## 4. Results

#### Table 4.1

#### Variable Abbreviation

Variable	Abbreviation
Purchase Intention	PI
Product	PO
Price	Н
Place	Т
Promotion	PR
Perception toward Country of Origin	С

For this research, the researchers will be using Structural Equation Modeling (SEM) to investigate the relationship between measured variables, measured variables and not directly measured variables, or between not directly measured variables themselves (Hair et al., 2017). SEM is used in this study as it can evaluate multiple and interrelated dependence through just one analysis. The methods to apply SEM are using PLS-SEM and CB-SEM (Hair et al., 2017). PLS-SEM is preferred over CB-SEM as it does not require normal distribution data and can be used in various conditions (Hair et al., 2017). Therefore, in this study, the researchers will be using the PLS-SEM approach and analyzing the data using a software called SmartPLS version 4.

In PLS-SEM, there are three major steps, model specification, outer model evaluation, and inner model evaluation (Hair et al., 2014). At the model specification stage, the researchers will create a diagram that shows inner and outer models relationship assessment (Hair et al., 2014). The outer models will measure relationships between variables that are not directly measured with their measures. While the inner model will analyze the relationship and interaction between independent, dependent, moderating variables.

Next, the outer models which can be referred to as the measurement models which analyse the relationships between variables that are not directly measured with their measures (Hair et al., 2017). Validity and reliability tests are necessary to assess the outer model as they are the foundation of the inner model relationships (Hair et al., 2014). Outer model evaluation will ensure that the relationships in inner model structure are assessed and depicted correctly (Hair et al., 2014). For Convergent validity, the acceptance criteria are outer loading value must be bigger than 0.7 and the average variant extracted must be bigger than 0.5 (Hair et al., 2017).

17

Items	Outer Loading	Average Variant Extracted (AVE)
PI_1	0.921	0.71
PI_2	0.905	
PI_3	0.68*	
PO_1	0.656*	0.425**
PO_2	0.604*	
PO_3	0.557*	
PO_4	0.686*	
PO_5	0.728	
PO_6	0.674*	
PO_7	0.552*	
PO_8	0.732	
PO_9	0.652*	
H_1	0.68*	0.605
H_2	0.785	
H_3	0.837	
H_4	0.803	
T_1	0.687*	0.602
T_2	0.922	
T_3	0.696*	
PR_1	0.593*	0.53
PR_2	0.751	
PR_3	0.757	
PR_4	0.763	
PR_5	0.763	
C_1	0.804	0.774
C_2	0.92	
C_3	0.91	

Anal	/sis	Result c	of Oute	r Loading	and A	verage \	√ariant	Extracted	(AVE)	1
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\*Outer loading value is less than 0.7

\*\*Average variant extracted is less than 0.5

From Table 4.2, it can be seen that there are some items whose loading values are below the 0.7 threshold, such as PI\_3, PO\_1, PO\_2, PO\_3, PO\_4, PO\_6, PO\_7, PO\_9, H\_1, T\_1, T\_3, PR\_1. Hair and friends (2017) stated that the items with loading values below 0.4 must be removed, while the ones within 0.4 to 0.7 range can be removed gradually if it helps to increase the composite reliability or the value of AVE. Following this advice, the researchers decided to remove some items in product variable, as the AVE value for product is less than 0.5. Therefore, the researchers decided to remove one item with the lowest loading value (PO\_7) and the AVE value increased to 0.443. Since the AVE value was still below the standard, the researchers removed PO\_3 and the AVE value increased to 0.460. Then, the researchers continued to remove PO\_2, it managed to increase the AVE value of 0.503. As for the other items, the researchers will not remove them, as their average variant AVE value is still within acceptable range. With all the variables' AVE value above 0.5, it can be concluded that all the remaining items passed the convergent validity test. The following data presented will be based on the calculation after the mentioned items were removed.

The next type of validity is discriminant validity. There are two ways used in this research to determine discriminant validity, the Fornell-Larcker Criterion and Heterotrait-monotrait Ratio (HTMT). The standard of Fornell-Larcker Criterion is the square root of AVE values must be higher than the correlations with other variables (Hair et al., 2017). While for HTMT, value must be below 0.9 to be considered as valid (Henseler et al., 2015, as cited in Hair et al., 2017)

Table 4.3

	С	н	PI	РО	PR	т	C x PO
C							
Н	0.463						
PI	0.68	0.47					
РО	0.69	0.777	0.852				
PR	0.707	0.863	0.739	0.849			
Т	0.244	0.745	0.35	0.608	0.653		
СхРО	0.412	0.112	0.368	0.277	0.21	0.122	

**Discriminant Validity: HTMT Result** 

	С	Н	PI	РО	PR	Т
С	0.880					
Н	0.433	0.778				
PI	0.565	0.426	0.843			
РО	0.603	0.604	0.713	0.709		
PR	0.579	0.704	0.587	0.670	0.728	
Т	0.266	0.578	0.342	0.490	0.550	0.776

Discriminant Validity: Fornell-Larcker Criterion Result

The result of Fornell-Larcker Criterion has shown that the square root of AVE values is higher than the correlations with other variables. The result of HTMT also shows that none of the values reach the 0.9 threshold. Therefore, it can be concluded that the model passes the discriminant validity test. Next, the model will have to undergo internal consistency reliability, the Cronbach's alpha must be above 0.7 and the composite reliability must also be above 0.7.

### Table 4.5

Analysis of Internal Consistency Reliability Results

Variables	Cronbach's Alpha	Composite Reliability (rho_a)	
PI	0.791	0.842	
РО	0.762	0.785	
н	0.797	0.869	
Т	0.723	1.08	
PR	0.776	0.782	
C	0.853	0.875	

From Table 4.5, the Cronbach's alpha and composite reliability values are above 0.7. In conclusion, the model passes internal consistency reliability test. Moving on, the research will evaluate the inner model which will analyse the relationship and interaction between independent, dependent, moderating variables (Hair et al., 2014). The first test is to avoid collinearity where more than one independent variable corresponds with each other and causes inaccuracy in result (Levine et al., 2020). In order to pass this test, the value of Variance Inflation Factor (VIF) need to be below 5 (Hair et al., 2017).

**Collinearity Statistics** 

	С	н	PI	РО	PR	Т	СхРО
C			1.931				
Н			2.314				
PI							
РО			2.308				
PR			2.775				
Т			1.664				
C x PO			1.187				

Based on Table 4.6, there are no collinearity issue on all variables as the VIF values are below 5, with 2.775 as its highest value. Next, the researchers used Structural Model Path Coefficients to measure the relationship between variables that has been hypothesized previously. The researchers utilized bootstrapping technique of 5,000 samples in SmartPLS. If t-value is more than 1.96 and p-value less than 0.05, there is significant relationship (Hair et al., 2017). As for Path Coefficient, the value can range from -1 to +1 and it will tell whether there is negative relationship or positive relationship (Hair et al., 2017).

## Figure 4.1

**Research Model** 



	Path Coefficient	t-value	p-value
C -> PI	0.119	2.01	0.045
H -> PI (H2)	-0.105	1.848*	0.065**
PO -> PI (H1)	0.534	7.481	0
PR -> PI (H4)	0.226	3.373	0.001
T -> PI (H3)	-0.026	0.537*	0.591**
C x PO -> PI (H6)	0.104	3.174	0.002

Path Coefficient & Bootstrapping (t-value and p-value) Results

\*The t-value is less than 2.96

\*\*The p-value is more than 0.05

From Table 4.7, the researchers can conclude that, H2 and H3 are rejected. This is because their t-value is less than 2.96 and their p-value is more than 0.05, which indicate that there are no significant relationships between price  $\rightarrow$  purchase intention and place  $\rightarrow$  purchase intention. As for H1, H4, H6, they are accepted since they are able to fulfil the requirements. Moving on to the path coefficients, it can be seen from Table 15 that price and place has negative relationship with purchase intention. On the other hand, perception toward country of origin, product, and price, have positive relationship with purchase intention.

Lastly, the researchers will be looking into the data result for adjusted coefficient of determination (adjusted R<sup>2</sup>), effect size (f<sup>2</sup>), and predictive relevance (Q<sup>2</sup>). Ordinary coefficient of determination is used to measure the model's power at predicting, it depicts the total variance in the endogenous variable accounted for by all the exogenous variables connected (Hair et al., 2017). In this research, the researchers use adjusted R<sup>2</sup> because it is more suitable for multiple regression model (Hair et al., 2017). If the adjusted R<sup>2</sup> values of the dependent variable are 0.75, 0.50, 0.25, the levels of predictive accuracy are substantial, moderate, and weak respectively (Hair et al., 2017). Next, effect size is used to measure the change in the coefficient of determination value when an exogenous variable is excluded from the model and find out the impact of the exogenous variable to the endogenous variable (Hair et al., 2017). If the values of f<sup>2</sup> are 0.02, 0.15, 0.35, the effect sizes are small, medium, and large respectively (Hair et al., 2017). Lastly, Q<sup>2</sup> is used to give an exact estimate on which data is not used for the model estimation (Hair et al., 2017). Q<sup>2</sup> value of less than 0 indicate there is no predictive relevance for an endogenous variable in the model (Hair et al., 2017).

	Adjusted R <sup>2</sup>	R <sup>2</sup>	f²	Q <sup>2</sup>
PI	0.561	0.568		0.539
PO → PI			0.286	
H → PI			0.011	
T → PI			0.001	
PR → PI			0.042	
C → PI			0.017	
$C \times PO \rightarrow PI$			0.030	

Adjusted Coefficient of Determination (Adjusted  $R^2$ ), Coefficient of Determination ( $R^2$ ), Effect Size ( $f^2$ ), and Predictive Relevance ( $Q^2$ )

The data presented by Table 4.8 has shown that the adjusted R<sup>2</sup> of purchase intention is 0.561 which falls into the moderate level of predictive accuracy. While Q<sup>2</sup> of purchase intention is more than zero with value of 0.539, which means there is predictive relevance for an endogenous variable in the model. Lastly, based on the f<sup>2</sup>, PO  $\rightarrow$  PI falls into medium effect category, while PR  $\rightarrow$  PI falls into small effect category. As for the rest, since the f<sup>2</sup> is below 0.02, they are considered as having no effect.

### 4.1 The Effect of Product to Purchase Intention

From Table 4.7, the t-value and p-value of product  $\rightarrow$  purchase intention are 7.481 and 0 respectively. Since both values fulfil the criteria, H1 which stated that product affect purchase intention significantly is accepted. Compared to other values, the value for product  $\rightarrow$  purchase intention is the most significant, their t-value is the highest while their p-value is the lowest. Therefore, H5 is rejected as the result of the research has proven that product has the most significant impact on purchase intention, not promotion.

Previously, the researchers dropped four items from product variable, which measures quality, feature, size, and warranty to help improve validity of the research. As result, the theory from Calvo-Porral and Lévy-Mangin (2018) and Asshidin et al. (2016), which suggest that quality can impact customer's intention to purchase are not supported in this research. However, the theory from Homburg et al. (2015) about product design impacting purchase intention, is supported. In addition, Abediam et al. (2022) previously stated that the product features can increase the desirability of a certain items in costumer's eye which can lead to higher purchase intention. In conclusion, product has positive significant effect on purchase intention.

23

## 4.2 The Effect of Price to Purchase Intention

The t-value and p-value of price  $\rightarrow$  purchase intention are 1.848 and 0.065 respectively. The t-value is lower than the standard, which is 2.96, while the p-value is higher than the 0.05 standard. Therefore, the H2 is rejected, price do not significantly affect purchase intention. This study does not support Alam's (2023) finding, which stated that price significantly impact purchase intention. Konuk (2017) stated that when the customer views the product price as fair, it will boost purchase intention. Supported by Ehmke et al. (2016) that price should express fair evaluation of the product and ensure that the price matches the perceived value. Following these theories, there is a possibility that price did not affect purchase intention significantly because the respondents perceived that Wuling Confero price was unable to evaluate the car fairly and the price also does not align with the values that they will get from the product. Therefore, price did not affect purchase intention significantly.

## 4.3 The Effect of Place to Purchase Intention

H3 which stated that place affect purchase intention significantly, is also rejected. This is because place  $\rightarrow$  purchase intention has t-value of 0.537 and p-value of 0.591, which does not fulfil the criteria to be significant. This study does not support the theory from Nusran et al. (2018), Hikmah et al. (2021), and Fairiani et al. (2020) which stated that place's elements, plays a significant role in customers intention to buy. This is most likely because cars are considered long-term purchases, which decided upon careful planning. In addition, people also need to put a hefty investment for a car purchase. If a consumer had no plan to buy it in the first place, the dealer they conveniently passed by will not affect their intention to buy the car. Therefore, place did not affect purchase intention significantly.

### 4.4 The Effect of Promotion to Purchase Intention

From Table 4.7, the t-value and p-value of promotion  $\rightarrow$  purchase intention are 3.373 and 0.001 respectively. Since both values fulfil the criteria, H4 which stated that product affect purchase intention significantly is accepted. However, H5, which stated that promotion affect purchase intention the most, is rejected as the result has proven that product impact purchase intention the most. This contradicts Gürbüz et al. (2014) who advised firms to prioritize promotion among others. The positive path coefficient value support previous statements about how promotion through engaging advertisements can boost purchase intention (Alam, 2023; Kim & Han, 2014). In conclusion, promotion has positive significant effect on purchase intention.

24

# 4.5 The Moderation of Perception toward Country of Origin on Product and Purchase Intention

## Figure 4.2



Simple Slope Analysis of Moderating Effect

The t-value and p-value of product x country of origin  $\rightarrow$  purchase intention are 3.174 and 0.002 respectively. The t-value is higher than the standard, which is 2.96, while the p-value is lower than the 0.05 standard. Therefore, the H6 is accepted, perception toward country of origin moderates the relationship between product and purchase intention. As suggested by some researchers, the perception toward the country of origin can cause customers to give different ratings on the product even though the products are similar (Costa et al., 2016; Akdeniz et al., 2013). The path coefficient of perception toward country of origin is 0.104, which shows that it has positive moderating effect and can boost the impact of product to purchase intention. Previously, it was stated that perception toward country of origin comes from their experience with the products from that country (Roth & Romeo, 1992, as cited in Lin et al., 2019). Therefore, there is a possibility that the respondents have positive experiences with products that came from China, which causes them to perceive the product to be better. As result, perception toward country of origin can strengthen the relationship between product and purchase intention.