyalty. A conceptual framework has been designed based on Aaker's well-known framework. In this research, four international branded apparels; H&M, Forever21, Zara and Topshop had been choose. The experiment was carried by distributing 200 questionnaires among UKM students and all hypotheses have been tested using SPSS. Results indicate that brand country of origin has a direct and significant effect on perceived quality, brand loyalty, brand association and brand awareness. Therefore, this study suggested that marketers should carefully consider the brand's country of origin effects on brand equity dimensions when they designing their brand strategies.

Key words: Country of Origin, Consumer Based-Brand equity, Consumer Behavior

1.0 INTRODUCTION

A strong brand with positive brand equity has several advantages such as higher margins, brand extensions, opportunities and more powerful communication effectiveness and higher consumer preferences and purchase intentions [1-3]. Measuring brand equity is important due to its strategic value guiding marketing strategy, aiding tactical decisions and providing a basis for accessing brand extendibility [4]. Country of origin is another important variable influencing consumer perceptions of brands and brands image. Thakor and Katsanis [5] defined country of origin as "the country in which the product is made". Aaker [6] and Keller [1] both argued that country of origin could affect a brand's equity by generating secondary associations for the brand.

The purpose of this study is to investigate brand's country of origin on the consumer based-brand equity. It is important for marketer which are trying to introduce their brands to other countries, to understand the relationship between their new customers' country images and consumer-based brand equity. The

researcher can conclude that brand awareness, brand association, brand loyalty and perceived quality has significant positive direct effect on country of origin.

In this study, the researcher choose four international branded apparels; H&M, Forever21, Zara and Topshop. The study focused on the corporate brand, which is the name of the company. The experiment was carried by distributing 200 questionnaires among UKM students. In the following part, the researcher build the theoretical framework and state all the hypotheses. Next, the researcher discuss the methodology of sample, measures and data analysis. Then the researcher conduct the construct reliability and validity of the overall scale. The last is, the researcher discuss the implication in both theoretical and practical way.

2.0 LITERATURE REVIEW

COUNTRY OF ORIGIN

Country of origin is considered as one of the main factors that influence customers purchase decision. Customer opinion on country of origin includes its national characteristics, economic and political

background, history, traditions, and representative products, combine to create an overall image or stereotype that is then attached to the products of that country. Therefore, the 'made in label' plays an important role in influencing customers purchase decision and for the products to compete with competitors.

Country of origin is defined as is the country of manufacture, production, or growth where product comes from. Thakor and Kohli [7] defines brand origin as "the place, region or country to which the brand is perceived to belong by its customers". Schooler [8] is the first one to highlight the importance of country of origin as a cue in customer choice behavior over the past decade, there has been an effort to better explicate the country of origin cue by focusing on the larger, more comprehensive construct of 'country' image. "Country image is the overall perception consumers form of products from a particular country, based on their perception of country's production and marketing strengths and weaknesses" [9]. However, based on Han and Terstra [10], Parameswaran and Yaprak [11] country image is defined as consumer's general perception about the quality of products made in particular country. Therefore as what Hanzae and Khosrozadeh [12] said in their study, the country-of-origin image does play a very important role when a consumer makes a purchase decision.

CONSUMER-BASED BRAND EQUITY

Brand equity can be defined as "a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers". Keller [1] defined brand equity as "the differential effect of brand knowledge on consumer response to the marketing of the brand". Brand equity is referred as consumer based brand equity and is defined as "the value consumers associations with a brand, as reflected in the dimensions of brand awareness, brand associations, perceived quality and brand loyalty" [6]. Aaker [6] conceptualized brand equity as an asset and found of brand awareness, brand associations, perceived quality and brand loyalty as four main categories.

Brand Awareness / Brand Association

Based on Aaker [6], brand awareness is defined as "the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category. A link

between product class and brand is involved". Definition of brand association is "anything linked to the memory of a brand" [6]. Brand awareness can be defined as critical dimension of brand equity when customers choose brand for the first time. Aaker [6] defined brand awareness as "the ability of potential buyer to recognize or recall that a brand is a member of a certain product of category". The brand will have a higher chance of being selected if consumer can recognize or recall it [13].

Brand association consists of all brand related thoughts, feelings, perceptions, images, experience, beliefs, attitudes [14] and is anything linked in memory to a brand. Based on Aaker [6], brand association create value for the firm and its customers by helping to process/retrieve information, differentiate the brand create positive attitudes or feelings, provide a reason to buy, and provide a basic for extensions.

Perceived Quality

Perceived quality is defined as the "customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose relative to alternatives" in this study, as per Aaker [6]. According to Zeithaml [15] perceived quality is the customer's judgement about a product's overall excellence or superiority that is different from the objective quality.

Brand Loyalty

Aaker treated brand loyalty as a behavioral dimension, but according to Yoo and Donthu [16] it as an attitudinal dimension and define it as "the tendency to be loyal to a focal brand, which is demonstrated by the intention to buy the brand as a primary choice".

In this study country of origin are refers to the country where brand is perceived to belong and where the brands products are made by its target consumers. By examining the relationship between brand's country of origin and its consumer-based brand equity, marketer would be able to understand how to protect and enhancing the core essence of the brand with a better comprehension on two important issues, which are "quantification of a brand equity" and "identification of elements that could change consumer's behavior and cause changes in brand equity" [17].

According to Aaker [6], brand loyalty is the brand attachment that a customer has to a brand. Brand loyalty can define in two perspective; attitudinal and behavioral perspective. For attitudinal perspective it is defined as “the tendency to be loyal to a focal brand as demonstrated by the intention to buy it as a primary choice [18]. From behavioral perspective, brand loyalty can defined as degree to which a buying unit such as household concentrates its purchases over time on a particular brand within a product category [8]. Cognitive loyalty means the brand is the consumer’s first choice brand when need to make purchase decision.

Based on Chaudhuri & Holbrook [19], brand loyalty is directly related to premium price. Premium price is defined as the amount a customer will pay for the brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison.

The Relationship between Country of Origin and Brand Equity

The associative network memory [20] provides a good basis for explaining the relationships between country-of origin and consumer brand equity. The associative network memory is being used by Aaker [6] and Keller [1] in explaining consumer’s brand associations and the notion of brand equity.

Country of origin is similar to brand name. It is known to influence consumers’ perceptions and to lead consumers to cognitive elaboration [21]. According to Biel [17], an improved understanding of how country of origin information influences brand equity is also valuable to marketing practitioners, for whom “quantification of brand equity are two important issues. Based on Aaker [6] and Keller [1], country of origin is known to lead to associations in the minds of consumers. Researchers have argued that country of origin effects may be part of the brand equity of certain names [22]. For brand offered in international area, for example Japanese brands available to consumers in Malaysia, consumer-based equity should be influenced by the fact that the brand’s country of origin Japan. According to Kamins and Nagashima [23], consumer perceptions of Japanese brands have improved over the year. In addition, brand name like Sony and Adidas clearly signal their country of origin to consumers.

2.3 CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESIS

Based on the literature review, the researcher have examined four hypothesis. Figure 1 shows the conceptual model and here is the proposed hypotheses:

H₁: *Country of origin has a significant effect on perceived quality.*

H₂: *Country of origin has a significant effect on brand loyalty.*

H₃: *Country of origin has a significant effect on brand awareness.*

H₄: *Country of origin has a significant effect on brand association*

Brand loyalty, perceived quality, brand association and brand awareness are the four dimensions of brand equity was found in Asker’s conceptual model as below:

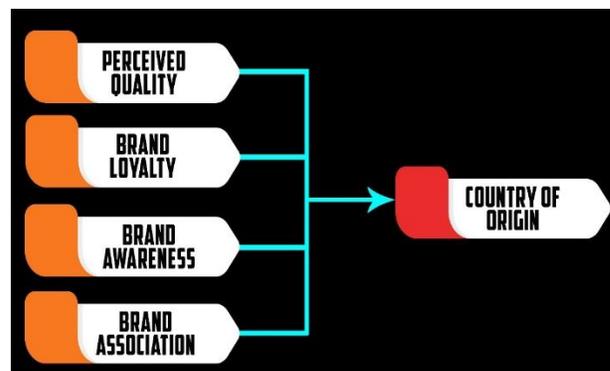


Figure 1: *Conceptual Framework*

3.0 METHODOLOGY

SAMPLE AND DATA COLLECTION

This research was designed to test the above hypotheses in branded clothing. Four main types of branded clothing is being researched; H&M, Forever 21, Zara and Topshop. Data was collected among UKM students. Total questionnaires are 200. 11 questionnaires were discard, resulting in 189 valid questionnaires. To choose the sample for this study, simple random sampling was employed.

MEASURES

This research is conduct by using questionnaire. The questionnaire consists of two sections; section A and section B. Section A is the demography factors while section B is the questions regarding country of origin

and consumer based-brand equity. All the items are measured using Likert scale (1= strongly disagree, 2= disagree, 3= neither agree or disagree, 4= agree and 5= strongly agree).

DATA ANALYSIS

Statistical Packages for Social Science (SPSS) version 23.0 is used in this research. All the data have been analysed by using this software.

4.0 RESULTS CHARACTERISTICS OF RESEARCH RESPONDENT

Total of received questionnaires are 189 out of 200. Table 1 shows majority respondent that answered this questionnaire is female which (94.7%) and male (6.3%). Most of respondent are Malay with (84.1%) followed with Chinese (9.5%) and India and Indonesia has the same percentage (1.6%). Majority choose H&M as their first brand that come in mind with (64.6%) and the second brand is Zara (18.5%). Most of them are willing to spend from RM1 to RM150 a month (77.8%) and (14.3%) willing to spend from RM151 to RM250. Most of the respondent are from 21 years old to 24 years old (59.3%) and followed by those in 17 years old to 20 years old (32.3%).

Table 1: Background Demography of Respondents (N=189)

Character of respondent	Sub-character profil	Total number	Percentage
Gender	Male	10	6.3
	Female	179	94.5
Race	Malay	169	84.1
	Chinese	18	9.5
	India	3	1.6
	Others	9	4.7
Brand	H&M	122	64.6
	Forever 21	25	13.2
	Zara	35	18.5
	Topshop	7	3.7
Amount Spending	RM1 – RM150	147	77.8
	RM151 – RM250	27	14.3
	RM251 and above	15	7.9
Age	17 years- 20 years	61	32.3
	21 years-24 years	112	59.3
	25 years- 28 years	12	6.3
	29 years- 32 years	4	2.1

RELIABILITY TEST

Table 2 shows that this questionnaire consists of 31 items with seven variables; country of origin (4 items), brand awareness (5 items), brand associations (5 items),

perceived quality (5 items), brand loyalty (5 items), brand equity (5 items) and brand defection (3 items). In this research, Cronbach’s Alpha was used to verify the internal consistency reliability. The reliabilities of different measures in the model range from 0.72 to 0.9 which exceed 0.7 as addressed in Table 2. This means all the items have a standard that can be accept and the reliability score is good.

Table 2: Reliability Result

Constructs	Coefficients
Country of origin	0.724
Brand Awareness	0.859
Brand Associations	0.832
Perceived Quality	0.836
Brand Loyalty	0.891

REGRESSION

Regression test have been used to test the hypotheses. Goodness of fit was measured and the results of rejection or acceptance of hypotheses are addressed in Table 3

Table 3: Variables, Hypotheses, t-value, R² and findings

DV	IV	Hypo thesis	t value	R ²	Findings
COO	Perceived Quality	H ₁	8.430	0.525	Supported
		H ₂	8.430		
COO	Brand Loyalty	H ₃	6.753	0.196	Supported
		H ₄	7.399		
COO	Brand Association	H ₄	7.399	0.226	Supported

As it is depicted in Table 3, country of origin has direct and positive influence on perceived quality, brand loyalty, brand awareness and brand association. These results supported H₁, H₂, H₃ and H₄.

As conclusion, for international branded apparels country of origin is effective on brand equity dimensions. In other words, country of origin significantly affected perceived quality, brand loyalty, brand awareness and brand association. These result were statistically significant and supported H₁, H₂, H₃ and H₄.

5.0 DISCUSSION AND CONCLUSION

This study deals with the possible effect of brands' country of origin on consumer based-brand equity. Dimensions of consumer based-brand equity are brand awareness, brand association, perceived quality and brand loyalty. This section will be discussed about the result.

The research proved that country of origin is significantly positive effect towards consumer based-brand equity. This finding confirms the predictions of previous researchers that country of origin impacts brand equity. Hypotheses H₁, H₂, H₃ and H₄ predicted the relationship between country of origin and four dimension of its consumer based-brand equity; brand awareness, brand association, perceived quality and brand loyalty. Each of these dimensions was expected to vary significantly by country of origin (brand association (beta = .476, t = 7.399, P= 0.00), brand awareness (beta = 0.443, t= 6.753, P=0.00), perceived quality (beta =0.525, t= 8.430, P= 0.00) and brand loyalty (beta = 0.522, t= 8.378, P=0.00). The empirical results confirmed this and provided further support for Aaker's [6] and Keller's [1] notion that country of origin associations are secondary associations to brand associations.

Among four dimensions of brand equity (brand awareness, brand association, perceived quality and brand loyalty) that have been tested in relationship with country of origin, perceived quality has the greatest effect. This implies that perception of customers toward brand's country of origin leads to high degree of customer perceived on quality. Consumers make their decision to purchase branded apparels based on country of origin. The image of country of origin is one of the most important and effective factors and is also considered as a sign of quality. Customers will think that a products produced in countries with high technology development, latest fashion trend, good history and lots of experiences have higher quality in comparison to others.

From the test also shows that country of origin effect on brand loyalty. Perception of buyers toward brand's country of origin leads customer to become loyal to the brand. Brands which originated from countries with good images are more popular than a brands originated from bad or less good images.

The result also proved that brand's country of origin was found to have a positive significant effect on brand association. Consumers have country-specific brand associations and country of origin is considered as able to generate brand image. Consumers with knowledge of brand's country of origin will associate the brands with positive/negative attitude towards the brand.

Finally, the other dimension was found influencing country of origin was brand awareness. Consumers are aware with country that have their own expertise in certain product categories. Consumers prefer to choose those brand comes from countries which have good image and expert within particular product category. Therefore, consumers will recall, recognize the brand and able to differentiate the brand in the same category by themselves.

Marketers and producers of branded apparels should concentrate on enhancing and promoting the image of their brand's original country. It is due to consumer more focus on brand's original country rather than the production countries or where it was assembled. Consumers keep favourable and positive thoughts towards brands which belong to good images countries. Therefore, the researcher conclude that brand's country of origin affect brand preferences. Customer think these brands are more reliable and have superior quality. Customers familiar to the brands and usually perceived as high quality products. Customers keep good and associate the brands with good thoughts and feeling. Finally, with good association of the brand, good perceptions of quality, customers are familiar with the brand could lead to customer's loyalty to the brands that originated from countries with good image. For example, Sony and Adidas originated from Japan as we known as a country with good image and high technology. Result of this research confirm the previous study by Huang and Danny [24], Yasin *et al.* [25], Pappu *et al.* [26], and Sanyal and Datta [27].

6.0 LIMITATIONS

This study is merely on the basic opinions provided by students of UKM. The results were derived from these area and should extend the results to other consumers. Coming research could employ more large sample population to get various responses that would make the topic more reliable and valid.

In this study, the researcher not include other potential mediated variable such as product involvement, co-branding, geographic area, celebrity endorsement and others that has been identified as a potential factors that influences the effect of brand country of origin on customer based brand equity. Moreover price also is one of the important aspects when consumers purchase an apparel. Cultural and personal cues could be used as mediating variables on impacts of brand country of origin on consumer based brand equity dimension.

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