

**PURCHASE INTENTION OF DISTANCE LEARNING STUDENT TOWARDS
PROTON BRAND'S CAR: PRODUCT CUES, ATTITUDE AND
ETHNOCENTRISM**

by

NOOR AZMI HASHIM

**Thesis submitted in fulfillment of the
requirements for the "Degree" of:
Doctor of Philosophy**

DECEMBER 2008

ACKNOWLEDGEMENTS



In the name of Allah SWT, the Most Gracious and the Most Merciful, I thank you for giving me the strength to complete this thesis. This thesis would not have been completed without the support and assistance of many people.

First and foremost, my sincere gratitude and appreciation goes to my supervisors, Professor Dr Osman Mohamad and Dr Mahmod Sabri Haron for their constructive ideas, criticisms, guidance, and patience throughout the duration of preparing this thesis. They have successfully guided me through some stressful times and was always willing to sharpen my understanding of this thesis and other academic writings. It was a great privilege to work under their supervision, where their professional expertise and many constructive and insightful comments had contributed tremendously in focusing my thoughts and ideas.

I am also greatly indebted to Assoc. Prof. Dr. Haji Zainal Ariffin Ahmad, Assoc. Prof. Dr. Yusserie Zainuddin, Assoc. Prof. Dr. Zamri Ahmad, Dr Nabsiah Abd. Wahid, Dr Norizan Mat Saad, Assoc. Prof. T. Ramayah, Assoc. Prof. Dr. Zulkafli Husin (UUM), Rozairi Muhammad and Mohd Zaid Ahmad for their valuable insights, comments, ideas, and suggestions in the course of improving and completing this thesis. I wish to thank Assoc. Prof. Dr. Ishak Ismail (Dean of the School of Management, USM), other faculty members (esp. Dr. Roselee Shah Shaharudin and Dr. Lilis Surienty Abd Talib) and the support staff (esp. Aminah Khaton Mohamad, Rusnah Che Amat dan Muhamad Rizal Radi) of the School of Management, USM, for their encouragement and kind assistance rendered to me throughout my studies. Thank you.

I would also like to thank the head of department of the participating universities for their invaluable help during data collection. Special thanks are also extended to all the respondents who have given their cooperation in completing the survey. My gratitude also goes to Public Service department and Universiti Utara Malaysia for granting me the scholarship and study leave to pursue this PhD. degree.

I wish to remember my beloved late father, Hashim Bakar, who was instrumental in this accomplishment. My greatest pleasure would be to share this moment with him. Due appreciation is also extended to my mother, Hajjah Maznah Ariffin, my parents-in-laws, Haji Omar Muhammad and Hajjah Azizah Daud and my other family members (sisters, brothers and nephews) who have given me their prayers, encouragement, and unfailing support for me to go through this journey.

A note of thanks also goes to all my colleagues at the School of Management – Abdul Rahman Rahim, Chutima Wengbangmad, Dr. Abdullah Hemdi, Dr. Buyong, Dr. Herianto, Dr. Kitima Tamalee, Dr. Norlida Jaafar, Dr. Sefnedi, Sunardi, Emily, Fuad, Jakkavuddi, Nusrah, Mazni Saad, Orachot Suwankeha, Phadett Toksoon, Raman Nordin, Salmi Che Meh, Saowanee, Zuhail and many others for their moral support, guidance, encouragement, and friendship.

Finally and most important, I would like to extend my gratitude and affection to my beloved wife, Rahana Omar and children, Noor Khairi Ajwad, Noor Khairun Nisa and Noor Amalina Aqilah. Thank you for providing me with overwhelming patience, support, love, encouragement, and inspiration that has greatly facilitated the completion of this challenging work.

TABLE OF CONTENT

	Page
TITLE PAGE	i
ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	iv
LIST OF APPENDICES	ix
LIST OF TABLES	xi
LIST OF FIGURES	xiv
ABSTRAK	xv
ABSTRACT	xvi
 CHAPTER 1 - INTRODUCTION	
1.0 Background of Study	1
1.1 Malaysian Automobile Industry	3
1.2 Problem Statement	7
1.3 Research Questions	9
1.4 Research Objectives	10
1.5 Scope of the Study	10
1.6 Significance of the Study	10
1.7 Definition of Variables	12
1.7.1 Purchase intention	12
1.7.2 Attitude Towards Brand	12
1.7.3 Ethnocentrism	12

1.7.4	Intrinsic Cues	13
1.7.5	Extrinsic Cues	13
	• Country of Origin	13
	• Country image	13
	• Warranty	13
	• Perceived risk	13
	• Price	14
1.8	Organizations of the Thesis	14

CHAPTER 2 - REVIEW OF THE LITERATURE

2.0	Introduction	15
2.1	The Underlying Theory of Purchase Intention	15
	2.1.1 Belief-Attitude-Intention Model	15
2.2	Conceptualization of Purchase Intention	17
2.3	Product Cues	19
	2.3.1 Intrinsic Cues and Purchase Intention	20
	2.3.2 Country of Origin and Purchase Intention	21
	2.3.3 Country image and Purchase Intention	24
	2.3.4 Warranty and Purchase Intention	28
	2.3.5 Perceived risk and Purchase Intention	30
	2.3.6 Price and Purchase Intention	32
2.4	Attitude Towards Brand	34
2.5	Attitude Towards Brand and Purchase Intention	35

2.6	Product Cues and Purchase Intention	37
2.7	Ethnocentrism	37
2.8	Ethnocentrism as a Moderator	41
2.9	Demographic Effects	41
2.10	Theoretical Framework	43
2.11	Research Hypotheses	44
2.12	Summary	47

CHAPTER 3 - METHODOLOGY

3.0	Introduction	48
3.1	Research Design	48
3.2	Product Selection	49
3.3	Population and Sample	49
3.4	Procedure for Data Collection	52
3.5	Research Instrument	53
3.5.1	Intrinsic Cues	55
3.5.2	Extrinsic Cues	56
3.5.2.1	Country of Origin	56
3.5.2.2	Country image	57
3.5.2.3	Warranty	57
3.5.2.4	Price	58
3.5.2.5	Perceived risk	59
3.5.3	Attitude Towards Brand	59

3.5.4	Ethnocentrism	60
3.5.5	Purchase Intention	60
3.5.6	Demographic Profile	61
3.6	Statistical Technique	62
3.6.1	Factor Analysis	62
3.6.2	Reliability Analysis	63
3.6.3	Correlation Analysis	64
3.6.4	Descriptive Statistics	64
3.6.5	Multiple Regression Analysis	64
3.6.6	Hierarchical Regression Analysis	66
3.9	Summary	67

CHAPTER 4 - FINDINGS

4.0	Introduction	69
4.1	Response Rate	69
4.2	Respondents Profile	70
4.3	Goodness of Measures	73
4.3.1	Factor Analysis	73
4.3.1.1	Factor Analysis on Product Cues	74
4.3.1.2	Factor Analysis on Attitude Towards Brand	78
4.3.1.3	Factor Analysis on Purchase Intention	79
4.3.2	Reliability Analysis	80
4.3.3	Descriptive Analysis	81

4.3.4	Correlation Analysis	83
4.4	Modified Conceptual Framework	85
4.5	Restatement of Hypotheses	86
4.6	Multiple Regression Analysis	88
4.6.1	The Relationship Between Product Cues to Purchase Intention	88
4.6.2	The Relationship Between Product Cues to Attitude Towards Brand	90
4.6.3	The Relationship Between Attitude Towards Brand to Purchase Intention	93
4.7	Test Of Mediation	94
4.7.1	The Mediating Effect of Attitude Towards Brand on the Relationship Between Product Cues and Purchase Intention	95
4.7.2	The Moderating Effect of Ethnocentrism on the Relationship Between Attitude Towards Brand and Purchase Intention	97
4.8	Summary of Findings	99
 CHAPTER 5 – DISCUSSIONS AND CONCLUSION		
5.0	Recapitulation of Study	102
5.0.1	Product Cues	104
5.0.2	Attitude Towards Brand	104

5.0.3	Ethnocentrism	105
5.0.4	Purchase Intention	105
5.1	Discussion	105
5.1.1	Product Cues and Purchase Intentions	106
5.1.2	Product Cues and Attitude Towards Brand	108
5.1.3	Attitude Towards Brand and Purchase Intention	110
5.1.4	The Mediating Role of Attitude	110
5.1.5	The Moderating Role of Ethnocentrism	112
5.2	Contributions of the Study	112
5.2.1	Theoretical Contributions	112
5.2.2	Practical Contributions	114
5.2.3	Policy Implications	116
5.3	Limitations and Suggestions for Future Research	118
5.4	Conclusion	119
	REFERENCES	120
	APPENDICES	
APPENDIX A	Questionnaires	134
APPENDIX B	Profile Of Respondents	152
APPENDIX C	Results Of The Factor Analysis On Product Cues	156
APPENDIX D	Results Of The Factor Analysis On Attitude Towards Brand	163
APPENDIX E	Results Of The Factor Analysis On Purchase Intention	166

APPENDIX F	Reliability Coefficients For The Major Variables	169
APPENDIX G	Descriptives For The Major Variables	177
APPENDIX H	Intercorrelations Of The Major Variables	179
APPENDIX I	Results Of Regression Analysis Of Product Cues On Purchase Intention	181
APPENDIX J	Results Of Regression Analysis Of Product Cues On Attitude Towards Brand	187
APPENDIX K	Results Of Regression Analysis Of Attitude Towards Brand On Purchase Intention	193
APPENDIX L	Hierarchical Regression Analysis Results Using Attitude Towards Brand As A Mediator In The Relationship Between Product Cues And Purchase Intention	199
APPENDIX M	Hierarchical Regression Results Using Ethnocentrism as a Moderator in the Relationship Between Attitude Towards Brand and Purchase Intention	205

LIST OF TABLES

Table 1.1	Total New Vehicles Sales in Malaysia (Brand and Units)	4-5
Table 1.2	Automobile Industry Players in Malaysia	6
Table 2.1	The Related Literature's Findings on the Country of Origin	23-24
Table 2.2	Findings of Attitude on Behavioral Intention	36-37
Table 2.3	Research Hypotheses	44-46
Table 3.1	Universities with Part-Time and Distance Learning Program and the Number of Registered Students	51
Table 3.2	Measurement of the Study	54-55
Table 3.3	Items Relating to Intrinsic Cues Scale	55-56
Table 3.4	Items Relating to Country of Origin Scale	57
Table 3.5	Items Relating to Country Image Scale	57
Table 3.6	Items Relating to Warranty Scale	58
Table 3.7	Items Relating to Price Scale	58
Table 3.8	Items Relating to Perceived Risks Scale	59
Table 3.9	Items Relating to Attitude Towards Brand Scale	60
Table 3.10	Items Relating to Ethnocentrism Scale	60-61
Table 3.11	Items Relating to Purchase Intention Scale	61
Table 3.12	Items Relating to Demographics Scale	62
Table 4.1	Participating Universities And The Overall Response Rate	70
Table 4.2	Profile of Respondents	71
Table 4.3	Results of The Factor Analysis on Product Cues	75-76
Table 4.4	Results of The Factor Analysis on Attitude Towards Brand	79

Table 4.5	Results of The Factor Analysis on Purchase Intention	80
Table 4.6	Reliability Coefficients for the Major Variables	81
Table 4.7	Mean Score and Standard Deviation	82-83
Table 4.8	Intercorrelations of the Major Variables	85
Table 4.9	Restated Hypotheses	86-87
Table 4.10	Multiple Regression Analysis: Product Cues and Purchase Intention	89
Table 4.11	Summary of The Hypotheses Testing Results from Multiple Regression Analysis	90
Table 4.12	Multiple Regression Analysis: Product Cues and Attitude Towards Brand	92
Table 4.13	Summary of The Hypotheses Testing Results from Multiple Regression Analysis	92
Table 4.14	Multiple Regression Analysis: Attitude Towards Brand and Purchase Intention	94
Table 4.15	Summary of The Hypotheses Testing Results from Multiple Regression Analysis	94
Table 4.16	Hierarchical Regression Results Using Attitude Towards Brand as a Mediator in The Relationship Between Product Cues and Purchase Intention	96
Table 4.17	Summary of the Hypotheses Testing Results from Multiple Regression Analysis	97

Table 4.18	Hierarchical Regression Results Using Ethnocentrism as a Moderator in the Relationship Between Attitude Towards Brand and Purchase Intention	98
Table 4.19	Summary of the Hypotheses Testing Results from Multiple Regression Analysis	99
Table 4.20	Summary of Restated Hypotheses	100-101

LIST OF FIGURES

Figure 2.1	Framework of Belief, Attitude and Intention Model	16
Figure 2.2	Theoretical Framework	44
Figure 4.1	The Modified Theoretical Framework	86
Figure 4.2	The Relationship Between Product Cues and Purchase Intention	88
Figure 4.3	The Relationship Between Product Cues and Attitude Towards Brand	91
Figure 4.4	The Relationship Between Attitude Towards Brand and Purchase Intention	93
Figure 4.5	The Mediation Model	95
Figure 4.6	Attitude Towards Brand Mediating the Relationship Between Product Cues and Purchase Intention	96
Figure 4.7	Ethnocentrism Moderating the Relationship Between Attitude Towards Brand and Purchase Intention	97

NIAT KELAKUAN MEMBELI OLEH PELAJAR PENGAJIAN JARAK JAUH TERHADAP KERETA JENAMA PROTON: KIU PRODUK, SIKAP DAN ETNOSENTRISMA

ABSTRAK

Peranan niat kelakuan membeli adalah mustahak kepada pemarkas untuk memastikan kejayaan sesebuah organisasi. Oleh itu, tujuan penyelidikan ini adalah untuk menentukan faktor-faktor yang mempengaruhi niat kelakuan membeli dari perspektif pelanggan. Secara spesifiknya, kajian ini memberi tumpuan kepada (1) kesan utama kiu produk (kiu intrinsik dan ekstrinsik), (2) kesan pengbolehubah pengantara sikap terhadap jenama dan (3) kesan pengbolehubah pencelah etnosentrisme, ke atas niat kelakuan membeli. Didukung oleh model rangkaian kepercayaan-sikap-niat perlakuan (Fishbein & Ajzen, 1967), kajian ini mencadangkan satu rangka kajian yang menghubungkan kiu produk, sikap terhadap jenama, etnosentrisme dan niat kelakuan membeli. Dengan kadar maklumbalas 61.16%, sejumlah 529 responden telah mengambil bahagian dalam kajian ini. Melalui bancian soalselidik sendiri, data mengenai kesemua anggubah kajian ini diperolehi. Untuk menguji hipotesis, analisa regresi berganda berperingkat dijalankan. Hasil analisa regresi menunjukkan: (1) Kiu produk mempunyai perhubungan yang signifikan keatas niat kelakuan membeli. (2) Kiu produk mempunyai perhubungan yang signifikan keatas sikap terhadap jenama. (3) sikap terhadap jenama mempunyai perhubungan yang signifikan keatas niat kelakuan membeli. (4) Sikap terhadap jenama sebagai pengbolehubah pengantara mempunyai perhubungan yang signifikan diantara kiu produk dan niat kelakuan membeli. (5) Etnosentrisme sebagai pengbolehubah pencelah tidak mempunyai perhubungan diantara sikap terhadap jenama dan niat kelakuan membeli. Implikasi teoritikal, praktikal dan polisi kajian ini serta cadangan kajian dimasa hadapan dibincangkan.

**PURCHASE INTENTION OF DISTANCE LEARNING STUDENT TOWARDS
PROTON BRAND'S CAR: PRODUCT CUES, ATTITUDE AND
ETHNOCENTRISM**

ABSTRACT

Knowing the role of purchase intention is undeniably important to marketers as a determinant of success. To ensure success, an understanding of purchase intention is vital. The purpose of this research is to determine the factors that influence purchase intention from the perspective of consumers. Specifically, this study focuses on the (a) main effects of product cues (intrinsic and extrinsic cues), (2) the mediating effect of attitude towards brand, and (3) the moderating effect of ethnocentrism, on the creation of purchase intention. Grounded by the beliefs-attitudes-behavioral intentions model (Fishbein & Ajzen, 1967), this study proposed a framework linking product cues, attitude towards brand, ethnocentrism and purchase intention. A total of 529 respondents, representing a response rate of 61.16%, participated in this study. Data for all the study variables were collected through self-administered survey questionnaires. Hierarchical multiple regression analyses were conducted to test the hypotheses posited in this study. The regression results indicated that: (1) Product cues were significantly related to purchase intention. (2) Product cues were significantly related to attitude towards brand. (3) Attitude towards brand is significantly related to purchase intention. (4) Attitude towards brand mediates the relationship between product cues and purchase intention. (5) Ethnocentrism does not moderate the relationship between attitude towards brand and purchase intention. Theoretical, practical and policy implications of the study as well as suggestions for future studies were discussed.

CHAPTER 1

INTRODUCTION

The purpose of this chapter is to provide an overview of the study and its organization. This chapter begins with the discussion of the background of the study, research problem, research questions and research objectives. It also highlights the significance and scope of the study, definitions of terms and descriptions of terminologies and it will end with the organization of the research chapter.

1.0 Background of the Study

In the era of competitive business environment, automobile manufacturer and assemblers need to be proactive in order to ensure that consumers have high intention to purchase their products. The levels of purchase intention among consumers need to be enhanced as companies will enjoy strong growth and profitability and increased in market share through higher sales. The importance of purchase intention studies is well-documented (Ahmed & d'Astous, 1993; Diamantopoulus, Schlegelmilch & Du Preez, 1995; Liefeld, 2004; Rodrigue & Biswas, 2004; Veloutsou, Gioulistanis & Moutinho, 2004) based on the published literature. This concept can be usefully applied to products marketed domestically or internationally. The outcomes of the previous studies (Dabholkar & Bagozzi, 2002; Erickson & Johansson, 1985; Page & Yuding, 2003; Teng, Laroche & Zhu, 2007) on purchase intention leads to variety of determinants of purchase intention and the relationships between these determinants and purchase intention

Previous studies have found that the presence of intrinsic and extrinsic cues as a vital variable to purchase intention. The results are still inconclusive on how certain dimensions of intrinsic cues (Aqueveque, 2006; Forsythe, Kim & Petee, 1999) and

extrinsic cues (Ervelles, 1993; Forsythe et al., 1999; Lin & Chen, 2006) are involved in influencing purchase intention. For instance, some studies have shown that intrinsic cues and extrinsic cues does not influence purchase intention directly but rather mediated by other variables (Ervelles, 1993). Consequently, results of some studies have revealed that the relationship is not significant (Choo, Chung & Pysarchik, 2004). In other words, product cues will induce consumers to respond by enhancing their attitude towards a particular brand and willingness to purchase the product.

The significance of attitude towards brand in determining purchase intention is well established (Haubl, 1996; Jin & Suh, 2005; Rodrique & Biswas, 2004; Zielke & Dobbstein, 2007). Consumer attitudes are of major importance in determining marketing strategy. According to the belief, attitude and intention model, most of the antecedents on behavioral intention would be channeled through the attitude construct (Haubl, 1996; Page & Yuding, 2003).

Unfortunately, previous research has failed to clearly distinguish between the various conceptualizations and interactions with other cues. Future research need to address conceptually and empirically to reduce the confusion in the literature (Pecotich & Ward, 2007). Even though a substantial research on purchase intention has been published over the past thirty years, there is no framework yet that is favored and parsimonious for researchers and practitioners.

Researchers have not systematically investigated the linkages linking product cues (intrinsic and extrinsic cues), attitude towards brand and purchase intention. Therefore, the purpose of this study is to examine the role of attitude towards brand on the linkage between product cues and purchase intention of automobile in Malaysia in an attempt to understand how product cues affect purchase intention. The role of

ethnocentrism in moderating the relationship between attitude brand and purchase intention is also investigated.

1.1 Malaysian Automobile Industry

The national car project, Perusahaan Otomobil Nasional (Proton) has been initiated and with the direct support of the then Prime Minister of Malaysia, Tun Dr Mahathir Mohamed was formed on May 7th, 1983 (<http://proton.com.my/>). The first Proton model, Proton Saga was launched on July 9th, 1985. At present, the model includes Savvy, Iswara, Wira, Gen 2, Persona, Waja and Perdana. With strong government commitment, now Malaysia has a fairly strong automobile industry. Besides the national car project, well known marques are assembled here, ranging from Ford, Mercedes, Volvo, Honda, Toyota, Kia and Hyundai just to name a few. The importance of the industry is also evident from its substantial contribution to the government treasury. It is estimated that it accounts for 65 % of the government annual excise duty revenue or approximately RM 3.3 billion. In addition, it also contributes nearly RM 2 billion or 30 % of sales tax revenue (<http://proton.com.my/>). Overall, the industry contributes more than 5 % of the total government revenue. In that sense, it is surely in the government's interest to see the automobile industry in the country to flourish further. With continued growth outlook of the economy and rising income levels as well as further improvements in infrastructure, one can expect that auto sales will continue to be robust in years to come.

Malaysia is ASEAN's largest passenger automobile market with more than 500,000 automobiles sold annually in which 90% of them are manufactured or assembled domestically (Ministry of Trade and Industry, 2007). This shows that a Malaysian market characteristic is predominantly a passenger automobile market.

Passenger automobiles account for 81% of the total new vehicle sale in 2003 (Malaysian Automobile Association, 2007). Automobile sales have achieved its highest in 2005, where 416,492 automobiles were sold in Malaysia. Table 1.1 shows the new vehicles sales in Malaysia (brand and units). The sales figure shows that the local brand (Proton) sale decreases over the past few years. Proton sales for 2001 are 208,746 as compared to 214,373 in 2002 and 155,420 in 2003 (<http://autoworld.com.my>). In contrast, imported brand sales have increased significantly as shown in Table 1.1. Proton market share in 2001 is 63.75 % compared to 2006 just 31.50% (<http://autoworld.com.my/>). In 2006, foreign branded automobiles companies are already taking 68.50% of the Malaysian automobile market (<http://autoworld.com.my/>).

In 2002, the ranking of the largest automaker are as follows: General Motor, Ford, Toyota, Volkswagen and Daimler Chrysler. The combination of these companies produced 20,890,789 automobiles from the world production of 33,114,939 or 63% of the total production (<http://www.autoindustry.co.uk/>). Proton, a Malaysian automobile manufacturer has produced 214,373 automobiles in 2002 (<http://autoworld.com.my>).

Table 1.1
Total New Vehicle Sales in Malaysia (Brands and Units) 2001 - 2006

Brand	Year					
	2001	2002	2003	2004	2005	2006
Alado	-	-	-	-	-	152
Audi	178	77	-	-	-	-
BMW	2011	2281	1989	2200	2877	3146
Chevrolet	-	-	542	5906	4708	991
Citroen	519	625	396	752	461	188
Daihatsu	90	61	1	-	-	-
Fiat	-	-	135	108	-	-
Ford	442	260	287	189	245	332
Honda	4165	3140	14154	22733	25281	25334
Hyundai	-	-	-	7412	12264	5098

Table 1.1 *Continued...*

Brand	Year					
	2001	2002	2003	2004	2005	2006
Inokom	-	-	-	11540	13443	5989
Kia	-	4281	6948	10008	11464	5946
Mazda	9	43	70	38	162	105
Mercedes Benz	2448	3094	2994	3072	3303	3287
Mini	-	-	-	164	197	170
Mitsubishi	29	29	-	3	3	551
Naza	-	-	-	-	-	7592
Nissan	7077	6203	6105	6777	7420	7333
Perodua	94476	114265	111798	114329	134170	152733
Porsche			15	19	42	46
Proton	208746	214373	155420	166833	166118	115538
Peugeot	229	46	-	-	-	-
Renault	64	282	97	-	1168	731
Saab	-	-	22	39	35	21
Smart	-	-	-	26	342	322
Ssangyong	-	-	-	27	17	6
Subaru	-	-	-	4	19	20
Suzuki	-	-	-	-	1211	1064
TD 2000	-	-	-	-	-	1
Toyota	5801	9971	18986	27627	30971	29445
Volvo	1163	903	565	762	771	597
Total sales	327447	359934	320524	380568	416692	366738
% of Proton market share	63.75	59.56	48.49	43.84	39.87	31.50

Source: *Malaysian Automobile Association (2001- 2006)*

Automobile manufacturing has a broad multiplier effect on the economy, creating jobs in parts manufacturing and support industries such as car dealership, repair and after market parts and retailing. The industry currently provides direct and indirect employment to more than 100, 000 people. The industry also supports 350 component manufacturers as well as a host of equipment suppliers, providers of professional and financial services and research and training institutes. Since then the government had invested heavily in the national car project to upgrade Malaysia's technological engineering capability and spur the establishment of a wide network of support industries. Proton has also enjoyed wide acceptance overseas in countries such as

Britain, Middle East and Australia. Table 1.2 shows the automobile industry players in Malaysia.

Table 1.2
Automobile Industry Players in Malaysia

Segments	Number
Manufacturers (National car)	1
Assemblers	13
Composite body / sport car makers	3
Component parts manufacturers	350

Source: <http://autoworld.com.my>

With the introduction of ASEAN Free Trade Area (AFTA) in 2005 and the liberalization of automobile sector, car companies are seen to adjust their sales forecast as there is more competition for the same market share. Also under the agreement, Malaysia will cut duties on imports from other Southeast Asian countries to below than five percent from the year 2005. It has been predicted that Proton may have a hard time competing against tariff-free automobiles from other ASEAN countries under the agreement (<http://www.autoindustry.co.uk/>). Top global carmakers such as General Motors, Ford, BMW and Daimler Chrysler have already set up manufacturing plants in Thailand aiming for the Malaysian market. Under AFTA, cars made by these foreign companies need to have a local content of at least 40 percent to enjoy preferential import duty.

According to Dato Mustapa Mohamed (2004), minister in the prime minister's department of Malaysia, in order for the Malaysian-made car to compete, Proton need to invest in research and development, upgrade their workforce productivity and production efficiency, competitively priced, customer focused and provide after sales services. In addition, Proton needs to aggressively promote their brand and strengthen their market

share positions. Proton need to improve on areas like new innovations and practicality of designs, better safety features, improving performance, fuel efficiency and be environmentally friendly. Even comfort and choice of colors are now considered new standard of driving by discerning motorists all over the world.

1.2 Problem Statement

The importance of purchase intention cannot be fully appreciated if the formation of the intention is not fully understood. It is important to understand consumer purchase intention and how it affects consumer decision making and understand the factors affecting purchase intention. Product cues and purchase intention are important and dominant concepts in marketing field. These two concepts are closely linked (Han, 1988; Haubl, 1996; Herche, 1994). In addition, it also asserted that product cues appear to provide a strong explanation for the formation of attitude towards brand and are related to purchase intention (Burton, Lichtenstein, Netemeyer & Garretson, 1998). However, empirical study to support them is still lacking.

Previous scholars still question as to how product cues affects purchase intention, how to establish attitude towards brand and how ethnocentrism moderates these relationships. Particularly with regards to how product cues influences purchase intention, previous studies have reported mixed results on the relationship between product cues and purchase intention (Aqueveque, 2006; Ervelles, 1993; Erickson & Johansson, 1985; Forsythe et al., 1999; Jin & Suh, 2005; Lin & Chen, 2006;).

The mixed and inconclusive findings raised some suggestions to further explore the possibility of other mediating variables (Burton et al., 1998). Their argument is based on the premise that product cues influence purchase intention indirectly through

intervening variable (attitude towards brand) and future research should be directed to explore this mediating variable.

On the other hand, findings on the relationship between attitude towards brand and purchase intention have been found to be inconsistent as asserted by several scholars (Choo et al., 2004; Chung & Pysarchik, 2000; Jin & Suh, 2005; Rodrique & Biswas, 2004; Zielke & Dobbelstein, 2007). The argument are based on the premise that attitude towards brand influence purchase intention indirectly through moderating variable and future research should be directed to explore ethnocentrism as the moderating variable (Chung & Pysarcik, 2000).

It is argued that product cues provides a strong explanation for formation of attitude towards brand and in turn, relates to purchase intention. Most previous studies on product cues have concentrated on purchase intention on imported product. Subsequently, specific relationship between product cues and attitude towards brand has not been delineated clearly (Page & Yuding, 2003).

To date, there has been a few, if any, study that investigates the linkage between product cues, attitude towards brand, ethnocentrism, and purchase intention together in an integrated framework. Specifically, there is a lack of empirical evidence pertaining to product cues in Malaysian automobile industry. There are constrain and limitation of knowledge and empirical study concerning the problems faced by the Malaysian automobile industry that relate to product cues, attitude towards brand, ethnocentrism and purchase intention. Therefore, this research is motivated by the following considerations:

1. The dearth of empirical research that investigates the effect of product cues on attitude towards brand and on purchase intention.

2. The scarceness of study that investigates the impact of attitude towards brand as an intervening variable on the relationship between product cues and purchase intention.
3. The paucity of study that investigates the moderating effect of ethnocentrism on the relationship between attitude towards brand and purchase intention.

Based on the background, the current research seeks to investigate the role of attitude towards brand (attitude) in mediating the relationship between consumer perception on product cues (belief) and purchase intention (behavioral intentions). The moderating role of ethnocentrism between attitude towards brand and purchase intention is also investigated.

1.3 Research Questions

The research questions proposed to achieve the objectives of this study are:

1. Does product cues relate to purchase intention?
2. Does product cues relate to attitude towards brand?
3. Does attitude towards brand relate to purchase intention?
4. Does attitude towards brand mediate the relationship between product cues and purchase intention?
5. Does ethnocentrism moderate the relationship between attitude towards brand and purchase intention?

1.4 Research objectives

The objectives of this study are as follows:

1. To investigate the relationship between product cues and purchase intention.
2. To investigate the relationship between product cues and attitude towards brand.
3. To investigate the relationship between attitude towards brand and purchase intention.
4. To investigate whether attitude towards brand mediates the relationship between product cues and purchase intention.
5. To explore whether ethnocentrism moderates the relationship between attitude towards brand and purchase intention.

1.5 Scope of the Study

This study is only limited to working adults attended distance learning and off-campus students of Malaysian public universities. It will examine the impact of the antecedent variables (product cues) on purchase intention and the mediating variable (attitude toward brand) and the moderator variable (ethnocentrism). Specifically, the study will focus on purchase intention.

1.6 Significance of the Study

This study is expected to contribute to the marketing knowledge, both in the theory development and practical implication. The following are the significance of this study.

Firstly, from a consumer behavior perspective, the findings of this study will provide the automobile manufacturer and assembler with vital information whether product cues contribute to purchase intention. With globalization, companies compete across borders and cultures. It becomes increasingly important for these companies to understand and predict the intention of consumers. In addition, this finding will provide marketing managers with a useful tool in developing effective marketing plans that can guide them in implementing their marketing activities. In addition, the study can provide marketing manager with some insight of which element of the intrinsic and extrinsic cues that can lead to positive attitude toward brand which in turn will influence the consumers purchase intention.

Secondly, it will make a significant contribution to the purchase intention literature by proposing a framework to understand consumers purchase intention via antecedents of purchase intention. The study will be of great interest for researchers and practitioners since it investigates the relationship between product cues, attitude towards brand and purchase intention. Specifically, this study explores the mediating role of attitude towards brand on the relationship between product cues and purchase intention. This study adds value to the theory that purchase intention is not only related to domestic marketing performance but also international marketing.

Thirdly, the effect of ethnocentrism on the relationship between attitude towards brand and purchase intention has not been conducted prior to this study. Thus, this study claims to be among the first to explore the effect of ethnocentrism as a moderating variable on the relationship between attitude towards brand and purchase intention.

Fourthly, most of previous studies relating to purchase intention have been conducted in the western countries. Based on previous literatures, only Japan and Korea

represents the Asian countries. Korea and Japan are developed nations, as most Asian countries are developing and underdeveloped countries. Since this study is conducted in a non- western market, thus, this study will examine whether purchase intention in Malaysia will yield the same results.

Finally, this study provides a framework on the determinants of purchase intention in Malaysian automobile industry for policy makers, automobile manufacturer and assemblers.

1.7 Definition of Variables

The proposed theoretical framework comprised of five variables. Having considered the definition given by previous researchers, the variables in this study is operationally defined as follows:

1.7.1 Purchase intention is the degree to which a person has formulated conscious plans to perform or not to perform some specified future behavior (Warshaw & Davis, 1985).

1.7.2 Attitude towards brand is defined as the a predisposition to respond consistently favorable or unfavorable manner to a particular brand (Ajzen & Fishbein, 1980)

1.7.3 Ethnocentrism is defined as a consumer's preference for domestically produced products, or conversely, as a bias against imported products (Sharma, Shimp & Shin, 1995).

1.7.4 Intrinsic cues are the attributes that cannot be changed or manipulated without changing the physical characteristics of the product itself (Gutman & Alden, 1985).

1.7.5 Extrinsic cue is one which forms part of the value of the product which is not inherent feature of the physical product (Gabbot, 1991).

- Country of origin is defined as the country of manufacture. It refers to the final point of manufacture which can be the same as the headquarters of the organization doing the marketing of the product or the brand (Bilkey & Nes, 1982; Cattin, Jolibert & Lohnes, 1982; Han & Terpstra, 1988; Johansson, Douglas & Nonaka, 1985; Samiee, 1994).
- Country image is defined as consumers' general perceptions of quality for products made in a given country (Bilkey & Nes, 1982; Han, 1989).
- Warranty is defined from the consumers' perspective and refers to the consumers' perceived adequacy of coverage and protection offered by a particular warranty (Boulding & Kirmani, 1993; Shimp & Bearden, 1982).
- Perceived risk is a combination of the perception of the likelihood that something will go wrong and the perception of the seriousness of the consequences if it does (Bettmen, 1973; Kaplan, Szybillo & Jacoby, 1974).

- Price is defined as any price that a consumer uses as a basis for comparison in judging another price (Schiffman & Kanuk, 2000).

1.8 Organization of the thesis

This thesis is organized into five chapters. Chapter 1 provides an introduction to the study. The chapter discusses the importance of purchase intention to marketers and consumers and highlights the interest in purchase intention among researchers and marketing practitioners. The definitions of the main concepts and the contributions and scope of the study are also discussed. Chapter 2 highlights the literature relevant to purchase intentions, attitude towards brand, ethnocentrism and product cues. This chapter also includes theoretical framework and the hypotheses posited in this study. Chapter 3 highlights the methodology used in the study. It includes a description of the research approach, the population and sampling design, the measures, the data collection procedure and the statistical methods used to analyze the data. Chapter 4 focuses on the analyses and results of the study. Finally, Chapter 5 presents the discussion and conclusion of the study. This chapter includes discussion of the findings in line with the objectives of the study, implications of the study, limitations and suggestions for future research.

CHAPTER 2

REVIEW OF THE LITERATURE

2.0 Introduction

This chapter reviews the relevant literatures leading to the development of the conceptual model. Specifically, a literature pertaining to purchase intention, ethnocentrism, attitude towards brand, extrinsic cues and intrinsic cues are extensively reviewed, and previous empirical findings relating to each construct are explored. Next, theoretical underpinnings that form the basis of the current study are also put forth. Finally, research framework and hypotheses for this study are provided.

2.1 The Underlying Theory of Purchase Intention

Past researchers have come to accept the idea that intention to purchase a particular products or services is the final cognitive step in the decision making process of purchase intention (Agrawal & Teas, 2002; Choo et al., 2004; Erevelles, 1993; Fishbein, 1967; Han, 1988; Han, 1990; Pecotich, Pressley & Roth, 1996). Therefore, this argument is in line with Fishbein and Ajzen's (1967) model of beliefs-attitudes-behavioral intentions linkage.

2.1.1 Beliefs-Attitudes-Behavioral Intentions Model

The purpose of this study is to investigate the relationship between respondents' perceptions of product cues, attitude towards brand, ethnocentrism and purchase intentions. This study makes use of Fishbein and Ajzen's (1967) model of beliefs-attitudes-behavioral intentions to explain the relationships between consumers' perceptions of product cues (intrinsic and extrinsic cues) (beliefs), attitude towards brand

(attitudes), ethnocentrism and purchase intentions (behavioral intentions). Fishbein and Ajzen (1967) developed a conceptual model in explaining the relationship between beliefs, attitudes, and behavioral intentions as illustrated in Figure 2.1.

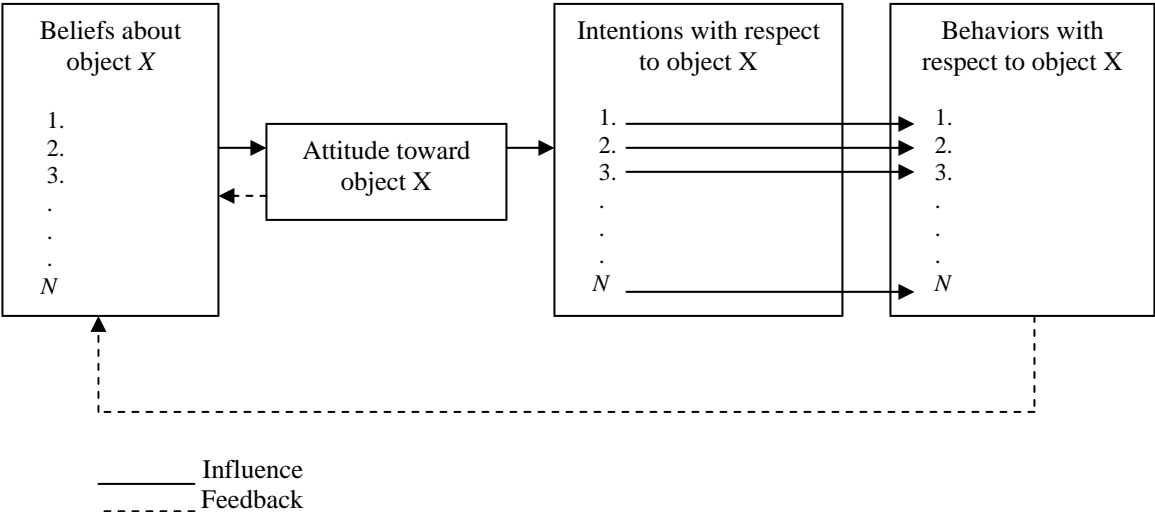


Figure 2.1 Schematic presentation of conceptual framework relating beliefs, attitudes, intentions and behaviors with respect to a given object.
Source: Fishbein & Ajzen (1967)

As illustrated in Figure 2.1, the underpinning of Fishbein and Ajzen’s (1967) model is grounded in the distinction between beliefs, attitudes, intentions and behaviors. Beliefs are the primary blocks in the model. Based on direct observation or information received from outside sources or by way of various inference processes, a person learns or forms a number of beliefs about an object. Then they associate the object with various attributes. Consequently, a person’ forms beliefs about oneself, about other people, about institutions, behaviors, or events. The entirety of a person’s beliefs serves as the informational base that ultimately determines their attitudes, intentions, and behaviors. Attitude can be described as a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object. Meanwhile,

a behavioral intention refers to a person's subjective probability that they will perform some "specific" behavior.

Based on Fishbein and Ajzen's (1967) conceptual framework, a person's intentions, in the final analysis, are a function of certain beliefs. Some of these beliefs influence the person's attitude toward the behavior. Specifically, a person attitude toward performing a given behavior is related to their beliefs that performing the behavior will lead to certain consequences and his evaluation of those consequences. The assumption is that the more favorable a person's attitude toward an object, the more they will intend to perform positive behaviors (and the less they will intend to perform negative behaviors) with respect to that object.

The criterion variable in Fishbein and Ajzen's (1967) model is the individual's behavioral intention. Fishbein and Ajzen (1967) stated that behavioral intentions serve as an intervening variable between one's attitudinal and obvious behavior. Fishbein and Ajzen (1967) believe that the best predictor of a given behavior should be the person's intention to engage in that behavior. In order to predict a specific behavior (purchase intention), it is necessary to measure the person's attitude and intentions toward performing that behavior. Thus, if one can predict behavioral intentions, one can also predict actual behavior (Hemdi, 2005; Newberry, Klemz & Boshoff, 2003).

2.2 Conceptualization of purchase intention.

What we think, we will buy represents purchase intention (Blackwell, Miniard & Engel, 2001). Purchase intention is defined as the degree to which a person has formulated conscious plans to perform or not to perform some specified future behavior (Warshaw & Davis, 1985). High level of intention to purchase was related to positive belief as

compared to consumers with low level of purchase intention (Shim & Drake, 1990). Purchase intention is the consumers' tendency to act toward an object and is generally measured in terms of intention to buy (Kim, 2003).

Purchase intention is an important factor for an organization and was used routinely to make strategic decisions concerning both new and existing products and the marketing program that supports them (Morwitz, Steckel & Gupta, 2006). Numerous studies have been performed to explain the determinants of purchase intentions. The gripping reasons that interest marketers on purchase intention research are:

- For new product, purchase intention is used in concept tests to help managers determine whether a concepts merits further development (Li, 2004).
- In product tests, to direct attention whether a new product merits launch.
- Purchase intention help marketing manager decide which geographic markets and segments the product should be launch (Sewall, 1978; Silk & Urban, 1978; Urban & Hauser, 1993).
- For existing products, purchase intention are used to forecast future demand (Armstrong, Morwitz & Kumar, 2000)

These forecasts are useful inputs to decide whether to increase or reduce production levels, whether to change the size of the sale forces and whether to initiate a price change. In addition, purchase intentions are used to pretest advertising and evaluate proposed promotions for both new and existing products (Morwitz et al., 2006). Purchase intentions are also extensively used by academic researchers as proxy measures for purchase behavior (Ajzen & Fishbein, 1980; Akaah, Korgaonkar & Lund, 1995; Akhter & Durvasula, 1991; Schlosser, 2003).

In a meta-analysis study by Morwitz et al., (2006) that examine the varying characteristics reflective of the actual diversity in how intentions are conducted have found that intentions are significantly better predictors of purchase behavior for existing products and for durable than for non-durable products. These results are remarkable because in practice, intentions are often used to predict sales for new non-durable products (Gruber, 1970; Haley & Case, 1979; Jamieson & Bass, 1989; Pringle, Wilson & Brody, 1982). Morwitz et al. (2006) also found that intentions are better predictors of behaviors over short than over long time horizons.

2.3 Product Cues

Consumers evaluate products on the basis of two attributes. The two attributes are product related attributes and non-product attributes. Examples of product related attributes are design, serviceability and workmanship. Intrinsic cues are the attributes that cannot be changed or manipulated without changing the physical characteristics of the product itself (Gutman & Alden, 1985). Consumers find it difficult, if not impossible to evaluate the intrinsic cues accurately.

The second attribute is extrinsic cues which are non-product related attributes. Extrinsic cue is one which forms part of the value of the product which is not inherent feature of the physical product (Gabbot, 1991). When intrinsic cues are perceived as being unreliable, incomparable or unavailable, the extrinsic cues are relied upon heavily in the situation of risks (Lantos, 1983). Studies have shown that consumers depend on extrinsic cues such as brand name (Jacoby, Szybillo & Busato, 1977), price (Gerstner, 1985), seller reputation (Shapiro, 1982), advertising (Klein & Leffler, 1981) and country-of-origin (Bilkey & Nes, 1982), in evaluating the quality of products and brands

prior to purchase. Brand is used especially when intrinsic cues (e.g. taste, design, and performance) are not available (Huber & McCann, 1982). This study aims to address an important gap by examining product cue usage among consumers in Malaysia as both intrinsic and extrinsic cues are expected to affect consumers purchase intention.

2.3.1 Intrinsic Cues and Purchase Intention

Consumers will form their own perceptions on product cues, irrespective of their accuracy as product cues are major marketing variables that influence purchase decisions of potential customers (Forsythe et al., 1999). In addition, a study by Forsythe et al. (1999) on cross-cultural differences in the use of intrinsic and extrinsic product cues on consumers' evaluation and purchase intention for an apparel product in Shanghai, China and Seoul, Korea has reported that there were some differences in Chinese and Korean in assessing quality, value and purchase intentions. Findings have revealed that design was a stronger predictor of purchase intention among Korean consumer. In short, Korean consumers appear to determine value of an apparel product by comparing physical quality and design to price acceptability, whereas Chinese consumers perception of value seem to be primarily dependent on their price perceptions.

Intrinsic cues are conceptualized as the attributes that cannot be changed or manipulated without changing the physical characteristics of the product itself (Gutman & Alden, 1985). Some of these intrinsic cues could be hypothesized that intrinsic cues have little consequence to consumers when evaluating an automobile. Monroe & Krishnan (1985) study have produced a contrary result. Their findings have shown that intrinsic cues are likely to have a greater impact on product evaluations than extrinsic cues. Automobile purchase is a high involvement product and it's difficult for consumers

who do not have any technical background. Since automobile is a tangible product, consumers more frequently evaluate product by using intrinsic cues (color, design and specifications of a product) and extrinsic cues (price, brand name and warranties) (Bilkey & Nes, 1982; Zhang & Zarb, 1996). Since it is expensive, it is bought infrequently. It is perceived to be risky and is highly self expressive (Reed, Story & Saker, 2004).

2.3.2 Country of Origin and Purchase Intention

Country of origin has become one of the widely research concepts in marketing and consumer behavior since the seminal work of Robert Schooler (1965). It is one of the most widely studied phenomena in all the international business, marketing, and consumer behavior combined (Peterson & Jolibert, 1995). It is unequivocal that a product's country of origin can influence consumers' evaluative judgments of the product (Pharr, 2005).

These studies have found that consumers from different countries have different perception about products made in different countries (Nagashima, 1970; 1977). Also, it is recognized that there is a greater necessity to gauge consumer's attitude towards both domestic and foreign products (Netemeyer, Durvasula & Lichtenstein, 1991). Many researches in this area have focused on what is called the country of origin effect, investigating how consumers perceive products sourced from a particular country (Roth & Romeo, 1992).

Country of origin is defined as the country of manufacture or assembly. This refers to the final point of manufacture which can be the same as the headquarters of the organization doing the marketing of the product or the brand (Bilkey & Nes, 1982; Cattin et al., 1982; Johansson et al., 1985; Samiee, 1994)

Past country-of-origin studies are predominantly oriented towards consumer evaluations of product quality (e.g. Chao, 1993; Han & Terpstra, 1988; Tse & Gorn, 1992). Results on American buyers perception on product made in Eastern Europe have shown that industrial buyer generally felt that the quality of goods manufactured in Eastern European countries was inferior to the quality of products manufactured in the West (Chasin & Jaffe, 1979). While country-of-origin effects have been studied for over twenty five years, most of the research is confined to uni-national products involving a single country-of-origin (Han & Terpstra, 1988).

Recently, few researchers have started to examine the country-of-origin effects in the context of multi-country setting, making a distinction between country of manufacture or assembly and the country of the company's home office (Tse & Gorn, 1992). For example, Han and Terpstra (1988) found that for bi-national products, country of manufacture has greater effects on consumer evaluations of product quality than does the brand name. In addition, Chao (1993) found that there is no advantage in using a country with perceived superior design capability to boost product quality perception if the country assembly location is already perceived to produce poor quality products. Country of origin may be less significant than has generally been believed and they may occur predominantly in relation to evaluation of specific attributes rather than overall evaluations (Johansson et al., 1985). Therefore, there is no question that country

of origin effect does exist and made-in stereotype can be change at least in the long-term.

Analyzing data through the use of structural modeling, Parameswaran & Pisharodi (2002) found no direct relationship of country of origin on purchase intentions and this confirms Peterson & Jolibert (1995) suspicions that country of origin evaluations has little or no direct influence on purchase intentions. This led researchers to conclude that the influence of country of origin is more likely to operate through other variables rather than directly on purchase intentions (Hui & Zhou, 2002; Lin & Kao, 2004; Parameswaran & Pisharodi, 2002; Pecotich & Rosenthal, 2001).

Table 2.1
The Related Literature's Findings on the Country of Origin

Authors	Findings
Verlegh & Steenkamp, 1999	Country of origin has a larger effect on perceived quality and lesser effect on attitude towards product or purchase intention. And they also found differences in economic development could influence the country of origin effect. Furthermore, the country of origin effect does not differ between industrial and consumer purchasing and multi-national production is not affected.
Agrawal & Kamakura, 1999	They found that country of origin as extrinsic cues and consumers would collect information on the products when they really want to buy. The country of origin effect would be diluted and they further certified that the quality differences are the key decision making point for price premiums or discounts and the country of origin is not.
Chao & Gupta, 1995	Country of origin are not only product specific, but within the automobile product category also model type specific.
Leclerc, Schmitt & Dube, 1994; Shimp, Samiee & Madden, 1993	Some scholars relied on the single country and product concept in which a product was exclusively associated with one country.

Table 2.1 *Continued...*

Authors	Findings
Peterson & Jolibert, 1995	A meta-analysis on the effect of the country of origin for the past three decades, it found that country of origin have only some what generalizability and verbal product descriptions produced larger effect of country of origin than the actual product presence and the larger samples generated larger effect of country of origin than smaller samples and single cue produced larger effect of country of origin than multiple cues.
Bannister & Saunders, 1978; Nagashima, 1970, 1977; Wall & Heslop, 1986	Country stereotype effect varies by product type.
Baumgartner & Jolibert, 1978; Cattin et al., 1982; Schooler, 1965; White & Cuniff, 1979	In general, consumers display a preference for products made in some country more than others.
Heimbach, Johansson & McLachlan, 1989; Johansson, Douglas, & Nonaka, 1985	The influence of country of origin increases with increased product familiarity.
Daser & Meric, 1987; Hester & Yuen, 1987; Darling, 1987; Darling & Wood, 1990; Nagashima, 1970,1977	Patriotic sentiments typically increase country of origin awareness but not the brand choice. Country of origin assessment are dynamic in nature
Hester & Yuen, 1987; Hugstad & Durr, 1986	A large proportion of consumers are not aware of nor do they take country of origin into consideration.

Source: Samiee, 1994; Chen, 2004

2.3.3 Country Image and Purchase Intention

Country image can play a significant role in the overall success or failure of the product.

As an extrinsic cue, country image is used to make purchase decision have been included into past research (Bilkey & Nes, 1982; Kim, 2003; Parameswaran & Pishardi, 1992). It is very difficult to differentiate between product image and country image because