

**ANTECEDENTS OF
BRAND ORIGIN RECOGNITION ACCURACY
(BORA)
AND IT'S IMPACT ON PRODUCT PREFERENCES
AMONG YOUNG MALAYSIANS**

by

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TABLE OF CONTENTS

	Page
Acknowledgements	ii
Table of Contents	iv
List of Appendices	ix
List of Tables	x
List of Figures	xii
Abstrak	xiii
Abstract	xv
CHAPTER 1 - INTRODUCTION	1
1.1 Introduction	1
1.2 Research background	4
1.2.1 Domination of foreign brand	4
1.2.2 The importance of branding in Malaysia	6
1.2.3 Malaysia in context	8
1.3 Problem statement	12
1.4 Research question	14
1.5 Research objective	15
1.6 Significant of study	15
1.6.1 Theoretical contributions	15

1.6.2	Practical contributions	17
1.7	Scope of study	17
1.8	Definition of Key Terms	18
1.9	Organization of remaining chapter	19
CHAPTER 2 - LITERATURE REVIEW		20
2.1	Introduction	20
2.2	Social Identity Theory	20
2.3	Brand Origin Recognition Accuracy (BORA)	25
2.3.1	Discussion of previous studies on BORA	35
2.4	Need for Cognition	36
2.5	Consumer ethnocentrism	41
2.6	Consumer Animosity	42
2.7	Hypotheses development	51
2.7.1	Antecedents of BORA	51
2.7.2	Consequences of BORA	54
2.8	Theoretical framework	55
2.9	Conclusion	56
CHAPTER 3 - METHODOLOGY		57
3.1	Introduction	57

3.2	Research design	57
3.3	Population and sample	57
3.4	Sampling and sample size	58
3.5	Questionnaire and Measurement	59
3.6	Pilot study	65
3.7	Data collection process	66
3.8	Data analysis technique	66
	3.8.1 Frequency analysis	66
	3.8.2 Reliability analysis	67
	3.8.3 Descriptive analysis	67
	3.8.4 Correlation analysis	67
	3.8.5 Multiple regression analysis	68
	3.8.6 Independent samples t-test	69
3.9	Conclusion	70
	CHAPTER 4 - DATA ANALYSIS AND RESULTS	71
4.1	Introduction	71
4.2	Survey response	71
4.3	Frequency analysis	72
	4.3.1 Respondents profile	72
	4.3.2 BORA matrix	73
	4.3.3 BORA score	75

4.4	Reliability analysis and descriptive analysis	77
4.4.1	Need for cognition	78
4.4.2	Consumer ethnocentrism	80
4.4.3	Consumer animosity	82
4.5	Correlation analysis	84
4.6	Multiple regression analysis	86
4.6.1	Antecedents and Overall BORA score	86
4.6.2	Antecedents and Malaysia BORA score	87
4.6.3	Antecedents and US BORA score	88
4.6.4	Antecedents and Europe BORA score	89
4.6.5	Antecedents and Singapore BORA score	90
4.7	Independent sample <i>t</i> -test	91
4.8	Summary	94
CHAPTER 5 - DISCUSSIONS AND CONCLUSIONS		98
5.1	Introduction	98
5.2	Recapitulation of the study	98
5.3	Discussion	98
5.3.1	Young Malaysians' BORA level	99
5.3.2	The antecedents of BORA score	103
5.3.2.1	The antecedents of Overall BORA score	103

5.3.2.2	The antecedents of the BORA score of Malaysian brands	104
5.3.2.3	The antecedents of the BORA score of USA brands	105
5.3.2.4	The antecedents of the BORA score of European brands	107
5.3.2.5	The antecedents of the BORA score of Singaporean brands	108
5.3.3	BORA score and consumers' preferences	109
5.4	Significance of study	110
5.4.1	Theoretical contribution	110
5.4.2	Practical contribution	111
5.4.2.1	Policy makers	111
5.4.2.2	Marketing practitioners	113
5.5	Limitations of study	115
5.6	Suggestions for future study	116
5.7	Conclusion	119

References	120
LIST OF APPENDICES	135
APPENDIX A: QUESTIONNAIRE	136
APPENDIX B: CLOTHING INDUSTRY	144
APPENDIX C: FOOTWEAR INDUSTRY	146
APPENDIX D: OTC HEALTHCARE INDUSTRY	148
APPENDIX E: PACKAGED FOOD INDUSTRY	152
APPENDIX F: COSMETICS AND TOILETRIES INDUSTRY	157
APPENDIX G: ELECTRICAL APPLIANCES INDUSTRY	162
APPENDIX H: FREQUENCY ANALYSIS	164
APPENDIX I: RELIABILITY ANALYSIS	176
APPENDIX J: DESCRIPTIVE ANALYSIS	180
APPENDIX K: CORRELATION ANALYSIS	185
APPENDIX L: MULTIPLE REGRESSION ANALYSIS	187
APPENDIX M: INDEPENDENT SAMPLES T-TEST	208

LIST OF TABLES

		Page
Table 1.1	Market information- Leading brands in some industries	5
Table 1.2	Policies/Campaigns in Malaysia	9
Table 1.3	Foreign policy/campaign against Malaysia	11
Table 2.1	Selected studies on BORA, COO and need for cognition	38
Table 2.2	Selected studies on consumer ethnocentrism and consumer animosity	46
Table 3.1	Selected brands	62
Table 3.2	Key constructs and, sources of questions and the number of item	65
Table 4.1	Data collection and response	71
Table 4.2	Sample profile	73
Table 4.3	BORA matrix	74
Table 4.4	Mean and standard deviation of BORA score	77
Table 4.5	Mean and standard deviation of need for cognition	79
Table 4.6	Mean and standard deviation of consumer ethnocentrism	81
Table 4.7	Mean and standard deviation of consumer animosity	83
Table 4.8	Correlation between antecedents and independent variable	85
Table 4.9	Regression analysis: antecedents and Overall BORA score	87
Table 4.10	Regression analysis: antecedents and Malaysia BORA score	87
Table 4.11	Regression analysis: antecedents and US BORA score	89
Table 4.12	Regression analysis: antecedents and Europe BORA score	89

Table 4.13	Regression analysis: antecedents and Singapore BORA score	90
Table 4.14	BORA and preferences towards different product category-Brand's COO associations	92

LIST OF FIGURES

	Page
Figure 2.1 Research Framework	55

**ANTESEDEN BRAND ORIGIN RECOGNITION ACCURACY (BORA)
DAN IMPAKNYA ATAS KEGEMARAN PRODUK
DALAM KALANGAN GENERASI MUDA MALAYSIA**

ABSTRAK

Kajian ini bertujuan untuk meninjau perihal tentang skor Brand Origin Recognition Accuracy (BORA), mengukur skor “BORA” bagi pemuda-pemudi Malaysia serta menguji konsekuensi bagi skor “BORA”. Antecedent kajian ini merupakan ethnosentrisme, animositi pengguna, keperluan pengamatan, tahap pendidikan, pengalaman antarabangsa, pekerjaan dan jantina. Kajian ini terdapat enam jenis skor “BORA”, iaitu Skor “BORA” Keseluruhan, Skor “BORA” Malaysia, Skor “BORA” Asing, Skor “BORA” Amerika Syarikat, Skor BORA Eropah serta Skor “BORA” Singapura. Responden kajian ini ialah pemuda-pemudi Malaysia dalam lingkungan umur 16 hingga 30 tahun yang menetap di Pulau Pinang dan kaedah pensampelan mudah digunakan. Perisian computer SPSS versi 17 telah digunakan untuk menganalisis data kajian ini. Kemampuan responden untuk mengenal pasti negara asal bagi sesuatu jenama dipengaruhi oleh ethnosentrisme, keperluan pengamatan, tahap pendidikan, pengalaman antarabangsa dan jantina. Contohnya, Skor “BORA” Keseluruhan dipengaruhi oleh ethnosentrisme, keperluan pengamatan dan pengalaman antarabangsa; Skor “BORA” Malaysia dipengaruhi oleh pengalaman antarabangsa; manakala Skor “BORA” Amerika Syarikat pula berdasarkan ethnosentrisme, keperluan pengamatan, tahap pendidikan, pengalaman antarabangsa serta jantina. Namun, kesemua antecedent ini tidak berkaitan dengan Skor “BORA” Eropah dan Skor “BORA”

Singapura secara langsung. Malah, animositi pengguna dan pekerjaan tidak menunjukkan sebarang impak yang signifikan bagi skor “BORA”. Analisis yang seterusnya membandingkan kumpulan yang tinggi dan rendah dalam skor BORA menunjukkan perbezaan yang ketara atas kegemaran terhadap jenama produk dari kategori berlainan berdasarkan negara asal yang tertentu. Kajian ini memberi sumbangan kepada bidang kesusasteraan dan menyumbangkan pemahaman kepada penggubal polisi serta pakar pasaran. Bahasa, lokalisasi, latar belakang dan kebiasaan menjejaskan ketepatan keupayaan pengguna untuk mengenal pasti negara asal jenama berkenaan. Penggubal polisi dan pakar pemasaran digalakkan menggubal strategi serta mengadakan kempen dan aktiviti berkenaan dengan keupayaan pengguna mengenal pasti negara asal sesuatu jenama serta kegemaran terhadap jenama produk dari kategori berlainan berdasarkan negara asal.

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ABSTRACT

This study seeks to examine the antecedents of Brand Origin Recognition Accuracy (hereinafter called BORA) score, measure young Malaysians' BORA score and test the consequences of BORA score. The antecedents of BORA score are consumer ethnocentrism, consumer animosity, need for cognition, education, international experience, vocation and gender. In this study, there are six measures of BORA scores, namely Overall BORA score, Malaysia BORA score, Foreign BORA score, US BORA score, Europe BORA score and Singapore BORA score. The respondents of this study are young Malaysians aged between 16 to 30 years old residing in Pulau Pinang and the convenience sampling method is used. Statistical Package for the Social Sciences (SPSS) version 17 was used to analyze the data of this study. The findings showed respondents' BORA score is influenced by consumer ethnocentrism, need for cognition, education level, international experience and gender. For example, Overall BORA score influenced by consumer ethnocentrism, need for cognition and international experience; Malaysia BORA score influenced by international experience; and, US BORA score influenced by consumer ethnocentrism, need for cognition, education, international experience and gender. However, none of the antecedents are significantly related to Europe BORA and Singapore BORA scores. Besides, consumer animosity and vocation did not show any significant impact on the specific BORA

scores. Subsequent analysis comparing those with high versus low BORA score groups revealed significant differences in preferences towards specific product category-brand's country of origin (hereinafter called COO) association. This study contributes to the literature and brings some insights to policy makers as well as marketing practitioners. Language, localization, historical background and familiarity effect influence the accuracy of consumers' ability to recognize brand's country of origin. Both policy makers and marketing practitioners are encouraged to design strategy and, launch campaigns as well as activities based on consumers' ability in recognizing brand's country of origin and their preferences towards different product category-brand's COO associations.

CHAPTER 1

INTRODUCTION

1.1 Introduction

A strong brand helps build an identity in the market (Aaker, 1996). Brand name plays a critical role in the building of brand equity for a new product (Aaker, 1991; Keller, 1993), where a proper brand name can enhance brand awareness and/or help create a favorable brand image for a newly introduced product (Keller, Heckler & Houston, 1998). Brand equity, which includes brand awareness and image components, is the focus of brand marketing (Keller, 1993). Yasin, Noor and Mohamad (2007) highlighted that brand equity cannot be fully understood without carefully examining the determinants of the formation of brand equity in the mind of consumers. Researchers have found that brand's COO plays as an important predictor of brand equity (e.g. Pappu, Quester & Cooksey, 2006). Yasin et al. (2007) conducted in Malaysia revealed that brand's COO influenced brand equity directly and indirectly, via the mediating effects of brand distinctiveness, brand loyalty and brand awareness/associations.

COO has become the mainstream of international marketing and consumer behavior research (Usunier, 2006). However, recently, the relevancy of brand's COO marketing research has been much debated (e.g. Samiee, Shimp & Sharma, 2005; Usunier, 2006; Roth & Diamantopoulos, 2008; Roth & Diamantopoulos, 2009; Roth & Diamantopoulos, 2010; Samiee, 2010). Samiee et al. (2005) argued that consumers have limited knowledge of brand's COO and it is probably not vital to consumers, which is paradoxical with the implicit assumption in the literature of COO. They measured consumers' ability in recognizing brands' COO of a sampling of brands, rather than

conduct a separate study to address the issue. Therefore, a new construct, namely brand origin recognition accuracy (BORA), was proposed, conceptualized, measured and tested by Samiee et al. (2005). This stream of research is significant as brand's COO plays an important role in determining brand image, which subsequently affects brand equity (Samiee et al., 2005). Furthermore, the research of BORA is also vital to the implementation of standardized international marketing programs, while contributing to growing importance of incorporating brand origin in product associations, and expanding impact of brand origin on consumer behavior in experimental research. This study seeks to test the concept of BORA in the context of Malaysia.

Southeast-Asian economies have seen strong growth, in terms of the capacity of both consumption and production (O'Cass & Lim, 2002). Malaysia was selected in this study, as the economy of Malaysia was recorded as one of Asia's best, while Malaysia's per capita GNP reached US\$3,640 in 2001 (Naguib & Smucker, 2009). Furthermore, Malaysia has its unique diversity in language, religion and time zone that sets her apart from Western cultures (Fontaine & Richardson, 2003; Run, 2007).

Moreover, with the total population of 28.31 million in 2009, Malaysia is unique with its multiracial cultural (Department of Statistics Malaysia, 2010), which consists of three major ethnic groups in Malaysia. The largest group being Malay and other indigenous people (65.1%), followed by Chinese (26%) and Indian (7.7%) (Selvarajah & Meyer, 2008). Malaysia has a mixture of languages, where Bahasa Malaysia is the official language while English and various Chinese dialects such as Cantonese, Hakka, Hokkien and Mandarin are widely spoken. Various religions are practiced with Islam being the national religion, and other religions such as Buddhism, Taoism, Hinduism and

Christianity are harmoniously also practiced (Haque, Tarofder, Mahmud & Ismail, 2007) in the culturally diverse nation.

Within one nation, consumers of different ethnicity responded differently to different marketing strategies and brand cues. Ong and Tan (2010) investigated the determinants of Malaysians' choice of airline. Their research finding revealed that ethnicity influenced Malaysians' airline choice, where both Malay and Chinese travelers exhibit significantly different air carrier choices, in which Malays were less likely to travel by Air Asia as compared with the Chinese. In addition, the Chinese who are multilingual (Lam & Yeoh, 2004) tend to show favorable behavioral intentions for the Bahasa Malaysia advertisements, comparable with Chinese language advertisements (Run, 2007). On the other hand, the Malays reacted similarly to the Chinese when viewing Malay language advertisements, but they tend to react negatively to Chinese language advertisement. Besides, the Chinese tend to show different preferences as compared with consumers from other ethnicity, where they are more ready to accept goods color or packaged in red or gold colors that signify good luck and prosperity (Salleh, Teo & Pecotich, 1998).

Furthermore, future researchers are encouraged to examine the effect of brand's country of origin based on segmentation (Sohail, 2005; Kwok, Uncles & Huang, 2006; Samiee 2010), as the salience of its effect might vary at consumer level (Roth & Diamantopoulos, 2010). Samiee (2010) pointed out the critical underlying assumption in literature is that the cue of brand's COO influence everyone, hence all consumers are treated alike. However, different consumer segments in different countries response differently, thus the effects of brand's COO cannot be fully elucidated without

considering them (Bhaskaran & Sukumaran, 2007). Young consumers in Asia is of particular interest for such investigation (Wong, Polonsky & Garma, 2008), as they are also the prime target of commercial marketing activities (O’Cass & Lim, 2002).

1.2 Research background

1.2.1 Domination of foreign brand

Branding is important for a product, organization or nation to differentiate and build own identity. Hence, much attention has been given to branding exercises of any organisation. Malaysian companies are challenged with penetration into the domestic market (The Star, 2009), due to branding inadequacies of Malaysian brands. Although the Malaysian government initiated campaigns such as Buy Malaysian Products Campaign, and imposed import bans on certain products such as foodstuff from China, Malaysian brands still fall behind. On the other hand, countries such as Indonesia and European countries had also launch their boycotting campaign against buying certain Malaysian goods.

Table 1.1 shows predominant brands and the brands’ COO. According to Table 1.1, foreign brands are dominating the Malaysian market, with the exception of packaged food industry. Malaysian brands have a relatively small market share in clothing, footwear, electrical appliance and healthcare industries. As for cosmetics and toiletries industries, Malaysian brands are not even listed in the top ten leading brands.

Table 1.1 Market information- Leading brands in some industries

Industries																	
Clothing			Footwear			Healthcare products			Packaged food			Cosmetic & Toiletries			Electrical appliance		
No.	Brand	COO	No.	Brand	COO	No.	Brand	COO	No.	Brand	COO	No.	Brand	COO	No.	Brand	COO
1	Semlouis	Malaysia	1	Adidas	German	1	Nutrilite	US	1	Milo	Switzerland	1	Avon	US	1	Panasonic	Japan
2	Levi's	US				2	Brand's	UK	2	Dutch Lady	Netherlands	2	Johnson's baby	US	2	Electrolux	US
3	Esprit	US	2	Nike	US	3	Cosway	Malaysia	3	Maggi	Malaysia	3	Colgate	US	3	Toshiba	Japan
4	Padini	Malaysia				4	Panadol	UK	4	Gardenia	Malaysia	4	Shiseido	Japan	4	Samsung	South Korea
5	77th Street	Singapore	3	Bata	Czech Republic	5	Kordel's	US	5	Yeo's	Singapore	5	SK-II	Japan	5	Sharp	Japan
6	Polo Haus	Malaysia				6	Vita	Australia	6	Dumex	Denmark	6	Estee Lauder	US	6	LG	South Korea
7	Anakku	Malaysia	4	Vincci	Malaysia	7	Fisherman's Friend	UK	7	Jasmine	Malaysia	7	Brylcreem	UK	7	Fagor	Spain
8	Nike	US				8	CNI	France	8	Sakura	Malaysia	8	Lux	Netherland	8	Hitachi	Japan
9	Audrey	Malaysia	5	Bonia	Malaysia	9	Pharmaton	Germany	9	Ayam	Malaysia	9	Sunsilk	Netherland	9	Pacific	Taiwan
10	Giordano	Hong Kong				10	Pharmanex	US	10	High 5	Malaysia	10	The Body Shop	UK	10	Elba	Malaysia

Source: Euromonitor International (2007, 2010)

Malaysian consumers perceived imported goods with superior quality than local products (Buletin Pengguna, 2009), although they could not give a strong reasoning when asked of the benefits of branded product (Buletin Pengguna, 2009). In addition, Selveraj, the Chief Executive Officer at the Education and Research Association (Era) for Consumers Malaysia, stated that Malaysians tend to perceive local goods as inferior in quality (The Star, 2009). He further explained that this is influenced by the advertising activities of multinational companies (MNCs), which spend millions to create their brand names and presence, ultimately influencing Malaysians to perceive foreign brands as better than homegrown brands.

In addition, the “Buatan Malaysia” (Made in Malaysia) logo introduced in the Buy Malaysia Products Campaign (Ministry of Domestic Trade, Co-operatives and Consumerism, 2009) aimed at helping increase recognition of homegrown products, did not help to promote Malaysian brands. The logo applied to locally manufactured products, even if it is a foreign brand. While local brands do not actually display the logo, foreign brands are taking advantage of the logo by display it on their product packaging. For example, Tesco is a UK brand but has the logo of “Buatan Malaysia” labeled on the product packaging as the products are produced locally in Malaysia. As a result, consumers are misled, which affects their ability in recognizing brand’s COO.

1.2.2 The importance of branding in Malaysia

Branding is becoming increasingly important in Malaysia. This can be seen from the introduction of the Putra Brand Awards and the BrandLaureate Awards, which is recognized as the Grammy Awards for Branding in Malaysia.

The Putra Brand Awards introduced by the Association of Accredited Advertising Agents Malaysia (4As) in 2010, and is the only brand award in the country endorsed by the Malaysia External Trade Development (MATRADE) and supported by the Branding Association of Malaysia, the Malaysian Advertisers Association and the Media Specialists Association (Association of Accredited Advertising Agents Malaysia, 2009). The Putra Brand Awards aims to give recognition to domestic brands and selected public listed companies, and Small- and Medium-sized enterprises (SMEs). The BrandLaureate Awards 2006/2007 was introduced by the Asian Pacific Brands Foundation (APBF), strives to promote branding in Malaysia and the Asia Pacific region, and to identify and nurture outstanding Malaysian brands to be global brands (Asian Pacific Brands Foundation, 2009).

MATRADE urged Malaysian companies to understand the meaning of branding to enhance their competitiveness in the global market (Malaysian Reserve, 2010). As reported in New Strait Times (2010), Datuk Noharuddin Nordin, the Chief Executive Officer of MATRADE, stressed that branding is about the delivery of positive experience to customer, services, ambiance, and quality product with good and attractive packaging. He further pointed out that Malaysian companies should understand that brand building is not just about advertising expenses, it involves rigorous development from research to manufacturing to delivery. In addition, he highlighted that although Malaysia has several globally recognized brands only, most local brands have yet to carve a name globally.

Malaysian agencies, such as MATRADE, offers programmes and grants that help SMEs develop their product branding, in hopes to push for a global brand from Malaysia. For example, there are two types of grants under the Financial Assistance Scheme,

namely the Market Development Grant (MDG) and Brand Promotion Grant (BPG), as well as two types of Development Programmes for New Exporters, such as the Bumiputra Exporters Development Programme (BEDP) and Women Exporters Development Programme (WEDP) (MATRADE, 2010). The objective of MDG is to assist SMEs' expansion into foreign markets, while BPD seeks to develop and promote brand names owned by Malaysian companies for products and services originating from Malaysia to the international market. BEDP and WEDP aim to help small and medium sized bumiputra- and women-owned businesses that are new to, or have limited experience in exporting, by developing the necessary skills and knowledge to penetrate and expand their export markets (MATRADE, 2010).

1.2.3 Malaysia in context

Malaysia is an open economy and registered its 151st consecutive month of trade surplus (RM8.1 billion) in May 2010, where exports rose by 21.9% to RM52.3 billion and imports surged by 34.2% to RM44.2 billion (Department of Statistics Malaysia, 2010). Malaysia's total trade was valued at RM469.7 billion in January-May 2010, while total export and total import accounted for RM263.0 billion and RM206.7 billion, respectively (Department of Statistics Malaysia, 2010). This shows the importance of international trade towards the nation's economy. Therefore, the Malaysian government welcomes and demonstrates favorable attitude towards foreign countries, which subsequently would encourage foreign companies to introduce their brand in Malaysia.

Although the Malaysian government recognizes the importance of international trade, there are some policies and campaigns that initiated by the Malaysian government

and non-government organizations (NGOs) which seem to display negative attitude towards certain countries. This is in response to certain conflicting political issues and health concerns. The efforts subsequently influence the consumer behavior of Malaysians. Campaigns such as “Buy British Last Policy”, “Boycott Danish Products Campaign”, “Boycott Dutch Products Campaign”, “Ban Chinese Foodstuffs” and “Boycott US Products Campaign” are as presented in Table 1.2. On the other hand, there are also certain foreign countries that ban Malaysian-made products, as summarized in Table 1.3. It is believed that these conflicting events also affect Malaysians’ knowledge about brands’ countries of origin.

Table 1.2 Policies/Campaigns in Malaysia

Policy/campaign	Year	Cause/reason	Response
Buy British Last Policy - by the government	1981	- UK press (Financial Times) reports the UK government and companies used alleged tactics to win a Malaysian contract (a contract to sell £1 billion of arms to Malaysia was won because the UK government gave £234 million in aid for the building of a hydro-electronic dam of Pergau)	- Former Malaysia PM, Tun Dr. Mahathir, was angry with the reports and said that “giving contracts to the British seems to expose Malaysian to vilification and libelous attacks. So, if we are going to be vilified, at least we should not pay for it.”
Buy Malaysian Products Campaign - by the government	First launch in 1984; second launch in 1998; & third launch in 2009	- To “open doors” and provide opportunities for local entrepreneurs marginalized during the rapid growth of supermarket and hypermarket chains in the country - Provide opportunities for Malaysian entrepreneurs to prove their capability in producing quality products with consistent supply by introducing quality and	- Boosted and enhanced domestic market - Local entrepreneurs had opportunity to introduce their products and brands to local consumers in supermarket and hypermarket - Reduce dependence on imported products (Bernama, 2009).

		branded local products (Bernama, 2009).	
Boycott Danish Products Campaign - by NGOs	2006	- Danish newspaper, <i>Jyllands-Posten</i> , published twelve cartoons ridiculing Prophet Muhammad (The Brussels Journal, 2006).	- Two consumer associations, namely Consumer Associations of Subang and Shah Alam (CASSA) and Persatuan Pengguna Islam Malaysia (PPIM) called on all Malaysians to boycott Danish products and services
Boycott Dutch Products Campaign - by NGOs	2008	- A Dutch legislator posted a 15-minute film, <i>Fitna</i> , which portrayed Islam as a violent religion and condemned the Quran and practice of Muslims (Kuwait Times, 2008).	- Some NGOs called on Muslims to boycott Dutch-made products, to protest against the screening of anti-Islam film <i>Fitna</i> by Dutch legislator Geert Wilders (The Star, 2008).
Ban Chinese Foodstuffs - by the Ministry of Health Malaysia	2008	- Milk products, such as milk powder, candies and chocolate, contained unacceptable levels of a chemical melamine, which leads to kidney problems and death (Alert, 2008).	- The government banned dairy products imported from China, which included confectionery, chocolate and other foods which contain milk (The Star, 2008).
Boycott US Product Campaign - by NGOs	2009	- US support of Israel which mounted the offensive in Gaza (BBC News, 2009).	- Malaysia NGOs launched a nationwide campaign to boycott American products - A boycott list includes over 150 products ranging from food and beverage to household and skincare items - More than 2,000 Muslim restaurants and eateries in Malaysia agreed to stop stocking Coca-Cola once supply ran out (Asia Pacific News, 2009).

Table 1.3 Foreign policy/campaigns against Malaysia

Policy/campaign	Year	Cause/reason	Outcome
Boycott Malaysia Timber- by the Indonesian government	2004	-Indonesia claimed that Malaysia is the largest buyer of Indonesia's illegal logs and had refused to act to solve the problem (Yale Global Online, 2004).	- The Environmental Investigation Agency (EIA) and few US NGOs have requested the US to enforce trade permit against Malaysia over the smuggling of ramin hardwood (Illegal Logging Info, 2006).
Cancel trip to Malaysia and boycott Malaysia product- by minority group of India	2007	-India claimed that Malaysia government restraint the minority Indian ethnic population (Scribd, 2008).	-Indians were encouraged to stop their visit to Malaysia and ban Malaysia products, until Malaysia start treating Indian population with the respect they deserve (Scribd, 2008). - Malaysia suspended the recruitment of workers from India to release the growing domestic ethnic tension (The Times of India, 2008).
Ban Palm Oil Products from Malaysia - by European Union	2007	- EU banned biofuels derived from crops grown on some sensitive ecosystems, including tropical forests and grasslands, and require biofuels used in Europe to deliver "a minimum level of greenhouse gas savings (Mongabay.com, 2008). - They claim that Malaysian oil palm plantations resulted in the 'genocide' of orang-utans and, caused global warming by cutting down forests (The Star, 2007).	- Boycott of Malaysian palm oil and its by-products by a giant supermarket chain in UK (The Star, 2007).
Ban Malaysia Seafood - by European Union	2008	- EU conducted random checks on nine Malaysian companies, which export seafood products to Europe. Six of the companies were found lacking in health	- EU threatened a total ban on Malaysia seafood products (Monstersand Critics News, 2008). - Malaysia stopped exporting seafood to EU, and had to

		standards and practices set by the EU (The Star, 2009).	improve to re-list Malaysia as an exporter to the EU (Monstersand Critics News, 2008). - All the doubts have been cleared in 2009, and Malaysia has resumed export into the EU (The Star, 2009).
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Based on the Table 1.2 and 1.3, it can be inferred that these policies and campaigns might affect Malaysians' attitude and behavior towards the dislike nations. Subsequently, these will influenced their ability in recognizing brands from different countries.

1.3 Problem statement

Consumers' inability to accurately recognize brand's COO caused the domination of foreign brands in Malaysia; in which imported brands are perceived as local brands (Buletin Pengguna, 2009), and homegrown brands perceived as foreign brands. The ability to recognize brand's COO influences their purchase decision. Selveraj highlighted that there is a misunderstanding in Malaysia that food products, such as all vegetables and canned goods, are produced in Malaysia (The Star, 2009). Indeed, he stressed that consumers can make a choice if they know what is really from Malaysia (The Star, 2009).

The international marketing programmes of foreign brands and Malaysian brands' marketing strategies affect Malaysians' ability in recognizing brands' COO and their knowledge about it. Samiee et al. (2005) highlighted that some international brands have been able to mask their origins. For instance, Malaysian brands disassociate the country image of Malaysia by choosing foreign-sounding brand names, while Korean brands, such as LG, Samsung and Hyundai, associate their brand to a country with positive country equity by using English-sounding brand name.

Furthermore, the effect of localization also influences consumers' ability in recognizing a brand's COO. Some consumers recognized foreign brands as local origin. Jin, Chansarkar and Kondap (2006) explained this situation by localization effects, where initially India consumers associate brands with brands' origin countries where the brands were developed, rather than with the countries where the products are currently produced. However, as the brands are produced locally, the association becomes weaker over time (Jin et al., 2006).

For example, Hacks is a UK brand while Bata is a brand originated from Czech Republic but both of these brands having their manufacturing plant in Malaysia. The former brand has its factory at Mak Mandin in Pulau Pinang; while, the factory of the latter brand is located at Klang in Selangor. The founder of the Barkath Group Hj. M Abubacker bin Mohd Hussain set up Hacks Malaysia Sdn Bhd in the early sixties after the obtain of manufacturing rights from the original makers of Hacks sweet from UK and set up local production (Kumpulan Barkath, 2010). On the other hand, Tomas Bata had established Bata Shoe Company Limited in July 1930 and built a factory in Klang, Selangor to produce PVC injected footwear for both local and foreign markets (Bata, 2010). Associated with the effect of localization, Malaysians might perceive Hacks and Bata as Malaysian brands, along with the effort and time that invested in Malaysia. Consumers' knowledge about and ability in recognizing brand's COO are important, as this will influenced their brand preferences towards different product category and brand's COO associations.

In sum, the problem comes from consumers' inability to determine brand's COO accurately, where consumers failed to identify the COO of a brand whether is a local

brand or a foreign brand. Samiee et al. (2005) noted that the critical underlying assumption in COO literature is that consumers possess accurate knowledge of brands' COO. Grounded by Social Identity Theory, this study aims to measure young Malaysians' BORA score, determine the antecedents of BORA score, such as consumer ethnocentrism, consumer animosity, need for cognition and socio-demographic characteristics, and examine the consequences of BORA score which is consumers' preference towards different product category-brand's COO associations. It is believed that consumers' ethnocentric tendencies, consumer animosity, need for cognition and socio-demographic characteristics act as predictors of BORA score. Besides, Social Identity Theory was used by Jin et al. (2006), in their study based in India, which investigated Indians' ability to recognize brand's COO, as it is believed that consumers' ability in recognizing a brand's COO is related to their social identity.

1.4 Research question

Based on the research problem, the following research questions will be addressed:

1. What is the level of young Malaysians' BORA score?
2. What are the antecedents of BORA score?
3. What is the consequence of BORA score on consumers' preference towards different product category-brand's COO associations?

1.5 Research objective

The objectives of the research are as follows:

1. To measure young Malaysians' BORA score.
2. To determine the antecedents of BORA score.
3. To examine the consequences of BORA score on consumers' preference towards different product category-brand's COO associations.

1.6 Significance of study

This study contributes to the development of theory and practitioners.

1.6.1 Theoretical contributions

This study is based on the Social Identity Theory. Indeed, this study contributes to the literature of Social Identity Theory and BORA. It is believed that consumers' social identity influences their ability in recognizing brand's COO, and this will impact their preferences towards different product category-brand's COO associations. Furthermore, the research gap between theory and practice will be filled by extending the understanding on BORA. Previous researchers examined the effects of COO and brand image, with the critical assumption that consumers do in fact possess accurate brand origin knowledge (Samiee et al., 2005), although inclusive results surfaced (e.g. Samiee et al., 2005; Jin et al, 2006). This study aimed to determine young Malaysian BORA score, and to examine the associated factors and the consequence.

Other than that, the impact of consumers' socioeconomic status, international experience, gender and consumer ethnocentrism as the antecedents of consumers' BORA

score was examined in US and India. These antecedents were derived from the literature of COO. Additionally, the effects of vocation, need for cognition and consumer animosity as the antecedents of BORA score were examined, as it is believed that these variables influence young Malaysians' BORA score. Please refer chapter 2 for further discussion. Apart of these, the consequences of BORA score was investigated in this study, as it is believed that consumers' BORA level influence their preferences towards different product category and brand's COO associations.

Furthermore, rooted by the literature of consumer animosity, a measurement of consumer animosity that can fit the Malaysian context will be developed to measure young Malaysians' animosity towards certain countries, such as European countries, Singapore and the United State (US).

In addition, the respondents of this study are young consumers in Malaysia, as they are the crucial segment to help in extending the understanding of consumer behavior (O'Cass & Lim, 2002). Past studies encouraged researchers to examine the effect of COO based on segmentation, in order to determine the effects of COO on different segments of consumers (Sohail, 2005; Kwok et al., 2006; Roth & Diamantopoulos, 2010; Samiee, 2010), especially the young consumers in Asian countries (Wong et al., 2008). Young consumers form an independent market segment for a variety of goods as they make up for a large group of people in a population (Omar, Ali, Hussin & Rahim, 2009). Thus, it is believe that this study will help to build a more comprehensive understanding about BORA on certain segment in one Asian developing country.

1.6.2 Practical contributions

This study contributes to the policy makers and market practitioners by determining young Malaysians' BORA score, identifying the factors that can influence consumers' BORA score as well as the consequences of it. The output of this study will help to provide policy makers a clearer picture about young Malaysians' ability to recognize brand's buy malaysian campaign, and the associated factors. Besides, the findings of this study will give insights to policy makers on consumers' knowledge about domestic brands, which is the critical determinant of the successfulness of Buy Malaysian Campaign. Furthermore, the efforts in the examination of BORA score's antecedents and consequences enable policy makers to design and introduce campaign that can reach its objective successfully, based on segmentation.

In addition, the findings of this study would enhance the understanding of marketers about the influences of BORA score on consumers' preferences towards different product category-brand's COO associations. It is believed that this study would provide insights on consumer behavior, especially young Malaysian consumers. This could help local and foreign marketers form better marketing strategies and communication. Marketers could get ideas about market segmentation, market targeting, formulate greater marketing mix, marketing communication, brand positioning and brand image building. These can help companies to be more competitive and become more consumer-oriented.

1.7 Scope of study

First, this study limits itself to young Malaysians, which include Malaysians aged 16 to 30 years old. Data was only collected in Pulau Pinang. In addition, this study also limits

the selection of brands in measuring BORA score. There were only 31 brands from certain industries to measure respondents' BORA score. Furthermore, this study only investigated seven predictors of BORA scores, and the influences on consumers' preferences towards different product category-brand's COO associations.

1.8 Definition of Key Terms

Country-of-origin (COO):

The overall perception which consumers form of products from a particular country, based on their perceptions of the country's production and marketing strengths and weaknesses (Roth & Romeo, 1992).

Brand Origin Recognition Accuracy (BORA):

BORA involves a form of knowledge that consumers potentially have stored in memory and can retrieve as input when forming brand-related judgments and making choices (Samiee et al., 2005).

Need for cognition:

Individual's intrinsic enjoyment and motivation to engage in effortful cognitive information process (Cacioppo & Petty, 1982).

Consumer ethnocentrism:

The ethnocentric views held by consumers in one country, the in-group, towards products from another country, the out-group (Shimp & Sharma, 1987).

Consumer animosity:

Remnants of antipathy related to previous or ongoing military, political or economic events which will affect consumers' purchase behavior in the international marketplace (Klein, Ettenson & Morris, 1998).

1.9 Organization of remaining chapter

There are four remaining chapters in this research. Chapter 2 is the Literature Review which discusses about Social Identity Theory, BORA, need for cognition, consumer ethnocentrism, and consumer animosity. Research framework and research hypotheses also introduced and discussed in this chapter.

Chapter 3 is Methodology which discusses research methodology of this research, such as research design, population and sample, sampling size, questionnaire and measurement, pilot study, data collection process and data analysis technique.

Chapter 4, which is Data Analysis and Results, discusses the questionnaire distribution and response rate, tests that were used to analyze the data and the results of analyses.

Chapter 5 is Discussion and Implication. This chapter presents the discussion of findings, theoretical contributions and practical implications, significance of study, research limitations and recommendations for future studies.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The growth of international trade and globalization has increased the interest of both academic and market researchers on the concept of BORA. This chapter discusses the literature on Social Identity Theory, BORA, need for cognition, consumer ethnocentrism and consumer animosity. Besides, the development of research hypotheses and theoretical framework are presented.

2.2 Social Identity Theory

Social Identity Theory is a theory developed by Tajfel and Turner (1979). They conceptualized a group, as a collection of individuals who perceive themselves to be members of the same social category who share some emotional involvement, and achieve some degree of social consensus about the evaluation of their own group and their group membership of it. Besides, social identity refers to individuals' self-concept that derives from their knowledge of their membership of a social group along with the value and emotional significance of their membership (Tajfel, 1981). Social groups provide their members with identification about themselves in social terms. These identifications are largely in relational or comparative extent, such as defining an individual as similar to or different from, as better as or worse than, members of other groups (Tajfel & Turner, 1979).

Tajfel and Turner (1979) made their argument about social identity based on the following assumptions:

1. Individuals strive to maintain or improve their self-esteem (they strive for a positive self-concept);
2. Social groups and the membership are associated with positive or negative value connotations, because social identity may be positive or negative according to the evaluations; and,
3. One's own group evaluation is determined with the reference to specific other groups, through social comparisons, in terms of value-laden attributes and characteristics.

The above assumptions bring out some related theoretical principles as shown below:

1. Individual strives to achieve or to maintain favorable social identity;
2. Positive social identity is based on a large extent of favorable comparisons that can be made between the in-group and some out-groups, but the in-group must be perceived as positively different from the relevant out-groups; and lastly,
3. When social identity is unsatisfactory, individuals will strive whether to leave their existing group and join some more positively distinct group, and/or, to make their existing group more positively distinct.

The aim of differentiation is to maintain or to achieve superiority of own group, over an out-group on some dimensions (Tajfel & Turner, 1979). Individuals are motivated to maintain a positive self-image; the inclusion of in-group identities within the self

motivates individuals to be favorably biased towards the in-group (Hewstone, Rubin & Willis, 2002; Verlegh, 2007).

Social Identity Theory shed light on the finding of previous studies in the field of country of origin. Consumers from developed countries evaluate domestic products more favorably than imported products (Wang & Chen, 2004). They tend to hold in-group favoritism and out-group discrimination, where they tend to evaluate domestic products favorably than imported goods. Individual in-group favoritism and out-group discrimination that explained in Social Identity Theory are in line with the concepts of ethnocentrism and consumer animosity. Social Identity Theory provides a good explanation for in-group favoritism (Brown, 2000). Consumer ethnocentrism explained the belief held by consumers about the appropriateness, of purchasing foreign made products (Shimp & Sharma, 1987).

In addition, the effects of group membership depend on the degree of identity strength, where these shades of identity rise from the feeling of closer to or farther away from a group or its key values (Huddy, 2001). Regarding to Verlegh (2007), some members display higher identification than other members within a specific group, as an individual may be part of a member of groups that which may vary with respect to their importance and value to this person. Indeed, in-group favoritism moderated by individual differences of group identification level. For example, the distinctions emerged between occupational groups, political affiliations and larger categories like ethnicity and religion. For instance, Klein and Ettenson (1999) found consumers with high ethnocentric tendencies are likely to be union members. Besides, high ethnocentric tendencies group tends to evaluate foreign goods unfavorably while supporting local products. So, the logic

of this theory posit that individuals who are more strongly identified with an in-group tend to show larger bias in their judgments of that group, because such judgments have more impact on the self if the in-group identity is more important (Hewstone et al., 2002; Verlegh, 2007).

Subordinate groups would expect to show in-group bias and heightened identification, where they might take favoritism form; inversely, they might expect to show disidentification and out-group preference (Brown, 2000). For the former condition, empirical evidence demonstrated that lower income and lower level education consumers are more likely to evaluate local products more favorably, and prefer to purchase domestic product (Balabanis, Diamantopoulos, Muller & Melewer, 2001). On the other hand, for the latter situation, the members who have found themselves at the bottom of the social pyramid tend to demonstrate the phenomenon of self-hate or self-depreciation (Tajfel, 1982), where they do not like the membership of group. Therefore, they tend to disidentifying their own in-group identity. Therefore, they tend to associate themselves with favorable out-group identity, as direct comparisons with the higher status groups that lead to in-group devaluation (Tajfel, 1982).

Subsequently, at country level, some studies found consumers from less-developed and developing countries display a negative bias that against domestic products (Saffu & Scott, 2009). The results of empirical research found that the consumers in developing countries tend to show admiration towards products from Western and developed countries (e.g. Okechuku & Onyemah, 1999; Batra, Ramaswamy, Alden, Steenkamp & Ramachander, 2000; O’Cass & Lim, 2002; Jin et al., 2006; Saffu & Scott, 2009). Verlegh (2007) explained this as the purchase and ownership of foreign

goods, which may be a behavioral strategy that allows consumers to associate themselves with a favorable social identity and dissociate themselves from their own culture. Nevertheless, the self-enhancement motive is more strongly related to the evaluations of local products rather than the evaluations of foreign products (Verlegh, 2007). In addition, there is a situation consumers in one nation tend to reject from dislike countries due to some conflicting political, economic or military issues, referred to consumer animosity. Consumer animosity involves consumers' attitudes toward a specific country (Klein & Ettenson, 1999). For example, high consumer animosity Iranian displayed negative intention to purchase US-made products (Bahae & Pisani, 2009).

In addition, Social Identity Theory posits that similar groups, groups that hold similar norms of attitudes or enjoy equivalent status, display more intergroup discrimination in competitive situation (Tajfel & Turner, 1979; Brown, 2000). Positive evaluation of in-group or its product resulted by the increase of intergroup competition, which deriving from the motivation of individual members to enhance in-group qualities, subjectively (Tajfel, 1981). On the other hand, groups perceiving similar groups are more favorable and less bias than dissimilar one (Brown, 2000). For example, in the study of Watson and Wright (2000), New Zealand consumers demonstrated favorable preferences towards product from similar countries, particularly when some products are not available in home country. In-group identification does not automatically correlate with negativity towards the out-group, because out-group negativity occurs only in such conditions as direct competition, inter-group conflict and others (Verlegh, 2007).

Therefore, it is believed consumers' social identity that influences their attitude and behavior towards domestic product and imported goods will subsequently influences

their ability to recognize brand's COO accurately. For example, female was found to show positive attitude towards local products while male demonstrate favorable attitude towards imported goods and more active in learning brand related information. Therefore, female pose higher ability in recognizing local brands, nevertheless male display greater ability to recognize foreign brands. Additionally, low ethnocentric tendencies consumers present positive attitude towards imported product as compared to high ethnocentrism group. Thus, low ethnocentric tendencies consumers are more able to recognize foreign brand's COO information is more diagnostic and accessible for them (Samiee e al., 2005). Next, the following session discuss the literature of BORA, which regards to consumers' ability in recognizing brand's COO.

2.3 Brand Origin Recognition Accuracy (BORA)

The study of BORA is based on the research of COO. Usunier (2006) pointed out that COO is the mainstream in the research of marketing and consumer behavior; and is one of the most fruitful research areas in marketing (Laroche, Bergeron & Barbaro-Forleo, 2001). There are steady streams of empirical studies examined the effects of COO, which have generally acknowledged that COO does influence consumers' product evaluations and purchase decisions (e.g. Chryssochoidis, Krystallis & Perreas, 2007; Karunaratna & Quester, 2007; Verlegh, 2007; Ahmed & d'Atous, 2008; Evanschitzky, Wangenbeim, Woisetschlager & Blut, 2008). Evanschitzky et al. (2008) noted that domestic-country bias and COO influence consumer purchase behavior towards foreign and domestic products.