

## 1. Introduction

Indonesia's automobile industry is growing. The fourth most populated country in the world recorded 942,499-unit cars sales from January-November 2022, a 19.2% increase compared to the previous year (CNN Indonesia, 2023). The growth of car sales in Indonesia has more potential to grow as its citizen's car ownership rate is still low compared to neighbouring countries like Malaysia and Thailand. In 2021, the Ministry of Trade stated that only 99 out of 1000 people in Indonesia own a car, while in Malaysia, 400 out of 1000 people own a car, followed by Thailand, with 275 out of 1000 people owning a car (Liputan6, 2021). From these data, it is obvious that the growth will attract global car producers to enter Indonesia market.

Indonesia's market potential attracted many foreign car brands from Japan, Korea, and China to enter Indonesia. However, the competition is tough, especially for cars from outside Japan. Indonesia's automobile industry has been dominated by Japanese cars, which have been going on since 1991 for more than 30 years (Anshori, 2020). Their domination continues until today, as proven by the 2022 list of most-sold car brands, with Japanese car brands in the top seven (Gaikindo, 2023). Japanese cars are prevalent in Indonesia, as stated by Herry Yanto, Kia Motors Indonesia's Sales and Marketing Development Manager, because the car components are manufactured locally, making them more convenient and less costly to replace (Indonesia-Investments, 2017).

Among those seven Japanese brands mentioned above, Toyota is leading with 1,013,582-unit sales (Pahlapi, 2023). Toyota's success in Indonesia is due to its ability to improve people negative perception toward Japan as country of origin. When Toyota first entered, Japanese cars are often mocked for its thin steel body (Anshori, 2020). Toyota has since strengthened and enhanced the materials used in the body of their cars. This is proven from the crash testing result from ASEAN New Car Assessment Program (ASEAN NCAP), Toyota cars managed to receive maximum rating on safety test (Anshori, 2023). These improvements caused people to no longer have negative perception about car from Japan, as previously stated Japanese cars even manage to fill in the top 7 ranking of top car brand in Indonesia (Gaikindo, 2023).

Recently, Chinese cars have started to emerge in the Indonesian automobile industry, and they can potentially threaten Japanese car dominance in the future (Kumparan OTO, 2020). The threat may be due to Chinese car producers' ability to sell cars at low prices, yet with more features compared to the ones offered by the Japanese ones (Andika, 2021). Furthermore, Indonesians purchasing power for motorized vehicles are predicted to be maximum IDR 300 million, which match the price that Chinese automobile maker have been offering (Kurniawan, 2022). Despite the price,

research on the perception of global products originated from China has yet to be done. Woo (2019) suggests that Chinese brands like Lenovo or LiNing have increased the confidence of the market on the quality of the products. However, Siahaan et al. (2021) argued that Chinese products still have a long way to go to be perceived as a good product, since they must compete with products made in other countries that have been perceived as good ones traditionally.

One of the Chinese products that yet need to win the perception of the potential market is car product and this research will be focusing on Wuling as one of the Chinese global car brands. In just a few years after entering Indonesia, Wuling has rapidly grown its market share through digital marketing and received many awards. From 2017 until 2022, Wuling cars has received more than 20 awards (Anam, 2022). Recent ones include the Most Affordable Crossover in 2022, the Most Popular Digital Brand in 2022, and Best Electric City Car in 2022 (Priyantoro, 2023). Wuling also became a trendsetter for electric vehicles in Indonesia. Wuling Air EV was the most sold electric car in Indonesia in 2022, selling 8,053-unit cars (Nurhuda, 2023). In hindsight, Wuling sales are still tiny compared to Toyota sales in Indonesia (Gaikindo, 2023). However, Wuling will have more chances to beat Toyota if they improve customer perception of their country of origin and company.

To improve its position in the future, Wuling needs to be aware of its's consumer behaviour. Through a consumer behaviour study, Wuling can understand which marketing mix aspects impact Wuling's customer intention to purchase the most. In addition, it is also essential to see how country of origin moderate the impact of the marketing mix. The more knowledge businesses have about their customers, the better they will be able to fulfil their clients' needs and stay competitive (Kotler & Keller, 2011). Since marketing mix is considered a classic theory, there has been a lot of research on its relationship with purchase intention. However, research that studies the moderating effect of country origin on product and purchase intention relationships still needs to be researched. In addition, Siahaan et al. (2021) stated that research on country-of-origin effects on purchase intention still needs to be researched further due to differences in the product and location of research.

Therefore, this research will determine whether each marketing mix component is significantly affecting Wuling's purchase intention in Surabaya. Then, the research will determine which marketing mix component is the most influential to Wuling's purchase intention. Lastly, it will also study whether perception toward country of origin moderates the relationship between product and purchase intention. In order to study the moderating effect of the country of origin, the car that will be used as the research subject is Wuling's most-sold car in 2022, Wuling Confero (Nurhuda, 2023). Although Wuling Confero's sales in 2022 have reached 10,844 units, their sales are still lower when compared to competitors in the same class, such as the Toyota Avanza with sales of 60.619 units in the same year (Kurniawan, 2023; Suryowati, 2023). This leads to a question, how does Toyota

Avanza still have better sales compared to Wuling Confero that has more features, and relatively a lot cheaper than Avanza. Therefore, the researcher specifically chooses Wuling Confero to find out whether country of origin moderate the relationship between product and purchase intention.