

# The Mediating Effect Of Brand Equity Dimensions In The Impact Ofcountry-Of-Origin On Purchase Intention

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## Abstract

The main goal of this study is to investigate the impact of country of origin on brand equity and Purchase Intention among Automobiles. When competing in the market, marketing managers should be aware that the country of origin influences the consumer's perception of Brand Equity and Purchase Intentions. Examining how the country of origin influences the various dimensions of brand equity and about the purchase intention, improves the fundamental nature of a brand. The aim of the research is to gain a deeper understanding of the relationship between country of origin and brand perception and equity in the product categories of automobiles. A conceptual model was created wherein the relationships between the constructs brand's country of origin, brand equity dimensions and Purchase Intention were hypothesized. All hypotheses were tested using linear regression after the collection of data from respondents. Brand's country of origin has a direct and significant impact on the Brand Equity dimensions mainly perceived quality, brand loyalty, brand association, and brand awareness, according to the findings. The mediating influence of brand equity dimensions on the relationship between country of origin and purchase intention was also found out. The study suggests that while developing their branding strategies, marketers and producers should carefully consider the impact of brand country of origin on brand equity dimensions.

**Keyword:** Brand Equity, Country-of-origin, Purchase Intention, Automobiles

## I. Introduction

This research focuses on the perception that Indian consumers have of brands from a specific country. Most studies on country of origin viewed it as an element, and only a few investigated the effect on the consumer's perception of the product when analyzing it. According to the literature, country of origin (COO) is a critical cue that influences consumers' perceptions of a brand (Pappu et al., 2006) and COO has been identified as one of the most important elements influencing consumer purchasing decisions in numerous studies (Heine et al., 2019). The associations that customers have with a brand contribute to a specific brand image; the associations are made

up of concepts, examples, and facts that form brand knowledge. The brand equity is the value that the name adds to the product and is rewarded in the market with higher profit margins or market share (Reinders & Bartels, 2017). In general, consumers have strong feelings about a country's products and characteristics. As a result, the image of the COO has an impact on product and brand evaluations and so customers' perceptions of COO influence their assessment of products from that nation, as well as their purchasing preferences, intentions, and attitudes, all of which have an impact on the brand's equity (Kin et al., 2017). The aim of this study is to determine the relationship between perception of brand's country-of-origin, brand equity and

purchase intention. The study also intends to find the mediating influence of brand equity dimensions on the impact of country of origin on purchase intention.

### **Objectives of the study**

The key objectives identified for this research are:

- 1) To identify the dimensions of brand equity, purchase intention and the country-of-origin.
- 2) To assess the relationship between brand equity dimensions, country of origin and purchase intention.
- 3) To find the mediating effect of Brand Equity dimensions in the impact of Country-of-Origin on Purchase intention.

## **2. Review of literature**

Strong brands are a source of competitive advantage, so the concept of brand value and country of origin is a topic of concern in business practice. Strong brands are made up of relationships and behaviors that lead to the financial outcome of management's ability to make money (Moradi & Zarei, 2011). Firms use various marketing techniques to enter different countries, depending on the need for innovation in new areas (Koubaa, 2008). COO stands for the country of origin, or the country in which consumers view a brand's origin. Various marketing techniques have been employed in this regard, with the Country of Origin (COO) playing a significant role (Herz & Diamantopoulos, 2017). Most previous empirical research has shown that goods from developed countries have a favorable country image both at home and abroad, while products from emerging market economies have negative country image liabilities (Moeller et al., 2013). There has also been research on the relationship between product origin and brand perception among consumers. COO has a considerable influence on customers' brand evaluations, according to several studies, and consumers prefer to utilize COO as a criterion in making product quality selections. COO has an impact on consumer views as a purchase cue, a symbol and emotional connection to the customer, and a relationship to the customer's social and personal norms. At the same time, such

COO impacts would be expected to influence firms' price decisions, supporting customers' perceptions of greater quality based on COO (Koschate-Fischer et al., 2012). Customers accept brands from countries with a positive COO image more readily than those from countries with a negative reputation.

Preconceptions and attitudes of people from a particular country have been shown to affect consumers' evaluations of goods from that country in the past (Bandyopadhyay et al., 2011). As a result, the country of origin of a commodity is critical knowledge in the decision-making process of customers. As a result, there has been a lot of research interest in looking into the impact of product origin on customer perceptions of quality (Wei et al., 2021). Examining the relationship between a brand's COO and its brand equity can help consumer practitioners better understand how the brand is used and how it can be improved while maintaining the brand's true essence (Kim & Chao, 2018). Since its inception, the brand has remained a subject for researchers, with a particular emphasis on brand equity. This is achieved because brand equity reflects the brand's worth (Swami Nathan et al., 2009). Aaker (1991) established a widely accepted model in which brand equity is divided into four dimensions: brand loyalty, brand awareness, brand association, and perceived quality. Brand awareness is one of the most important determinants of building brand equity since it leads to positive brand equity. The brand awareness is required for the establishment of a brand because consumers must be aware that it exists (Hutter et al., 2013). Brand loyalty refers to a customer's propensity to buy the same brand repeatedly without intending to switch to a competing brand (Li et al., 2020). As a result, brand loyalty becomes a critical factor in building brand equity. Brand loyalty, according to Aaker (1991), is the customer's level of attachment to the brand. Because brand equity is strongly reliant on brand repurchase (Aaker, 1996), more brand loyalty leads to higher brand equity (Panchal et al., 2012). The perceived quality is the belief that a product's quality is greater based on a variety of variables (Zeithaml (1988)). It becomes the key driver of brand preference development and purchase intention influence.

The Brand association is formed by a customer between the brand and a concept, Image, emotion, experience, person, interest, or activity. This association can be beneficial or harmful right away, and it has a big impact on purchasing decisions (O'Cass & Lim, 2002). So brand equity dimensions has a positive impact on purchase intention in a variety of contexts (Poturak & Softic, 2019).

The country-of-origin image has a substantial relationship with brand awareness/association, which is an important influencer in purchasing decisions (Azadi et al., 2015). Brands having a positive image of their place of origin are well-known, which leads to purchase intentions (Islam & Hussain, 2022). Through the brand equity dimensions as well, it is discovered that there is a correlation between country-of-origin image and purchase intention (Khan et al., 2015).

The conceptual model is created based on the literature review.

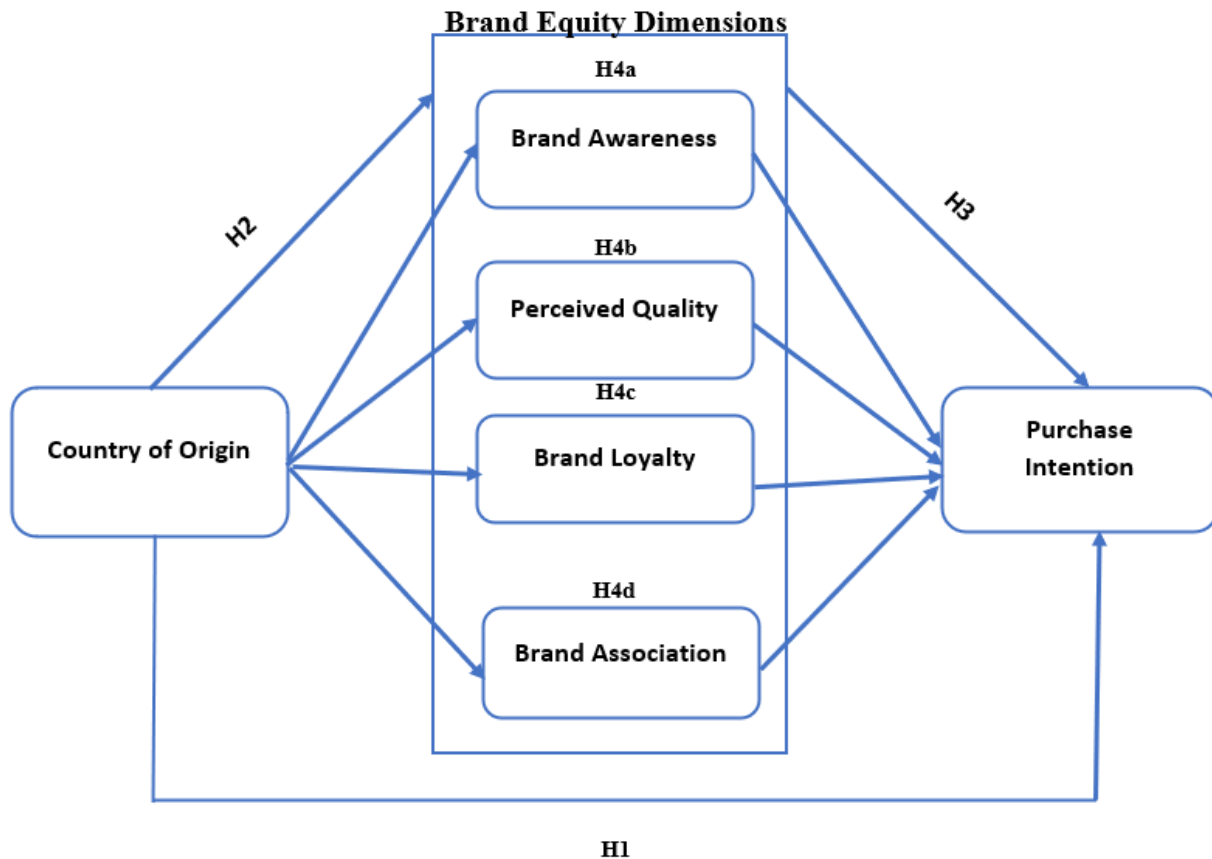


Figure 3.1 Conceptual model (COO and its impact on Brand equity and Purchase Intention)

In the focus of the aim and model of the study, the hypotheses have been designed as follows:

H1: Consumer's perception of country-of-origin influences brand equity dimensions.

H2: The brand equity dimensions influence Purchase Intention of customers.

H4a: Brand Awareness mediates the relationship between Consumers' perception of country-of-origin and Purchase Intention.

H4b: Brand Loyalty mediates the relationship between Consumers' perception of country-of-origin and Purchase Intention.

H4c: Perceived Quality mediates the relationship between Consumers' perception of country-of-origin and Purchase Intention.

H4d: Brand Association mediates the relationship between Consumers' perception of country-of-origin and Purchase Intention.

### 3. Research Methodology

The data was collected from 385 targeted customers who are owners of automobiles in India. The data was collected from the respondents using simple random sampling. Respondents were asked to fill out a standardized questionnaire that was used to collect primary research data. To operationalize the research constructs, a five-point Likert scale was developed, with 1 indicating strong disagreement and 5 indicating strong agreement. The questionnaire includes variables to measure demographic and socioeconomic characteristics, brand equity dimensions, country of origin and purchase intention.

### 4. Data Analysis

SPSS was used to analyze and compare the data collected in the survey (version 23). The basic information in the study was analyzed using descriptive statistics. Then the hypotheses were tested using Regression analysis.

#### 5.1 Impact of Country-of-origin on Purchase Intention

The study hypotheses were investigated using Analysis. The impact of Country-of-origin on Purchase Intention was measured with regression analysis. Table 5.1 shows the effects of country-of-origin on Purchase Intention.

Table 5.1 Regression Analysis - Impact of country-of-origin on brand equity dimensions

	PI
R <sup>2</sup>	0.296
F	172.767
Pr > F	< 0.0001

Source: Primary data

The model is found to be significant, suggesting that the independent variables, namely country-

of-origin can describe the dependent variable Purchase Intention with 95 percent confidence. The R<sup>2</sup> suggests that differences in country-of-origin explained nearly 29.6 percent of the variance in the Purchase Intention.

#### 5.2 Impact of Country-of-origin on Brand Equity dimensions

The impact of country-of-origin on brand equity dimensions (BL- brand loyalty, PQ- perceived quality, BAS- brand association, and BAW-brand awareness) was measured with regression analysis. The regression analysis was also conducted to establish the relationship between Country of origin and Brand Equity dimensions and Table 5.2 shows the effects of country-of-origin on all brand equity dimensions.

Table 5.2 Regression Analysis - Impact of country-of-origin on brand equity dimensions

	BE
R <sup>2</sup>	0.381
F	252.779
Pr > F	< 0.0001

Source: Primary data

The model is found to be significant, suggesting that the independent variables, namely country-of-origin can describe the dependent variables brand equity dimensions with 95 percent confidence. The R<sup>2</sup> suggests that differences in country-of-origin explained nearly 38.1 percent of the variance in the brand equity dimensions (BL- brand loyalty, PQ- perceived quality, BAS- brand association, and BAW-brand awareness).

#### 5.3 Impact of Brand Equity Dimensions on Purchase Intention

Similarly, regression analysis was conducted between the brand equity dimensions and purchase intention and it was found that all four Hypothesis formed H3 was supported. The result shows that there is a strong and important relationship between the brand equity dimensions and purchase intention (Table 5.3).

Table 5.3 Regression Analysis - Impact of brand equity dimensions on purchase intention

PI

R <sup>2</sup>	0.640
F	727.698
Pr > F	< 0.0001

Source: Primary data

Brand loyalty is found to have a significant impact on purchase intention with p value < 0.001 and R<sup>2</sup> value indicates that 64% of purchase intention is explained by Brand Loyalty. Hence it was found that all the hypothesis tested were supported and it is found that there is a significant

impact of country-of-origin on brand equity and purchase intention.

#### 5.4 Mediating effect of Brand Equity Dimensions on the impact of Country of origin on Purchase Intention

From a simple mediation analysis conducted using ordinary least squares path analysis, Brand Awareness indirectly influenced the perception of Country of Origin through its effect on Purchase Intention.

Table 5.4 Hypothesis testing of Mediating effect of Brand Equity Dimensions on the impact of Country of origin on Purchase Intention (Total effect, Direct effect, and Indirect effect)

Standardised Estimates					
Path	Total Effect (with mediator)	Direct (with mediator)	Indirect	P value	Conclusion
COO – Brand Awareness-PI	0.6066	0.2713	0.3353	0.000	H4a is Accepted
COO – Brand Loyalty-PI	0.5553	0.1181	0.4372	0.000	H4b is Accepted
COO – Perceived Quality-PI	0.5553	0.1888	0.3665	0.000	H4c is Accepted
COO – Brand Association-PI	0.6066	0.3104	0.2962	0.000	H4d is Not Accepted

Source: Primary Data

The notion of Baron and Kenny (1986) is used to understand the mediation effect. In the absence of mediator(s), the independent variable has a significant positive influence on the outcome; the independent variable has a significant influence on each mediator; each mediator has a significant influence on the outcome; and the independent variable has an insignificant influence on the outcome in the presence of mediator(s).

Following Hayes' (2013) Macro Process via bootstrapping method, to consider a mediator has mediational effect when (1) the indirect effect (IE) of 'Country of origin' on 'Purchase Intention' via 'Brand Equity dimensions' and (2) the bias corrected 95% CI around the IE from 5000 bootstrap re-samples. As can be seen in

Table 5.4, the IE as statistically significant only if its bias corrected 95% CI excluded zero.

The results showed that there was a significant total effect between Country of origin' on 'Purchase Intention' (B = 0.7244, p <.001). The mediating impact of Brand Awareness (Indirect Impact) on the impact of 'Country of origin' on 'Purchase Intention' was found to be significant (B = 0.3353, p <.000). Finally, when the Brand Awareness got in the relationship between 'Country of origin' and its impact on 'Purchase Intention', the direct effect (B = 0.2713, p <.001) was significant. In addition, the bias corrected 95% LLCI is 0.1878, and ULCI95% = 0.3547 which excluded zero. Hence, Brand Awareness is considered as a mediator for

Country of Origin and its impact on Purchase Intention.

Similarly, the mediating impact of Brand Loyalty (Indirect Impact) on the impact of 'Country of origin' on 'Purchase Intention' was found to be significant ( $B = 0.0.3665$ ,  $p < .000$ ) and the direct effect ( $B = 0.1888$ ,  $p < .001$ ) was significant. In addition, the bias corrected 95% LLCI is 0.1376, and ULCI 95% = 0.2399 which excluded zero. Hence, Brand Loyalty is considered as a mediator for Country of Origin and its impact on Purchase Intention. Likewise, the mediating impact of Perceived Quality (Indirect Impact) on the impact of 'Country of origin' on 'Purchase Intention' was found to be significant ( $B = 0.3665$ ,  $p < .000$ ) and the direct effect ( $B = 0.1888$ ,  $p < .001$ ) was significant. In addition, the bias corrected 95% LLCI is 0.5424, and ULCI 95% = 0.7962 which excluded zero. Hence, Brand Loyalty is considered as a mediator for Country of Origin and its impact on Purchase Intention.

But the mediating impact of the fourth Brand Equity dimensions 'Brand Association (Indirect Impact) on the impact of 'Country of origin' on 'Purchase Intention' was found to be not significant ( $B = 0.2962$ ,  $p < .000$ ) and had a significant direct effect ( $B = 0.3104$ ,  $p < .001$ ). In addition, the bias corrected 95% LLCI is 0.2472, and ULCI 95% = 0.3736 which excluded zero. Hence, Brand Association cannot be considered as a mediator for Country of Origin and its impact on Purchase Intention.

## 5. Discussion

Perception of Country of Origin has been linked to brand equity dimensions (Shirvani et al., 2020) and to Purchase intention (Nguyen et al., 2019) in previous studies. This research places these factors in the context of a mediation model of their interactions, with theoretical and managerial implications. The Brand Equity dimensions are the most influential sort of consumer's brand-related behaviour, according to the current study. The results of regression analysis on brand equity components revealed that the country-of-origin image had a positive and significant impact on components of brand equity including brand association and brand loyalty, perceived quality, and brand awareness. The findings also revealed

that the country-of-origin image of branded products influenced purchase intention.

Practitioners can take use of this opportunity to boost Purchase Intention by encouraging customers to have a strong brand equity. The impact of the threedimensions of 'Brand Equity' namely Brand Awareness, Brand Loyalty and Perceived Quality was found to have a mediation effect on the impact of perception of country of origin on purchase intention.

## Conclusion

Country-of-origin would have to be considered by brand managers when promoting their products globally as they have a strong relationship with brand value, they must also effectively control their brand equity dimensions (Alvarado-Karste & Guzmán, 2020). From the foregoing discussion, it can be inferred that the country-of-origin image is one of the most significant factors in the consumer decisionmaking process for automobiles. This means that organizations should invest in brand awareness initiatives such as ads, marketing, and brand building programs to ensure profitability, thereby promoting the reputation of their brand's origin country.

Companies can also establish long-term relationships with their customers by offering high-quality goods, facilities, and after-sales support, which will boost brand value (Gupta et al., 2020). Marketers of brands from countries with a positive image should leverage that image in their positioning strategy by emphasizing superior product quality from the same region. Also, the research considered countries of origin of brands, further research is required to see if the findings can be generalized with country of manufacture. Future research on this important topic may include moderating influences, such as tradition, culture, and consumer psychographics, which have a major impact on consumer attitudes and perceptions. Moreover, to assess the feasibility of the proposed model, the research could be applied to other sectors such as services, consumer durables etc.

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