

# CHAPTER I

## INTRODUCTION

### A. Background of Study

Most countries now is participating in international commerce and marketing as a result of globalization trend. The acceptability of brand that introduced from a specific country on certain customers had immense impact both on business and the country. Country-of-origin labelled product or brand plays an important impact in today business.

Country-of-origin (COO) is mention as nation where people identify with a specific brand and goods, regardless of where it was created (Jaffe & Nebenzahl, 2006). Country-of-origin (COO) have influences a consumer's thoughts and attitudes regarding to the products and brands that tied to specific country (Keegan & Green, 2012).

For decades, country-of-origin has been analyzed in relation to numerous elements of branding and purchase intention. The country-of-origin had influences to the prejudice or ability to influence on the perception of risk, product or brand evaluation, and purchasing intention (Diamantopoulos et al., 2011). Consumers in developing and underdeveloped countries favor imported items due to their high quality, as well as their perception of the country-of-origin, which influences their purchase intention (Moradi & Zarei, 2012). Customers' views and evaluations of items are significantly affected by country-of-origin indications, which influence to purchase behavior (Yasin et

al., 2007). Also, country-of-origin is the main reason why brand that associated with specific country exist.

Brand is the foundation of market competition, it must be defined, established, and managed properly. Consumers' affection reacted to a brand, including like, trust, and attractiveness, which are determined by overall brand evaluations (Sirianni et al., 2013). Branding not only provides businesses with a competitive edge in terms of supplying existing products and services, but it also allows them to widen their brands embrace new products and services (Motameni & Shahrokhi, 1998). Brand image could potentially distinguishes a product or service from competitors' brands, a positive brand image can generate thoughts of trust, confidence, security, and strength (Peter & Donnelly, 2013). The product or brand that have distinctive image in the customer's mind will be appreciate more to the value that being delivered, positive feedback on customer could create value which it adding meaning to the product or brand. However, in particular brand, some of people are recognizing brand and product more from where it was manufactured, for example Audio Technica brand product.

Audio Technica is a brand and company located in Tokyo, Japan that specifically designs and manufacturing audio-related products, such as headphones, earphones, true wireless stereo (TWS), and other audio equipment.

To unveil a meaningful knowledge, the following section of research will delivers the constructs included in this study. Followed by explanation of

theoretical information under research, research models, describes the procedures used to undertake the research and reports the findings. And finally delivers conclusion and followed by recommendation for further research.

## **B. Research Problem**

Based on the study's foundation, the challenge in this research will be focused to examine the country of origin, brand image, and brand evaluation on *Audio Technica* brand products in Surakarta. The research will be focused on several question:

1. Does country-of-origin influence on customer' purchase intention?
2. Does brand image influence on customer' purchase intention?
3. Does brand evaluation influence on customer' purchase intention?

## **C. Research Purpose**

The purpose of this research are as follows:

1. To identify the effect of country-of-origin on purchase intention.
2. To identify the effect of brand image on customer' purchase intention
3. To identify the effect of brand evaluation on customer' purchase intention

## **D. Research Benefit**

The benefit of this research can be obtained are as follows:

1. Better understanding of customer's perception on country-of-origin, brand image, and brand evaluation affecting purchase intention on *Audio Technica* brand products.

2. Show what kind benefit of country-of-origin, brand image, and brand evaluation to the customer' purchase intention.
3. Find out the customer' purchase intention that affected the most.

## **E. Systematics of Writings**

The systematics of writings will be focus on arranged as follows:

### **CHAPTER I: INTRODUCTION**

Chapter begins with an introduction that contains the study's background, research problem, research purpose, research benefit, and a discussion of systematics writings.

### **CHAPTER II: LITERATURE REVIEW**

Chapter begins with theoretical background of the variables used in this research. Which it is includes the concept of country-of-origin, concept of brand image, concept of brand evaluation, and concept of purchase intention

### **CHAPTER III: RESEARCH METHODOLOGY**

Chapter explains the research approach. It describes the methodology that has been used in the study.

### **CHAPTER IV: DATA ANALYSIS AND DISCUSSION**

Chapter offers the findings of data analysis and a discussion about this research.

### **CHAPTER V: CONCLUSION**

In the final chapter contains study summaries and results of the research. Which it provides of conclusion, research limitations, and research suggestion.