The Influence of Country of Origin and Product Knowledge on Purchase Intentions and Product Evaluation as Mediation Variables (Study on Maspion Brand Electronic Products in Banda Aceh City)

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ABSTRACT:

This study was done to examine the effect from country of origin and knowledge of product on purchase intention and product evaluation as mediating variable (study at electronics product, Maspion at Banda Aceh), the respondents of this study is Banda Aceh's society (purposive sampling). Model analysis in this study is using path analysis. Based on result of the analysis found that country of origin have influence on purchase intention, knowledge of product have no influence on purchase intention, country of origin have influence on product evaluation, knowledge of product have influence on product evaluation, evaluation product have influence on purchase intention, the effect from country of origin to purchase intention mediated by product evaluation, and the knowledge of product to purchase intention mediated by product evaluation.

Keywords: Purchase Intention; Country of Origin; Knowledge of Product; Product Evaluation.

JEL Classification: M31.

INTRODUCTION

The increasing need for household goods, especially in electronics, requires research on the influence of country, country of origin and product knowledge on product evaluation and consumer purchase intentions [1,2]. Companies need to know consumer perceptions about the influence of country of origin in order to know the position

of the product in the minds of consumers, so that appropriate marketing and promotion strategies can be determined to compete in the market [3]. Maspion's electronic products were chosen because of the rapid development and growth of the electronics industry marked by the quantity of electronics owned by the public [4,5]. In addition, consumer knowledge about electronic goods is relatively good. Maspion is a brand of electronic goods made in Indonesia that has many types for household needs. Maspion generally has many business units with various types of products, including consumer products, industrial consumer products, property, industrial estate and commercial banking. One of the consumer products business units is Maspion, household electrical appliances or electronic products. In order to be competitive, Maspion always provides innovation in the products that will be released. Not only innovation, quality is also one of the main factors. With the products made in Indonesia, it is hoped that consumers will realize that domestically made products also have the same benefits and uses as foreign-made products. One of the main strategies that is important to do is to prioritize product quality with high quality assurance. Thus, excellent quality assurance, consumers will be able to judge a quality product or not. Maspion's vision is to become a strong company in the building manufacture industry in Indonesia that has advantages: superior quality products, diverse product variants, mastery of local markets and overseas marketing networks. Maspion's mission is to provide quality and competitive products for the benefit of the community to generate profits through professional company management by developing sound business ethics. Contribute to the development of the Indonesian economy through trade activities, job creation and community development in the Gresik city area.

LITERATURE REVIEW

Purchase intention is "what we think we will buy. It also describes the feeling or perceived possibility of purchasing the advertised product, moreover, the purchase indicates the level of loyalty to the product [6,7]. Purchase intention has a relationship with demographic factors such as age, gender, profession, and education [8,9]. There is another statement which shows that certain product features, consumer perception, country of origin and perception of country of origin, all have an influence on consumer purchase intentions can be defined as a decision to act or physiological action that indicates individual behavior according to the product [10,11]. Purchase intention is a consumer's tendency to buy a brand or take action related to a purchase which is measured by the level of probability that consumers make a purchase [12,13]. The definition of purchase intention according to is something related to the consumer's plan to buy a certain product and how many units of the product are needed in a certain period [14,15]. This purchase intention in the framework of Reasoned Action theory is part of behavior as a result of consumer attitudes towards objects [16]. This means that if consumers have a positive attitude towards a brand/product, then they have the intention to buy the product [17,18].

Country of origin is the general perception of consumers of a quality product made by a country [2]. Consumers evaluate a product not only by its appearance and characteristics, but also by the country of origin where the product is made. This is referred to as the effect of the country of origin which is usually communicated through the phrase "made in" which has a great influence on the perception of the quality of a product. The definition and measurement of country of origin in this study refers to the opinion of Kotler (1993); The perception of the country of origin is defined as a general consumer's assessment of the country of origin of a product's brand based on information received from various sources, which is formed from 3 dimensions including belief in the country, belief in the people in that country and the desire to interact with the country. Measurement of Country of origin variables through the following indicators.

Country beliefs:
1. The country where brand X originates is a country that is innovative in manufacturing/manufacturing.
2. The country where brand X originates is a country that has a high level of education and mastery of technology.
3. The country where brand X originates is a country that is good in product design.
4. The country where brand X originates is a country that has a good reputation (respectable).
5. The country where brand X originates is a developed country.

People affect:
1. The country where the X brand originates is a country that has creative sales force.
2. The country where brand X originates is a country that has high-quality technical personnel.

Desired Interaction:
1. The country where brand X originates is an ideal country to visit.

The concept of product knowledge has been studied extensively in various fields of social science. Knowing a person or an object (bends) leads to an increase in the knowledge structure, which affects the information processing activities of consumers in several ways. Product knowledge can be defined conceptually as comprehensive knowledge that includes information about the functional attributes of products and brand differences on attributes. Product evaluation and consumer purchase intentions will be influenced by the country of origin if the country of origin has a good perception in the eyes of consumers. Consumers who have low objective and subjective knowledge are influenced by the country of origin in evaluating products. Meanwhile, consumers who have low subjective and objective knowledge are not necessarily influenced by the country of origin in their purchase intentions and it is also known that consumers who have a positive evaluation will have an effect on purchase intentions. Measurement of product evaluation variables through the following indicators:

a) Willing to buy this product after seeing the diversity of its products
b) This product is safe to use
c) This product is reliable
d) This brand of product is well known

Framework

The research framework describes the relationship of the independent variables, in this case the Country of origin (X1), Product Knowledge (X2), and the dependent variable Purchase Intention (Z) and the mediating variable is Product Evaluation (Y). The following framework of thought of this title is as follows: (Figure 1, Concept of theoretical thinking)
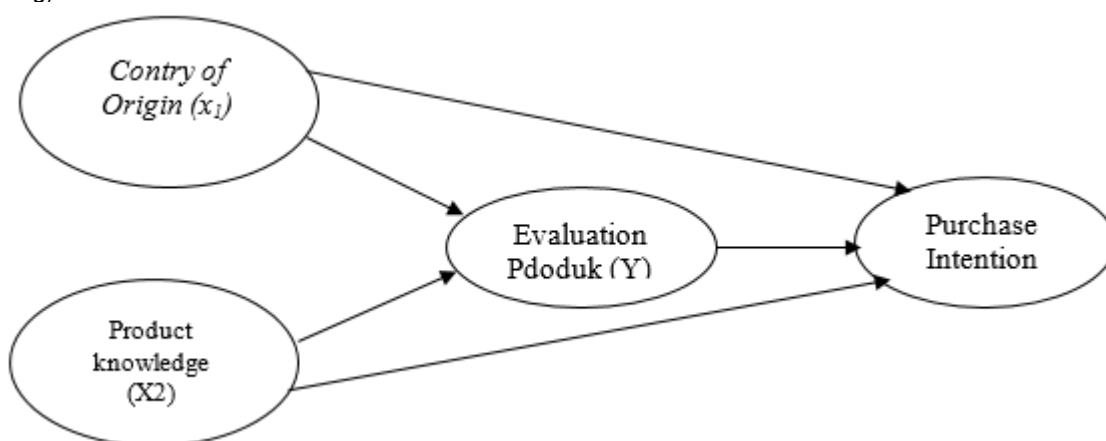

Figure 1. Concept of Theoretical Thinking

Hypothesis

Based on the description of the literature above, it can be formulated the following hypothesis formulation:

H_1: *Country of origin affects purchase intention.*
H_2: Product knowledge has an effect on purchase intention.
H_3: Country of origin affects product evaluation.
H_4: Product knowledge affects product evaluation.
H_5: Product evaluation has an effect on purchase intention.
H_6: Product evaluation mediates the influence of country of origin on purchase intention.
H_7: Product evaluation mediates the effect of product knowledge on purchase intention.

RESEARCH METHODS

The data analysis method used in this research is by using a statistical software tool known as SPSS (Statistical Product and Service Solution) version 17. Data analysis was carried out through data quality testing to determine the validity of each question item. Furthermore, hypothesis testing is carried out using a path analysis test tool. To complete the path analysis, it is necessary to know the existence of path diagrams and coefficients,

as follows:

$$Y = P_{Yx1}X_1 + P_{yx2}X_2 + e_1 \dots\dots\dots\dots\dots\dots\dots\dots(1)$$
$$Z = P_{zxl}X_l + P_{zx2}X_2 + Z_{zy}Y + e_2 \dots\dots\dots\dots\dots\dots(2)$$

Description:

X_1 = *Country of origin*
X_2 = Product Knowledge
Y = Product Evaluation
Z = Purchase Intention
p = Path Coefficient
E = Error

Partial Testing (t-test)

This test is used to prove whether the coefficient has a significant effect or not partially between the independent variable (X) on the dependent variable (Y). Decision making basis:
a) If the statistic t_{count} t_{table}, then Ha is accepted
b) If the statistic t_{count} t_{table}, then Ha is rejected

To prove the hypothesis, in addition to comparing tcount with ttable, it can be done by using probability values or significant values. At the level of confidence (95% confidence interval) or the error rate (Alpha) a is 0.05 then if the significant value is between (0-0.5) then Ha is accepted and vice versa if the significant value is less than 0 or more than 0.05 then Ha rejected.

Simultaneous Testing (F Test)

This test is used to determine whether the regression coefficient has a significant effect or not jointly between the independent variables (X) on the dependent variable (Y). Basis of decision making To test the hypothesis in this study, the researcher used the F test, namely at the confidence level (internal confidence 95%) or the error rate (Alpha) a 0.05.
a) If the statistic $t_{count} > t_{table}$, then Ha is accepted.
b) If the statistic $t_{count} < t_{table}$ then Ha is rejected

Hypothesis Testing

A statistical calculation is said to be significant if the value of the statistical test is in the critical area (the area where Ho is rejected). On the other hand, it is called insignificant if the statistical test is in the area where Ho is accepted. Meanwhile, the hypothesis in this study can be described as follows:

Ho_l : Country of origin has no effect on purchase intention
Ha_1 : Country of origin affects purchase intention.
$H0_2$: Product knowledge has no effect on purchase intention.
Ha_2 : Product knowledge has an effect on purchase intention.
$H0_3$: Country of origin has no effect on product evaluation.
Ha_3 : Country of origin affects product evaluation.
$H0_4$: Product knowledge has no effect on product evaluation.
Ha_4 : Product knowledge affects product evaluation.
$Ho5$: Product evaluation has no effect on purchase intention.
$Ha5$: Product evaluation has an effect on purchase intention.
Ho_6 : Country of origin has an indirect effect on purchase intention through product evaluation.
Ha_6 : Country of origin affects purchase intention through product evaluation.
Ho_7 : Product knowledge has an indirect effect on purchase intention through product evaluation.
Ha_7 : Product knowledge has an effect on purchase intention through product evaluation.

To make a decision to accept or reject the proposed hypothesis, it is necessary to do statistical testing. This study has a 95% confidence interval with a significance level of 5% (a 0.05).

RESULTS

In summary, the description of the research data is presented in the form of the average value (mean), the level of data dispersion (Std. Deviation) and the relationship between variables as shown in the following table:

Table 1. Average Standard Deviation and Correlation Between Variables

	Mean	Std. Deviasion	1	2	3	4
Country of origin	2,74	0,45	1			
Product knowledge	3,59	0,48	-0,149	1		
Product Evaluation	3,50	0,48	0,534	0,117	1	
Purchase Intention	3,03	0,58	0,480	-0,041	0,420	1

Data source: Primary Data, 20 (processed)

Table 2. Principal Component Analysis Matrix of Dependent Variables (n=100)

No	Purchase Intention Variable Items	Factor Load 1
1	I intend to buy Maspion brand electronic products instead of other available electronic products	0,78
2	I intend to recommend others to buy Maspion electronic products	0,86
3	I intend to buy Maspion electronic products in the future	0,86
4	I am considering buying Maspion electronic products	0,58
Eigenvalue		2,45
Explainable variance		61,34
Kaiser-Meyer-Olkin *Measure of Sampling Adequacy*		0,72
Bartlett's Test of Sphericity		0,001

Dependent Variable : Z (Purchase Intention)
Source: Primary Data, 2021 (processed)

Table 3. Principal Component Analysis Matrix of Independent Variables X1, and X2 (n=100)

No	Independent Variable Items	Factor Load 1	Factor Load 2
1	Indonesia is an innovative country in manufacturing	0,71	1
2	Indonesia is a country that has a high level of education and mastery of technology	0,57	2
3	Indonesia is a good country in electronic product design	0,67	3
4	Indonesia is a country that has a good reputation and (honorable)	0,74	4
5	Indonesia is a developed country	0,68	5
6	Indonesia is a country that has a creative workforce	0,57	6
7	Indonesia is a country that has a high-quality workforce	0,64	7
8	Indonesia is an ideal country to visit	0,52	8
9	I know various kinds of Maspion products		0,59
10	I am willing to find out how to use Maspion products		0,74
11	I know information about the product Maspion		0,68
12	I can distinguish products in country and abroad		0,66
13	Very satisfied to know information about Maspion product purchase		0,64
Eigenvalue		3,75	2,51
Explainable variance		28,90	19,30
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0,75	0,75
Bartlett's Test of Sphericity		,001	,001

Independent Variable X, (Country of origin), X2 (Product Knowledge)
Source: Primary Data, 2021 (processed)

Table 4. Regression results of the influence of country of origin and product knowledge and product evaluation on purchase intention

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0,853	0,553		1,542	0,126
Country of origin	0,461	0,140	0,353	3,303	0,001
Product knowledge	-0,019	0,110	-0,016	-0,171	0,861
Product Evaluation	0,282	0,129	0,233	2,191	0,031

Source: Primary Data, 2021 (processed)

Based on the results of the path analysis in the table above (using the help of the SPSS program), the path analysis equation can be written as follows:

$Y = 0,565 X_1 + 0,201 X_2 + \varepsilon_1$

$Z = 0,353 X_1 - 0,0,16 X_2 + 0,233 Y + \varepsilon_2$

The complete calculation of direct and indirect effects is as in the table below:

Table 5. Table of Direct and Indirect Effects of Country of Origin Variables, Product Knowledge on Purchase Intentions and Product Evaluation as Mediation Variables.

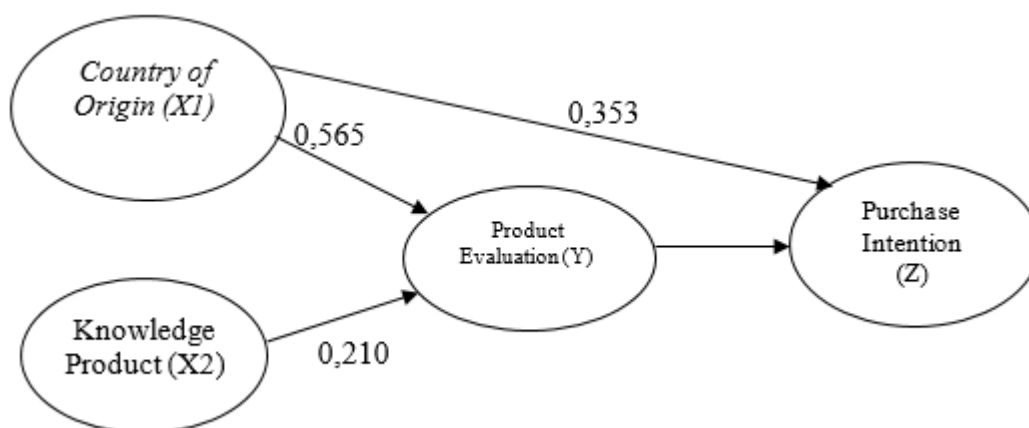| Variable Effect	Influence Direct	Influence No Direct	Total
Influence X_1, to Y	(0,565) x (0,565)		0,319
Influence X_2 to Y	(0,201) x (0,201)		0,040
Influence X_1, to Z	(0,353) x (0,353)		0,124
Influence X_1, to Z through Y		(0,565) x (0,233)	0,131
Influence X_2 to Z through Y		(0,201) x (0,233)	0,046
Total Influence	**0,483**	**0,177**	**0,66**

Source: Primary Data, 2021 (processed)

Figure 2. The Influence of Country of Origin, Product Knowledge on Purchase Intention and Product Evaluation as a Mediation Variable.

Hypothesis Test Results

The effect of Country of origin, product knowledge on purchase intention and product evaluation as a mediating variable on Maspion brand electronic products in Banda Aceh City as follows:

Partial Test Results (t-test)

The t-test was conducted to find out how the effect of country of origin, product knowledge, product evaluation on purchase intention partially. Partial hypothesis testing is carried out for Hypothesis 1 (H_1), Hypothesis

2 (H$_2$) Hypothesis 3 (H$_3$), Hypothesis 4 (H$_4$), Hypothesis 5 (H$_5$), Hypothesis 6 (H$_6$), Hypothesis 7 (H$_7$). From the partial test it can be concluded that:

1. H$_1$, accepted, because Country of origin has a significant effect on purchase intention.
2. H$_2$ rejected, because product knowledge has no effect on purchase intentions.
3. H$_3$ accepted, because Country of origin affects product evaluation.
4. H$_4$ accepted, because product knowledge affects product evaluation.
5. H$_5$ accepted, because product evaluation has an effect on purchase intention.
6. H$_6$ accepted, because Country of origin affects product evaluation and product evaluation affects purchase intention.
7. H$_7$ accepted, because product knowledge affects product evaluation and product evaluation affects purchase intention.

Simultaneous Testing Results (f-test)

Simultaneous testing to see how much influence the exogenous variables together have on the endogenous variables. The effect of Country of origin, product knowledge and product evaluation on purchase intention as shown in Table 6 below:

Table 6. F Test Results Country of origin, Product Knowledge on Product Evaluation

Model	Sum Of Square	df	Mean Square	F	Sig.
Regression	7,642	2	3,821	23,372	0,000
Residual	15,858	97	0,165		
Total	23,500	99			

Source: Primary Data, 2021 (processed)

Table 7. F Test Results Country of origin, Product Knowledge, Product Evaluation
Against Purchase Intention

Model	Sum Of Square	df	Mean Square	F	Sig.
Regression	9,213	3	3,071	11,695	0,000
Residual	25,209	96	0,263		
Total	34,422	99			

Source: Primary Data, 2021 (processed)

CONCLUSION

Based on the results of research and discussion that have been stated previously, the conclusions of this study are as follows:

1. The influence of Country of origin has a significant effect on purchase intention on Maspion brand electronic products in the city of Banda Aceh.
2. Product knowledge has no significant negative effect on purchase intention on Maspion brand electronic products in Banda Aceh city.
3. The influence of Country of origin has a significant effect on product evaluation of Maspion's electronic products in the city of Banda Aceh.
4. The influence of product knowledge has a significant effect on product evaluation on Maspion brand electronic products in the city of Banda Aceh.
5. The effect of product evaluation has a significant effect on the purchase intention of Maspion brand electronic products in the city of Banda Aceh.
6. Product evaluation mediates Country of origin on purchase intentions on Maspion brand electronic products in Banda Aceh city.
7. Product evaluation mediates product knowledge on purchase intentions on Maspion brand electronic products in Banda Aceh city.

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