THE EFFECT OF COUNTRY OF ORIGIN IMAGE ON BRAND EQUITY THROUGH THE MEDIATION OF BRAND ASSOCIATIONS, BRAND LOYALTY AND BRAND AWARENESS ON LG AIR CONDITIONER (AC) IN SURABAYA

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Abstrak - Penelitian ini bertujuan untuk mengetahui dan menganalisa pengaruh country of origin image terhadap brand equity melalui mediasi elemen brand associations, brand loyalty dan brand awareness pada produk Air Conditioner (AC) merek LG di Surabaya. Pengolahan data dilakukan dengan menggunakan Structural Equation Modeling (SEM) dengan menggunakan program Lisrel 8.70. Data diperoleh secara langsung dari responden yang memenuhi karakteristik populasi yang ditentukan dengan menyebarkan kuesioner. Jumlah sampel yang digunakan dalam penelitian ini adalah sebanyak 150 responden. Penelitian ini dilakukan pada semua tipe AC merek LG di Surabaya. Hasil penelitian ini menunjukkan adanya pengaruh brand associations terhadap brand equity, pengaruh brand loyalty terhadap brand equity, pengaruh country of origin image terhadap brand associations, pengaruh country of origin image terhadap brand loyalty, pengaruh country of origin image terhadap brand awareness, pengaruh country of origin image terhadap brand equity melalui mediasi brand associations, pengaruh country of origin image terhadap brand equity melalui mediasi brand loyalty, pengaruh country of origin image terhadap brand equity melalui mediasi brand awareness dan tidak ada pengaruh brand awareness terhadap brand equity, tidak ada pengaruh country of origin image secara langsung terhadap brand equity.

Kata kunci : Country Of Origin Image, Brand Associations, Brand Loyalty, Brand awareness, Brand equity

Abstract - This study aims to know and analyze the effect of country of origin image on brand equity through the mediation of Brand associations, brand loyalty and brand awareness on LG Air Conditioners (AC) in Surabaya. The research was conducted on all kinds of LG Air Conditioners in Surabaya. This research using Structural Equation Modeling (SEM) with Lisrel 8.7 software. Data collected directly from respondents who meet the specified characteristics of the population by distributing questionnaires. The samples used in this study was 150 respondents. The result of this study showed the influence of brand association on brand equity, the influence of loyalty on brand equity, the influence of country of origin image on brand associations, country of origin image on brand loyalty, country of origin image on brand awareness, country of origin image on brand equity through the mediation of brand associations, country of origin image on brand equity through the mediation of brand loyalty, country of origin image on brand equity through the mediation of brand awareness, and country of origin image on brand equity directly.
equity through the mediation of brand awareness, while the influence of brand awareness on brand equity and the influence of country of origin image directly on brand equity are rejected.

Key words: Country Of Origin Image, Brand Associations, Brand Loyalty, Brand awareness, Brand equity

1. INTRODUCTION

Today’s lifestyle has triggered companies to be more innovative in order to develop their products. Companies are often faced with an issue on how to develop their products in terms of quality with a strong brand positioning. Brand is crucially needed to differentiate their products with the competitor’s. In the middle of these, a lot of brands have gone missing from the market due to management’s lack of efforts; resulting in competitors taking over the initial idea and even giving additional value to the product. At the end, consumers choose the competitor’s product.

Brand is a very important asset for every company — thus it needs to be managed well— because it has the important role such as fulfilling consumer’s expectation when the company has promised something Durianto (2001:1). Managing a brand is also to gain strong brand equity. In this globalization era, each company tries to provide a product that can fulfill the needs and the expectations of consumers. In Indonesia, technology is one of the most growing industries each year. In 2011, home appliance technology growth reach up to 28%. Companies such as Samsung, Panasonic, LG, Sharp, Sony, and others are competing one and another and each company has a different country of origin. This fact has its own influence towards customers’ perception related to their intentions to purchase a product. Bilkey dan Nes (1982) dalam Yasin, Noor dan Mohamad.

South Korea is one of the example that Indonesia can look upon related to its technology industry. In 1950, South Korea was one of the poorest countries in Asia, but they managed to flip their situations and become one of the rich countries with the most developed technology. That development has also impacting their neighbors in Asia. Not only is that South Korea well known for their K-Pop music that is now worldwide, their electronic devices and products also spread worldwide. There are a lot of home appliance products that are used by Indonesians. [http://areamagz.com/article/read/2012/11/26/industri-dan-teknologi-korea](http://areamagz.com/article/read/2012/11/26/industri-dan-teknologi-korea)

In 2014, Gabungan Pengusaha Elektronik Indonesia stated optimistically that the market for air conditioner in Indonesia will increase 20%. Total sales of air conditioner nationally in