



## **Presentation Slide**

The Effect of Country of Origin on Purchase Intentions: A Study of Indonesian Generation Z Customers

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# Background

- Indonesian smartphone market is continuing to rise to a positive number
- Data from Canalys, Indonesian smartphone market in 2018 grew 17.1% (Pertiwi, 2019)
- Samsung, Xiaomi, Oppo and Vivo are the largest players in the Indonesian industry of smartphone

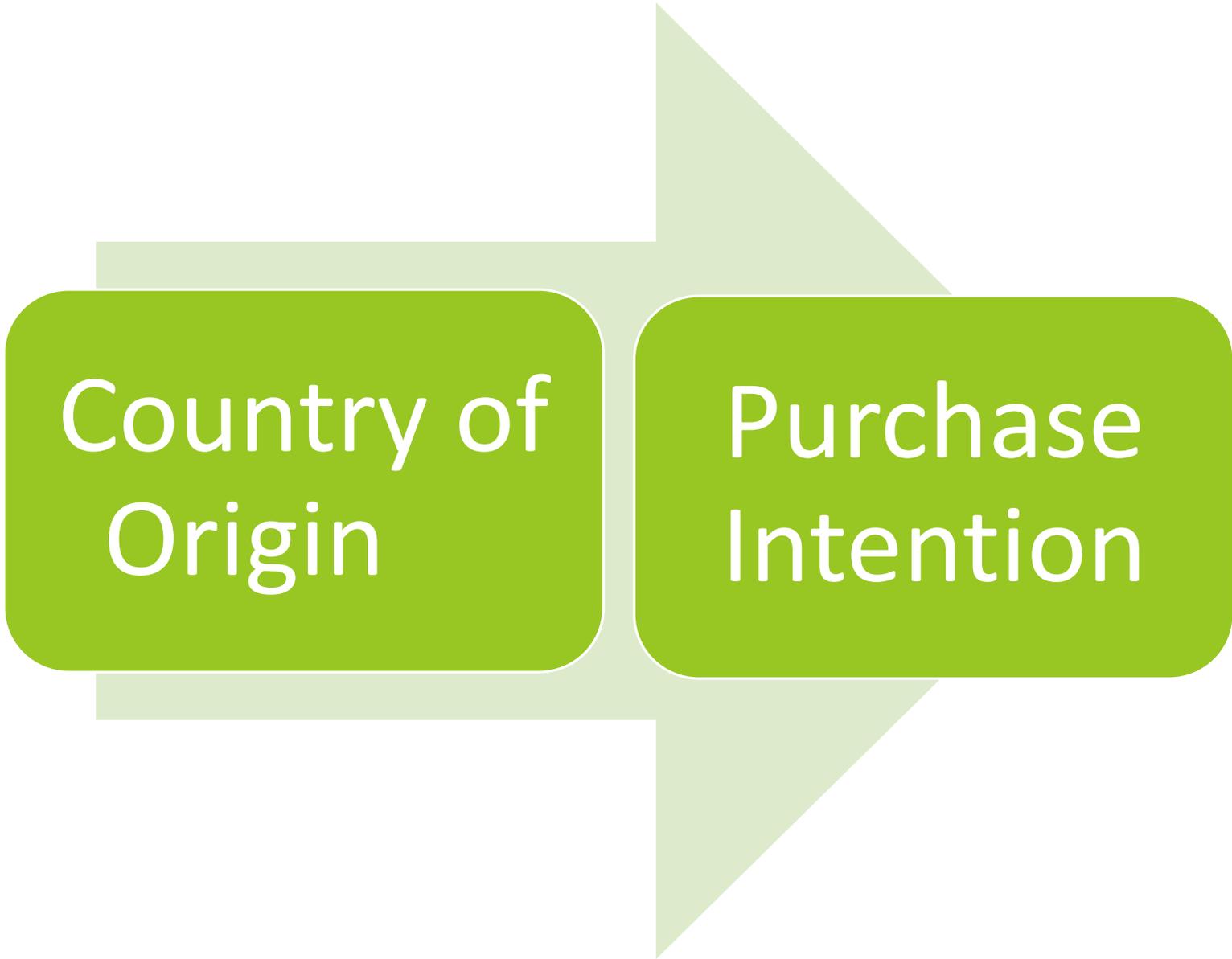
# Background Theory

- One of the key factors that can change them is extrinsic cues like the image of production location, brand image, retail store image, and country of origin (Shiffman and Kanuk, 2000; Thanasuta et al., 2009)
- Customers' buying behavior can be affected by the perceptions of country of origin (Papadopoulos et al., 1987; Zbib et al., 2010)
- Other than innovation, design, and price and features—country of origin certainly plays a key role in driving customers to buy smartphones

# Research Objectives

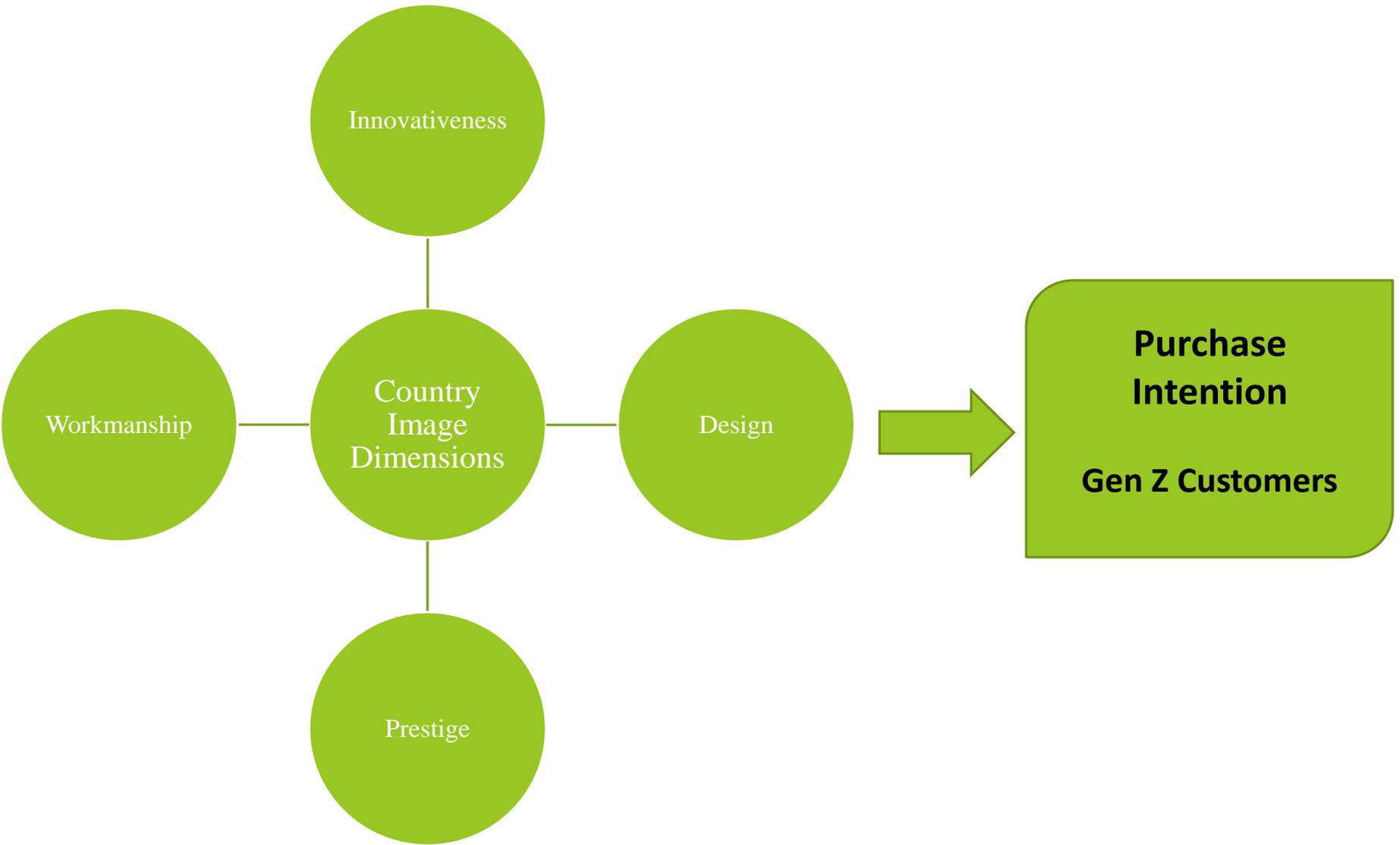
This research is undertaken to accomplish the purposes given as follows:

1. To analyze the effect between country of origin and customer purchase intention.
2. To determine the key factors that Indonesian generation Z customers see in their smart phones.



Country of  
Origin

Purchase  
Intention



## Definition of COO

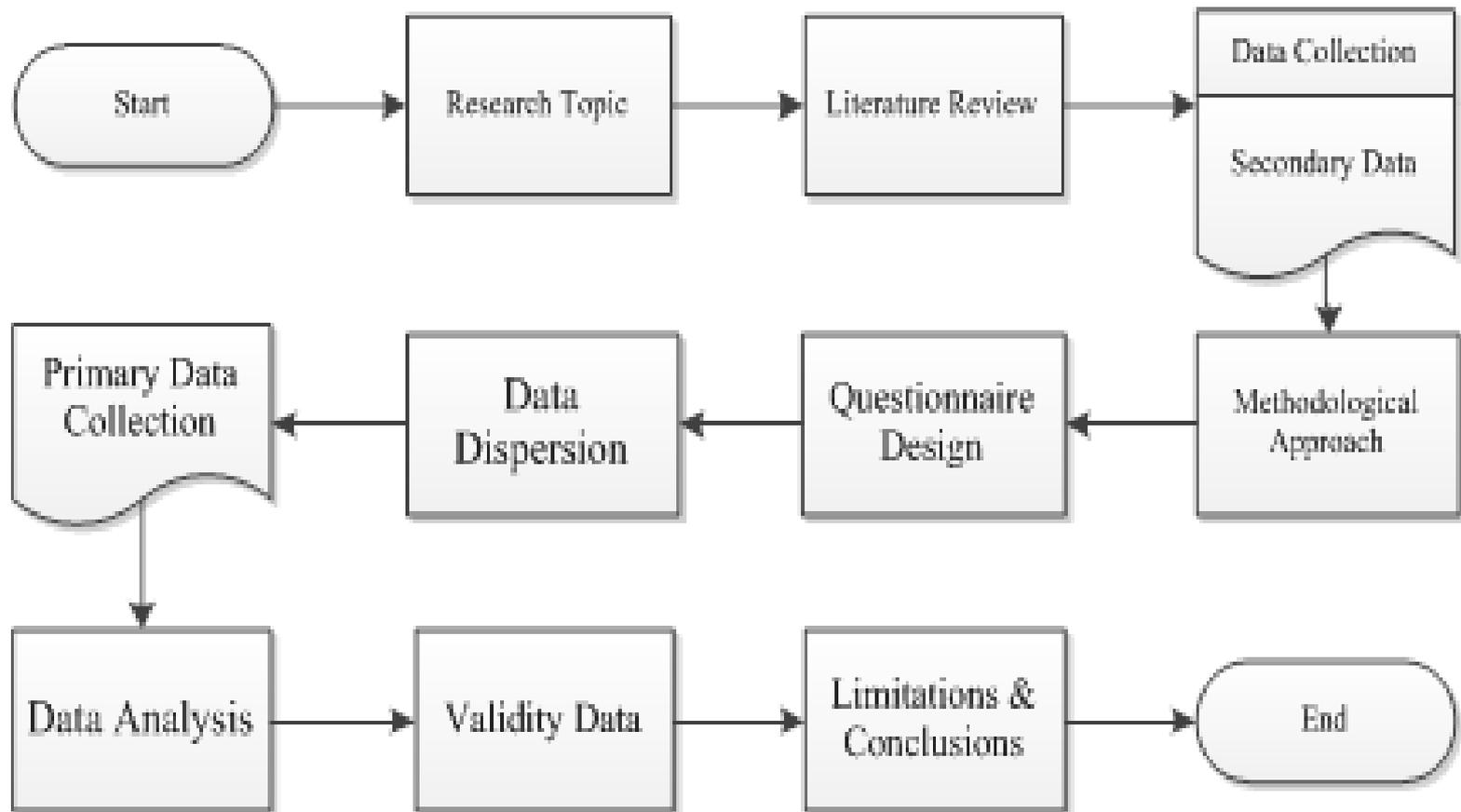
- The term is based on where the products are invented and also where the headquarters are based (Ozsomer and Cavusgil (1991), Johansson et al. (1985) cited by Thanasuta et al. (2009).
- The definition of COO is the country where the company placed their headquarters which have the function to market its brands or products is located (Al-Sulaiti and Baker, 1998).





## **Gen Z customers**

**The researchers  
focus on the  
theory that the  
generation Z in  
the born period  
from 1997  
onward**



## Research Framework

## ➤ Validity Test

By Pearson Correlation method, 33 items of X variable and 3 items of Y variable are declared **valid**, because the results of r count > results of r table.

## ➤ Reliability Test

The Cronbach's Alpha results are  $0.894 > 0.70$  then the statements is declared **reliable**.

Reliability Statistics	
Cronbach's Alpha	N of Items
.894	36

## ➤ Data Normality Test

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
X	114	-.030	.226	.236	.449
Y	114	-.199	.226	-.368	.449
Valid N (listwise)	114				

After selecting the outlier data, the comparison of skewness and standard error of skewness for the COO is  $-0.03 / 0.226 = -0.133$ . Comparison of skewness and standard error of skewness for customer purchase intention is  $-0.199 / 0.226 = -0.88$ . It can be concluded that the two variables are normally distributed, because the results have values between -1.96 to 1.96.

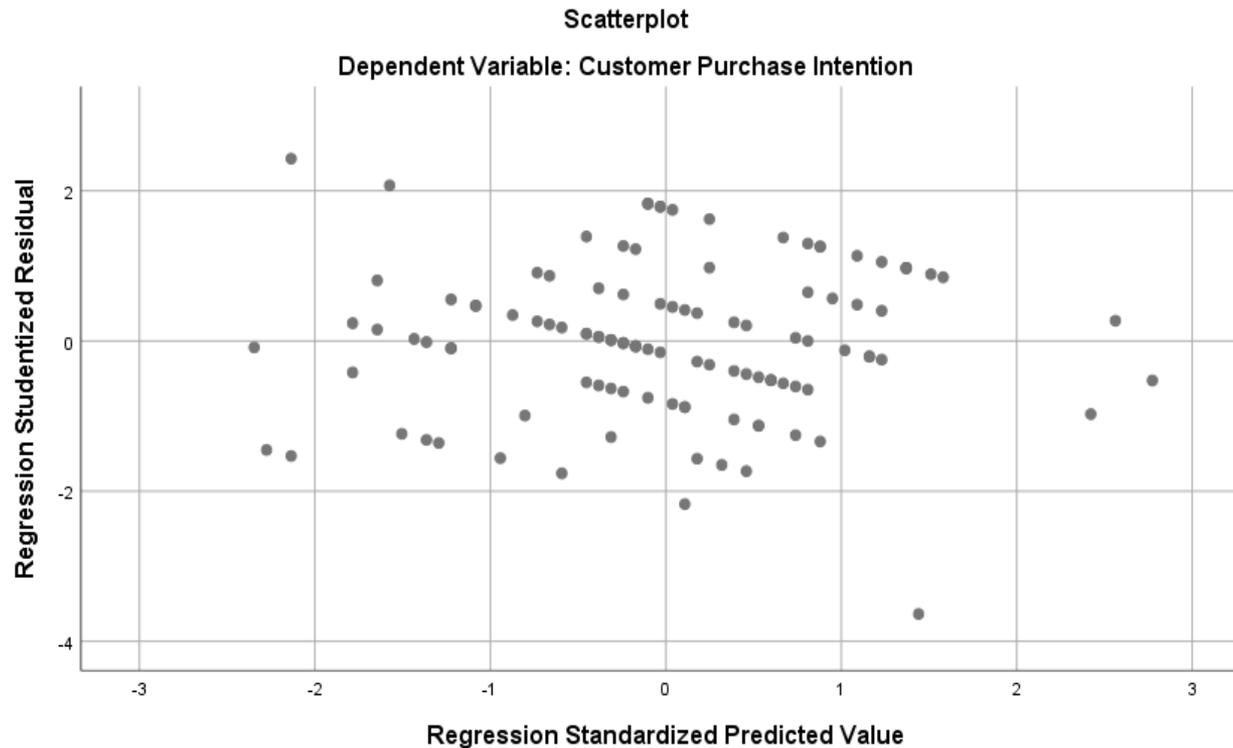
## ➤ Test of Classical Assumptions

### ➤ Residual Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
	N	114
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	.41172569
Most Extreme Differences	Absolute	.046
	Positive	.046
	Negative	-.038
Test Statistic		.046
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

From the output, it can be seen that the significance value is 0.200 or more than 0.05. Based on the results above, it can be concluded that the residual value is **normally distributed**.

## ➤ Heteroscedasticity Test



In figure of the Scatterplot graph, most of the data gathered between numbers -2 to 2, so it can be concluded that there is **no heteroscedasticity**.

## ➤ Multicollinearity Test

There is absolutely **no multicollinearity** between independent variables, because there is only one independent variable.

## ➤ Simple Determination Coefficient Test

Table 10 Simple Determination Coefficient Test  
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.507 <sup>a</sup>	.257	.250	1.554

a. Predictors: (Constant), X

- That is, the magnitude of the influence of the Country of Origin variable on Customer Purchase Intention is 25.7%. The remaining 74.3% is contributed by other factors.

## ➤ Simple Linear Analysis

Coefficients <sup>a</sup>								
	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	5.089	1.162		4.379	.000		
	X	.064	.010	.507	6.223	.000	1.000	1.000

a. Dependent Variable: Y

- Positive constant value 5.089 and the significance is  $0.000 < 0.05$  can be interpreted that the Country of Origin (COO) variable has **significant positive effect** on Customer Purchase Intention.

# Conclusions

- the country of origin has a positive influence on Customer Purchase Intention. With a significance number of 0,000 and a contribution of 25.7%, the effect is relatively small.
- The general respondents believe that they prefer smartphones with products that have high durability. They also believe that they prefer to buy smartphones that can increase their comfort.
- To learn more on Indonesian Gen Z customers

# Recommendations

- Smartphone manufacturers can not rely anymore on country of origin as their main aspect in terms of selling smartphone products to current productive generation which is Indonesian Gen Z customers.
- Smartphone manufacturers have to think about the more important things needed by the young adults particularly Gen Z, which are the product quality and also continue to develop technology to produce smartphones that provide comfort and high durability.
- the use of country of origin must still be shown in marketing materials with sufficient portions because it involves the image of the company associated from the origin of the country that can increase trust and reputation.