

2. Theoretical Background and Hypothesis

2.1 Purchase Intention

As defined by Kotler and Armstrong (2017), purchase intention refers to the likelihood of consumers purchasing a specific product or switching from one brand to another. Lee et al. (2019) further elaborates that purchase intention represents an individual's desire to acquire a particular product or service. This is crucial for understanding consumer buying behaviour, as stronger purchase intentions indicate a higher inclination to purchase a product or service. Konuk (2018) also support this notion, defining purchase intention as the possibility that a consumer intends to make a future purchase of a product or service. This study highlights the concept of purchase intention as the likelihood, desire, and plan of consumers purchasing a specific product.

2.2 Product

According to Kotler and Armstrong (2016), a product in the marketing mix refers to anything that can be offered to a market to satisfy their want or need. The elements of product consist of product variety, quality, design, features, brand name, packaging, size, service, warranty, and return (Kotler & Keller, 2016). The researchers decide to exclude some elements such as packaging and return as it is not relevant for car product. Product is the combination of a physical product, product services, brand, and package desired by customers of the target market segments (Lipson & Darling, 1971, as cited in Lahtinen, 2020).

Abediam et al. (2022) argue that quality, features, benefits, aesthetics, design, branding, packaging, services, warranties, guarantees, life cycles, investments, and returns are all factors that can influence a product decision. These features contribute to enhancing the overall appeal and desirability of the offering (Abediam et al., 2022). In this study, the product element of the marketing mix can be defined as the product's variety, quality, design, features, branding, size, service, and warranty that can meet customer needs, be desired by the customer, and enhance the appeal of a product.

Some experiments have been conducted to investigate the elements of a product toward purchase intention. In the experiment conducted by Homburg et al. (2015), they found out that product design can affect purchase intention. Another research has proven that customer perception of the quality of certain products can influence purchase intention (Calvo-Porrall & Lévy-Mangin, 2018; Asshidin et al., 2016). Therefore, it can be concluded that the product has a significant impact on purchase intention.

H1: Product significantly affects the purchase intention of Wuling Confero in Surabaya.

2.3 Price

As Kotler and Armstrong (2018) stated, price refers to the monetary value that is exchanged for a product, goods, or service. Furthermore, the concept of price encompasses a fair evaluation of the product, ensuring that the price matches the perceived value, as highlighted by Ehmke et al. (2016). Kotler elaborated that price elements include product prices, sales discounts, allowances, payment periods, and credit terms (Kotler & Keller, 2016). The researchers exclude allowances and credit term as these items are commonly known by customer after they advance to purchase decision. In the context of this study, price can be defined as the nominal amount of money that individuals exchange to acquire a product; it also expresses a fair evaluation of a product and ensures that it matches its perceived value. The price elements are the price of a product, sales discounts, and payment terms.

According to Alam (2023), who researched solar products, price significantly affects purchase intention. The statement is also supported by Konuk (2017); in his research, he found that when the customer views the product price as fair, it will boost purchase intention. The higher the product price, the more negative impact it has on purchase intention (Hati et al., 2021). These previous research have proven that price is significant to purchase intention.

H2: Price significantly affects the purchase intention of Wuling Confero in Surabaya.

2.4 Place

The distribution element of the marketing mix, also known as place, is a crucial component of any marketing strategy. Abediam et al. (2022) stated that place can refer to a company's actual location or the distribution methods to reach customers. Solomon and et al. (2014) suggest that place can also refer to the geographic area that enables a product or service to be available at the appropriate time and location. According to Kotler and Armstrong (2020), place is a collection of interconnected organizations collaborating to make a product or service available to consumers.

Place is defined as a physical or virtual store where businesses operate; it can also be the distribution channel to reach customers (Abedian et al., 2022). Kotler and Keller (2016) stated that place elements consist of a particular product's channel, coverage, assortment, location, inventory, and transport. For the place elements, the researchers decide to exclude channel, assortment, and transport as these items are not relevant for car product that is distributed through one channel which is by its own company. In this study, place is defined as a distribution channel that helps to

make the products available to customers geographically and on time; it also refers to the availability of business physically and virtually. The elements of place are coverage, location, and inventory.

Store location is important in determining consumer's purchase intention (Hikmah et al., 2021, as cited in Laura & Afivah, 2022). Recent research by Fajriani et al. (2020) about house purchase intention supported that place has a significant role on purchase intention. Lastly, the distribution channel, one of place's elements, plays a significant role in customers choosing car products (Nusran et al., 2018). Therefore, place affects purchase intention significantly.

H3: Place significantly affects the purchase intention of Wuling Confero in Surabaya.

2.5 Promotion

Kotler and Keller (2016) stated that promotion elements consist of sales promotion, advertising, sales force, public relations, and direct marketing aspects of a particular product. For this study, public relation element will be excluded since for cars public relation relies heavily on their branding not the company's name. In addition, direct marketing will also be removed as Wuling Confero marketing leans more toward sales personnel. In order to encourage consumer purchases, businesses employ a range of promotional activities influenced by internal and external factors, as stated by Kotler and Armstrong (2020). Solomon et al. (2014) defined promotion as an activity for marketers to explain about their products and services while also influencing and encouraging them to buy their products or services.

According to Abediam et al. (2022), promotion refers to the marketing communication tools used by marketing managers to inform potential customers about the offer and persuade them to learn more about it. In this study, promotion consist of sales promotion, advertisements, and sales force that are crucial in encouraging and influencing customers to make purchases, explaining the product, and persuading them to find out more about it.

Alam (2023) found out that product advertisements can positively influence customer intention to purchase. Previously, another research by Khaleeli (2020) has also proven that promotional activities through social media have a significant and good impact on the intention to purchase. In addition, Gürbüz et al. (2014) stated that firms must prioritize promotion to increase customer interest in purchasing their products. This statement has been proven by Kim and Han (2014) that when companies create engaging advertisements, it will affect purchase intention positively. Therefore, promotion has a significant impact on purchase intention.

H4: Promotion significantly affects the purchase intention of Wuling Confero in Surabaya.

H5: Promotion affects the purchase intention of Wuling Confero in Surabaya the most.

2.6 Perception toward Country of Origin

Zhang (1997) defines the country of origin as the production location (as cited in Cilingir & Basfirinci, 2014). In comparison, Samiee (1994) stated that the country of origin refers to where the company originated from (as cited in Fischer & Zeugner-Roth, 2017). The most suitable definition of Country of Origin for this research is the one from Samiee since international brands like Wuling usually have multiple production locations for each product component. Therefore, in this research, the country of origin will refer to China as where Wuling was founded.

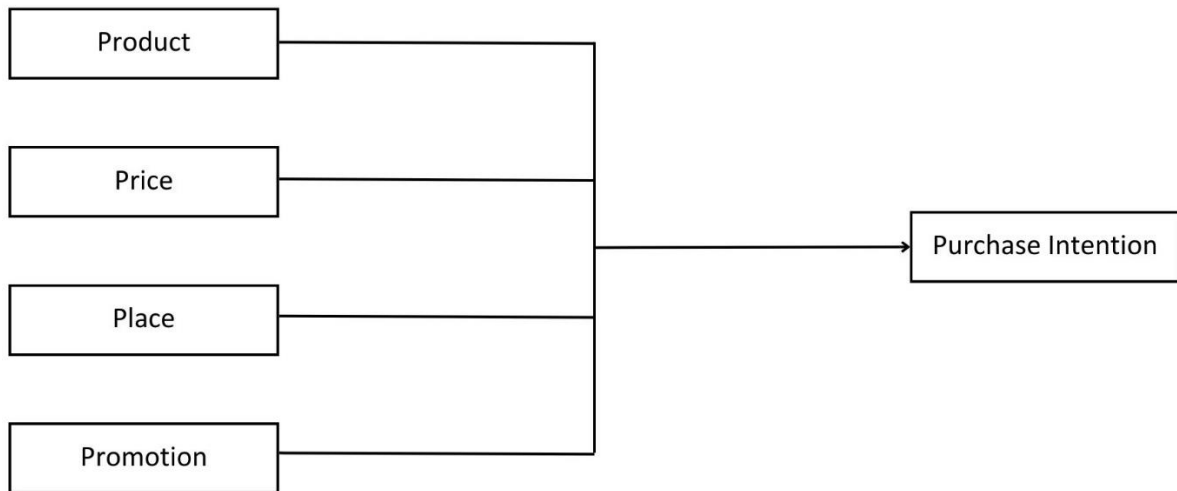
Customers' perception toward the country of origin usually originates from the stereotype they have of the products and brands from a particular country (Bluemelhuber et al., 2007). The perception of the country of origin also comes from their experience with the products from that country (Roth & Romeo, 1992, as cited in Lin et al., 2019). In addition, perception toward the country of origin can be considered as consumer feeling towards the product's country origin and the people (Bao et al., 2022). Therefore, in this study, perception of the country of origin can be considered as the stereotype, experience, and feeling of the customer about the country the product or brand originated from.

Previous research has shown that the country of origin has no significant effect on purchase intention (Moraes & Strehlau, 2020; Siahaan et al., 2021). However, Hien et al. (2020) stated that the country of origin significantly impacts purchase intention. Siahaan et al. (2021) have acknowledged that the difference in results was most likely due to the difference in the research subject. Therefore, this research will investigate another perspective by investigating whether the country-of-origin moderates product and purchase intention relationship. 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 features are similar (Costa et al., 2016; Akdeniz et al., 2013).

H6: Perception toward the country of origin moderates the impact of product on the purchase intention of Wuling Confero in Surabaya.

Figure 2.1

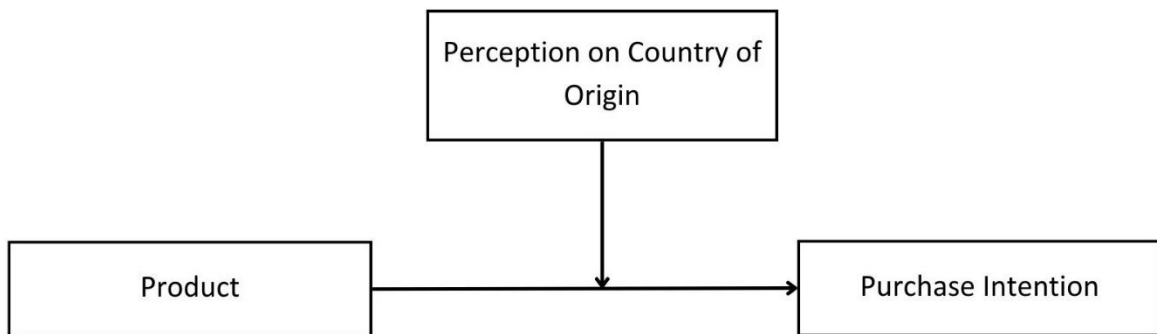
Relationship between Marketing Mix and Purchase Intention



Source: The data processed by the researchers.

Figure 2.2

Relationship between Moderating Variable, Product and Purchase Intention



Source: The data processed by the researchers.