THE EFFECT OF COUNTRY IMAGE, COMPANY IMAGE, BRAND IMAGE, MEDIATED BY BRAND ATTITUDE ON BUYING INTENTIONS OF WULING AND DFSK BRAND IN SURABAYA

**Reizano Amri Rasyid[1], Azmil Chusnaini[2],
Candraningrat Candraningrat[3], Mochammad Irfan Yusuf[4]**

Universitas Nahdlatul Ulama Surabaya[1,2], Universitas Dinamika[3]

[1] reizano21@unusa.ac.id,[2]azmilch@unusa.ac.id,
[3]candra@dinamika.ac.id, [4] irfanyusufhasyim@yahoo.com

Abstract

This study aims to examine and investigate the effects of the Chinese automotive product brand on the Indonesian market. Based on the literature relating to the image of the country and the influence of the country of origin, a research model was developed to evaluate the image of the country, the image of the company and the image of the brand. To test models and investigate the influence of country, company and brand image on brand attitudes and purchase intentions, investigate the influence of country, company and brand image on brand attitudes and purchase intentions. State image consists of four dimensions: political image, economic image, citizen image and image of state relations. This research is expected to provide information and theoretical evidence for research on China's image, especially regarding Wuling and DFSK brand products, and also provide empirical evidence to support the "go global" strategy of Chinese companies.

Keywords: Country Image, Corporate Image, Brand Attitude, Purchase Intention, China

Introduction

Various automotive brands from various countries try their luck by selling cars in Indonesia. However, Japanese brands still seem to dominate. The dominance of Japanese brands in the Indonesian automotive market is not without reason. Given, they have been in Indonesia for a long time. Japanese brands still dominate the car market in Indonesia because of the brand image that has been built for more than 40 years. In 2017, Indonesia sold 1,079,534 units of cars while a total of all Japanese brands posted sales of 1,060,236 units. More precisely, Japanese brands controlled 98.21% of the car market in Indonesia in 2017.

The biggest contributors to Japanese brands are Toyota (34%), Honda (17%), Daihatsu (17%), Suzuki (10%), and Mitsubishi (7%). Brands from other countries are contesting less than 2 percent of the Indonesian market. With the percentage division, namely Germany (0.5%), China (0.5%), United States (0.34%), South Korea (0.2%), and India (0.1%). However, based on the total units, an interesting phenomenon was obtained, where sales of Chinese car brands were below the sales of Japanese car brands, beating the number of unit sales of German, American, and even South Korean car brands, which were first in the automotive industry competition in the Indonesian market.

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[1] Affiliation | Email. (size 10, spacing 1)

[2] Affiliation | Email.

A decade ago, there were probably still many car consumers in Indonesia who doubted products made in China. Various reasons are the cause, ranging from the appearance that often resembles a Japanese car to the quality that is considered not competitive enough. However, the automotive industry is the most dynamic business sector. As time went on, things began to change. Slowly, cars made in China began to be loved by consumers in the country. Two brands that are considered successful and widely known by the Indonesian automotive consumer market are Wuling and also Dongfeng Sokon (DFSK), which entered in 2017. Both of these brands also have factories in Indonesia. DFSK has factories in Cikande, Serang (Banten) and Wuling whose factory is located in Cikarang, Bekasi.

Based on data released by the Association of Indonesian Automotive Industries (Gaikindo) during the January - May 2020 period, the two companies from the Bamboo Curtain country were included in the ten best-selling four-wheeled brands in the country. Wuling is in the sixth position after successfully distributing 22,343 vehicles to dealers and posting retail sales of 21,112 units. Meanwhile, DFSK is in 10th position with sales of 3,857 wholesales and 3,260 retail units. These figures are evidence of how fast the growth of Chinese brand trade in the Indonesian market is.

Table 1. Wuling and DFSK Car Sales Mobil

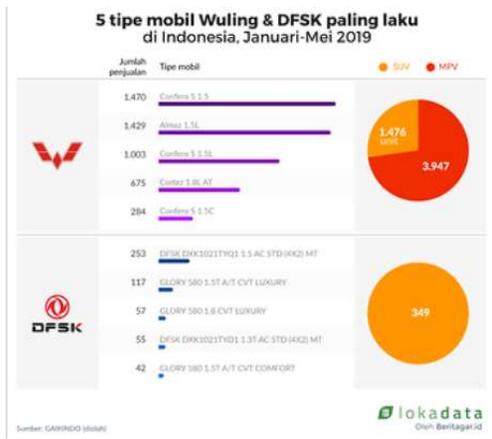| Car Brand	Year			
	2017	2018	2019	2020
Wuling	5.050	17.002	6.341	21.112
DFSK	75	1.222	1.266	7.117

Source: GAIKINDI and processed by researchers

Cars from China are not new. Before the two brands, some were already present. Among them are Chery, Geely, FAW and Foton brands. They are present in the commercial car segment. Unfortunately, the brand gave a less positive image to consumers at that time. As if to erase the gloomy period and negative stigma of automotive manufacturers from China in Indonesia, Wuling, in July 2017, started a breakthrough. They are then followed by PT Sokon Automobile (DFSK) in November of the same year. By implementing different strategies, these two brands have succeeded in attracting the attention of national automotive observers. Wuling provides an interesting feature of the Indonesian voice command called Wind. The fresh innovations provided are felt to be following the development of the current era, which is all technology-based. Thanks to this innovative feature, Wuling Almaz won the "Best Car 2019 version of the Indonesian Automotive Journalists Forum (Forgot). On the other hand, DFSK implemented a slightly different strategy. DFSK played more downwards, namely the low SUV segment. This time through Glory 560, which was released in April this year. This compact SUV is priced in the range of Rp. 189 million-Rp. Two hundred thirty-nine million with features that are not inferior to the Toyota Avanza. The Japanese automotive manufacturer is now priced at Rp. One hundred ninety-one million for the lowest variant. Since then, the

landscape of the automotive industry has changed even though not drastically and slowly but surely, the image of the brand, the image of the company and the image of the Chinese State, especially in the Indonesian automotive industry market, began to change.

Source:

GAIKINDO 2019

Figure 1. The most popular types of Wuling and DFSK cars

The explanation above clearly shows that currently, China seems to want to give a different image change. This is the basis for the study as well as the gap analysis in this research. Regarding the object of observation, if previous research used the purchase of Chinese products as a whole as the object of observation, this study focuses on observing the intention to buy Chinese cars with the Wuling and DFSK brands. Second, the respondents used in the study were only in the scope of Surabaya.

According to D'Astous & Ahmed (1999) Currently, major changes are taking place in evaluation standards for international state formation. Symbolic factors, including the international brand image, corporate image and country image, are emphasized in evaluating international competitiveness, which consists of micro competitiveness and macrostructure. According to Keller & Aaker (1992), country images affect a country's products and services, as well as investment, trade and travel. To promote product sales and develop marketing strategies, the influence of country images should be emphasized, and the definition of a country should be embodied in brands and products (Candraningrat, C. et al., 2018).

In a microscopic aspect, such as country images and country of origin, there is a direct or indirect effect on international competitiveness. Country images today are an important evaluation factor in international marketing. Therefore, developed countries like China are looking for an effective method to manage and maintain their image. With the strengthening of the economic trend towards international trade and globalization, consumer evaluation of the image of foreign products has become an important factor for companies to consider when formulating international marketing strategies. Therefore, it is very important to form a positive corporate image and brand in consumers' minds and influence brand evaluation by influencing brand trust, cognition and consumer attitudes Lee & Jungbae Roh (2012); Zhou & Wang (2014), Fianto . & Candraningrat. (2018), which focuses on the effect of brand origin, found that country images are influenced by brand trust and purchase intention. Country images consist of many components, not only consumer perceptions of a country's products but also perceptions of the economic image, political status, state relations and level of

industrialization (Ahn, 2005). Therefore, we need a broad concept of national image and analysis of its influence on consumers from an economic, political and cultural perspective (Papadopoulos et al., 2000). Ahn (2005) found that citizen image can be one of the dimensions that influence consumer behavior. The research divides the State's image into four dimensions, namely the image of politics, the image of the economy, the image of citizens and the image of state relations.

The image of the company (corporate image) has a direct and indirect influence on competitiveness. Corporate image can also be understood as the subjective attitudes and feelings of consumers originating from the company and their behavior (Martineau, 1958). Corporate image is a combination of impressions and attitudes shared among people and can refer to people's positive or negative attitudes towards the company (Fombrun & Foss, 1996). Most studies have identified a relationship between company image and product image. This relationship affects consumer judgment and product selection (Keller & Aaker, 1992).

The country image that they established. Brand image is another variable that directly or indirectly affects international competitiveness. Hong & Wyer (2002) found that the brand is an important reference when consumers make purchasing decisions. The brand image also serves as a vital symbol representing the commodity. Prasetya A. et al. (2021) consider the brand image a series of associations arranged in a meaningful way. Aaker (1991) suggests that three aspects must be considered in measuring image associations, namely product value, brand personality and organizational

association. When a company has many brands, brand image can be a component of company image, but if there is a brand image that has a big influence, consumers will recognize the brand image as a company image. Hsieh et al. (2004) view corporate images as consumer recognition of the company and brand image as consumer cognition of certain products. Therefore, this study uses these two dimensions as microscopic factors that influence consumer brand attitudes. Company image (corporate image) is defined as the level of consumer cognition of a particular company by Bearden & Shimp (1982), and brand image (brand image) is defined as a collection of consumer confidence in a particular brand; both are analyzed on the same basis.

Based on the description above, this study aims to determine how the stigma image changes related to Chinese products in the eyes of the Indonesian people, in this case, Chinese cars that are well known in the Indonesian automotive market, namely the Wuling and DFSK brands. This research takes a brand attitude as a mediator between country image, corporate image and brand image as structural variables. Papadopoulos et al. (2000) found that the country's image has a significant effect on marketing campaigns and other aspects. Laroche et al. (2005) found that when the emotional dimension is larger than the recognized dimension, the country image has a stronger impact on product evaluation than product beliefs. Jin et al. (2016) found that the country's image significantly affects consumer brand trust and brand purchase intentions. Han (1989) further suggests that when consumers are unfamiliar with a country's products, the country's image can have a

halo effect on consumer decisions. As a result, the country's image can influence product trust and, in turn, influence consumer attitudes. However, when consumers are familiar with a product, the country's image affects the consumer's brand attitude directly. The Importance of this research is expected to be additional information for the Wuling and DFSK brands on consumers' buying interest and also emphasizes the Importance of building a marketing strategy, especially in terms of a country image which is expected to provide a reference for Chinese companies to be more competitive in the Indonesian market.

Method Research

The method used in this paper is quantitative research. Sampling in this study was conducted by non-probability sampling using a snowball approach. We are collecting data by distributing questionnaires to consumers who know the Wuling and DFSK car brands. Data analysis using SmartPLS 3 software.

Results and Discussion

1. Convergent Validity

Convergent validity analysis is a test used to measure whether or not an indicator is valid (Ghozali, 2016). According to Chin W & Lee (1999) & Candraningrat, C. (2017) stated that an indicator could be said to be valid if it can measure variables with a value > 0.6.

Table 2. Convergent Validity Value

Variable	Indicator	Outer Loading	Result
Country Image	CI1	0.650	Valid
	CI2	0.708	Valid
	CI3	0.823	Valid
	CI4	0.805	Valid
	CI5	0.788	Valid
	CI6	0.747	Valid
	CI7	0.836	Valid
	CI8	0.846	Valid
	CI9	0.717	Valid
	CI10	0.695	Valid
Corporate Image	COR1	0.890	Valid
	COR2	0.890	Valid
	COR3	0.797	Valid
Brand Image	BI1	0.831	Valid
	BI2	0.883	Valid
	BI3	0.811	Valid
	BI4	0.824	Valid
Brand Attitude	BA1	0.853	Valid
	BA2	0.813	Valid
	BA3	0.869	Valid
Purchase Intention	PI1	0.874	Valid

PI2	0.844	Valid	
PI3	0.802	Valid	

Source: Primary Data Processed, 2021

2. The average variance extracted (AVE)

The measurement of the AVE value can be used to compare each construct with the correlation between other constructs in the model. The AVE value must have a value > 0.5 (Ghozali & Latan, 2014).

Table 3. Average variance Extracted

No	Variable	Average Variance Extracted
1	Brand Attitude	0.715
2	Brand Image	0.702
3	Corporate Image	0.740
4	Country Image	0.584
5	Purchase Intention	0.707

Source: Primary Data Processed, 2021

3. Composite Reliability dan Cronbach's Alpha

Evaluation of composite reliability and Cronbach's alpha can be used to help test reliability. According to Hair et al. (2014), data with a composite reliability value of > 0.7 has high reliability, while Cronbach's alpha is expected to have a value of > 0.6.

Table 4. Composite Reliability and Cronbach's Alpha

No	Variable	Cronbach's Alpha	Composite Reliability
1	Brand Attitude	0.800	0.882
2	Brand Image	0.858	0.904
3	Corporate Image	0.823	0.895
4	Country Image	0.920	0.933
5	Purchase Intention	0.794	0.878

Source: Primary Data Processed, 2021

4. Analysis R^2

Inner model merupakan bagian dari pengujian hipotesis yang berguna untuk menguji signifikansi variabel bebas terhadap variabel terikat dan R- Square (R^2). Menurut Ghozali (2016) nilai R^2 memiliki beberapa kriteria diantaranya yaitu lemah (0,19), moderat (0,33) dan tinggi (0,67).

Table 5. Analysis R^2

No	Variable	R Square	Criteria

1	Brand Attitude	0.852	High
2	Brand Image	0.676	Moderate
3	Corporate Image	0.552	Moderate
4	Purchase Intention	0.374	Moderate

Source: Primary Data Processed, 2021

5. Hypothesis Test

The test results include direct influence. The sign (->) indicates the direction of influence between one variable on another variable. The following are the results of hypothesis testing:

Table 6. Hypothesis Test

No	Hypothesis	Variable	Original Sample	P Values
1	H1	Country Image -> Brand Attitude	0.645	0.001
2	H2	Corporate Image -> Brand Attitude	0.124	0.026
3	H3	Brand Image -> Brand Attitude	0.852	0.000
4	H4	Country Image -> Corporate Image	0.743	0.000
5	H5	Corporate Image -> Brand Image	0.822	0.000
7	H6	Brand Attitude -> Purchase Intention	0.612	0.000

Source: Primary Data Processed, 2021

Discussion

Based on the test results shown in table 6 shows that country image has a significant direct influence on brand attitude. This result is reinforced by the fact that the P-values are 0.001 < 0.5, which means that the more positive the country image is, the higher the brand attitude for the Wuling and DFSK brands. This means that the first hypothesis (H1) is accepted.

Based on the test results shown in table 6 shows that corporate image has a significant direct influence on brand attitude. This result is reinforced by the fact that the P-values are 0.026 < 0.5, which means that the more positive the corporate image, the higher the brand attitude on the

Wuling and DFSK brands. This means that the second hypothesis (H2) is accepted.

Based on the test results shown in table 6 shows that brand image has a significant direct influence on brand attitude. This result is reinforced by showing the P-values, which is 0.000 < 0.5, which means that the more positive the brand image in the minds of consumers, the higher the brand attitude on the Wuling and DFSK brands. This means that the third hypothesis (H3) is accepted.

Based on the test results shown in table 6 shows that country image has a significant direct effect on corporate image. This result is strengthened by showing the P-values, which is 0.000 < 0.5, which means

that the higher the country image, the higher the corporate image of Wuling and DFSK. This means that the fourth hypothesis (H4) is accepted.

Based on the test results shown in table 6 shows that corporate image has a significant direct effect on brand image. This result is reinforced by showing the P-values, which is 0.000 < 0.5, which means that the higher the corporate image, the higher the brand image of the Wuling and

DFSK brands. This means that the fifth hypothesis (H5) is accepted.

Based on the test results shown in table 6 shows that brand attitude has a significant direct influence on purchase intention. This result is reinforced by showing the P-values, which is 0.000 < 0.5, which means that the higher the brand attitude, the higher the consumer's intention to purchase the Wuling and DFSK car brands. This means that the fifth hypothesis (H6) is accepted.
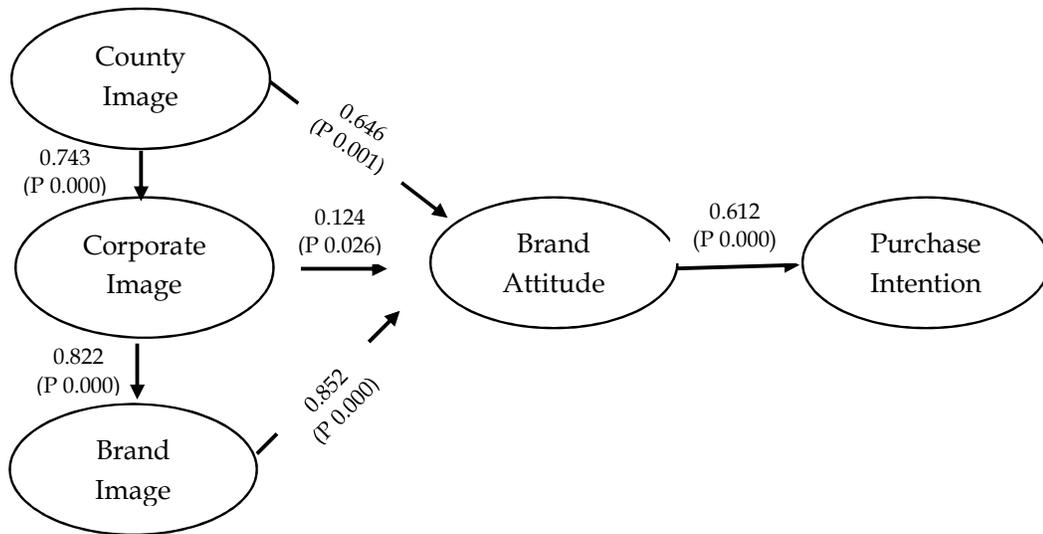

Figure 1
Inner Model

Conclusion

Based on the results of the study, it can be concluded that country image influences brand attitude. (H1), the corporate image has an influence on brand attitude (H2), brand image has an influence on brand attitude (H3), the country image has an influence on the corporate image (H4), the corporate image has an influence on the brand image (H5) and brand attitude has an influence on purchase

intention (H6). Based on the results of the study, it can be seen that all variables in this study have a significant relationship.

Suggestions for the object of research are expected that the company can continue to maintain a positive image in the country image, corporate image, brand image so that this can later influence consumers to have purchase intentions for Wuling and DFS products.

Suggestions for further research are to discuss other variables outside of this research to get much insight into what variables can affect purchase intention. Not only that, further research can use other Chinese product objects such as electronics or cosmetics.

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