COUNTRY OF ORIGIN PERCEPTIONS TOWARDS
BRAND POSITIONING AMONG MALAYSIAN
CONSUMERS IN AUTOMOTIVE INDUSTRY

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DEDICATION

It is my genuine gratefulness and warmest regards, I dedicate this research to:

My mother, Mrs. Rosnani Binti Che Ross.

A strong & gentle soul who taught me to trust in Allah, believe in hard work and that so much could be done with little.

My father, Mr. Roslan Bin Desa.

For earning an honest living for us and for encouraging me to believe in myself.

My beloved man, Muammar Nur Iman Bin Ibrahim,

My greatest encourager. You are truly a blessing from Allah.

My late best friend, Allahyarhamah Nur Izyan Bin Jamaludin.

Thank you for the friendship and memory during my first & second year of degree life.

DECLARATION OF APPROVAL

"I / We * hereby declare that I have read this thesis and in my / our * opinion this project is sufficient in term of scope and quality for the award Bachelor Degree of Technology Management (High Technology Marketing).

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DEDICATION OF ORIGINAL WORK

"I hereby declare that the work of this research is mine except for the quotations summaries that have been acknowledged"

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ABSTRACT

In the present modern times of great changes and requirements, a brand must adapt continuously to consumer preferences if they want to remain competitive. The brand positioning is an effective strategy when a company chooses to internationalize. It determines the place that a brand will occupy within the global market, therefore creating a different consumer's perception. In this study, by using country of origin perceptions it can assist brand positioning. A brand's country-of-origin can influence the brand's perceived positioning by reducing perceived risks, acting as a guarantee and enhancer for the positioning strategy. This research aims to find the importance of country of origin perceptions in building up brand positioning in the automotive industry. The methodology applied in this study is quantitative research where a survey was conducted with the distribution of questionnaire to the respondents. Hence, the result of findings can be analyzed and interpreted. The result showed that all the independent variables have significant relationship with the dependent variable. Hypothesis test were done by using the t test and the result indicated that all the hypothesis statements are supported since the result was significant. As the conclusion, the relationship between independent and dependent variables can be shown as $y=a+bx_1+cx_2+dx_3$ whereas y is dependent variable and x_1, x_2, and x_3 are independent variables. As conclusion, by knowing the influences of country of origin towards brand positioning, management know how improve their brand positioning of automotive industry by adding the elements of country of origin perceptions.

ABSTRAK

Dalam masa moden perubahan dan kehendak yang hebat, jenama mesti menyesuaikan diri secara berterusan untuk keutamaan pengguna jika mereka mahu kekal berdaya saing. Kedudukan jenama adalah strategi yang berkesan apabila syarikat memilih untuk mengantarabangsakan. Ia menentukan tempat yang jenama akan menduduki di dalam pasaran global, oleh itu mewujudkan persepsi pengguna yang berbeza. Dalam kajian ini, dengan menggunakan persepsi asal negara, ia dapat membantu kedudukan jenama. Negara asal dari jenama boleh mempengaruhi kedudukan yang dilihat oleh jenama dengan mengurangkan risiko yang dirasakan, bertindak sebagai jaminan dan penekanan untuk strategi kedudukan. Penyelidikan ini bertujuan untuk mencari kepentingan persepsi asal negara dalam membina kedudukan jenama dalam industri automotif. Metodologi yang digunakan dalam kajian ini adalah penyelidikan kuantitatif di mana satu kaji selidik dijalankan dengan pengagihan soal selidik kepada responden. Oleh itu, hasil penemuan dapat dianalisis dan ditafsirkan. Hasilnya menunjukkan bahawa semua pembolehubah bebas mempunyai hubungan yang signifikan dengan pembolehubah bergantung. Ujian hipotesis dilakukan dengan menggunakan ujian t dan hasilnya menunjukkan bahawa semua pernyataan hipotesis disokong sejak hasilnya adalah signifikan. Sebagai kesimpulan, hubungan antara pembolehubah bebas dan bergantung boleh ditunjukkan sebagai $y = a + bx1 + cx2 + dx3$ sedangkan y adalah pembolehubah yang bergantung dan x1, x2, dan x3 adalah pembolehubah bebas. Sebagai kesimpulan, dengan mengetahui pengaruh negara ke arah kedudukan jenama, pihak pengurusan tahu bagaimana meningkatkan kedudukan jenama mereka dalam industri automotif dengan menambah unsur persepsi asal negara.

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ABBREVIATIONS	DEFINITION
UTeM	Universiti Teknikal Malaysia Melaka
COO	Country of Origin
H0	Null Hypothesis
H1	Alternative Hypothesis
SPSS	Statistical Packages for Social Science

CHAPTER 1

INTRODUCTION

1.1   Background of Study

In current rapid development era, consumers are faced with a variety brands of products or services to choose. However, consumers tend to choose products or services that are already positioned in their mind from their past or shared experiences from their companions. This is called as brand positioning.

Brand positioning generally is defined generally as "the act of designing the company's offer and image so that it occupies a distinct and valued place in the target consumer's mind" (Keller et al. 2011). Thus, brand positioning without any doubt is one of the crucial processes which the aim is to make brand is perceived as distinct in relation to offer a superior value to a competitor. It is vital to have an effective brand positioning in order to successfully managing consumer perceptions in order to ensure the outcome be memorable, easily recognizable, and superior in quality as well as reliability. A strong, favorable, and unique brand associations may themselves be linked to other entity and creates secondary associations. Marketers with diverse privileges enhance them to facilitate the leveraging process more rapidly. These options are associated with companies, distribution channel, and countries. Therefore, consumers acknowledge the associated company so that they can translate into betterment for the brand.

The automotive industry is one of platforms for brand positioning widely applied as there are a variety types of companies and organizations involved in the design, development, manufacturing, marketing, and selling motor vehicle. Historically, the automotive market has been denominated by manufacturers based in developed countries.

Developed country manufacturers first served their local markets before sought foreign exports destination and direct investment in other nations including developed and third-world nations. However, most of published researches regarding the COO effects on automotive industry globally have been conducted using developed countries automotive markets. The outcomes of those studies have listed involved local markets into a ranking of the brands from countries all over the world according to their COO effectiveness. The studies have also shown that these countries' local brands are constantly perceived has positive COO effect; Italy, Germany, France, United States, Switzerland, and Japan. The Japanese cars brands are high ranked due to their practicality while European cars from Germany and France convey performance, prestige, and status on those who acquire them.

COO is one of the entities that create a secondary association. Consumer's perceptions of other countries play a vital role in the adoption of product and usage. The persons whom have global orientation tend to have a positive attitude towards purchasing global brands while those with the ethnocentric perceptions are more likely to reject the global brands. A consumer's decision to purchase unfamiliar foreign products from another country have an inclination to be affected by their perceptions of one's country as a whole. In such a way, a country that is well known for producing quality products will have an undeniable positive image in consumer's mind and marketers of the brand will strive to make COO as a benchmark. Thus, the COO is able to offer brands a vital competitive advantage. The ability of brand origin in providing a strong competion is a leverage in creating a persuasive brand image. A country with a positive image is will enhance brand positioning and contribute to one's brand sustainability in the market.

Therefore, the purpose of this chapter is to explain briefly about the research background which intends to deliver to the reader a comprehensive overview of the study. This will be followed by providing the statement of the research problem, research question and highlight the exact goals of this research. At the end of this chapter concludes with the significance, scope and limitation and brief key concept of this study (Yunus & Rashid, 2016).

1.2   Problem Statements

Nowadays, Malaysian consumers have multiple options in purchasing automotive products. However, consumer only purchase certain products based on their orientation and daily requirement despite of all brands. They use COO which is one of the extrinsic cues to evaluate the foreign brands (Kardes, Cronley et al., 2004); (Pappu et al., 2006). The behavior of consumers is proved by researches that have shown image of product's COO affects a consumer purchase-related decision. The image of a brand nationality serves as an indicator of product quality to customers; it serves as the tool for cognitive assessment of the product. Similarly, consumers may have an effective attraction towards a particular country which they simply form a favorable image of the particular country due to several factors such as interest on the local celebrities; a good relationship with people of the country or due to other reasons. The factors provoke the emotional side of the consumers that they tend to patronage products from the country which their sentiments are intact.

Under same research methodology in the context of automotive industry, the label "Made in Germany" is one that evokes perceptions of powerful, luxurious, and quality, for example, BMW, Volkswagen, and Audi. Meanwhile, Italy is known by a country that produced exotic design and powerful car that are Ferrari, Alfa Romeo, and Bugatti. The Japanese car is considered as the economic as well as low maintenance required like Toyota, Honda, and Mitsubishi. Undoubtedly, France is well known as the country that produced unique design cars such as Renault, Peugeot, and Citroen. On the other hand, South Korean and Malaysian brands such as Kia, Hyundai and Perodua, are leaders in being inferior quality but with the convenience of reasonable and economical prices.

Therefore, ordinary consumers whom did not understand the perceived perceptions of these cars can refer to COO perceptions as their benchmark before purchasing a car. Hence, COO perceptions can show that what expertise one's country are bringing. By knowing all of these COO perceptions, a perception can be sowed to consumers' mind that help them to make a right choice. The COO perceptions provide
awareness to the Malaysian consumers as well as create a good brand positioning. Most of the advertisers nowadays did not fully utilized the COO perceptions in their advertisement and could disable a good brand positioning of one's brand.

1.3   Research Questions

COO perceptions can be breakdown into several dimensions. This study considers only three dimensions that are innovation, performance, and environmental friendly. Thus, any further information would be neglected as long as it does not include in three prioritized dimensions. Therefore, research questions in this research can be set up as follows:

a)   What is the influence of innovation perception towards the brand positioning in the automotive industry?

b)   What is the influence of performance perception towards the brand positioning in the automotive industry?

c)   What is the influence of environmental friendly perception towards the brand positioning in the automotive industry?

d)   What is the most significant dimension of COO perceptions to promote automotive industry products?

1.4   Research Objectives

a)   To study the influence of innovation perception towards brand positioning in the automotive industry.

b) To study the influence of performance perception towards brand positioning in the automotive industry.

c) To study the influence of environmental friendly perception towards   brand positioning in the automotive industry.

d) To determine the most significant dimension of COO to promote automotive industry products.

1.5   Scope and Limitation and Key Assumption of Study

This research mainly focuses on the COO perceptions towards brand positioning in automotive industry among Malaysians. The researcher also intends to discover factors that are considered by Malaysian consumers in purchasing a passenger vehicle and it's operational module in creating brand positioning in the market.

The study of COO perceptions impacts towards brand positioning is done based on three dimensions of COO perceptions that are innovation, performance and environmental contributions in the context of the automotive industry.

Next, the proposed integration of those dimensions, a theoretical framework is presented together with the objectives of this research followed by hypothesis. Data collection for this research was carried out at Wilayah Persekutuan (W.P.) Kuala Lumpur, Melaka, and Johor. This study target is based on 384 respondents. Last but not least, the discussion of this research is carried out and followed by main conclusion and recommendation.

The research has limitation which is the COO perceptions to interpret the survey questions that will be distributed as consumers may have confusion in answering the survey questions. Besides that, the consumer also may have lack of knowledge about the COO perceptions due to the characteristics of COO perceptions that is limited and similarity in some topics. Hence, the consumer may have difficulty in identifying COO perceptions of a passenger car in the automotive industry. Furthermore, the researcher is given short duration of time to do this research with a plenty of tasks to be done. Other than that, the cost also became one of the limitations of this research as the researcher is a full-time student.

1.6   Significant of Study

The contribution of this study would become an interest for the aspect of academic for researcher herself and also organizations as well as for managers, which is involved in the business environment. Study on the COO perceptions towards brand positioning in the automotive industry are the core areas of research in which this study would be significant.

The result of the study will contribute to the academic environment especially for researchers who will carry out the research project. On the other side, the findings of this research may contribute a lot to the business environment especially for local advertisement producer who want to build up the brand positioning through marketing communication. The impact of COO perceptions in positioning the brands in the minds of consumers can enhance customer awareness about the product.   Therefore, this study would contribute to the future researcher for another observation to analyze the effectiveness COO perceptions. The contribution of this study should be valued to researcher and also organizations in any industry aiming to find the importance of COO perceptions in building up brand positioning in the automotive industry. To the business environment, the results of this research hopefully can help to understand how they improve their brand positioning by adding the elements of COO perceptions.

1.7   Chapter Summary

In this chapter, it has included the introduction of the study, the problem statement, research objective, research question and scope of the study. In the upcoming chapter 2, the literature review will be discussed.

CHAPTER 2

LITERATURE REVIEW

2.1   Introduction

A literature review is the assessment of a body of the research question. The aim of this section is to highlight outcomes of past researches relating to this study. The relevant literature will be reviewed under the following outline; Country of Origin (COO) and Country of Origin Perceptions. Thus, the influence of COO perceptions towards brand positioning is measured by innovation perceptions, performance perceptions, and environmental friendly perceptions. This section brings to light what can be done in order to understand about COO perceptions towards brand positioning in the automotive industry. Despite that, the dimension of study will be discussed in this chapter.

2.2   Country-of-Origin (COO)

There are various theories, explanations and interpretation related to the 'COO'. Certain of them are adopted in this research as references and representing the diversity of literature on the subject in order to gain accurate data, procedures and understanding on the topic. The differences mainly rose from the author's prospective, reference list and analysis level.

According to Elliot and Cameron (1994), country of origin (COO) means information related to the location of a product manufactured which introduce the "made in" idea. The COO is also referred to as the positive or opposites influence or combinations that manufacture location a product may have on consumers' decision or subsequent

behavior. In other words, country of origin represents the country that locate corporate headquarter for a company in marketing a product or brand.

Nagashima (1970) is one of the pioneer in studies of country image perceptions as early as in 1970, did an observation and data collection on Japanese and US business participants on products arising from the other country. He defined country image as figure, reputation, and stereotype that business entities and consumers have on a specific country. The image is created by variables such as products, national characteristics, history, traditions, economic and political backgrounds. Samiee (1987) referred COO effect as any influence, either positive or opposites on consumer's selection or behavior that the manufacturing nation may have. In short, COO can be understood as the manufacturer's location that have a magnitude of influence on product acceptance (Gurhan-cantli and Maheswaran 2000).

The image of a country is created in the minds of the consumers due to individuals' knowledges, experiences, exposures and inclinations towards that particular country. Beliefs of oneself has created a figure of the particular country which are descriptive, inferential and informational (Martin and Eroglu 1993). In consequence, the outcome figure will become personal reference list (Kleppe, Iversen and Stensaker 2002).

The effect of 'Made in certain country' label is already studied by business and management participants for more than four decades. Due to that, those whom involved had tested various theoretical and empirical studies on the subject and its effects. Researchers in past decades were more interested in the effects of the Country of Origin instead of factors that constitute it (Schooler 1965; Reierson 1967; Nagashima 1977; Baumgartner and Jolibert 1977).

However, the country of origin effects has often lead to unsuccessful combinations of product and country images caused by differing positions detained by each in consumers' decision and selection. Certain researches emphasize the multi-dimensional nature of country-of-origin effects (Chryssochoidis et al., 2007), explained by differences in country-related economic, socio-cultural, political and technological factors. Consumers tend to have a higher preference on developed countries' manufactured products and lowe preference towards products of underdeveloped countries. These perceptions may vary over time due to technological improvements, personal style of living or persuasive marketing technique and the uncertainty of market demands.

2.3   Country-of-Origin (COO) Perceptions

The view of a country's image that represents product brands from the marketing perspective is called as 'country brand' which is exhibiting the equity of the country from it's assets and the perceptions about the country positioned in consumers reference list (Jun and Choi 2007). Country of origin can be understood as stereotypical beliefs on products from a specific nation which is mostly as country of origin-based categories (Maheswaran 1994).

According to Ahmed et al. (2002), effects of COO on consumer decision as a purchasing cue for an indicator of quality, a symbolic and emotional connection to the consumer. The COO is also acts as a link of the products with consumer's social and personal norms. In the meantime, oneself would expect such COO impacts on influencing the retailers' pricing outcomes in respect to consumers' perceptions of superior quality based on COO (Agrawal, 2004).

Favorable COO figure product is commonly accepted by the users than those from less favorable figure nation. Past researches recorded COO as one of the factors that influenced consumers' buying attitudes most. Hence, this particular study mainly purposed to find the relative impacts of COO image on the equity of the respective brand.

In order to satisfy the objective of this study, three dimensions of COO perceptions have been identified to contribute major impacts on the study. The three main perceptions to be considered are innovation, performance, and environmental friendly in automotive industry.

2.3.1   Innovation Perception

The automotive industry has experienced moment of innovation since decades ago. Innovation in this era are much more complex and less harmful to environment with variety