THE EFFECT OF COUNTRY-OF-ORIGIN IMAGE ON BRAND EQUITY FOR SONY ELECTRONIC PRODUCTS IN BANGKOK

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Abstract- This study aims to identify the relationship between the brand’s country-of-origin image and its brand equity. This study also includes the relationship among the mediating variables of perceived quality, brand loyalty, brand awareness, brand association, and brand strength. The brand of this research is Sony electronic products in Bangkok, Thailand. Quota sampling was incorporated to collect the data from the respondents. Structural equation modeling was used to examine the relationships and AMOS was used to run the test. The findings reveal that not all of the relationships were significant. Brand awareness and brand strength were the two variables that did not have a significant relationship with brand equity. Most importantly, the study resulted in country-of-origin image has an effect on brand equity. This study further suggests that marketers should put more emphasis in developing the image of the brand’s own country and should be widely promoted to sustain in the market.

Keywords- Country-of-origin Image, Brand Equity, Perceived Quality, Brand Loyalty, Brand Awareness, Brand Association, Brand Strength.

I. INTRODUCTION

In today’s globalized world, consumers are exposed to brands from all over the world and are available to choose from. The increase of products also means the increase of variety of brands. The consumers have access to products to choose and or purchase which comes alongside with their response. The consumer insight is the fundamental part of this study. The researcher brings the topic of the brand’s country-of-origin image. This means that the researcher would like to demonstrate that brands are dependant on the origin of where the brand is from and how the consumer perceives it. The study also relates on how country-of-origin is related to brand equity.

In this study, the brand equity is composed of perceived quality, brand loyalty, brand awareness, brand association, and brand strength that will act as a mediating variable. The brand in this study is Sony electronic products in Bangkok, Thailand. The topic presents the consumer perception on brand of Japan’s country-of-origin in the Thai market. It plays an important role in the international marketing industry to recognize the consumer’s response. The study is also grasping the knowledge of the competitive advantage in the business world. Here the researcher asks do consumers choose Sony because they are aware that it’s from Japan and Japanese brand are reliable or do they choose Sony because of its good quality. The researcher would like to find out the link between how the consumer perceives the image on Sony’s country-of-origin and its brand equity.

II. LITERATURE REVIEW

Country-of-origin image refers to the picture, the reputation, and the stereotype that consumers attach to products of a specific country. This image is created by the factors as of representative products, national characteristics, economic and political background, history and traditions. Johansson, Douglas and Nonaka defined the concept of country-of-origin as “the country where corporate headquarters of the company marketing the product or brand is located.” Although consumers recognize that the product may not necessarily be manufactured in that country because of multinational sourcing, consumers assume that product or brand is identified with that country. The brand origin is the place, region, or country to which the brand is perceived to belong by its target consumers.

Brand equity is an expression used in the marketing industry that portrays the value of a brand. This simply means that high brand equity equals to having a value of a well-known brand. It refers to where consumers have strong beliefs, favors, and unique associations with a brand in one’s memory.

There are five mediating variables in the study which are perceived quality, brand loyalty, brand awareness, brand association, and brand strength respectively. Perceived quality defines the consumer’s judgment and their opinion on the product or the services that are given to them. It is the customer’s perception of the overall quality of product and service.

Brand loyalty is the propensity of the consumers that are loyal to the brand, therefore the consumer would continue to purchase that brand. It is the commitment towards the certain brand of product and or service to repurchase. Brand awareness is when the consumer has the ability to recognize or recall of that certain brand that they are familiar with. Brand association is the linkage between to the consumer’s mind and the memory of the brand. Brand strength describes as the strength of brand compared with its competitors. It measures the performance, distinctiveness of the brand and how to values to the consumers.
III. RESEARCH FRAMEWORK

The researcher modified the conceptual framework that is based on previous empirical studies. It consists of total seven variables. The country-of-origin image is the independent variable and brand equity is the dependent variable. The moderating variables are perceived quality, brand loyalty, brand awareness, brand association, and brand strength. The five moderating variables are related to the dependent variable since they are the drivers of brand equity. There are eleven hypotheses in order to find significant relationships among variables in the model. The hypotheses will test the significance of the relationship of the independent variable, moderating variables, and dependent variable.

H1: Country-of-origin image and perceived quality have a significant relationship.
H2: Country-of-origin image and brand loyalty have a significant relationship.
H3: Country-of-origin image and brand awareness have a significant relationship.
H4: Country-of-origin image and brand association have a significant relationship.
H5: Country-of-origin image and brand strength have a significant relationship.
H6: Country-of-origin image and brand equity have a significant relationship.
H7: Perceived quality and brand equity have a significant relationship.
H8: Brand loyalty and brand equity have a significant relationship.
H9: Brand awareness and brand equity have a significant relationship.
H10: Brand association and brand equity have a significant relationship.
H11: Brand strength and brand equity have a significant relationship.

IV. METHODOLOGY

The purpose of this research is to understand the significant relationship for Sony’s country-of-origin image and brand equity. It also aims to understand the consumer’s perception towards Sony in the Thai market. The target population in this study take place in Bangkok, Thailand, which includes residents who are of Thai and non-Thai nationals. The researcher used non-probability sampling and quota sampling techniques. The instrument used to conduct this research is a questionnaire. The questionnaire consisted of questions of the variables and demographic factors. The questionnaires were distributed around the Sony Stores in The Mall Bangkapi, The Mall Bangkae, Siam Paragon, and Central Rama. The sample sized rounded up to 400 respondents where 396 respondents were collected.

V. RESEARCH & FINDINGS

The researcher tested the eleven hypotheses of Structural Equation Modeling (SEM simultaneously by using AMOS (Analysis of Moment Structures). Figure 2 illustrates the SEM that the relationships among the independent, mediating, and dependent variables. AMOS was used to find the Goodness of Fit Index (GFI), which resulted to 0.877. It is very close to the recommended rule of 0.9 where the model is suitable to run the test. Thus, this model is considered fit and valid.

Figure 2: Structural Equation Modeling

COOI = Country-of-Origin Image,
BE = Brand Equity,
PQ = Perceived Quality,
BL = Brand Loyalty,
BAW = Brand Awareness,
BAS = Brand Association,
BS = Brand Strength.

Table 1: The Result of Null Hypotheses

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path</th>
<th>Estimate</th>
<th>p-value</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>COOI → PQ</td>
<td>.499</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H2a</td>
<td>COOI → BL</td>
<td>.189</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H3a</td>
<td>COOI → BAW</td>
<td>.419</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H4a</td>
<td>COOI → BAS</td>
<td>.425</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H5a</td>
<td>COOI → BS</td>
<td>.520</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H6a</td>
<td>COOI → BE</td>
<td>.168</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H7a</td>
<td>PQ → BE</td>
<td>.088</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H8a</td>
<td>BE → BE</td>
<td>.417</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H9a</td>
<td>BAW → BE</td>
<td>-.011</td>
<td>.001</td>
<td>Fail to Reject H0</td>
</tr>
<tr>
<td>H10a</td>
<td>BAS → BE</td>
<td>.377</td>
<td>***</td>
<td>Reject H0</td>
</tr>
<tr>
<td>H11a</td>
<td>BS → BE</td>
<td>-.019</td>
<td>.768</td>
<td>Fail to Reject H0</td>
</tr>
</tbody>
</table>
After the SEM is constructed and found fit, the researcher further tested the hypotheses to examine relationships among the variables. Table 1 represents the SEM outputs from AMOS. The results focus on estimate and the p-value. The estimate is the standardized regression weights that represent the amount of change in the mediating and the dependent variable that is assigned to a single standard deviation unit’s worth of change in the independent variable. Table 1 is the results of the eleven hypotheses that were tested simultaneously in order to analyze the significant relationships. The independent, mediating, and dependent variables were used in the study, which are country-of-origin image, perceived quality, brand loyalty, brand awareness, brand association, brand strength, and brand equity respectively. The results of the hypotheses testing, out of eleven hypotheses H9 and H11 are not supported. Therefore the null hypotheses are accepted and the alternative hypotheses are rejected. The estimate value is a negative standard deviation, which the relationships are not significant. On the other hand, the rest of the hypotheses, H1, H2, H3, H4, H5, H6, H7, H8, and H10 are supported. Therefore the null hypotheses are rejected and the alternative hypotheses are accepted. The estimate value is a positive standard deviation, which the relationships are significant.

CONCLUSION & RECOMMENDATIONS

From the source of the findings of the research, there are recommendations to be proposed in order to gain knowledge and improve for Sony in the Thai market. The researcher based the suggestions from the results where the data has been collected. Out of eleven hypotheses, the researcher has found that there are nine relationships that are significant and two that are not. The relationship between country-of-origin image and the other variables are all significant. This implies that the image of the country of where Sony is from is known and accepted in the Thai market. It proves that Japan holds a strong image of Sony. Sony should continue to maintain its brand strength by being innovative. The recommendations for brand equity are mostly categorized in how the Sony needs to improve on their marketing and promotions.

The result of the ninth hypothesis shows that there is no significant relationship between brand awareness and brand equity. Thus, a better brand awareness will not affect brand equity. Although consumers are aware of the brand, it does not mean that they will favor Sony. In order to increase brand awareness, Sony should implement various ways to advertise in social media and promotions. Since Sony’s name and logo are known so it would not be difficult to recognize the brand existence. The result of the eleventh hypothesis shows that there is no significant relationship between brand strength and brand equity. Thus, a better brand strength will not affect brand equity. Sony lacks leadership, which shows that there are other competitors that are more dominant in the market. Although that being said, Sony needs to be in ahead of the market by improving its quality and including more advertisement throughout the city.

The researcher also recommends that Sony should market the product into unique features that stand out compared to the competitors. In conclusion, the two hypotheses that were not significant relationship were Hypothesis nine and Hypothesis eleven which were both brand awareness and brand strength with brand equity. It implies that Sony is already internationally and locally known in the Thai market where it does not necessarily influence the brand equity. Sony has the strength of its brand where it does not affect the brand equity as expected.

REFERENCES


