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THE EFFECTS OF COUNTRY OF ORIGIN AND SOCIAL MEDIA OPINION LEADERS ON PURCHASE INTENTION FOR WULING VEHICLES

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ABSTRACT

Manuscript type: *Research Article*

Research Aims: *This research objective was to analyse the influence of country of origin, trust, price perception, perceived quality and social media opinion leader on Wuling purchase intention.*

Design/methodology/approach: *This study was conducted quantitatively by distributing questionnaires to 234 respondents who are over 20 years old and know about Wuling and selected YouTube channels. Data was analysed using Structural Equation Modelling (SEM) method with the LISREL software application.*

Research Findings: *The results of this study indicate that there is a positive significant impact relationship between country of origin (country-related products) and trust in the purchase intention of Wuling vehicles as well as the relationship of the negative significant impact of country of origin (country-related effect) on trust and social media opinion leaders on purchase intention of Wuling vehicles.*

Theoretical Contribution/Originality: *The findings of this study can explain the importance of country of origin cues and social media opinion leader effect on customer behaviour in their decision-making.*

Practitioner/Policy Implication: *The managerial implication of the research is that Wuling has to reduce brand associations with China to compete in Indonesia, and Wuling has to improve the product quality, after-sales service, ease of getting spare parts and continuous innovation to get an impact and positive response.*

Research limitation/Implications: *This study has limitations; first, the research data only relies on one platform (YouTube) in Indonesia to test hypotheses. Second, the survey was about vehicles.*

Keywords: *country of origin; trust; price perception; perceived quality; social media opinion leader; purchase intention*

INTRODUCTION

The Indonesian automotive market and industry is one of the largest in ASEAN based on retail sales data from Gaikindo (Gaikindo, 2022). Nine of the ten best-selling brands in the Indonesian market are brands from Japan, and Wuling is the only brand from China. Wuling started to sell in Indonesia in 2017 by establishing a factory in the Cikarang Deltamas area with a production capacity of 120,000 units per year (Otomotif, 2021). accumulated from the January-November 2021 period, car sales from the Chinese company rose more than four times, 408% compared to the same period in the previous year (Databoks, 2021).

Wuling's sales are quite different and contrast with the conditions of previous Chinese automotive brands, such as Jialing for motorcycles (Okezone, 2008) and Chery the car, which have not good sales in Indonesia (DetikOto, 2021). Nevertheless, Wuling is very confident in the Indonesian market by investing in factory construction and assembly in the West Java Dealtamas industrial area, which will cost 9.7 trillion rupiah (Gaikindo, 2017).

In 2022, Wuling entered the electric car market in Indonesia to maintain business and market sustainability in the future. At the beginning of semester 2, Wuling started to sell affordable electric cars in Indonesia (Tempo, 2022). This Wuling electric car has the lowest price in Indonesia compared to competitors (Oto, 2022). This is in line with the steps taken by the Indonesian government by signing a presidential regulation for environmentally friendly cars (Kemenperin, 2019). So that Wuling's car business policy is in line with the government's view that it can positively impact their business.

The current condition of the automotive market must be connected to social media information platforms such as Youtube,

Instagram, Tik Tok and others. According to (Kompas, 2018), based on research from Google, from the overall respondents of prospective car buyers who seek information through internet media, 76% of them prefer to watch videos from the Youtube channel as a medium to get the car information they want. This study selected several Youtube channels from the various automotive channels on the Indonesian Youtube channel for the automotive information category to support the research. The selected channels are AutonetMagz, Otdriver and MotoMobi.

LITERATURE REVIEW

This research comprises several theories: country of origin, trust, price perception, perceived quality, social media opinion leader and purchase intention.

Country of origin

According to Kotler and Keller (Kotler & Keller, 2009), a country of origin is an association and a person's mental belief in a product that is triggered by the product's country of origin. Chen et al. (2014) in their research define the country of origin into two variables, country-related effect and country-related product.

Country-related affect

The country-related effect is related to the sense of bond and trust that arises in a country based on aspects of the country in general (Chen et al., 2014).

Country-related product

Country-related products associate a country with the value or image of the products it makes (Chen et al., 2014).

Trust

Trust is the willingness of a firm to rely on a business partner. It depends on several interpersonal and inter-organizational factors, such as the firm's perceived competence, integrity, honesty and benevolence (Kotler & Keller, 2009).

Price perception

Price perception is the customer's perception of what the customer has to sacrifice to get the desired product or service. That is, no matter how high or cheap the price of the product or service is, as long as it can benefit the customer, the customer will sacrifice his money to buy the product and or service in question (Zeithaml, 1988). Price perception is the value contained in a price related to the benefits of owning or using a product or (Kotler & Armstrong, 2008).

Perceived quality

Perceived quality is the consumer's or customer's perception of the brilliance and quality of a product or service compared to their competitors' offerings (Aaker, 1991). Product quality differs from product-perceived quality because of the subjective judgment of the product or service's customer or buyer. It is what buyers think about a particular brand (Zeithaml, 1988).

Key opinion leader

Opinion leaders are individuals who informally influence the behaviour and attitudes of others (Schiffman & Wisenblit, 2015). In addition, opinion leaders often share their direct experiences with the product (Schiffman & Wisenblit, 2015). Opinion leaders are experts or social liaisons who influence other people's attitudes towards products and brands (Godey, et al., 2016).

Purchase intention

Purchase Intention is a consumer behaviour that appears in response to objects that indicate the customer's desire to purchase (Kotler & Keller, 2009). According to Kotler & Armstrong (2010), In the cognitive decision-making model, there are five stages that customers will go through in making decisions (Solomon, 2014): problem recognition, information search, evaluation of alternatives, and product choice and outcome.

RESEARCH METHOD

This research uses covariance-based SEM (Structural Equation Modelling) to analyse the effect of country-of-origin cues that consist of country-related effect and country-related product and social media opinion leaders on Wuling vehicle purchase intention. This research aims to identify the influence between the previously mentioned variables since Chinese cars still have a terrible stigma (Tirto, 2018). However, Wuling sales in 2021 increased compared to previous years (Databoks, 2021). On the other hand, Youtube is a favourite platform for finding information about cars (Kompas, 2018), so it will likely impact potential buyers' behaviour.

To support this research, researchers took primary data through a questionnaire with a profile of respondents who are Indonesian citizens, who are more than 20 years old, have a personal car, know the Wuling brand and also know that Wuling comes from China, and know and have watched one of the Youtube channels AutonetMagz, OtoDriver or MotoMobi.

The selection of these 3 YouTube channels is based on several things, such as account managers and reviewers who are experts in

the automotive industry. It has more than 1 million subscribers, which means it belongs to the mega influencer category (Zarey et al., 2020) and is also based on the recommendation of the Youtube algorithm

when searching using the Wuling keyword on the Youtube platform at the time of the research.

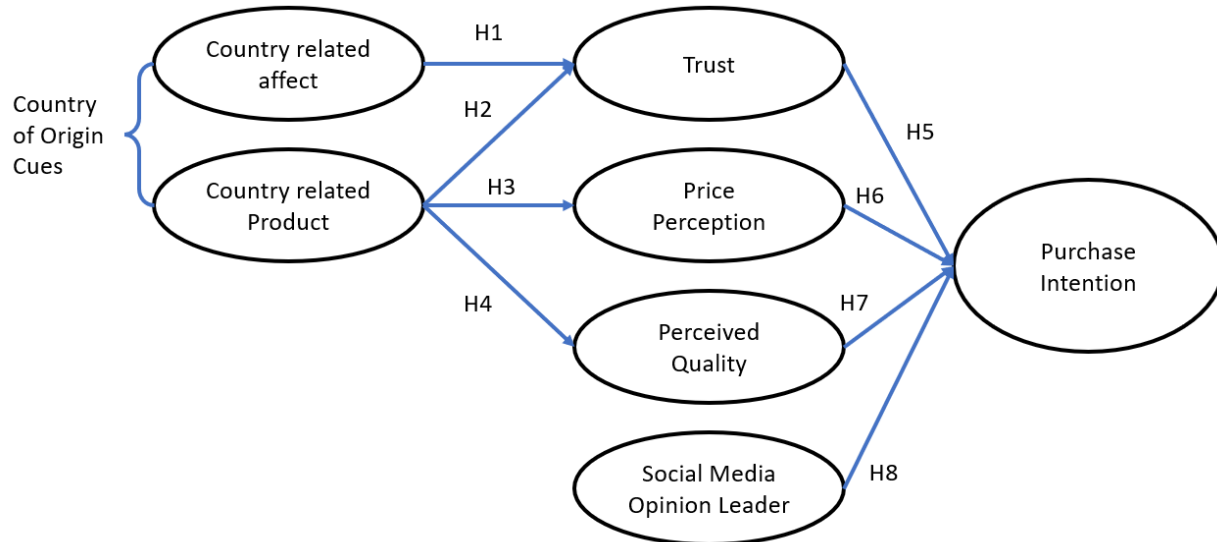


Figure 1. Initial Research Model

H1: Country-related effect has a positive influence towards trust.

H2: Country-related product has a positive influence towards trust.

H3: Country-related product has a positive influence towards price perception.

H4: Country-related product has a positive influence towards perceived quality.

H5: Trust has a positive influence towards purchase intention.

H6: Price perception has a positive influence towards purchase intention.

H7: Perceived quality has a positive influence towards purchase intention.

H8: Social media opinion leader has a positive influence towards purchase intention.

This study uses primary data collected through Google Forms in the form of self-administered surveys. Questionnaires were collected through purposive sampling, and each variable was measured using a Likert

scale (1-6). The respondents are Indonesian residents over 20 years old, own a personal car, are familiar with the Wuling brand's Chinese origin, and have watched at least one of the following YouTube channels: AutonetMagz, OtoDriver, or MotoMobi. The data were processed using LISREL 8.8 software, which included validity and reliability tests, up to the covariance-based SEM (Structural Equation Modeling) test.

RESULT AND DISCUSSION

Validity and reliability tests were conducted using LISREL software, incorporating the self-loading factor and error values to calculate construct reliability and variance extraction. It shows in Table 1 that the calculation results for construct reliability (CR) > 0,7 and variance extract (VE) > 0,5.

Table 1. Results of validity and reliability tests

Variable	CR	VE
Country-related affect	0.73	0.50
Country-related product	0.73	0.50
Social media opinion leader	0.80	0.68
Price perception	0.74	0.54
Trust	0.77	0.69
Perceived quality	0.78	0.79
Purchase intention	0.79	0.84

From the T value test using the LISREL software, the results show six significant hypotheses, consisting of H1, H2, H3, H4, H5 and H8. At the same time, H6 and H7 are not significant.

Table 1. Results of hypotheses tests

Hypot heses	Relationship Between Variables	T Value
H1	Country related affect > trust	-3.06
H2	Country related product > trust	9.48
H3	Country related product > price perception	6.21
H4	Country related product > perceived quality.	13.98
H5	Trust > purchase intention	5.05
H6	Price perception > purchase intention.	0.60
H7	Perceived quality > purchase intention.	0.98
H8	Social media opinion leader > purchase intention	-2.49

H1 was rejected because it has a significantly negative impact. This implies that respondents still perceive a negative association between China and the Wuling brand. An article titled "Negative Perception of China Reaches Record in Nine Countries," published by Bloomberg (2020), indicated significant distrust in China.

H2 was accepted from the perspective of production location, as production from China positively influences Wuling. A

previous study conducted by Li & Xie (2021) found that country-related products significantly affect price perception.

H3 was accepted, indicating that products from China have an attractive price perception for respondents. Respondents rate the price of Chinese products favourably due to Wuling's competitive and appealing pricing.

H4 was accepted because respondents considered the quality of products manufactured in China acceptable. Pappu et al. (2006) also noted in their research that the country of origin significantly impacts perceived product quality.

H5 was accepted, as respondents' level of trust in a product influences their purchase intent. In this context, trust is crucial in respondents' interest in purchasing Wuling cars.

H8 was rejected due to a significantly negative impact. Respondents perceived a contradiction between information from circulating news, actual occurrences, and reviews on the YouTube channel. While negative news related to Chinese cars still prevails in news reports, such as complaints about Wuling cars published on Carmudi (2020), post-purchase service disappointments highlighted on DetikNews (2020), and a lawsuit against consumers by another Chinese car manufacturer DFSK for inadequate climbing capability reported by Idntimes (2020), reviewers on the YouTube channel present many positive viewpoints about these cars. This discrepancy has led respondents to question the conclusion.

CONCLUSION

Based on this study, out of 8 hypotheses, four have a positive significance, two are significantly negative, and two are insignificant. It can be concluded that the trust factor has the most important role in shaping consumer buying interest in Wuling cars. Meanwhile, the country related affect factor has a significant negative effect on trust. So the implication is that Wuling needs to reduce brand associations with China—for example, the use of brand ambassadors and product names that are more global. Consumer trust can be increased with good after-sales service and commitment to customer service.

Wuling's seriousness in producing affordable electric cars for the Indonesian market must keep momentum. Because it will give a good

image and impact on Wuling itself, product quality, after-sales service, ease of getting spare parts and continuous innovation will have an impact and positive news for Wuling so that it can increase consumer confidence in Wuling.

Social media opinion leaders do not positively impact purchase intention in Wuling cars. Wuling needs to improve the image, performance and trust in Chinese car brands, in general, to harmonise the information in the mass media and information on the results of product reviews from opinion leaders. Harmonious information is expected to form a positive image and trust from consumers. When launching an electric car, now is the right time to keep Wuling on positive trends from mass media coverage and social media.

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