

**A STUDY OF BRAND LOYALTY IN MALAYSIA'S
AUTOMOTIVE INDUSTRY**

By

HO TUCK SUM

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in Partial Fulfillment of the Requirement for the
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ABSTRACT

Brand loyalty has become a major issue for the majority of the automobile brands in Malaysia's automotive industry. To incorporate the business strategy, it is most vital to identify the factors that influence brand loyalty among car users, using the brand equity model. The main purpose of this study was to investigate the relationship between service quality and brand loyalty, the relationship between marketing-mix strategy and brand loyalty, the relationship between country-of-origin and brand loyalty, and finally, the mediating effect of trust on the relationship between service quality, marketing-mix strategy, and country-of-origin, with brand loyalty. This study consisted of three independent variables: service quality, marketing-mix strategy, and country-of-origin; a mediator: brand trust; and a dependent variable: brand loyalty. A total of 10 hypotheses were developed. Regression was used to analyze the mediating effect. The population consisted of Malaysian consumers, and a postal mail survey using judgmental, cluster and simple random sampling yielded 413 respondents in the Klang Valley, Selangor. The results showed 6 hypotheses being supported. The results indicated that marketing-mix strategy and country-of-origin have a significant relationship with brand loyalty; however, service quality does not have a significant relationship with brand loyalty. It was also found that service quality and country-of-origin have a significant relationships with brand trust. Contrarily, marketing-mix strategy does not have a significant relationship with brand trust. Mediating effects were significant where brand trust was found to be partially mediated between the relationship of country-of-origin and brand loyalty. The findings of this study while contributing to the body of knowledge, may also assist policy-makers and marketers in their sustainability effort.

Keywords: brand loyalty, service quality, marketing-mix strategy, country-of-origin, brand trust.

ABSTRAK

Kesetiaan jenama menjadi isu utama bagi kebanyakan jenama automobil dalam industri automotif Malaysia. Bagi menggabungkan strategi perniagaan, adalah penting untuk mengenal pasti faktor-faktor yang mempengaruhi kesetiaan jenama dalam kalangan pengguna kereta berdasarkan model ekuiti jenama. Tujuan utama kajian ini adalah untuk mengkaji hubungan antara kualiti perkhidmatan dan kesetiaan jenama; untuk mengkaji hubungan antara strategi campuran pemasaran dan kesetiaan jenama; untuk mengkaji hubungan antara negara asal dan kesetiaan jenama; dan juga untuk menyiasat kesan perantara kepercayaan terhadap jenama ke atas hubungan antara kualiti perkhidmatan, strategi campuran pemasaran, dan negara asal, dengan kesetiaan jenama. Kajian ini melibatkan tiga pemboleh ubah bebas: kualiti perkhidmatan, strategi campuran pemasaran, dan negara asal; satu perantara: kepercayaan terhadap jenama; dan satu pemboleh ubah bersandar: kesetiaan jenama. Sebanyak 10 hipotesis telah dibangunkan. Analisis regresi digunakan untuk menganalisis kesan perantaraan. Populasi kajian adalah terdiri daripada pengguna di Malaysia, dan kajian mel pos menggunakan kaedah pertimbangan, kluster dan pensampelan rawak mudah telah menghasilkan seramai 413 responden di Lembah Klang, Selangor. Hasil kajian didapati telah menyokong 6 hipotesis yang dibangunkan. Dapatan kajian juga memperlihatkan strategi campuran pemasaran dan negara asal mempunyai hubungan yang positif dan signifikan dengan kesetiaan jenama. Selain itu, kualiti perkhidmatan tidak mempunyai hubungan yang positif dan signifikan dengan kesetiaan jenama. Kualiti perkhidmatan dan negara asal, bagaimanapun menunjukkan hubungan yang positif dan signifikan dengan kepercayaan terhadap jenama, namun strategi campuran pemasaran tidak mempunyai hubungan yang positif dan signifikan dengan kepercayaan terhadap jenama. Seterusnya, kesan perantara adalah signifikan berikutan kepercayaan terhadap jenama merupakan sebahagian daripada pengantara terhadap hubungan antara negara asal dan kesetiaan jenama. Di samping memberikan sumbangan kepada pembangunan pengetahuan, kajian ini juga diharap dapat membantu pembuat dasar dan pemasar dalam usaha kelestarian.

Kata kunci: jenama kesetiaan, kualiti perkhidmatan, strategi campuran pemasaran, negara asal, kepercayaan terhadap jenama.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This study investigates on Malaysia car owners, brand loyalty in the Malaysian automotive market. This study, probes on car owner brand loyalty that they experienced in, and elements which motivate them to remain with a particular car brand. This chapter gives reviews on the background of this study followed by the statement of problems, research questions, objective, significance, scope of aforementioned research. It further highlighted on how the structure of this research is being arranged including definitions of all variables researched.

1.1 Background of the Study

Being earmarked as part of the important and strategic industries in the manufacturing sector, Malaysian automobile industry, carefully thought as the dynamic expanding industries as compared with other industries. For Malaysia in 2020 to be an industrialized country, the Malaysian Government has earmarked the automotive industry to boost the industrialization process.

In the automotive industry, brand loyalty is crucial to a car company because increased loyalty contributed cost savings through reduced marketing costs, reduced customer turnover expenses, increased in word of mouth and cross selling will lead to a larger share of customers, whereas loyalty towards a car brand will provides to a certain extent the guarantee of the brand quality.

From a consumer reports survey (ConsumerReport, 2010), loyalty is lacking in the car industry where 27 percent of the respondents said they switched to other brands the next time if they were to purchase a new car. Though the primary reason given for switching brands was that the previous brand did not match the type of vehicle they wanted, the underlying reason for most switch is undoubtedly dissatisfaction with the previous vehicle which could be either in term of service provided or that the specifications of the vehicle do not meet the expectation of the buyers.

Technology is changing the way consumers shop. With new technology coming on stream every few months, the challenges are growing. Retailers must structure their businesses to ensure they make shopping an easy and enjoyable experience through every channel. With the ubiquity of smartphones, car shoppers no longer have to accept the word of an auto dealership salesperson when hunting for information. They will likely arrive at the auto showroom loaded with information for them to make a decision. Social media enable consumers to compare notes with other customers and criticize poor service. These developments put retailers under pressure to deliver a seamless shopping experience, where service and delivery are as good online as they are in-store. However, it was also known that repeated same commercial advertisement that has been shown in the TV will also cause brand fatigue.

Consumers buying experiences based on how they are being treated will eventually lead to changing brand. If consumers feel good about the treatment given, they will not have any intention to change brands, however bad experiences experienced will

certainly hasten the change decision. Product features of the vehicles, including brand image are also one of the reasons that customers change brand to another which are not readily available.

Strongly, very poor service granted or low product features are not the only cause of dissatisfaction that leads to change brands. Often the company has attracted the wrong customers or has an inadequate process for turning around the right customers when they have a bad experience. Customers are more likely to defect to a competitor if the problem is service-related than price or product-related and the overall poor quality of customer service.

In yet another sign of the growing convergence between cars and consumer technology, research analyst called GfK Automotive found that both Generation X and Y consumers are far less loyal to brands than their older counterparts. According to GfK's research finding, around 49 percent of car shoppers surveyed said that they were stuck with their present brand, down from 54 percent in early 2001. The increasing prevalence of Generation X and Y among the purchasing public means that this figure is likely to pull overall brand loyalty downward (GfK Research, 2011).

Social advertising has the most influence on how Millennials groups of people perceived a brand and a brand's value, 60 percent of the replies that was given in a survey conducted by Andriot Digital (Sinha, 2014). These groups of people came of age in a culturally diverse world, more into connectivity technology, enthusiastic, self-centered, confident, well networked and achievement-oriented. They are

extremely skeptical and cynical, are one of the best-educated generations in history and the value authenticity. Their constant use of technology and social media has empowered them nearly unlimited power to voice their opinions about brands and they expected changes. Gen X and Y people tend to be less traditional, than any other generation and are highly entrepreneurial and they evaluate brands on a different set of criteria than their parents did. They are more open to exploring all of their options, and the more they shop around, the more likely they are to switch sides and go with a new automaker when the time comes to purchase a car. No surprise then that the brand this generation leans toward also displays those independent characteristics, who prize their freedom. Statistically, they don't seem to be up for sacrificing quality of life for career advancement. They are moving instead of a search for a deeper meaning form of life and are more focused on quality, than on quantity (Schaden, 2014). Ritchie (1995) study found that Millennials' are less brand loyal than previous generations due to the consistent barrage of promotions. Phillips (2001) revealed that Millennials believe themselves to be reasonable, price-oriented consumers who are not influenced by an attraction to a certain group of brands. Millennials value price and features as the most important attributes of a product, instead of brand name. Millennials want products that match their lifestyle or personality, which is why the brand is of almost no importance (Caplan, 2005).

Over the past decade, developments in the global automotive industry have happened at a fast and persistent pace. The industry has gone through many allied merger and strategic affiliation and also undergone far and wide-reaching globalization and nationalization. Many major companies were giving way under the intense competition due to fallouts in the world automotive parts and components industry occurring. In the last two (2) years have also seen the world market endure a racking

cyclical collapse, where in the United States, it needed the government to bail out two (2) of its biggest companies and subsidized household in vehicle purchases (Wong, 2010).

Through the Economic Transformation Program (ETP), automotive industries have been identified under the National Key Economic Area (NKEA). Retailer as one of the 13 entry point projects (EPP) where emphasis has been put into increasing the quality and service levels of automotive workshops (Pemandu, 2010).

Malaysian Automotive Association (2012) reported that history has been created in the Malaysian automobile sector for the first time where the total industry volume (TIV) exceeded the 600,000 units mark. For the year 2010, the total industry volume was at 605,156 units – up by 12.7 percent from the previous year and broke the previous best figure of 552,316 units achieved in 2005. The highest sales increase is in the multipurpose vehicles (MPV) sector, which recorded a total of 107,714 units or a 68.9 percent (43,957 units) jumped in comparison with 2009. The increase in this sector can be attributed to the extended and large family entity of Malaysian. The 4X4 / SUV segment also showed a strong following with an increase of 47.2 percent (4,941 units) compared to 2009. These significance achievements were attributed by a healthy budgetary growth of 7 percent supposed in 2010 as to shrinkage of 1.7 percent certified in 2009.

Table 1.1
Total Industry Volume (2013 vs 2012)

	Variance			
	<u>2013</u>	<u>2012</u>	<u>Units</u>	<u>%</u>
Passenger Cars	576,657	552,189	24,468	4.4
Commercial Vehicles	79,136	75,564	3,572	4.7
Total Vehicles	655,793	627,753	28,040	4.5

Source: Malaysian Automotive Association-Issue No.1/2014 (Feb) KDN
 No.PP5666/04/2013

It was also reported that another record high of 655,793 units was registered for 2013 total industry volume (TIV) for the automotive industry. The previous record of 627,753 units achieved in 2012 had been overtaken in 2013. It has also outperformed the forecast total industry volume (TIV) of 640,000 units forecasted by Malaysian Automotive Association (MAA's). Compared with 2012, it registered a growth of 4.5 percent (see Table 1.1) of new registration for 2013 with a substantial increase of 28,040 units. The all-time high performance in 2013 could be attributed to the following factors:

1. A steady pace of economic growth (i.e. 4.5% to 5% estimated for 2013).
2. Continuation in the implementation of a number of infrastructure projects under the Economic Transformation Program (ETP) which had resulted in better consumer and business confidence as well as generating additional investment opportunities.
3. Positive consumers' sentiments due to the stable employment market.

4. Third quarter TIV 2013 increased by 12 percent over the second quarter TIV 2013 following the normalization of vehicle sales (after the disruption due to the 13th General Election).
5. Introduction of several new models with latest additional specifications, design styles and at very affordable prices.
6. New innovated schemes and attractive offers for first time buyers.
7. Car companies promoting sales campaigns aggressively.

Table 1.2

Market Share of Top 15 Malaysian Automobile Brands in 2013

Brand	Units	Percentage	Ranking
Perodua	196,071	29.9	1
Proton	138,753	21.2	2
Toyota	91,185	13.9	3
Nissan	53,156	8.1	4
Honda	51,544	7.9	5
Mitsubishi	12,348	1.9	6
Hyundai-Inokom	12,217	1.9	7
Isuzu	12,061	1.8	8
Ford	10,660	1.6	9
Volkswagen	9,538	1.5	10
Mazda	9,197	1.4	11
Kia	7,184	1.1	12
BMW	7,057	1.1	13
Hino	7,002	1.1	14
Peugeot	6,505	1.0	15

Source: Malaysian Automotive Association-http://maa.org.my/pdf/Market_Review_2013.pdf

The Automotive Association of Malaysia (MAA) reported that the market share are still dominated by the two national carmakers, namely Perodua and Proton in year 2013 (MAA, 2014). These two (2) national brands collectively captured 51.1 percent of the total new passenger car sales in Malaysia. However, these two (2) national brands are losing market share from 56.4 percent combined total market share in 2011 to 51.1 percent in 2013, a decrease of 5.3 percent within three (3) years. This decrease in market share significantly reflected that Malaysian consumers' had lost brand loyalty towards national maker, whilst the support increase in international makers in the Malaysian automotive industry. Another reason for this decrease in brand loyalty for national brand could be that the standard of living for Malaysian consumers' had improved, thus enable them to afford better make vehicles from international brand carmakers (Panjamorthy, 2013). The increase in international makes market share could also be attributed by non-national manufacturers' brands that had competed aggressively in the recent years in assembling, selling and operational activities. During the period under review, Toyota brand was reported to be the best selling non-national passenger car brand with a 14.0 percent market share, followed by Nissan and Honda at 8.1 percent and 7.9 percent respectively (MAA, 2014).

Government Transformation Program roadmap (GTP), New Economic Model and the Economic Transformation Program are some of those bold initiatives and plans launched by Malaysian Government that had generated additional investment opportunities due to higher business confidence as well as had resulted in higher consumer confidence on Malaysia economy. With these initiatives implemented by

the Government, it improved the confidence level of the businesses where it also relates to the improved confidence level in the Malaysian economy. With this confidence level soaring, people will have better opportunities to own better vehicles, thus brand loyalty study will be a good issue for automotive companies to maintain their loyalty. New innovated sales schemes and attractive promotion for new first time buyers, introduction of new models at affordable prices, and car companies promoting sales campaigns aggressively are some of the initiatives taken (MAA, 2011).

Former Prime Minister Tun Abdullah Badawi stated that Proton Holdings Bhd has to start turning around its financial performance after its losses deepened for its financial year ended March 31, 2007 to about RM 619 million, reflecting the challenging operating environment (Jayaraman, 2007). It was stated by Datuk Syed Zainal Abidin Syed Mohamed Tahir (previous Managing Director of Proton), that Proton car sales fell by 40 percent during the financial review year caused by the intense competitive market surroundings which was made up further by the lower resale value of used-car and rigorous loan application evaluation (Proton looks, 2007).

The landscape of the Malaysian automotive industry is moving into highly competitive environments with more new automotive brand presence in the market. More significantly, it has intensified market competition when the Japanese and Korean car companies are reaping the benefits of the Asean Free Trade Area (AFTA) by setting up their assembly plants in Asian countries. These have increased the consumer's choice of automotive brands in Malaysia and the automotive

companies have been increasingly focusing on creating differentiated customer values to maximize customer satisfaction in the form of customer loyalty towards their brand (MAA, 2007; The Wall Street Journal, 2004, p. A7; Louise, 2000; Jayasankaran, 2002).

The rising standard of quality with a brand has risen to a level of quality where there is no more difference in the quality of the competing brands in the interchangeable group and the car brand positioning in the market are two (2) of the reasons stated by Bennett and Rundle-Thiele (2005) on why the decline of brand loyalty occurred.

Drivers' intuitive understanding and attitudes towards four (4) international brands are being examined by Baker and Michie (1985), switching segments (Colombo & Morrison, 1989; Grover & Srinivasan, 1987), market share (Ehrenberg, Goodhardt, & Barwise, 1990; Fader & Schmittlein, 1993; McPhee, 1963; Lapersonne, Laurent, & Le Goff, 1995). On the market share, brands that have more market share highly to attract more loyal than brands that has less market share, a remarkable development known as "double jeopardy" as concluded in their research by Ehrenberg et al. (1990); Fader and Schmittlein (1993) and McPhee (1963). In contrast, Lapersonne et al. (1995) cited that when considering the large number of car brands to choose from, one might expect car-buyers, who typically buy years apart might be prone to less loyal and more brand switching.

Bennett and Rundle-Thiele (2005) stated due to nowadays highly intense market, non-product differentiation level, increased numbers of superior brands, consumer's perception of product similarity standard quality, high consumers' expectations and

low risk in brand switching, had put a lot of companies in a challenging position where loyalty is declining (Bennett & Rundle-Thiele, 2005; Dekimpe, Steenkamp, & Abel, 1997; Kapferer, 2005; Rosenberg & Czepiel, 1983). Malaysian automotive industry is presently facing stiff market competitions among all brands mainly because Malaysian automotive market is featured by a fairly good level of consumers' having repurchases of the new car. In addition, companies will be able to improve profitability and brand awareness through reducing the costs of operating a business through brand loyalty (Reichheld & Sasser, 1990; Trial & Mackay, 2001). Thus, there is a need to better understand the factors preceding to brand loyalty other than customer satisfaction.

In a speech made by The Minister of International Trade and Industry, Datuk Seri Mustapa Mohamed, Malaysian government recognizes that businesses are more successful and profitable through developing propriety brands rather than sell commodity products. Being a firm ally of the private sector, Malaysian Ministry recognizes the effort of the private sector in branding their product as Malaysia itself as a country command a strong brand internationally (Aston Martin, 2012).

Berger (1998) and Bolton (1998) stated that many marketers have shifted their focus to retain existing customers rather than acquiring new customers and to securing customer lifetime value rather than completing a 'one shot' deal because of fierce competition and limited resources. As a result, brand loyalty, which was at first meant to present customers with quality assurance, has evolved into a market segmentation tool (Sheth & Sisodia, 1999, p. 78) and could be the most important part of the brand - customer relationship in the future (Fournier, 1998).

Due to loyalty's effect on performance, McCarthy, Kannan, Chandrasekharan, and Wright (1992) have researched on the relationship of brand loyalties in automotive industry using survey data collected, Mittal and Kamakura (2001) on repeat purchases, and Aaker (1996), Jacoby and Chestnut (1978), and Keller (1998) on retention. On the other hand, continued possession or repeat buying does not need be closely associated with solid brand performance (Dall'Olmo, Ehrenberg, Castleberry, Barwise, & Barnard, 1997).

The experience faced by automobile manufacturers will be on the steady decline in brand loyalty during the past decade results in the need of new marketing approach of automobiles in the future. Generation X and Y are increasing existence in the automotive arena of competitive will continue to exert force on overall brand loyalty, moving down, assuming current commitment levels remain the same, though they have yet to show in any place near the loyalty of their older counterparts (GfK NOP, 2011).

Due to the growing domestic economy, it was discovered that 55 percent of young Malaysian aged between 25 to 34 seek quality above any other consideration when make a purchase of goods and they do not mind to pay more for it. Because of this growth in the economy, more people have enough money to pay for the quality of products purchased (Chan, 2007).

As the country's economy is getting stronger, there are more people having higher purchasing power to purchase their dream car. With improved income, more and more people have the money to purchase a car with better quality and more advance

technology thus the preference for international brand will increase. This preference also reflects the status and prestige that the buyers are chasing because the perceptions of the status of the person are reflected from the type of vehicles that they are driving. The general perception of people driving big and luxury car always has the preference for international brand. Moreover, the lifestyle of the people has changed over the years because of the extra available income that they can afford to own foreign vehicles.

All these remarks proven that brand loyalty in the Malaysian automotive industry is decreasing where consumers had the economic power to go for the best brands. Recently automobile industry in Malaysia has grown rapidly where people have additional disposable income to acquiring their dream automobile. As the Malaysia economy improved further, the level of brand loyalty will be questioned as consumers currently are spoilt with many choices of vehicle brands in this highly competitive automotive market. Thus, this research would like to study on car brand loyalty in the context of the Malaysia's automotive industry.

1.1.1 Time for Malaysia to Open up its Automotive Sector

New changes to the automotive policy framework would be able to regenerate Malaysia's weak automobile sector and improve the growth. Without such changes, the sale of the Proton will have no further worthy of attention than making a thorough changing of a state-owned monopoly into a privately-owned. Malaysia's automotive industry will persist to be a hardship on the rest of the industry in Malaysia economy. Being the brainchild of Tun Dr Mahathir (former Prime Minister), the fact is that Malaysia's automobile subdivision is shielded from

international competition by imposing erected obstacles of tariffs, investment-approval permits, differential excise taxes, subsidized credit, acquisition arrangements and tax allowances which are made to shield Proton and its local parts suppliers (Not true, 2011).

The Proton's stake is deteriorating in the expanding Malaysian car market where Proton present production capacity is only at 45 percent and is firmly eroding to its local and foreign opponents despite having substantial political, policy and financial support (Not true, 2011). On March 12, 2012, Prime Minister Datuk Seri Najib Tun Razak stated that liberalization of the automotive industry would open up a immense array of opportunities that would affect the industry, economy and the people. He advised local auto companies to organize differently to strengthen themselves and become more competitive. He said it is of significance for the private sector to act in a positive way to modify and produce to become more competitive (Vikram & Carnegie, 2012).

On May 26, 2011, Deputy Prime Minister Tan Sri Muhyiddin Yassin in his statement, despite the current global and regional economic downturn, special attention is provided to make it easier, including stimulating the growth of the automotive component together with parts sector. "Under the Common Effective Preferential Tariff and Asean Trade in Goods Agreements, Malaysia has agreed to eliminate import duties on all products in the Normal Track on January 1, 2010. This includes motor vehicles, auto parts and components". He mentioned, even though the motor vehicle subdivision in Malaysia depends heavily on the domestic market, it will not be directly impacted Malaysian automotive markets. "The Malaysian

government recognizes the contribution of the domestic automotive industry towards the development of the country".

Former Prime Minister Tun Dr Mahathir Mohamad refuted claims by certain quarter that there is no truth that car prices are expensive in Malaysia due to the existence of Proton (Not true, 2011). The Malaysian government has imposed high taxes even from before for imported cars so that the outflows of Malaysian currency to foreign countries are restricted so that the country does not lose out substantially. "We want to see Proton playing a role as social-machinery, helping to provide for the well-being of all Malaysians", said former Prime Minister Tun Dr Mahathir. Thus, it is a challenging time for national brands to compete locally with international brands due to consumers' preferences for various services and the vehicles specification offered by international brands to local buyers.

1.2 Problem Statement

Brand loyalty is coveted by today's automakers, but it's harder and harder to find (Richard, 2014). CNW Marketing Research, an Oregon-based firm, reported that only 20 percent of car buyers remained with the identical brand when they acquired a new car (CNW, 2011). Ford Motor Company's Marketing Head, James Farley, stated that brand loyalty has become smaller due to the far-flung improvements in the products (Vlasic, 2009).

In Malaysia, the automobile industries are very competitive and the amounts of automobile users are increasing every year. At the press conference, 21 January 2015, Malaysian Automotive Association reported that the market share in the year 2014 was still dominated by the two (2) national carmakers, namely Perodua and

Proton. In addition Malaysian Automotive Institute (MAI, 2015) revealed that Proton and Perodua managed 17.4 percent and 29.4 percent market share respectively, which amounted to 46.8 percent of the pie for the national carmakers. This implies that local brands accounted for less than half of all cars sold in 2014 and non-national makes now have the lion's share. Though they captured 46.8 percent of the market share, however, they are actually losing market share from 56.4 percent in 2011 to 46.8 percent in 2014, a decrease of 9.8 percent in four (4) years which reflect a strong decrease in brand loyalty. This decrease in market share significantly reflected Malaysian consumers had lost brand loyalty towards national makes and the increase in support of international brands in the Malaysian automotive industry. Another possible reason for this reduction could be that the standard of living of Malaysian consumers' had improved, thus able to afford better make vehicles from international brand (MAA, 2015). Put together, the national carmakers' share of the market has seen a steady fall over the years, which could be due to the effect of liberalization of the Malaysian automotive market. The competition is far more formidable than previously expected (Tan, 2014).

Table 1.3 shows the market share of top 15 Malaysian automobile brands from 2011 to 2014 with the total number of units registered and the percentage of market share captured. From the table, we can see that the non-national car sales have been increasing their market share throughout the past four (4) years.

Table 1.3

Market Share of Top 15 Malaysian Automobile Brands (2011 – 2014)

Brand	2011	%	2012	%	2013	%	2014	%
Perodua	179,989	30.0	189,137	30.1	196,071	29.9	195,579	29.4
Proton	158,657	26.4	141,121	22.5	138,753	21.2	115,783	17.4
Toyota	86,951	14.5	105,151	16.8	91,185	13.9	102,035	15.3
Honda	32,480	5.4	34,950	5.6	51,544	7.9	77,495	11.6
Nissan	32,376	5.4	36,271	5.8	53,156	8.1	46,352	7.0
Mitsubishi	12,053	2.0	11,652	1.9	12,348	1.9	14,322	2.1
Hyundai	6,469	1.1	11,938	1.9	12,217	1.9	10,271	1.5
Isuzu	9,299	1.6	10,673	1.7	12,061	1.8	12,366	1.9
Ford	7,188	1.2	7,108	1.1	10,660	1.6	13,938	2.1
Volkswagen	7,350	1.2	13,003	2.0	9,538	1.5	8,916	1.3
Mazda	6,028	1.0	6,332	1.0	9,197	1.4	11,382	1.7
Kia					7,184	1.1	9,926	1.5
BMW			6,318	1.0	7,057	1.1	7,808	1.2
Hino			6,433	1.0	7,002	1.1	6,380	1.0

Source: Malaysian Automotive Association-http://maa.org.my/pdf/Market_Review_2014.pdf

Even though the international brands market share has grown from 43.6 percent in 2011 to 53.2 percent in 2014 with a growth of 9.6 percent in four (4) years, however their growth is still in small percentage. No doubt that in 2014, the international brands had overtaken the local brands as the main market holder, but their growth is not considered strong significant due to the small growth rate incurred in the last four (4) years. Their growth trend only started to improve at this rate in the last four (4) years as compared with the previous ten (10) years where the market share of international brands had been stagnating at 43 percent to 45 percent. Figure 1.1 exhibited the growth rate of the national and non-national market from 2004 to 2014. It can be observed that the crossover occurred in 2014 where international brands overtake the local brand in term of market share.

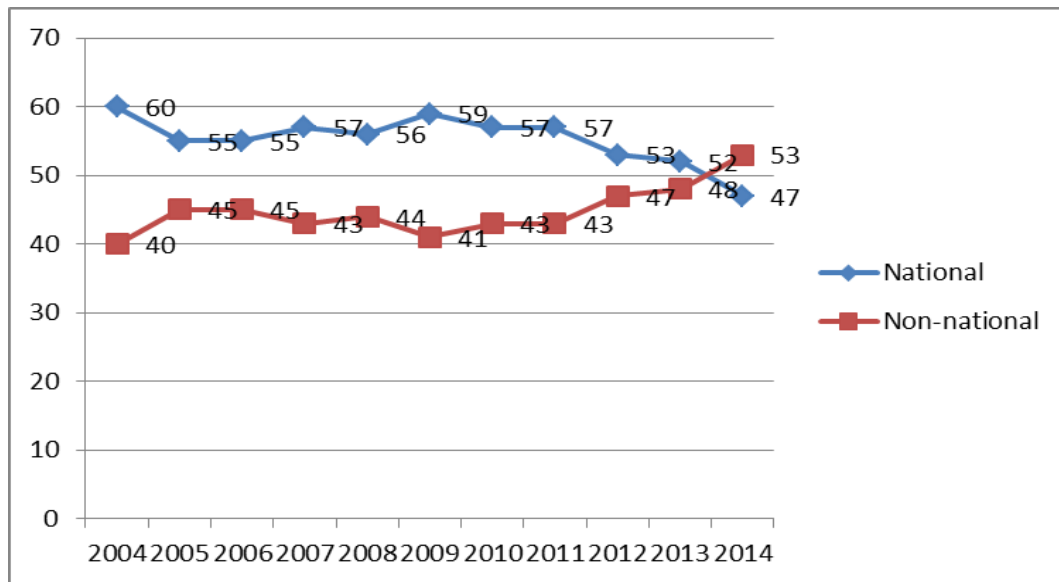


Figure 1.1

National & Non-national Market Share (2004 – 2014)

Source: Malaysian Automotive Association - <http://www.maa.org.my>

It can be observed in Table 1.4, market share of top international brands in term of percentage that are marketed in the Malaysian automobile market, that Toyota brand is the leader of the international brand in Malaysia with a 15.3 percent market share in 2014, however, Toyota also experienced an up and down growth for the last four (4) years. Nissan brand also experienced the same trend like Toyota brand where their market share also experienced an up and down growth over last four (4) years. Nevertheless, there are also good signs for few international brands like Honda, Isuzu, Mazda and BMW. These brands had been experiencing positive growth in the last four (4) years, however, their growth rate is in a small percentage and not in strong significant growth except for Honda brand which experienced strong growth in 2014 performances. In Table 1.4, it can also be observed that in 2013, Toyota,

Volkswagen and Kia brand market share decreased, whereas Nissan, Honda, Isuzu, Ford, Mazda and BMW increased their market share in the same period of time. In related to 2014 performances, Toyota, Honda, Mitsubishi, Isuzu, Ford, Mazda, Kia and BMW brand had an increase in their market as compared with 2013 performances, whereas, Nissan, Hyundai and Volkswagen experiencing a decrease in their market share. Though the international market share increases, however as mentioned earlier, the increase is small in percentage as compared to the trend of market share changes among the international brands. These happenings are basically due to the habit of consumers in Malaysia, switching of car brands that they previously owned. These switching might be due to the standard of living in Malaysia has improved considerably where consumers are able to purchase a better quality car or their dream car. Another possibility is that the features of the vehicle that some consumers required were not available in their current vehicle, thus the tendency of switching to another brand that has all the features that they desire will be strong. These switches will thus affect consumer brand loyalty towards a car brand.

Table 1.4
Market Share of Top International Brands (2011 - 2014)

Manufacturer	Total Market Share (%)						
	2011	2012		2013		2014	
Toyota	14.5	16.8	↑	13.9	↓	15.3	↑
Nissan	5.4	5.6	↑	8.1	↑	7.0	↓
Honda	5.4	5.8	↑	7.9	↑	11.6	↑
Mitsubishi	2.0	1.9	↓	1.9	▬	2.1	↑
Hyundai	1.1	1.9	↑	1.9	▬	1.5	↓
Isuzu	1.6	1.7	↑	1.8	↑	1.9	↑
Ford	1.2	1.1	↓	1.6	↑	2.1	↑
Volkswagen	1.2	2.1	↑	1.5	↓	1.3	↓
Mazda	1.0	1.0	▬	1.4	↑	1.7	↑
Kia	1.6	1.3	↓	1.1	↓	1.5	↑
BMW	1.0	1.0	▬	1.1	↑	1.2	↑

Source: Malaysian Automotive Association - <http://www.maa.org.my>

The survey, conducted by J. D. Power Asia Pacific 2014 Malaysia Customer Service Index (CSI) study in Malaysia found that consumers' are expecting better service when they take their vehicles in for service or repairs and authorized service centers are not meeting those expectations (Power, 2014). This study measures overall service satisfaction among owners who took their vehicle to an authorized service center for service and maintenance and/or repair work during the first twelve (12) to twenty-four (24) months of ownership. Consumers have higher expectations, so it's vital that the automakers' service centers strive to not only meet, but also exceed those expectations to deliver a gratifying experience for their customers.

Table 1.5 exhibits the customer service ranking results from 2011 – 2014. The outcomes demonstrated that the national makes, namely Perodua and Proton has been performing below the industry average for the past four (4) years in providing the service expected by their customers. Poor service given to car owners will lead to deterioration of brand loyalty. Service quality is found to be key roles in formulating the satisfaction among customers, to trust and to stay with the company (Andreassen & Lendestad, 1998).

Table 1.5
Customer Service Ranking–Mass Market Brands (Based on a 1,000-point scale)

Brand	2011	2012	2013	2014
Toyota	750	758	771	777
Nissan	737	758	765	776
Isuzu	770	782	758	775
Mazda			786	775
Honda	751	768	786	771
Mitsubishi	731	731*	765	762
Suzuki	751	742	763	760
Kia	729	742	741*	751*
Perodua	702*	731*	755*	750*
Ford			764	745*
Hyundai	716*	746	758	741*
Proton	699*	725*	743*	735*
Industry average	718	740	758	754

Source: J. D. Power Asia Pacific – <http://www.jdpower.com>

*Brand below industry average point

Declining loyalty towards a car brand results from considerable improvements in quality. The significant reduction of Proton car buyers is not only coming from the so called competition from competitors like, Hyundai, Toyota and Perodua but also

ascribed by Proton's self-created problems (The Research Paper factory, 2011). Being perceived as a 'National car' abundantly covered with patriotism and the politics, Proton was unintentionally placed and marketed from the origin as "a people's car", thus Proton was ineffective to replace its image to vie with the imported versions of other makes or others of an equal class and quality (John, 2011).

The poor quality of Proton today than other foreign cars are deteriorating the purchaser confidence, trust and perceived brand image of consumers toward Proton (Woo & Yap, 2007). In addition, Ashari, Sim, and Teh (2010) poor quality and unimpressive design of Proton's automobiles are the central elements that contribute to a poor brand image of Proton today. Furthermore, the increasing fuel price and raw material costs after 2011 (MAI, 2011) forced Proton to deal with efficiency problems.

Former Prime Minister Tun Dr Mahathir Mohamad (No truth, 2011) said Proton must seriously focus on improving their product quality because business image is important. In supporting, according to Minister in the Prime Minister's Department, Dato Mustapa Mohamed (2004), to be a competitive Malaysia-made car, Proton needs to upgrade their workforce productivity and production efficiency, upgrade the after sales services offered, customer satisfaction focus oriented and to invest in research and development to manufacture competitively priced car. Further, Protons ought to campaign contentiously to advertise their brand positioning with the aim of strengthening their market share positions. All these issues affect loyalty towards the Proton brand.

Price promotions being part of the marketing mix have become of a concern for marketers over the past five (5) years as the number of products sold on deals continues to climb. Brand loyalty will become a thing of the past as promotions become ever more prevalent thus marketers need to get smart about the deals they offer. Bain and Company and Kantar World Panel's UK Shopper survey 2012 in their survey mentioned that an average of 50 percent of a brand's 'loyal' consumers will not be with them the succeeding year (Tesser, 2013). Retail environment increasingly driven by promotions, consumer brand loyalty will be a main concern.

There is no doubt that the marketplace today is full of disarray, and brand loyalty has really eroded due to the many choices that consumers have today. There are simply too many choices out there competing on price, availability and relevance. The market has grown from users to demanding users (Brand Channel, 2012). Competition among brands in Malaysian automotive market has become more intricate as the number of international brands increasing, competing with domestic brands. Brands that came from separate countries have developed country images, thus analyzing the competition among brands had become more difficult.

In crucial industry such as the automobile industry the reliance of automobile firms on their sales networks in successful marketing their brands have built commitment for them that getting cooperation from their sales networks are necessary. The number of dealer network representation matters a lot for consumers to be loyal to the brand. The more prominent and more respectable representation of your brand network will relate to higher confidence level projected for the brand which is very significant in term of brand loyalty. Sime Darby Auto Connexion Sdn. Bhd., aims to make its presence by opening several new 3S (sales, service and spare parts) at other

locations nationwide (Mahalingam, 2012). Suzuki Malaysia Automobile Sdn. Bhd., Managing Director Ibrahim Maidin says their joint-venture partner, Itochu Corp, a Japan's trading firm, may consider opening its own network in Malaysia to support Suzuki car sales (Suzuki expects, 2011).

The winners of the Reader Digest Trusted Brand Awards (2011) are voted Trusted Brands by their readers in eight (8) Asian countries (Reader Digest, 2011). In the survey, the respondents were asked to propose their most trusted brands in forty-three (43) product categories, by assigning a score for each brand for the six (6) core qualities, namely, quality, trustworthiness, value, credibility of the brand, its ability to innovate and how well each brand understands the consumer's needs. Since 2006 Honda, Toyota and Proton are car brand Malaysian trusted most according to the annual Reader's Digest Trusted Brand survey as shown in Table 1.6 except for the year 2012 where only Toyota and BMW were selected.

Table 1.6
Malaysian Most Trusted Car Brands (2006 - 2013)

2013	2012	2011	2010	2009	2008	2007	2006
Honda	Toyota	Honda	Honda	Honda	Honda	Honda	Honda
Proton	BMW	Toyota	Toyota	Toyota	Toyota	Toyota	Toyota
Toyota	-	Proton	Proton	Proton	Proton	Proton	Proton

Source: The Reader Digest Trusted Brand Awards - <http://www.rdasia.com/>

The reviews pointed towards the lack of loyalty towards a brand caused by numerous factors where this study will be able to support the industry knowledge. In summary, there is a gap on consumers' loyalty towards a car branding in Malaysian automotive market. Therefore, this is important to investigate whether service quality, marketing-mix strategy and country-of-origin, will affect consumers' trust and loyalty towards the brand in the Malaysian automotive industrial context.

1.3 Research Questions

The research questions that address this analysis, which are in a position with the study objectives are listed as below:-

- a. Does service quality affect brand loyalty?
- b. Does marketing-mix strategy affects brand loyalty?
- c. Does country-of-origin affects brand loyalty?
- d. Does brand trust have mediating effect on service quality, marketing-mix strategy, and country-of-origin and brand loyalty?

1.4 Objectives of Study

The objective on this subject shall study the determinant variables that affect brand loyalty (service quality, marketing-mix strategy, country-of-origin) and also the mediating effect of brand trust on brand loyalty in the Malaysian automotive industry context. Hence, the specific objectives are listed:-

- a. To investigate the relationship between service quality and brand loyalty towards car brand.
- b. To investigate the relationship between marketing-mix strategy and brand loyalty.
- c. To investigate the relationship between country-of-origin and brand loyalty.
- d. To investigate the mediating effect of trust on the relationship between service quality, marketing-mix strategy, and country-of-origin and brand loyalty.

1.5 Significance of Study

Theoretical wise, this study will provide to the brand loyalty literature by contributing empirical ground for belief to support the relationship between brand loyalty and general customer satisfaction in the Malaysian automotive industry context. This study deduced that satisfaction did not explain brand loyalty directly. This was consistent with the claims that little research found, with the purpose of

investigating the correlation's strength of the variables that mediate between customer satisfaction and loyalty (Iwasaki & Havitz, 2004; Jacoby & Chestnut, 1978; Oliver, 1999; Pritchard et al., 1999).

The theoretical framework suggested in this study provides fertile ground to examine the relationship of these mediating variables that influence loyalty. This study deducted that customers will be more devoted to the automotive brand as service quality, satisfaction and trust increased. These variables are known as the determinants of brand loyalty.

This study might also lead to many possible research questions that remain for deliberation by academicians for future contribution to the knowledge body. For example, what is the suitable hierarchical ordering of the mediating factors of brand loyalty antecedents in other research setting?

Theoretical and significant of hypotheses wise in this study will be able to support future academicians in their study of brand loyalty in another industry or further expansion of this study using different dimensions of variables. Future academicians will also benefit from this study in that they can use the least possible number of measurable variables to operationalize this research model in their replication efforts of different research setting.

Most marketing literatures emphasized that building customer value and satisfaction are important processes of building and sustaining profitable customer relationship that lead to loyalty towards a car brand (Kotler & Armstrong, 2004).

The findings of this study in terms of managerial implications will benefit the marketing practitioners as this research will possibly assist Malaysian automotive companies to have a better insight of variables that contribute to the brand loyalty creation from potential customers. Thus, instead of focusing intensively on customer values to create customer satisfaction (Kotler & Armstrong, 2004; Power, 2010); automotive companies in Malaysia may consider integrating the antecedents of brand loyalty namely service quality, marketing-mix strategy and country-of-origin towards the brand in building brand loyalty. The identification of the factors helps managers to generate effective marketing strategies that could increase the brand's image, boost satisfaction levels and build, protect as well as make better brand loyalty in the automotive sector. The findings of this study also support the global marketer's to strategize on the factors that would distinguish their brand from others, and to ensure earnings, to make stronger the relationship with their customers and to identify major obstacles of global branding.

In the Malaysian automobile market, it was reported by Malaysian Automotive Association the country-of-origin of vehicles registered as shown in Table 1.7 where more than 46 percent of the Total industry volume are from the international brands.

Table 1.7
Country-of-Origin by Regions (2011 - 2013)

Country-of-Origin	2013	2012	2011
National make	51%	53%	56%
Japanese	34%	32%	30%
Korean	3%	2.4%	1.3%
European	5%	5.3%	4.2%
American	2%	1.5%	1.4%

Source: Malaysian Automotive Association - Issue No.1/2014 (Feb) KDN
 No.PP5666/04/2013

In this study the brands are divided into by country-of-origin makers where the Japanese makes taken into survey consists of Toyota, Honda, Mitsubishi and Nissan. European makes consists of Volkswagen, BMW and Mercedes Benz. Hyundai and Kia brand are the Korean brands selected and finally the American makes consists of Ford and Chevrolet (MAA, 2012).

Another note could be of interest is that to have a better understanding of the gaps faced by automotive companies in Malaysia and also to have solutions to support these gaps. As for practical support, this study might be able to support companies that are looking at ways of improving the loyalty or retaining the loyalty of their customers on the brand that they are distributing. Further research can be done to extend the current study.

1.6 Scope of Study

This study was designed to verify the effects of service quality, marketing-mix strategy, country-of-origin, brand trust on brand loyalty in durable goods industries (e.g. automobile industry). The automobile industry was chosen being: 1) brand involvement is very high in automobile brands; 2) service quality is important for automobile customers; 3) brand trust and brand loyalty are important for the automobile manufacturers. Understanding and managing brand loyalty is especially important in durable goods industries, in which products involved long placement cycles for buyers. This issue makes it challenging for automobile manufacturers to ensure that consumers will repeat-purchase within the same company when it is time to replace their automobile (Che & Seetharaman, 2009).

This study focus on passenger car owners who are residing in urban agglomeration cities and suburban cities in the state of Selangor, Malaysia. The cities identified include Kuala Lumpur, Petaling Jaya, known as the urban agglomeration cities, whereas Sepang, Kuala Selangor, Hulu Langat on the other hand is known as suburban cities.

The sample survey involved those vehicle buyers' in Selangor state who had changed a new car in the last six (6) months. It does not matter whether these sample groups are buying the same brand that they have experienced before or totally changed to a new brand. It also does not matter how long the sample owned the previous car. As long as the sample changed a new car from their existing unit, they are identified to be selected for this survey. Only with repeat purchase buyers' as the respondents for this survey, the result generated will signify the significance of brand

loyalty towards a car brand be it local or international. In order to identify whether the respondents has changed a car before, Question 15 of Part 1 of the questionnaire is drawn to address this issue, thus Q15 is known as the screening question for this matter, whereas, Question 12 in the Part 1 of the questionnaire is the screening question on whether the respondents had made a purchase for the last six (6) months. The final survey instrument is found in Appendix A attached.

1.7 Outline of Research

This study is apportioned into five (5) chapters and an appendix section. The first chapter of this study provides an introduction on the loyalty lacking in car buyers followed by the background of study on Malaysian automotive industry, and time for Malaysia to open the door of its automotive industry market. Subsequently, the problem statement is highlighted hinged on the background of this study followed by objectives, research questions, significance, contributions, scope, and definitions of variables related to this study.

Chapter two (2) presents an introduction to the empirical research literature review of brand loyalty and the variables of this study. It discusses the theories related to brand trust and brand loyalty towards a car brand. The hypotheses development of this study is also presented in this chapter. Each hypothesis and its background are discussed briefly.

Chapter three (3) describes the research methodology, which includes research design, sampling design, sample and population, operationalization and measurement of variables, research instrument, data collection procedure and

statistical analysis method. A pilot test result is also discussed in this chapter on the reliability of the variables in studies.

In chapter four (4), data analysis was used to analyze the result of the survey. This chapter describes the descriptive outcomes of the respondents', and results on reliability, exploratory factor, correlation and multiple regression analysis. Hypotheses results are also discussed in this chapter too.

As for chapter five (5), recapitulation of the study findings is being summarized, followed by the discussion of findings from the results analyzed. All variable results, findings are further discussed in this chapter, followed by the contributions contributed from this study of the theoretical and managerial aspects. Limitation of study and recommendation for next study is subsequently discussed in this chapter before the final conclusion summarized the whole thesis.

1.8 Definitions of Variables

Listed below are the definitions of terminologies used in this study:-

- i. **Brand** is a “name, sign, term, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition” (O'Malley, 1991, p. 107).
- ii. **Brand image** refers to the brand's capacity to capture a particular attitude including various positive connotations and considerations (Clarke, 2003).

- iii. **Brand loyalty** is the customer's commitment to repurchase a preferred brand consistency in the future, regardless of the context (Liu, 2007).
- iv. **Brand trust** is defined as the willingness of the average consumer to rely on the ability of the brand to perform its stated function (Chaudhuri & Holbrook, 2001).
- v. **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).
- vi. **Country image** is defined as all that a customer attaches to a country and its inhabitants and not its products (Brijis et al., 2011, p. 1260).
- vii. **Loyalty** signifies not the repurchasing of a product, but the repurchasing of a product despite situational influences that have the potential to cause switching behavior (Oliver, 1999).
- viii. **Place** refers to consumers' ability to access a product in the proper time and place (Alipour & Kovaroyi, 2010).

- ix. **Price** is defined as the amount of money charged for a product or service, or the sum of the values that consumers exchange for the benefits of having or using the product or service (Kotler & Armstrong, 2001, p. 371).
- x. **Promotion** is a marketing mix component which is a kind of communication with consumers. Promotion includes the use of advertising, sales promotions, personal selling and publicity (Evans et al., 1996).
- xi. **Trust** is defined uniquely in the consumer domain as the willingness of the average consumer to rely on the ability of the brand to perform its stated function (Chaudhuri & Holbrook, 2001).

1.9 Organization of the Thesis

To summarize this chapter the author explains brief latest problem associated with the study. The aim of the indicated study is to ascertain the determining variables that will influence brand loyalty towards a car brand in urban agglomeration cities and suburban areas in Malaysia, in addition to which international brand is the most preferred among the respondents. The background of this study, problem statement, objectives, research questions, significance, scopes, outline of this research and definition of variables are the areas being discussed further. The author focuses in the next chapter on the literature review that relates to this study.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Chapter 2 discussed the literature review and theoretical models that link to the study discussed. Chapter two included the discussion of the independent, dependent and mediator variables, namely service quality, marketing-mix strategy, country-of-origin, brand trust and brand loyalty towards a car brand are introduced. A theoretical framework is proposed together with the hypotheses to test the finding of this study.

2.1 Loyalty

“Loyalty” is a crucial aspect of a company’s performance, hence, Reinartz, Echambadi, and Wynne (2002) mentioned that customers who are loyal towards companies will act as their word-of-mouth marketers. Dowling and Uncles (1997) in their study concluded when customers are loyal to a brand or company, these groups of consumers are less sensitive to any price increase increased by the company or on the brand. These groups are not disturbed in the event of any price increase in the brand. Moreover, it is about the belief among marketers that it cost, not much to market current loyal clients than to acquire new clients. Despite these convictions, where loyalty affects company performance, researchers are still continually debating around the nature of loyalty. It was not specifically clear what does loyalty

means, how does company profits benefited from and if it does what act of commitment, in turn drive it.

Consumer loyalty is an intensely held dedication in the future to rebuy a favored product or service regularly (Oliver, 1999) academic approach. In support, habit and convenience play a major function in determining behavior in the framework (Seiders, Voss, Grewal, & Godfrey, 2005). Broadly, there are two (2) main categories of loyalty, namely behavior, loyalty indicating the observed action, and attitudinal loyalty which refer to the product or service perceptions.

Behaviorally loyal customers are those who are inclined to cease the relationship at the earliest available opportunity (Kumar, Hirao, Shaik, & Kozlowski, 2006). Though these groups of customers are generating positive cash flows for the company, however the company will need to incorporate the strategic approach to gaining attitudinal loyalty in order to pursue sustainable profits. Nonetheless, companies today still seem to address just the behavioral constituent of loyalty. Meller (1993) argued that the failure of airlines' frequent flyer loyalty schemes due to many of them still depend on the assumptions of applying traditional marketing-mix strategy thinking marketing as a tool to gain customers rather than retain customers. It could be marketers are not doing deeper research into the motivation behind the continuous purchase. In a highly competitive market, for a company to be successful, they will need to challenge the traditionally dominant misconceptions about loyalty and to judge customers by more than their actions.

In the past, analysis on correlations between brand loyalty and customer satisfaction being the most significant prerequisite of it (Anderson & Sullivan, 1993; Bearden & Teel, 1983; Berne, 1997; Bloemer & Kasper, 1993, 1995; Bloemer & Lemmink, 1992; Boulding, Kalra, Staelin, & Zeithaml, 1993; Cronin & Taylor, 1992; Fornell, 1992; Kasper, 1988; LaBarbera & Mazursky, 1983; Oliva, Oliver, & Macmillan, 1992; Oliver, 1999), however, it has yet to identify a theoretical structure consisted of variables which leads to the growth of brand loyalty (Gremler & Brown, 1997). Regardless, Cronin and Taylor (1992) and Gremler and Brown (1997) argued that researchers and academicians had reached a consensus that the prerequisites of brand loyalty are customer satisfaction and perceived service quality. There are technical, economic and psychological factors leading customers to switch their suppliers. These factors are antecedents of brand loyalty. In recent years, interest towards researching factors that affect brand loyalty has increased.

One of the great valuable determinants of brand loyalty as stated by Bloemer and Kasper (1995) and Giese and Cote (2000) is perceived satisfaction with a brand. Various works demonstrate that rising customer satisfaction would also lead an increase in brand loyalty (Bennett & McColl-Kennedy, 2005; Jones & Suh, 2000).

Though extensive research on loyalty has been carried out, the lacking in brand loyalty theoretical grounding and conceptual depth has been consistently criticized (Iwasaki & Havitz, 2004; Jacoby & Chestnut, 1978; Oliver, 1999; Pritchard, Havitz, & Howard, 1999). Thus, general agreement has not attained on what loyalty is and what constitutes the major driving forces of customer loyalty.

2.1.1 Difference between Loyalty and Brand Loyalty

Loyalty has been and will continue to be described as a consumer's repeat buying repetitiveness of the similar brand. Majority of the loyalty definition in the literature suffers because they only record on the problem of what the customer does, and not one strikes into the psychological definition (Oliver, 1999).

A customer who persists to purchase the same brand is a loyal customer's thus implying that loyalty is merely one more word for expressing customer retention (Buttle & Burton, 2002). Another opinion is that customer loyalty has an affective element which is feelings. Thus loyalty researchers had grown from the overview of effective, evident behavior which includes repeat buying or from the overview of attitude (Dick & Basu, 1994; de Ruyter, Wetzels, & Van Birgelen, 1998; Oliver, 1999). The above mentioned two (2) overviews could be restored by way of the statement presented by Gremler and Brown (1996):

Loyalty is the degree to which a customer shows repeat purchase behavior towards a supplier, is positively disposed towards the supplier and considers using only this supplier when he needs that service.

Similarly, Oliver (1999) stated loyalty as:

A deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing,

despite situational influences and marketing efforts having the potential to cause switching behavior.

Chiu, Linb, Sunc, and Hsu (2009) in their study on web site purchases, described loyalty as the instinctive extent a consumer will make forthcoming acquiring from similar websites. In support, Zhao (2010) investigation, typify loyalty in terms of dependence and acknowledgement of a web-site's products or services including consumer confidence in remaining to acquire from the web site. The aim to remain buying products or services is being characterized by Akbar and Parvez (2009) in their research as the attitude dimension of loyalty.

In an attempt to make it differ from behavioral interpretation Jacoby and Chestnut (1978) investigated the psychological definition of loyalty and wrap-up that consistent buying being a loyalty gauge could be not valid due to happenstance purchasing and that irregular buying could hide loyalty if consumers were multi-brand loyal.

Consequently, loyalty is a variable that goes above basic buying recurrence behavior. It is basically factored that compose of dimensions linked to behavior, connected to the attitude and obligation (Day, 1969; Jacoby & Kyner, 1973; Berne, 1997). Dick and Basu (1994), Jacoby and Chestnut (1978), and Solomon (1992), stated that the combination of these two (2) components (dimension connected to behavior and attitude) enable us to identify two (2) class of concept of customer loyalty.

(1) Loyalty based on inertia – where consumer purchase out of habit just because of convenience, they will not hold back to change to another brand if it takes less effort to do so; and

(2) True brand loyalty – is a type of behavior where customer embody a certain resolution to remain purchasing the similar brand, with an underlying positive attitude and amplitude of obligation to the brand.

In relations to the true brand loyalty concept, on the basis of the long established consumer attitude structure, Oliver (1999) considered that the three (3) decision-making stages should point to a focal brand liking if loyalty continues, thusly:-

- (1) The brand trusts should be suitable to combative contributions;
- (2) This information should occur with an attitude of the brand; and
- (3) The consumer should have a greater desire to purchase the brand as to with that for substitutes.

In contrast, Jacoby and Kyner (1973) stated that brand loyalty is the non-random purchase, delivered over a certain period by some governing unit. This unit could be either part of an individual, family or organization, with a view to one or more substitute brand out of a set of such brands. In other word, it is essential to differentiate between loyalty and being exclusive and a role of psychological procedure that includes the judgment of various substitutes using clearly defined standard.

The viewpoint of the author on loyalty is that one who has no intention of leaving the brand or switching to another service provider that has been providing satisfactory service. One will stay loyal when the need and want of that person are fulfilled satisfactorily. When users have been using the same brand regularly or has been visiting the same service provider consistently, this is where the loyalty of the consumers will translate into brand loyalty. The longer the users' stay with the brand, the stronger will be the loyalty of the users' towards that brand.

In summary, researchers analyze the correlations between brand loyalty and customer satisfaction. There are also consensuses among researchers and academicians on the prerequisites of brand loyalty are customer satisfaction and perceived service quality. Brand loyalty is directly associated with brand price. Others researchers also mentioned the relationship with brand by way of brand identity, brand awareness, and perceived quality.

Based on discussion done on all variables that have been found to influence loyalty, the current research will focus on service quality, marketing-mix strategy, country-of-origin and brand trust because these variables have strong significant relationship with brand loyalty.

2.2 Dependent Variable

2.2.1 Brand Loyalty

Alhabeeb (2007), Dick and Basu (1994), Khan (2009), Kuusik (2007), Worthington, Steve, Russell-Bennett, Rebekah, and Hartel (2009) are some of the researchers acknowledged an evolution of the brand loyalty concept.

Marketers and managers have an interest in the brand loyalty idea by virtue of brand loyalty is a measure of brand extension that the consumer has (Aaker, 1991). Repeat buying and suggestions of the brand to friends and relatives are some of the benefit brand loyalty brings to the company. Brand management consultants espouse the importance of brand loyalty, but despite a history of research conducted, the concept is not clearly defined. Early researches on brand loyalty focused on behavior while later researches cited that brand loyalty consist of two (2) components, namely brand loyal behavior and attitudes (Guest, 1955; Jacoby, 1971). Brand loyalty was constructed to be intention loyalty to repurchase and repeat purchase behavior (Brown, 1952; Cunningham, 1956a).

Trust, a willingness to act without taking in consideration the immediate costs and benefits, is the underlying loyalty suggested by O'Shaughnessy (1992), hence loyalty to a brand involves trusting the brand. In industrial marketing, trust is built on person-to-person relationships where this concept is well developed (Doney & Cannon, 1997; Ganesan, 1994) and a lot of effort has spent in findings ways to build and maintain it. However, trust in a brand unlike from trust in interpersonal because a brand is a symbol.

In today's competitive market environment, to win loyalty, consumer marketers have to grasp what is becoming a habitual behavior pattern to business marketers (Donath, 1994) and the attention will be on building and maintaining trust in the consumer brand relationship. However, the trust concept in consumer marketing is to a great extent undeveloped. Part of the aim of this study is to explore some elements that

influence the development of brands in consumer goods, and to explore how trust relates to brand loyalty.

The consumer's aware of or unaware of judgment, delivered through aim or behavior, to repurchase a brand repeatedly is known as brand loyalty. This decision takes place because consumer became aware that the brand provides the proper product characteristics, image, or quality at the appropriate price. Consumer behavior is habitual and advertisers must break this behavior in order to create brand loyalty and then support them in acquiring new habits, reinforced those addictive practices by reminding consumers of the value of their purchases and encouraging them to remain upholding those products henceforth.

In marketing, Dick and Kunal (1994) stated brand loyalty as a consumer's obligation to redeem or the continuation usage on the same brand and perhaps exhibited by duplicating purchase of a product or service. Jones, Beatty, and Mothersbaugh (2002) defined brand loyalty is greater than a basic repurchasing, in contrast, consumer may redeem a particular brand due to limited alternative or maybe due to situational constraints.

Usually, brand loyalty can be described as the strength of liking for a brand in comparison to other identical options applicable and the measurement for brand loyalty is repeat buying behavior or price receptiveness (Brandchannel, 2006). In contrast, Bloemer and Kasper (1995) described true brand loyalty consists of six (6) settings, namely: (1) non-random; (2) purchase; (3) expressed over time; (4) by some governing unit; (5) with regard to the brand; and (6) a function of psychological processes.

Brand loyalty is considered a function of both behavior and attitudes where it's a consumer first choice to purchase a specific brand in a product classification. This happens for the reason that consumers interpret the brand present the proper product characteristics, image or quality at the appropriate price. This consumer's insight will be the basis of new purchasing habits where initially consumers will make a preliminary test on the product of the brand and, when contended, tend to create preference and remain the same brand purchase because of the product safe and familiar.

Brand loyalty is directly associated with price (Chaudhuri & Holbrook, 2001) in contrast price premium is the foundation indicator of loyalty (Aaker, 1996). Price premium as per Aaker (1996) definition is the amount a consumer will pay for the brand as compared with someone else brand with same gains and this brand could be of high or low and positive or negative determined by the two (2) brand comparison.

Brand loyalty is the main importance when putting a value on a brand since a favorably loyal customer base will produce a very foreseeable turnover and profit stream (Aaker, 1996). As far as marketing costs are concerned, the effect of brand loyalty is frequently ample since it cost less to retain customers than to entice new ones. A lot of firms tend to make a wrong judgment in seeking growth in new customers to the brand and neglect the current ones. A market can be separated into five (5) separate groups as listed in Table 2.1 (Aaker, 1996).

Table 2.1
Five Customer Groups

Group's	Customers who,
Non-customers	Buy competitors' brands or are not a product class.
Price switchers	Are price-sensitive.
The passively loyal	Buy out of habit rather than reason.
Fence sitters	Are differences between two or more brands.
The committed	Are obliged to one brand.

Source: Aaker, 1996

To improve the brand loyalty profile of these groups of customers, the challenges will be on how to reduce the price switchers, how to make stronger the fence sitters and the committed ties to the brand and increase the number of customers who pay more for the brand. Aaker (1996) acknowledged that the obliged customer groups are often taken for granted and under investment, although this group of customer has significant potential in increasing the business. If the performance of the brand is not made better, the risk of loyal customers being tempted away by competitors will be high. Therefore, firms should repudiate making use of resources from the obliged customer group to the non-obliged customer group or price switchers.

An approach to intensify the loyalty of the fence sitters and the obliged group is by developing their brand relationship by way of brand awareness, perceived quality, and brand identity (Aaker, 1996). Brand awareness indicates the brand existence in the consumer mind, perceived quality is the brand associations, while brand identity present direction, objective and meaning of the brand.

It is easier and more beneficial to keep brand loyal customers than attracting new ones (Aaker, 1996; Burgeson, 1998) where profits increase is due to increase in purchases that follow from brand loyal customers (Uncles, Dowling, & Hammond, 2003). The spread of a positive word of mouth, will increase the name and image of the brand, thus will entice additional new customers (Kumar & Shah, 2004). It was also claimed that by keeping the customers brand loyal will build exit barriers and switching costs to prevent the customers from switching brands. Incentives are being created by companies for the customers in order to build brand loyalty and not just retention. By way of brand loyalty, firms' will be able to gain customer base with high retention. Aaker (1996) mentioned that marketing costs to retain current customers cost less than to create new customers because the firm does not have to establish awareness and quality of the company for the existing customers.

The customer base brand loyalty is repeated the gist of a brand's equity, where it demonstrates how probably a customer will change to another brand, particularly when that brand executes a price change or product feature changes. When brand loyalty, improved the exposure of the customer base is reduced against competitive action. There are at least five (5) likely loyalty levels, formalized and do not always emerge in the pure form. However, these levels yield a feeling for the range of forms that loyalty can take and how it has a strong effect on brand equity (Aaker, 1991).

The levels of brand loyalty to a specific automobile brand differ among sub-groups of the overall Asian American population, where Koreans are most unlikely to have a repeat purchase of the same brand as compared to Japanese who being the most loyal (Polk.com, n.d.).

Nevertheless, brand loyalty could also give rise to greater perceived quality, stronger connections and improve awareness. Thus, brand loyalty is concluded that its function both functions as an input and output of brand equity and it is both influenced and also affects other dimensions of brand equity. Marketers should take note that brand loyalty is strong base on experience while other dimensions may be present (Moiescu, 2006).

Many researchers suggested that previous information or experience on brand loyalty literature, stipulates fundamental intention for duplicate buying or brand changing decisions (Inman & Zeelenberg, 2002; Ratchford, 2001). However, Hoch's (2002) judgment, experiences on the product will credibly influence consumer behavior because this experience with the product lightly influences their trust and confidence.

In contrast, there are also critics regarding the approach of loyalty-connected profitability. In their research, Reinartz and Kumar (2002), their results proved that the connection between loyalty and profits is much weaker. They claimed that to generalize more profit from long-term clients is a blatant inaccurate statement, because there is some contradicting proof particularly in a non-contractual environment. They suggested a deeper analysis of customer profitability should be carried out for some customers in the beginning are very profitable, but do not yield profit in the long run. Kumar and Rajan (2009) mentioned that faithful customers know their value and will insist better service and will only extent positive word of mouth if they feel and act loyally. Creating loyalty in all customers is not possible as pointed out by Chegini (2010), thus in order to prevent serving wrong customers,

they should evaluate for profitability and served accordingly through investing in relationships.

In spite of that, in today's competitive environment, managers should interpret the importance of relationship management where they must commit to develop and support long-term relations with customers, in addition must take into consideration that customer loyalty should be their highest goal when develop business strategies (Reichheld & Schefter, 2000). Marketers need to take note that loyalty can be obtained, but they should act endlessly in keeping that loyalty.

2.2.2 Dimension of Loyalty

Until 1970, behavioral loyalty theories were dominated with definition of loyalty as the share of total purchases (Cunningham, 1956; Farley, 1964), purchase repetitiveness or purchase motif (Sheth, 1968; Tucker, 1964) or purchase expectation (Harary & Lipstein, 1962; McConnell, 1968; Wernerfelt, 1991). The above-mentioned approaches summarized brand loyalty in terms of results instead of reasons.

Past researchers on loyalty considered frequent buying as loyalty, but in contrast, modern research (Jacoby & Kyner, 1973; Reichheld, 2001) exhibits that solely repeat buying is not an adequate gauge of loyalty. They could however be caught by inertia, changing costs, due to circumstances or the firm. Kuusik (2007) suggested that on the basis of different types of repeat purchase conduct, behaviorally loyal consumers could be separated into three (3) sub-segments: forced to be loyal, loyal due to inertia or functionally loyal.

Day (1969) introduced the two-dimensional brand loyalty concept (see Figure 2.1) who expressed that brand loyalty should be measured based on attitude as well as behavioral criteria. In addition, Traylor (1981) proposed that loyalty has an attitudinal construct and evolved the proposition further and Traylor (1983) recommended that brand obligation depict an emotional association with a brand in contrast brand loyalty is a behavioral abnormality.

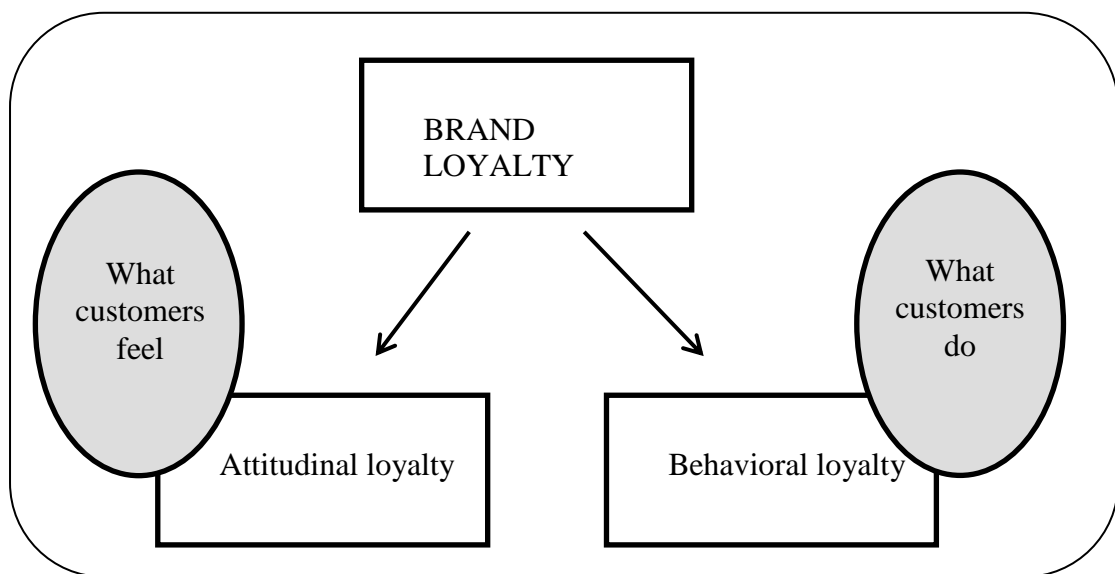


Figure 2.1
Elements of a Two-Dimensional Definition of Loyalty
(Adapted from Khan, 2009)

There are some marketers who adopt a single dimensional approach to brand loyalty in contrast, others take-up a two-dimensional approach (Rundle-Thiele & Bennett, 2001). Practically the traditional two-dimensional have been valuable to conceptualize and evaluate brand loyalty, but they have also brought discrepancies and argument in the marketing literature (Worthington et al., 2009).

In the tri-dimensional approach, stated by Worthington et al. (2009), human behavior is a collection of cognitive emotional and/or behavioral responses. In this approach, brand loyalty is a collection of consumer's opinion and emotion about a brand that are then communicated as an action. They divided attitudinal loyalty into a simple two-component framework of cognitive loyalty and affective loyalty that is used to develop brand loyalty insight as a whole. In Worthington et al. (2009) tri-dimensional loyalty approach, behavioral loyalty is described as the consumers' inclination to repurchase a brand, make known by way of behavior that can be determined and will have a direct impact on brand sales. They state that behavioral loyalty could make clear, as a consumer's purchase liking of a particular brand in the same category as compared to other brands.

2.3 Independent Variable

2.3.1 Service Quality

Traditionally, the dissimilarity between customer anticipations on future service received and perceptions of existing service received is conceptualized as service quality (Gronroos, 2001; Parasuraman, Zeithaml, & Berry, 1988). Previous researches, Lewis and Mitchell (1990), Dotchin and Oakland (1994) referred service quality as the degree where a service match customers' anticipations. Zeithaml, Berry, and Parasuraman (1990) also conceptualized service quality as the consumer's general conscience of the low grade or high grade of the services.

Brady and Cronin (2001) stated that the service quality theory is on the basis of the literature on product quality and consumer satisfaction. There may be numerous service quality models but researchers do not have general agreement about these

models and measurement. Pollack (2009) mentioned that service quality has dissimilar dimensions concerning the different service sectors. In spite of that, managers must be able to identify quality issues, intensify the efficiency and service quality to surpass customer expectations and satisfaction through service quality measurement. In the past three (3) decades, many scientists had worked on service quality measurement and many measurements are proposed, yet few measurements were accepted and utilized by analysts. Following are some of the service quality models developed by researchers.

2.3.1.1 SERVQUAL Model

Parasuraman, Zeithaml, and Berry (1985) developed the new model of service quality assessment based on disinformation example, where they try to correct the shortcoming of the Nordic model by presenting a new method for measuring service quality. In SERVQUAL model, to measure the service quality perception, they proposed to use the void between the expected level of service and perceived level of service using five (5) dimensions, namely, reliability, responsiveness, assurances, empathy, and tangibility (see Figure 2.2). SERVQUAL is an analytical tool stated by Seth, Deshmukh, and Vrat (2005) which support managers in determining the void between variables affecting the quality of the offered services. It is an exploratory study which does not provide a transparent calculation technique for measuring gaps at different levels, is the most commonly used model by marketing researchers and scientist. SERVQUAL model has been clarified over the years and some trust that achievement required being deliberated as a SERVPERF model in order to find perception of service quality (Cronin & Traylor, 1992). Over the years, researchers have found that employing this model display the SERVQUAL factors unpredictable

and it is the not thorough for different purpose (Dabholkar, Thorpe, & Rentz, 1996; Shahin & Samea, 2010).

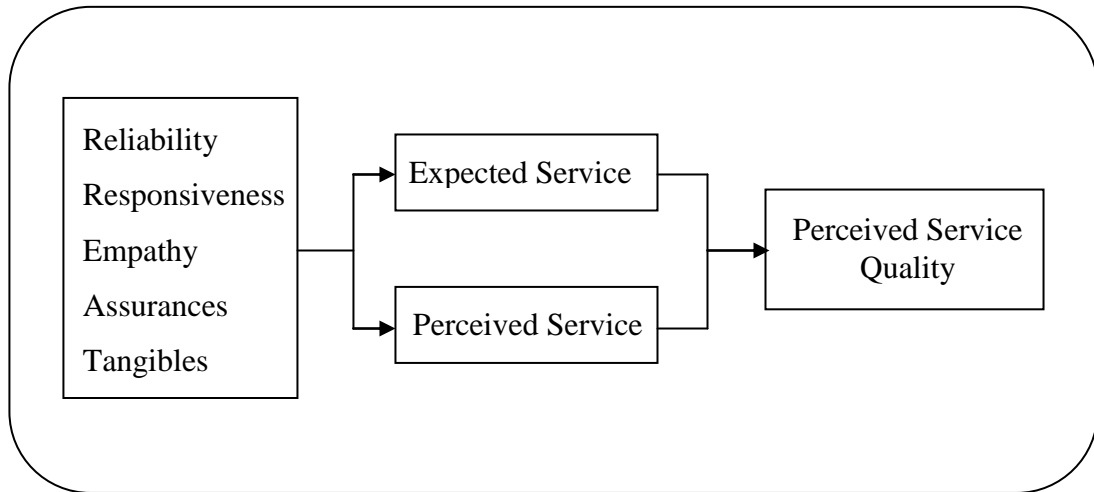


Figure 2.2
The SERVQUAL Model by Parasuraman et al. (1985)

2.3.1.2 Multilevel Model

Due to the inconsistency of factors in the SERVQUAL model, Dabholkar et al. (1996) suggested the multilevel model for service quality. They proposed to change the framework of service quality models to three-stage model: in general perceptions of service quality, primary dimensions, and sub-dimensions (see Figure 2.3) and to be used for assessing service quality in variety shop. Despite the fact that the multilevel model is a new structured, it needs to conclude for different areas and also to contemplate the outcome of other elements like price, environment. On top of this, there are inadequate identifying characteristics that defined the sub-dimensions.

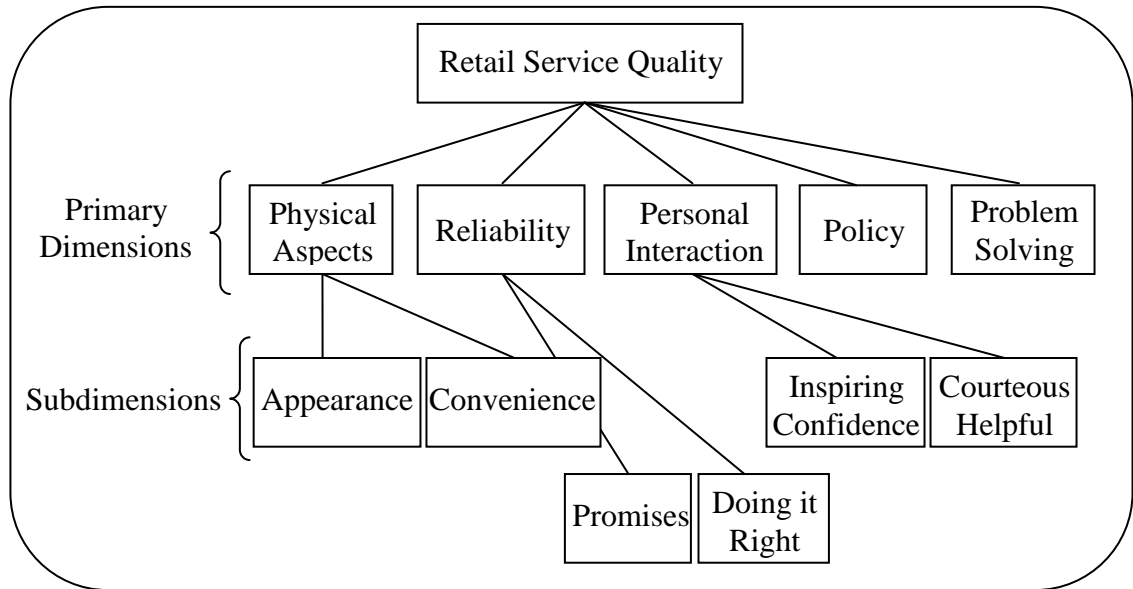


Figure 2.3
The Multilevel Model by Dabholkar et al. (1996)

2.3.1.3 Hierarchical Model

The latest service quality model conceptualized by Brady and Cronin (2001) is the hierarchical approach model. They proposed a new model by joining four (4) models. They upgraded the SERVQUAL model developed by Parasuraman et al. (1988) by detailing what required to be reliable, responsive, empathic, assured, and tangible. They endorsed service quality perception on the basis of customer evaluation in three (3) importances': (1) interaction quality, (2) physical, environmental quality, and (3) outcome quality (Gronroos, 1984; Rust & Oliver, 1994). On top of it, they accepted multilevel service quality perceptions and multidimensional developed by Dabholkar et al. (1996). In this conceptualization, service quality has three (3) fundamental level important, such as interaction, environment and outcome with three (3) sub dimensions for each fundamental importance: Interaction (attitude – behavior – expertise); Environment (ambient

conditions – design – social factors); and Outcome (waiting time – tangibles – valence). Brady and Cronin have revised the service quality structure and define service quality measurement, where their model has filled the void on service outcomes measurement which was not considered in the SERVQUAL measurement (Pollack, 2009).

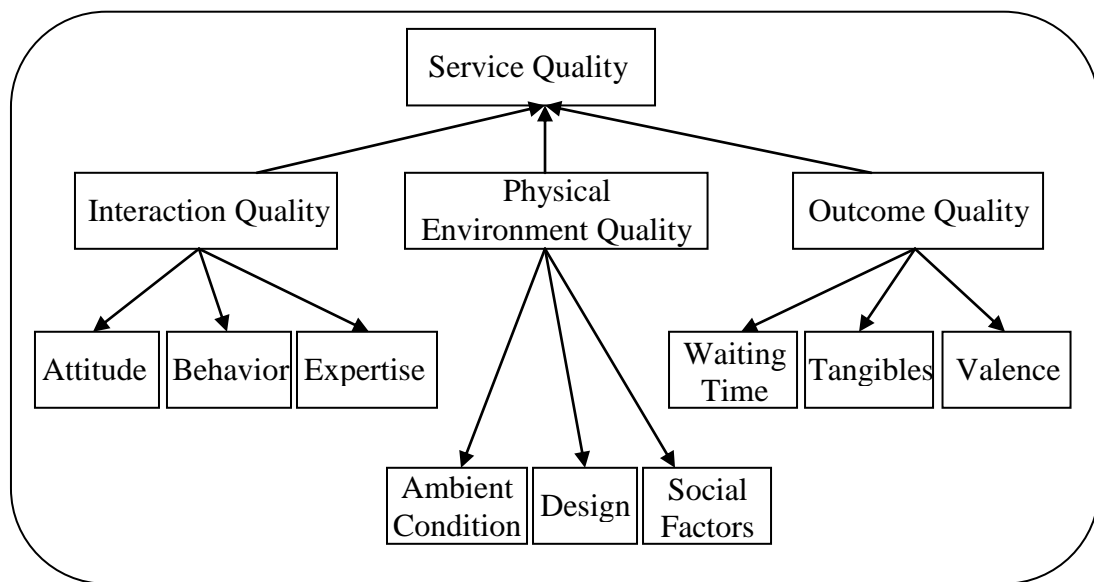


Figure 2.4
The Hierarchical Model by Brady and Cronin (2001)

Supplementary, it presents the various dimensions of service and customer experience at different levels (see Figure 2.4). Many researchers tested on the hierarchical model developed by Brady and Cronin's and discovered the authenticity of this structure in numerous services. Hierarchical model same as the rest of the measurements, has a disparity in elements and significance of sub dimensions with respect to services like health care (Chahal & Kumari, 2010; Dagger, Sweeney, & Johnson, 2007), mobile health (Akter, D'Ambra, & Ray, 2010), sport (Ko, 2000),

hairdresser and phone service subscribers (Pollack, 2009). The hierarchical model will enable companies to identify issues during the elementary phase of their delivered services – interaction quality, physical environmental quality, and outcome quality (Pollack, 2009). This model has enabled to support managers find consumer needs and service weaknesses simultaneously where managers will be able to strengthen the service quality perception and customer service exposure via high service quality. This model till date displays greater consideration about customer perception of service quality.

Brady and Cronin (2001) embraced service quality impression hinge on customer assessment in three (3) dimensions: - interaction, environment, and outcome. Additionally, they also accepted multidimensional and multilevel service quality impression (Dabholkar et al., 1996). Brady and Cronin defined service quality impression and a transparent form of service quality calculation. They also improved the framework and stalemate in this theory.

2.3.1.4 Service Quality Dimensions

Marketing academics consensus agreed that service quality is a multidimensional higher order construct, although the conceptualization and measurement of service quality are not concluded consensus (Brady & Cronin, 2001; Carman, 1990; Dabholkar et al., 1996; Gronroos, 1984; Parasuraman et al., 1988). Brady and Cronin's (2001) and Dabholkar et al. (1996) studies revealed a three (3) dimensional framework of service quality as perceived by customers where the sub-dimensions are the first order factors of the service quality construct, and the primary dimensions

as second-order factors. A number of marketing academics used the hierarchical approach for measurement of service quality in a different service situation such as agribusiness (Gunderson, Gray, & Akridge, 2009), airport services (Fodness & Murray, 2007), education (Clemes, Gan, & Kao, 2007), electronic services (Fassnacht & Koese, 2006), health services (Dagger, Sweeney, & Johnson, 2007).

Liu (2005) embraced the Brady and Cronin (2001) hierarchical model for the service quality measurement on customer perception of fast-food restaurants, petrol stations, medical clinic, photo shops, mobile phone repair shops, and 24-hour food stores in Taiwan. Liu's (2005) conclusion supported the framework developed by Brady and Cronin (2001) that the anticipated service quality approach is multidimensional and multi-level.

Martinez and Martinez (2007) established and proved a hierarchical and multidimensional model based on Brady and Cronin (2001), and Dabholkar et al. (1996) framework to measure service quality in the Spanish transport industry. Their findings provided empirical support on the hierarchical and multidimensional framework of service quality concept. In support, they maintained that this concept could equip service providers with enhanced understanding of how customers approach service confrontation. In the study carried out by Yong and Donna (2005), their findings revealed the outcomes that support Brady and Cronin (2001) hierarchical model in the interaction quality dimensions and sub-dimensions. The importance of service providers' attitude, behavior, and expertise and other customers' attitude and behaviors was also in line with other studies (Baker, 1986; Chelladurai & Chang, 2000). Their findings also support that the actual outcome of

service consumption contributes to customers' quality perception. This is consistent with the findings of several researches (Chelladurai, 1998; Deighton, 1992). In the physical environment dimension, their study identified it as an important factor of service quality which was also supported by previous studies that emphasize the importance of physical surroundings in the service delivery process (Baker, 1986; Brady, 1997; Wright et al., 1992).

Brady and Cronin (2001) identified and tested a three (3) factor model of service quality in eight (8) industries. They assumed the three-factor conceptualization of Rust and Oliver (1994) that overall service quality is based on three (3) dimensions: function quality (interaction), service environment and technical quality (outcome). They then incorporated the five (5) dimensions of service quality from SERVQUAL. The following descriptions will provide a review of these service quality dimensions.

i) Interaction Quality - due to the inseparable and intangible nature of services, the interpersonal interactions occur during the service delivery are expected to hit on customers' service quality perceptions. This dimension focuses on how the service is delivered. The authors screened these interpersonal interactions as an exchange between a company's consumer and employees, where consumers evaluate this interaction on the basis of their own perception of the attitudes, behaviors, and the ability of the employees and also the interaction among clients.

ii) Physical Environment Quality – that perceptions of consumer on surrounding environment will also significantly impact their overall service encounter perceptions. This influence occurred due to the intangible nature of services where

consumers often absorb said services in the same area as they are administered. Ambient conditions such as music, sounds, and the temperature was pinpointed as the non-visual aspects of the service environment. Facility layout or architecture design is some of the facilities aspects which can also include both functional and aesthetic elements. Finally, consumer perceptions of the amount and type of people present during consumption were identified as the social conditions. This dimension is considered to be one of the most important aspects in a service quality evaluation.

iii) Outcome Quality – applies to the technical quality of the service outcome, affects perceived service quality. A consumer's positive or negative, perception of time spends to accept the service is known as waiting time. The authors proposed that the more agreeable the perceptions of waiting time, the more heighten outcome quality will be recognized. Those factors of the service result that individuals can indicate to the judgment of the service performance quality are known as tangible evidence. Lastly, the authors discovered that behavior being an antecedent of outcome quality, known as the basis of the service outcome over and above waiting time and intangibles. Elements that are beyond the control of the organization, but influenced consumer perception of the service outcome is part of the valence perception. Each of the measures and items are listed in Table 2.2.

Table 2.2
Dimensions and Items of Service Quality

Dimension	Original Items (Brady & Cronin, 2001)	Number of questions
i) Interaction Quality	Attitude	2
	Behavior	2
	Expertise	2
ii) Service Environment Quality	Ambient Conditions	2
	Design Factors	2
	Social Factors	2
iii) Outcome Quality	Waiting Time	2
	Tangibles	2
	Valence	2

Although Brady and Cronin (2001) model was argued to have superiority with respect to the earlier models (Ko & Pastore, 2005; Martinez & Martinex, 2010), it has contradictions that have not been addressed (such as direction of influence between levels of quality). Alexandris et al. (2004) argued that Brady and Cronin's model is applicable for health and fitness industry. However, the authors noted that the model should be tested with larger samples and with different sport service organizations. Although the model received some critique, it is recommended as "an excellent basis for proposing the attributes of service quality that can be measured" (Martinez & Martinex, 2010).

Thus, the author adopted the hierarchical and multidimensional introduced by Dabholkar et al. (1996) and Brady and Cronin (2001) in this study measure Malaysian automobile service providers' service quality.

2.3.2 Marketing-mix Strategy

Marketing exists due to people unfulfilled needs and desires, thus, the marketing-mix strategy objective is to pass value, further shape long-term and jointly profitable relationship with customers (Dick & Basu, 1994; Kanagal, 2009; Rust, Lemon, & Zeithaml, 2001). Kanagal (2009) stated that for a marketing strategy to be successful, it required market and internal analysis which leads to a competitive advantage. As such, Churchill and Peter (1995) described marketing mix as 'the mix of controllable marketing variables that company exercises to seek the wished level of sales in the target market'.

Chong (2003) classified marketing mix commenced from the single 'P' (price) of microeconomic theory, while McCarthy (2002) classified it as marketing mix tools which they called the 4Ps of marketing: product, price, promotion and place. Though there is dispute about the value and current standing of the mix as a marketing tool kit, marketing specialists extensively believe the 4Ps as the devices that will impact consumers' behavior and the final consequence of the buyer-seller interaction (Brassington & Pettitt, 2003; Dixon & Blois, 1983; Goldsmith, 1999; Gronroos, 1994; Gummesson, 1997; Kotler, 2003; Kotler & Armstrong, 2001). The marketing tools could be used to develop short-term and long-term tactical programs (Palmer, 2004). Loyalty strategies are created by having a value proposition (Kotler & Armstrong, 2008) and the correct marketing mix – product, price, place, promotions

(McCarthy, 1971), to support the target segments with proper positioning in the target consumers' minds as compared to competitors (Kotler & Armstrong, 2008). When marketing becomes more popular, a fifth (5th) 'P' was added – people, and lately two (2) further 'P's were included, mainly in the service sector – process and physical evidence.

Borden (1964) developed the marketing mix concept and concluded the explanation of marketing manager as “one who is constantly engaged in fashioning creatively a mix of marketing procedures and policies in his effort to produce a profitable enterprise”. Kotler, Armstrong, Wong, and Saunders (2008) described the marketing mix as a set of governable marketing elements being product, price, promotion and place that a firm exercises to build a wished response in the proposed market. First element, products is either tangible or intangible that incorporates, service quality, service facilities, branding, packaging, standardization and grading. Second element, price is described as ‘any deal can be reflex of as an exchange of money for something’ (McCarthy, 1971). The third element, place indicates to all the elements that get involved with providing the time, and place, and custody utilities needed to appease target customers. Promotion is defined as the correspondence between seller and buyer (McCarthy, 1971), that comprise advertising, personal selling, sales promotion, public relations, and direct marketing, is the fourth element (Kerin, Hartley, & Rudelius, 2009).

2.3.2.1 Product

Russell and Taylor (2006) described product quality as the features and traits of a product or service that carry on its capability to satisfy requirements. In short, it means “fitness for use” or “conformance to requirement”.

In Fring (2005) studies, components of the product like fashion merchandise quality include size measurement, cutting, material, color and function while the crucial aspect in garment selection is the performance of the merchandise fitting where some fitted garments gratefully increase the consumers’ general features. Frings (2005) further mentioned that another important component of product quality is material because its influence the hand feel, texture and other performance aspects of the product. Consumers connect personally with color and will discard the fashion if the color does not suit to them.

Pechmann and Ratneshwar (1991) argued that consumers perceived product on the basis of its price, where a product with high price will have a high quality value and the other way around. Nonetheless, there will be no disparity in the quality of store brand and national brand, in spite of there is a price discrepancy (Richardson, Dick, & Jain, 1994). These arguments were proved by previous researches that knowledge and awareness of the product are more essential than price while assuring products’ quality.

In the studies carried out by Nam, Ekinci, and Whyatt (2011), Deng, Lu, Wei, and Zhang (2010), and Bayraktar, Tatoglu, Turkyilmaz, and Delen (2012) on the customer satisfaction and loyalty in their respective field, they confirmed that there was a positive significant relationship between product quality and brand loyalty. In

another study by Mise, Nair, Odera, and Ogutu (2013) on the determinants of brand loyalty in global FMCG markets of soft drink consumers in Kenya and India, their finding accepted that there was a positive significant relationship between quality and brand loyalty between soft drink consumers in these two markets.

However, this variable is removed from further survey due to the low Cronbach alpha value (0.470) obtained during the pilot test factor analysis, is below the minimum value suggested at 0.60 for a good factor analysis. Thus, this variable is considered as not reliable for further actual survey to test the loyalty of consumers towards a brand.

2.3.2.2 Price

Price is perhaps the most significant review of the average consumer (Cadogan & Foster, 2000) hence, consumers with high brand loyalty are less price sensitive and prepared to pay premium price for their favorite brand. The purchase intention of this group of consumer will not be readily influenced by price if they have created brand loyalty into the brand. In addition, the particular groups of consumer may have firm beliefs in price and monetary worth of their preferred brands where they are able to analyze and gauge price with substitute brands (Evans, Moutinho, & Raaij, 1996; Keller, 1998).

Yoon and Kim (2000) in their study, found that loyal customers are prepared to pay a premium though the price increase because they wish to avert the risk of any changes though the perceived risk is very high. Basically, in a long-term relationship of service, the loyalty will make loyal customers more price acceptable where this

loyalty alarms them from executing price resemblance with other products. Hence, De Ruyter, Wetzels, and Van Birgelen (1999) stated that price has increasingly turned into a main point in consumers' judgment of offer value besides their overall judgment of the retailer.

However, in Bucklin, Gupta, and Siddarth (1998) argument, price significantly affects consumer choice and purchase. They reiterated that discount pricing will greatly influence family change brands and purchase products sooner than required. Sproles and Kendall (1986) defined price awareness as the finding of the best value, purchase at the sales prices or the cheapest price choice of the product. Customarily consumer will evaluate the selling price against internal related price before deciding on the retail price attractiveness.

Price is considered as one of the most elastic marketing mix factors that can be switched by changing the features of a product or service characteristics (Dovailiene & Virvilaite, 2008). Besides, decision for price changes are most useful when mix with other marketing mix factors. The integration of product and service creation, sale and promotion is the outstanding introduction of business, and optimized price determination (Nagle & Holden, 2002; Ginevicius, 2008).

Rajh (2005) examined two (2) competing manufacturer's pricing policies as brand loyalty function. The author investigated on the degree of brand loyalty concludes the ideal regularity and intensity of price promotion on a stronger and weaker brand. The result indicated that the solid brand has less promotion than the unsteady brand, but a weaker brand offers great discount when it is only slightly weaker than the stronger brand. However, it offers smaller price discounts when it is adequately

weaker. Generally, different pricing strategies are being practiced by different retailers to achieve their respective target. Price also involves the cost of the product or service normally communicated in financial terms, though, radical changes in price will have a direct effect on the customer and profitability of the business regardless of what type of product or service that will sell.

Service price increase is more acceptable for customers if the service provided higher satisfaction (Consuegra, Molina, & Esteban, 2007; Dovaliene & Virvilaite, 2008) as researchers confirmed that there is a positive significant relationship between changes of customers' satisfaction and service price increase acceptability.

Researchers and other scientists confirmed that service price as one of the customers' loyalty factors, is an important object of marketing research (Huber et al., 2001; Hennig-Thurau, Gwinner, & Gremler, 2002; Wong & Zhou, 2006; Avlonitis & Indounas, 2006; Consuegra et al., 2007; Banyte, 2008; Tamosiuniene & Jasilioniene, 2007). Wong and Sidek (2008), Sirohi, McLaughlin, and Wittink (1998) concluded that price and brand loyalty had a positive significant relationship.

Jackson (2010) argued that brand loyal customers are less affected by price changes as distinguished with unfaithful customers because faithful customers are prepared to pay premium price for their favorite brand. However, Chen (2007) brand loyalty studies presented that price had an identical and negative reaction on brand loyalty.

In summary, price does not have an effect on premium products, but price does have significant influences on consumer choice or purchase. In this manner, the changes in price level show an indirect relationship between price and brand loyalty and it does not affect the brand loyalty.

2.3.2.3 Place

A place or distribution center defined by Kotler and Armstrong (2006) as a set of interconnected institutions involved in the course of executing a product accessible for use by consumers. The strategy to have a competent distribution of products, amidst the marketing channels like wholesalers and merchants, is known as place strategy (Berman, 1996). Kotler (2003) stated that place strategy in retail stores does not confine to how consumers enter the stores, but it also comprises the availability of products in such stores.

There are several ways in which distribution strategy can influence consumers. First, products that are readily available in a store increases the prospects of end-users discover and purchase them because when end-users seeks low entanglement products, they are not likely to employ in a large-scale pursuit. Second, products sold in posh outlets are recognized by consumers to have higher quality. Third, products sold through non-store approach, like the Internet or prospectus, end-user may perceive these products as innovative, privilege, or customer-made for distinct target markets.

The perceived intensity of distribution channels means the number of stores in which the consumers confronted the brand is high. The highness of the perceived intensity of distribution channels will be effective in displaying a better brand image, thereby constituting brand equity (Shrivivasan, Park, & Chang, 2005; Yoo et al., 2000). Concurrently, the customers will be more satisfied since they can encounter the brand in many places, thus time and effort spend to find the product is reduced. Another aspect is the stores in which the product is displayed are important sources of information that affects the process of brand choice. As a result, distribution intensity affects brand equity positively.

The distribution intensity approach has been supported by Diamond and Campell (1989) where they linked the product class to require distribution density. Analysts tend to perceive that convenience foods, based on the underlying features of the product are likely to be distributed intensively. Hence, if the distribution intensity is successfully carried out, consumers could purchase a brand from the crowded available stores in a commercial area (Coughlan et al., 2001).

The most significance elements in retail marketing achievement and store durability is the store environment as emphasized by Omar (1999). Positive attributes of the store influence brand loyalty to a certain degree and these attributes contain store location, layout, and in-store stimuli. The number of outlets and store location are critical in influencing consumer shopping and buying arrangement. Consumers may become faithful when they find the store to be greatly available during their visit and are contented with the store's collection and services (Evans et al., 1996), hence a store's environment could also influence consumers purchasing decision making.

Having loyal customers has many advantages to retailers, where it could return an encouraging business expenses advantage (Huddleston, Whipple, & Van Auken, 2004). Furthermore, the researcher stressed that it cost five (5) to six (6) times in obtaining new current customers. Loyal customers are inexpensive for the retailer as in comparison to acquiring new customers who will increase their purchase spending. Lin and Chang (2003) research revealed that the avenue availability of the brands had significant influence on purchasing attitude. In other word, convenience of a product or brand in the store is essential when purchase inferior products. Consumers will not visit another store to search for the brand, but remain at the same outlet and choose another brand.

Nevertheless, Sivadas and Baker-Orewitt (2000) found a direct relationship between store image and store satisfaction in lieu of store loyalty. Store image affected store loyalty through store satisfaction (Gupta & Pirsch, 2008). Furthermore, Koo (2003) discovered that abstract and global image element had a more significant influence on loyalty than satisfaction. Furthermore, hinged on the adapted study, outcomes revealed that store image was a similar and positive impact on brand loyalty (Chen, 2007).

In summary, it was found that the positive attributes of the store impact brand loyalty in a certain way and channel convenience had significant impact on brand loyalty. It was also concluded that store environment has a positive significant relationship with brand loyalty and was the single most critical factor in retail marketing achievement. Previous study also identified that store image has a positive effect on brand loyalty.

2.3.2.4 Promotion

A promotion which incorporates the use of advertising, sales promotions, personal selling and publicity, is a marketing mix element which is a type of communication with consumers. Advertising being a non-personal offering of information in the communication industry about a product, brand, store or company which largely influences the consumers' images, beliefs and attitudes towards the products and brands, and will influence their buying behavior (Evans et al., 1996). This exhibit that through advertising, promotion can assist create impressions in the consumers' minds beside helping to make different against other brands.

In accordance to Rowley (1998), promotion being a valuable factor of a firm's marketing strategy, is used to connect with consumers on the products offered, and also part of the strategy to spur the purchase or sales of a product or service. Sales promotion tools are marketing tool that is used by most organizations that are aimed toward consumers as the ultimate consumer. She mentioned that promotion being one of the pillars of marketing, promotional mix plays a main part in deciding profitability and market accomplishment.

Marketing communication tools such as advertising, sales promotions, personal selling and publicity could affect what consumers have in mind about a product, what emotions they encounter in buying and utilizing them, and what behaviors they would use inclusion of purchasing specific brands or shopping in particular stores. It is particularly important for marketers to devise communication tools for consumers received abundance information to screen out a good deal of it. These tools should (1) offer steady information about their products, and (2) are placed on publishing that point the correct market. Marketing communications execute a crucial function

in notifying consumers about products and services, along with the location where the products are located and also create favorable images and perceptions.

Price promotions are an important strategy used to impact the behavior of consumer in retailing both with heed to retailer and producers' brands. Numerous experimental researches have presented that information on price is very crucial for consumers to make decisions on the products, especially those price conscious consumers (Grunert, 2006). However, in contrast, Ferle and Steven (2006) studies discovered that the success of product advertisement in television is still indecisive whereas Ailawadi, Bari, Cesar, and Trounce (2006), found that the net impact of promotions is still negative. In the study by Gendek and Scott (1999), it was reported that in-store price promotions are linked with negative purchase experience comment in comparison to non-promotional purchases. Hung (2005) suggested that promotion plans should be a top-down with a tactical inverted buying analysis which should be observed regularly. Steinberg (2001) indicated that good imagination will able to develop successful promotion.

Firms frequently use these promotion strategies such as short-term price, reductions, premiums, coupon packages, cents-off and price deal and refunds to get a stronger and quicker buyer reaction (Kotler & Keller, 2006; Shih, 2010). In comparison with price promotion, Tong and Hawley (2009) stated that non-price promotion would strengthen perceived quality in the long-term, in addition to enhance the brand relationship with customers. Normally promotions are implemented to influence consumers directly in a lot of directions and lead them to retain buying decision (Doyle & Saunders, 1985).

2.3.2.4.1 Advertising

Another element of the promotional mix which is considered prominent is advertising. This importance is due to its clarity and popularity in all the other marketing, publicity factors (Okyere, Agypong, & Nyarku, 2011). Advertising will influence the lifestyles of people since advertising as a leading community event could result in major adjustment in values, beliefs, behavior and purchasing patterns of the people (Polly & Mittal, 1993). The fundamental logic for the switch in lifestyle and purchasing trends of people are the economic metamorphosis and certain market favorable circumstances (Petrovici & Marinov, 2007).

Numerous studies had been carried out on advertising as an antecedent of brand loyalty (Agrawal, 1996; Yoo et al., 2000). Moorthy and Zhao (2000) mentioned that advertising spending is a signaling and an informational device. Advertising also has significant impact in the usage encounter of a specific brand and in the reinforcement of a perceived performance (Kirmani & Wright, 1989; Moorthy & Hawkins, 2005).

Advertising is defined by Brassington and Pettitt (2000) as any remunerated form of non-personal communication focused toward target market and disseminated by way of numerous broadcasting media in order to advertise and commence a product, service or idea. Advertising being formal and connect with many people by way of paid media avenues is different from other promotional tools.

In advertising, there are two (2) types of avenues relevant for monetary advertising (Meidan, 1996) which is “above-the-line” and “below-the-line” advertising. Above-the-line advertising constitutes dissimilar communication avenues for instance

newspaper, radio, television, posters, and magazines. Below-the-line advertising contains invisible advertising of the service, including pamphlets, manuals, leaflets, and explanatory guides that can be used to provide trading of a specific service. It is difficult to conclude a definite distinction between sales promotion and below-the-line advertising, however the later advertising is cheap and easy to produce but need be used cautiously. Moreover, below-the-line advertising will not draw new customers, and depends on personal selling for its potency.

The traits of advertising spending were signaled and informational tools to the customer as highlighted by Moorthy and Zhao (2000), hence advertising is known as media that transmits information to the customers. Nearly all of the advertising spending is intended to offer new products or services (Barone, Amlal, & Xu, 2004) where the advertisement allows consumers to be mindful of new products or services will provide information narrated to it. Meanwhile, consumers will evaluate and judge the products or service suitability before deciding to purchase them. The company's marketing communications provide to brand equity (Keller, 2003) where, effective communication allows the establishment of brand awareness and a positive brand image. Although consumers have a high perception on advertising spending this add to their perception of the confidence level that marketers have in their product (Kalwani & Yim, 1992).

In the study of Yoo et al. (2000) it was also proposed and supported that advertising intensity simplify consumer brand choice because brand would be admitted in the consumer study set so would to increase brand loyalty, thus advertising is positively linked to brand associations and the awareness that lead to brand equity.

Additionally, in accordance with an enlarged hierarchy of effects model, Shrimp (1997) found advertising has a positive significant relationship to brand loyalty because it strengthen brand-linked associations and attitudes toward the brand.

However, advertising variables were not selected for this study due to the fact that all automotive companies in Malaysia advertised their product in the media frequently, thus the judgment will not be correct when respondent gave their answer in this survey. Moreover, numerous researchers found that the more spending is used in the advertisement, the more brand awareness of the products will be known by potential users (Yoo et al., 2000; Moorthy & Zhao, 2000; Kalwani & Yim, 2003; Barone et al., 2004).

2.3.2.4.2 Sales Promotion

Okyere et al. (2011) defined sales promotions as short-term stimulus to boost the purchase or sale of a product. Blythe (2006) defined sales promotion as any activity engaged to bring about an interim increase in sales, which involves communications activities go after in an effort to supply additional value to customers, wholesales, retailers to inspire current sales. These attempts are generally targeted towards invigorating product interest or trial and it is purposely created to stimulate quick sales and finally create loyalty.

Sales promotion being part of marketing techniques which are usually interim incentives, are created to add monetary value to the product or service, in order to attain sales target. There are two (2) distinctive qualities of sales promotion (Meidan, 1996). Firstly, sales promotion provides a ‘bargain chance’, since it has an attention-

gaining quality that communicates an offer that will not obtain again. However the sales promotion appeal to a wide range of buyers, in the long run, many tend to be less brand loyal. Secondly, if it's used excessively, it could point to worried customers, who will wonder whether the service is respectable or reasonable.

Price promotions are campaign that allows consumers to purchase a product at a discounted price. Diamond and Campbel (1989), Gedenk and Neslin (1999) stressed the overall risks and negative effects of price promotions. Price promotions have a negative effect on brand image because these actions diminished the internal reference price which will lead to reduce perceived brand price, culminating in reduced brand equity. In contrast, according to attribution theories by Mizerski, Golden, and Kernan (1979), consumers will try to find a purpose that may besiege events. There are consumers who create quality-price assumption and when the solitary applicable information regarding the product is price, they will probably linked the promoted brand with inferior quality (Zeithaml, 1988). In further cases, consumers make no acknowledgement about the product, but about their own behavior because if the promotion warrant the purchase, the consumer will only purchase the similar brand again when there is a promotion. In the long-run, these assumptions will lower brand differentiation considering the desire to buy is the promotion in lieu of the product (Hunt & Keaveney, 1994).

Price promotion only found to enhance temporary brand switching and does not have a significant relationship with brand loyalty (Gupta, 1988). This happens because consumers are attracted to the promoted brand, but will lose interest in the brand

when the promotion end. Thus, changes in brand loyalty may not occur unless the promotion is perceived better than its competing brand.

In contrast, Shih, Sun, and Tang (2007) argued that price, promotion and brand loyalty have a positive significant relationship. However, Wang, Li, and Zhao (2006) argued price promotions would lessen the customers' brand loyalty to non-price easily affected brand firms. Moreover, Chen (2007) states price promotion was an equivalent and positive effect on brand loyalty. Keller (2003) also established some disadvantages of sales promotion activities addressing the possible decrease of brand loyalty, increase of brand switching, and price sensitivity.

In conclusion price promotion does not have a positive significant relationship with brand loyalty, but it only enhanced temporary brand switching.

2.3.2.4.3 Publicity and Public Relations

The circulation of information by individual or non-individual way is known as publicity, which is not directly paid for by the institution, neither is the firm the point of supply. Grasby et al. (2000) described publicity as the use of the broadcast to support free coverage on their products. Publicity depends entirely on the quality of content to convince others to get the information out, unlike advertising that depends on buying ability to get the information across.

Okyere et al. (2011) defined public relations as the overall term for marketing programs that lift the public's awareness about a product, an individual or issue. Bruning and Ledingham (2000) described public relations as the relationship

management between organizations and their stakeholders. There are three (3) key function public relations performing within the communications program of an institution (Fill, 2005). First, stimulating interest and creating goodwill between the institution and its different major stakeholders; second, to support the marketing of the products and to combine with other promotional mix factors; and third, to supply the ways whereby relationship can be developed.

The essence of public relations as described by Brassington and Pettitt (2000) is to take care of the essence and quality of the relationship between the institution and its community, and to develop collective understanding. Public relations deal with a range of activities which include charitable connection such as sponsorship; media relation for the extending of good news, and also for critical situation management; creation and maintenance of corporate identity and image. The organization could also participate in trade fair to develop healthy relationships with main suppliers and customers and also to enhance the organization's existence and stature within the market.

However, this variable was not chosen because of the objective of this study and moreover most of the automotive companies have in place specific public relations executive, working vigorously to create publicity. Moreover, the objective of this study is to verify the relationship between marketing-mix strategy and brand loyalty by selecting four (4) elements of marketing-mix strategy (i. e. price, place, promotion and product).

2.3.2.4.4 Direct Marketing

Direct marketing is described as a bilateral marketing structure that adopts one or more advertising communication in obtaining a measurable feedback and/or business dealing at any location (Brassington & Pettitt, 2000; Kotler & Keller, 2009; Kotler & Armstrong, 2010). An institution requires to having plenty of data as possible about each one of its customers in order to sustain the quality relationships with its customers, hence the database is crucial to the method of developing the relationship.

Direct marketing includes the application by mail, fax, email, or internet to share directly with or canvas feedback from distinct consumers and prospects. Hence, the objectives of direct marketing are to create and exploit a direct relationship between producers/sellers and their consumers/buyers (Okyere et al., 2011).

Armstrong and Kotler (2009) described that consumers feel provoked towards the way direct marketing such as TV advertisement that are too long, loud and demanding, undesired filth emails and computer screen flicker undesired banner. In support of this matter, Li and Lee (2002) mentioned that some latest researches insist that online broadcasting is obtrusive while consumer's attitude was less positive on pleasurable aspect toward web site advertising (Karson, McCloy, & Bonner, 2006). While, Al-alak and Alnawas's (2010) studies in mobile marketing found that consumers who trust that mobile was for personal use, will probably do not take part in a permission based advertising programs, and will likely not put their personal data due to the negative attitudes toward direct advertising.

However, this variable is not taken into consideration for this study because operationally in the industry practice for automotive market, direct marketing has not been in real practice and also because of the objectivity of this study where the objective is to verify the relationship between marketing-mix strategy and brand loyalty by selecting four (4) elements of marketing-mix strategy (i. e. price, place, promotion and product). Moreover, most of the direct marketing strategy can be outsourced to other companies to perform on behalf, such as SMS blast, email blast, and leaflet insertion in the newspaper.

2.3.3 Country-of-Origin

Extensive researches had been carried out on the effect of country-of-origin on consumer judgment over the past four (4) decades. The pioneer study of the relation between country-of-origin and the perceived product quality is conducted by Schooler (1965). The results clearly show that consumers use country-of-origin to judge the product's quality and performance due to consumer perceived products originated from supremely manufacturing countries are perceived as better in terms of quality. This statement was supported in study by Tongberg (1972), Krishnakumar (1974), Erikson, Johnsson, and Chao (1984), Heslop and Papadopoulos (1993) and Ahmed, D'Astous, and El-adraoui (1994).

Kinra (2006) argued that consumers likely to generalize their attitudes and beliefs across products from an accustomed country. The consumer will based on their knowledgeableness and experiences with the country, and their own personal involvement of the product attributes. These product attributes include “technological superiority”, “product quality”, “design”, “value for money”, “status

and esteem”, and “credibility of country-of-origin” of a brand. Kinra (2006) argued that country-of-origin is regarded as a valuable differentiating element in consumer attitudes towards global and local brand names. However, Kinra (2006) cited that, there are product categories that does not connect with any country-of-origin image, for instance the car industry, where it is easy to market global brands like “Mercedes”, “Volkswagen”, “BMW”, for which these brands’ images have grown quite afar from their country-of-origin, and which do not use their national country-of-origin connection in their promotion and marketing strategies. Cataora and Graham (1999), from the Malaysian consumers’ perception defined country-of-origin effect as any influence that the country of manufacture has on a consumer’s positive or negative perception of a product.

Hugstand and Durr (1986) investigated the significance of country-of-origin on US consumers’ product understanding of usage liability and quality which include products like automobiles, cameras, canned food, automobile tires, shoes and sports shirts from Japan, China, South Korea, Taiwan and USA. These perceptions were supported from the outcomes from the “mall intercept” way where mall patrons were cautious of where the product were introduced from. Research on color televisions, microwave ovens, bicycles, and telephones were conducted by Coredell (1991) and outcomes exhibited that customers were biased against the products quality manufacture from not yet highly industrialized countries. In support, Hampton (1997) discovered a greater perceived risk on products originated from growing countries.

Yaprak (1978) investigated USA and Turkish business executives' desire to buy particular brands of cameras, calculators and cars produce in Japan, Italy, and Germany. He discovered that country-of-origin influenced consumers' willingness to pay through the impact of perceived quality, thus its apparent that country-of-origin influences consumers' "willingness to pay".

Roth and Romeo (1992) exhibited that each country owned its personal exclusive image towards a certain product type, thus, a product that 'suits' that country's image would be able to command higher value. For example, car manufactured from Japan, Germany and the USA will command higher value as compared to car from Mexican and Hungarian. Tse, Kwan, Wah, and Ming (1996) concentrated only on color televisions manufactured in Hong Kong, Japan, Germany, and South Korea, and they found consumers have higher tendency to buy German and Japanese manufactured color television than those produced in South Korea and Hong Kong.

Han and Terpstra (1988), Parameswaran and Yaprak (1987) viewed country image as consumers' common perceptions about product quality produce in a specific country while Srikanthan and Gnoth (2002) viewed country image as the "defined beliefs about a country's industrialization and national quality standard".

In the current literature, there is a conception of researches to document country-of-origin perspectives where marketers and consumer behavior analysts have concluded that the important factor that influence consumer decision making is a product's or brand's country-of-origin (Khachaturian & Morganosky, 1990; Knight, 1999; Piron, 2000). The greater part of the former researches proposed that information on

country-of-origin, that has the “Made in....” tag delivers a few goals in consumer decision-making. It performs as an important feature in a consumer product assessment (Johansson, 1989), affects behavioral desire by way of social norms (Fishbein & Ajzen, 1975), provokes consumer’s curiosity in the product (Hong & Wyer, 1989) and influences buyer behavior through affective processes (Han & Terpstra, 1988).

Table 2.3
The Related Literature’s Findings on the Country-of-Origin

Authors	Findings
Verlegh and Steenkamp (1999)	Country-of-origin has a greater impact on perceived quality and minor impact on attitude towards product or buying aim. They discovered distinctness in financial development could impact the country-of-origin effect. In addition, the country-of-origin effect does not vary between industrial and consumer buying and multi-national manufacturing is unaffected.
Agrawal and Kamakura (1999)	They discovered that country-of-origin as foreign hints and consumers would amass data on the products while they actually want to purchase. The country-of-origin effect would be reduced and they farther approved that the quality dissimilarity are the main ruling point for price premiums or discounts and the country of origin is not.
Chao and Gupta (1995)	Country-of-origin is not only product specific, but within the automobile product classification also model kind specific.
Leclerc, Schmitt, and Dube (1994); Shimp, Samiee, and Madden (1993)	Some academicians depended on the single country and product idea where a product was solely connected with one country.

Table 2.3 (Continued)

Authors	Findings
Peter and Jolibert (1995)	A meta-analysis on the effect of the country-of-origin in the past three decades, it discovered that country-of-origin has only to some extent generalisability and verbal product descriptions created greater samples developed greater effect of country-of-origin than lesser samples and single hint created a greater effect of country-of-origin than multiple hints.
Bannister and Saunders (1978); Nagashima (1970, 1977); Wall and Heslop (1986)	Country pattern effect varies by product class.
Baumgartner and Jolibert (1978); Cattin, Jolibert, and Lohnes (1982); Schooler (1965); White and Cuniff (1979)	Overall, consumers exhibit a desire for products produce in some country exceeding the rest others.
Heimbach, Johansson, and McLachan (1989); Johansson, Douglas, and Nonaka (1985)	The significance of country-of-origin increases with raised product acquaintanceship.
Daser and Meric (1987); Hester and Yuen (1987); Darling (1987); Darling and Wood (1990); Nagashima (1970, 1977)	Patriotic emotion usually boosts country-of-origin awareness, but not the brand preference. Country-of-origin evaluation is active in character.
Hester and Yuen (1987); Hugstad and Durr (1986)	A greater fraction of consumers are not aware of and not do they take country-of-origin toward forethought.
Source: Samiee, 1994; Chen, 2004	

The emergence of a global market caused by globalization and increased international business activity, where brands from one country are accessible to consumers in another country (Hsieh, 2001). Numerous researches have concluded that country-of-origin effects have significant effects on branding results by describing that brands and country-of-origin are significant elements of consumers' perceptions of quality and variety (Chu et al., 2008; Lots & Hu, 2001; Tse & Lee, 1993; Pappu, Quester, & Cooksey, 2006; Kim, 1995). Country-of-origin plays an equally critical role in influencing consumer products/brand evaluation on both power and soft brands. Managers should consider country-of-origin when developing worldwide sourcing and marketing strategies, regardless of the reputation of the brands. Especially for brands that have a negative effect on country-of-origin image, it becomes more appearance for marketing managers to develop enough marketing activities to lessen the negative effect of undesirable country-of-origin (Chu et al, 2008).

With the presence consumers' minds associated with country-of-origin, this effect may be of significance to either develop a brand name (Shocker, Srivastava, & Ruekert, 1994) or damage it (Thakor & Katsanis, 1997). With consumer perceptions of Japanese products enhanced extremely over the years (Kamis & Nagashima, 1995), Japanese brand names will surely point out consumers of its Japanese originality. In contrast, Pappu (2006) mentioned, if a brand was to switch from a consumers' preferred country for a consumers' less popular country, the brand name and equity could be eroded. However, he emphasized that certain brand names should be determined inside a specific product classification as consumers have so called Product category-country associations.

In the present study, the author defined country-of-origin as the country from what place the brand initially originated from. In today's worldwide integration, country-of-origin of the assembling brands is progressively becoming very significance instead of the actual manufacturing country. Hence, while Toyota and Hyundai may be produced in Malaysia but for Malaysian consumers, the Toyota brand signifies a Japanese country-of-origin, while Hyundai customers feel that they owned a Korean brand.

2.3.3.1 Country Image

Widely-known classical image types are frequently mentioned in literature than an image that is related to countries. Roth and Romeo (1992) defined country image as the overall perception of the products from a specific country established on the former idea of the country manufacturing and marketing advantages and disadvantages. Country image is the complete set of detailed, probable and informational faith about the specific country (Martin & Eroglu, 1993). Kotler (1993) defined country's image as the sum of people's beliefs, ideas, and feeling about a certain country. Nagashima (1970) definition of country image was chosen from micro country image. He described the country image as the complete faith one has about the products of a given country. Nagashima country image concept was widely adopted by other researchers (Han & Terpstra, 1988; Darling & Wood, 1990; Roth & Romeo, 1992) was at the product level. For example, Han and Terpstra (1988) determined country image for a particular product category such as televisions and cars.

It was observed by Hsieh, Pan, and Setiono (2004) that both product and country image apply major impacts on brand purchase. Thakor and Katsanis (1997) refined brand and country impacts on quality dimensions model where the country image hint affects quality perceptions both directly and by way of brand hint. Hence, when a brand is able to distinct itself from other brands with traits where its country-of-origin image is perceived as positive, theoretical wise, consumer perceptions of that brand's trait would be more reassured, thus, would be easily influenced in terms of buying aim by the brand traits. However, when country-of-origin image is negative, while brand personality is positive, the link between these two (2) variables would become "loose", hence, brand trait would be less effective concerning buying aim.

In regards to its direction, country image identical to the categorization of product image, can categorize as internal image and external image. The domestic country image means 'what citizens think about their own country', while the foreign country image is 'what others/foreigners think about our country/other countries'. The country image conceptualization has two (2) ordinary understanding, which lead to excessive discussion between professionals. 'Umbrella function' to country image is the first approach of country image concept where its factors are constituted of the entirety of the country's particular brands, products and numerous institutions and their images. As for the second approach, Jenes (2007) describes the country itself is a complex product, constitute many factors. Hence, country image is regarded as a normal product image, in spite of with more different, intricate and troublesome traits.

A company good name supports consumers by widening their trust, improving company integrity to manufacture and sell high-quality products, and by forming connections formed on signaling costs (Anderson & Weitz, 1992; Doney & Cannon, 1997; Herbig & Milewicz, 1995). Country-of-origin image with negative effect will falsify a consumer product assessment within a certain product classification (Kabadayi & Lerman, 2011; Cordell, 1992), thus, strategy is needed to deal with the negative sides of the country-of-origin image of those concerned brands. When country image is decomposed, the negative effect of country-of-origin can be weakened (Tse & Lee, 1993). In regards to their research, in disintegrating the origin information into ‘component origin’ and ‘assembly origin’, this will lessen the negative effects caused by unfavorable country-of-origin image. However, Tse and Lee (1993) also found that after a certain period of experience with the product, an inferior country brand could even embrace higher buying value than the one introduced from a country-of-origin with better images’. Above verdict hold substantial significances from a perspective of brand management besides validating the likelihood of eliminating negative country-of-origin effects. First, it proposed that consumers may possess less distinct and/or weaker ideas of components and/or assembly origins when “made in” idea is disintegrated.

In comparison with other product data, hints such as pricing, decomposition is regarded as more comprehensive that it prevents other undesired effects like lowered quality perception created by lowering prices and also regarded as more cost competent to the marketer. As for management, Tse and Lee (1993) further state that the biases and hurdle in branding a less favorable country-of-origin products could be visibly move cost effectively by decompose the “made-in” idea, that might even

improve the buying value to build an exclusive market for their brands when consumers are able to have the chance to try the products.

Lots and Hu (2001) argued that by promoting “extremely different” or “unique products”, this could trigger changes in negative country-of-origin stereotypes. They argued that by using the “unique product” strategically together with other strategies that either have weak outcomes or need compromise, this could benefit brands associated with unfavorably perceived countries. Furthermore, they established that the negative image of country-of-origin, that is assumed to create compatible quality product, is tougher to turn around than the negative image of country-of-origin as a producer of variable quality products. Lastly, Lots and Hu (2001) conferred a very appealing view, which signify the valuable effects of country policies on promoting the brands and products. They proposed that the country policy creator should start a plan specially targeted at a two-pronged audience, since most of the promotional campaigns has been mostly general in character instead product particular, which, for example, companies could carry national brands but their target customer is global or purchasing agents. Researchers had also listed a few tools like: (i) change the country image of the brand, (ii) promotional campaigns, and (iii) transfer manufacturing facilities to positively perceived area to support the merchandisers in promoting the brands from the adversely perceived country.

A strategic model for global brands is designed by Kim (1995) with two (2) aspects, which are country image and brand popularity. The author disputed that country’s image is not controlled by firm’s feats; rather, country image is controlled by elements like country’s economic condition, technology, and so on which is known

as external factors. The author also noted that, on top of the relations between product categories and country-of-origin image, it is also afflicted by the important brands originated from the country. If associated brand images or brand quality were enhanced with slight changes, a country-of-origin image would be improved.

In an end note, both country image and product image have impact on brand purchase. Theoretical wise, consumers would be loyal to a brand, when that brand can be specifically making different from other brands with trait, and its country-of-origin image is seen as positive.

2.3.3.2 Brand Image

Arslan and Altuna (2010) described brand image as the positive and negative awareness about the brand when it comes to the consumer's mind abruptly or when they recollect their thought. They have the belief that there are three aspects of brand image which create the entire image of the brand which are; good strength, and distinctiveness. Meenaghan (1995) analyzed brand image in terms of the consumers approach about that specific brand which helps to point it and thinking of the buyers in a meaningful way to build the product unlike from the rest. Bian and Moutinho (2011) mentioned the phenomenon by using marketing sense to describe it as the set of statements given to the target market to acquire the buying intentions of the targeted consumers. Lee, Lee, and Wu (2011) explained the brand image as the general mind thought and opinion about the specific brand by acknowledging its exclusive qualities which make it unlike from the rest.

Keller (1993) outlined brand image as the “perceptions about a brand as reflected by the brand associations held in consumers’ memory”. Dobni and Zinkhan (1990) defined brand image as the vision of a brand shaped and contain in customers’ mind, by way of customers’ reaction, either realistic or emotional. Rather, every step in the branding, every brand message, is individually perceived by consumers and as a group compute to a brand image, which is shaped in customers’ minds. Thus, the result of how a customer sees the relationship with a brand over time is known as brand image.

Kuusik (2007) mentioned that one of the most intricate elements that impact loyalty is brand image which has an effect in at least two (2) ways. Radically, whether it is consciously or subconsciously or both, consumers express their own identity by way of their brand desires. Aaker (1999) makes it clear on how consumers favor brands with characteristics that are in conformity with the individual tendency that form their self-images. In the investigation of the connection between the brand trait and loyalty, Kim, Han, and Park (2001) discovered that the attraction of a brand’s trait indirectly influences brand loyalty.

Secondly, people likely to categorize themselves into various social categories, which causes them to assess others values and symbols and make comparison to their own (Kuusik, 2007). Consumer preferences will partner with others who share identical image and values as themselves and even the consumer-brand relationship can be seen as subjects of perceived unity (Fournier, 1998). Brands do not just help consumers, but also to give significance to their lives (Fournier, 1998), while, Oliver

(1999) demanded that for a consumer to be totally faithful, the brand requires to be a portion of both the consumer's self-identity and social-identity.

Keller (1993) definition of brand image as the summary of brand associations in the consumer mind which leads towards brand association and brand perception which includes benefits, attitude and attributes. Hsieh et al. (2004) argued, brand image helps the consumer in differentiating the brand from other rivals and also in acknowledging their requirement and fulfillment concerning the brand, thus motivating customers to purchase the brand. Kotler (2001) described image as the thinking, perceptions and attitude of a person for a specific thing or object. The basic parts of the marketing activities of a company's are to maintain the brand image (Roth, 1995) and brand strategy (Keller, 1993; Aaker, 1991). The image creates significant and it support consumers with collecting facts, build an intention to buy, differentiate the brand, and builds positive feelings and supply the base for brand continuation (Aaker, 1991).

According to Hsieh et al. (2004), "a successful brand image enables consumers to identify the needs that the brand satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that consumers will purchase the brand". Park, Jaworski, and MacInnis (1986) argued that a firm or its product/services that regularly possess a good image with the community without doubt possess a good position in the market, superior competitive edge, and growth in market share. In support, numerous experimental outcomes have concluded that a good image will lead to loyalty (Kandampully & Suhartanto, 2000; Koo, 2003; Nguyen & LeBlanc, 1998), brand equity (Faircloth, Capella, & Alford, 2001; Biel,

1992; Aaker, 1991; Keller, 1993), purchase behavior (Hsieh et al., 2004) and brand performance (Roth, 1995).

Reynolds (1965) stated that “an image is the mental construct developed by the consumer on the basis of a few selected impressions among the flood of the total impressions; it comes into being through a creative process in which these selected impressions are elaborated, embellished, and other”. Kotler (2001) definition of the brand image as “the set of beliefs, ideas, and impression that a person holds regarding an object”. In contrast, Keller (1993) noted brand image as “a set of perceptions about a brand as reflected by brand associations in consumer’s memory”. Aaker (1991) proposed a similar statement to Keller’s, where brand image is considered as “a set of associations, usually organized in some meaningful way”. Biel (1992) described, brand image as “a cluster of attributes and associations that consumers connect to the brand name”.

Reynolds and Gutman (1984), and Faircloth et al. (2001) mentioned that brand image has been conceptualized and operationalized in several methods. Brand image has been assessed on the basis of features (Koo, 2003; Kandampully & Suhartanto, 2000); brand benefits/values (Hsieh et al., 2004; Roth, 1995; Bhat & Reddy, 1998), or using Malhotra’s (1981) brand image scale (Faircloth et al., 2001). This would support marketers to determine their brand strengths and weaknesses besides perceptions of consumers toward their product or services.

Dobni and Zinkhan (1990) refer brand image as reason or emotional perceptions consumers stick to a particular brand and it resided of symbolic and functional beliefs. Images that grasped in the consumer mind exhibited by human beliefs, and these images are extracted from experiences connected to the brand and deliver as a basis for judgment in future brand assessment (Koubaa, 2008). Consumers developed their preference and interest for a brand based on their country-of-origin perception and the available information belonging to the brand, per se, good information about the country helps builds a positive attitude toward the brand, that leads to good brand image. Previous researchers (Takhor, 1996; O'Shaughnessy & O'Shaughnessy, 2000) uncovered strong connections between the brand and its country-of-origin and the significant effect of country-of-origin information on brand image (Anderson & Chao, 2003; Cervino, Sanchez, & Cubillo, 2005). Thakor and Lavack (2003) stated that brand's country-of-origin image is one such effect that plays possibly crucial function in deciding a brand image.

The external factors viewed by Meenghan (1995) are product features and the brand's country-of-origin image and this is also known as "umbrella brand-image". Koubaa (2008) viewed the "umbrella brand-image" as that the brand image understanding is under the control of country image understanding, which is immature to the brand image understanding in consumer minds. Consumers are known to recollect the data from the store about the brand and the country and then subsequently correlate the name of the brand with the country-of-origin to shape a brand image and derive the product assessment (Scott & Keith, 2005).

Brand image is multi-dimensional and not a general idea and the brand image framework, possibly somewhat different in connection to brands, brands' country-of-origin (Koubaa, 2008). The findings from Koubaa (2008) studies are built on the basis of Hsieh and Lindridge (2005) research, where they identified the dimensions of a brand image dissimilar across countries of brands' origin. Hsieh (2002) studies have established the multi-dimensional brand image framework by making known that the indicated dimensions transfer consumers; sensory, utilitarian, and symbolic and economic requirements about a brand. In another deliberation of the set of the indicated dimensions the brand image framework, Koubaa (2008) mentioned that the brand image framework also dissimilar across brands and countries and this switch is more extreme with less believed brands.

Brand image is a quite young terminology, which has first introduced into the marketing discipline by 'The Product and The Brand' journal. A brand name is beyond the tag engaged to make a distinction among producers of a product (Chernatony & McEnally, 1999). A brand name is a complicated character that denotes an array of attributes and ideas. It expresses to the consumers, everything, not only apart from its sound, but more significantly, through the association's body, it has developed and gained as a public object over duration.

Keller (1993) describes brand image has one been identified as one of the chief principle of marketing study due to its duty as a base for tactical marketing mix and in creating long-term brand equity. In a seasoned and aggressive market, as in the hotel industry, brand image plays a critical role as a substitute strategy to product distinction (Kim & Kim, 2005).

Kandampully and Hu (2007) suggested that image is a very complicated idea and it is beyond just the sum up of all the accurate attributes of a company. Gronroos (2000), and Lee and Park (2008) proposed that a consumer's real involvement with the goods and services and promotion strategies like public relations, word-of-mouth communication and advertising will form the image in consumers mind. While brand image is affected by direct experience and promotional communication, it is also formed by way of brand connection with a different body, like the company, country, distribution channel, person, place, or event (Earles, Frieske, Gaines, Lautenschlager, Park, Smith, & Zwahr, 1996). In reality, brand image is affected by the effects encompassed by all factual and emotional factors of accompany in producing the consumer's brand impression (Dobni & Zinkhan, 1990; Keaveney & Hunt, 1992). Amidst all these elements, Aaker (1996) asserts that consumer involvement with the product and services is the most substantial.

Overall, Aaker (1991) study acclaimed that brand's image produces financial worth to the firm and its customers in terms of supporting a customer to develop data, brand differentiation, producing reasons to purchase, give positive feelings, and supporting a basis for continuations. Building and preserving the image of the brand is a crucial task of a company's marketing activity (Roth, 1995) and branding strategy (Keller, 1993; Aaker, 1991). Hence, it is really essential to thoroughly familiar with the growth of image creation and its effects such as satisfaction and loyalty.

2.4 Mediator

Mediation is a causal model (Rose, Holbeck, & Franks, 2004; Wengener & Fabrigar, 2000) that make clear the procedure of ‘why’ and ‘how’ a cause-and-effect happening (Baron & Kenny, 1986; Frazier, Tix, & Baron, 2004). Thus, a meditational investigation is a process to make an effort to “identify the intermediary process that leads from the independent variable to the dependent variable” (Muller, Judd, & Yzerbyt, 2005). Explicitly, in an elementary meditational model process flow, the independent variable is believed to cause the mediator, and following, the mediator causes the dependent variable. For this basis, a mediating effect is also called an intermediate, indirect, surrogate, or intermediary effect (Mackinnon, Lockwood, Hoffman, West, & Sheets, 2002). Collins, Graham, and Flaherty (1998) provided an intense, analogy for the mediation consequence where the mediation process as “a line of dominoes and by knocking over the first domino will start a chain reaction where the rest of the dominos will knock over one after another”.

The theoretical mediation concept has long been distinct in psychology (MacCorquodale & Meehl, 1948; Rozeboom, 1956). First works to present the idea of mediation in the formation of the Stimulus-Organism-Response way to psychology in comparison to the strictly Stimulus-Response way of the behaviorist. Here, the “Organism” mediated the “Stimulus” and the “response”, and is seen as an active processor between a stimulus and response. Nevertheless, the analytically mediation model was not accessible until the 1980’ when Baron and Kenny (1986), James and Brett (1984), Judd and Kenny (1981), a group of analysts’ began to state the data analysis strategies.

Figure 2.5 illustrated a mediation model utilizing path diagram (Baron & Kenny, 1986; Frazier et al., 2004). Path diagram A, indicates that there is a complete causal effect, indicated as ' c ' that leads directly from X to Y. Path diagram B presents a mediator indicated as ' me ' to clarify the processing method between the simple X-Y causal relationships. As well as to the partial effect of X on Y, indicated as ' c ', X also has an effect on the mediator, indicated as a , and orderly, the mediator has an effect on Y indicated as b . Insignificance, a mediator work as a double function in a causal relationship. From one standpoint, a mediator is the dependent variable for X, and on another standpoint, it performs like an independent variable for Y.

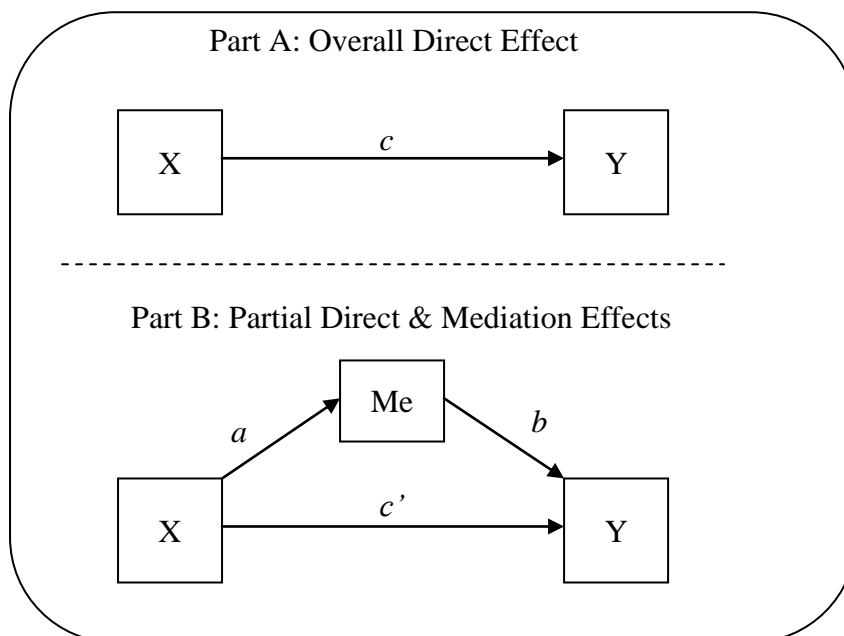


Figure 2.5
Path Diagram for Mediation Effect

2.4.1 Brand Trust

Trust is an important component in making sure a long-term familiarization towards a business relationship where an adjustment is essential to fulfill relationship marketing strategies. Companies had to choose their partners cautiously, share common values, and preserve outstanding communication continuously amid the relationship series. Morgan and Hunt (1994) defined trust as when one party has confidence in the trade associate's dependability and uprightness, and as the consumer anticipations that service provider could be depended on to carry out its assurance (Singh, Sirdeshmukh, & Sabol, 2002). Morgan and Hunt (1994) also described that firms' should also make secure that they support resources and benefits superior to the offerings of other firms', in order to guarantee a unified, relationship that is jointly valuable, and that they must refrain taking advantage of their partners any which way. Conclusively, the key elements that keep a relationship as one are aimed, harmony, trust, satisfaction, commitment, investments, friendly and structural bonding, and a favorable comparison with possible choices (Wilson & Jantrania, 1994).

Dwyer, Schurr, and Oh (1987), and Spekman (1988) mentioned that trust is regarded as the base of strategic partnerships, and it appears to be a mediating or an intermediary factor in buyer/seller relationships. Many abstract researches (Gundlach & Murphy, 1993; Nooteboom, Berger & Noorderhaven, 1997) and experimental researches (Garbarino & Johnson, 1999; Tax, Brown, & Chandrashekar, 1988; Ratnasingam & Phan, 2003) found trust to be the most important part of the relational approach and regard it crucial to the improvement of the commitment belief in buyer/seller relationships. Trust is also considered as a main factor in

building unending customer relationships and in preserving a firm's market share (Urban et al., 2000).

Moorman et al. (1992), and Morgan and Hunt (1994) research identified trust as being an important factor in upholding continuous, valued relationships and leading to brand loyalty. Lately, trust has acquired enlarged experimental surveillance in the framework of brands and their consumer relationship. Brand trust has been recognized as comprising a part of brand equity, influencing attitude towards the brand, brand commitment, brand attachment, attitudinal and purchase loyalty, repurchase aims and/or mediating the influence of risk opposition, besides having satisfaction as an antecedent determinant (Chaudhuri & Holbrook, 2001, 2002; Christodoulides, de Chernatony, Furrer, & Abimbola, 2006; Delgado-Ballester, 2004; Delgado-Ballester & Munuera-Aleman, 2005; Delgado-Ballester, Munuera-Aleman, & Yague-Guillen, 2003; Esch, Langner, Schumitt, & Geus, 2006; Ha & Perks, 2005; Luk & Yip, 2008; Matzler, Grabner-Krauter, & Bidmon, 2008; Okazaki, Katsukura, & Nishiyama, 2008; Zboja & Voorhees, 2006).

Trust as one point of view, would be able to define as the "extent of confidence in the exchange of partner's reliability and integrity" (Morgan & Hunt, 1994). This belief is established in the confidence that the other party is trustworthy and has honesty. Morgan and Hunts (1994) description of trust appeared on the back of a resemblance description "trust is the willingness to rely on an exchange partner in whom one has confidence" developed by Moorman, Deshpande, and Zaltman (1993). Sirdeshmukh, Singh, and Sabol (2000) defined consumer trust as "the expectations held by the consumer that the service provider is worthy of trust and

can be depended on to deliver on its commitment on the customer's problem, taking initiatives in identifying solutions and improvising them".

Organizations must go beyond consumer delight to 'total trust' in order to achieve true loyalty (Hart & Johnson, 1999). Agree (2002) supported Hart and Johnson (1999) statement and defined that "true loyalty is based on trust, a strong value proposition and a high degree of satisfaction". Buttle and Burton (2001) in their research within the supplier-customer relationships suggested that loyalty is an attitudinal state which reflects value, trust and commitment.

Trust is a basic relationship model building block and Wilson (1995) defined trust as a regard that one relationship ally will act in the best interests of the other. Moreover, trust also attributed to as the main element of favorable relationship growth (Naude & Buttle, 2000; Goodman & Dion, 2001).

Scholars, who study on consumer behavior, frequently use trust as the surrounding idea that mediates the relationship between a consumer's attitude toward these brand features and customer loyalty (Agustin & Singh, 2005; Wiener & Mowen, 1986). Chaudhuri and Holbrook (2001) suggested that confidence on dependability, security and integrity are all crucial elements to consider of trust that people add in their operationalization of trust.

The important mediating role of commitment and trust for relationship success is identified by Morgan and Hunt's (1994) Commitment-Trust theory, where the twelve (12) constructs are linked through Relationship commitment to trust as a mediating construct antecedent of Relationship Commitment.

In previous literatures, trust and relationship commitment normally appear as a pair, Morgan and Hunt (1994) suggested a key mediating variable (KMV) model with trust-commitment as the main mediators. Morgan and Hunt (1994) research concentrated on the transactions between partners and the relationship commitment and trust of the partners by using the relationship marketing key mediating variable model.

Singh and Sirdeshmukh (2000) claimed to a consumer with the trust evaluation of enterprise after purchasing a product, and can lead derivation further long-term loyalty by the relation of the influence loyalty. Arjun and Morris (2001) state that brand trust is a consumer trust on their action, and trust the product that the brand offered. Chaudhuri and Holbrook (2001) think that the brand trust represents consumer to believe that brand in addition to provide need of the function be worth and also produce approbation to quality and brand of product. They also point out to be customer's confidence increment for brand, will raise product hobby or increment naturally. Ha and Perks (2005) definition, brand trust is happy to depend on brand to reach the effect that it specify for the consumer.

Regardless of whether a company is going to stimulate the feeling of credibility in a consumer, credibility is an element that has an impact on brand loyalty. Kuusik

(2007) exhibits that credibility can be used as a measure of the ally's worth and is an essential of an alliance. In accordance to Alhabeeb (2007), firms arrange their credibility for consumers through front line employees and management policies and practices, where the trustworthiness state builds on adverse effect on consumer trust, which impacts loyalty (see Figure 2.6). Consumer trust can be positive or skepticism, but only a positive value would cause the consumers to be brand loyal (Alhabeeb, 2007).

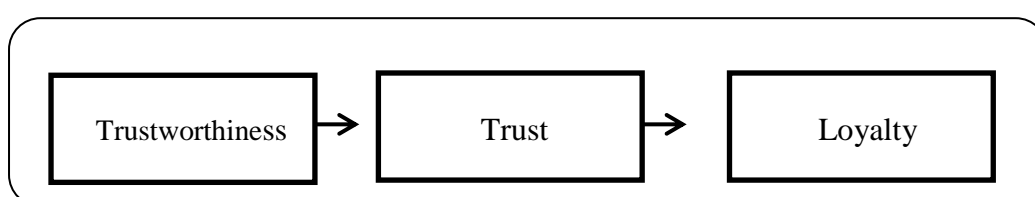


Figure 2.6
The Trust-Loyalty Link (Adapted from Alhabeeb, 2007)

The relationship between satisfaction, trust, commitment, and loyalty, demonstrated that trust affects loyalty significantly (Ribbink et al., 2004; Akbar & Noor Jahan, 2009; Kassim & Nor Asiah, 2010) yet, Fukuyama (1995) finds that trust does not have significant influence on loyalty. Wong and Sohal (2002) mentioned that even trust is significant if there is no high commitment among customers, then they will not be loyal. Barnes (2001) proposed that customer loyalty is deeply moved by customer satisfaction and trust. Lin and Ding's (2005) stated that satisfaction causes relationship stability and trust in the long term. Kassim and Nor Asiah (2010), Ribbink et al. (2004), as well as Chen, Delmas, and Monter-Sancho (2010), stated that customer satisfaction cause positive and significant effect on customer trust. Research shows that consumer trust on a firm is an antecedent of loyal attitude which was founded by Foster and Cadogan, (2000).

McAllister (1995) definition on brand trust as “the degree to which an individual is confident, and eager to act based on the words, actions and others results”. Reast (2005) stated that marketers in today's environment are highly engrossed in the trust due to it was viewed that the better the trust ratings are the more definite it relate to loyalty. Ballester and Aleman (2001) commented that the trust has an influence in customer repeated buying decision and distant future customer satisfaction. Ballester and Aleman (1995) research realized that brand trust creation is a long haul method where a reliable brand cares the customer anticipations, fulfill commitment and value to its customers that ultimately leads to brand trust and authenticity.

Recent research findings are constant with the former research carried out by Chaudhuri and Holbrook (2001), which shows that brand trust affected attitudinal brand loyalty. It was obvious that if one party trusted another, positive behavioral intention will be formed, being the aim to repurchase and to suggest a recommendation to another party (Lau & Lee, 1999). Aaker (1996) announced that brand trust exceeded customer's satisfaction by way of functional performance of the product and its attributes.

Brand trust is a “feeling of security held by the consumer in his/her interaction with the brand that is based on the perception that the brand is reliable and responsible for the interests and welfare of the consumer”. This definition of brand trust was proposed in a study that aimed at developing a measuring scale for the construct (Delgado-Ballester et al., 2003). Two (2) theoretical dimensions have been established in the study for brand trust, namely the reliability and intentionality dimensions. The reliability dimension indicates the idea that the brand would be able

to perform customer's requirement, whereas the intentionality dimension reflects an emotional security about the belief that the brand will take care of future problems in using the product. Delgado-Ballester and Munuera-Aleman (2005) mentioned that brand trust is divided into two dimensions that indicate dissimilar aspect from which a brand may be viewed as trustworthy. Numerous studies have highlighted that the customer's brand trust is positively related to satisfaction (Kau & Loh, 2006). The trust level is positively related to the generation of positive word of mouth (WOM) (Ranaweera & Prabhu, 2003). Trust also has a strong impact on customer's inclination to remain or depart the same service provider (Singh & Sirdeshmukh, 2000).

Delgado-Ballester and Munera-Aleman (2001) concluded brand trust leads brand loyalty. Chaudhuri and Holbrook (2002) mentioned that by virtue of brand trust's capability for building a deeply valued relationship, this leads to brand loyalty where brand loyalty is a bit of the incessant process of valuation and notable relationship which is formed by brand trust. In addition, other researchers show the back that brand trust is an antecedent of loyalty (Wu, Shih, & Chan, 2008; Berry, 1983).

Lau and Lee (1999) introduced a brand trust model by which trust in a brand is a mixture of three (3) typical features such as (i) brand traits (reputation, predictability, competence), (ii) company characteristics (trust in the company, company reputation, company integrity), and (iii) consumer-based traits. Outcomes from this research concluded that if these factors were inked, then there is a positive significant correlation with trust in the brand, which will increase brand loyalty. Hence, it could be concluded that brand loyalty is often the result of trust and

consumer satisfaction. Where brand loyalty exists, there will be a positive relationship between the parties. Moreover, Andreassen and Lindestad, (1997) stated that brand loyalty is an expression of engaging behavior connected to a specific brand.

Trust plays a vital role in enhancing both behavioral and attitudinal loyalty which in turn sways marketing outcome related elements like market share and price elasticity. Trust is one of the main antecedents of loyalty (Chaudhuri & Holbrook, 2001; Chiu, Huang, & Yen, 2010; Kim, Chung, & Lee, 2011; Laroche et al., 2012) and with the aim to gain brand loyalty, companies ought to guarantee customers' trust in the operating organization. However, Ball et al. (2004) opposed that in a competitive market, lack of trust hinders loyalty development.

Delgado-Ballester and Munuera-Aleman (2001) stated that brand trust leads to brand loyalty where brand trust has the ability to create a highly valued relationship (Chaudhuri & Holbrook, 2002). It relates that brand loyalty is part of the repetitive process of valuation and notable relationship which is generated by brand trust. Other researchers supported that brand trust is a determinant of loyalty (Berry, 1983; Hunt, 1997; Srivastava, Shervani, & Fahey, 1998, 2001; Wu et al., 2008).

Brand trust leads to brand commitment as trust generates exchange relationships that are highly valued (Morgan & Hunt, 1994; Chaudhuri & Holbrook, 2001). Whereas, Moorman, Zaltman, and Deshpande (1992) stated that commitment is "a long-term desire to maintain a valued relationship". Commitment inspires the ongoing process of continuing and upholding a valued and important relationship that has been

generated by the trust. In this connection, Moorman, Zaltman, and Deshpande (1992) and Morgan and Hunt (1994) found that trust leads to commitment in business-to-business relational exchanges. Hallowell (1996) and Davies (2003) agreed that if a consumer trusts a brand, there will be a stronger commitment to the brand. In the brand context, commitment is expressed as the consumer's strong willingness to preserve a stable relationship with the brand (Robertson, 1976; Morgan & Hunt, 1994; Dholakia, 1997; Ahluwalia et al., 2000).

In summary, brand trust was the main factor to retain ongoing relationships with consumers that eventually leads to attitudinal brand loyalty (Matzler, 2008). In whatever way, there are few researchers (Singh & Sirdeshmukh, 2000; Chaudhuri & Holbrook, 2001) declared that trust is only the mediator variable between satisfaction and loyalty relationship. From another point of view, brand trust leads to brand loyalty (Delgado-Ballester & Munuera-Aleman, 2001). Chaudhuri and Holbrook (2001) stated brand trust has not grown in the framework of branding, literature which could by chance be officially recognized to the adversity to merge the varied views on trust and to find a general agreement on its nature. Moreover, researchers have indicated that brand trust is a valuable element to contemplate that link to creating strong brands and brand loyalty (Shervani & Fahey, 1998, 2001). Based on this review, the author selected brand trust as one of the variables for this study.

2.5 Theory

2.5.1 Brand Loyalty Theory

Brand loyalty defined as a positive prejudiced tendency contains three (3) clear dimensions. The first dimension is the emotive trend towards the brand where this

emotive tendency relates to the like-dislike, respect, fear, or conformity, which is methodically demonstrated more in approval of a brand than other brands in the market. Katz (1960) suggestions of the value-expensive or go-defensive attitudes are part of this emotive brand loyalty. It is believed that emotional tendencies are learned from the consumer either through past experiences with the brand or from non-experiential or informational services.

The evaluative tendency towards the brand is the second dimension of brand loyalty where it relates to the positive prejudiced assessment of the brand on a set of standard that are appropriate to describe the brand's utility to the consumer. Katz (1960) includes the instrumental, utilitarian attitude as the evaluative tendency dimension, as well as the perceived instrumental component proposed by Rosenberg (1956) model. It is also believed that evaluative tendency dimension of brand loyalty is learned from the consumer either through previous experiences or from non-experimental or information sources.

A behavioral tendency towards the brand is the third dimension of brand loyalty where it relates to the positive biased responses toward the brand with regard to its purchase, consumption activities and procurement. The behavioral tendency is different from the other two (2) tendencies where it is a primarily learned experience of acquiring and engrossing the brand or from an observation of identical trends toward other brands (Worthington et al., 2005; Hartel, 2009). The brand loyalty theory is summarized in Figure 2.7.

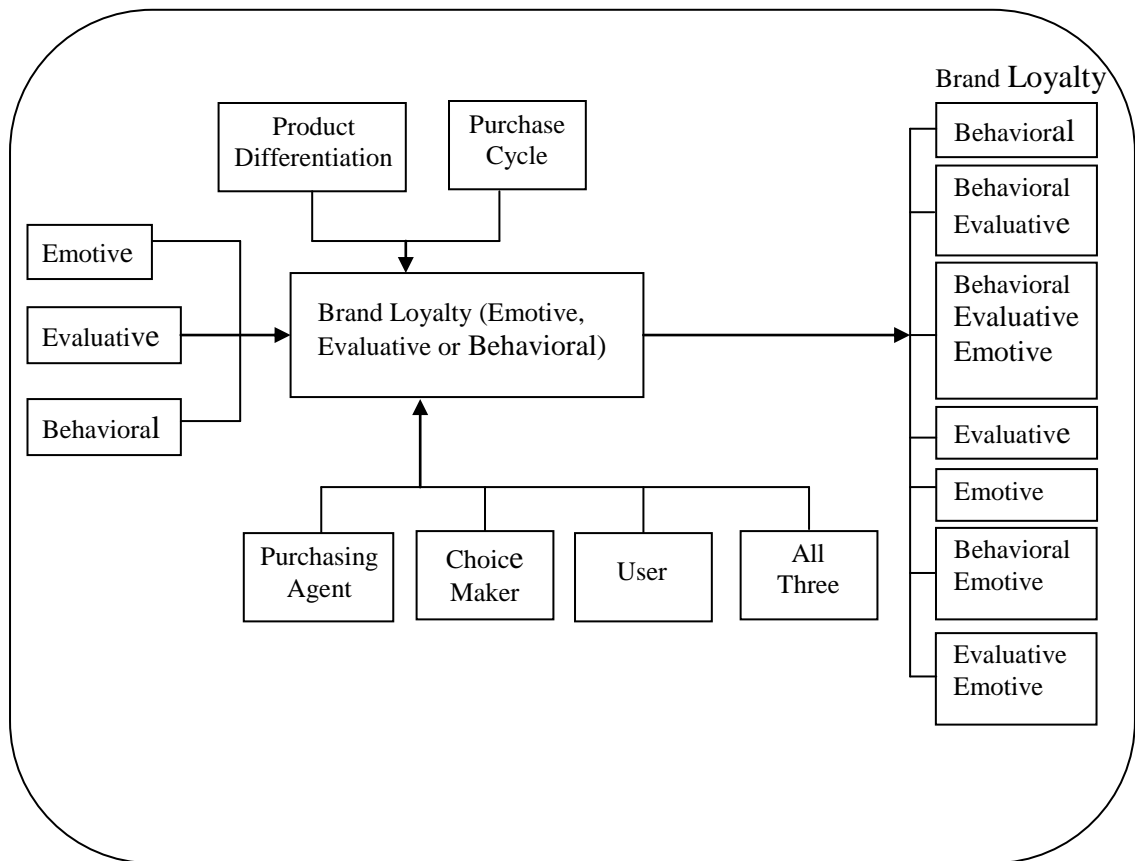


Figure 2.7
Theory of Brand Loyalty

2.5.2 Aaker's Theory of Brand Equity (1991)

Aaker's (1991) proposed brand equity model with five (5) dimensions, such as brand awareness, brand associations, brand loyalty, perceived quality, and other proprietary brand assets. Aaker (1991) stated brand awareness was the capability of the potential consumer remember the brand symbols or names, hence the brand would not be preferred if it was not deliberate. It was additionally provided proof in deference to the significance of brand awareness in providing to brand loyalty that will build the brand further well-known and will increase the probability of being chosen.

Zeithaml (1988) referred perceived quality as the complete perceptions of consumers towards the product or service with a brand. It was further stated that positive

perceived quality arises from the total domination of perception when in fact negative perceived quality was recognized from the deficiency of perception. Hence, the firm should put into priority to generate an impartially assessed quality product which link to the positive quality connections with the brand, leading to attaining premium prices (Aaker, 1991).

Keller (1993) mentioned that brand association was connected to the consumers' memory, where it help consumers to process or reclaim data, differentiate the brand, accord consumer logic to buy, create a bright attitude in consumers' minds, and equip a base for reaching brands (Aaker, 1996; Craik & Lockhart, 1972; Lockhart, Craik, & Jacoby, 1976). Aaker (1996) also found brand connections were arranged in a manner that project brand image, varies from very transparent to very wordy. The associations depicted the serviceableness received from engrossing the brand and hence depicted the actual or perceived reason for purchase behavior (Keller, 1993). In addition, Aaker (1996) mentioned that brand associations provide the key to the firm's strategic distinction and positioning, product recall, development for positive brand judgment and continuations.

Back (2005) interpreted brand loyalty as a measure of the bond that customers had with a brand. Brand loyalty intensifies brand awareness by making sure the brand was visible on a repeated basis and provided testament encouragement to new consumers. Additionally, Aaker's also emphasized that brand equity contributed to the patents, trademarks, channel relationships where it was regarded as valuable because they look after brand equity from competitors. Hence, brand equity aided to make sure the firm's strategic advantage, reduce marketing costs, and long term cash

flow (Aaker, 1991). Figure 2.8 exemplifies how brand equity created value to the consumer and the organization.

Aaker's (1991) theory depended on the managerial and corporate strategies, approaches underpinning consumer behavior where this theory enclosed the whole circle of value flow from the brand to consumers and companies accordingly. This coverage could turn into the main disadvantage of this theory because the concepts are not operationally defined. Later researchers in their development adapted the elements with their own operational descriptions (Anantachart, 1998).

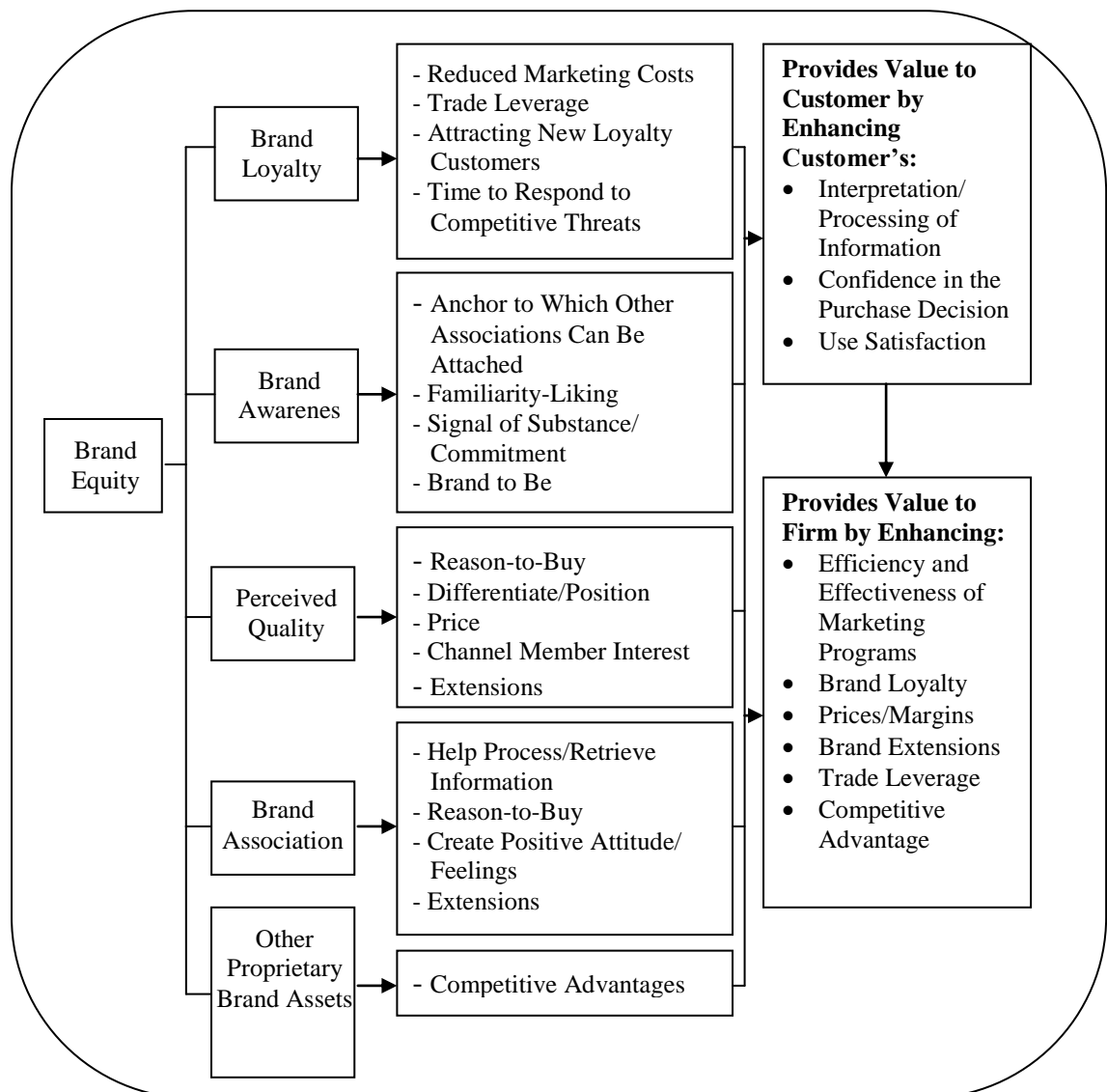


Figure 2.8
The Theory of Brand Equity by Aaker (1991)

The primary aim hereof study shall first conceptualize the overall brand equity model of Gil et al. (2007) while taking into consideration the cause of country-of-origin, service quality and marketing-mix strategy as the new variables. Aaker (1991) described brand equity as a set of brand assets and liabilities connected to a brand, its symbol and name that increase or lessen from the financial worth of a product or service provided by a company and/or to that company's consumer. Aforementioned description is demonstrated by a model which made up of four (4) dimension, perceived quality, brand loyalty, brand associations and brand awareness (Aaker, 1996). All these dimensions were developed and determined in relations to consumer perceptions and in the search by expanding brands' financial worth (Atilgan, Akinci, Aksoy, & Kaynak, 2009; Aaker, 1992). Keller (1993) refined a theory on customer-based brand equity and defined customer-based brand equity as "the differential effect of brand knowledge has on consumer response to the marketing of that brand".

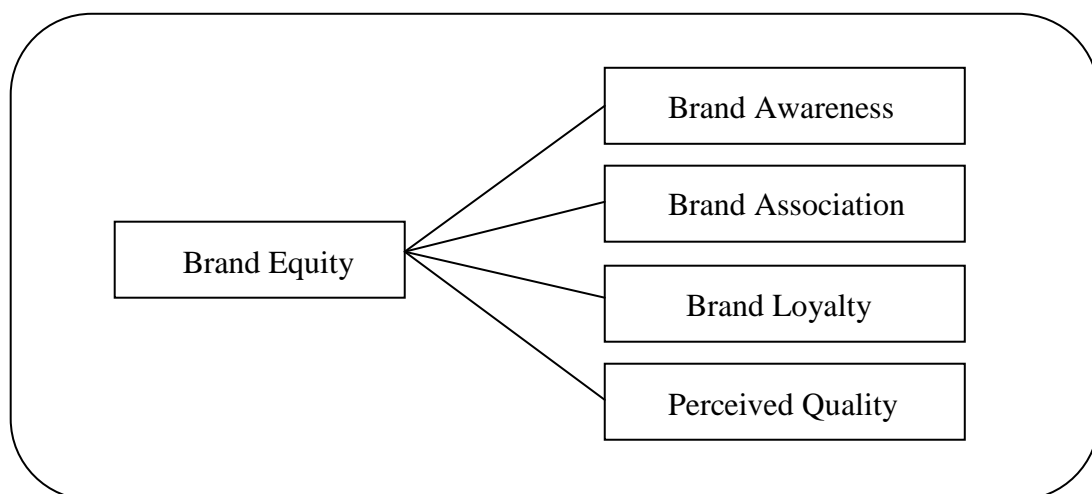


Figure 2.9
Brand Equity Model by Aaker (1991)

Keller (1993) customer-based brand equity model is treated as the key to create brand equity. Keller (1992) concept highlighted the impact of brand acknowledge by specifying that “the power of a brand are in the hand of what customers have learned, heard, seen and felt about the brand from their experiences over time”. Subsequently, Keller (1993) designed a new brand equity model (see Figure 2.10) by declaring brand knowledge as the basis of building brand equity and divided brand knowledge into two (2) dimensions: brand image and brand awareness (Keller, 2008).

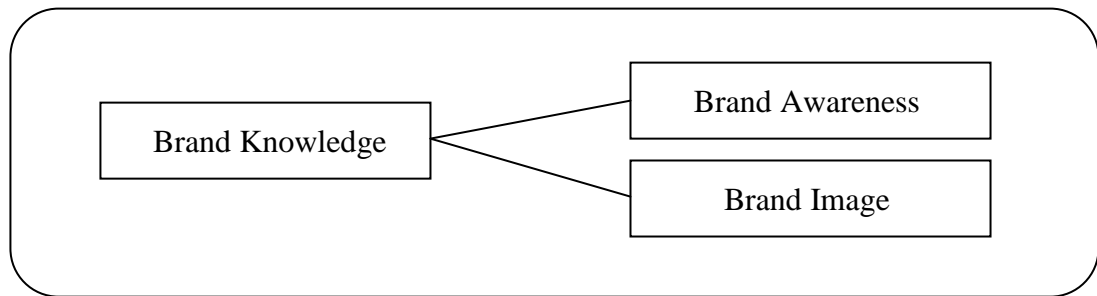


Figure 2.10
Brand Equity Model by Keller (1993)

Atilgan et al. (2009) pointed out that both the customer-based brand equity models of Aaker (1991) and Keller (1993) are closely overlapping. In the model developed by Aaker (1991), perceived quality and brand associations are considered as two (2) dimensions, whereas Keller (1993) model affiliated brand image with brand associations and held in consumer memory. By combining upon the overlapping of these two (2) models and orderly to counterpart both models, Atilgan et al. (2009) suggested a new customer-based brand equity model (see Figure 2.11).

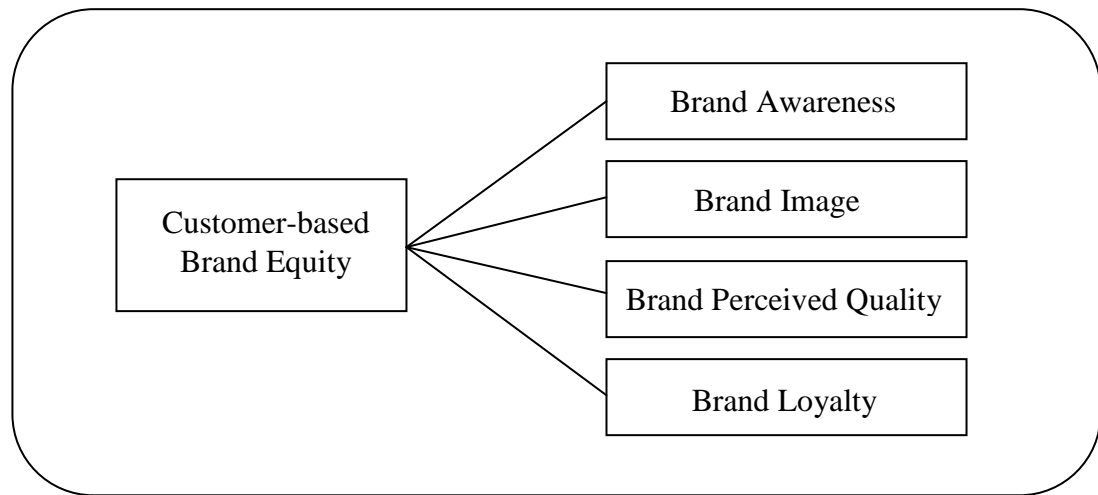


Figure 2.11
Customer-Based Brand Equity Model by Atilgan et al. (2009)

Pappu (2006) stated the product category-country association applies to the consumer's capability to evoke a country product category when mentioned, and here, product category-country associations can be bi-directional (Farquhar & Herr, 1993). In other word, when consumers think of a certain brand, they could recollect a particular product category, and they may also reminiscence other brands when imagines a product category (Erdener et al., 2000).

In a similar statement, Terpstra and Sarathy (2000) mentioned that consumers are familiar to link countries with fixed product classification and contra. Pappu, Quester, and Cooksey (2005) argued that in terms of product category-country associations, consumer hold significant different perceptions towards countries. To be more precise, customer-based brand equity of brands, manufactured in a country with stronger product category-country associations are over that of the same brand from a weak product category-country associations (Pappu et al., 2006). Furthermore, consumer product category-country associations are regarded as the

moderator of the country-of-origin on customer-based brand equity dimension illustrate in Figure 2.12. It indicated the relationship between country-of-origin and customer-based brand equity, and possibly continued to a more micro-related level (Pappu et al., 2006), including the four (4) dimensions of customer-based brand equity by Keller (1993) and Aaker (1992) such as brand awareness, brand associations, brand loyalty and perceived quality.

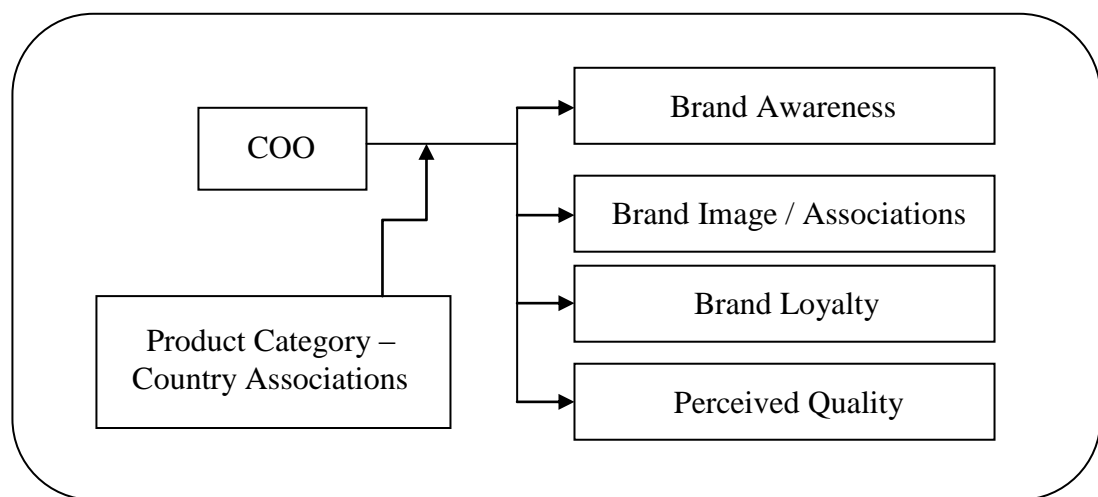


Figure 2.12
Country-of-Origin Effects on Consumer-Based Brand Equity Model by Pappu et al. (2006)

Laroche, Habibi, Richard, and Sankaranarayanan (2012) conceptual model of “The Effects of Brand Community” demonstrates how brand loyalty increases in brand communities. The model presents that brand trust mediated between loyalty and value creation routine, improve loyalty and their outcomes totally backed the mediating role of brand trust (see Figure 2.13).

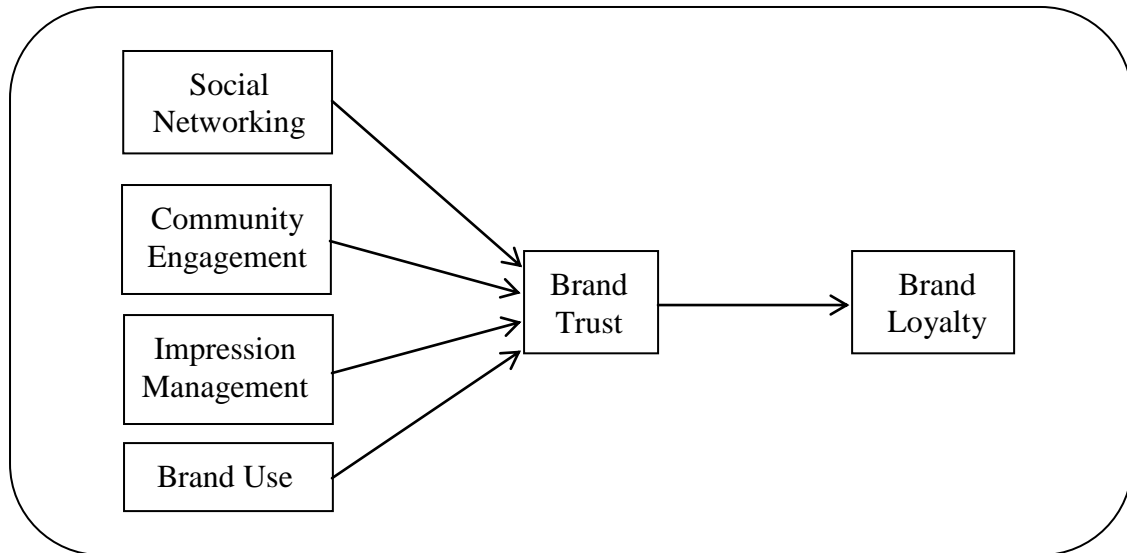


Figure 2.13
Conceptual Model of The Effects of Brand Community by Laroche et al. (2012)

2.5.3 Theoretical Underpinning

A number of theories on brand loyalty had been discussed from various aspects of the service quality, marketing activities and brand awareness/association perspective. In the marketing context, most theories provided an understanding of alternative brands or product comparison, but they do not explain how such comparisons translate into buying decisions (Kalafatis et al., 1999). This research looked at the consumers trust and brand loyalty, to see if a consumer bridges the gap of perception to loyalty with the mediation of trust. To study consumer brand loyalty, many theories were formed to explain the perception. Two (2) popular theories, Brand Loyalty and Brand Equity theory were frequently discussed in various literatures when it comes to perception on loyalty towards a brand. Both these theories will be further discussed and the most suitable theory was adopted for this study.

As early as the 1960s, definitions of brand loyalty incorporated both attitudinal and behavioral concepts, yet few empirical studies have incorporated both dimensions. Instead, research in this area appears to have fragmented into two distinct traditions, with behavioral researchers focusing on the observable actions of loyal customers (Ehrenberg & Goodhardt, 2000) and attitudinal researchers investigating commitment to the brands and repurchase intentions (Dorsch et al., 2000; Patterson et al., 1997). Research on these traditions has produced studies of the level of commitment consumers' display towards a brand, how decisions taken at one moment affect subsequent purchases, and consumers' relative expenditure on brands in a category.

Dick and Basu (1994) mentioned that customer loyalty is the result of psychological processes and has behavioral manifestations and therefore incorporate both attitudinal and behavioral components. Attitudinal loyalty is an attitudinal predisposition consisting of commitment to a brand and intention to repurchase the brand (Mellens et al., 1996). The commitment aspect reflects the affective component of an attitude and the intentional aspect reflects the cognitive or evaluative component. Behavioral loyalty is defined as consumers' repeat purchase of a brand, which is revealed through the patterns of continued patronage and actual spending behaviors (Hammond et al., 1996). Dick and Basu (1994) underlying that brand loyalty favors positive word of mouth communication and greater altercation within loyal customers to competitive strategies.

Brand loyalty has been well researched in consumer markets, focusing mainly on fast moving consumer goods (Fast et al., 2000; Traylor, 1981). Research on loyalty in consumer services emerged in the 1980s (Quelch & Ash, 1981; Shimp & Dyer, 1981) which focus on consumers' repurchase intentions and their commitment to service brands, rather than on measures of behavioral loyalty. Both aspects of loyalty are important research on business services where transactions tend to be higher in value than consumer transactions, which increase the level of involvement. Attitude will precede behavior for the business sector, where relationships between customer and supplier are important and decision-making and accountability is critical. This is consistent with the psychological models of individual behavior, where attitudes predict subsequent behavior (Ajzen & Fishbein, 1991).

Additionally, according to Moisescu (Moisescu, 2006), brand loyalty theory is closely associated with brand equity due to the fact that all loyal customers are interested in the brand and the higher value of the brand can be projected. Even though the purchase and use experiences are fundamental factors in brand loyalty, the loyalty of a customer is also persuaded by other dimensions of brand equity (Aaker, 1991). Figure 2.7 exhibited the framework of the Brand Loyalty theory.

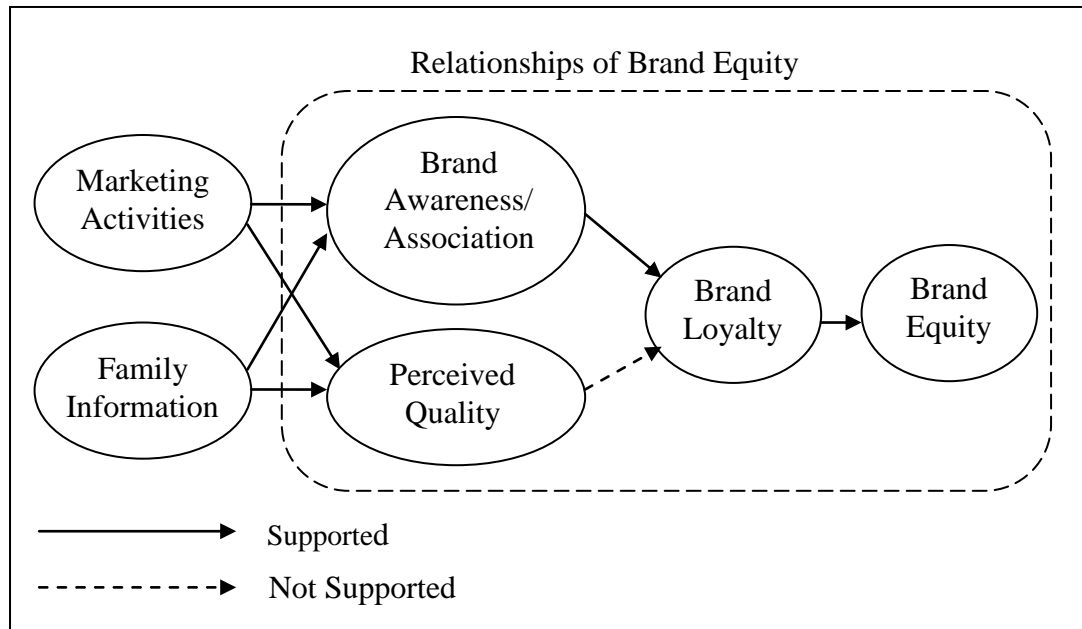


Figure 2.14
The Theory of Brand Equity by Gil, Andre's, and Salinas (2007)

The brand equity theory was developed in 1991 and was revised in 1993 and further revised in 2007 by Gil, Andre's and Salinas which was an extension of Aaker's (1991) theory. Brand equity is defined as the value that consumer associate with a brand (Aaker, 1991) where it is the consumers' perception of the overall superiority of a product carrying that brand name when compared to other brand. Gil et al. (2007) formalized the theory by adding the effect of both family and marketing activities in the brand equity formation process. Figure 2.14 shows the schematic representation of effects of stimulus variables on brand equity (Gil et al., 2007). Using the cognitive-affective-conative hierarchical model developed by Chiou, Droge, and Hanvanich (2002), Gil et al. (2007) developed a causal relationship between the dimensions of brand equity. In reference to Gil et al. (2007) framework, brand loyalty has been regarded as a determinant of other dimensions, on the basis of the hierarchy of effects theory (Lavidge & Steiner, 1961). Their primary literature

study suggested brand association, brand awareness and perceived quality had direct impact on brand loyalty and brand equity. In spite of that, their outcomes point out that both brand association and brand awareness were regarded as a joint construct in the fundamental model. Likewise, the researchers do not find any significant direct effect of perceived quality on brand loyalty, thus emphasizing the missing connection in clarifying perceived quality as a crucial dimension of brand equity. As a result, the experimental structure did not support perceived quality as an important dimension of brand equity (Gil et al., 2007).

Gil et al. (2007) highlighted that family data contributed essentially on brand awareness, brand association and perceive quality. Nonetheless, they believed there was complication to differentiate between brand association and brand awareness that was in support with other analysts' outcomes (Yoo et al., 2000; Washburn & Plank, 2002). Additional to that Gil et al. (2007) commented that presence of brand awareness, brand association, and perceived quality were not good enough to authenticate the predominance of a brand over other challenging brands, since the dimensions were regarded as perceivable character, in contrast, only brand loyalty was regarded as the precise dimension to the concept of brand equity (Yoo et al., 2000).

First, Gil et al. (2007) distinctly recognized the causal relationships among the dimension of consumer-based brand equity on the basis of the reason of cognitive-affective-conative, that present as areas on for the creation of causal cause that contributed superior reason than some of the current researches (Boo, Busser, & Baloglu, 2009; Hess, Story, & Danes, 2011; Patwardhan & Balasubramanian, 2011;

Pike, Bianchi, Kerr & Patti, 2010; Rosa & Riquelme, 2008; Sanyal & Datta, 2011; Xu & Andrew, 2009).

Second, Gil et al. (2007) classified the dimensions of consumer-based brand equity with theoretical reason. In illustration, perceived quality and brand awareness/association were treated as cognitive constructs, at the same time brand loyalty was regarded as conative construct. The key reason in this regard way is that this could lead to the better improvement of measurement items, which to make sure there were a clear operational description of the constructs and no coinciding of the observed variables.

Third, Gil et al. (2007) research used actual consumers' sample. Therefore the outcomes were more accessible to induction (Pappu & Quester, 2008). Apart from the choice of products/brands was on the basis of the level of connection that was on the basis of the level of connection that that was obtained from the perception of the consumer instead of the basic characteristics of the product itself (Malar, Krohmer, Hoyer, & Nyffenegger, 2011). They carry out a pre-test to signify the degree of brand knowledgeable and level of usage, due to the high range of respondents' brand knowledgeable and involvement, which offered as significant criteria to guarantee the dependability and the genuineness of the questionnaire.

Theory related to the mediating factor, it was not selected due to the justification that brand trust has been tested in numerous studies as a mediator. Chaudhuri and Holbrook (2001) defined brand trust as "the willingness of the average consumer to rely on the ability of the brand to perform its stated function". Brand trust arises after

consumers' evaluation of companies' offerings. In the study done by Etemadifard et al. (2013), Ramaswamy (1996) and Zehir et al. (2011) where their outcomes found that brand trust has mediating effect on the relationship between service quality and brand loyalty. As for the relationship between marketing-mix strategy and brand loyalty, brand trust was a valuable mediator factor in the research carried out by researchers on the consumer behaviors before and after the acquirement of the product (Ballester & Aleman, 2001; Ballester & Aleman, 2005; Lau & Lee, 1999; Harris & Goode, 2004; Mohammad, 2012) and its influence long term loyalty and enhance the connection amidst two (2) parties (Liu, Guo, & Le, 2011). Moreover, the main objective of this study is on loyalty towards a car brand and not on a mediator, thus this justification is also taken into consideration in this present study.

From the customer's point of view, loyalty to a brand is based on three deployments: (1) cognitive – which articulates the customer's faith that the chosen brand is superior to that of other brands that compete in the similar product category, (2) affective – which articulates the customer's attitude toward the brand, and (3) conative – which articulates the customer's aim to buy the brand again (Jacoby & Kyner, 1973; Moisesescu, 2006; Jacoby & Chestnut, 1978). Therefore, the conceptual framework for this research was formalized using Gil et al. (2007) Brand Equity theory as the underpinning theory with the view that consumers' anticipated satisfaction with the service and the product with the intention to be loyal to the brand. This present study further expanded the service quality and marketing-mix strategy variables with two new variables, brand trust and country image as the mediator and the predictor variable. However, family information was excluded from

this study due to the objective of this study where the author is not adopting this variable for the study.

2.5.4 Development of Consumer-Based Brand Equity Theory for this Study

In this study, the marketing activities variable is expanded by marketing-mix strategy with specific focus on elements (price, place, and promotion). The justification for this expansion is that these elements of marketing-mix strategy are closely related to the automotive industry. Consumers use price as an important extrinsic cue and indicator of product or service quality. High priced brands are often perceived to be of higher quality and less vulnerable to competitive price cuts than low priced brands (Blattberg & Winniewski, 1989; Dodds, Monroe & Grewal, 1991; Kamakura & Russell, 1993; Milgrom & Roberts, 1986). Car pricing is always a major factor for Malaysian due to the disparity in the income level. Though the preference is on international makes but affordability does not allow them to own it. Distribution is intensive when products are placed in a large number of stores to cover the market. To enhance a product's image and get substantial retailer support, firms tend to distribute exclusively or selectively rather than intensively. Network visibility and environment play a significant part of a brand. Perception of Malaysian is on the wellness of these facilities that they trust in. Price promotions do not seem to be related to brand loyalty, although they are consistently found to enhance temporary switching (Gupta, 1988). As for promotion, it is a current trend that is happening in Malaysian market. Promotion is one of the main criteria that make car sales progress further. With these enhanced elements, better outcomes will be available to support the brand equity theory justification.

Perceived quality was referred to as the overall perception of consumers towards the product or service of a brand and not referred as the objective quality of the product or service (Gil et al., 2007). This objective quality refers to the technical, measure and verifiable nature of products/services, processes and quality controls. As for this present study, the author has expanded the perceived quality variable with more specific focus on the service quality variable where three (3) main elements (interaction, service environment and outcome quality) are used to evaluate the service providers' quality. Physical environment quality is focused on the service delivery occurs, as opposed to the natural or social environment where it is considered to be one of the most important aspect in a service quality evaluation (Baker, 1986; Brady, 1997; Brady & Cronin, 2001), where interaction quality will focus on how the service is delivered, and finally outcome quality will focus on the outcome of the service act and indicates what the conceptions of quality. These elements are closely related to the loyalty of the brand measurement, especially in the automotive industry. These elements are also partly adopted by J. D. Power Asia Pacific, 2012, Malaysia Consumer Service Index (CSI) in their survey questionnaire on consumer service satisfaction in Malaysian Automotive industry (Power, 2012).

In the previous model by Gil et al. (2007), brand associations were categorized into two types – product association and organizational association where country-of-origin variable is one of the variable used. Brand association was linked to the consumers' memory (Keller, 1993); a strong association with a brand by assisting consumers to process or retrieve information, distinguish the brand, give consumers a reason to purchase, build an encouraging attitude in consumers' minds and provide

a basis for extending brands (Aaker, 1996; Craik & Lockhart, 1972). However, brand awareness with strong associations forms a specific brand image. Aaker (1991) defines brand associations as anything linked in memory to a brand and brand image as a set of brand associations, usually in some meaningful way. Brand image is defined as consumer's thoughts and feelings about the brand (Roy & Banerjee, 2007). As for this present study, the author's retained back the country-of-origin variable, but included country image as a new element. Brands from the same country share images which are referred to as country equity (Shimp et al., 1993). Brands originating from a particular country can create intangible assets or liabilities in consumers' minds, shared with other brands originating from the same country (Kim & Chung, 1997). Since countries generate intangible assets in consumers' minds, and since countries possess equity, a country's image could influence (positively or negatively) the equity of brands originating from that country, in a selected product category. It was noted that Malaysian consumers' perceived imported brands are of better quality and technology than domestic brands, thus it was relevant that this element is included in this study. In support of this element inclusion in this study in the automotive industry in Malaysia, the majority of the brands are from other countries, thus it justifies that this element is of utmost importance to justify the proposed theoretical framework (MAA, 2011).

As for the new variable, brand trust is included as a mediator for this study. In order for brand loyalty to be enhanced and retained, the trust that consumers' had on the brand that they are using is of utmost importance to all the car manufacturers because it is easier to retain an existing consumer than to create a new one. Brand trust was considered as an important element to be evaluated in the consumer based

industry where the automobile industry is part of the group of consumer based industry (Delgado-Ballester & Munuera-Aleman, 2005), the reason being to evaluate the affective response on the consistency of business performance.

Aaker (1991) stated that brand loyalty is the affection that a consumer has with a brand, whereas it is considered as one of the great significance factors affecting consumer choice (Baldinger & Robinson, 1996). A two-dimensional brand loyalty idea, where loyalty will be measured with both behavioral and attitudinal standard is introduced by Day (1969). He expressed that brand loyalty should be measured based on attitude as well as behavioral criteria. Brand loyalty variable is selected as a dependent variable in this present study in the context of Malaysian automotive industry in consumers' loyalty towards a car brand.

The family information variable was excluded in respect of the objectivity of this research study where the author is not adopting this variable for current the study, whereas the concept of cognitive-affective-conative is integrated in this study, such as the automobile brand because consumers would treat the brand as high involvement due to the existence of emotional brand attachment (Malar et al., 2011).

Aaker (1991) defined brand equity as a set of assets and liabilities linked to a brand, its name and symbol that adds to or subtracts from the value provided by a product or service to a firm and/or to that firm's customers. Brand equity has become immensely important for service-based organization in recent years such as automobile sector where strong competition exists thus it is important for managers of service providers to establish a strong brand (Kim & Kim, 2005). A company with

strong equity is also positioned for long term success because consumers are more likely to forgive bumps in the road when they have deep emotional connections and loyalties to a brand. However, brand equity is typically the results of brand loyalty and with brand loyalty come's increased market share. Travis (2000) supports the claim by pointing out that brand loyalty is "the ultimate objective and meaning of brand equity", adding that "brand loyalty is brand equity". Therefore, it is concluded that brand loyalty plays both roles as an input and an output of brand equity. Hence, the brand equity variable was dropped off from this study due to the objective of this study is on brand loyalty towards a car brand in Malaysia's automotive industry moreover brand equity is justified as the results of brand loyalty. When the brand loyalty of the brand is strong, this will lead to strong brand equity of the brand. In summary, high brand equity implies that customers have a lot of positive and strong associations related to the brand, perceive the brand is of high quality, and are loyal to the brand.

Further, this study classified the dimensions of the automobile consumer-based brand equity into cognitive-affective-conative pattern, the 3-stages of consumer behavior. The concept of this study was in line with the advertising concept as introduced by Lavidge and Steiner (1963), which determined that consumers would not transformed into a convinced purchases without any sequential consumer behavior. For that reason, in order to have a strong commitment to a brand, consumers have to go through a process, being cognitive, affective and conative pattern (Barry, 1987), before they commit to the brand. The explanation was additionally backed by consumer's affective and emotional were derived from cognitive evaluation based on research on consumer behavior and psychology

(Oliver, 1997; Franzen & Bouwman, 2001). As a result, consumers are theorized to become loyal in a cognitive sense first, then later in an affective sense, still later in a conative manner, and finally in a behavioral manner which is described as “action inertia” (Oliver, 1997).

Therefore, it was justified to apply the concept of cognitive-affective-conative into brand equity study, like an automobile brand because consumers would treat the brand as high involvement as a result of the presence of emotional brand attachment (Malar et al., 2011).

2.6 Theoretical Framework

Based on the above arguments, the research model as seen in Figure 2.15 was formalized for this present study. The Brand Equity theory had service quality, marketing-mix strategy and country-of-origin as the independent variables, brand trust as the mediator and brand loyalty as the dependent variable. This present study introduced two new variables, country image as the new independent variable and brand trust as the new mediator to form a conceptual framework on factors influencing loyalty towards a brand in the Malaysian automotive industry in Klang Valley, Selangor. These new variables serve as an important element in the context of the automobile market (Morgan & Hunt, 1994; Smith, 1993).

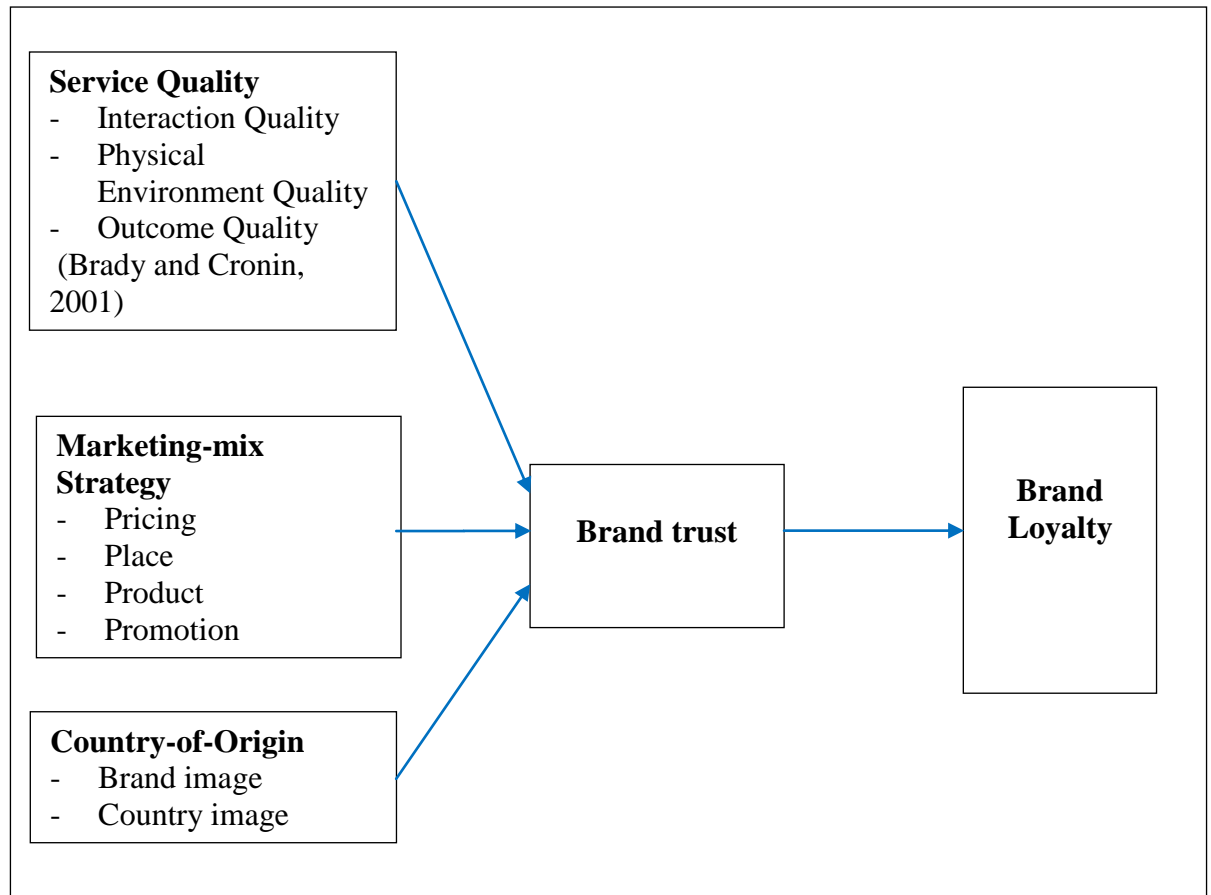


Figure 2.15
Theoretical Framework

2.7 Hypotheses Development

2.7.1 Relationship between Service Quality and Brand Loyalty

In the link between service quality and brand loyalty, findings provided the presence of both a direct and indirect relationship between service quality and brand loyalty. By the existence of uninterrupted connection, outcomes suggested the presence of a positive and significant relationship between customer service quality perceptions and intention to purchase with further intention to suggest the firm (Boulding et al., 1993; Parasuraman et al., 1988, 1991; Zeithaml, Berry, & Parasuraman, 1996). Etemadifard, Kafashpoor, and Zendehdel's (2013) study of brand loyalty in Iran

revealed that service quality has a direct impact on brand loyalty. Their outcome agrees with the researches of Aydin and Ozer (2005) and Deng, Lu, Wei, and Zhang (2010). In contrast, Kandampully and Hu (2007), and Kim, Morris, and Swait (2008) did not discover a significant relationship between service quality and brand loyalty, whereas Lai et al. (2009) discover indirect relationships between service quality and brand loyalty through apparent value. Others reported indirect relationship between service quality and brand loyalty through apparent value and customer satisfaction (Chitty et al., 2007).

It was stated that only tangible and responsiveness dimension has a significant influence on brand loyalty (Kayaman & Arasli, 2007), whereas others reported an indirect relationship between service quality and brand loyalty by way of customer satisfaction and perceived value (Chitty, Ward, & Chua, 2007). There are a number of researches, mainly administered in industrialized countries in examining the service quality as the determinant of brand loyalty in the hotel industry (Suhartanto, 2011), where few of these studies are bivariate studies on brand loyalty with service quality (Alexandris, Tsorbatzoudis, & Grouios, 2002; Juwaheer, 2004). Numerous researchers in their research, had further discovered significant and positive connection between perceived service qualities and brand loyalty (Cretu & Brodie, 2007; Mitchell, Holtom, Lee, Sablynski, & Erez, 2001; Jones, Beatty, & Mothersbaugh, 2002). Yavas and Babakus (2009) found that higher level of service quality leads to higher levels of loyalty.

Motor vehicle repair and regular services used by consumers in Malaysia are common. The high demand for these services is contributed by the continued growth in the registered vehicle number and the number of driving licenses issued annually. J. D. Power Asia Pacific, 2012 Malaysia Customer Service Index (CSI) research reported that since 2011, satisfaction with, approved workshop among new national makes car owners has bettered because of improved service standards at the dealership. In its 10th year now, the latest study examines in general customer satisfaction among car owners who sent their car to the authorized workshop for maintenance and/or repair work during the twelve (12) to twenty-four (24) months of ownership. This research investigated a car owner peace of mind with the after-sales service encounter by evaluating the dealership efficiency in five (5) elements: service quality, vehicle pick-up, service initiation, service advisor and service facility. In general customer satisfaction averaged index points in 2012 was at seven hundred and forty (740) points on a one thousand (1,000) point scale with a battering of twenty-two (22) points from 2011.

In the study of the twenty-two (22) service standards authorized service centers of national makes recorded an increase from 17.1 visit in 2011 to 17.7 visit in 2012 but the service standard application between international brands with an average of 18.4 unchanged from 2011, which remained higher. The reasons behind these improvements of local brands included vital customer-centric programs, like clarifications of work and physical inspection of the vehicle both before and after service. Mahit Arora, Executive Director at J. D. Power Asia Pacific, based in Singapore, stated that “gaps in service satisfaction remain, but are slowly reducing between national and non-national makes in Malaysia. He further stated that there

were remarkable improvements in performance due to more systematic activities implemented with high impact on customer satisfaction” (Power, 2012).

In conclusion, from previous researchers, there is a positive significant relationship between service quality and brand loyalty, but there are also findings by other researchers that service quality and brand loyalty do not have a significant relationship. Yet there are researchers that indicated an indirect relationship between service quality and brand loyalty by way of perceived value, thus, aforementioned hypothesis are suggested in the above review:

H1: Service quality is significantly related to brand loyalty.

2.7.2 Relationship between Marketing-mix Strategy and Brand Loyalty

Marketing-mix strategy is a business tool that used by the management of organizations which enable them to remain in the global competitive environment. Marketing mix refers to the four (4) major areas of decision making (4P's) in the marketing process that are blended and mixed to obtain the results desired by the organization to satisfy the needs and wants of customers. It is the set of controllable, tactical marketing tool of product, price, place, and promotion, which are the variables that marketing managers can control in order to best satisfy customers' needs (Shankar & Chin, 2011). According to Kotler (2005) marketing mix is the set of controllable tactical marketing tools – product, price, place and promotion – that the firm blends to produce the response it wants in the target market. Mohammad, Wang, and Sunayya (2012) discovered that for any organization to retain its

consumers, it needs to create a successful mix of the right product, sold at the right price in the right place and using the most suitable promotion. Peter and Donnelly (2007) also confirmed that each element of the marketing mix (price, product, place and promotion) can influence loyalty and retention. Anantha (2012) findings were in line with this result, who found that marketing mix elements have significant positive influence towards Malaysian hypermarkets' brand loyalty. In the study of brand loyalty by Mahmud and Gope (2012), they discovered that the marketing mix of product and sales promotion affect brand loyalty whereas advertisement and price do not affect brand loyalty. Suthar, Lathangi, and Shamal (2014) studies on brand loyalty in the context of telecommunication industry in India, reveals positive relationship between different dimensions of the marketing mix and customer perception on brand loyalty.

Kocas and Bohlmann (2008) in their study using information for books sold online found that price promotional strategy depend on the loyalty percentage to price-sensitive customers. Their outcome of the study found a negative equating between the degree of brand loyalty and extent with the addition on depth of price promotions.

Rowley (1998) suggested that promotion is a valuable factor of a company's marketing-mix strategy where it is used to communicate with consumers with regard to product offerings and one of the methods to influence the purchase or sales of a product or service. Nearly all, institutions used sales promotion tools with backing of advertising and public relations programs that aimed toward consumers as end users. Promotion being one of the main factors in the marketing mix that involves

advertising, direct marketing, sales promotion, public relations and publicity, personal selling and sponsorship, have a major function in deciding profitability and market accomplishment (Rowley, 1998). Alvarez and Casielles (2005) stated consumer promotion of any product will leave an effect on consumer acquiring behaviors for a specific product or brand that consumers will not purchase alternatively. However, Dawes (2004) disclosed the reality that buying a specific product which is on promotion might decrease the opportunity of succeeding in purchasing the same product again.

Rajh (2005) in his study, investigated two (2) competing producers pricing policies as a role of brand loyalty, and defined a weaker and stronger brand in terms of brand loyalty, strength and investigated how the degree of brand loyalty decides the ideal repetitiveness and intensity of price promotions. The study outcome found that the brand that is weak will tend to have more promotion than stronger brand and give smaller discounts when it is sufficiently weaker, but gives high discounts when it is only moderately weaker, than the stronger brand. In general, separate merchants will practically implement separate price strategies to achieve their specific aims.

Yoo et al. (2000) mentioned that perceived quality of a brand is positively connected to the magnitude to which the brand is dispersed over stores with a good image. In addition, Martenson (2007) indicated that store image lead to satisfaction and it will lead to brand loyalty. Over time, the perception and beliefs about a particular store will develops store image. A store with good store image will indicate that the brands displayed are of high standard and customers will tend to be loyal to it. Miller and Berry (1998) found store image is connected to the advertising spending and

perceived quality. Yun and Good (2007) mentioned the good store image arrived from shopping features which leads to customer patronage goals, where it additionally leads to customer loyalty towards the e-tail store. Wong and Ho (2011) stated the store features are treated as the base for building the relationship with merchants, whereas others found store image has a direct and positive significant relationship on loyalty (Andreassen, Cha, Gustafsson, Johnson, & Lervik, 2001; Helgesen & Nettet, 2007).

Advertising spending is discovered to have direct and positive effect on brand loyalty, store image and perceived quality. Moreover, Moorthy and Zhao (2000) mentioned that the basic result of advertising is to grow brand name identification. Chioveanu (2008) said every year, millions of dollars are spent on advertising which leads towards the brand loyalty and bring about building customer loyalty towards a specific brand or company. Advertising is considered as a valuable instrument in building awareness among consumers and frequent advertising spending is the sign of high quality and this reflect the firm investing on its brand or product. Thus, there is a positive and significant connection between advertising spending and perceived quality (Aaker & Jacobson, 1994). In addition, the literature indicated, brand loyalty and perceived quality both have a positive impact on the brand, where the higher the advertising spend, the greater consumers will have a higher perception of the quality of the product and thus loyalty for the brand (Yoo et al., 2000).

In conclusion, based on previous researchers, price, promotion and distribution elements have a significant relationship with brand loyalty, and hence the specified propositions will be tested:

H2: Marketing-mix strategy is significantly related to brand loyalty.

2.7.3 Relationship between Country-of-Origin and Brand Loyalty

Rave et al. (2007) believed that consumers' country-of-origin affects their loyalty towards the brands originating from the country. There are hints in the literature of possible link between country-of-origin and brand loyalty. Bahrinizadeh et al. (2014) studies on country-of-origin model in the context of pharmaceutical industry reveals that country-of-origin effects has a direct and positive impact on brand awareness, perceived quality and brand loyalty. Kim (1995) suggested that favorable country image could lead to brand popularity and loyalty. Paswan et al. (2003) have demonstrated that consumers tend to be loyal towards a country just as they are loyal to brands.

Present researches seem to lack insights into the relationship between country-of-origin and brand loyalty (Pappu et al., 2006; Pappu et al, 2007). Nonetheless, literatures never lack hints of possible link between these two constructs (Pappu et al., 2007). It was also suggested and is recently demonstrated (Paswan et al., 2003; Pappu et al., 2006) that consumers could develop country loyalty based on the preferences and loyalty over brands originated from that country. This is also in consistent with Ahmed and d'Astous's (1996) opinion that consumers may develop loyalty towards certain countries and lead to continuous purchase preferences from that country. Yet, one important premise of creating country loyalty at this point is

that consumers must have experience and be in favor of the features or benefits offered by the brand from the particular country (Pappu et al, 2006). On the other hand, country-of-origin image could be used as one determinant during consumers' brand evaluation process while information about that country's products is limited to consumers' knowledge (Erickson et al., 1984). This is to say, consumer brand loyalty could also be increased on the basis of familiarity and favorability of the country-of-origin image (Pappu et al., 2007).

A country with a positive country image would bring about brand recognition, and afterward give rise to consumer brand loyalty (Kim, 1995). Recently it was illustrated by researchers that consumers could cultivate country loyalty depends on the first choice and loyalty over brands introduced from that country (Paswan, Kulkarni, & Ganesh, 2003; Pappu et al., 2006). This is also in constant with Ahmed and d'Astpis's (1996) proposal that consumers may cultivate loyalty towards certain countries and will give rise to constant purchasing choices from that country. In contrast, Erickson et al. (1984) mentioned that while information about one country's product is limited to consumers' knowledge, country-of-origin image could be used as one element during consumers' brand assessment method. Hence, consumer brand loyalty could also be increased based on recognisability and positive perception of the country-of-origin image (Pappu et al., 2007).

Kabadayi and Lerman (2011) stated that the brand's effect of country-of-origin on consumer's perception, assessment and aims has attracted a plenty of consideration for the management where this effect is one of the uppermost extensively researched in the International Business, marketing and consumer-behavior literature in the last

few years. Erdener et al. (2000) mentioned that due to the growing impact of globalization, the significance of brand's country-of-origin images in influencing consumers' behavior is growing quickly. Consumers' awareness on the brands' country-of-origin increased and consumers use this data as an extrinsic hint to measure the financial worth of the products (Lin & Sternquist, 1994) and brands (Han & Terpstra, 1988). Numerous researchers have decided that consumers perceived brands that produce in less industrialized countries less reliable thus resulted in less encouraging (Cordell, 1992; Wong & Lamb, 1980). Thus, it is of utmost crucial for developing countries firms' to design impressive brand strategy in order to counter attack the negative consumer attitudes and perceptions, due to the negative country-of-origin image (Kabadayi & Lerman, 2011; Cordell, 1992).

The positive country image would affect brand popularity where brand image has an important role in the service industry and consequently led to brand loyalty. In conclusion, based on past researches, there is a significant relationship between country image and brand image with brand loyalty, hence the below proposition is developed for this testing:-

H3: Country-of-Origin is significantly related to brand loyalty.

2.7.4 Relationship between Service Quality and Brand Trust

Service quality can be defined as the divergence between customer image about the service presentations and his/her expectations for services. Service quality is an essential item in building the brand trust and defined in other words, as the decisions that are resultant from the estimation process in which customers differentiate the service provided to them and the service they perceived (Parasuraman et al., 1998). The factors of service quality are anticipated to impact trust directly, because the service factors represent trust hint that convey the trustworthiness of the industry and the system. Al-Dwairi and Kamala (2009) recognized that integrity, ability, and quality has a significant effect on trust whereas, Zha, Ju, and Wang (2006) in their research in e-commerce industry in China found that service quality dimensions are significant predictors of trust. In addition, Su and Fan (2011) discovered that service quality plays a crucial function and has a significant impact on trust, where this outcome was derived from the study of rural tourism in China. Service quality has a strong and positive effect in creating trust on m-commerce consumers in m-commerce industry (Yeh & Li, 2009). Sahadev and Purani (2008) found the same result when they examined the impact of service quality on trust in e-commerce industry in India, where they discovered that service quality has a powerful impact on trust and significantly associated. Lee and Lin (2005) indicated that the increase in customer's trust will influence service quality. In their research, trust has been shown to have a significant impact on service quality (Lee et al., 2007). This is also supported by the research carried out Fawad Sheikh, Rizwan, and Maqsood (2014) where service quality is directly associated with brand trust. Other researchers that supported this relationship of service quality is directly associated with brand trust (Etemadifard et al., 2013; Ramaswamy, 1996; Parasuraman, 1998).

In their study of ‘exploring the relationships among service quality, satisfaction, trust and store loyalty among retail customers, Shpetim (2012) results confirmed the belief that the higher the service quality customers received from a service provider, the higher the trust he/she exert towards this service provider. These findings supported Su et al. (2009) studies who found that service quality impacted trust in long term relationships. Trust positively influences loyalty and this test confirmed the belief that the higher the level of trust the greater the loyalty intentions of young retail customers. The results supported those found in previous studies (Moorman, Deshpande, & Zaltman, 1993; Morgan & Hunt, 1994; Binninger, 2008; Auh, 2005; Ball et al., 2004). Chou (2014) in the study of service quality, trust and customer loyalty in home delivery services discovered that service quality had a positive influence on trust, which was in line with the research of Dick and Basu (1994) and Aydin and Ozer (2005). Foster and Cadogen (2000) in their study found that there is a significant and positive relationship between the service quality and trust of the customer. Coulter and Coulter (2003) concluded that service quality is a vital facet towards trust, whereas Alrubaiee and Alkaa’ida (2011) concluded that there is a positive relation between service quality and patient’s trust.

In summary, with improved service quality on the services supported and concerned services will develop brand loyalty, accordingly, the following hypothesis are projected:

H4: Service quality is significantly related to brand trust.

2.7.5 Relationship between Marketing-mix Strategy and Brand Trust

In marketing Chow and Holden (1997), described trust as an anticipation on the part of individuals that the written or verbal, words, promises, or statements of another individual are trustworthy, or an anticipation by consumers that their service provider will fulfil their obligation (Sirdeshmukh, Singh, & Sabol, 2002), despite certain complication in measuring trust and a difference of beliefs.

Ling, Baron, Lenhart, and Campbell (2010) examined the determinants of consumers' behavior towards advertising utilizing third year scholars in a private higher education college in Malaysia as the sample size. They discovered that credibility, informative, pleasure and good economy have a positive significant associate with consumers' attitude towards advertising. Buil, de Chernatony, and Martinez (2013) investigated the relationships between two (2) central factors of marketing communication activities, advertising and sales promotions, and their effects on brand equity development. In other word, the study concentrated on advertising spending and individuals' behaviors toward the advertisements. The research also investigated the strong effect of two (2) types of sales promotions, monetary and non-monetary promotions and stated different effect of monetary and non-monetary promotions on brand equity.

Sahin, Zehir, and Kitapci (2011) carried out their research with real customers to address the question whether differing customers prefer differing empirical appeals and whether empirical kinds build the relationships between brand experiences, satisfaction, trust and loyalty. Brand experience was described as feelings, sensation, cognitions, and behavioral responses stimulated by brand-related stimuli, which were

part of a brand's design and identity, environments, packaging, and communications. These researchers suggested the effects of brand experiences on customer relationship and create a long-lasting brand with brand trust, satisfaction, and loyalty. Yoo et al. (2000) examined the relationships between choosing marketing mix factors and the development of brand equity where they proposed an abstract structure in which marketing factors were connected with the brand equity dimensions (perceived quality, brand associations, brand loyalty) mixed with brand awareness. They used a structural equation model to test the framework and found that the model sustained their study hypotheses where they decided that repeated price promotions were associated with low brand equity, where further, higher advertising spending, high price, good store image and high distribution depth are connected to high brand equity.

Usman, Hussain, and Qureshi (2010) investigated cultural effects on the attitude of Pakistani people towards advertising by examining the cultural cause on the attitude of people towards brand advertisements based on the product data, social integration and pleasure, on the other hand, power distance and masculinity as culture dimensions. They bestowed that product data, pleasure and social integration had a significant cause on attitude towards advertisement. Anyhow, product data had a weak case on attitude towards advertisement, in contrast culture had a considerable moderating effect, and so the following hypothesis is proposed based on the above review:

H5: Marketing-mix strategy is significantly related to brand trust.

2.7.6 Relationship between Country-of-Origin and Brand Trust

The country-of-origin of a product manufacture from being a valuable factor of marketing noted to impact perceptions of consumer besides behavior. The understanding of how country-of-origin data impact brand equity is also extremely useful to marketers, for whom “quantification of brand equity” is two (2) crucial problems (Biel, 1993). Haubl and Elrod (1999) indicated that consumer’s quality perceptions of the Slovenian brand “Elan” has a more advanced perception when produced in Slovenia than when produced in Germany. Past study also presented that consumer brand images switch as the brands are produced in different countries since a less favorable country-of-origin could pollute a brand name (Thakor & Katsanis, 1997). Johansson and Nebenzahl (1986) indicated that Japanese automobile brands (Honda/Mazda) produce in Korea/Mexico/The Philippine’s lost their attractiveness in comparison to when they were produced in Japan. In a similar way, Nebenzahl and Jaffe (1996) realized that Sony experienced brand image damage when produce in the USA, in contrast, GE’s brand image become better when produced in Japan. Aaker (1991) and Keller (1993) argued that country-of-origin produced secondary connections for a brand and could by that impact the consumer’s brand.

Agarwal and Sikri (1996) indicated that consumer belief in country-of-origin in connection to a well-known product category shifted to new product presented from the same country. The researchers indicated that the cue of the country-of-origin conducted in approach very much alike to brand name in the conveyance of beliefs, hence, such transfers of beliefs may extend to brands produced in countries with favorable images. Rave et al. (2007) accepted that consumer’s country-of-origin

causes their loyalty towards the brand originated from the country. Kim (1995) proposed that good country image may give rise to brand recognition and thus to consumer loyalty. Paswan et al. (2003) have presented that consumers have the tendency to be faithful towards a country when they are faithful to a brand. Sanyal and Datta (2011) in the analysis of the relationship of country-of-origin image with the components of brand equity and has discovered that both brand awareness and strength give rise to a strong development of the country-of-origin image. Pappu et al. (2007) investigated the relationship between consumer's macro and micro country images and the equity they linked with brands of originating from that country and the outcome of this investigation showed that the relationship between these two (2) set of constructs was discovered to be positive beside specific product classification. Li et al. (2009) in their study on the country-of-origin effect on brand equity, recorded that the country-of-origin can positively impact brand equity. Yasin et al. (2007) investigated the country-of-origin image effects on the creation of brand equity and the outcome exhibited that the brand's country-of-origin has a positive significant influence on dimensions of brand equity. In the study carried by Akbar and Azhar (2011), they discovered that there is a significant positive relationship between brand image and brand trust. This finding was in line with the findings of Flavia'n et al. (2005) where, brand trust is positively related to brand image because brand trust can minimize the consumer perceived risk and maximizes the certainty of purchase at execution moment.

Lehu (2001) proposed that image is considered as one of the most powerful elements in the degree of consumer trust and image is also one of the basic factors that create part of 'the shield of trust'. In reality, the image is one of the factors that allow the

building of an honest relationship of trust between total satisfaction and the natural loyalty of the consumer. Yoon (2002) in his research discovered that the factor that relate to image significantly impact the trust of the consumer towards the service provider.

In conclusion, empirical proof proposed that the reputation of a company's to act in a specific and in an appropriate approach will impact trust judgments (Bennet & Gabriel, 2001; Chen & Barnes, 2007; Doney & Cannon, 1997; Ganesan, 1994; San Martin, 2003), hence, based on these researchers literatures, it is hypothesized that:

H6: Country-of-origin is significantly related to brand trust.

2.7.7 Relationship between Brand Trust and Brand Loyalty

Trust is considered as a factor of satisfaction between partners (Anderson & Narus, 1990; Mohr & Nevin, 1990), and a driver of customer loyalty (Oliver, 1999). The trust can also be expanded by way of a relationship with a brand that evolves into a replacement for human contact with an organization's personnel (Sheth & Parvatiyar, 1995). Hiscock (2001) argues that "the ultimate goal of marketing is to generate an intense bond between the consumer and the brand, and the main ingredient of this bond is trust".

In the study carried out by Matzler et al. (2006) on brand loyalty, they confirmed Chaudhuri's and Holbrook's (2001) findings that brand trust is an important antecedent of both attitudinal and purchase loyalty as two different types of brand

loyalty. Arjun and Morris (2001) research's displaying about the base of loyalty is a creation with a continuation and maintenance of the assessment connection, and brand trust influences the maintenance of the assessment. Lastly, its study confirmed brand trust will have a positive impact on the brand loyalty. Jian (2003) uncovered that brand trust and brand emotion affected a customers' attitude for a brand where, its study confirmed brand trust will have a positive impact to the brand loyalty.

Lau and Lee (2000) claimed that when a consumer trusted a brand, the loyalty towards that brand increases. Their results show that trust in the brand is positively associated with brand loyalty. Brand loyalty, being a significant goal for the marketers, is defined by Lau and Lee (2000) as a consumer's "behavioral intention towards a brand and actual purchase behavior". Chaudhuri and Holbrook (2001) believed that brand loyalty could be separated within two (2) different concepts: purchase and attitudinal loyalty. Nevertheless, they agree with Lau and Lee (2000), Aydin and Ozer (2005) findings that brand trust has a positive significant relationship brand loyalty. Moreover, Chaudhuri and Holbrook (2001) undertook their brand research in different product categories from personal computers to candies in order to prove that product-related factors do not mediate brand loyalty.

Ha (2004) has investigated the determinants of brand trust in the subject of ebook stores. Ha also found out that higher brand trust will lead to higher commitment to a brand, which basically means that brand trust has an influence in brand loyalty. Ha (2004), Delgado-Ballester and Munuera-Alemán (2005) have also examined brand trust but in the connection of consumer goods. They investigated almost 300 consumers of shampoo and beer and found out more support for the statement that

brand trust is positively linked to brand loyalty. Researchers suggested that brand trust is a determining factor of consumers' brand obligation which is, even stronger than in general satisfaction (Ballester & Aleman, 2001), and it is connected straightforwardly to purchase and attitudinal loyalty with the brand (Chaudhuri & Holbrook, 2001). In the study by Won et al. (2014) on "the role of brand trust in a male customer relationship with luxury brands, their results showed that the greater the hedonic value on brand satisfaction, the greater the influence of brand satisfaction on brand trust, and the greater was the effect of brand trust on brand loyalty for luxury brands as compared with non-luxury brands. While research conducted by Ibn Chouldum (2004) "effect of variable trust in a brand to brand loyalty formation", their result demonstrated that there is a significant relationship between the variables trust in a brand with the formation of brand loyalty. Similarly, research conducted by Riana (2008) "effects of trust in a brand to brand loyalty in the drinking water consumed Aqua in Denpasar", proved that together there is a significant relationship between the variables of trust in a brand against brand loyalty. There are also other researchers that supported this relationship (Fawad Sheikh et al., 2014; Dehdashi et al., 2010; Javadeyn, Amini, & Amini, 2010; Deng et al., 2010; Delgado-Ballester & Munuera-Aleman, 2005; Etemadifard et al., 2013).

However, there are also contradictory findings to the Chaudhuri and Holbrook research (2001), where the outcome of Halim (2006) study on coffee, instant product in Indonesia, reveals that loyalty is influenced by brand affect and not brand trust. According to the respondents, brand affect is more important in informing attitudinal loyalty as compared to brand trust.

In summary, Chaudhuri and Holbrook (2001) in their empirical research examined the effects of the behavioral and attitudinal loyalty and their verdicts establish that consumer trust leads to both kinds of loyalty, where attitudinal loyalty outcomes in consumer assurance of the product permitting a higher price for the brand, while behavioral loyalty outcomes in repeated buying and therefore better market share for the firm. Morgan and Hunt (1994) found that trust is a valuable element of a loyal relationship commitment-brand trust which gives rise to brand loyalty due to trust build a trade relationship that is deeply valuable. In other words, loyalty to a brand involves trusting in it (Lau & Lee, 2000), whereas, Hallowell (1996) and Davies (2003) concluded that if consumer trusted a brand strongly, they will have a strong obligation to the brand, thus brand trust has a significant relationship with brand loyalty (Reicheld & Schefter, 2000; Erickson & Vaghult, 2000; Sirdeshmukh et al., 2002), hence the subsequent hypothesis are planned:

H7: Brand trust is significantly related to brand loyalty.

2.7.8 Mediating Effects of Brand Trust on the Relationship between Service

Quality and Brand Loyalty

According to researchers, trust and loyalty have a close relationship with each other where, when consumer trusted the specific brand more, he/she will buy that type of product more. Naturally, human being in kind is interested in reducing risk and this motivates many to become loyal to the products or services. Agustin and Singh (2005) defined trust as the degree of peace of mind where customers can depend on the vendor. O'Shaughnessy (1992) stated that the more customer trusted a particular

brand, the more the customer becomes trusty to that brand, thus, a purchase occurs without consumer performing any cost/benefit analysis (Lau & Lee, 1999). Therefore, in building a reputable brand will yield a long-term relationship between consumer and firm (Agustin & Singh, 2005; Amine, 1998). Sahin et al. (2011) mentioned that trust plays a critical function in creating a customer-brand relationship and has a positive effect on brand loyalty.

Good quality and consistent service will create trust in the client (Blanchard & Bowel, 2003; Kantzperger & Kunz, 2010). Quality of service has a significant positive effect on brand loyalty through brand trust. Brand trust plays a mediating role in the relationship between service quality and brand loyalty (Etemadifard et al., 2013). This finding was supportive of the study carried out by Ramaswamy (1996). In the study of building brand loyalty through brand trust by Zehir et al. (2011) in the automobile industry in Turkey, they found that brand trust has a full mediating effect on the relationship between service quality and brand loyalty.

In conclusion, it was found that the relationship between service quality and brand loyalty has a positive significant relationship mediated by brand trust, though not much empirical study has been concentrated on the relationship between service quality, brand trust and loyalty, therefore, the author has hypothesized the following:

H8: Brand trust mediates the relationship between service quality and brand loyalty.

2.7.9 Mediating Effects of Brand Trust on the Relationship between Marketing-mix Strategy and Brand Loyalty

Numerous studies on brand trust have been found from the literature review (Ballester & Aleman, 2001; Ballester & Aleman, 2005; Harris & Goode, 2004; Kim, Kim, Kim, Kim, & Kang, 2008; Lau & Lee, 1999; Mohammad, 2012) where it was established that brand trust is a valuable mediator factor on the consumer behaviors before and after the acquirement of the product, and its influence long term loyalty and enhance the connection amidst two (2) parties (Liu, Guo, & Le, 2011).

Brand trust is one of the critical factors which directly influences brand loyalty. Ibanez, Hartman, and Calvo (2006) stated that the effect on the trust on loyalty becomes clearly appropriate and valuable in cases of governing the switching of the brand as a result of high level of perceived risk and uncertainty. Gommans, Krishnan, and Scheffold (2001) argued that trust performs a major function in improving brand loyalty and also has an effect on the elements to a degree as maintaining market share and price adaptability which are associated with marketing outcomes.

Hiscock (2001) investigated the “The ultimate goal of marketing is to generate an intense bond between the consumer and the brand, and the main ingredient of this bond is trust”, but trust is an evasive idea.

Numerous researchers found that trust has different definitions and function. Keller and Aaker (1992) disputed that trust involved in acceptance of brand continuation where Dyson et al. (1996) defined trust as a part of brand equity. Urban, Sultan, and

Qualls (2000) discovered trust as only a strong liaison marketing device. Chaudhuri and Holbrook (2001) discovered that brand trust is a factor that cause a normal user trust that the brand will carry out its established objective, whatever and lastly Reast (2005) discovered that brand trust is fundamentally the emotional obligation to the consumers to the brand.

Morgan and Hunt (1994) explained that “trust is a valuable element in the growth of marketing relationships and exists when one party believe in a trade associate’s dependability and honesty. Ballester and Aleman (2001) explained that trust and satisfaction are conceptually linked. Anderson and Narus (1990) stated that trust arises when someone has confidence that the second person’s actions would cause assenting effects of his/herself. Limited research and article has been researched on the relationship between marketing-mix strategy and brand loyalty mediated by brand trust, thus the author hypothesized the following to test the relationship:

H9: Brand trust mediates the relationship between marketing-mix strategy and brand loyalty.

2.7.10 Mediating Effects of Brand Trust on the Relationship between Country-of-Origin and Brand Loyalty

When appropriate data are restricted, during the beginning of a relationship or at the beginning of the purchase of international products, common sense concerning credibility will begin to create based on consumer’s individual emotional mindset. Dunn and Schweitzer (2005) asserted that, overall, positive emotions increased trust, where in contrast, negative emotions reduced it. Kiefer (2005) argued that negative

emotions perform a valuable function in the worsening of trust, even though on numerous instances, customers are not attentive of how much their emotional mindset can affect their common sense and behavior.

Strong hostility towards a country which surrounded by negative feelings of anger, hostility, strong dislike or rejection concerning to people, customs, ideas, or products from that country and, like, will impact judgment on the dependability and honesty of the company's. In spite of the emotions playing on vital activity in the creation, preservation or decaying of trust, the researchers do not find any experimental proof of the relationship between hatred and trust. Dunn and Schweitzer (2005) and Kiefer (2005) found proof of the negative influence of other negative emotions on trust. By comparison with those other negative feelings, the researchers anticipated that strong hostility towards a country may decrease trust in companies from that country.

The factors contained in this research are thus anticipated to give reason, at least incomplete, the customer buying aims in connection with international products. In the consumer-firm relations, trust created a set of beliefs and positive, strong belief about the future behavior of the parties (Ganesan, 1994; Morgan & Hunt, 1994; Doney & Cannon, 1997; Singh & Sirdeshmukh, 2000). In details, trust reside a central position in setting up connections where customers and the company have separate social and cultural origins (Dahlstrom & Nygaard, 1995; Shaffer & O'Hara, 1995).

Kwun and Oh (2007) supported the conception that a good image of a brand is regarded as advantageous and a competitive edge for a firm. Back (2005) quoted the significant effects of image agreement on consumers' post-buying behaviors, concentrating on customer satisfaction and brand loyalty in the lodging industry. Flavian and Guinaliu (2006), in their research, have also emphasized that image was one of the fundamental in establishing an honest relationship of trust between customer satisfaction and loyalty.

To conclude, brand image and country image has a significant relationship with brand loyalty mediated with brand trust, thus the author has hypothesized the following:

H10: Brand trust mediates the relationship between country-of-origin and brand loyalty.

2.8 Chapter Summary

The aforementioned section begins with the literature review about what is brand loyalty followed by dependent and independent variables of this study. A literature review was sourced from internet, books, newspapers, articles and journals. Here, variables are being related individually and subsequently followed by the respective theory model for this study where a theoretical framework is being proposed by the author. Based on the variables reviewed, ten (10) hypotheses were constructed to test the significance of this study. Relationship of variables is being discussed in depth to understand the significance of previous studies by other researchers.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

In chapter 3, description of research methodology being used is present that includes the research design, sampling design, sample and population, operationalization and measurement of variable, research instrument, statistics compilation procedure and statistical analysis method.

3.1 Research Design

Creswell (2003) stated that quantitative approach use post positivist claims for developing knowledge (e.g. reduction to specific variables, hypotheses and questions, cause and effect thinking), collects data on preset tools that produce statistical data and make use of strategies of inquiry for instance experiments and surveys.

Newman and Benz (1998) approach to quantitative research also known as hypothesis testing, research, begin with theories statement from which hypotheses obtained. The experimental design is developed where independent and dependent variables in question are measured. Random selection of subjects is included in the approach to reduce selection bias and error and the sample subject identified, should reflect the population. This process is provided to the scientific field base by theory testing, which is the basic of quantitative methodology. However, there is also concern on the limitation of quantitative design where due to true experimental

designs required closely regulated terms, the richness of measuring for participants may be sacrificed.

Since this study objective is to interpret the most significance, degree of loyalty towards a car brand from the Malaysian customers' perspective, a quantitative method was chosen.

3.2 Sampling Design

Survey strategy (e.g. questionnaire, structured observation, interviews) is commonly used in business investigation that is normally connected with the scientific approach. This strategy is economically cheaper and allows abundant statistics to be collected from a fairly large community (Thornhill et al., 2003).

Deciding on what to measure is one of the prerequisites in designing a good set of questionnaire where steps might seem plain and obvious, but if disregard may result in developing poor quality questionnaires (Fowler, 1984). In order to create consistent and acceptable answer for the variables being deliberated, a good question is needed. They are a lot of cases whereby improving the questionnaire standard as compared to significantly increase the sample size, it is the cheapest alternative in a survey process. The questionnaire produced in this research was based on previously benchmarked studies and applying the general principles provided by Fowler (1998) on questions and answers basic characteristics.

3.3 Sample and Population

The idea of using sampling is because of its lower cost, greater correctness of outcomes, speedy statistics compilation and accessibility of the population selected, and when choosing some of the factors in a population, it may be concluded as the whole population (Cooper & Schindler, 2003).

3.3.1 Sample Population

Malaysian Population and Housing Census are conducted once every ten (10) years and the fifth decennial census (Census, 2010) is the latest to be carried out since Malaysia independence in 1963. This fifth decennial census revealed that Malaysia total population is at 28.3 million (Malaysian Statistics Department, 2010).

The proportion of urban population in Malaysia was at 62 percent in 2000 but due to rapid development resulted from the Government initiatives, the urban inhabitants increased to 71 percent in 2010 with Kuala Lumpur and Putrajaya is at the 100 percent level of urbanization. Selangor and Pulau Pinang are the other states that are at a high level of urbanization at 91.4 percent and 90.8 percent respectively. In contrast, Perlis (51.4 percent), Pahang (50.5 percent) and Kelantan (42.4 percent) being the states with the lowest level of urbanization. Table 3.1 exhibit the level of urbanization by state in Malaysia.

Table 3.1
Level of Urbanization by State - Malaysia, 2010

State	Percentage
Kelantan	42.4%
Pahang	50.5%
Perlis	51.5%
Sarawak	53.5%
Sabah	54.0%
Terengganu	59.1%
Kedah	64.6%
Negeri Sembilan	66.5%
Perak	69.7%
Johor	71.9%
Labuan	82.3%
Melaka	86.5%
Pulau Pinang	90.5%
Selangor	91.4%
Kuala Lumpur	100%
Putrajaya	100%

Source: Malaysian Statistics Department - <http://www.statistics.gov.my>

Large urban agglomerations like Kuala Lumpur being by far the largest urban agglomerations in Malaysia often include several administratively distinct. Other urban area like Ipoh, Johor Bahru and Kota Kinabalu had a population more than 500,000. Table 3.2 refers to some of the largest urban agglomerations cities in Malaysia.

Table 3.2
Urban Agglomerations Cities - Malaysia

Cities	Population
Kuala Lumpur	1,674,621
Johor Bahru	1,386,569
Seberang Perai	818,197
Kajang	795,522
Ipoh	767,794
Klang	744,062
Subang Jaya	708,296
Gombak	682,996
Petaling Jaya	613,977
Cheras	601,534
Selayang	542,409
Shah Alam	541,306
Malacca	503,127

Source: Malaysian Statistics Department - <http://www.statistics.gov.my>

Suburbs refer to a residential area basically has a lower population density than urban city. They can be a separate residential community within a commuting distance or separately, they can be the residential areas of a large city. Table 3.3 refers to some of the suburban area in Selangor state.

Table 3.3
Suburban Area – Selangor State

No	Suburban area
1	Rawang
2	Kajang
3	Selayang Baru
4	Kuala Langat
5	Sepang
6	Hulu Selangor
7	Kuala Selangor
8	Ampang Jaya
9	Taman Greenwood
10	Sabak Bernam

Source: Malaysian Statistics Department - <http://www.statistics.gov.my>

In this research survey, the target population consists of car buyers who had made a purchase in the last six (6) months. This study concentrated on the Malaysian automotive industry. The sample for the survey consists of the identified car buyers, randomly selected from the automobile registration. A questionnaire was mailed to the identified respondent that includes a reply-paid pre-addressed envelope so that respondents will feel obliged to reply without cost.

3.3.2 Selecting the Sampling Method

In the sample selection, Peninsular Malaysia was selected due to the majority of the brand distributors were based in Peninsular Malaysia than in East Malaysia. The state of Selangor, being the main epitome of the car population in Malaysia where

nearly 45 percent of the Malaysia total industry volume is from this state (MAA, 2011). This would signify that the sample taken from this state will be considered as the total population of the consensus. Moreover, in this state, there are more urban agglomeration cities in Malaysia as compared with the rest of other states, thus there will be sufficient sample size available for selection while it was also impracticable to study the whole of Malaysia due to budget and time constraint (Saunders, Lewis, & Thornhill, 2003). The target sample for this study consists of consumers of car buyer who had made a purchase in the last six (6) months from the region of Klang Valley where in terms of population distribution by state, Selangor is the most populous state with 5.1 million populations which consisted of people from diverse ethnic compositions and demographic groups, such as people from different states of Malaysia. On top of this, Klang Valley was located within the Federal Territory of Malaysia, populated with economically and socially most advances people. For these reasons, Klang Valley is widely selected for Malaysian research (Chan, 2009; Chok, 2008; Hee, 2009; Hishamuddin, 2007; Norjaya et al., 2007). Respondents identified in this study were from a mixture of urban agglomeration and suburban areas.

In this study other states are excluded from the sample size due to: (1) time constraint in obtaining the survey sample from other states; (2) difficulties in getting the customer lists from the respective dealerships' from other states; (3) Klang Valley is the most populous state in Malaysia where both urban agglomeration and suburban cities are the highest in the country and samples are readily available.

The populations sampled for the local sample was buyers' of the Perodua and Proton makes. As for the international makes, the population samples were the buyers of the Korean, Japanese, American and European makes. These makes were chosen based on the judgment that the sample size of each individual brand was sufficient enough to have a reliable sample reading. These brands are selected based on judgmental sampling to represent the car makers and country-of-origin. In order to justify that the selection is reliable and not bias, these sampling are selected based on the top brands that are sold in Malaysian market as per a report by The Malaysian Automotive Association (MAA, 2011). The author has attempted to make sure that the sample is representative of the population from which it is to be selected. The author also has ensured that bias is reduced through accuracy of a questionnaire designed where the questionnaire designed were subjected to pretest from experts from the field and respondents on how they interpret the questions before the actual questionnaire is being sent to samples. The questions designed are simple and clear, specific and also only one concept asked per question to avoid double-barreled questions.

After identifying the judgmental sampling, the author through his network locates the thirteen (13) car brand's dealership of the respective brand represented. The author works with the respective dealership outlet manager to obtain a full list of buyers who had made purchases of a new car in the last six (6) months. The lists will indicate the name of the buyer, brand purchased, registration date of the vehicle and address of the owner. The author worked with the manager to remove all buyers of commercial vehicles from the identified lists because certain dealerships had commercial vehicles in their sales registration. Subsequently, the author use cluster

sampling to segregate the buyers based on the mailing address according to the urban agglomeration or suburban city's classification as proposed in the methodology review. Cluster sampling is further applied where the state in selection is divided into a cluster of small localities, and a sample of these localities is drawn using simple random sampling without replacement methods where the outcomes are more precise (Caughley, 1977).

The author numbered the final sample frame and picks the sample from every three (3) samples listed until the targeted sample size reach. There are methods that other researchers selected for the random sampling like the 'RAND' function in excel, but the author selected the every three (3) random samples per pick because the sample size is big enough for this practice due to the long period of purchasers' size. Moreover, the probability of being selected for the survey has an equal chance for all the identified samples. Six (6) months for the sample size is good enough to generate this size because the majority of the brands selected is popular in Malaysian market, though they are one or two brands that do not have a strong sample size for selection. This approach also ensured that there was no bias in the random selection on purpose or inadvertently. Maintaining consistency in our sampling procedures will support the author's goal of attaining a representative sample of car buyers. Random selection is based on every three (3) mailing address.

A thousand (1,000) samples were identified for participating in this survey with a three hundred and fifty (350) respondents return target set within the two (2) month survey period. Covering letter, research explanatory sheet, questionnaire and a pre-addressed return envelope with stamp are mailed to these identified samples. The

return mails were not in any way marked with an identification mark to ensure confidentiality of the respondents.

3.3.3 Sample Size

The two (2) important representatives of the samples are the sampling design and the sample size. If the sampling design is not used appropriately, even a larger sample size will not permit the conclusion to be concluded to the population. In contrast, the sampling design will not be beneficial to the researchers in meeting their research goals, except if the sample size is acceptable for the desired accuracy level and confidence. Thus, both the sample size and sampling design should be considered in the sampling decisions.

Roscoe (1975) proposes the rules of thumb for deciding sample size as sample sizes in excess of thirty (30) but beneath five hundred (500) is considered suitable for most research and where samples are to be divided into sub-samples (males/females, juniors/seniors) a smallest sample size of thirty (30) respectively class is required.

However, too large a sample size, could lead us likely to commit type II errors, i.e. we would accept the conclusion of our study, when in reality we should reject them. In other word, with too large a sample size, even not strong relationships might reach significance levels, and we would be having a preference that these significant relationships discovered in the sample were actually true of the population, when in fact they may not be. Hence, a reasonable sample size, neither too large nor too small will help in the studies.

Hence, in consideration of the constraints of the research setting and theoretical aspect of this study, the targeted identified subjects were set at 1,000 ($n = 1,000$). A total of one thousand (1,000) survey forms were distributed out to identify consumers who had made purchases in the last six (6) months. Data was collected during a two (2) month period.

3.4 Operationalization and Measurement of Variable

As reviewed in chapter 2, there were five (5) variables identified in this study, such as service quality, marketing-mix strategy, country-of-origin, brand trust and brand loyalty. The measurement scales for each of the variables were derived from the previous authors and the author modified it to suit the industry survey.

3.4.1 Service Quality Instruments

In the service industry, Brady and Cronin (2001) indicated that service quality could be measured in three (3) areas. Firstly, it's referred to as the service quality that was provided by employees, like attitude, behavior, and expertise. Secondly, it was referred to as the service quality provided by physical environment, such as ambient conditions, design, and social factors. Thirdly, it was referred to as the service quality provided by the outcome of the service, such as waiting time, tangibles, and valence.

All these service quality evaluations had cognitive responses at the attribute level (Chiou et al., 2002). The current study defines service quality as the overall customers' cognitive response on the superiority of service quality when offered by companies and employees.

In this study, performance-based approach was selected to measure the service quality, rather than expectation and perception approach (Olorunniwo, Hsu, & Udo, 2006). This was because the focus of this study was to identify the perception of consumers towards the brands instead of examining consumers' expectation. Thus, the measurement scale was adopted from Brady and Cronin (2001) with eighteen (18) items implemented. This study adopted eighteen (18) items that had been classified under the SERVQUAL model, in order to measure the sub-dimension of service quality.

3.4.2 Marketing-mix Strategy Instruments

The model of marketing-mix was developed by McCarthy (1960) and he defined the traditional marketing-mix by the "4Ps" which are product, price, place, and promotion.

Rao and Monroe (1989) show that a positive relationship between price and perceived quality has been supported through previous research. By increasing perceived quality, price is related positively to brand equity. Brand loyal consumers are willing to pay the full price for their favorite brand because they are less price sensitive than brand-non loyal consumers are. Thus, changing the price level alone does not affect brand loyalty. Price perception was measured with two (2) items adapted from the original three item scale of Yoo et al. (2000) studies, assessing on how expensive consumers perceive the brand is.

The store image items deal with the quality of all the product categories that the stores carry. Store image was measured as the perceived quality of retailers at which the focal brand was available and one (1) item were adopted from Dodds et al. (1991) research. Specific store names were not indicated on the items, instead, respondents were asked to evaluate generally the stores at which they could buy the brand (e.g. “The stores where I can buy Y have a pleasant interior showroom atmosphere and color and music inside the showroom are attractive”). Distribution intensity was measured by how many retail stores carry the focal brand in the consumer’s perception. To measure the intensity distribution of the brand, the author adopted and modified Smith’s (1992), one (1) item (e.g. “The brand has sufficient outlets”).

Finally, sales promotion, in particular, price promotions are believed to erode brand equity over time despite the immediate short-term financial gain. Sales promotion may not be a desirable way to build brand equity because it is easily copied and counteracted (Aaker, 1991) and only enhances short-term performance by encouraging sales and momentary brand switching (Gupta, 1988). Furthermore, frequent price promotions may jeopardize brands in the long run because they cause consumer confusion based on un-anticipated differences between expected and observed prices, which results in an image of the unstable quality (Winer, 1986). Price promotions intensity was measured as the perceived relative frequency of the price deals conducted for the focal brand. The author adopted two (2) items for price promotion from Yoo et al. (2000) studies.

Whereas for product dimension, it was dropped from this study due to the low Cronbach alpha value obtained during the pilot test analysis, thus this variable is considered not appropriate for this study.

3.4.3 Country-of-Origin Instruments

Country-of-origin is one of the most important factors that significantly influence the purchasing decision of consumers. It is defined as comprising the subjective perceptions of a consumer about the products that provide an important observation that such belief, ideas, and impressions before making buying decisions.

According to Hsieh, Pan, and Setiono (2004), “a successful brand image enables consumers to identify the needs that the brand satisfies and to differentiate the brand from its competitors, and consequently increases the likelihood that consumers will purchase the brand”.

Brand image has been conceptualized and operationalized in several ways (Reynolds & Gutman, 1984; Faircloth et al., 2001). It has been measured based on attributes (Koo, 2003; Kandampully & Suhartanto, 2000); brand benefits/values (Hsieh et al., 2004; Roth, 1995; Bhat & Reddy, 1998); or using Malhotra’s (1981) brand image scale (Faircloth et al., 2001). Measuring image based on the above definition would help marketers identify the strengths and weaknesses of their brand as well as consumers’ perceptions toward their product or services.

Country image is the total of all beliefs, ideas and impressions that people have of a place (Kotler et al., 1993). Country image embodies national and cultural symbols, economic and political situations, degrees of industrialization, values, and products associated with the country (Essoussi & Merunka, 2007).

The items use for measuring cognitive attitude of country-of-origin were adopted from previous studies where, four (4) items are selected for brand image and five (5) items are on country image.

3.4.4 Brand Trust Instruments

Arjun and Morris (2001) think that the brand trust is a consumer would like to trust in his/her own initiative, and trust the product that brand provides. Chaudhuri and Holbrook (2001) thought that the brand trust represents consumer to believe that brand in addition to provide need of the function be worth and also produce on approbation to quality and brand of product. Trust can reduce the consumer's uncertainty, because the consumer not only knows that brand can be worth trusting, but also thinks that dependable, safe and honest consumption scenario is the important link of the brand trust. Brand trust was the main factor to maintain ongoing relationships with consumers, which eventually leads to attitudinal brand loyalty (Maztler et al., 2008). Brand trust was operationally defined as the affective component of attitude towards a brand such as feelings held by an individual that was based on psychological perception. Brand trust was measured by four (4) items that were adopted from Chaudhuri and Holbrook (2001) and Matzler et al. (2008).

3.4.5 Brand Loyalty Instruments

It is “a deeply held commitment to re-buy or repatronize a preferred product or service consistently in the future, thereby causing repetitive same brand or same brand set purchases, despite situational influences and marketing efforts having the potential to cause switching behavior” (Oliver & Rust, 1996). They developed a conceptual framework of brand loyalty that revealed the overall range of brand loyalty is based on a hierarchical effect model with respect to affective, behavioral intention, cognitive and action dimension.

In marketing, brand loyalty consists of a consumer’s commitment to repurchase the brand through repeated buying of a product or a service or other positive behaviors such as word of mouth. This indicates that the repurchase decision very much depends on trust and quality performance of the product or service (Chaudhuri & Holbrook, 2001).

In the brand loyalty concept, Oliver (1999) considered three (3) decision making stages established from consumer attitude structure, by the brand choice, attitude of the brand, and higher desire to purchase or brand commitment. Brand loyalty operationally defined as the conative components towards a brand such as an intention or commitment to behave toward a goal in a particular manner. The author’s definition of brand loyalty is the consumer will continue buying the vehicle brand that they like in the Malaysian automotive industry. The five (5) items which were adapted from Chaudhuri and Holbrook (2001) to measure brand loyalty are skewed towards the consumer loyalty towards the brand that they like and will remain buying the same brand in the future.

Table 3.4
Instruments Item

Sections	Dimensions	Source	No of questions
Part 1: Personal and Work information			16
	Service Quality		
	- Interaction Quality	Brady and Cronin (2001)	6
	- Service Environmental Quality		6
	- Outcome Quality		6
	Marketing-mix Strategy		
	- Pricing	Yoo, Donthu, and Lee (2000); Dodds et al. (1991); Smith (1992)	2
	- Place		4
	- Promotion		2
Part 2: Research information	Country-of-Origin		
	- Brand image	Hsieh, Pan, and Setiono (2004)	4
	- Country image		5
	Brand Trust	Chaudhuri and Holbrook (2001); Matzler et al. (2008)	4
	Brand Loyalty	Chaudhuri and Holbrook (2001)	5
Total Questions			60

The questionnaire was designed based on the variables of this study and it was divided within two (2) part of this study. Part 1 of the questionnaire contains personal information that includes gender, age group, marital status, education and others information of the respondent. The other part of the questionnaire comprised of questions on respondent expectations, perceptions and loyalty score on a basis of a

five-point ranking scale. Respondents were asked to score a rating for their level of satisfaction in the questionnaire. The scores are in the range of one (1) to five (5) where score of one (1) equated to “strongly disagree” and score of five (5) being equated to “strongly agree”.

Personal collection, postal and electronic methods are some of the ways where data can be obtained (McDaniel & Gates, 1998). Survey method was chosen to examine the relationship between various dimensions of the factors and the various measures of brand loyalty. Data to inspect the effects of the variables of brand trust, brand loyalty are obtained from customers who had made a purchase of new cars in the last six (6) months.

3.5 Research Instrument

A questionnaire design is an integral part of the research project and was chosen as the method by which the survey was conducted. The research instrument was a questionnaire structurally developed which contained two (2) parts: Part 1 consisted of personal and work information on the subjects (16 items). Part 2 consisted of items measuring variability of service quality (18 items), marketing-mix strategy (8 items), country-of-origin (9 items), brand trust (4 items) and brand loyalty (5 items).

The questionnaire was sent through postal mail to the identified consumers with a reply-paid self-addressed envelope for the respondents to send back. A covering letter describing the objective of this study, assuring the confidentiality of their

response and instruction on how to complete the questions provided, was attached together with a questionnaire in the mail.

Part one of the questionnaire was related to the general information on respondents, while part two of the survey form was questions related to the research study. In the first part, the respondent's personal and work information profiles were asked such as gender, age, highest qualification, job tenure, position and department.

Part two of the questionnaire consisted of forty-four (44) questions which require the respondents to identify the applicable or not applicable experiences in their purchases. Hence, this study used Likert scale to generate statistical measurements of people's opinions regarding their experiences on their purchases. Basically, this scale was established by Rensis Likert, plus it is a most extensively used scale in a survey research. Typically, most market researchers preferred to make a definite choice rather than because "they are easy to construct, administer and score" (Keegan, 2009). After the questionnaire was received from respondents, each item was analyzed separately or in some cases items were summed to create a score for a group (Mun, 2009). Thus, Likert scales were also known as a summary scales, add up responses to statements representative of a particular attitude.

In this study, a high score indicated favorable facts or opinions to the consumer's expectations of a brand and a low score would indicate unfavorable opinion thus the use of a five-point Likert Scale is applied as indicated below:-

- 1 – Strongly Disagree
- 2 – Disagree
- 3 – Neutral
- 4 – Agree
- 5 – Strongly Agree

As for the open-ended questions, the responses in the additional information are for the in depth understanding of why the respondents selected a certain brand as their preference purchase.

3.6 Data Collection Procedures

This study uses a quantitative method where information sources would be able to gather from questionnaires (Thornhill et al., 2003). Research instrument utilized was through the self-administered closed-end and scales to matrix question questionnaire. If respondents had known and experienced the brand well, they would have been able to provide reliable and valid responses to the questionnaire (Yoo et al., 2000). This research uses hypothesis testing to determine the degree of influence of brand loyalty towards a car brand. Since the aim of this study is on brand loyalty in the automotive sector from the customers' dimensions, hence, the unit of analysis was the car buyers.

Table 3.5 shows the sampling design for 1000 questionnaires that were mailed to the identified sample in Klang Valley, Malaysia. The main reason was to reduce the potential bias and increase the precision of estimates for non-probability sampling (Chang & Chieng, 2006).

Table 3.5
Sampling Design

Brand	Proposed sample size
Proton	120
Perodua	120
Kia	80
Toyota	80
Hyundai	70
Mitsubishi	80
Ford	70
Mercedes Benz	80
Honda	80
Chevrolet	60
BMW	70
Volkswagen	50
Nissan	40
Total	1,000

Data from the survey was obtained through postal mail questionnaires that have mailed to one thousand (1,000) selected car owners in various identified agglomeration cities and suburban areas in Malaysia. The respondents were real consumers who had purchased a new vehicle during the last six (6) months.

The survey questionnaire distributed to the respondents was self-administered. The identified respondents will read and answered the questionnaire themselves. There will be no interviewer questioning them or someone guiding in answering the questionnaire. A postage-paid pre-addressed envelope is included where respondents will send back the questionnaire without any cost.

The survey period for this study is from April 2nd to May 30th, 2013, a period of two (2) months. First, the author sent out the questionnaire to the identified subject selected through the random selection process, through postal mail from the period of the first week of April, 2013. The data collection process started from the second week of April until last week of May, 2013.

Table 3.6 exhibited the summary of data collection, which indicated the total number of questionnaires received during the two (2) month survey period. Data collected were sorted out and also coding was done before the data are key-in into an Excel spreadsheet before transferring the data into the SPSS program to do the analysis. All these sorting and coding are done in batches where the author had classified into seven (7) batches for control purpose in the event where data are wrongly key-in. It will be easy to identify the wrong data and rectify it through this batching process.

Table 3.6
Summary of Data Collection

Brand	Sample size received
Proton	70
Proton	65
Kia	41
Toyota	35
Hyundai	30
Mitsubishi	29
Ford	28
Mercedes Benz	27
Honda	26
Chevrolet	22
BMW	19
Volkswagen	15
Nissan	6
Total	413

Source: Survey results, 2013.

3.6.1 Pilot Test

A pilot test was executed to detect the weaknesses in the design of the overall structured and instrumentation to the project whilst validating the measuring instrument used (Cooper & Schindler, 2003). Wrongly interpretation of questions measuring occurred in the pilot test will result in improving the questionnaire structure in both form and content. The survey instrument was used to determine the validity and reliability (Cronbach Alpha) according to Hayes (1997).

The pilot study was firstly developed before the actual survey conducted by utilizing the draft questionnaire sent to car owners and experts in the area of study in validating opinions and suggestion on the survey questions with clearness and suitability. The procedures of validation and comments was in line with many researchers' statement for which any management practice adoption in the company, they have faith that top management involvement is of great significance factors (Agus et al., 2001; Deros, 2004; Lee et al., 2006; Sohail & Teo, 2003).

Thirty (30) sets of questionnaires were handed out to car owners and experts identified for their comments and understanding of the objective of the research and also the understanding of the question asked. Most questions were revised to improve the quality and understandability of each question. After collecting thirty (30) sets of the completed questionnaire, the author applies the Cronbach's Alpha approach to give evidence the internal constancy of the item, every single of the variables. The Cronbach's Alpha approach is a sufficient form of validity evaluation to conclude the same item was measuring the same thing (Singleton & Strait, 1993).

The coefficient alpha, developed by Cronbach (1951), is the most commonly used indicators for estimating the reliability of measurement instruments. The Cronbach's Alpha tests were used to analyze the reliability of the measurement items, and any items that were found to be unreliable were dropped. The pilot test allows us to improve the earlier version of the questionnaire to enhance the validity and reliability of this study.

Table 3.7
Cronbach's Alpha for Pilot Test

Variables	Sub-Variables	Cronbach's Alpha value
Service quality	Tangibles	.620
	Reliability	.779
	Responsiveness	.700
	Assurance	.582
	Empathy	.753
Marketing-mix strategy	Pricing	.884
	Place	.875
	Product	.462
	Promotion	.634
Country-of-origin	Brand image	.762
	Country image	.931
Brand trust		.909
Brand loyalty		.914

Source: Pilot Test Results, 2013

As seen in Table 3.7, the reliability scales of all the values except for two (2), service quality (assurance) and marketing-mix strategy (product) reached the accepted value of .60 thus the variables are considered reliable when the value is more than .60 (Malhotra, 2004). Moss, Prosser, and Costello (1998) suggested that an alpha value of .60 was generally acceptable, however, Hair et al. (1998) posit that Cronbach's

Alpha values from .60 to .70 were deemed the lower limit of acceptability. According to Nunnally (1978), Cronbach's alphas between .50 to .60 were accepted for pilot test. One of the possible explanations for the lower alpha value of this variable could be the fact that it consisted of a smaller number of items (Moss et al., 1998). Furthermore, as Moss et al. (1998) suggested, a low alpha value does not necessarily mean that the scale will not work well as a screening tool. Based on the pilot test result, the variables for service quality (assurance) and marketing-mix strategy (product) are removed from this survey in order to have an impactful result from the actual survey (Attach appendix B).

Factor analysis was not carried out due to the pilot test sample size is only thirty (30) respondents. In general, the factor pattern that emerges from a large-sample factor analysis will be more stable than that emerging from a smaller sample (MacCallum, Widaman, Zhang, & Hong, 1999). The larger the number of items to be factored and the bigger the number of factors anticipated, the more subjects should be included in the analysis. Tinsley and Tinsley (1987) suggested a ratio of about five (5) to ten (10) subjects per item up to about three hundred (300) subjects, whereas Comrey (1988) argued that a sample size of two hundred (200) is adequate in most cases of ordinary factor analysis that involve no more than forty (40) items.

3.7 Statistical Analysis

When all the data are collected, the analysis procedure will start by applying the statistical Package for Social Sciences (SPSS version 19.0). Analysis techniques employed include factor analysis, reliability test, descriptive analysis, Pearson's correlation, and multiple regressions.

First, factor analysis will be applied to investigate whether the eight (8) variables are linearly linked to a smaller number of unobservable factors, or whether there is a tendency for groups of them to be interrelated.

Then, descriptive analysis was used to analyze the profiles of respondents and their preferred product attributes. T-Test is used to examine the significant level of customer loyalty marks form on ethnic group, position level, and education level of car buyers.

Finally, the multiple regression technique is used to examine the relationship between the independent and dependent variables. It was conducted to investigate which independent variables had a positive significant relationship in explaining the effect on brand loyalty.

To assess the mediating effects of brand trust in the service quality, marketing-mix strategy and country-of-origin and brand loyalty relationship, Baron and Kenny (1986), Judd and Kenny (1981) were consulted. They suggested that there are four steps to examine the mediating effects, and that the effect of the independent variable on the dependent variable is lessened or cease to exist when there is full mediation. The four (4) steps are listed:

1. Significant relationship between the independent and dependent variable.
2. Significant relationship between the independent and mediator variable.
3. Significant relationship between the mediator and dependent variable.
4. Significant relationship between the independent and dependent variable in the presence of the mediator.

Analyzing the mean, average and standard deviation of the data collected, Microsoft Excel, 2010 is being applied.

3.8 Chapter Summary

Chapter three (3) discussed aspects of the research methodology, research design, sampling design, sample and population, operationalization and measurement of variable, research instrument, data collection procedure and statistical analysis. Quantitative method is applied and a pilot study was performed to check the reliability of variables used. Microsoft Excel 2010 and the Statistical Package for the Social Sciences (SPSS version 19.0) were applied in consideration of statistics measurement.

CHAPTER 4

RESULTS AND DISCUSSION

4.0 Introduction

The results of the data obtained through Statistical Package for the Social Science (SPSS version 19.0) software are discussed in this topic. In this research, there are several tests done by using the software such as Descriptive analysis, Reliability test, Exploratory factor analysis, Pearson's Correlation test added on with the Multiple Regression analysis.

Reliability test together with exploratory factor analysis is used to analyze the reliability standard and validity in measuring the research model (Hair, Money, Page, & Samouel, 2007; Sekaran, 2003). Descriptive analysis tested the respondent demographic characteristic which comes from the identified samples. Lastly, this chapter focuses on hypothesis testing by using Pearson correlation test and Multiple Regression analysis. Both tests are important to investigate the research questions in this research. To demonstrate mediation, Baron and Kenny (1986) model are consulted and a chapter summary is presented in section 4.10.

4.1 Data Collection and Response Rate

As discussed in Chapter three (3), the source of statistics in consideration of the indicated study was gathered through an instrument known as questionnaire. A total of one thousand (1,000) sets of questionnaire were distributed to identify respondents

from the automotive market in Malaysia. The survey was conducted from April 2nd, 2013 to May 30th, 2013, a two (2) month period. Four hundred and thirteen (413) sets of questionnaires were received of which three hundred and eighty-one (381) sets of the questionnaires could be used for further analysis while thirty-two (32) of the samples were un-useable. Table 4.1 highlighted the response rate for this research.

Table 4.1
Response Rate

	Total	Percentage
Questionnaires distributed	1,000	100
Collected questionnaires	413	41.3
Useable questionnaires	381	38.1
Un-useable questionnaires	32	3.2
Uncollected questionnaires	555	55.5

4.2 Data Analysis Technique

Each survey questionnaire received through the reply from the respondents' is marked with a unique identification mark and a running number of data key-in reference.

The data were manually entered into a Microsoft Excel 2010 sheet for simple descriptive analysis (were calculated for all survey items, namely mean scores and standard deviation). The running numbers were entered together with the data, to create a future one-to-one correspondence reference between the physical questionnaire and the data key-in. In cases where anomalies were noted during the

analysis process, double confirmation of information contained in the original questionnaire against the data key-in will be easier to trace.

The data were kept in a single source for key-in to reduce chances of overlapping and backups of the data were kept in two geographically separate locations to ensure availability when one source is deleted accidentally.

The author has applied quantitative method for this study to collect data. Statistical package for the social sciences (SPSS version 19.0) is used to measure the variables and five (5) analysis techniques are used to answer the research questions.

The namely analysis is Descriptive analysis, Reliability test, Exploratory factor analysis, Pearson's Correlation test and Multiple Regression analysis, were used to test the significance of the variables and to analyze the relationships and associations among different variables respectively. In this research there are five (5) variables which were tested (i. e. service quality, marketing-mix strategy, country-of-origin, brand trust and brand loyalty). All variables had forty-four (44) items to be analyzed. These items required factor analysis in order to reduce big variables to be meaningful factor, interpreted and can be guarded (Cavana, Delahaye, & Sekaran, 2000; Norkhazzaina, 2009).

In this research, this analysis is applied to analyze the relationship between service quality, marketing-mix strategy and country-of-origin with loyalty towards a car brand mediated by brand trust in the Malaysian automobile market.

4.3 Descriptive Analysis

The data for descriptive analysis and the sequence of data presentation refer to the distributed questionnaire (Appendix A).

4.3.1 Demographic Profile of Respondents

By using the descriptive analysis, this section presents the profile of the respondents' (see Table 4.2).

Table 4.2
Analysis Based on Occupation

	Frequency	Percentage
Employed	218	57.2
Self-employed	79	20.7
Student	32	8.4
Retired	28	7.4
Others	24	6.3
Total	381	100

Table 4.2 shows the results of the respondent's occupation. 57.2 percent of the respondents were from the employed sector, of which two hundred and eighteen (218) respondents out of the three hundred and eighty-one (381) respondents replied. The self-employed sector is the next highest with 20.7 percent where it constituted seventy-nine (79) respondents. Student sector occupied 8.4 percent overall with retired respondents next at 7.4 percent. Others sector constituted 6.3 percent, which adds up to the overall 100 percent of the three hundred and eighty-one (381) respondents received.

Table 4.3
Analysis Based on Working Sector

	Frequency	Percentage
Private	153	40.2
Public	66	17.3
Others	162	42.5
Total	381	100

Based on the employed sector of respondents, 40.2 percent were from the private sector, whereas 17.3 percent is from the public sector which constituted a total of 57.5 percent. For the balance of 42.5 percent, it constituted the rest of the respondents who are self-employed, retired or otherwise.

Table 4.4
Analysis Based on the Field of Education

	Frequency	Percentage
Marketing	98	25.7
Management	79	20.7
Engineering	41	10.8
Accounting	29	7.6
Medicine	14	3.7
Design	14	3.7
Law	8	2.1
Others - Science, IT	98	25.7
Total	381	100

From the feedback of the respondents, 25.7 percent are in the field of marketing, 20.7 percent of the respondents are in the field of management, 10.8 percent are in the field of engineering, 7.6 percent are from the accounting field, 3.7 percent are in the field of medicine, 3.7 percent on the field of design, and 2.1 percent is in the field of law. As for the balance of 25.7 percent, are listed in the others area of specialization (i.e. Science, IT, Property, etc.) which were not listed in the questionnaire. Some of these respondents listed are businessman themselves, but as others listed in the category of the field of education.

Table 4.5
Analysis Based on Age of Respondents

	Frequency	Percentage
31 - 40	153	40.2
21 - 30	125	32.8
41 - 50	53	13.9
Above 50	38	10.0
Under 21	12	3.1
Total	381	100

Table 4.5 shows the results based on respondents age. About 40.2 percent of the total replies are from the 31 - 40 group, 32.8 percent are from the 21 – 30 years group, 13.9 percent are from the 41 – 50 group, 10.0 percent are in the age group above 50, and 3.1 percent remaining replies are under 21 years old. This reveals that most of the replies received are from the 31- 40 group and these groups of people are born in the Gen Y generation. These groups of people have the full advantage of access to the IT technology.

Table 4.6
Analysis Based on Marital Status

	Frequency	Percentage
Married	226	59.3
Single	138	36.2
Divorced	17	4.5
Total	381	100

In terms of respondent's marital status, 59.3 percent listed as married, 36.2 percent are single while 4.5 percent is divorcees.

Table 4.7
Analysis Based on Gender

	Frequency	Percentage
Male	252	66.1
Female	129	33.9
Total	381	100

Table 4.7 shows the gender of the respondents of which majority of them are male with a sample size of two hundred and fifty-two (252) which constitute 66.1 percent and the remaining are female respondents. It should not be concluded that the male gender is the people that are buying cars based on this ratio of respondents.

Table 4.8
Analysis Based on the Level of Education

	Frequency	Percentage
Diploma	137	35.9
Degree	125	32.8
Secondary	67	17.6
Master	32	8.4
Doctor	9	2.4
Others	11	2.9
Total	381	100

Table 4.8 shows the results of respondents based on education qualification. 79.6 percent of the total respondents are graduates', of which 2.4 percent of the respondents are professional degree holder, 8.4 percent is master holder, 32.8 percent degree holder and 35.9 percent are diploma holder. The balance respondents are either from secondary level or others that was not listed in this survey.

Table 4.9
Analysis Based on Job Position

	Frequency	Percentage
Executive	120	31.5
Manager	49	12.9
Assistant Manager	42	11.0
Student	41	10.8
General Manager	15	3.9
Assistant General Manager	7	1.8
Others	107	28.1
Total	381	100

As for job position category, 31.5 percent of the respondents are in the executive level, 12.9 percent of the respondents are in the managerial level, 11.0 percent of the respondents are in the assistant manager level followed by 5.7 percent in the senior managerial position. As for others, it constitutes 28.1 percent of the respondents.

Table 4.10
Analysis Based on Ethnicity

	Frequency	Percentage
Chinese	216	56.7
Malay	122	32.0
Indian	37	9.7
Others	6	1.6
Total	381	100

As for ethnicity, Chinese races constituted the highest with 56.7 percent, Malay was the next highest at 32.0 percent follow by Indian at 9.7 percent while other races are at 1.6 percent.

Table 4.11
Analysis Based on Urban or Sub-Urban Area

	Frequency	Percentage
Urban	256	67.2
Suburban	125	32.8
Total	381	100

As for the area where respondents are currently staying, the urban area sample has the highest responses, which constitute 67.2 percent, and for those respondents from suburban areas, it constitutes the balance of the 32.8 percent.

Table 4.12
Analysis Based on Current Car Brand Owned

	Frequency	Percentage
Proton	69	18.1
Perodua	64	16.8
Kia	38	10.0
Toyota	33	8.7
Hyundai	27	7.1
Mitsubishi	26	6.8
Ford	26	6.8
Mercedes	24	6.3
Honda	23	6.0
Chevrolet	20	5.2
BMW	16	4.2
Volkswagen	12	3.2
Nissan	3	0.8
Total	381	100

From the respondents reply, Proton owners constituted the majority with 18.1 percent, followed by Perodua car owners at 16.8 percent and the third highest is from Kia car owners at 10.0 percent. While the rest of the brands constituted the remaining percentage making up to a total of 100 percent.

Table 4.13

Analysis Based on Preference of Local or International Brand

	Frequency	Percentage
International	279	74
Local	102	26
Total	381	100

Out of the total three hundred and eighty-one (381) respondents, two hundred and seventy-nine (279) respondents answered on the questionnaire that their preferences will be international brand and only one hundred and two (102) respondents listed local brand as their car preferences. In terms of percentage, 74 percent of the respondents preferred international brand though most of them owned a local brand car due to the affordability issue.

Table 4.14

Analysis of Reasons for Choosing Local or International Brand

Category	Local	International	Percentage
Affordable (price, cheap)	48	22	12/6
Product (brand image, new model, quality, resale value, trusted brand)	11	120	3/30
Features (comfort, design, durable, reliable, style)	17	92	4/24
Cost (maintenance, promotion, service, usage, economy, value for money)	23	15	6.5/3.5
Lifestyle (luxury)	0	4	0/0.5
Patriotism (preference)	3	7	0.5/5
Technology (performance)	0	19	0/5
Total	102	279	26/74

As for the reasons for preference of local or international makes, respondents are encouraged to list their preferences with reasons of their choices. Seven (7) categories of reasons are categorized and the results are being discussed individually. As per result analyzed, on the affordability category which include pricing and cheap, 12 percent of the respondents mentioned that their preference is for local as compared with 6 percent preference for international makes, thus pricing is a major factor in selecting local makes cars. Due to cheap pricing and protection of local makes car, it is no surprise that local makes cars constituted the highest market share in the Malaysian automotive industry. In the product category (brand image, new model, quality, resale value, trusted brand), 30 percent of respondents responded that their preference is an international brand as compared with 3 percent only on local brands. This high percentage acknowledges that in terms of product, preference is given to international brand where the Malaysian consumer perception that international brand always command a higher perception especially in term of quality, image and brand. In terms of features category (comfort, design, durable, reliable, style) international brand commanded a high percentage of respondents' preference where 24 percent of the total respondents responded as compared with only 4 percent for local makes. Respondents prefer better features, design which comes with international brand. As for the rest of the categories, cost (maintenance, promotion, service, usage, economy, value for money); lifestyle (luxury); patriotism (preference) and technology (performance) the total respondents responded are low, thus these categories of reasons are not so relevant to the preference of respondents in the selection of local or international makes. Overall, 74 percent of the respondents' selected international brand as their preferences of car makes as compared with 26 percent for local makers. The result from this study supported that

majority of Malaysian consumers' preference is for international brand due to various reasons as discussed.

Table 4.15
Analysis Based on the Number of Times Changed Car Brand

	Frequency	Percentage
1	86	22.6
2	116	30.4
3	84	22.0
4	54	14.2
More than 4 times	41	10.8
Total	381	100

Table 4.15 presented results on the number of times respondents changed car brand with 77.4 percent had changed car brand twice or more as compared with only 22.6 percent who had changed their car brand once. By having a high percentage of respondents in the number of car brand changed, the perception on brand loyalty will be more acceptable on the high note, and the sample size of these respondents should be treated as appropriate for this study.

Table 4.16
Analysis on Reason for Switching Car Brand

Category	1	2	3	4	More than 4	%
Features (comfort, design, durable, reliable, size)	16	23	24	19	16	26.0
Affordable (price, cheap, worthy)	29	24	17	7	1	20.5
Product (brand image, quality, something better, try different brand)	15	15	13	11	6	16.0
Financial freedom (upgrade)	11	15	12	4	5	12.0
Cost (economy, maintenance, promotion, service)	8	17	9	8	6	12.0
Technology (performance)	4	11	2	2	2	5.5
Lifestyle (luxury)	3	5	5	3	1	4.5
Transport (aging)	1	7	1	1	2	3.5

Table 4.16 shows the results for reasons behind the number of times respondents changed car brand. Eight (8) categories of reasons are being categorized to represent the respondents' reasons of changing car brand. Features (comfort, design, durable, reliable, side) category recorded the highest among the category with a total of 26 percent respondents mentioned that because of the features of the car, they changed their car brand. The result also presented that the number of times respondents changes their car brand, two (2) or three (3) times of changes constituted the highest respondents in this category. Price is not the main reason for why consumers' changed car brand. The next is in the affordability category (price, cheap, worthy), 20.5 percent contributed from the overall total respondents. Most of the respondents mentioned that affordability is one of the reasons why they changed their car brand.

The respondents in this category mentioned that because they are able to afford to change their present car to a new car as the reason for changing car brand. The result shown a high number of respondents changed their car one (1) or two (2) times. In the product (brand image, quality, something better, try different brand) category, 16 percent of the respondents selected this reason the number of times they change their car. In this category, it was quite even based on the results analyzed on the number of times changed car brand by respondents. Financial freedom and cost category were the next, with 12 percent each of the total respondents' responses in selecting their reasons for the number of times change car brand. As for lifestyle, technology and transport category, it constitutes the rest of the respondents' reason in changing car brand. Overall, it can be summarized that the majority of the respondents gave their reasons on features, product and affordability for the frequency of changing car brand. Quality, pricing of the product, comfort could be some of the reasons why consumers' change car brand so frequent.

Table 4.17
Analysis Based on Preference Brand Rating

Brand										
rating	1	2	3	4	5	6	7	8	9	10
Local	14.2	11.6	8.5	6.6	18.6	10.0	8.1	10.8	5.0	6.6
Korean	12.3	8.4	10.1	10.2	12.3	10.5	11.0	10.8	6.3	8.1
Japanese	1.0	1.3	2.4	3.1	8.4	10.0	13.6	25.0	13.1	22.1
American	13.9	3.7	8.4	6.3	15.3	8.5	12.7	16.3	10.2	4.7
European	2.1	1.6	3.9	4.2	8.4	5.5	15.1	19.5	14.2	25.5

As for a preference brand, rating from the respondents, the number shown in Table 4.17 is in percentage point. The rating values in Table 4.17 show rating '1', the least preference and rating '10' the most preference of the car brand. The response rate for the brand preference is based on the preferences of each respondent. The respondents are asked to rate their preferences on the five (5) category by region of origin of car make. The results show that European and Japanese brand is the well like brand that most of the people prefer. As for American brand being the least preferred because of the limited models available for people to purchase at Malaysian automotive market, thus the preference reflects a low rating.

Table 4.18
Analysis Based on Percentage of Brand by Region of Originality

Brand - Region of originality	Percentage
Local brand (Proton and Perodua)	35.0
Japanese brand (Toyota, Honda, Mitsubishi, and Nissan)	22.0
Korean brand (Hyundai and Kia)	17.0
European brand (Volkswagen, Mercedes, and BMW)	14.0
American brand (Chevrolet and Ford)	12.0
Total	100

Table 4.18 shows the analysis of respondent's car currently owned, based on percentage of brand by region of originality where local brand car owners constituted 35 percent of the total respondents. Next highest is the Japanese brand car owners at 22 percent follow by Korean brand car owners at 17 percent, European brand car owners at 14 percent with American brand car owners at 12 percent. These ratios constituted a good share of brands that the respondents currently owned thus there was a fair share of brands represented in this study.

4.4 Reliability Analysis

As per result in Table 4.19, the Cronbach's Alpha value after running the reliability analysis was in the range of .972. This indicates that the internal consistency reliability of the measurement scales used for the variables were considerably reliable and acceptable (Sekaran, 2003). It was argued that the reliability of a measure is considered stronger if the coefficient alpha value is closer to 1 (Gliem & Gliem, 2003; Hair et al., 1998). Even if one variable is deleted, the Cronbach's Alpha still remains at .972 which is considered as relatively strong, thus the reliability test on the variables are considered reliable and significant (refer to Appendix C for the SPSS output).

Table 4.19
Item-Total Statistics for Variables (n=381)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SQA1	155.79	571.944	.650	.972
SQA2	155.70	572.727	.624	.972
SQB1	155.85	571.321	.648	.972
SQB2	155.92	568.534	.617	.972
SQE1	155.76	570.773	.662	.972
SQE2	155.88	567.552	.650	.972
SQAC1	155.81	568.575	.705	.972
SQAC2	155.76	571.059	.642	.972
SQDF1	155.90	568.876	.685	.972
SQDF2	155.78	570.605	.679	.972
SQSF1	155.89	567.570	.717	.972
SQSF2	155.80	571.305	.603	.972
SQWT1	156.01	568.600	.640	.972
SQWT2	155.89	570.170	.639	.972
SQT1	155.84	568.505	.678	.972
SQT2	155.77	568.732	.665	.972
SQV1	155.89	567.333	.724	.972
SQV2	155.75	571.169	.654	.972
MSP1	155.89	569.027	.661	.972
MSP2	155.84	567.530	.676	.972

Table 4.19 (Continued)

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
MSPLC1	155.86	570.622	.630	.972
MSPLC2	155.86	572.408	.570	.972
MSPLC3	155.91	569.547	.666	.972
MSPLC4	156.01	568.397	.651	.972
MSPRO1	155.96	568.714	.645	.972
MSPRO2	155.93	568.225	.613	.972
COOBI1	155.75	568.456	.665	.972
COOBI2	155.78	571.793	.585	.972
COOBI3	155.85	566.352	.713	.972
COOBI4	155.73	568.204	.704	.972
COOCI1	155.85	566.457	.683	.972
COOCI2	155.84	568.128	.665	.972
COOCI3	155.81	566.664	.683	.972
COOCI4	155.85	569.210	.632	.972
COOCI5	155.75	568.405	.656	.972
BT1	155.76	568.764	.709	.972
BT2	155.87	567.674	.695	.972
BT3	155.77	568.103	.720	.972
BT4	155.70	570.572	.678	.972
BL1	155.76	564.912	.672	.972
BL2	155.99	565.205	.683	.972
BL3	155.99	566.579	.654	.972
BL4	156.00	570.839	.571	.972
BL5	156.03	565.944	.635	.972

Abbreviation:

SQA – Service quality – Attitude

SQB – Service quality – Behavior

SQE – Service quality – Expertise

SQAC – Service quality – Ambient conditions

SQDF – Service quality – Design factors

SQSF – Service quality – Social factors

SQWT – Service quality – Waiting time

SQT – Service quality – Tangibles

SQV – Service quality – Valence

MSP – Marketing strategy – Pricing

MSPLC – Marketing strategy – Place

MSPRO – Marketing strategy – Promotion

COOBI – Country-of-origin – Brand image

COOCI – Country-of-origin – Country image

BT – Brand trust

BL – Brand loyalty

4.5 Exploratory Factor Analysis (EFA)

The initial forty-four (44) items describing the overall brand loyalty were subjected to factor analysis in order to determine the factor variables of loyalty. After subjecting the data to Varimax rotation and removing problematic items, the five (5) variables were observed in this study. The result shows high correlations among the items with Kaiser-Meyer-Olkin (KMO) sampling adequacy measurement (MSA) recorded a value of .961. It was supported by Bartlett's test (approx Chi-square=12894.844, $df=946$, $p\text{-value}=.000$). All anti-image correlations items in the dependent variable of this study showed values greater than 0.50 and the communality values were between .525 to .798. Meanwhile the Eigenvalue for this analysis was at 1.017 at the 20th iteration. This indicates that the factor analysis is considered appropriate where Coakes, Steed, and Ong (2009) mentioned that for factor analysis to be considered appropriate, anti-image correlation matrix and communality value must be greater than .05 and Eigenvalue greater than 1. Table 4.20 shows the results of the factor analysis of the brand loyalty model. The SPSS output is attached as Appendix I.

Table 4.20
Rotated Component Matrix

	Country-of- Origin	Service Quality	Marketing- mix Strategy	Brand Loyalty	Communalities
SQA1		.727			.700
SQA2		.791			.750
SQB1		.725			.709
SQB2		.675			.717
SQE1		.739			.710
SQE2		.547			.676
SQAC1		.592			.628
SQAC2		.648			.615
SQDF2		.527			.645
SQWT1		.600			.682
SQWT2		.636			.640

Table 4.20 (Continued)

	Country-of- Origin	Service Quality	Marketing- mix Strategy	Brand Loyalty	Communalities
SQV1		.523			.658
SQV2		.525			.630
MSP1			.656		.671
MSP2			.555		.675
MSPLC1			.536		.604
MSPLC2			.634		.613
MSPRO1			.705		.717
MSPRO2			.705		.703
COOBI1	.706				.733
COOBI2	.695				.632
COOBI3	.538				.596
COOBI4	.528				.639
COOCI1	.790				.756
COOCI2	.793				.741
COOCI3	.787				.756
COOCI4	.772				.714
COOCI5	.805				.766
BT2	.599				.613
BT3	.516				.638
BL2				.623	.699
BL3				.663	.742
BL4				.724	.676
BL5				.767	.798
Eigenvalue	21.853	4.372	2.072	1.001	
% of variance explained	49.666	9.707	4.709	2.274	
KMO	.961				
Bartlett's Test of Sphericity - .000 (Chi square = 12894.844)					

*Abbreviation:**SQA – Service quality- Attitude**SQB – Service quality – Behavior**SQE – Service quality – Expertise**SQAC – Service quality – Ambient conditions**SQDF – Service quality – Design factors**SQWT – Service quality – Waiting time**SQV – Service quality – Valence**MSP – Marketing strategy – Pricing**MSPLC – Marketing strategy – Place**MSPRO – Marketing strategy – Promotion**COOBI – Country-of-origin – Brand image**COOCI – Country-of-origin – Country image**BT – Brand trust**BL – Brand loyalty*

The 1st variable indicated the presence service quality variable. Three (3) groups were formed were Interaction Quality (question 1 to question 6 - 6 items), 2nd is Physical Environment Quality (question 7 to question 12 - 6 items), and the 3th is Outcome Quality (question 13 to question 18 - 6 items). Three (3) items from interaction quality (question 9, 11, and 12) and two (2) items from outcome quality (question 15 and 16) failed to load on its hypothesized factor variable, and the items were finally removed from the final analysis.

The 2nd variable is Marketing-mix Strategy. Three (3) groups were formed were Pricing (from question 19 to question 20 - 2 items), 2nd is Place (from question 21 to question 24 - 4 items), and 3rd is Promotion (question 25 to question 26 - 2 items, failed to load on its hypothesized factor variable, and was removed from the final analysis. Two items from Place (question 23 and 24) failed to load on its hypothesized factor variable, and the items were finally removed from the final analysis.

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The 3rd variable is Country-of-Origin. Two groups were formed, were Brand Image (from question 27 to question 30 - 4 items), and the 2nd is Country Image (from question 31 to question 35 - 5 items) with all the items loaded successfully into their hypothesized factor variable.

The 4th variable is Brand Trust. Only one group was formed from this variable (from question 36 to question 39 - 4 items). Two items from this group (question 36 and 39) failed to load on their hypothesized factor variable, and these items were finally removed from the final analysis.

The final variable is Brand Loyalty. Only one group was formed from this variable (from question 40 to question 44 - 5 items). Five (5) items were analyzed and only 4 items were loaded. One item (question 40) failed to load and were removed from the final analysis. The four (4) items loaded were aggregated based on mean value and the outcome value of these items was: BL2 – 155.99; BL3 – 153.99; BL4 – 156 and BL5 – 16.03 (see Table 4.19). As for BL1 item which failed to load in the exploratory factor analysis, has a mean value of 155.76 recorded in the reliability analysis.

As for the overall, the Kaiser-Meyer-Olkin (KMO) results in Table 4.20 has a value of .961 which is higher than the recommends value of .6 and that the Bartlett's Test of Sphericity, significant value is $p=.000$, therefore the overall factor analysis is appropriate.

4.6 Correlation Analysis

Pearson's correlation coefficient (r) measures "the linear of association between two metric variables" (Hair et al., 2003). The coefficient (r) indicates both the magnitude of the linear and the direction of the relationship where the values range from +1.0 to -1.0. A '+1.0' value indicates a perfect positive relationship, whereas a '-1.0' value, indicates a perfect negative relationship, with a '0' value, indicates no relationship between two variables. The larger the correlation of coefficient, the stronger will be the level of association between the two metric variables. This test will be done at 5 percent significance level. The null hypothesis (H_0) would be rejected if the significance value, p , is smaller than 0.05. In other words, if $p\text{-value} \leq 0.05$, reject H_0 ; if, $p\text{-value} > 0.05$, failed to reject H_0 .

Table 4.21
Pearson Correlations (n=381)

	Service Quality	Marketing- mix Strategy	Country- of- Origin	Brand Trust	Brand Loyalty
Service Quality	1				
Marketing- mix Strategy	.756**	1			
Country- of-Origin	.678**	.614**	1		
Brand Trust	.650**	.576**	.775**	1	
Brand Loyalty	.577**	.576**	.700**	.631**	1

** Correlation is significant at the 0.01 level (2-tailed)

Table 4.21 presents the correlational matrix of all the variables from this study. As exhibited, the correlation between independent variables and a dependent variable shows a positive significant relationship. All independent variables were statistically correlated with brand loyalty which indicates that the data was suitably correlated with the dependent variable for examination through multiple linear regressions to be reliably undertaken. The correlations between the independent variables and the dependent variable (Brand Loyalty) were moderate to strong with values ranging from $r=.576, p<.01$ to $r=.700, p<.01$. The overall correlation coefficient values range between .576 to .775 ($p<.01$), thus implying that the values are in the moderate and strong level with brand trust ($r=.775$) being the strongest correlation whilst brand loyalty ($r=.576$) being the weakest. In overview, multicollinearity did not exist as all the correlation coefficient values were less than .80 (Berry & Feldman, 1985), and thus, the variables were ready for the subsequent regression analysis. The SPSS output is attached as Appendix D.

From the Pearson correlation analysis, the result shows that marketing-mix strategy has a moderate correlation and significant relationship to brand trust and brand loyalty and service quality to brand loyalty. Whereas, the rest of the variables had strong correlation and significant relationship.

4.7 Multiple Regression Analysis

In this research, multiple regression analysis is used to analyze the linear relationship between brand loyalty and service quality, marketing-mix strategy and country-of-origin (Anderson, Babin, Black, Hair, & Tatham, 2006; Tabachnick & Fidell, 1996). Following are the steps in conducting multiple regression analysis, including: (i) Statistical significance of each coefficient, (ii) Nature of relationship and (iii) Strength of relationship.

According to Bush, Hair Jr, and Ortinau (2003), the test will be significant if the *p-value* < .05. The beta coefficient (β) is used to determine which independent variables have the most influence on the dependent variable. The multiple *R* square is the last step used to determine the strength of the relationship between all the independent variables collectively and the dependent variable (Hair et al., 2006).

4.8 Mediating Testing

4.8.1 Mediating Effects of Brand Trust

Mediating variable is a variable which functions to mediate any correlation between independent variable and dependent variable (Baron & Kenny, 1986). To test the influence of the mediating variable, the path analysis method was used. Path analysis

is the extension of regression analysis to measure inter-variable causal correlation settled by the theory. In this study, the mediating variable (brand trust) is tested between the independent variables and the dependent variable. Baron and Kenny (1986) laid out several requirements that must be met to determine the mediating relationship. Figure 4.1 represents the mediating relationship for this study.

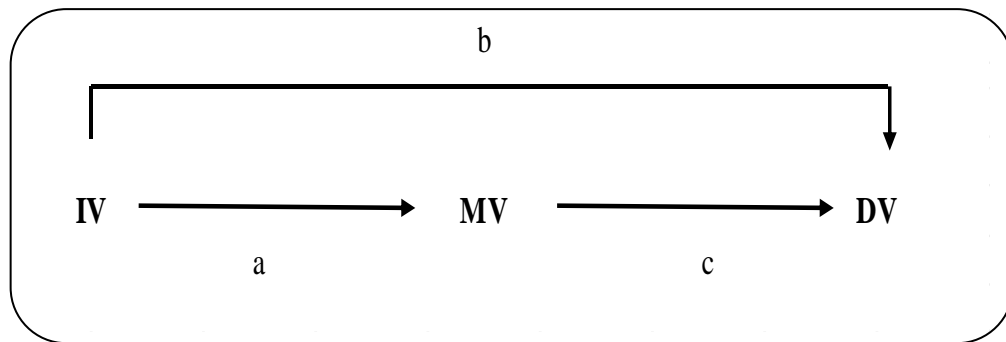


Figure 4.1
Mediation Effect Test (Baron & Kenny, 1986)

From the diagram above the predominant relationship that is explained is labelled ‘b’ which is the path from the independent to the dependent variable. The mediating path has two parts, ‘a’ path connecting the independent variable to the mediator and ‘c’ the path connecting the mediator to the dependent variable. Baron and Kenny (1986) argued that for the study to claim a mediating relationship, it first needs to show that there is a significant relationship between the independent variable and the dependent variable. The next step is to show that there is a significant relationship between the independent variable and the mediator variable and then to show there is a significant relationship between the mediator variable and dependent variable.

Basically, the procedures are: (Step 1) the independent variables (X) should be significantly related to the dependent variable (Y), path ‘b’, (Step 2) the independent

variables (X) should significantly associated with the mediator (M), path ‘a’, (Step 3) the mediator (M) should be significantly related to the dependent variable (Y), path ‘c’, and (Step 4) to establish whether the mediator (M) completely mediates the independent (X) – Dependent (Y) relationship, the effect of the independent variables on the dependent variable controlling for the mediating variable should be zero (full mediation) or becoming significantly smaller (partial mediation). Hence, in this present study, a multiple regression analysis using the stepwise method was used to determine the independent variable that has an effect on brand trust.

4.8.1.1 Regression between Independent Variable and Dependent Variable

Step one (1), three (3) independent variables (Service Quality, Marketing-mix Strategy and Country-of-Origin) were regressed with brand loyalty. The results are presented in Figure 4.2 and Table 4.22.

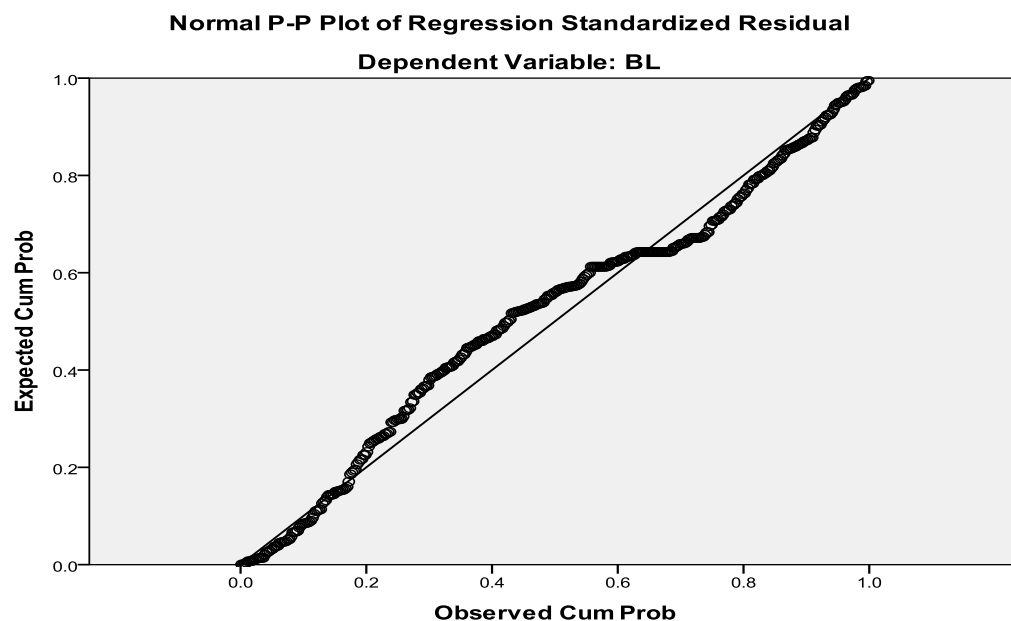


Figure 4.2
Plot chart – Service Quality, Marketing-mix Strategy, Country-of-Origin and Brand Loyalty

Figure 4.2 plot chart, the line presented is reasonably straight diagonally, which suggested that the data is normal. In the normal probability plot, points should lie on a reasonably straight diagonal line from bottom left to top right thus, it has fulfilled the requirement of the regression model.

Table 4.22
Service Quality, Marketing-mix Strategy & Country-of-Origin Regressed with Brand Loyalty

Variable	Standard Coefficient Beta (β)	P
Service quality	.066	.271
Marketing-mix strategy	.198	.000
Country-of-origin	.534	.000
R^2	.526	
R^2 Change	.526	
F Change	139.187	
Sig. F Change	.000	

In this section, the three (3) independent variables were regressed against brand loyalty and the results are presented.

H1: Service quality is significantly related to brand loyalty.

From Table 4.22, it can be observed that the coefficient of service quality is $\beta=.066$, which indicates that increase in the score of service quality will positively impact the loyalty. With a significant value .271 ($p\text{-value}>.001$), H1 is not supported (Null hypothesis is not rejected) and this indicates that service quality has no significant association with the loyalty of a car brand when a customer wants to purchase a car. Though the coefficient still has the impact on service quality, but the impact will not be good enough to retain the brand loyalty.

H2: Marketing-mix strategy is significantly related to brand loyalty.

From Table 4.22, it can be observed that the coefficient of marketing-mix strategy is $\beta=.198$, which indicates that increase in the score of marketing-mix strategy will positively impact the loyalty. With significant value .000 ($p\text{-value}<.001$), H2 is supported (Null hypothesis is rejected) and this indicates that marketing-mix strategy has a significant association with the loyalty of a car brand when customer have the intention to purchase a new car.

H3: Country-of-Origin is significantly related to brand loyalty.

From Table 4.22, it can be observed that the coefficient of country-of-origin, $\beta=.534$, indicated that increase in the score of country-of-origin will positively impact the loyalty. With a significant value .000 ($p\text{-value}<.001$), H3 is supported (Null hypothesis is rejected) and this indicates that country-of-origin has a positive significant association with the loyalty of a car brand when customer have intention on new car purchase.

The results of step one indicated that the variance accounted for (R^2) with the first three variables (Service Quality, Marketing-mix Strategy and Country-of-Origin) equaled .526 (R^2 change=.526), which was significantly different from zero (F change=139.187, $p<.001$). The SPSS output is attached as Appendix E.

4.8.1.2 Regression between Independent Variables and Mediating Variable

Step two (2), three (3) independent variables (Service Quality, Marketing-mix Strategy and Country-of-Origin) were regressed with brand trust. The results are presented in Figure 4.3 and Table 4.23.

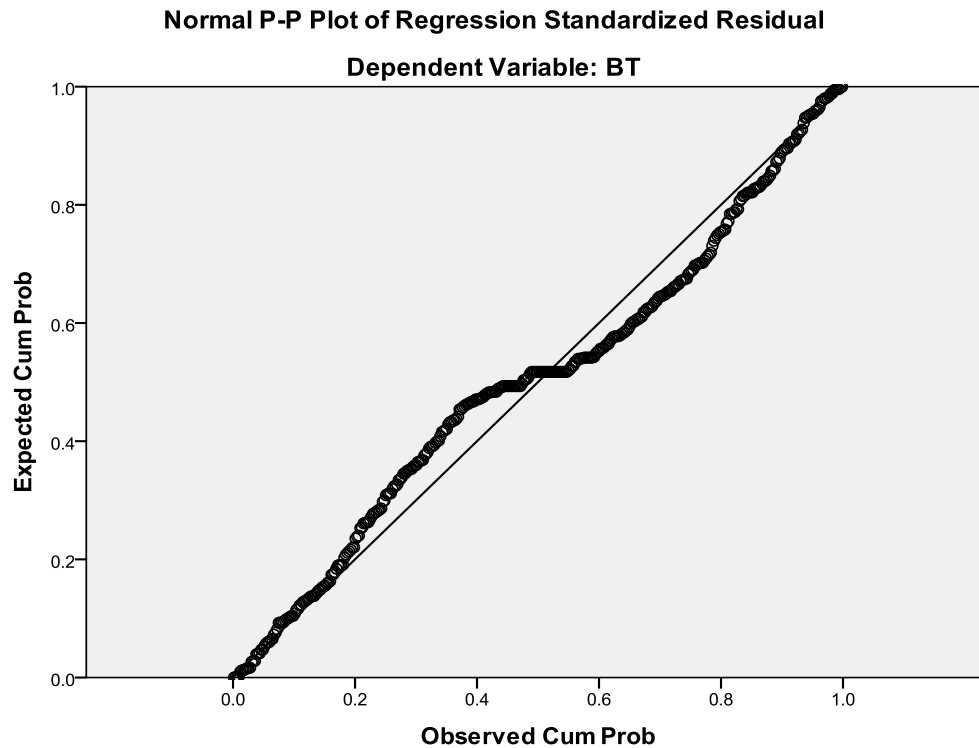


Figure 4.3
Plot Chart – Service Quality, Marketing-mix Strategy, Country-of-Origin and Brand Trust

Figure 4.3 plot chart, the line presented is reasonably straight diagonally, which suggested that the data is normal. In the normal probability plot, point should lie on a reasonably straight diagonal line from bottom left to top right, thus it has fulfilled the requirement of the regression model.

Table 4.23

Service Quality, Marketing-mix Strategy & Country-of-Origin Regressed with Brand Trust

Variable	Standard Coefficient Beta (β)	<i>p</i>
Service quality	.195	.000
Marketing-mix strategy	.054	.272
Country-of-origin	.610	.000
R^2	.631	
R^2 change	.631	
<i>F</i> Change	214.746	
<i>Sig. F</i> Change	.000	

In this section, the three (3) independent variables were regressed against brand trust and the results are presented.

H4: Service quality is significantly related to brand trust.

From Table 4.23, it can be observed that the coefficient of service quality is $\beta=.195$, which indicates that increase in the score of service quality will positively impact the brand trust. With a significant value .000 ($p\text{-value}<.001$), H4 is supported (Null hypothesis is rejected) and this indicates that service quality influence the consumer trust in buying a new car.

H5: Marketing-mix strategy is significantly related to brand trust.

From Table 4.23, it can be observed that the coefficient of marketing-mix strategy is $\beta=.054$, which indicates that increase in the score of marketing-mix strategy will positively impact the brand trust. With a significant value .272 ($p\text{-value}>.001$), H5 is not supported (Null hypothesis is not rejected) and this indicates that marketing-mix strategy does not influence consumers' trust in buying a new car.

H6: Country-of-origin is significantly related to brand trust.

From Table 4.23, it can be observed that the coefficient of country-of-origin, $\beta=.610$, indicated that increase in the score of country-of-origin will positively impact the brand trust. With a significant value .000 ($p\text{-value}<.001$), H6 is supported (Null hypothesis is rejected) and this indicates that country-of-origin will influence consumers' trust in buying a new car.

The results of step two indicated that the variance accounted for (R^2) with the first three variables (Service Quality, Marketing-mix Strategy and Country-of-Origin) equaled .631 (R^2 change=.631), which was significantly different from zero (F change=214.746, $p<.001$). The SPSS output is attached as Appendix F.

4.8.1.3 Regression between Mediating Variable and Dependent Variable

Step three (3), mediating variable (Brand trust) were regressed with brand loyalty.

The results are presented in Figure 4.4 and Table 4.24.

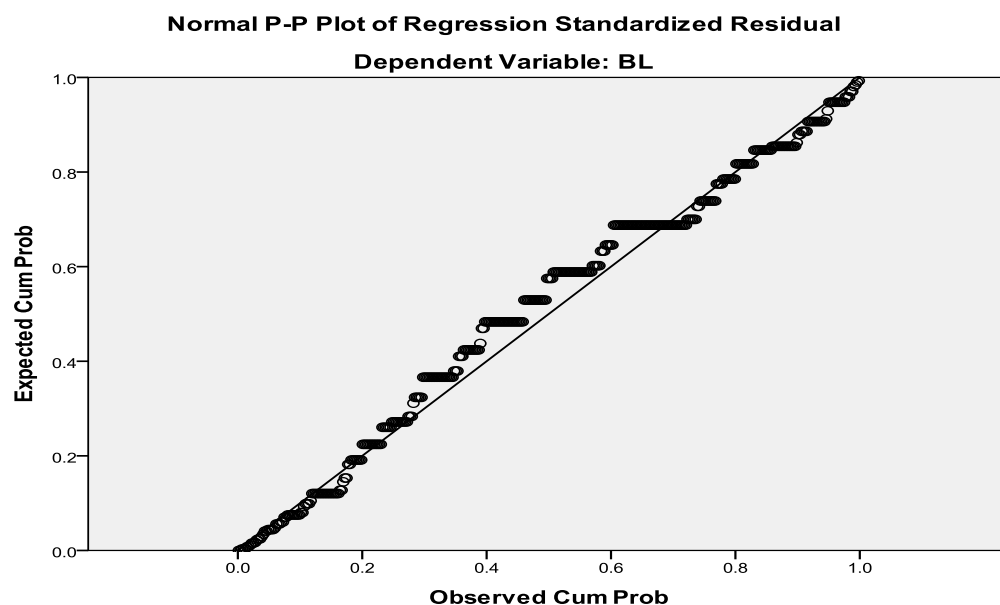


Figure 4.4
Plot Chart – Brand Trust and Brand Loyalty

Figure 4.4 plot chart, the line presented is reasonably straight diagonally, which suggested that the data is normal. In the normal probability plot, points should lie on a reasonably straight diagonal line from bottom left to top right, thus it has fulfilled the requirement of the regression model.

Table 4.24
Brand Trust Regressed with Brand Loyalty

Variable	Standard Coefficient Beta (β)	<i>p</i>
Brand trust	.631	.000
R^2	.398	
R^2 Change	.398	
F Change	250.960	
<i>Sig.</i> F Change	.000	

In this section, the mediating variable was regressed against brand loyalty and the results are presented.

H7: Brand trust is significantly related to brand loyalty.

From Table 4.24, it can be observed that the coefficient of brand trust is $\beta=.631$, which indicates that increase in the score of brand trust will positively impact the brand loyalty. With a significant value .000 (p -value<.001), H7 is supported (Null hypothesis is rejected) and this indicates that brand trust will influence consumer's trust in buying a new car.

The results of step three indicated that the variance accounted for (R^2) with the brand trust equaled .398 (R^2 change=.398), which was significantly different from zero (F change=250.960, p <.001). The SPSS output is attached as Appendix G.

4.8.1.4 Test of Mediation

Final step was to ascertain whether full mediation or partial mediation had occurred (Baron & Kenny, 1986; Judd & Kenny, 1981). The independent variables will be regressed against the dependent variable and mediated by brand trust. The results for the mediating effect are discussed in further sections.

4.8.1.4.1 Mediation Effect of Brand Trust on the Relationship between Independent Variable and Dependent Variable

In this step 4, first, service quality does not have a significant relationship with brand loyalty (see Table 4.22) thus this variable was removed from further regression. Second, marketing-mix strategy does not have a significant relationship with brand trust (see Table 4.23) thus this variable was removed from further regression. Since Country-of-Origin has a significant relationship with brand loyalty and brand trust, this variable was further regressed with brand loyalty mediated by brand trust to test the mediation effect. The results are presented in Figure 4.5 and Table 4.25.

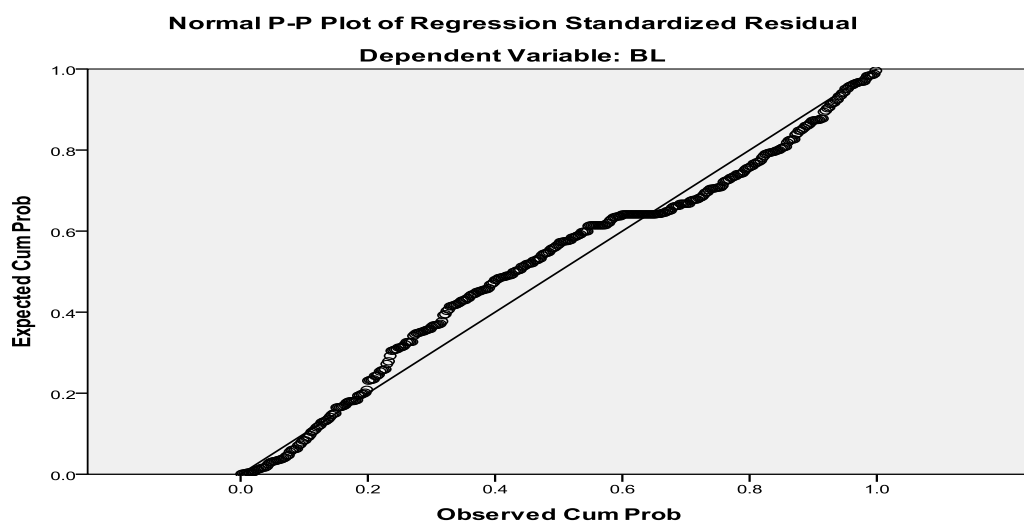


Figure 4.5
Plot Chart – Country-of-Origin, Brand Trust and Brand Loyalty

Figure 4.5 plot chart, the line presented is reasonably straight diagonally, which suggested that the data is normal. In the normal probability plot, points should lie on a reasonably straight diagonal line from bottom left to top right thus, it has fulfilled the requirement of the regression model.

Table 4.25

Test of the Mediating Effect of Brand Trust on the Relationship Between Country-of-Origin and Brand Loyalty

Independent variables	Dependent variable Brand loyalty (beta)		Result
	Model 1 (without mediator)	Model 2 (with mediator)	
Step 1: Independent Variable			
Country-of-Origin	.700	.528	Partially mediated
Step 2: Mediating Variable			
Brand trust		.222	
R^2	.490	.509	
Adjusted R^2	.489	.507	
R^2 Change	.490	.020	

From Table 4.25, it is observed that the effect of country-of-origin ($\beta=.700$, $p<.001$) on brand loyalty was significant without brand trust and also with brand trust, (country-of-origin ($\beta=.528$, $p<.001$)). However, the beta value decreased in the presence of brand trust, thereby implying partial mediation. In other words, country-of-origin has a significant relationship with brand loyalty via brand trust. Therefore, hypothesis 10 was supported.

H8: Brand trust mediates the relationship between service quality and brand loyalty.

To test the mediation effect, Baron and Kenny (1986) stated that full mediation takes place when the impact of the independent variables on the dependent variable controlled by the mediating variable is insignificant. Partial mediation on the other hand takes place when the standardized coefficient beta value reduces and is significant. From Table 4.22, it can be observed that the beta coefficient of service quality is $\beta=.066$ and with a significant value of .271 ($p\text{-value}>.001$), thus H8 is not supported (Null hypothesis is not rejected). With $p\text{-value}>.001$, this variable were removed from further regression analysis.

H9: Brand trust mediates the relationship between marketing-mix strategy and brand loyalty.

To test the mediation effect, Baron and Kenny (1986) stated that full mediation takes place when the impact of the independent variables on the dependent variable controlled by the mediating variable is insignificant. Partial mediation on the other hand takes place when the standardized coefficient beta value reduces and is significant. From Table 4.23, it can be observed that the beta coefficient of marketing-mix strategy is $\beta=.054$ and with a significant value of .272 ($p\text{-value}>.001$), thus H9 is not supported (Null hypothesis is not rejected). With the $p\text{-value}>.001$, this variable were removed from further regression analysis.

H10: Brand trust mediates the relationship between country-of-origin and brand loyalty.

To test the mediation effect, Baron and Kenny (1986) stated that full mediation takes place when the impact of the independent variables on the dependent variable controlled by the mediating variable is insignificant. Partial mediation on the other hand takes place when the standardized coefficient beta value reduces and is significant. From Table 4.25, it can be observed that the beta coefficient of country-of-origin is $\beta=.700$ and with a significant value of .000 ($p\text{-value}<.001$), thus H10 is supported (Null hypothesis is rejected). With a $p\text{-value}<.001$, and the beta value decreases from $\beta=.700$ to $\beta=.528$ in the presence of brand trust, it indicates that brand trust has a partial mediating effect between country-of-origin and brand loyalty.

The results of step four indicated that model 1 has total variance accounted for (R^2) with Country-of-Origin variable equaled .490 (R^2 Change=.490), which was significantly different from zero (F change=363.926, $p<.001$) and explained 49.0% of variance in brand loyalty. For model 2, after the entry of brand trust, the total variance accounted for (R^2) with the Country-of-Origin variable and mediating variable (brand trust) equaled .509 (F change=196.290; $p<.001$) and explained 50.9% of variance in brand loyalty. The introduction of brand trust explained additional 1% variance in brand loyalty, after controlling for country-of-origin (R^2 Change=.02), which was significantly different from zero (F change=15.108, $p<.001$). In the final model, country-of-origin recorded a beta value $\beta=.528$, $p<.001$ were statistically significant. The SPSS output is attached as Appendix H.

Adding brand trust to the regression model explained an additional 1 percent in brand loyalty. The reduction of beta coefficient in country-of-origin indicates that the relationship between brand trust and brand loyalty is partially related. This indicates that brand trust has partial mediating effects on the relationship between country-of-origin and brand loyalty. This reflects the importance of brand trust to brand loyalty. Thus the result shows that the determinant power reduced when brand trust act as the mediator. Table 4.26 summarized the hypotheses, results.

Table 4.26

Summary of the Research Questions, Research Objectives, Hypotheses and Results

Research question	Research objective	Hypothesis	Result
Does service quality affect brand loyalty?	To investigate the relationship between service quality and brand loyalty towards local and international car brand.	H1: There is a significant relationship between service quality and brand loyalty.	Not Supported
Does marketing-mix strategy affects brand loyalty?	To investigate the relationship between marketing-mix strategy and brand loyalty.	H2: There is a significant relationship between marketing-mix strategy and brand loyalty.	Supported
Does country-of-origin affects brand loyalty?	To investigate the relationship between country-of-origin and brand loyalty.	H3: There is a significant relationship between country-of-origin and brand loyalty.	Supported
		H4: There is a significant relationship between service quality and brand trust.	Supported
		H5: There is a significant relationship between marketing-mix strategy and brand trust.	Not Supported
		H6: There is a significant relationship between country-of-origin and brand trust.	Supported

Table 4.26 (Continued)

Research question	Research objective	Hypothesis	Result
		H7: There is a significant relationship between brand trust and brand loyalty.	Supported
		H8: There is a significant relationship between service quality and brand loyalty mediated by brand trust.	Not Supported
Does brand trust have mediating effect on service quality, marketing-mix strategy, country-of-origin and brand loyalty.	To investigate the mediating effect of trust on the relationship between service quality, marketing-mix strategy, country-of-origin and brand loyalty.	H9: There is a significant relationship between marketing-mix strategy and brand loyalty mediated by brand trust.	Not Supported
		H10: There is a significant relationship between country-of-origin and brand loyalty mediated by brand trust.	Partially Mediated

4.9 Chapter Summary

Data analysis results from three hundred and eighty-one (381) replies are presented in this chapter obtained through the statistical tools of descriptive, reliability test, exploratory factor, Pearson's correlation and multiple regressions. The interpretation and discussion of the results are further discussed, including hypotheses findings. Summarized hypotheses, the results ended this chapter discussion.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.0 Introduction

Chapter five (5) consists of the summary of statistical analysis that discussed in the previous chapter. Besides, discussion of major findings to confirm research objectives and hypotheses of this study and summarization for results of hypothesis testing are provided. Furthermore, the author discussed the implications and study limitations. Lastly, future researchers' recommendations and conclusion are being made.

5.1 Recapitulation of the Study Findings

The motivation for this research was to determine the determinant variables that affect brand loyalty (i. e. service quality, marketing-mix strategy, country-of-origin) and also the mediating effect of brand trust on brand loyalty in the context of the Malaysian automotive industry. The objectives of this research were: (1) to investigate the relationship between service quality and brand loyalty towards local and international car brand; (2) to investigate the relationship between marketing-mix strategy and brand loyalty; (3) to investigate the relationship between country-of-origin and brand loyalty; and (4) to investigate the mediating effect of trust on the relationship between service quality, marketing-mix strategy, and country-of-origin and brand loyalty.

5.2 Discussion of Finding

Chapter one of this study stated four (4) research questions and in this chapter, the answer for each of the research question is discussed. The present study presented three (3) hypotheses to test the direct relationship between the three (3) independent variables (service quality, marketing-mix strategy and country-of-origin) with brand loyalty, three (3) hypotheses to test the direct relationship between the three (3) independent variables (service quality, marketing-mix strategy and country-of-origin) with brand trust, one (1) hypothesis to test the direct relationship between brand trust and brand loyalty, and three (3) hypotheses to test the role of mediator (brand trust) in predicting brand loyalty relationship with three (3) independent variables (service quality, marketing-mix strategy and country-of-origin). The following sections further discussed on the research questions.

5.2.1 Service Quality

The first research question of this study is: Does service quality affect brand loyalty? Is there any significant relationship between service quality and brand loyalty? A regression analysis is conducted to answer this question and the results shows there is no significant relationship between service quality and brand loyalty. This result is in line with Kandampully and Hu (2007) and Kim, Morris, and Swait's (2008) study where there is no significant relationship between service quality and brand loyalty. However, these findings were in contrast to the studies done by Boulding et al. (1993), Parasuraman et al. (1988, 1991) and Berry et al. (1996) where they argued the existence of a positive significant relationship between customer perceptions of service quality and their intentions to buy. Cretu and Brodie (2007), Erez et al. (2001) and Beatty, Jones, and Mothersbaugh (2002) also supported the equation that

in their research, their results found positive significant relationship between perceived service qualities and brand loyalty.

Whereas, Cronin and Taylor (1992) found an indirect relationship between service quality and brand loyalty, using structural equation modelling. Lai et al. (2009) reported indirect relationships through the perceived value, whereas, Chitty, Chua, and Ward (2007) concluded an indirect relationship through perceived value and customer satisfaction.

Garbarino and Johnson (1999) argued that consumers who trust a service provider are more likely to be loyal to the service provider. When consumers trusted the service provider, he or she has the confidence in the service and product quality provided by the service provider.

As for the car industry in Malaysia, the service qualities provided by outlets had not reached the expectation level of the demanding consumers. They do not have a sense of belonging which could be due to the employee's behavior and attitude given on the overall perceptions about the brand. Consumers are frustrated with the way that communication is being carried out on the repair process. Most of the time, car owners are requested to spend hundreds of Ringgit for services they cannot see or do not fully understand. They have not been able to verify the repair needed without seeing a photo or returning to the service center but have to simply rely on the assurance of the service advisors. They often feel they have no choice but to say yes. Service advisors have learned to emphasize that every repair or maintenance service is a safety item plus, many advisors know that technical speak and an air of self-

confidence help close sales. The downside is that these tactics also severely undermine trust and retention. There are also the concerns about the “expected repair completion time”. Consumers are frustrated that the expected repair completion time provided is always not correct with a longer waiting time.

Automotive company does focus a lot of attention on customer retention by providing good or better service to their customers. Most of these initiatives are not able to fulfil due to the culture of the people being trained are not fully enforced to ensure a good quality service is provided. In order for a company to provide good service, strong and enforced initiatives on customer satisfaction has to be practiced daily to ensure customers will return back to the respective company that they visited to have the same experience again. And also automotive companies should look at other countries best practices for their staff training abroad so that these people will be able to observe and learn what other has been practicing.

5.2.2 Marketing-mix Strategy

The second research question of this study is: Does marketing-mix strategy affects brand loyalty? Is there any significant relationship between marketing-mix strategy and brand loyalty? A regression analysis is conducted and the results show there is a significant relationship between marketing-mix strategy and brand loyalty. From the result analyzed the hypothesis supported that marketing-mix strategy has direct association with loyalty towards a car brand. The marketing-mix strategy has the effect on customer decision, making them stay loyal to a car brand.

One of the marketing-mix strategy variables is price. In this study, results show that price remains as one of the factors that affect consumers' buying intention in branded products. Jin and Sternquist (2003), found price has a significant relationship with consumers' buying intention. They found that price is one of the most important kinds of information consumers' use when they make a purchase decision. Here, high price positively affects consumers' decision making, meaning higher price is directly related to buying intention. However, brand loyalty may decrease when consumers strongly relate price to product quality and use price as a proxy for the quality. Hence, consumers may perceive that a lower price is made by cutting costs and product quality to maintain profit margins. In support of the research done by Jin and Sternquist (2003), Martin et al. (2008), concluded that there is a significant relationship between pricing and loyalty.

In contrast, price has a significant positive influence towards Malaysian hypermarkets' brand loyalty. Brand switching might happen if hypermarket product price is high or not reasonable thus management in hypermarket has to set the product price reasonable and proper. In the short run, hypermarkets may earn a low profit, nevertheless, they can earn high profits in the long run if they able to enhance Malaysian brand loyalty.

Advertising being one of the marketing-mix strategy variables, however, when customers exposed to frequent advertisement, not only their awareness and mental association increase, but also on the positive perception of brand image. The primary effect of advertising is to increase brand image and there is a significant relationship between advertising spending and perceived quality (Moorthy & Zhao, 2000).

Furthermore, the literature indicates, brand loyalty and perceived quality both have a positive influence on the brand, the more advertisement for the brand; the more consumers will have a high perception of perceived quality and brand loyalty (Yoo et al., 2000). Ha et al. (2011) found advertising spending has direct as well as indirect impacts on brand loyalty.

Whereas, Vadarajan (1990) argued that the advertisement and promotion, exhibit is confusing and cannot be trusted. Alvarez and Casiellas (2005) stated that promotion of any product will leave an impact on the acquiring behaviors of the consumers for a particular brand that consumers will not buy otherwise. However, in contrast to the study conducted by Dawes (2004) have revealed the fact that purchasing a particular product which is on promotion can reduce the repeat purchases of that particular product. If promotional activities increased customer retention will be increased and vice versa.

Lastly, distribution element was found to have a significant relation with loyalty (Ferdous & TowFigure, 2008). It implies that the chances of consumer repurchase are higher if distribution channel has more coverage of the market where product is both available and easily accessible. As far as research in brand loyalty on Malaysian hypermarkets brand loyalty, distribution intensity has a significant positive effect. Management should plan properly the distribution intensity and provide more products at the same time. Further, shoppers can shop at anytime and anywhere if the hypermarket is available in many locations.

From the survey result, there is positive significant relationship between marketing-mix strategy and brand loyalty. As we observe on our daily newspaper, magazines, television advertisement and other mean of media advertisement, automotive companies of most brands had been aggressively advertising their brands to capture the heart of the consumers on their products. It has also proven that frequent advertisement has created a great impact on consumers' choice of brands. It has also been observed that in Malaysia's automotive industries, automotive companies are strongly focusing on having good and prominent frontage showroom for their corporate brand identity. Large investments are being invested by these companies to enhance their corporate identity and also to have good and friendly environment in these showrooms or service center. No doubt price promotion is a cost to these companies, but the trend in Malaysian market is that consumers do bargain for the best on their purchases even for their preferred brand.

5.2.3 Country-of-Origin

The third research question of this study is: Does country-of-origin affects brand loyalty? Is there any significant relationship between country-of-origin and brand loyalty? A regression analysis is conducted and the results show that there is a significant relationship between country-of-origin and brand loyalty. The test of the relationship between country-of-origin and brand loyalty supports the hypothesis that there is a positive relationship. This significant relationship implies that country-of-origin good image leads to a high degree of brand loyalty. This relationship resulted from Malaysian consumer's perception in countries with good image as technologically advanced countries and brands that manufactured from these countries are reliable high quality. Although consumers are faced with many

alternative brands in the market, which they perceive as equally good in terms of product attributes and functionality, information about the country, is an added advantage. As a result, these brands are preferred and often chosen during purchase decision-making. When repeats purchase occurs; eventually consumers may develop loyalty towards these brands.

Malaysian consumers are inclined to attribute a higher product quality manufactured in developed countries, results that were concluded in the research by Ghazali, Ibrahim, Othman, and Zahiruddin (2008) on Malaysian consumer's perception towards foreign products. In another research on purchase preference of selected Malaysian motorcycle buyers carried out by Mohamad, Omar, Ramayah, and Yeong (2007), the results presented that country-of-origin of the brand does influence consumer preferences on purchases.

In the research done by Ogba and Tan (2009), they argued that there is a direct relationship between brand image and loyalty, as the brand image of the firm increases, the loyalty of the customers also increases. In contrast, Blomer et al. (1998) studies indicated there is an indirect relationship between brand image and brand loyalty and the influence of the image is mediated by service quality.

In the study of the role of country image in automotive brand's preferences by Qasem and Baharun (2012), they concluded that country's image has a significant influence on the consumer's decision in selecting car brand preferences. They concluded that cars that have a favorable country's image constitute the highest ranking in terms of preferences as compared with those country images that are not

favorable or products that came from undeveloped countries. However, such perceptions may also reflect the general country stereotype that was rooted in these consumers' minds. For decades, Japanese or German cars have had a reputation for superior quality as compared with their counterparts from other countries. Malaysian consumers' may evaluate cars produced from different countries based on this factor. In this study, it is possible that Malaysian consumers' use images of other Japanese or German product categories such as electronics when information about a product's intrinsic characteristic is not easily interpretable to infer the quality of automobiles, particular some Japanese electronic products that have a superior worldwide reputation. In support, Kim (1995) argued that country with a positive country image would cause brand popularity, and will lead to a consumer brand loyalty.

As presented from the result of this survey, though consumers purchased national car but their actual preference is on international make. They do not have the choice to purchase international make because of price factor which cost more than the national brand. Thus, it could be observed that in Malaysia's automotive industry, most of the respondents' preferred international brand than local brands. These respondents had the impression and perception that products that originated from other countries had better quality than local make. They always viewed that Japanese or German cars have had a reputation for superior quality as compared with National brands.

5.2.4 Brand Loyalty

The final question is: Does brand trust has mediating effect on service quality, marketing-mix strategy, and country-of-origin and brand loyalty? Does brand trust mediate the relationship between service quality, marketing-mix strategy and country-of-origin with brand loyalty? A regression analysis is conducted and the results show that brand trust is not a strong mediator in this study.

From Table 4.25, it is observed that the effect of country-of-origin ($\beta=.700$, $p<.001$) on brand loyalty was significant without brand trust and also with brand trust, (country-of-origin, $\beta=.528$, $p<.001$). However, the beta value decreased in the presence of brand trust, thereby, it indicates that brand trust has a partial mediating effect between country-of-origin and brand loyalty.

Consumers' had the pre perception idea of Japanese and German products, which are of better quality than the local product, thus lead to brand loyalty, however, because of the price difference between local and foreign car, thus a lot of consumers' will not be able to afford foreign makes car though their preferences are on foreign makes car. This is also justified through the results from the respondents were 12.0 percent of the total respondent's response that though they purchase local brand, but their preference is still on international car makes (see Table 4.17). The possibility of another reason could be that though Malaysian consumers' does not trust local brand (Proton and Perodua) but they do not have a choice but to buy a local brand due to the cheaper price as compared to the international brand vehicle where most of them could not afford to purchase.

As Malaysia progress towards a developed country, the standard of living of Malaysian will be improved. With the improved in standard of living, Malaysian will have additional disposal income to spend in the market, hence some Malaysian consumers will go for better quality products. As in Malaysia's automotive industry, a car consumers will have the tendency to purchase higher value brand of vehicle to suit their satisfaction thus for some loyalty toward a certain brand will not be there due to the needs of that brands are not able to suit the wants of these consumers'. No doubt there will still be some who are brand loyalties maybe because their preference for a car is for logistic purpose and not for status priority. Though some consumers does view brand trust as an important element in making their decision on the purchase, it does not necessarily conclude that brand trust mediates fully on brand loyalty. They are also consumers who are not able to afford to have a better quality branded car due to the price factor. Though their trust is an international brand, but affordability reduced their standard down to purchase a national brand of a cheaper price, hence brand trust is only partially mediated with brand loyalty.

5.3 Contributions of Research

There are three (3) contributions that this study had contributed from the results, findings, namely theoretical, practical and management, and methodological contributions.

5.3.1 Theoretical Contribution

This research will indefinitely add to the body of knowledge and literature with respect to the underpinning theory, the Brand Equity Theory. This study has added

additional literature references to the Brand Equity Theory where the new variables, country image and brand trust, has added into the basic framework developed by Gil et al. (2007). These new variables have broadened up more options for future researchers in their future studies to predict the consumer perception of loyalty in the automotive industry in different segment of vehicles. The addition of country image to the Brand Equity Theory in this present study was because Malaysian consumers' perception in countries with good image as technologically advanced countries and brands that manufactured from these countries are reliable, high quality as supported by researches done by other researchers (Ogba & Tan, 2009; Qasem & Baharun, 2012).

The addition of brand trust to the Brand Equity Theory in this present study was because trust is an important factor in the study of brand loyalty and Malaysian consumers consider trust to be an important part of their culture and life. This variable was considered as an important factor to be investigated in the consumer based industry, especially where the automotive industry is part of the group of consumer based industry (Delgado-Ballester & Munuera-Aleman, 2005). Moreover, it is easier for manufactures' to retain an existing consumer than to create a new one.

This study will broaden the variables developed by Gil et al. (2007) where the findings of this study have practically supported and enhanced the outcomes of the study done by these researchers. Future researchers will also able to use these new variables in their future on the brand loyalty in the automotive industry but in different vehicle segment. In addition, this framework could be a new basic

framework where researchers will be able to apply in a new survey using the whole country's population as the sample size.

5.3.2 Practical and Management Contributions

The research findings give marketers and managers an insight into the current trend of brand loyalty in Malaysia. This research shared the factors that could affect brand loyalty and to better understand the market in order to serve the needs and wants of their potential customers. Most importantly, is to build brand loyalty towards their brand offering. The findings in this study provided a good guideline for companies to think of and to implement strategies to attract customers into buying their brand. Though this study is conducted on the owners of the vehicle, student respondents constituted 8.4 percent, thus they will be the future potential buyers and by understanding the factors that are important to make them to purchase the brand will help companies design an appropriate strategy.

This study also proves that company can price higher for their product because consumers are willing to pay an extra amount of money in buying branded products; but in return, they desire the branded products must be of good quality. The product they pay must be worth the money they buy. This is in support of the study by Jin and Sternquist (2003) who claimed that for some consumers whose perception is that, high price products relate to high quality; therefore, they are willing to pay more for quality products.

Marketers should not be always thinking about consistent low price strategy or frequent price cut because consumers will perceive their product as low quality which will affect the product image. Marketers should maximize on technological progress, managerial efficiency, and customer service to enhance the product value while maintaining the price level.

For the factor of store environment, it shows a significant relationship with the consumers' buying intention in this study. In support of the significant relationship, apparel attribute in the store does have an impact on consumer deciding factor and satisfaction with the brand. However, Osman (1993) stated that consumers impute differing degrees of value on certain store attributes, however, it is also necessary to look at whether the store meets the expectations of specific consumer segments in terms of attributes. This finding shows that companies can sell some of the branded products at a regular store. Normally, consumers frequently visit the retail store rather than to visit the specialty stores that sell the specific branded products. Therefore, having the branded products available at the regular retail store might eventually improve the number of consumers and frequency and sales thus improve company's profits. Department stores must specifically look at the physical element if their store designs to enhance brand equity for their existing customers. However, marketers investing in their marketing budget should take note to improve the physical environments because organizations tend to be overlooked by marketers lured to the bright lights of Beijing or Shanghai (Willis, 2008).

Aaker (1991) mentioned that marketers should focus on advertising to create strong brand awareness through favorable, unique associations in consumers' mind so that they remember and differentiate the brands. In summary, the higher the spending on advertising for the brand, the higher the level of brand awareness, the better the product quality perceived and the more associations linked to the product, forming brand image. Shimp (1997) stated that advertising helps to have a powerful brand loyalty.

Sales promotion should be used for stagnation in sales and better representation, but this is only a short-term sales tool and manager should apply long-term goals in order to excel in goods and brand, because consumers perceived sales promotion activities as low quality. Instead of applying sales promotion strategy, managers should invest in developing brand equity. Yoo et al. (2000) concluded that consumers perceive quality products as having a direct relationship of non-monetary sacrifice value of a good store image, high intensity distribution, and higher advertising spending. Too often price promotion activities applied will cause consumers to infer low product quality which will lead them to think of the deals rather than the utility provided by the brand, thus will lead to erosion of brand equity. Standard pricing rather than price promotions is more desirable because it leads to consistency between the expected and actual prices and implies high product quality thus managers should invest in advertising to develop brand equity.

The results revealed that trust has significant influence on brand loyalty, and worthwhile for firms to cultivate trust gradually among their customers in managing the relationship. Customers who trusted their providers deeply tend to continue the

relationship, therefore, managers must realize that trust is a basic step to buying-selling relationships.

As in the Malaysia's automotive industry, this research will be able to practicality contribute to the principal distributorship of the brand or the dealership distributorship of the companies. In terms of principal distributorship contribution, their marketing department will be able to enhance their branding strategies that will be able to enhance their strength further to compete in the market. This contribution will also be able to help this principal distributor to differentiate their strategies from other brands. As for dealer distributorship, the contribution comes from the strategy of how to enhance the service quality to improve customer retention, which will lead to improved brand loyalty towards their outlet.

This study's finding has several managerial implications, in order to enhance brand loyalty, in the rapidly changing industries; we should use, effective and intensive distribution channels, create effective pricing strategies, and utilized fully the brand image. The impact of cost of switching is considerably weaker than satisfaction with loyalty thus automotive players should focus less on creating switching barriers than achieving high levels of brand loyalty. On the one hand, loyalty is based mainly on satisfaction while switching costs present difficulty of attracting new customers when they are aware of the existence of such costs. On the other hand, though there might not have a direct relationship between service quality and brand loyalty, automotive players need to look into improving the service quality needs because of its importance.

Marketing practitioners and academicians alike will also benefit from this study in that they were both able to use a minimal number of measures to operationalize this model. This will serve both marketing practitioners and academicians as they seek to maintain response rates among respondents in replication efforts aimed at the independent replication of the results reported herein by both marketing practitioners and academicians. The findings from survey results suggested that marketers have to reinvent the promotional strategies for their brands. To build a brand image or identity, the brands evolve over time, and need resources to construct (Ghodeswar, 2008) thus each single promotional message has to be designed accordingly as the contribution can build or destroy the brand. Upshaw (1985) argument is that brand identity depends on who the consumers are as individuals, the environment they live in, and the signal sent from the brand itself. For example, high-priced brands target those who see the image as their goal of purchasing while through price promotion that uniqueness and image will be damaged. Hence, to impress these consumers, marketers should develop a unique pricing strategy to shape the image rather than a strategy that does not satisfy the goal of its target market any more.

Consumers from different cultural backgrounds respond differently, thus marketers should be aware of the type of messages delivered to each group carefully. The type of message that companies need to deliver, should consider which elements of the value proposition – price, service, quality, and image – based on cultural preferences. Finally, brand image is still important and needs to be cultivated and protected though companies begin doing business in the ‘Internet economy’.

As for managerial implication it contributed more to the principal distributor of the brand. Hence, marketers would have to be in awareness that customers will respond and process differently from different cultural backgrounds, thus need to consider which elements of the value proposition they intend to use, based on cultural preferences. Hence, marketers will be able to strategize better for their company.

5.3.3 Methodological Contribution

This study was carried out using original data collected through a questionnaire that was sent to the identified respondents that resided in Klang Valley Selangor. Quantitative approach is being applied where developed hypotheses are applied to interpret the most significance, degree of loyalty towards a car brand from the Malaysian consumers' perspective.

Multiple sampling methods are also applied in this study. First, judgmental sampling is used to select the car makers and country-of-origin where the samples selected are based on the top brands sold in Malaysian market. Judgmental sampling is used to select the brands based on the fact that all those brands that are selected had a strong following in the Malaysian market and also has been in existence for some time. Second, cluster sampling method is used to segregate the buyers based on their mailing address in relation to the urban agglomeration or suburban city's classification. Due to Klang Valley being the epitome happening in Malaysia, and has the most urban agglomeration and suburban city, this selection were justified as one of the sampling method. Lastly, simple random sampling without replacement method is applied to pick the sample for the actual survey. Here, a random pick of

every three (3) samples listed is applied due to there is enough sample size for selection for each brand identified.

Five (5) statistical analysis techniques are being employed to analyze the data collected. These techniques include factor analysis, reliability test, descriptive analysis, Pearson's correlation and multiple regression analysis. Baron and Kenny (1986) approach on mediating effect test were applied to test the hypotheses developed.

It seems that generating and using original data will make it easier to develop original conclusions, although it is not necessarily a prerequisite (Hughes, 1994).

5.4 Limitation of the Study

There are some limitations as regard to the process of carrying out this research. Firstly, the research methodology applied may not truly represent the targeted population. The results presented more than 50 percent of the replies were from the Chinese ethnic, and less from Malays and Indians, thus the results produced might not be fully reliable.

Secondly, most of the respondents' belong to the Generation Y people, 31 – 40 years old group, as presented in the profile of respondents. Therefore the research results might not be fully reliable as there are only few Generation X and baby Boomers respondents which might present a better result.

Thirdly, relevant information from existing sources related to this area of research is limited, especially on the mediating effect relationship, rendering the author's difficulties and obstacles in extracting references. Although there are many articles and research posted online, however, these resources are not in depth information thus lacking in reference sources.

Fourth, the author concerned that language barriers will a cause of concern for the respondents in answering the survey questions. Due to the majority of the replies are Chinese, the clear meaning of the questions asked in the questionnaire might be wrongly interpreted due to their low command of English language especially for those that are from the Chinese educated background. In turn, this might affect the accuracy and reliability of the result. Besides, the questionnaire was distributed among the respondents from urban and sub-urban area of Klang Valley, Selangor thus it might not be generalized as a whole Malaysia population and the result obtained might not be fully reliable as it only includes respondent's opinion and feedback from selected areas. Furthermore, questionnaires have been developed in close-ended questions. Even though it is simple for respondents to answer the questions, it may result in that respondents just simply fill in the answer without thinking in-depth. Besides, the author's also cannot capture more comments and opinions from respondents regarding on their perceptions. Thus, both statements reveal a limitation with regard to the reliability and accuracy of this study. In other words, respondents may also face the problem of misinterpretation or misunderstood some words or sentences used in the questionnaires.

Finally limitation, due to financial and time constraint in assisting the author to conduct this research, hence, this will indirectly influence the comprehension of the research result.

Though, there might be some limitations indicated in this study, which encountered by the author, however, it will not affect the overall result of this research. The underlying reason is the limitations can lay a background for future study as having a better understanding on the loyalty towards a car brand in the Malaysian automotive industry. Despite numerous limitations, the study has interesting findings and suggests that replication of this study would be worthwhile with larger and more representative samples or maybe other segment of the automotive industry such as the commercial vehicle and motorcycle segment.

5.5 Recommendations for Future Study

As for this research, the data are collected from Klang Valley car owners, thus not all states are represented. Future studies should be conducted covering West and East Malaysia population in order to produce more reliable results, thus able to have a better understanding of customers' perception towards brand loyalty of cars. Researchers should also look into balance the ethnicity and gender of respondents. This will also further increase the representation of the data by ethnicity ratio.

In addition, future studies should construct the questionnaires into different types of languages such as Malay, Chinese, and Tamil for easy understanding by the respondents regardless of what is their ethnicity. By having this, respondents' understanding of the questionnaire in their own language will be more appropriate

and able to give a more reliable answer. Since this study used the mail survey method for respondents to respond, future studies could use the interview method to get a more balanced response in terms of gender and ethnicity.

Lastly, other variables could be included in future study that will influence decision making towards a car brand. Future studies could also be carried out to investigate the brand loyalty in the context of commercial vehicles or motorcycle segment in Malaysia's automotive industry where limited research is done.

5.6 Conclusion

The rationale behind this research was to verify the significant relationship of service quality, marketing-mix strategy and country-of-origin on brand loyalty. This study also investigated the mediating effect of brand trust on the relationship between service quality, marketing-mix strategy, and country-of-origin and brand loyalty and contributes to the existing body of literature by considering the mediating effect of brand trust in the automotive industry in Malaysia. The findings revealed a number of similarities and differences from other findings. The results revealed that there is no significant relationship between service quality and brand loyalty. The results also revealed that there is a positive significant relationship between marketing-mix strategy and brand loyalty. As for the relationship between country-of-origin and brand loyalty, the results revealed that there is a positive significant relationship, thus implies that the good image of the country-of-origin leads to a higher degree of brand loyalty. The reason being that Malaysian consumers perceive countries with good image as technologically advanced countries and thus perceived that brands originated from these countries are reliable with high standard quality. Further

results showed that brand trust partially mediate between the relationship of country-of-origin and brand loyalty. The results also revealed that the variable, country-of-origin is the most important variables in building brand loyalty in the automotive industry.

To increase the consumer brand loyalty, companies should focus on variables such as marketing-mix strategy, country-of-origin and brand trust. If brand loyalty increases, it has a positive impact on the consumer brand extension attitude which benefits the company in terms of reputation and profit as a whole.

Creating brand image is a strong strategy for differentiating a product from competing brands. Marketers would be able to relate this research findings to their brand-building strategies by investing in advertising, distribute through good imaging retail stores, increase distribution intensity and reduce price promotion frequency. Advertising has a direct impact on store image and customer satisfaction, as advertising frequency increases, the store image in the customer's mind will also increase leading towards customer satisfaction hence loyalty. In summary, the higher the frequency of brand advertisement, the better will be the product quality perceived by consumers, thus increase the level of brand awareness forming its brand image.

As for pricing, a high brand image product may allow companies to price higher their product because consumers do not have issues and willing to pay for premium products at a higher price. Consumers will continue to buy regardless of price change while some will switch because different consumers have different thresholds of satisfaction level.

Hopefully, companies or marketers are able to utilize the findings of this study in their building of brand loyalty strategy. The findings of this study revealed that marketing-mix strategy and country-of-origin has a positive significant relationship with brand loyalty. With these significant tested variables, it was of hope that companies or marketers will apply in their strategy to build as many potential consumers as possible towards their own brand. By understanding better, they might be able to have the better comparative advantage of their brand as compared to other that have not applied this strategy.

As far as the marketing strategies and country-of-origin are concerned, there are areas where marketers can use the sub-variable to their fullest advantage depending on the conditions of their company. Strategies can be formed based on these variables to involve or create more awareness of their brand so that potential consumers are aware of such brand existence and also depending on the message that the company or marketers want to project for their brand. It is of no doubt that advertisement can be seen in every corner of the place, whether it is through media, banners, personal selling or any other form of advertisement in our daily lives. It is also known as a fact that advertisements are one of the ways of building brand loyalty and this study supported this perception through the findings.

Today's world is evolving rapidly in terms of technology, thus service providers should not only depend on their marketing department to deliver good strategies, but need the contribution and commitment from all staff of the organization to seek customer feedback and suggestion in developing a new product to offer better value to customers. Service providers might also need to look into market segmentation

stronger to meet customer needs. Managers should also listen and gather more information from their customers so as to develop new ways to improve their service quality.

As a conclusion, the research project has achieved the objectives in verifying the relationship between service quality, marketing-mix strategy, and country-of-origin with brand loyalty and also investigating the relationships between service quality, marketing-mix strategy and country-of-origin with brand loyalty mediated by brand trust. This valuable information is useful for the marketers of automotive company. Therefore, marketers should take note of these factors and develop the best strategy to be more competitive against its competitors.

In the nutshell, this study provides us better knowledge of factors that affect brand loyalty in Malaysia's automotive industry. Furthermore, the majority of the replies in this study are from the middle age group who are actually the next generation of consumers who will make whichever brand successful. Understanding the factors that influence their buying intention now will eventually help companies plan for the future. Thus, firms should also consider variables that affect brand loyalty which might change due to the environments' changing, consumers' taste and preferences.

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