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National Car and Customer Loyalty: The Malaysian  
Perspective

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Doctor of Philosophy

2012

# **National Car and Customer Loyalty: The Malaysian Perspective**

**Thesis submitted in fulfilment of the requirements for the degree of Doctor of Philosophy**

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**July 2012**

## **Declaration**

This thesis contains no material that has been accepted for the award of any other degree or diploma in any university or other degree or other institution, and to the best of my knowledge, contains no material previously published or written by another person, except where due reference is made in the text of this thesis.

Signed: .....

Date: July 2012

## Acknowledgements

At the beginning of my PhD journey, I kept thinking to myself whether I could finish it or not. Throughout this time, my doubts gradually melted, bit by bit. The people I met during my study, one by one, passed in and passed out of my life. Without hesitation, every individual has contributed to the success of my study, therefore I have a lot to thank for.

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Finally, I would like to thank Dr. Diane Brown for proofreading the thesis according to Standards D and E in the *Australian Standards for Editing Practice*.

### *Dedication*

This thesis is dedicated to my parents. Without them the thesis would not exist:

For my father, Md Isa Taib, who has been very supportive throughout my PhD.

For my mother, Solehah Ismail, who relentlessly sends me her prayer.

## **Abstract**

The ASEAN Free Trade Agreement has facilitated the entrance of foreign cars into Malaysia's passenger car market and consequently imported cars are posing a serious threat to domestic automotive companies. This can be seen by decreasing sales figures and the deteriorating market share for the Proton and Perodua (companies partly-owned by government). Driven by this situation, this study examines customer satisfaction and loyalty for the consumers who have purchased these cars. Although consumer behaviour literature has highlighted consumer ethnocentrism as the main motivation for customers to buy domestic products, this study explores other factors beyond ethnocentrism.

A quantitative approach with a survey method was used in this study. The survey was conducted at selected car service centres. Hierarchical regression, SEM and moderation constituted statistical analyses employed to study various relationships among the various constructs in this study.

Within the context of the Malaysian automotive industry, the findings show that the purchasing of domestic cars is complex. This study found that many factors involve in purchasing decision which include branding, self-congruity, car characteristics and service quality along with consumer ethnocentrism. In contrast with the literature suggesting that consumers buy domestic product because of ethnocentrism, nationalism and patriotism, this study found otherwise. The findings also challenge the existing branding literature which suggests that a strong brand can be nurtured and developed through a careful business strategy. The results show automotive award (non-corporate communication) as the source of trust which help the consumer to define the brand. This study also contributes in explaining service quality concept from Asian perspective. The results indicate that theoretically, Asian consumers have different definition of service quality opposing to the West. Another significant contribution from this study is switching should be considered in the context of studying customer loyalty.

In reflection to the results, implications concerning both research and managerial practices are offered.

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## **Chapter 1: Introduction and overview**

### ***1.1 Introduction***

This chapter outlines the research problem, research questions, objectives of the research, context of the current study, potential contributions, research methodology and thesis outline.

### ***1.2 Research problem***

The Malaysian automotive industry differs from other developing countries in that it has two strong national automotive companies, namely Proton and Perodua. These brands have enjoyed a substantial share (see table 3-3) in the automotive market, with Proton in the lead. However, in the last few years, Perodua has beaten Proton as the most popular brand in Malaysia. Although consumer behaviour literature clearly suggests that consumers who have a tendency to purchase domestic brands are largely influenced by consumer ethnocentrism (Hamin & Elliott, 2006; Shimp & Sharma, 1987), little is known about customer satisfaction and loyalty.

Adding to this complexity, the literature has shown that most customer satisfaction and loyalty studies are inspired by Western studies (e.g., Jensen & Hansen, 2006; Knox & Walker, 2001; Parasuraman, Zeithaml & Berry, 1988) thus limiting its generalizability to the Asian context.

Based on this earlier evidence, this study reviewed the literature for possible antecedents to customer satisfaction and loyalty. As a result, the constructs that have been selected reflect relevancy and suitability in representing the Malaysian automotive customer satisfaction and loyalty framework. Generally, this study focuses on the factors that may influence customer satisfaction and loyalty with particular reference to the Malaysian automotive industry.

### ***1.3 Research justification***

The following are the justification for conducting this study:

- a. Theoretical justification. The knowledge on domestic product purchasing phenomenon is limited. The existing studies only show that ethnocentric consumers prefer domestic product, without exploring other reasons than ethnocentrism. This study includes other factors like self-congruity, service quality, branding and product characteristics thus may provide more insight into domestic purchasing of national cars.

b. **Managerial justification.** The most important element in automotive industry is branding. Both Proton and Perodua are national brands. It is important to understand how the customers perceive these brands. A more depth understanding on the factors that influence the consumers in choosing a domestic brand could assist local brands to compete in ASEAN Free Trade Area (AFTA), in which Malaysia is a member. Under AFTA agreement, government support should be gradually eliminated. Therefore, the need to find the “core competencies” of national brands is crucial for their future survival instead of relying on consumer ethnocentrism government intervention.

c. **Policy justification.** The establishment of national cars project is in conjunction with Malaysia’s vision to be a developed country in the year 2020. The findings of this study could assist the Malaysian government to foresee if national cars are able to be independence without government support. Besides, the government may gain additional insight from this study when formulating future National Automotive Policy (NAP).

#### ***1.4 Research questions and propositions***

In particular, this thesis addresses the following research questions:

RQ1: What factors influence customer satisfaction and attitudinal loyalty for a national car?

RQ2: Does attitudinal loyalty lead to behavioural loyalty for national car customers?

RQ3: Do corporate and non-corporate communication impact customer satisfaction?

Based on the research problem and research questions, the following propositions are advanced:

**Proposition 1:** Behavioural loyalty is a function of: a) i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location b) customer satisfaction with the car and c) attitudinal loyalty.

**Proposition 2:** The following (i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location) have a direct relationship with customer satisfaction.

**Proposition 3:** Customer satisfaction mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and word of mouth.

**Proposition 4:** Customer satisfaction mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and intention to switch.

**Proposition 5:** Customer satisfaction is: (i) positively related with word of mouth, (ii) negatively related to intention to switch.

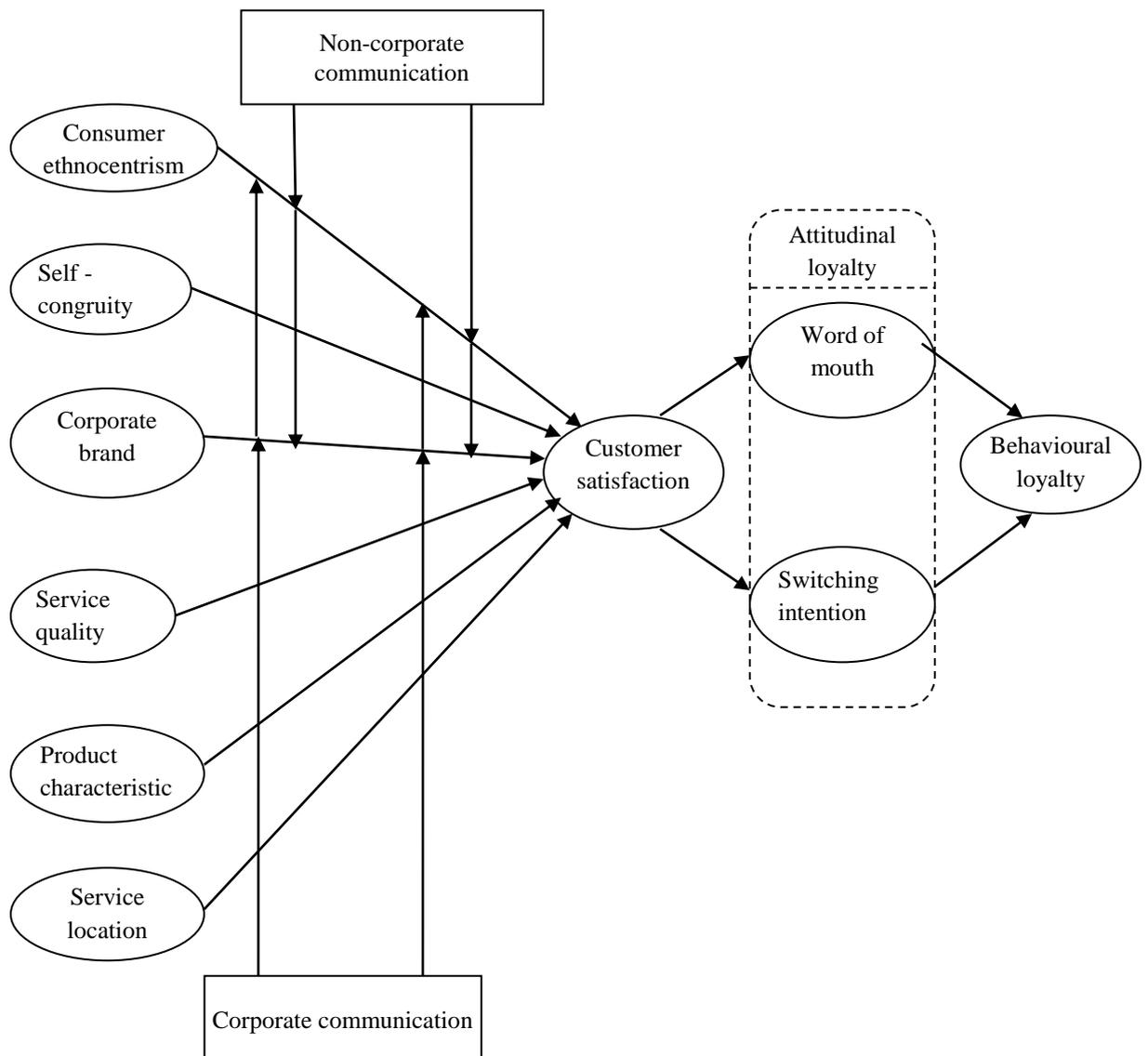
**Proposition 6:** Corporate communications moderate the relationship between: i. corporate brand, ii. consumer ethnocentrism with customer satisfaction.

**Proposition 7:** Non-corporate communications moderate the relationship between: i. corporate brand, ii. consumer ethnocentrism with customer satisfaction.

From these propositions, hypotheses are developed and explained in detail in chapter 2.

The conceptual framework shown in figure 1.1 depicts the propositions, and is presented in a summarised structure. The detail explanations and theoretical justifications for the proposed relationships are discussed in chapter 2.

**Figure 1-1 Summarised conceptual framework**



## ***1.5 Objectives of the research***

The purpose of this study is to examine the antecedents that might influence customer satisfaction, the relationship between customer satisfaction and attitudinal loyalty, attitudinal loyalty and behavioural loyalty in a specific context, the Malaysian automotive industry. In relation with these objectives, the study also investigates two other related issues:

- a. The mediating effect of attitudinal loyalty in the relationship between customer satisfaction and behavioural loyalty.
- b. The moderating effect of corporate and non-corporate communications in the relationship between antecedents (consumer ethnocentrism, corporate brand) and customer satisfaction.

## ***1.6 Theoretical contributions of the research***

The contributions of this research include the following:

### **1.6.1 Integration of theory**

This research integrates consumer ethnocentrism, self-congruity, corporate brand, and service quality in one research framework. The combination of these approaches provides a holistic consumer behaviour framework, which seeks to explain, rather than merely describe, the underlying reasons why domestic customers buy a specific national car. Empirical examination through the use of a combination of statistical techniques enables the identification of various relationships within the consumer behaviour framework, which contribute to both academia and managerial practice.

### **1.6.2. Mediating effect of word of mouth and switching intention and moderating effects of corporate and non-corporate communication**

“Unfortunately, mediation and moderation effects have been widely misunderstood and misused as data analytical tools and statistical hypothesis testing with little theoretical and methodological considerations” (Wu & Zumbo, 2008, p. 368). This research addresses this general misunderstanding by clarifying the mediating effect of word of mouth and switching intention, and moderation effect of corporate and non-corporate communication through theoretical and statistical explanation.

### **1.6.3 The Malaysian automotive industry**

Finally, in the light of competition in the Malaysian automotive industry, this research has potentially important implications for national car companies in understanding domestic consumer purchasing behaviour. The findings may contribute to assisting managers to formulate a better business strategy to increase customer satisfaction as well as obtain customer loyalty.

## **1.7 Research methodology**

This section provides a brief overview of the research methodology employed in this study. Chapters 3 and 4 will present a detailed discussion and justification of the procedures used in this research.

### **1.7.1 Unit of analysis**

The primary unit of analysis in this study is the car owner of Proton or Perodua who visit the selected service centres during the data collection period.

### **1.7.2 Development of research instrument**

A closed ended questionnaire with one choice of answer was employed in this study. The type of closed choice survey that was employed in this study was meant to study the satisfaction and loyalty aspects of chosen respondents. A personally administered self-completing questionnaire was used as the data collection method in this study.

## **1.8 Thesis outline**

The thesis consists of six chapters as outlined below:

### **1.8.1 Chapter 1 Introduction**

Chapter 1 provides an introduction and background.

### **1.8.2 Chapter 2 Literature review**

Chapter 2 provides the theoretical foundation for each construct and reviews the relevant literature from the disciplines of marketing and psychology. In this chapter, key concepts are clarified and the relationships between constructs are discussed through an examination of the relevant literature.

### **1.8.3 Chapter 3 Research methodology**

Chapter 3 concerns the methodology for this study. The methods used to examine the relationships among the key constructs are discussed. The research design and data collection technique are outlined and explained. A special section about the Malaysian automotive industry is also included in this chapter by way of a brief explanation on the context of the current study.

### **1.8.4 Chapter 4 Construct measurement**

Chapter 4 is concerned with the development of measures used in this study. A detailed outline of construct measurement consists of operationalization of construct and sources of adopted scales. This chapter also covers the evaluation of reliability and validity of constructs using Cronbach alpha, exploratory factor analysis, confirmatory factor analysis, correlation analysis and measure equivalence analysis.

### **1.8.5 Chapter 5 Results and discussion**

The results of measure equivalence analysis suggest that customers for Proton and Perodua answered the questionnaires from two different perspectives; therefore further analysis was performed for each company due to lack of measure equivalence. As a result, chapter 5 has been divided into two main sections: Proton and Perodua. Structural Equation Modelling (SEM) was used to test the relationships between constructs including mediators. SPSS Mod Probe application by Hayes and Matthes (2009) was used to test the moderators.

### **1.8.6 Chapter 6 Contributions and implications of the study**

Chapter 6 summarizes the key findings from the study in relations to each of the propositions. It also identifies the theoretical, methodological and managerial contributions of the study. Limitations and potential future research opportunities are identified.

## **1.9 List of key definitions**

AA – Auto Awards  
AFI – Adjusted of Fit Index  
AFTA – ASEAN Free Trade Area  
AGFI – Adjusted Goodness of Fit Index  
AIC – Akaike Information Criteria  
AVE – Average Variance Extracted  
BESC – Brand Engagement Self-Concept  
BTS – Brand Trust Scale  
CB – Corporate Brand  
CC- Car Characteristics  
CE – Consumer Ethnocentrism  
CETSCALE – Consumer Ethnocentrism Scale  
CFA – Confirmatory Factor Analysis  
CFI - Comparative Fit Index  
CMV – Common Method Variance  
CPS – Corporate Personality Scale  
CSR – Corporate Social Responsibility  
EFA – Exploratory Factor Analysis  
GOF – Goodness of Fit  
MC – Media Coverage  
ME – Measure Equivalence  
MSA – Measure of Sampling Adequacy  
NFI – Normed Fit Index  
PAKSERV – Pakistan Service Quality  
RMSEA – Root-Mean-Square-Error-of-Approximation  
RQ – Reputation Quotient  
RQ – Research question  
SC – Self-congruity  
SEM – Structural Equation Modelling  
SERVQUAL – Service Quality  
SQ – Service quality  
SS – Sport Sponsorship  
TLI – Tucker-Lewis Index

## **Chapter 2: Literature review**

### **2.1 *Introduction***

The following literature review provides the foundation for the conceptual framework and research propositions. Each construct is selected based on its relevancy and suitability in representing the Malaysian automotive customer satisfaction and loyalty framework. The constructs in the conceptual framework will be explained and 32 hypotheses are proposed. The chapter concludes with the depiction of the conceptual framework for this study.

### **2.2 *Consumer ethnocentrism***

#### **2.2.1 *The emergence of consumer ethnocentrism studies***

Trade treaties such as AFTA (ASEAN Free Trade Area) have opened the opportunity for import and export activities with fewer restrictions. Free trade inevitably poses a threat to domestic products although it yields some benefits for local consumers as they have more choices. The entry of foreign products as well as the existence of domestic products not only presents consumers with more choice but also challenges ethnocentric consumers because of the belief held regarding the appropriateness and morality of purchasing foreign products (Shimp & Sharma, 1987, p. 18). Therefore, although the free market is widespread, the tendency to buy domestic products among local consumers still prevails and should not be underestimated (Verlegh, 2007), especially when all countries are obliged to protect their own local businesses.

As a protection mechanism, governments in most countries, together with domestic companies, are promoting 'buy local products', a campaign strengthening the ethnocentric belief. The campaign basically focuses on ethnocentric consumers, as ethnocentrism is viewed as an important barrier to foreign product consumption (Puzakova, Kwak & Andras, 2010). However, the buy local products campaign is not the sole reason why consumers behave ethnocentrically in their purchasing. Economic conditions may further solidify ethnocentric sentiment.

An economic event, such as a financial crisis, provides another rationale for consumers to uphold ethnocentricity (Chang, Chan & Leung, 2010). The recent global economic turmoil provided the perfect 'focusing event' to bring consumer ethnocentrism tendency to the fore (Wang, 2005). For

example, the 1997 Asian financial crisis provides some insight into ethnocentrism, where Asian consumers have adapted 'ethnocentric purchasing' of domestic products instead of Japanese and US products during the crisis (Ang, et al., 2004). The importance of putting the country's interest ahead of personal interest has invoked the idea of collective identity, based on nationality to accept or reject products from other countries, regardless of price, quality or technological superiority and that sentiment interrupted a "reasoned purchase" decision (Wang, 2005).

Cultural orientation also influences consumers to behave ethnocentrically in their product purchasing. Cultural perspective interplays with consumer principles that may affect decisions to embrace ethnocentric purchasing. Due to cultural perspective, when domestic products are unavailable, high ethnocentric consumers prefer products from countries with similar cultures in comparison to products from culturally dissimilar countries (Watson & Wright, 2000). In addition, consumers in developing countries behave ethnocentrically as a result of culture pride (Nguyen, Nguyen & Barrett, 2008) thus outweighing purchasing where product quality is the highest priority. Ethnocentrism is different from culture to culture. For example, the people of China and Taiwan are more ethnocentric than the Indians, and the people of mainland China are more ethnocentric than the Taiwanese (Pereira, Hsu & Kundu, 2002). Consequently, the variation of ethnocentric effects as a result of cultural difference has made consumer ethnocentrism an interesting topic for social science researchers.

As markets are becoming increasingly homogenous in terms of product choices, tastes and preferences, consumer ethnocentrism appears to be a mechanism of product differentiation that affects product judgement (Wang & Chen, 2004), at least in a situation where consumers have to choose between domestic or imported products. With a particularly complex and durable product like automobiles, ethnocentrism may be a lot more complicated. By understanding the effect of ethnocentrism within an automobile purchasing framework, it could shed some light on this issue and contribute to consumer behaviour literature.

The following sections provide definitions of consumer ethnocentrism along with theoretical foundations. The relationship between consumer ethnocentrism and domestic purchasing are further discussed for greater understanding.

## 2.2.2 Consumer ethnocentrism and social identity theory

Embedded in the sociological literature, Sumner (1906) defined ethnocentrism as:

the view of things in which one's own group is the centre of everything, and all are scaled and rated with reference to it .... Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities and looks with contempt on outsiders (p. 13).

One important implication from Sumner's definition is that ethnocentrism exists as part of human nature (Rushton, 1989), therefore confined to all kinds of social groups, developing into family pride, sectionalism, religious prejudice, racial discrimination and patriotism (Murdock, 1931). LeVine and Campbell (1972) describe the properties of ethnocentrism as: (1) to distinguish between groups, (2) to perceive events in terms of the group's own interests, (3) to see one's own group as the centre of the universe and to regard its way of life as superior to others, (4) to be suspicious of and despise others, (5) to view one's own group as more superior and (6) to see other groups as inferior.

The term 'consumer ethnocentrism' was originated by Shimp and Sharma in 1987. The concept was adapted from a general concept of ethnocentrism and then used to explain consumer purchasing behaviour through ethnocentric lenses. These authors refer to consumer ethnocentrism as "the belief held by American consumers about the appropriateness, indeed morality, of purchasing foreign made products". Shimp et al. (1995) explain that consumer ethnocentrism includes three dimensions. First, the love and concern for one's country and the fear of losing control of one's economic interests as a result of harmful effects that imports may bring to oneself and countrymen. Second, to impede the intention or willingness to buy foreign products. Third, to awaken a personal level of prejudice against imported goods. As explained by Shimp and Sharma (1987), existing alongside consumer ethnocentrism are economic nationalism and patriotism.

Economic nationalism emerges from sentimental attachment as a result of becoming a citizen (Akhter, 2007). Individuals within a country feel motivated to help their country, gaining a sense of identity and self-esteem through national identification (Druckman, 1994). Lee et. al. (2003) and Kosterman and Feshbach (1989) associate nationalism with the perception of national superiority, an orientation toward national dominance and a downward comparison of other

nations. Because nationalism is a sacred term to most people, it can be lucrative and advantageous to domestic companies. Ozkan and Foster (2005) have demonstrated how domestic businesses in Turkey capitalize on nationalism. The hostility towards the US for example because of the Iraq invasion has become the success factor for soft drink brands in Turkey. Cola Turka, which is a new brand, was introduced into the Turkey market during this period. Turkey consumers purchase Cola Turka instead of Coca Cola as a means of protest against “coca-colonization” by the Americans (Özkan & Foster, 2005). Ozkan and Foster’s (2005) study illustrate that nationalism thus shows an evaluative bias against other countries.

Unlike economic nationalism, patriotism is based on the concept of “simple love to the country” (Karasawa, 2002). As a reflection of love, an individual is committed and always ready to sacrifice for the sake of the country (Druckman, 1994, p. 47). Karasawa (2002) reported that emotional attachment to the homeland can be maintained without recourse to a belief in its superiority. Similarly, Balabanis et al. (2001) reported that Turkish feelings of dominance and superiority do not transcend into taking pride in their national products at the expense of foreign products. Nakano (2004) describes patriotism as:

The idea and sentiment of individuals to accept of individuals to accept the authority of the state. Individuals are liberated from the constraints of traditional communities and secure their autonomy by accepting the authority of the state. The relationship between the authority of the state and individuals subject to it is political society. Patriotism integrates individuals and maintains political society (p. 4).

Opposing economic nationalism, patriotism does not include a negative evaluative bias against other countries (Akhter, 2007).

As explained previously, high ethnocentric consumers will behave differently from low ethnocentric consumers (Shimp & Sharma, 1987). Thus, this conforms to the theory of social identity that posits that an individual identifies based on the group they belong to. For high ethnocentric consumers, national loyalty is seen as an important issue, as this influences consumer’s to choose domestic products or services (Bruning, 1997). In contrast, low ethnocentric consumers prefer foreign products compared to domestic products (Kucukemiroglu, 1999) with a lesser sense of belonging to the group.

Although Akhter (2007) maintained that consumer ethnocentrism, economic nationalism and patriotism are different concepts altogether, this study emphasizes that they are not only related, but dependent on each other to form consumer ethnocentrism. Social identity theory is used to describe the link between these concepts.

### **2.2.3 Consumer ethnocentrism and domestic purchasing bias**

Whilst many studies suggest that consumer ethnocentrism affects consumer purchasing decisions to buy domestic products as an alternative to foreign products (Hsu & Nien, 2008; Supphellen & Grønhaug, 2003; Upadhyay & Singh, 2006), only a few studies clarify in detail the reasons for a consumer to make a bias decision. Thus, to explain the reasons for this behaviour, personal motives need to be investigated and described.

The first motive is industry protection. Scheve and Slaughter (2001) maintained that individual trade preferences are closely related to the type of industries and foreign competition that might threaten domestic industries. For example, Evanschitzky et al. (2008) suggested that ethnocentrism among German consumers is industry specific. They explained that consumer ethnocentrism exhibits the expected effects in product-country configurations that are likely to be perceived as threats to the home economy such as French foods, Italian fashion wear and shoes, Japanese electronic products and TV sets. In another study, Chinen (2010) who studied the Japanese rice industry found a stronger consumer ethnocentrism. The reason is that the industry is regarded as traditionally owned from generation to generation.

The second motive is job insecurity. In a survey conducted by Hester (1989) in the US apparel industry, the prime reason for their awareness of 'made in the US' label is to support the US industry. It is because the industry provides job opportunities for the country. This finding is consistent with an earlier study by Shimp and Sharma (1987) who reported that consumers whose jobs and quality of life are vulnerable to interruption from foreign competition have the highest scores on the consumer ethnocentrism scale (CETSCALE). Maronick (1995) on the other hand asserts that patriotism and jobs are more salient to consumers in the presence of foreign brands. Levin and Jasper's (1995) study also showed that the percentage of local workers affect economic nationalism. For high nationalism, the percentage of domestic workers increases along with nationalism. In contrast, for low or medium nationalism, the percentage of domestic workers has a reverse effect on nationalism. At a personal level, economic nationalism operates through

the adoption of “us first” in the group versus the group distinction relating to “our companies”, “our products”, “our jobs” and “our workers” (Baughn & Yaprak, 1996). The perceived threat is transmitted to one’s own level of job insecurity through this consciousness.

The third motive is social desirability. A classic study by Crowne and Marlowe (1960) describe social desirability as “culturally acceptable and approved behaviour”. Utilizing social needs, sociologist theorists Lewis (1976) and Lynn (1976) assert that as a social being, a person gives preferential treatment to members of groups to which they are associated. In the pursuit of approved behaviour and preferential treatment to certain social groups, several studies explain this behaviour. Supphellen and Rittenburg (2001) findings suggest that where foreign products are superior to domestic alternatives, ethnocentric consumers seem to conform to a general opinion on foreign brands, and rather express their ethnocentric feelings in terms of accentuating the positive effects of domestic brands. In a similar vein, van Birgelen et. al. (2005) summarized the views of those respondents who are more sensitive to social opinions report higher levels of ethnocentric tendencies than insensitive ones. In addition, collectivists’ consumers identify with their home country and therefore exhibit ethnocentrism (Yoo & Donthu, 2005). Collectivism which emphasizes group interdependence produces social bias within the group, driven by social norms, duties and obligations (Bontempo & Rivero, 1992; Davidson, Jaccard, Triandis, Morales, & Diaz-Guerrero, 1976; Triandis, Chan, Bhawuk, Iwao, & Sinha, 1995). The desirability to be ‘in the group’ of patriotic consumers consequently provides a vital motivation for consumers to buy domestic products.

#### **2.2.4 Domestic consumption: normative versus rational choice**

As discussed previously, purchasing of domestic products is related to ethnocentrism, economic nationalism and patriotism. This study emphasizes that all these concepts are linked to each other by social identity theory that upholds the notion of ‘in-group’ and ‘out-group’ behaviour. Shimp and Sharma (1987) have exploited the characteristics of these two groups to conceptualize consumer ethnocentrism in consumer studies. A normative, which is the property of the ‘in-group’, entails a prescriptive course of action by questioning consumer conscience with respect to consumption practices in order to prevent adverse effects on domestic employment and economic welfare (Sharma, et al., 1995). As a result of this strong sense of home country loyalty, consumers are willing to pay higher prices to obtain domestic products (Knight, 1999). A few studies reflect this argument. According to Hamin and Elliott (2006), for example, high

ethnocentric Indonesian consumers prefer domestically designed and assembled products over foreign products. They also perceive domestic brands as having a higher quality than foreign brands. In a similar vein, Nguyen et al. (2008) found that Vietnamese consumers are ethnocentric and ethnocentrism translates into purchasing domestic products. These studies indicate that even the consumers in developing countries are showing domestic bias in their purchasing behaviour.

In contrast to in-group purchasing behaviour, the out-group behaves more practically. For this group, product quality is the main consideration when making a purchase decision. Studies have shown that non ethnocentric consumers prefer foreign products (Javalgi, Khare, Gross & Scherer, 2005), especially from developed countries (Good & Huddleston, 1995; Sohail, 2005). They do not feel guilty, lack national pride or display low ethnocentrism, even though their behaviour can have a detrimental effect on their own country's economy (Piron, 2002).

In one study, Vida and Reardon (2008) found that normative constructs (i.e. consumer ethnocentrism and patriotism) are stronger determinants of domestic consumption than rational considerations, such as perceptions of relative product quality of domestic versus imported products. Granzin and Olsen (1998) and Olsen et al. (1993) explain that domestic purchasing is motivated by various reasons such as internalization of responsibility to help, sharing a common fate with workers, perceptions of similarity with workers, social concerns, ethnocentric orientation and patriotic loyalty.

Since consumer ethnocentrism reflects domestic consumers, purchase decisions when they are confronted with foreign products, the establishment of the national car project challenges ethnocentric sentiment among Malaysian consumers. Strategically, the establishment of Proton is based on the need for the country to build its own automotive industry. Perodua as the second national car, is supposed to support and nourish the domestic industry even though it is partly owned by the government. According to the concept of consumer ethnocentrism, Proton and Perodua customers both have reasons to be ethnocentric in their purchasing. As research has shown, nationalistic, patriotic and ethnocentric sentiments can affect the evaluation of imported products (Kucukemiroglu, 1999). Likewise, the purchasing of these national cars could be related to all these causes and conjure up consumer pride through having a national car. In line with Granzin and Olsen (1998) and Olsen et al. (1993), the researcher suggests that consumer ethnocentrism, which is underlined by notions of ethnocentrism, economic nationalism and

patriotism, reinforce each other to create customer satisfaction. Therefore, the following hypothesis is suggested:

Hypothesis 1: Consumer ethnocentrism is positively related to customer satisfaction with the car.

## **2.3 *Self-congruity***

### **2.3.1 The ‘Self’ theory in consumer studies**

Initially accepted as a partial determinant of human behaviour, the self-concept has entered into marketing research (Grubb & Grathwohl, 1967). Theoretically, the self includes the attitudes, feelings, perceptions and evaluations of oneself as an object (Hall & Lindsay, 1957).

As part of the evaluation mechanism, stereotyping of the generalized users of a specific brand is conveyed to other consumer brands, affecting the consumer’s self-concept (Grubb & Stern, 1971). Epstein (1973) has written extensively on the topic of self-concept as theory in his conclusion:

By recognizing that individuals have implicit theories about themselves as a function of individuals, it is possible to assimilate the views of phenomenologist on the nature of the self-concept into a broader framework that should be acceptable to all psychologists. When the self-concept is redefined as a self-theory, it can no longer be dismissed as unscientific ... (p. 415)

Markus and Wharf (1987) in their revision of the self-concept suggested that the concept is dynamic and evolving. They divided self-concept into two categories; intrapersonal and interpersonal. Intrapersonal include information processing, affect regulation through self enhancement and motivating individuals to take an action. Interpersonal on the other hand emphasize on the viewing oneself as a result of social interaction. It include social comparison, partner’s choice or preference, shaping a particular identity during social interaction and reactions to feedback (Markus & Wurf, 1987). Schouten (1991) assert that self-concept encompasses several things such as “role identities, personal attributes, relationships, fantasies, possessions, and other symbols that individuals use for the purpose of self-creation and self-understanding (p. 413).

Above all, the main interest to assimilate self-concept as part of consumer study arise from the fact that it guide and control a person choice when making a purchase decision (Sirgy, 1982). Extending from self-concept, marketing researchers introduce self-congruity concept. Self-congruity is developed on the notion that “a person will select that brand of a product whose image most closely resembles his or her self-image” (Hughes & Guerrero, 1971, p. 125). The theory explain that self-concept processes cover self-evaluation, self-perception, self-concept change, self-concept differentiation, self-concept generalization, decision making, information search and self-monitoring (Sirgy, 1986).

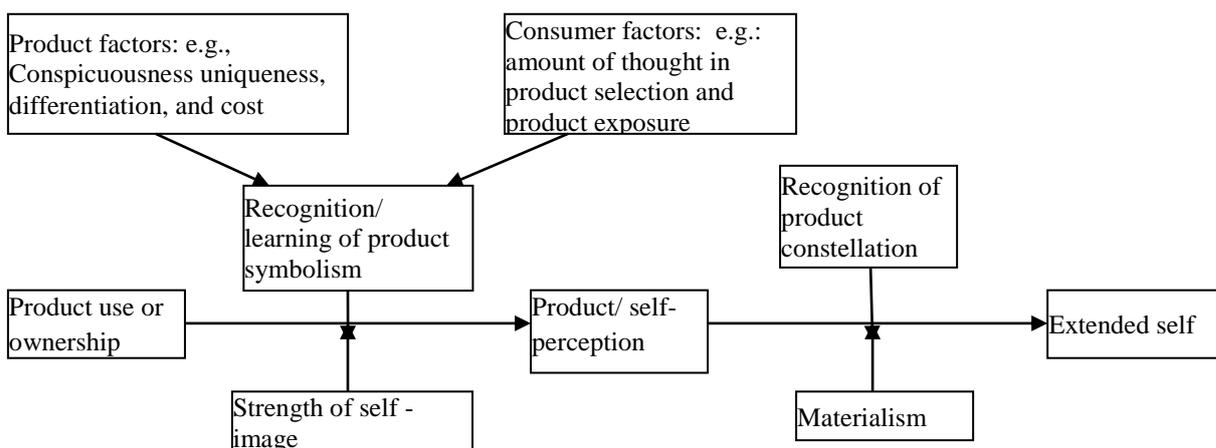
### **2.3.2 Self-congruity and purchasing behaviour**

Based on the notion that self-congruity is the congruity between the actual self image and product image, Sirgy (1985) has demonstrated that the theory is useful, particularly to predict consumer purchase motivation. Depending on levels of congruity, the higher the level of self-congruity, the higher the level of customer satisfaction (Jamal & Goode, 2001). Wang et al. (2009) who studied the Chinese mainland’s automobile market have suggested that product-brand personality is more significant in affecting purchase intention than company-brand personality. Sirgy et al. (2000) however showed that self-congruity influences functional congruity and predictive effects of self-congruity versus functional congruity are moderated by consumer knowledge, prior experience and the degree of product involvement. In addition, a study conducted by Lee (2009) regarding the Korean automobile industry asserted that where a brand commands a high preference, the preferred characteristics of consumer personality actually exert some influence over perceived brand personality, provided the consumer has built a positive relationship with the brand and then projects his/her personality on to the brand. Consistent with Lee (2009), Yim et al. (2007) assert that the high level of self-image relates to people’s behaviour in close personal relationships with brands. Throughout consumer behaviour literature, it is suggested that consumers often have a preference for products and choose products that have higher versus lower levels of congruity (Lee, 2009). Thus, self-congruity is useful, especially when explaining and predicting brand attitude, product use and ownership, brand loyalty and purchase intention (Sirgy, et al., 1997). In general, purchasing based on self-congruity relates to symbolic consumption due to its social influence.

### 2.3.3 Product symbolism and symbolic consumption

Consumer behaviour literature suggests that product symbolism has an important implication in a consumer purchase decision (Grubb & Grathwohl, 1967; Hirschman, 1986). Hirschman (1986) maintained that consumers assign meanings to products causing the occurrence of product symbolism phenomena. As more research is conducted on this topic, product symbolism emerges as complicated phenomena with many underlying factors contributing to meanings. Lee (1990) suggested that product symbolism subsumes multiple dimensions that congregate under a symbolic interactionist framework, specifically socially oriented self-concept and psychological oriented self-concept. Building on the self-congruity theory, Wright et al. (1992) argued that consumers use product symbolism to define themselves in the context of specific situations. Based on this argument, they developed a model demonstrating that the outcomes of product/self perceptions across a constellation of products, across situations and over time serve to establish an extended self.

**Figure 2-1: An integrated model of product/consumption symbolism and consumer self-concept**



**Model adapted from Wright et al. (1992)**

As consumption is a meaningful practice, consumption choices are not only limited to the consideration of product utilities but also symbolic meanings (Wattanasuwan, 2005). Consistent with the importance of symbolic meaning as part of consumption choices, Tsai (2005) reported that utilitarian, affective and symbolic resources synergise to create purchase value, prompting the repurchase intention of consumers across a broad range of product categories. In addition, Burroughs (1996) found that in impulse purchasing, the match between a product and consumer self-concept produce instant purchase decisions. Other research by O’Cass and Frost (2002)

showed that in a status conscious market, the higher symbolic characteristics constitute stronger positive feelings and the greater congruency between consumer and brand image.

Since symbolic consumption is related to social behaviour, the symbolism embedded in many products is the primary reason for their purchase and use (Solomon, 1983). The link between product and consumer can be explained using the concept of symbolic interactionism (Solomon, 1983) as a product of symbolism (Wright, et al., 1992), i.e., a unique property of a specific product. For this reason, the researcher suggests that the way in which customers engage with Proton is different with to that of Perodua.

#### **2.3.4 Brand Engagement Self-Concept (BESC)**

The most fundamental idea of self-concept is the individual's behaviour will be directed toward the furtherance and enhancement of his or her self-concept (Grubb & Grathwohl, 1967). People in fact vary in their tendency to possess particular self-schemas and this variation leads to different attitudes and behaviours towards objects relevant to such schemas (Markus, 1983). Brand Engagement Self Concept (BESC), builds on the idea that consumers vary in their general engagement with brands and this is interpreted through the importance of consumer tendencies to include popular brands as part of self-concept (Sprott, Czellar & Spangenberg, 2009). Largely, brand engagement is influenced by brand community.

McAlexander et al. (2002) have explained that brand community is a powerful social tool to achieve competitive advantage, therefore companies should utilize consumers social context by providing a medium for them to share their experience of ownership and experience. Brand community creates value through collective enactment, enhances consumer engagement and the use of willing customers to share consumption experiences (Schau, Muñoz Jr & Arnould, 2009). Carlson et al. (2008) found that consumers with a high psychological sense of brand community tend to demonstrate (1) a propensity to promote the brand to others via word of mouth, (2) a preference for the brand over competitors' offerings, (3) an interest in brand related events and (4) an interest in the history of the brand. Studies have reported that the act of posting brand preferences on personal websites may serve as self-extension for consumers (Schau & Gilly, 2003). It also suggests that people vary in their likelihood to engage with identity building and expressing identity through brand communities (Muniz & O'Guinn, 2001).

Customer co-creation of value is another medium for consumers to engage with brands. Keller (1993) argued that once the consumer is familiar with the brand and holds some favourable, strong and unique brand associations in memory, the consumer is developing customer-based brand equity. Aaker (1997) however maintained that consumers associate a brand with ‘a set of human characteristics’ (p. 347). In Nike’s case study, Ramaswamy (2008) suggested that competition for advantage in the sneaker market had shifted to creating value through experiences. The key concept is that the consumer creates the values of a brand then engages in those values. This includes feelings of confidence, integrity, pride and passion (McEwan, 2004).

According to Sprott et al. (2009), the connection between consumer and brand is interpreted through the self-concept theory. They further argue that attachment to possessions taps into the extent to which specific past, present or future possession contributes to maintaining consumer self-concept. Proton and Perodua customers belong to their respective brand communities. As part of this brand community, they share product consumption experiences with others, online or offline. The experience sharing fosters customer co-creation of value of a brand and cultivates brand engagement. In this study, the researcher proposes that brand engagement creates a special feeling between consumer and brand. Self-congruity however endorses the match between consumer/brand, resulting in satisfaction. Therefore, the following hypothesis is suggested:

Hypothesis 2: Self-congruity is positively related to customer satisfaction with the car.

## ***2.4 Corporate brand***

### **2.4.1 Defining corporate brand from consumer lenses**

Spanning two decades, corporate brand has emerged as a mature field in the branding literature. In the beginning, scholars have argued that corporate brand has two components: identity and image (Davies & Chun, 2002; Dutton & Dukerich, 1991; Hatch & Schultz, 2003). Recent development in the field adds another dimension to corporate brand, which is reputation (Balmer, 2008; Balmer & Gray, 2003; Balmer & Greyser, 2006). Corporate identity is internally developed through organizational culture, mostly focusing on managers or employees (Backhaus & Tikoo, 2004; Kowalczyk & Pawlish, 2002; Tarnovskaya, Elg, & Burt, 2008), therefore this identity is irrelevant for this study. In contrast, scholars infer image and reputation in the possession of

customers as external stakeholders (Bromley, 1993; Chun, 2005; Davies & Chun, 2002) as important to the discussion in this study.

In describing organizational image, Dutton and Dukerich (1991) maintained that image is the individual's sense of what the organization should stand for. Image includes management style (Bromley, 2000) and corporate logo (Heerden & Puth, 1995) that serve as a cognitive switch and trigger memory, linking the customer with the company. In this regard, image simply means the perception of the customer towards corporate brand (Davies & Chun, 2002), or implicitly 'How we want others to see ourselves' (Chun, 2005, p. 97). Consumers utilize corporate image to deduce the company's business ethics (Creyer, 1997) as a symbol of credibility (Gürhan-Canli & Batra, 2004) and to gain trust (Park & Kim, 2003) in product purchasing.

On the basis that corporate reputation leads to value creation for the company (Fearnley, 1993), reputation has received considerable attention from scholars (Gotsi & Wilson, 2001; Helm, 2007; Lewis, 2001). Fearnley (1993) metaphorically postulated that corporate reputation is the asset that stands for "the eye of the beholder", therefore its impact on consumer buying behaviour should be exploited, not wasted. Poor reputation can be an obstacle for a company to build a strong brand (Page & Fearn, 2005). To build competitive brand/s, the company needs to implement differentiation strategy and strengthen its competency because stakeholders determine company reputation (Sanchez & Sotorrio, 2007). Bromley (2000) explained that corporate reputation encompasses of a wide range of psychological domains including, among others, product attributes and cognitive effect (perception and memory). In sum, corporate reputation represents the perceptions held by all relevant stakeholders in the idiom "How others see us" (Chun, 2005).

Corporate brand as a field of study has a holistic connotation ranging from organisation (managers and employees as internal stakeholders), products, brands, the general public and consumers (external stakeholders) (Einwiller & Will, 2002). Scholars argue that corporate brand is company asset (Bickerton, 2000; Hatch & Schultz, 2001, 2003; Sichtmann, 2007). By focusing on building a strong corporate brand, a company can create differentiation and preference for a product or service in the mind of the customer (Knox & Bickerton, 2003). In a highly competitive marketplace, it is crucial for companies to link their brand entities, such as people, places, things or other brands to improve brand equity (Keller, 2003). Once the links between company and brand strengthen, the company is a brand (McEnally & de Chernatony, 1999). As Aaker (2004)

argued, “corporate brands define that the firm will deliver and stand behind the offering that the customer will buy and use” (p. 6). In line with this description the researcher proposes that for the consumer, corporate brand is the chain of image and reputation associated with brands that drive consumers to purchase products from a specific company.

#### **2.4.2 The impact of brand equity on corporate brand**

Consistent with McEnally and de Chernatony’s (1999) proposition, once a brand reaches maturity, the company name is a brand, this study embarks on a similar approach. Thus, company, product and brand in this study are seen as the interpretation of corporate brand. Stephen King argued that:

A product is something that is made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless (King as cited in Aaker, 1991, p. 1).

The timelessness of a brand is because it defines products (Sanderson & Uzumeri, 1995). In branding literature the association between consumer, brand and product is encapsulated in “brand equity”. Keller (1993) explained that consumer-based brand equity has differential impact of brand knowledge on consumer response to the marketing of the brand, therefore impacting branding territory as a whole.

Among the most important impacts of brand equity is brand uniqueness. As Leone et al. (2006) explain, “The power of a brand lies in the minds of the consumers and what they have experienced, learned, and felt about the brand over time” (p. 126). In this regard, to what extent a brand is considered unique is open to individual interpretation. For example, Maehle and Shneor (2010) found that consumers prefer cigarette brands with personalities that match theirs. In another study, Fitzsimons et al. (2008) reported that brands have the power to illicit changes in behaviour. According to them, participants primed with Apple logos behave more creatively than IBM primed control, confirming that a brand has a personality like a human (Aaker, 1997). Likewise, Baltas and Saridakis (2009) maintained that brand-name affects the incremental value of a car via its brand name. For this reason, a brand is unique because it builds relationships between companies with customers (Shamma & Hassan, 2011) by the means of product differentiation.

Brand equity also generates trust (Ambler, 1997; Keller & Lehmann, 2006). This trust basically occurs as the result of past experiences with the brand and is positively associated with brand loyalty (Delgado-Ballester & Munuera-Aleman, 2005). These experiences enable consumers to develop brand knowledge that affect their future purchases (Esch, Langner, Schmitt & Geus, 2006). Chaudhuri and Holbrook (2001) maintained that brand trust contributed to purchase loyalty and attitudinal loyalty, implying its important role in explaining market performance aspects of brand equity. In developing brand loyalty, Lau and Lee (1999) assert that consumer trust occurs as a result of brand characteristics, brand competence and brand performance. Trust assists consumers to visualize and understand products (Berry, 2000). More importantly, trust is a promise of benefits given by the company to their customers (Raggio, 2007) however brand equity is a sign of the company's ability to deliver that promise.

Another important aspect of brand equity is that it affects the perceived quality of a brand. Aaker (1991) identified perceived quality as one of the brand equity constructs. Perceived quality affects consumer preference for some brands more so than others (Tolba & Hassan, 2009). Smit and Bronner (2007) suggested that perceived quality elicits emotional bonds between consumers and brands creating brand relationship quality making some brands stand out from the rest. A brand like Mercedes is well accepted by consumers worldwide due to the strong association between the brand and quality car (Sohail, 2005).

Besides creating uniqueness, trust and perceived quality, brand equity also stimulates brand associations. As Aaker (1997) maintained, a brand has a personality like a human. According to her, personalities consist of sincerity, excitement, competence, sophistication and ruggedness. A strong, positive brand personality leads to more brand associations that are favourable, unique, strong and congruent, thus enhancing brand equity (Freling & Forbes, 2005). Brand strengths associated with beliefs and values are the most powerful and most difficult to imitate (Ghodeswar, 2008). Jami (2008) described brand association as "mental association". For example, when the concept of "ice" is activated in working memory, automatically it is associated with "cold". Likewise, when a brand is mentioned, it is automatically associated with "core brand associations" (John, Loken, Kim, & Monga, 2006, p. 562).

In sum, the core of brand equity is to generate consumer loyalty for the company (Aaker, 1996) because loyalty brings monetary value to the company through repeat purchasing (Wood, 2000) and recruits new customers through word of mouth (Gauri, Bhatnagar, & Rao, 2008).

As previously discussed, the premise of the current study emphasizes that the notion of corporate brand includes company name, brands and products. In line with this idea, the researcher suggests that corporate brand (corporate image and reputation) is actually being projected by a company to consumers in the form of “brand equity” that later motivates them to purchase products from a specific company. Therefore, brand equity such as brand uniqueness, trust, perceived quality and loyalty as described in this study project the meaning of corporate brand through image and reputation from a consumer standpoint.

### **2.4.3 Functional and symbolic values of the corporate brand and customer satisfaction**

Consumer behaviour literature has highlighted most prominent schools of thoughts that explain how consumers choose brand. Bhat and Reddy (1998) summarized these schools of thoughts as one which is mainly rooted in the economic viewpoint and a hedonic school that describes the “excitement” of consumer consumption. In this study, the researcher refers to functional and symbolic values of corporate brand.

Corporate brand per se comprise a number of distinct value orientation and functional attributes which can constitute the source of value over a lengthy period of time (Bergstrom, Blumenthal & Crothers, 2002). Through commandment of value, brand then guides the choice pattern among consumers and this is articulated through desirable end states of existence of product functionality (Gutman, 1982). Aaker and Keller (1997) maintained that corporate brand functional attributes comprise the following: benefits, quality, usefulness and brand competence. Wood (2007) added that functional attributes represent conformance to standards and fitness for use.

Symbolic value as the construction of self, comprising both self-enhancement and self-reinforcement are part of company efforts to differentiate themselves from competitors (Wee & Ming, 2003). Salzer-Morling and Strannegard (2004) described the role of brand as an aesthetic expression controlled by the company and later projected to consumers. Symbolic meaning lends support for perceived tangibility and substance towards brands (Leigh & Gabel, 1992).

According to Davies and Chun (2002) customer satisfaction elements can be divided into two categories: functional (rational) and symbolic (emotional) satisfaction. Corporate brand in this study is based on two premises. First, corporate brand comprise two dimensions; image and

reputation. Second, the company's name is interpreted by consumers as a brand. The researcher suggests that brand equity represents the image of a company. Consistent with Chun's (2005) view of corporate reputation as an idiom "How others see us" (p. 95), the researcher extends her statement by suggesting that "corporate reputation" is consumer endorsement of corporate image. Based on this argument, the researcher proposes that because the corporate brand is established among others as a differentiation strategy, customers may perceive Proton and Perodua as a distinct, unique brand. Taking into consideration Davies and Chun's point of customer satisfaction, consumers relate to a company as a result of company image and reputation, interpreted through symbolic and functional value of the corporate brand and nurtured by brand equity. Customer satisfaction materializes when consumer perception about the company matches what the company has delivered and stands for. Thus, the researcher proposes the following hypothesis:

Hypothesis 3: Corporate brand is positively related to customer satisfaction with the car.

## **2.5 Service quality**

### **2.5.1 Disconfirmation theory and service quality**

Oliver (1980) maintained that consumers have a tendency to shape various expectations about product performance prior to purchase and then compare actual performance with initial expectations. Where such comparison is made and the results tend to deviate from the standards set by consumers, disconfirmation-expectation is acknowledged (Niedrich, Kiryanova & Black, 2005). To be more specific, expectations in the theory refer to consumer predictions or anticipation of products or service performance (Oliver, 1980). The nucleus of disconfirmation theory utilizes customer satisfaction as a function of expectation and expectancy disconfirmation (Oliver, 1980; Swan & Trawick, 1981). Scholars have used disconfirmation theory to explain service quality phenomenon and to develop a scale to measure it (Parasuraman, Zeithaml & Berry, 1985, 1988). Oliver and DeSarbo (1988) and Tse and Wilton (1988) have discussed disconfirmation as a paradigm and posit that customer satisfaction is an outcome of a process comprising of several steps. They describe these steps as follows: (1) consumers are captivated by several attributions of products/services performance, (2) they perform "standard comparisons" and (3) positive or negative disconfirmation is extracted from these comparisons.

Negative disconfirmation happens when consumer expectations do not match the services delivered.

### **2.5.2 Service quality concept**

The golden rule in conceptualizing service quality is when customers evaluate the service delivered and compare this service with their expectations. The results of this evaluation will be the perceived quality of the service (Grönroos, 1984). Ideally, service quality comprises three elements: (1) physical facilities, (2) processes and procedures and (3) personal behaviour on the part of staff and professional judgement on the part of staff (Haywood-Farmer, 1993). A service organisation can only deliver after integrating these elements (Goldstein, Johnston, Duffy & Rao, 2002) and to receive quality service an appropriate mix of all three elements must be found and carefully balanced (Haywood-Farmer, 1993).

After reviewing 19 service quality models, Seth et al (2005) have argued that the key ingredients to service quality improvements include: 1) clear market and customer focus, 2) motivated staff, 3) clear understanding of concepts of service quality and factors affecting it, 4) effective measurement and feedback system, 5) effective implementation system and 6) efficient customer care system. Gronroos (2008) however in his review of current service quality literature has highlighted three notions mostly used by scholars: 1) service as an activity, 2) service as a perspective on the consumer's value creation and 3) service as a perspective on the provider's activities (business logic).

In sum, service quality is about pursuing long-term customer relationships by placing employees and customers in close contact (Pugh, Dietz, Wiley & Brooks, 2002). The main purpose is to give consumers service encounters and/or service process that create cognitive, emotional and behavioural responses which result in a memory (Edvardsson, 2005; Johnston & Clark, 2001). Simply put it means meeting customer preferences and expectations (Garvin, 1984; Haywood-Farmer, 1993).

In meeting customer expectations, it is important to understand target consumers because quality means different things to different people (Haywood-Farmer, 1993). As part of acknowledging these differences, it is important to consider national and socio-cultural differences when defining service quality in a specific context (Walker, Johnson & Leonard, 2006). Building on these

arguments, the researcher refers service quality in this study through three premises: 1) specific to the automotive industry, 2) assessed during service encounters at the automotive manufacturer service centre and 3) unique to Malaysian and/or Asian cultural expectations.

### **2.5.3 Customer responses in service encounters**

Conceptually, service encounter has been defined as a social exchange between consumer and service provider (Czepiel, 1990; Solomon, Surprenant, Czepiel & Gutman, 1985). A simple explanation is that a service encounter is the period during which a service provider and consumer interact in a face-to-face situation (Boshoff, 2007). During these service encounters, consumers tend to assess all aspects of service elements including employees, physical facilities and other visible elements (Bitner, Booms & Tetreault, 1990; Shostack, 1985).

First, the customer evaluates the relationship quality while acquiring the service. The nucleus of the service encounter builds a relationship between customer facing employees with customers (Plakoyiannaki, Tzokas, Dimitratos & Saren, 2008). This includes evaluating responsiveness, reassurance and empathy together with fairness, sincere efforts to understand and help customers and ongoing personalized communication as the desired attribute of service experience (Parasuraman, Berry & Zeithaml, 1991). In one study Chandon et al. (1997) revealed that perceived competence, listening and dedication contribute to the evaluation of the encounter more than the effectiveness of service. Even a minor detail like the employees' smile during the service encounter can influence customer's emotions and perceptions towards overall service quality (Hennig-Thurau, Groth, Paul & Gremler, 2006). In addition, Wakefield and Blodgett (1999) reported that tangible physical environments play an important role in generating excitement in leisure settings, which in turn play a significant role in determining customer patronage and willingness to recommend.

Second, customers form cultural expectations to define "quality service". Patterson and Mattila (2008) revealed that an individual customer's cultural orientations as well as familiarity with a focal provider impact perceptions and post-purchase evaluations of both successful and unsuccessful service encounters. Ringberg et. al. (2007) introduced a cultural models approach to service recovery and described it as "shared mental constructs of socio-cultural origin that have become part of people's identity's formation and understanding of the world" (p. 206). Depending on the research settings and industry, cultural elements are generally associated with

service encounters and this varies from culture to culture and country to country (Keillor, Hult & Kandemir, 2004). For example, a study by Mattila (1999) reported the differences in consumer service encounter evaluations between Western and Asian respondents. The study revealed that the cultural heritage of many Asian consumers dictates an emphasis on personal attention during the service encounter opposed to Westerners.

Third, customers evaluate the employees' response to service failure. Smith et al. (1999) maintained that failures during face-to-face service encounters may have a detrimental effect on satisfaction more than outcome failures such as unavailable service. In the event where service failures occur, service providers need to offer a prompt and courteous service recovery in response to such failures (Hocutt, Bowers & Donovan, 2006). Offering an apology, immediate problem solving, being courteous and prompt handling can influence customer satisfaction, which affects customer repurchase intention through customer-perceived justice (Liao, 2007). Gustafsson (2009) found that when a customer experiences a good recovery, he or she tends to perceive a high level of justice that, in conjunction with positive emotions, creates a positive attitude towards the service provider (attitudinal loyalty) and increases the likelihood of future patronage (behavioural loyalty). In contrast, customers who experience poor service recovery perceive lower levels of justice.

Fourth, customers form attitudes and behaviours toward service quality of the company. By and large, after a few series of service encounters, a customer has formed a general idea about the level of service quality that he or she has obtained. There are a few consequences of service outcomes. Positive outcomes lead to positive word of mouth and recommendation (Mangold, Miller & Brockway, 1999). Harrison-Walker (2001) asserts that service quality has a positive impact on word of mouth praise attracts new customers. In contrast, negative outcomes lead to customer complaints as a result of frustrations (Tronvoll, 2010), negative word of mouth (Boshoff, 2007) and switching (Keaveney, 1995).

As discussed previously, service quality in this study is based on three premises. First, it refers to service quality in the automotive industry. Second, it is contextually confined to service encounters in the car manufacturer's service centre and third, Malaysian perspectives. In the automotive industry, the purchase agreement between car owners and car manufacturers require the owners to perform periodical service maintenance at the manufacturer's service centre. Consequently, as customers experience several service encounters, they tend to conduct some

evaluations and this helps to form their attitude towards service quality. Malaysian cultural values are included when defining service quality in this study. Furthermore, disconfirmation theory emphasizes that customer satisfaction is a function of expectation and expectancy disconfirmation (Oliver, 1980). Based on this theory the researcher proposes, once the customer expectation of service quality matches the outcome, the customer is satisfied with the service. Hence, given the argument presented, the researcher proposes:

Hypothesis 4: Service quality is positively related to customer satisfaction with the car.

## **2.6 Car characteristics**

### **2.6.1 Means-end chain model**

A means-end chain model introduced by Gutman (1982) is a model linking perceived product attributes to values. The model is based on two fundamental assumptions about consumer behaviour: 1) values are desirable end-states of existence that play a dominant role in guiding choice patterns and 2) people cope with the tremendous diversity of products that are potential satisfiers of their values by grouping them into sets or classes to reduce the complexity of choice. Another two general assumptions about consumer behaviour that form the model are: 1) all consumer actions have consequences and 2) consumers learn to associate particular consequences with particular actions. Scholars have used the model to explain consumer behaviour phenomenon such as product values (Johnson, 1989), consumption goals (Pieters, Baumgartner & Alien, 1995) and consumer satisfaction and loyalty (Herrmann, Huber & Braunstein, 2000).

### **2.6.2 Consumer and product value orientation**

Using a means-end chain model, Zeithaml (1988) explains value from two perspectives. First, value is more individualistic and personal and therefore has a higher level concept than quality. Second, value (unlike quality) involves trade-offs of give and get components. Herrmann et al. (2000) classified the value of a product into two concepts: functional and psychological utility where functional utility is derived from its product features through the usefulness of the product as well as the consequences of product usage. In contrast, socio-psychological utility includes all extras which are not vital to the actual function of the product, such as aesthetic appearance, or the social acceptability of the buyer.

The fundamental issue relating to product value is that “people want the same product for different reasons” (Gutman, 1990, p. 158). As suggested by Zeithaml (1988), there are four definitions of customer value: 1) value is low price, 2) value is whatever I want in a product, 3) value is the quality I get for the price I pay and 4) value is what I get for what I give. These findings reflect the complexity of value from consumer a standpoint as both product types (Mort & Rose, 2004) and product knowledge (Lin, 2002) play integral roles in defining value. Graeff and Olson (1994) assert that the reason consumers are unable to achieve mutual agreement on the meaning of value is that they have different “product schemas” (p. 205) that affect their desired value. Desired customer value focuses on the customer’s needs and desires and therefore involving a higher level of abstraction on the customer’s part (Bagozzi & Dholakia, 1999; Flint, Woodruff & Gardial, 2002; Richins, 1994). Desired customer value is based on use-specific experience and more enduring than perceived customer value (Flint, Woodruff & Gardial, 1997).

The researcher’s view regarding product value is consistent with Hermann et al. (2000) concept of value. In this study, the concept of “product value” covers functional and psychological utility. In addition, the researcher also shares a similar view with Flint et al. (1997) that emphasized that desired customer value transpires from “use-specific experience” (p. 168). Specifically, the researcher describes value in terms of “product characteristics” of a specific brand of car. Consistent with Hermann et al. (2000) value concept and Flint et al. (1997), the researcher thus defines car characteristics in this study as “the desired functional value (e.g., feeling safe when driving the car, comfy and low maintenance) and additional value (possibly high resale value) that is evaluated during use-specific experience”.

### **2.6.3 Linking product characteristics with customer satisfaction through means-end chain model**

The notion of a means-end model is underlined by the expectancy-value concept (Gutman, 1997). According to Gutman (1997), product consumption produces outcomes and once consumers learn which outcomes are desired or undesired, their choice behaviour is guided accordingly (Gutman, 1982). Gutman (1982) explains that consumption consequences can be divided into three concepts: 1) physiological in nature (e.g., satisfying hunger, thirst or other physiological needs, 2) behavioural (e.g., self-esteem, improved outlook for the future) and 3) sociological (e.g.,

enhanced status, group membership). To encapsulate customer value according to Gutman (1982) is “the desirable end-states of existence” (p. 60).

As discussed previously, the researcher’s definition of product characteristics covered functional and additional value, which is based on the nature of the automotive industry. The researcher also emphasized that consumers constantly evaluate their car characteristics through consumption experience. For example, a consumer may evaluate the economical aspect of the car through mileage per litre. The main idea of a means-end model is value in the desirable end-states of existence. The researcher proposes that after constant evaluation of car characteristics through consumption experience and product consequences that match with his/ her expectations, a consumer may achieve the desired value and satisfaction. Given this argument, the researcher predicts:

Hypothesis 5: Car characteristics are positively related to customer satisfaction with the car.

## **2.7 *Service centre location***

### **2.7.1 Location as part of customer perceived value**

Consistent with Graf and Mass (2008), value in this study refers to the value generated by a company’s products or services as perceived by customers. Although marketing scholars have given much attention to customer perceived value there is no consensus as to the definition of customer perceived value in marketing literature (Paulin, Ferguson, & Payaud, 2000). In fact, the growing body of knowledge about customer value is rather fragmented, causing multiple views with no widely accepted way of pulling these views together (Wang, Lo, Chi & Yang, 2004). Despite the growing interest in studying customer value, scholars often neglect basic service features such as appropriate location, although the absence of this feature can cause dissatisfaction while its presence leads to satisfaction (Khalifa, 2004).

Thus marketing literature has shown that location is very important for customers in some industries. These industries include retailing (Grewal, Levy & Kumar, 2009), banking (Jones, Mothersbaugh, & Beatty, 2003), health (Hu, Cheng, Chiu & Hong, 2011), hospitality (hotels and restaurants) (Dominici & Guzzo, 2010) and the mobile industry (Kim, Park & Jeong, 2004; Pura, 2005). The central argument to perceive location as a value for consumers is the association of

location with convenience (Jones, et al., 2003) and convenience consequently affects customer satisfaction (Grewal, et al., 2009). Another important point for some industries is that, location is viewed as an integral component of product or service offerings in the context of car purchasing.

Although service centre location is an integral part of car purchasing, studies particularly in the automotive context are almost non-existent. As suggested by Brito et al. (2007), the study of service centre location and convenience in the automotive context could shed some light on customer perceived value and contribute to service quality literature.

### **2.7.2 The importance of car service centre location toward customer satisfaction in the automotive Sector**

As part of a car purchase agreement, a company is obliged to provide the customer with product warranty for a certain period as determined by the company. The purpose of the warranty is to repair the car in case there is a product deflection within the warranty period. Within that period, a customer is also required to obtain periodical services at the designated manufacturer service centre according to the service logbook supplied with the car. Failure to comply with this service requirement, or by getting the service from an uncertified manufacturer service centre, will revoke the warranty agreement. Therefore, within the warranty period, the location of the certified service centre is critical for customers.

As discussed previously, convenience is associated with location, in this case the location of the certified manufacturer service centre. As proposed by Zeithaml (1988), “value is what I get for what I give”, defined as consumer perceived value (p. 13). In this regard, customers have purchased cars from the manufacturer should therefore expect to obtain periodical service maintenance. The service centre should be located at strategic points and accessible to the customer because convenience location leads to customer satisfaction. Given the discussion, the researcher proposes:

Hypothesis 6: Service centre location is positively related to customer satisfaction with the car.

## 2.8 *Customer satisfaction*

### 2.8.1 **Conceptualizing customer satisfaction in automotive context**

As mentioned, consumer behaviour literature explains that a consumer purchases a product for benefits and hedonistic elements (Batra & Ahtola, 1990). According to Voss et al. (2003), these motives are different and they are a unique form of consumer attitude.

The concept of utility emerges as economic theory (Stigler, 1950). Branching into marketing literature, utilitarian benefits have been described as functional, instrumental and practical (Chitturi, Raghunathan, & Mahajan, 2007, 2008). Specifically, functional value is assessed through possession of salient functional, utilitarian or physical attributes and therefore is measured based on a profile of choice attributes (Sheth, Newman & Gross, 1991). Products that meet utilitarian needs can enhance customer satisfaction (Chitturi, et al., 2008). Gutman (1982) summarized the utility functions of products through product benefits and further argued that physical product attributes that provide these benefits (e.g. cost, size, design) are built in. Likewise, in the case of a car, fuel economy and safety are examples of utilitarian benefits (Chitturi, et al., 2008).

In contrast to utility, the hedonic concept takes root from psychology or specifically emotion theory. From a marketing perspective, Bagozzi et al. (1999) defined emotion as “a mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenological tone; is accompanied by psychological processes; is often expressed physically (e.g., in gestures, posture, facial features) and may result in specific actions to affirm or cope with the emotion, depending on its nature and meaning for the person having it” (p. 184). Emotional responses are a fundamental component of hedonic consumption experiences (Ladhari, 2007). Hirschman and Holbrook (1982) describe hedonic consumption as “facets of consumer behaviour that relate to the multisensory, fantasy and emotive aspects of one’s experience with products” (p. 92). In summation, marketing scholars describe hedonic benefits as aesthetic, experiential and enjoyment-related (Batra & Ahtola, 1990; Chitturi, et al., 2007, 2008; Dhar & Wertenbroch, 2000; Holbrook & Hirschman, 1982). Consumers gain satisfaction when they have pleasure with a product (Ladhari, 2007; Mano & Oliver, 1993). For example, while safety is one of the utilitarian benefits, the sunroof and the luxurious interior are hedonic benefits (Chitturi, et al., 2008).

Voss et al. (2003) explain that because utilitarian and hedonic dimensions are different and a unique form of consumer attitude, it is important for the marketing researcher to adopt a two-dimensional (hedonic and utilitarian) view of product attitude to study consumer behaviour. In addition, O' Curry and Strahilevitz (2001) assert that consumer choice depends on the nature of task-goal effects. For example, making a smart, practical or responsible choice may be a prominent goal when involved in the task of choosing what to buy. In contrast, making a fun choice which maximizes anticipation utility and the pleasure derived from fantasizing about an improbable outcome may be a prominent goal when choosing products such as a birthday present. In line with Voss et al.'s (2003) suggestion, this study utilizes both utilitarian and hedonic perspectives in studying consumers in the automotive context. However, since mainstream segmentation of automobiles is based on functional characteristics (Baltas & Saridakis, 2009), utilitarian benefits are more dominant in the current context of the study. In addition, the premise arises from three assumptions: 1) the brands of cars involved in this study are competing in non-luxury compact and sub-compact segments, 2) the customers are not looking for luxuriates but more utility and 3) the customers who purchase these brands (Proton and Perodua) are mostly middle and low income earners. Based on the argument presented, the researcher defines customer satisfaction in the context of the current study as "satisfaction derives from functional performance of the car and acceptable hedonic elements".

### **2.8.2 Word of mouth as satisfaction outcome**

The relationship between customer satisfaction and word of mouth in marketing literature is overwhelming (Babin, Lee, Kim & Griffin, 2005; Meuter, Ostrom, Roundtree & Bitner, 2000; Söderlund, 1998; v Wangenheim & Bayón, 2007). Satisfied customers are known to engage in positive word of mouth (WOM) by spreading the news about the products or services that give them pleasure during consumption experience (File & Prince, 1992). WOM or buzz is an informal social networking-based communication channel among customers (Griffin & Hauser, 1993; Liu, 2006). Satisfied customers can increase profitability by providing new referrals through positive word of mouth (Mooradian & Olver, 1997).

In two empirical studies, v Wangenheim and Bayon (2007) found that customer satisfaction affects word of mouth referral which in turn affects new customer acquisition. The act of recommending the products or services to others is part of favourable attitudes as the outcome for customer satisfaction (Sivadas & Baker-Prewitt, 2000). In addition, consumer commitment

has been suggested as the motivator for customers to engage in positive word of mouth (Harrison-Walker, 2001; Henning-Thurau, Gwinner & Gremler, 2002; Lacey, Suh & Morgan, 2007). For example, a consumer who published his/her positive reviews and other types of word of mouth usually reflect favourable user experience and consumer satisfaction, which are mainly viewed as a reliable source of product information (Duan, Gu & Whinston, 2008; Li & Hitt, 2008).

Product reviews, particularly online, have become an important source of information for consumers to get a general idea about product quality (Chevalier & Mayzlin, 2006; Hu, Liu & Zhang, 2007). This is because consumers often search for information from word of mouth sources beyond what has been provided by the company (Park, Gu & Konana, 2009). On this basis, consumers may perceive a high number of reviews to be more representative of consensus about product quality (Chen & Xie, 2008), accompanied by the fact that reviews imply the level of satisfaction of current customers or ex-customers with these products.

In this study, the researcher's views on word of mouth are consistent with Westbrook's (1987) definition, "In a post-purchase context, consumer word of mouth transmission consist of informal communications directed at other consumers about the ownership, usage or characteristics of particular goods and services and their sellers" (p. 261). However, the researcher emphasizes that word of mouth in this study refers to positive word of mouth. As discussed before, a consumer is willing to recommend a product if the product satisfied him/her. Posting positive online reviews about the product is one of the ways of recommending others than the traditional offline method. Likewise, comments about cars can be found easily on the Internet. When a customer is satisfied with products, customer will voluntarily spread the good news about the car online or offline or both. Besides, scholars have agreed that consumer satisfaction is influenced by the confirmation and disconfirmation of expectations (Anderson, 1973; Oliver, 1980; Olson & Dover, 1979). In the same vein, Westbrook (1987) employed disconfirmation theory to study post-consumption effects and found that consumption outcomes affect customer satisfaction. Given the argument presented, the researcher argues positive word of mouth is the outcome of customer satisfaction as the results of the car match with customer expectation assessed during consumption experience. Thus, the following hypothesis is proposed:

Hypothesis 7: Customer satisfaction with the car is positively related to word of mouth.

### 2.8.3 Switching intention as satisfaction outcome

In marketing literature, switching has been associated with negative consumer experience with products or services (Anton, Camarero & Carrero, 2007; Bolting, 1989; Bougie, Pieters & Zeelenberg, 2003). Generally, scholars have used disconfirmation theory to explain switching phenomena among consumers (Ranganathan, Seo & Babad, 2006; Stayman, Alden & Smith, 1992). Research in customer satisfaction suggests that disconfirmation or fulfilment of expectations is a major influence on consumer evaluation and judgement of product and brand performance (Oliver & Bearden, 1985).

Accordingly, emotion theory suggests that emotions are formed after the process of appraisal of what an event/stimulus can do for one's wellbeing (Kumar & Oliver, 1997). In the event where the product/service fails to meet consumer expectation, this in turn affects consumer emotions. In the case of durable products such as cars, a negative effect may be caused by dissatisfaction with certain car attributes (Oliver, 1993). To illustrate this point, since most car owners depend on their vehicles for transportation, breakdowns or performance failure which prevents normal usage may elicit anger, particularly if they recur and are seemingly the result of faulty design, manufacture or repair (Oliver & Westbrook, 1993).

Anger is associated with feelings ("as if they would explode"), thoughts ("thinking of how unfair something is"), action tendencies ("feel like behaving aggressively," "letting go"), actions ("complaining") and emotional goals ("wanting to get back at someone") (Antón, Camarero & Carrero, 2007, p. 517). An anger incident also affects switching intention in all situations, although there is no difference in the function of involvement, switching costs or knowledge about alternatives (Anton, Camarero & Carrero, 2007). Besides, some customers who choose not to complain may prompt a switching decision that is motivated by strong emotions such as anger and humiliation (Roos, 1999).

Regarding dissatisfaction, Westbrook and Oliver (1991) maintained that negative valence is not simply translated into dissatisfaction. They further argued that an angry/upset pattern is more suitable when associated with lowest satisfaction. Anderson and Sullivan et al. (1993) however proposed that disconfirmation is more likely to occur when quality is easy to evaluate. The researcher argues that for the car owner who has experienced negative incidents or poor car performance obviously this will trigger negative disconfirmation and anger. Based on this

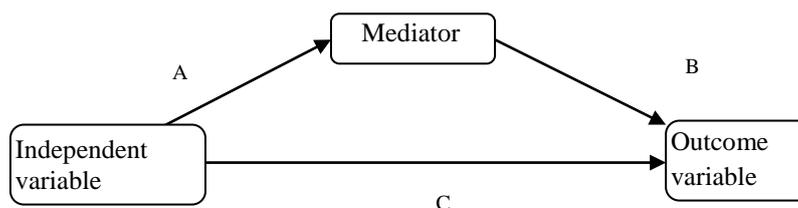
contention, the researcher suggests that negative disconfirmation triggers anger and anger in turn affects switching intention. Although negative disconfirmation does not translate into total dissatisfaction, it is enough to stimulate consumer intention to switch brands in the future. Consequently, the following hypothesis is suggested:

Hypothesis 8: Customer satisfaction with the car is negatively related to switching intention.

#### 2.8.4 Customer satisfaction as a mediator in marketing research

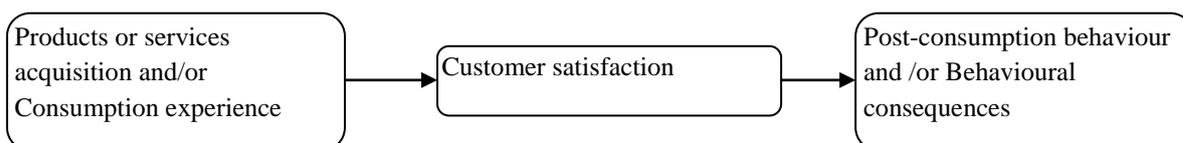
Wu and Zumbo (2008) summarize mediation as a causal model (Rose, Holmbeck, Coakley & Franks, 2004; Wegener & Fabrigar, 2000) that explains the process of “why” and “how” cause and effect happens (Baron & Kenny, 1986; Frazier, Tix & Baron, 2004). Baron and Kenny (1986) illustrate the mediation effect in a model below:

**Figure 2-2 Causal model of mediating effect**



They further assert that to demonstrate mediation, a researcher must establish strong relations between: a) the predictor and the mediating variable and b) the mediating variable and some distal endogenous or criterion variable. Marketing literature reveals that customer satisfaction has been used as a mediator in numerous consumer studies (Al-Hawari & Ward, 2006; Caruana, 2002; Fullerton & Taylor, 2002; Ha, 2005; LaBarbera & Mazursky, 1983; Olsen, 2002; Wang, Tang & Tang, 2001; Yang & Peterson, 2004). Generally, the approach of these studies on customer satisfaction can be illustrated as in figure 2-3:

**Figure 2-3 Satisfaction as mediator in consumer research**



Likewise, this study introduces customer satisfaction as a mediator between: 1) consumer ethnocentrism, self-congruity, corporate brand, service quality, car characteristics, service centre

location (evaluated through product consumption and acquisition of a car) and word of mouth (post-consumption or behavioural consequences as a result of owning the car) and 2) consumer ethnocentrism, self-congruity, corporate brand, service quality, car characteristics, service centre location (evaluated through product consumption and acquisition of a car) and switching intention. The following discussion will establish the relationship between these constructs for mediation effect.

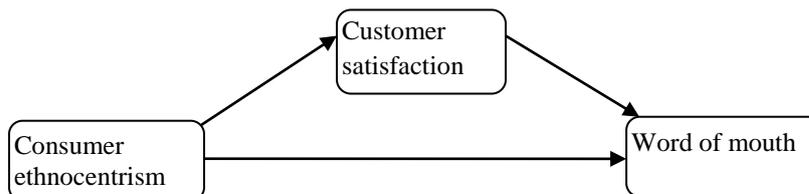
#### **2.8.4.1 Consumer ethnocentrism and word of mouth**

Ethnocentrism per se is not a static value as Grant and Brown (1995) have argued:

In view of the strong main effects obtained in response to the relative deprivation manipulation, the results provide evidence supporting the hypothesis that groups experiencing collective relative deprivation are more likely to engage in collective social protest action (p. 208).

Collective social protest implies mutual action and communication of ideas among the group. In one study, De Cremer and Van Vugt (1999) reported that social identification is a powerful instrument for increasing cooperation because it encourages cooperation among people who are normally reluctant to cooperate. The researcher proposes that social identification exerts some personal responsibility for the consumer to communicate the idea of patriotism and ethnocentric purchasing behaviour to another consumer. Applying the statement from Shimp and Sharma (1987), the communication is passed down from one consumer to the next through the notions of “Malaysian people should always buy Malaysian products” and “Malaysian products are the best”, creating the word of mouth phenomena in society. The researcher then postulates that nationalism, patriotism and ethnocentrism reinforce each other to stimulate “consumer pride” in buying national cars and this pride affects satisfaction. Next, using disconfirmation theory, the researcher suggests that positive word of mouth is the outcome of customer satisfaction, occurring because of the match between actual product performances and customer expectation evaluated during the consumption experience. As part of satisfaction a customer may recommend and simultaneously spread information about the car to other people. The relationship between consumer ethnocentrism, customer satisfaction and word of mouth and is depicted in figure 2-4.

**Figure 2-4 Relationship between consumer ethnocentrism, customer satisfaction and word of mouth**



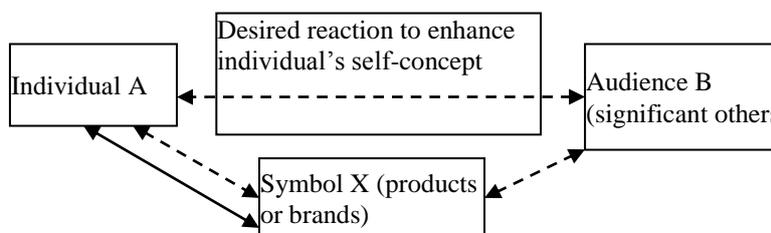
Therefore, the following hypothesis is suggested:

H9: The relationship between consumer ethnocentrism and word of mouth is mediated by customer satisfaction with the car.

#### 2.8.4.2 Self-congruity and word of mouth

The linkage between self-congruity and the social environment is well explained in marketing literature (Grubb & Grathwohl, 1967; Markus & Wurf, 1987; Onkvisit & Shaw, 1987; Sirgy, 1985). Recently, Giessen et al. (2004) showed how reference groups can be used to study the impact of self-congruity on consumer behaviour. The effects are as follows: (1) the individual with high incongruence between actual and ideal self was more likely to be susceptible to normative influence from others, (2) the relationship between self-congruity and the percentage of friend who buy the same product brand was confirmed and (3) susceptibility to reference group influence was related to the percentage of friends who buy the same brand as the individual. Social influence on self-congruity differs based on product category. Publicly consumed products (e.g., sport shoes, cars) with brand personality have a significant impact on user imagery compared to privately consumed products (Parker, 2009) because the brand is used for self-expressive purposes within a social context (Aaker, 1999).

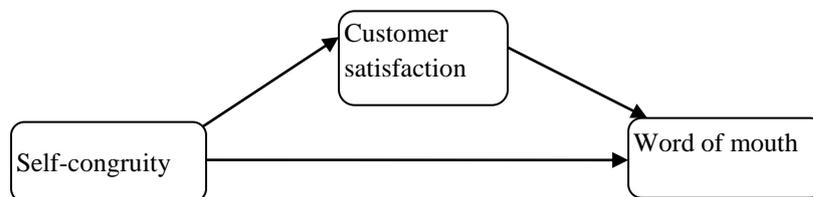
**Figure 2-5 Relationships of the consumption of goods as symbol to the self-concept**



Adapted from Grubb and Grathwohl (1967)

As discussed previously, Sprott et al. (2009) have proposed the link between self-concept with brand engagement. Sprott et al. (2009) have further proposed the link between self-concept with brand engagement and develop Brand Engagement Self-Concept (BESC) measurement. van Doorn et al. (2010) however developed the Customer Engagement Behaviour (CEB) concept on the basis that customers' behavioural manifestation toward a brand or firm is beyond purchase. It includes a vast array of behaviour including word of mouth, recommendations, helping other customers, blogging and writing reviews. In one study regarding self-congruity in the retail environment, Ibrahim and Najjar (2008) found that by improving self-image congruence can result in repeat visits and positive word of mouth. Additionally, Wang et al. (2009) suggested that future research on congruity studies should include word of mouth to better understand the consumer purchase decision. The researcher proposes that in an event where there is a match between consumer and product, brand engagement is materialized. Consequently, this engagement results from word of mouth. Thus the connection between consumer and brand is interpreted through the self-concept theory. Once a customer engages with a particular brand, a special feeling is created between customer and brand. Self-congruity validates the match between these two parties, causing consumer satisfaction. Consequently, satisfaction generates positive word of mouth. The relationship between self-congruity, customer satisfaction and word of mouth is depicted in figure 2-6.

**Figure 2-6 Relationship between self-congruity, customer satisfaction and word of mouth**



Thus, the following hypothesis is suggested:

H10: The relationship between self-congruity and word of mouth is mediated by customer satisfaction with the car.

#### **2.8.4.3 Corporate brand and word of mouth**

As discussed previously (section 2.4.2), the researcher has argued that corporate brand consists of image and reputation associated with products and this motivates a customer to buy from a

particular company. Image and reputation associated with brands convey meaning to the customer in terms of uniqueness, trust and quality. These meanings finally form “brand equity” from the customer standpoint. The following discussion will emphasize the impact of corporate reputation (one of the pillars of corporate brand in this study) on word of mouth.

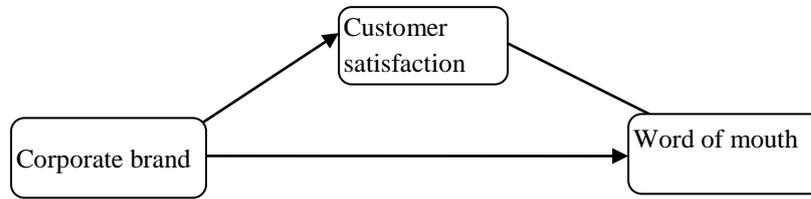
In general, marketing literature suggests that corporate reputation generates word of mouth through brand/product quality. Information (through blogs, word of mouth, employee and industry news) influences what a brand offers to consumers (Abimbola, 2009). Even for a consumer who has not yet had experience with the company’s brand/s or products, perceptions may be formed from information sources such as advertising or word of mouth (Nguyen & Leblanc, 2001). Likewise, Walsh et al. (2009) found a direct positive relationship between corporate reputation with customer loyalty and word of mouth, proving that customers who perceive the company to have a good reputation would be expected to be more willing to engage in positive word of mouth. In the same vein Allsop et al. (2007) maintained word of mouth plays a significant role, especially in influencing perceptions about the company’s products and services derived from corporate reputation.

Likewise, as a medium for transmitting word of mouth, online product reviews have become crucial in building a good company reputation (Hu, Liu & Zhang, 2008). Vermeulen and Seegers (2009) in a study on the hotel industry revealed that exposure to a hotel brand name in an online review may affect consumer preferences and that positive reviews have a positive impact on consumer behaviour. Souiden et al. (2006) findings show that corporate reputation was highly considered by consumers in their evaluations of durable products such as automobiles. By and large, to become successful and profitable, brands must establish a positive reputation because consumers tend to utilize brand names as signals of quality and value (Herbig & Milewicz, 1995). One of the main sources to evaluate brands is considering other people’s opinions (Dellarocas, Zhang & Awad, 2007). In this study, these opinions are in the form of positive word of mouth resulting from a good company reputation (Walsh, et al., 2009). In sum, based on this discussion, the company reputation has a direct effect on word of mouth.

Considering Davies and Chun’s (2002) point that relates customer satisfaction with company image and reputation is construed through the symbolic and functional value of corporate brand, satisfaction occurs when consumer perception about the company match what the company has delivered. Therefore, corporate brand is positively related to customer satisfaction. Positive word

of mouth however relates to customer satisfaction with the car when actual product performances match customer expectation. The relationship between corporate brand, customer satisfaction and word of mouth is depicted in figure 2-7.

**Figure 2-7 Relationship between corporate brand, customer satisfaction and word of mouth**



As a result, the following hypothesis is suggested:

H11: The relationship between corporate brand and word of mouth is mediated by customer satisfaction with the car.

#### **2.8.4.4 Service quality and word of mouth**

The notion of service quality in this study is developed based on customer service encounters, evaluated during visits to the manufacturer car service centre. Word of mouth is viewed as the outcome of these service encounters. In the subsequent discussion, the customer evaluation process as service experience is explored.

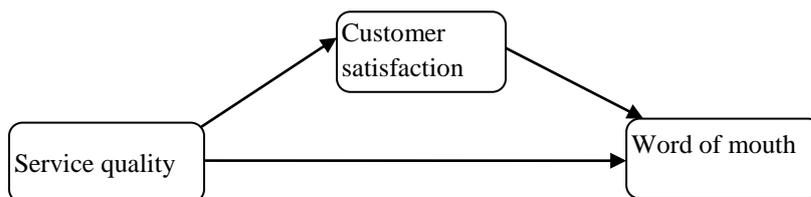
In brief, customer service experiences include physical surroundings and employee responses, evaluated while a customer is acquiring the service/s from a company (Bitner, 1990). Parasuraman et al. (1988) explained that tangibles such as physical facilities, equipment and appearance of personnel are among the most important factors to assess service quality. Babin et al. (2005) however differentiate between functional and affective service quality. According to Babin et al., functional qualities are associated with utilitarian value while affective qualities are more emotionally oriented and suggest that both produce important direct effects on customer satisfaction and word of mouth. In the automotive service industry, utilitarian values refer to quality car servicing (e.g., high quality spare parts and excellent car service maintenance) and hedonic values refer to service encounters per se (e.g., short waiting periods to obtain service, friendly and caring staff and a comfortable waiting space).

Seth et al. (2005) after reviewing 19 service quality models concluded that service quality outcome and measurement is dependent on the type of service setting, situation, time and need factors. As emphasized previously, service quality in this study refers to service encounters. During these encounters, it is important for a company to give more attention to the tangible aspects of employee performance in creating favourable perceptions of overall value and word of mouth intentions (Hartline & Jones, 1996). By providing quality service, the company can enhance customer satisfaction judgement (Brady & Robertson, 2001). Positive emotional responses produce trust that encourages people to make positive comments about the company (Ranaweera & Prabhu, 2003). Gremler et al. (2001) elaborated on personal connection between employees and customers, care displayed by employees, and employee familiarity with customers. These factors increase consumer trust and consequently affect positive word of mouth. A good rapport between customers and employees not only affects satisfaction and word of mouth but also loyalty (Gremler & Gwinner, 2000).

As a conclusion, based on Seth et al.'s (2005) argument that the understanding of service quality depends on service setting, arguably service quality in the automotive industry is evaluated based on three factors: 1) good car servicing, 2) a conducive physical service centre and 3) rapport between a customer and employees. These factors define customer service experience and constitute service quality in this study. As discussed, positive word of mouth occurs when a customer is satisfied with all these factors. Anchored in these discussions, the researcher suggests, service quality has a direct effect on word of mouth.

Previously, rooted in service quality from the Malaysia automotive industry perspective, the match between customer expectations and outcome has resulted in customer satisfaction. Consequently, customer satisfaction produces positive word of mouth due to favourable post-consumption effects. The relationship between service quality, customer satisfaction and word of mouth is depicted in figure 2-8.

**Figure 2-8 Relationship between service quality, customer satisfaction and word of mouth**



Accordingly, the following hypothesis is proposed:

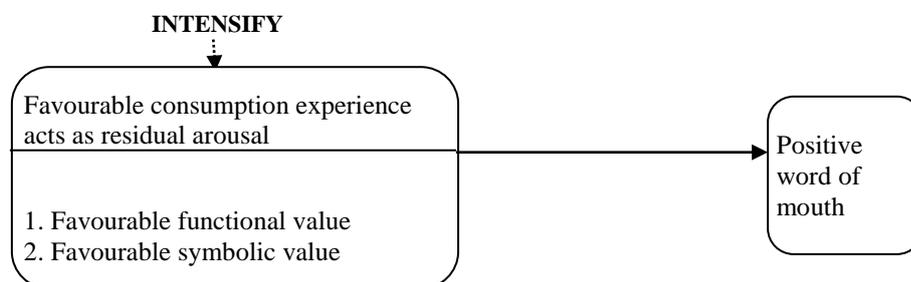
H12: The relationship between service quality and word of mouth is mediated by customer satisfaction with the car.

#### 2.8.4.5 Car characteristics and word of mouth

As mentioned in the previous discussion with regard to car characteristics (section 2.6.2), the definition of characteristics covers functional and additional value of Proton and Perodua cars. Consequently, as a customer constantly evaluates car characteristics throughout consumption experience and this experience is favourable, he/she may establish a certain level of satisfaction. As Bagozzi et al. (1999) pointed out, satisfaction is central in marketing studies in post-purchase behaviour.

In discussing the role of emotion in marketing studies, Bagozzi (1999) quoted Zillmann's Excitation Transfer Effect Theory (1971) to explain the role of arousal in emotion. Specifically, the theory states that residual arousal elicited from one stimulus can intensify effective reactions to subsequent stimuli (Zillmann, 1996). For example, Thota and Biswas (2009) using excitation transfer theory revealed that the irritation experienced by consumers in unrelated product offers was so intense that it had a strong quota of "residual irritation" that in turn adversely influenced attitudes toward the advertiser and the focal brand, and their intentions to purchase the focal brand. However, in this study the theory is expanded by arguing that satisfaction towards car characteristics (functional and symbolic) serve as residual arousal for a customer to engage in positive word of mouth activity. This argument is illustrated in figure 2-9.

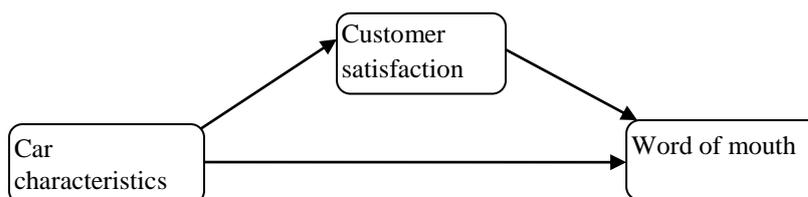
**Figure 2-9: Illustration of the relationship between satisfaction and word of mouth using Zillmann's Excitation Transfer Effect Theory**



To summarize, the premise of the argument is that a favourable consumption experience affects positive arousal causing a customer to spread positive word of mouth about the car. Accordingly, satisfaction has a direct impact on word of mouth.

Using a means-end model, the researcher suggested that after continuous evaluation of car characteristics (functional and symbolic) and car performances match desirable value, hence the customer has achieved satisfaction. The match between initial expectation and consumption outcome is causing positive word of mouth explained via disconfirmation theory. The relationship between car characteristics, customer satisfaction and word of mouth is described in figure 2-10.

**Figure 2-10 Relationship between car characteristics, customer satisfaction and word of mouth**



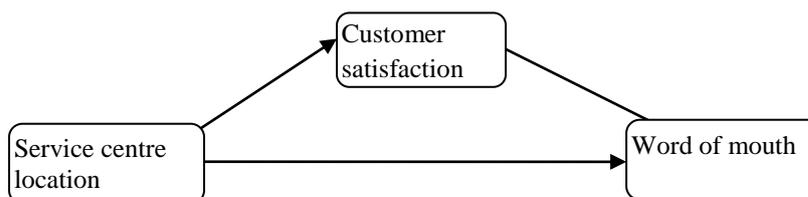
Based on the argument, the following hypothesis is proposed:

H13: The relationship between car characteristics and word of mouth is mediated by customer satisfaction with the car.

#### **2.8.4.6 Service centre location and word of mouth**

In the previous discussion (section 2.7.1), the researcher has argued that the manufacturer's service centre location is valuable for car owners because it is convenience for periodical service maintenance. Altruism, which is the "intention to benefit others" (Price, Feick & Guskey, 1995, p. 257) serves as a noble quest to stimulate word of mouth about service centre location so that others will share the same convenience when obtaining car servicing. In support this proposition, a study by Sundaram et al. (1998) suggested that altruistic motives guide people to engage in positive word of mouth as a way to share favourable consumption experiences. In addition Shek and Sla (2008) explained that altruism involves empathizing with and helping others in need by sharing information without expecting anything in return. In this study, service centre location affects customer satisfaction via convenience, and altruism motivates the satisfied customer by sharing information about these locations with others. Thus a customer is satisfied when a post-consumption outcome matches his/her expectations. The relationship between the service centre location, customer satisfaction and word of mouth is described in figure 2-11.

**Figure 2-11 Relationship between service centre location, customer satisfaction and word of mouth**



Based on the argument, the following hypothesis is proposed:

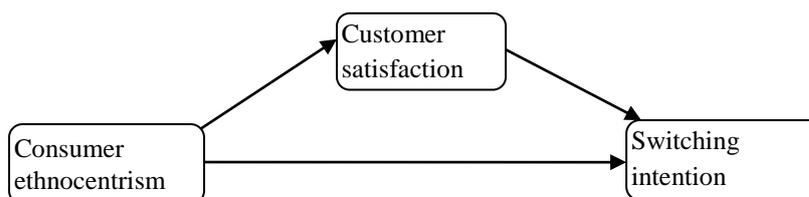
H14: The relationship between service centre location and word of mouth is mediated by customer satisfaction with the car.

#### **2.8.4.7 Consumer ethnocentrism and switching intention**

The concept of consumer ethnocentrism suggests that high ethnocentric consumers prefer domestic products whereas low ethnocentric consumers prefer foreign products (Shimp & Sharma, 1987). If a product is produced in his/her home country, this affects the degree of ethnocentrism (Cumberland, Solgaard & Nikodemka-Wolowik, 2010). Wang and Chen (2004) maintained that while a consumer may hold a higher level of ethnocentrism, that consumer may also believe that foreign goods are superior in quality and possess a higher image than domestic products. Similarly, Kinra (2006) reported that despite high levels of nationalism and preference for local brands, Indian consumers are not prejudiced against foreign brand names. In fact, they evaluated them higher on technology, quality, status and self-esteem than Indian brands and attributed higher credibility to those countries of origin. In this regard, Vida (2008) maintained that in reality consumers are “rational decision makers” and, on this basis, product quality should have a major influence on consumer preferences (p. 43). In addition Rosenbaum and Wong (2009) conclude that although Asian managers in developing countries with high nationalistic tendencies, such as China, Cambodia and Laos, can employ consumer ethnocentrism in their marketing initiatives, they must counterbalance this advantage with outstanding service quality. They further added that failure to do so will make them lose customers as even high ethnocentric consumers may have an incentive to switch to foreign-manufactured automobiles similar to what has happened to the big three automobiles manufacturers in the US. Based on this discussion, the researcher argues that the consumption experience of the owner of a car (Proton or Perodua) affects ethnocentrism levels. Thus, the perception of quality is deteriorating along with a dire

“consumption experience” and the customer may become less ethnocentric and this instigates switching intention. Therefore, although the researcher has argued that nationalistic tendency influences satisfaction, where the car performance does not match customer expectation the customer may consider switching to another brand, in this case, a foreign brand. The relationship between consumer ethnocentrism, customer satisfaction and switching intention is described in figure 2-12.

**Figure 2-12 Relationship between consumer ethnocentrism, customer satisfaction and switching intention**



Based on the discussion presented, the following hypothesis is expected:

H15: The relationship between consumer ethnocentrism and switching intention is mediated by customer satisfaction with the car.

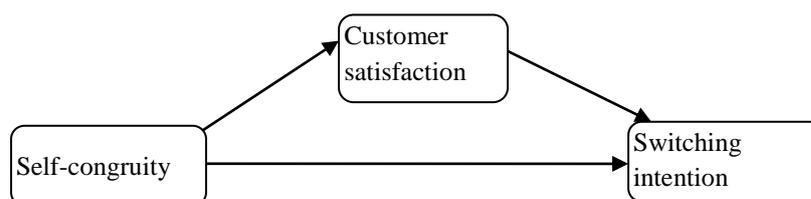
#### **2.8.4.8 Self-congruity and switching intention**

Self-congruity theory holds that consumers compare their self-concept with the image that a brand is projecting and in turn, prefer brands that are consistent with self-concept (Arora & Stoner, 2009). In a situation where a customer self-concept is congruent with a brand, this will elicit brand association (Keller, 1993) that later affects satisfaction. In contrast, the degree of incongruity between ratings of oneself (or, one’s ideal self) with the brand (Pincus, 2004) could possibly affect switching intention.

Marketing researchers agree that in addition to assessments of satisfaction, regret better explains post-choice valuation (Das & Kerr, 2010). Traditionally, regret has been known to be a painful sensation that arises as a result of comparing “what is” with “what might have been” (Sugden, 1985, p. 79). Basically regret means the emotion we experience when realizing or imagining that our current situation could have been better, if only we had decided differently (Zeelenberg & Pieters, 2007). In one study, Keaveney et al. (2007) findings revealed that higher information searching and alternative evaluation leads to more buyer regret. They also found that buyers who switch brands experience more regret than buyers who did not switch brands.

In this study, the researcher argues that unmet brand needs affect the customer's level of self-congruity. Regret however provides the emotional venue for the customer to express his/her negative feelings (Das & Kerr, 2010). Via regret theory, self-congruity has a direct effect on switching intention. The premise of this argument is based on two intertwined reasons: 1) the failure to retain self-congruity perception after car purchasing stimulates buyers' regret and 2) the buyer thinks that he/she is letting go of better alternatives. Both reasons motivate the customer to engage in searching for better brands in the future. Furthermore, under the expectancy-disconfirmation theory of customer satisfaction, the consumer has set some standard of comparison in mind before the consumption experience. After consumption, the perceived performance is compared to customer expectations. Performance that exceeds or meets one's expectations is satisfying while performance that falls short is not satisfying (Oliver, 1980). In this regard, in accord with Oliva et al. (1992), the switching intention is the outcome of unsatisfactory experience. In sum, the relationship between self-congruity, customer satisfaction and switching intention is described in figure 2-13.

**Figure 2-13 Relationship between self-congruity, customer satisfaction and switching intention**



Based on the discussion presented, the following hypothesis is proposed:

H16: The relationship between self-congruity and switching intention is mediated by customer satisfaction with the car.

#### **2.8.4.9 Corporate brand and switching intention**

Previously, the researcher has argued that corporate brand consists of corporate image and reputation. For customers, brand equity represents company image. The following discussion will elaborate on corporate brand as “brand promise” and its relationship with switching intention.

A company's corporate brand provides consumers with the expectation that a company will deliver (a corporate brand promise similar to the brand promise of products) (Argenti & Druckenmiller, 2004). Some scholars have defined corporate brand as a covenant or sacred oath made to company stakeholders that is binding (Greyser, 2009; Otubanjo, Abimbola & Amujo, 2010). In order to crystallize brand promise in the company, the projected images should tap into the organisational culture of the company so that it resonates with the actual brand experience offered (Hatch & Schultz, 2003). Ultimately it is the customer who determines whether the promise that the brand represents is fulfilled (Urde, 2003). Questions such as, "Does the firm deliver on its brand promise with reliability?", "Is it perceived to have quality that is high relative to its brand promise?", "Is it trustworthy?" and "Does it stand behind its offerings?" (Aaker, 2004) reflect customer evaluation.

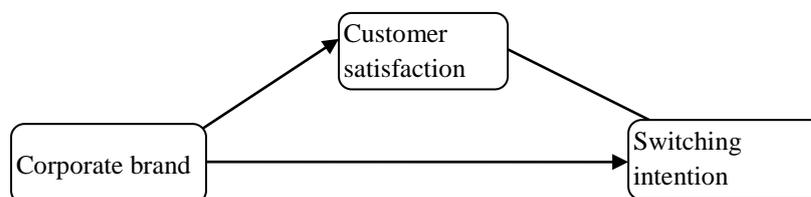
Based on the fact that the essence of the corporate brand is a promise (de Chernatony, 2001), breaking that promise questions the company's credibility (Greyser, 1999). This becomes what scholars have called the "promise/performance gap" (Greyser, 1999; Greyser & Diamond, 1974). Basically it means that the company is unable to perform according to their promises. de Chernatony (2001) illustrates brand promise using the RAC (Royal Automobile Club) as an example. The RAC used to conceive its brand in terms of providing breakdown services and this was also claimed by the AA (Automobile Association), which had a particularly powerful campaign positioning itself as the "fourth emergency service". After much internal analysis the RAC reconceived itself around managing people's journeys, and the brand was repositioned in terms of total mobility and journey management.

In this study, corporate brand consists of image and reputation. In addition, brand equity represents company image. Customers use "brand" to construct their own perception of what a company's corporate brand should stand for. In the event where they are not delivering promises in terms of reality and actual performance (e.g., promising excellent support services but the services turn out to be disappointing or claim to produce high quality cars but the reality is poor performance), the company has actually broken its promises. A result of these broken promises, it leads to switching intention.

Previously, the researcher argued that satisfaction materializes when consumer perception's about the company match what the company has delivered. Arguably, negative disconfirmation

backed by anger affects switching intention. In brief, the relationship between corporate brand, customer satisfaction and switching intention is described in figure 2-14.

**Figure 2-14 Relationship between corporate brand, customer satisfaction and switching intention**



Given the argument presented, the following hypothesis is set forth:

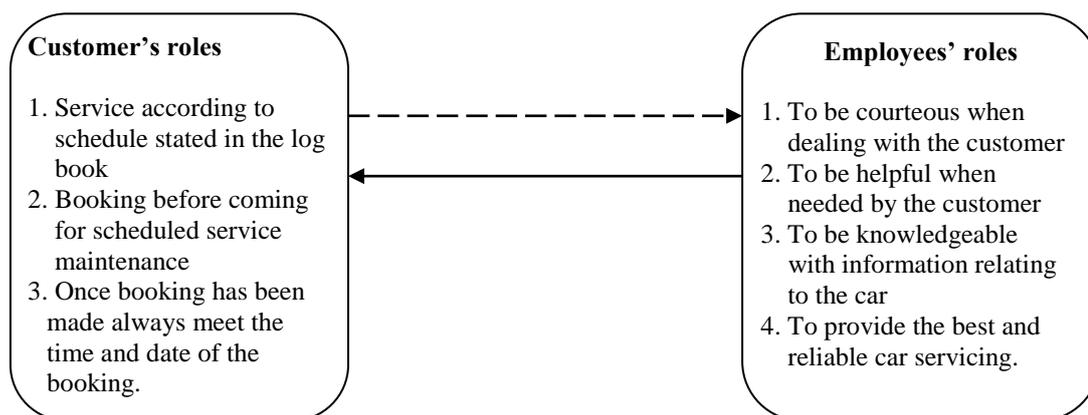
H17: The relationship between corporate brand and switching intention is mediated by customer satisfaction with the car.

#### **2.8.4.10 Service quality and switching intention**

Earlier service quality in this study was based on three premises: 1) service quality in automotive sector, 2) confined to service encounters in the car manufacturer service centre and 3) Malaysian perspectives. The current discussion will explore switching intention as an outcome of service quality. Role theory will be used to explain why customers have switching intentions.

Role theory states that many social exchanges follow certain patterns due to participants' adoption of a role (Schau, Dellande & Gilly, 2007). Accordingly, role theory has been used by scholars to understand employee - customer interactions (Schau, et al., 2007; Solomon, et al., 1985). In role theory, the focus is on the position the individual occupies in society for example bus driver/passenger or hairdresser/client (Hubbert, Sehorn & Brown, 1995). Riley (2007) argued that the greater number of encounters, the higher the salience of encounters regarding role interpretation, making role management important, especially in people-based services (Broderick, 1998). As discussed previously, according to the car purchase agreement, customers are obliged to obtain periodical service maintenance at manufacturer service centres. In line with Riley's argument, the researcher argues that both customers and service centre employees expect each other to fulfil certain "roles", illustrated in figure 2-15.

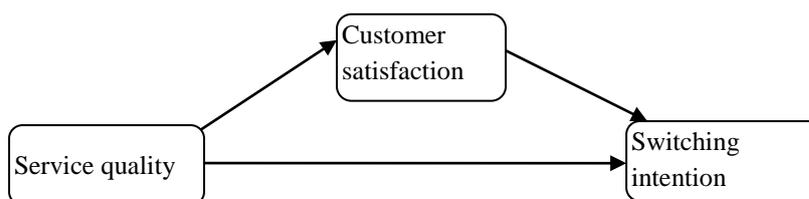
**Figure 2-15: Role expectations between a customer/car owner and car service centre employees**



The magic mantra in the business world is “customer is king”. Accordingly, once car owners have fulfilled their role as customer, they would expect employees during service encounters to fulfil their roles. Arguably, the employees’ failure to fulfil their roles will affect customer switching intention.

Periodically the researcher argued that the match between customer expectations regarding the company’s service quality with outcomes would cause customer satisfaction. In addition, poor car performances would lead to switching intention. In sum, the relationship between service quality, customer satisfaction and switching intention and is described in figure 2-16.

**Figure 2-16 Relationship between service quality, customer satisfaction and switching intention**



To encapsulate, based on the discussion presented, the following hypothesis is suggested:

H18: The relationship between service quality and switching intention is mediated by customer satisfaction with the car.

#### 2.8.4.11 Car characteristics and switching intention

As discussed previously, the definition of car characteristics in this study is “the desired functional value (e.g., feeling safe when driving the car, comfy and low maintenance) and

additional evaluation (possibly high resale value) during use-specific experience”. The subsequent discussion will discuss switching intention as an outcome of car characteristics using appraisal theory.

Appraisals are defined as the result of those information-processing tasks that indicate the implications for the interest and goals of individuals, thereby determining the form that emotional reaction takes in a given situation (Johnson & Stewart, 2005, p. 4). Therefore, appraising is the processing of information that leads to emotional response, while appraisals are the “conclusions” reached through processing, which define the tenor of the emotion experienced (Lazarus, 2001).

In marketing, the study of emotion revolves around cognitive paradigms (Bagozzi, et al., 1999). Marketing scholars describe positive emotions ranging from excitement, delight, happiness, gladness, satisfaction, pride and self - assurance whereas, negative emotions include frustration, guilt, shame, anger, sadness, disappointment, depressive thoughts, worry, discomfort and fear (Bagozzi & Dholakia, 1999; Luce, 1998). Coherently, appraisal theory is also the study of emotions. As Scherer (2001) argues, frustration occurs when events are “obstructive for goal attainment, by putting a goal or need satisfaction out of reach, delaying its attainment, or requiring additional effort” (p. 96). In addition, Kuppens et al. (2003) suggest that the appraisal of goal obstacles or blocking is generally accepted as an important determinant of anger as well as aggression.

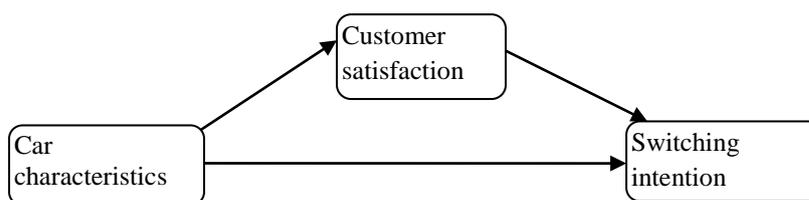
Johnson and Stewart (2005) have recommended that appraisal theory is useful, especially when studying emotion in the context of consumer behaviour. They added, some areas in consumer behaviour research offer obvious opportunities for appraisal theory to offer a more complete picture of the role of emotion, in particular, consumers’ judgements of satisfaction. However, to apply appraisal theory in consumer study, a remark made by Watson and Spence (2007) is worth considering. They suggest that “marketers must first agree on which event characteristics need appraising within consumer contexts before we can work together towards an encompassing theory of how appraisals and emotions influence consumer behaviour” (p. 508).

In the context of car purchasing, the car owner will constantly “appraise” the functionality of car characteristics such as fuel consumption, cost of maintenance and comfortability. As implied by Scherer (2001), if the car owner found these characteristics obstructed the goal of purchasing a

particular brand, frustration emerges. In the same vein as Roos et al. (2004), the researcher argues that frustration leads to switching intention.

Previously, the researcher has argued that after constant evaluation of car characteristics through consumption experience and product consequences match expectation, a consumer has achieved the desirable value and satisfaction. Using disconfirmation theory, poor car performance triggers anger which in turn leads to switching intention. In summary, the relationship between car characteristics, customer satisfaction and switching intention is described in figure 2-17.

**Figure 2-17 Relationship between car characteristics, customer satisfaction and switching intention**



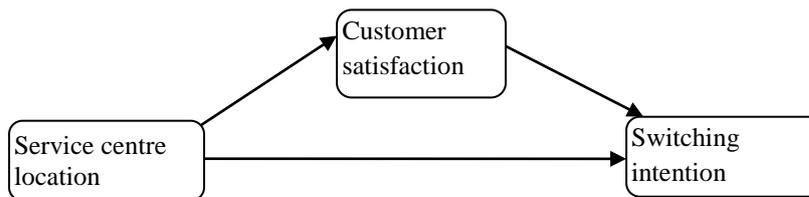
Based on the discussion presented, the following hypothesis is proposed:

H19: The relationship between car characteristics and switching intention is mediated by customer satisfaction with the car.

#### **2.8.4.12 Service centre location and switching intention**

In the previous discussion, the researcher argued that service centre location is valuable to customers because it is associated with convenience. A customer is required to visit service centre periodically, as stated in the service logbook. Thus, service centre location has a positive effect on customer satisfaction and the disconfirmation caused by under performance is enough to trigger the customer switching intention. Since location is important to the customer, arguably that the customer may be attracted to another brand of car that has more service outlets and more choices for servicing. In summary, the relationship between service centre location, customer satisfaction and switching intention is described in figure 2-18.

**Figure 2-18 Relationship between service centre location, customer satisfaction and switching intention**



Based on the argument presented, the following hypothesis is suggested:

H20: The relationship between service centre location and switching intention is mediated by customer satisfaction with the car.

### **2.9 Attitudinal loyalty in consumer study**

In simple terminology, attitudinal loyalty has been defined as “the level of commitment of the average consumer toward the brand” (Chaudhuri & Holbrook, 2001; Morgan, 2000). Several scholars however describe attitudinal loyalty as “the consumer’s predisposition towards a brand as a function of physiological process” (Bennett & Rundle-Thiele, 2002; Jacoby & Chestnut, 1978; Odin, Odin & Valette-Florence, 2001). Emotional attachment is among the measurements used by scholars to study attitudinal loyalty (Baloglu, 2002). As suggested by Bandyopadhyay and Martell (2007), attitudinal loyalty provides two critical insights for practitioners and scholars alike. First, why do customers purchase their brand and those of their competitors. Second, to discover the strengths and vulnerabilities of a particular brand.

Marketing literature reveals that attitudinal loyalty is mostly studied using a satisfaction/dissatisfaction paradigm (Ibrahim & Najjar, 2008; Oliver, 1980; Parasuraman, et al., 1988). Effective commitment and positive word of mouth constitute the attitudinal measures which explain why individuals stay with an organization and communicate favourable word of mouth to others (Harrison-Walker, 2001). Negative emotions however are also associated with switching behaviour (Yu & Dean, 2001).

In this study, the researcher proposes word of mouth and switching intention as “attitudinal loyalty”. In addition, the researcher argues that switching intention is featured by the customers seeking alternative behaviours, in line with Antón et al.’s (2007) suggestion. Loyal customers

will not seek alternatives. In the following section, the researcher will conceptualize behavioural loyalty and propose the relationship between attitudinal loyalty (word of mouth and switching behaviour) and behavioural loyalty.

### ***2.10 Conceptualizing behavioural loyalty in the Malaysian automotive context***

Marketing literature has profoundly conceptualized behavioural loyalty as “repeat purchase” (Jacoby, 1971; Jacoby & Kyner, 1973; Jensen & Hansen, 2006). Some scholars have used the term “stochastic” to imply loyalty, which means “the individuals that buy the same brand systematically (Odin, et al., 2001, p. 76). Yim and Kannan (1999) explain a consumer who exclusively purchases one product as “hard-core loyalty” (p. 76). Knox and Walker (2001) describe, repeat purchase behaviour as an axiomatic term, which simply refers to the extent to which consumers purchase the same brand “after experiencing the brand” (p. 113).

Instead of substantial studies conceptualizing behavioural loyalty as one-dimensional “repeat purchase”, Bandyopadhyay and Martell (2007) emphasized that many researchers have struggled over the years to: 1) distinguish between repeat purchase and brand loyalty and 2) define brand loyalty, which is a complex multidimensional phenomenon in terms of a single behavioural dimension. Using their argument and current context of this study, the researcher proposes customer value and government support to be included in behavioural loyalty instead of primarily relying on “repeat purchase”.

Theoretically, customer value can be considered as a cognition-based construct capturing any benefit-sacrifice discrepancy (Oliver, 1993). To Zeithaml (1988) and Bolton and Drew (1991), customers perceive value based on trade-off definitions between a “give” component and a “get” component. In this study, antecedents (consumer ethnocentrism, self-congruity, corporate brand, service quality, car characteristics and service centre location) are “providing” value to customers. However, ethnocentrism, self-congruity and corporate brand are considered “intangible values” whereas service quality, car characteristics and location, are “tangible values”. Based on this discussion, behavioural loyalty occurs when a customer signals intent to stay with a brand for its value.

As mentioned earlier (section 2.2.4), both Proton and Perodua are national cars hence the government interference is inevitable. Among the steps taken by government are providing

financial incentives, such as facilitating loan approvals through the “government staff loan scheme”, or lowering loan interest rates (private banking institutions) for those who buy national cars. As stated in the introduction (section 2.1) each construct is selected based on its relevancy and suitability in representing the Malaysian automotive customer satisfaction and loyalty framework. Given this fact, to include government incentives as part of behavioural loyalty makes the current study more meaningful and practical.

To summarize this section, the definition of behavioural loyalty covers the following: 1) repeat purchase tendency, 2) intention to stick to one brand because of the value received by car owners and 3) government incentives.

### **2.10.1 Linking attitudinal loyalty and behavioural loyalty**

In discussing the link between attitudinal and behavioural loyalty, the theory of reasoned action (TRA) is useful. TRA is a well - established general theory of social psychology which asserts that specific beliefs influence perceptions and actual behaviour (Fishbein & Ajzen, 1975). According to TRA, behaviour intention is the immediate antecedent of an individual’s execution.

Concurrently, credible consumer studies have suggested a link between attitudinal and behavioural loyalty (Bandyopadhyay & Martell, 2007; Dick & Basu, 1994; Reinartz & Kumar, 2002). According to Dick and Basu (1994) customer loyalty is the relationship between relative attitude and repeat patronage (p. 102). Reinartz and Kumar (2002) reported that customers of the grocery chain who scored high on both loyalty measures were 54% more likely to be active word of mouth marketers and 33% more likely to be passive word of mouth marketers than those who scored high on behavioural loyalty alone. Accordingly, a study conducted by Summers and Belleau (2006) in luxury apparel products revealed that attitudes toward behaviour had the most influence with purchase intention. Therefore, the more favourable the respondents’ attitude, the more likely they would purchase.

Considering these findings, marketing researchers need to apply both attitudinal and behavioural loyalty as this offers more managerial insight than measuring these loyalties independently (Bandyopadhyay & Martell, 2007). As Ajzen and Fishbein (1977) argue, “A person’s attitude has a consistently strong relation with his or her behaviour when it is directed at the same target and when it involves the same action” (p. 912). In line with the marketing literature, the

researcher argues that a customer who engages in positive word of mouth should lead to loyal behaviour. In contrast, a customer who has switching intention should lead to disloyal behaviour. To summarize the discussion, the following hypotheses are suggested:

H21: Word of mouth is positively related to behavioural loyalty.

H22: Switching intention is negatively related to behavioural loyalty.

In the next section, the researcher will introduce word of mouth and switching intention as mediators between customer satisfaction and behavioural loyalty.

### ***2.11 Word of mouth and switching intention as mediators between customer satisfaction and behavioural loyalty***

The definition of customer satisfaction in this study is “satisfaction derives from functional performance of the car and acceptable hedonic elements” (section 2.8.1). In addition, behavioural loyalty has been conceptualized as the following: 1) repeat purchase tendency, 2) the intention to stick with the brand because of the values received by car owners and 3) government incentives (see section 2.10). In the subsequent discussion, the researcher will explain the link between customer satisfaction and behavioural loyalty throughout the marketing literature.

Initially, Oliver (1980) proposed that consumer satisfaction is a function of expectation. Expectancy disconfirmation and satisfaction in turn is believed to influence attitude change and purchase intention. Yoon and Kim (2000) reported that, in the automotive industry, failing to prevent customers from feeling dissatisfied with performance salience variables would cause a negative impact on overall satisfaction as well as maker loyalty. In another study, Devaraj et al. (2001) found strong evidence suggesting the relationship between customer satisfaction with cars and customers’ repurchase intentions.

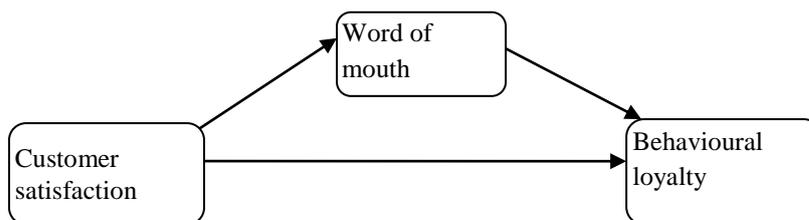
In service industries, Taylor and Baker (1994) proposed that by ensuring customer satisfaction with service encounters and positive service quality, attitudes appear to be the most possible route to ensure purchase intentions with the target audience. In short, the higher a company’s service quality scores, the higher the consumer loyalty and simultaneously lower switching intention (Zeithaml, Berry & Parasuraman, 1996). Baker and Crompton (2000) however studied

tourism and suggest that satisfaction is a useful predictor of behavioural intentions. They further explained that enhanced performance quality leads to stronger behavioural intention and visitor satisfaction.

The process of translating satisfaction into intention over time is a rather complex task (Mittal, Kumar & Tsiros, 1999). To make the argument more solid, using disconfirmation theory, the researcher suggests that once the customer is satisfied with functional and hedonic elements of his/her car, this satisfaction is then translated into “this is a good car for me”. This belief consequently shapes consumer’s attitude toward the car and this affects the consumer repurchase intention.

Earlier, the researcher argued that positive word of mouth is the outcome of customer satisfaction as a result of the car matching customer expectation (see section 2.82). Arguably, in line with the marketing literature, a customer who engages in positive word of mouth should lead to loyalty behaviour (see section 2.10.1). As suggested by Tax et al. (1993), engaging in word of mouth activity may have some impact on assessment of customer satisfaction and subsequent behaviour. Therefore, instead of just being an outcome, word of mouth may actually be a mediator variable, impacting both satisfactions and intention to repurchase (Davidow, 2003). In sum, the relationship between customer satisfaction, word of mouth and behavioural loyalty is described in figure 2-19.

**Figure 2-19 Relationship between customer satisfaction, word of mouth and behavioural loyalty**



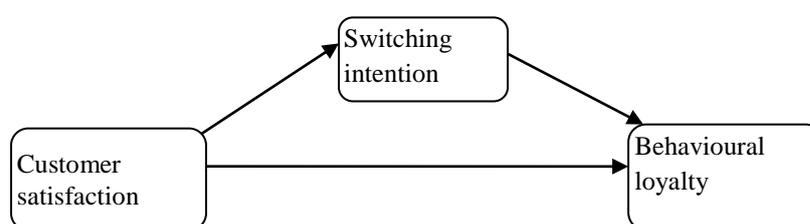
Based on the discussion presented, the following hypothesis is proposed:

H23: The positive relationship between customer satisfaction with the car and behavioural loyalty is mediated by word of mouth.

In contrast to satisfied customers, dissatisfied customers may engage with unpleasant behaviour such as talk negatively about the product, stop buying the product, switch to other company’s

product (no repeat purchase and brand switching) and/even resort to public complaining (Gilly, 1987; Gilly & Gelb, 1982; Richins, 1983, 1987; Singh, 1988; Yi, 1990). If car owner experiences negative incidents or poor performance of the car, this obviously triggers negative disconfirmation and anger. Anger in turn affects switching intention. When the customer is dissatisfied with functional and hedonic elements of the car, this dissatisfaction is translated into “I have to switch to another brand in the future”. Such belief accordingly shapes consumer attitudes towards the car and reduces the chance of buying the same brand in the future. In brief, the relationship between customer satisfaction, switching intention and behavioural loyalty is described in figure 2-20.

**Figure 2-20 Relationship between customer satisfaction, switching intention and behavioural loyalty**



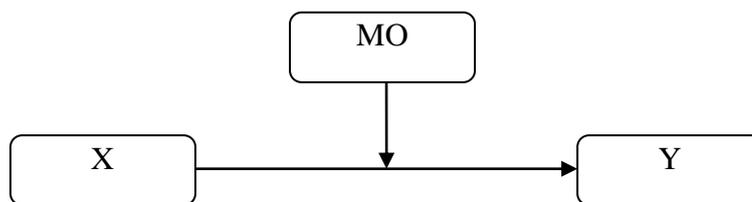
Based on the discussion presented, the following hypothesis is suggested:

H24: The negative relationship between customer satisfaction with the car and behavioural loyalty is mediated by switching intention.

### **2.12 The moderator in social science research**

A moderation effect is a causal model that postulates “when” or “for whom” an independent variable causes a dependent variable (Baron & Kenny, 1986; Frazier, et al., 2004; Kraemer, Wilson, Fairburn & Agras, 2002). In essence, the moderator modifies the strength or direction (i.e., positive or negative) of a causal relationship (Wu & Zumbo, 2008). Baron and Kenny (1986) describe the moderator as “a third variable that affects the zero – order correlation between two other variables” (p. 1174). Figure 2-21 demonstrates the moderation effect using a conceptual path diagram.

**Figure 2-21 Moderation effect**



The researcher uses four moderators in this study: 1) sport sponsorship, 2) corporate social responsibility, 3) media coverage and 4) automotive award. The next section will discuss these moderators.

### **2.12.1 Sport sponsorship**

#### **2.12.1.1 Sport sponsorship as corporate image building initiative**

Generally, sport sponsorship has become a “widely accepted practice” among businesses. There are two primary reasons for businesses to be involved: 1) to increase awareness of corporate or brand names and 2) to maintain and improve the company’s image (Javalgi, Traylor, Gross & Lampman, 1994; Shanklin & Kuzma, 1992). The need to invest in sport sponsorship also emerges from company desire to express corporate identity through sponsorship policy and consequently enhance its corporate image (Cunningham, Cornwell & V. Coote, 2009). Therefore, for most companies, the effects of sport sponsorship, such as increasing public awareness and conveying positive image, have been seen as a “return on investment” (Copeland, Frisby & McCarville, 1996). Being seen as one of the contributors to an event that is important to the country and its citizens although not directly related to profit-oriented objectives, could lead to positive outcomes, for example, establishing emotional connection with current customers and potential customers (Papadimitriou, Apostolopoulou, & Dounis, 2008).

Sponsorship has its own idiosyncratic characteristics which make it commercially attractive to corporations aiming to build favourable associations and brand identities (Quester & Farrelly, 1998). Unlike traditional advertising where a rich depiction of the brand may be made, sponsorship is an impoverished media, with media being broadly construed as the context through which messages pass (Cornwell, 2008). To gain maximum effect the company needs to support their initial investments with marketing activities via media advertising, signage, sales promotions, new product services and other promotional events (Papadimitriou &

Apostolopoulou, 2009). Tripodi (2001) argues that, to use sponsorship efficiently as a marketing tool, sponsorship must not only compete with traditional communication tools such as advertising, public relations and sales promotions, but also engage with new promotional tools including direct marketing and internet marketing.

Based on the above discussion, companies become involved in sport sponsorship to build their image and concurrently use it as a marketing tool. Above all, the ultimate objective of sport sponsorship is to establish customer brand equity (Cornwell, Roy & Steinard II, 2001). The following discussion, will thus elaborate on sport sponsorship as one form of brand equity.

### **2.12.1.2 Brand equity: Sport sponsorship and its effects**

The first effect of sport sponsorship is to gain customer awareness about the company's products and brand. Awareness is the first stage in the sequence of sponsorship benefits (Crompton, 2004), therefore if awareness is not achieved, sponsors may fail to meet their subsequent objectives such as image enhancement, positive behavioural intentions and increased sales (Alexandris, Douka, Bakaloumi, & Tsasousi, 2008). Wakefield et al. (2007) maintained that a person's individual exposure level to a sponsorship venue, especially for those who attended more games, exhibited better sponsor recall. In the same vein, Pope (1998) reported that sponsorship awareness leads to higher consumption values of respondents. Where subjects recalled sponsorship activity, they rated consumption values higher in the product categories of automobiles, banks, beer and breakfast cereals. In a survey conducted by Garland et al. (2008), the results showed that 81% of respondents could recall at least one sponsor of four major sponsors. It shows that sport sponsorship increases brand awareness (Bennett, 1999). Boshoff & Gerber (2008) concluded from their study that awareness of sponsored brands increases after the sponsored event. Indirectly, increased awareness of corporate sponsorship may result in a greater market share (Mason, 2005). Therefore, companies that are interested, not only in funding and facilitating a sporting event, but also generating revenue, should make sure that fans are aware of their sponsorship and affiliation at the event (Dees, Bennett, & Villegas, 2008).

The second effect is to increase brand identification using sport sponsorship strategy. According to the literature, identification is activated where the sporting event fits the sponsor/s (Gwinner, Larson & Swanson, 2009; Speed & Thompson, 2000). This is because when the event and brand match, the transfer process is enhanced (Gwinner & Eaton, 1999) thus ensuring the effectiveness

of sponsorship (Olson & Thjørmøe, 2011). Quester & Farrelly (1998) suggested that the degree of involvement by the sponsor, affinity of sponsor's domain of the activity with the event and geographical consistency all positively prompted recall of the sponsor by respondents. Therefore, companies must implement efficient activation strategies to form a link between those who attend the event and sponsors' products (Miloch & Lambrecht, 2006). Alternatively, greater gains in achieving sponsorship can be made by segmenting the spectator market according to level of team identification (Gwinner & Swanson, 2003). Sponsoring a team-based sport with a large fan base would enhance sponsor and brand identification (Cornwell, Weeks & Roy, 2005). Madrigal (2000) suggested that favourable purchase intentions are more likely to occur when identification with the team increases.

The third effect is to act as a stimulus for purchase intention. Pope and Voges (2000) found a significant relationship between intentions to purchase a company's product because the company sponsors a particular sport. In one study, Daneshvary and Schwer (2000) reported that the frequency of rodeo attendance organized by the Professional Rodeo Cowboys Association (PRCA) positively affected purchase intention of particular sponsors (e.g., Dodge, Wrangler, Coca-Cola), resulting from respondents' identification with the association and their perceptions of its credibility. In a similar vein, Roy & Graeff's (2003) survey suggested that respondents with an awareness of the teams' charitable foundation responded more positively to image and purchase intention than respondents who were less aware. As sport sponsorship has a significant impact on purchase intention, it can be designed and targeted to encourage customers to move from the next stage towards committed loyalty (Crompton, 2001).

The fourth effect is to position the company's brand among competitors. To some extent, sponsorship is a brand equity-building strategy used to position the brand image. Consequently customers perceived the sponsor's brand as superior to competitors (Tripodi, 2001). Sponsors who adopt a policy of concentrating on a particular category of sponsorship, as in the case of Coca-Cola (sports and popular music) or Budweiser (sports) will derive image values by association with a particular category (Meenaghan & Shipley, 1999). Indeed, sponsorship contracts are typically three to five years in duration and are often renewed a number of times to allow for sponsors to derive the benefits from long-term association meshed with the positioning of their brand (Fahy, Farrelly & Quester, 2004). For example, the sponsorship an English Premier League soccer club typically involves a multiple year contract.

The fifth effect is to gain customer loyalty through sport sponsorship. Holistically, Cliffe and Motion (2005) argued that sponsorship can be used to create brand experiences that result in brand affiliation and loyalty as a useful tool for brand management. These experiences however need to be interpreted in terms of the characteristics that fans as spectators bring to the event (Hill & Green, 2000). In this regard, identifying diehard fans is important as this group are generally more brand loyal (Bristow & Sebastian, 2001). As reported by Levin et al. (2004) in their study, NASCAR fans exhibited stronger brand loyalty than non-NASCAR, particularly regarding the attitudinal component of brand loyalty.

In sum, by sponsoring a sporting event, a company is actually enhancing its corporate brand. Next, the researcher will explain the role of fans' involvement in determining the effectiveness of sponsorship.

### **2.12.1.3 The role of fan involvement**

It is reasonable to assume that involvement in, and loyalty to, an event can transfer into brand loyalty toward a particular sponsor's products if a strong and persuasive association can be created in the minds of customers (Quester & Farrelly, 1998). However, the reality is that not all consumers are influenced equally (Gwinner & Swanson, 2003). Individual differences, especially involvement levels impact on the way a consumer processes brand-event stimulus in a sponsorship context (Cornwell, et al., 2005).

Levels of knowledge about the activity arising from a high level of involvement enable the fan/consumer to recognize the sponsor, judge the congruence of the relationship and associate the image values of the activity (team or sport) with the sponsor's brand, thereby enabling the sponsor to achieve its primary marketing objectives of awareness creation and brand image building (Meenaghan, 2001). To a certain extent, a high level of involvement can turn into a "cult" following or team devotion (Dionisio, Leal & Moutinho, 2008). Similarly, Ko et al. (2008) identified the causal link between fan's involvement with awareness, company image and purchase intention. Therefore, fan involvement is a critical component of sponsorship effectiveness and passionate, devoted fans should be the prime consideration when creating marketing messages (Dees, et al., 2008).

Scholars recommend that involvement should be applied more frequently in sport sponsorship study to gain a better understanding of its effect on consumers and brand image (Bauer, Stokburger-Sauer & Exler, 2008; Cornwell, et al., 2005; Quester & Farrelly, 1998). Involvement can be used for segmentation purposes in order to identify homogenous groups of consumers, and to target the most profitable segments that may have a high impact on purchase intention (Tsiotsou, 2006). Scholars also suggest it is important to select sports that have a high fan involvement with the sponsored activity (Grohs, Wagner & Vsetecka, 2004). In Malaysia, badminton and football are the two most popular sports. Proton has been sponsoring the badminton national team for a long time. Perodua also sponsors these sports but not as a major sponsor. However, in the context of this study, the focus is not on a specific sponsorship or sporting event. The main research interest is whether customers' involvement in general sports leads to a brand of car in sponsorship activity. As discussed above, sport sponsorship is part of the company's efforts to establish its corporate brand. Based on this argument, the company's sponsorship only affects customers who are highly involved in sporting activities. Therefore, the following hypothesis is suggested:

H25: The relationship between corporate brand and customer satisfaction with the car is moderated by the company's sport sponsorship initiatives.

#### **2.12.1.4 Social identity theory and sport sponsorship**

Social identity theory proposes that individuals identify to varying degrees with different social groups, and by doing so, they adopt the norms and values of these groups (Lings & Owen, 2007). The theory also explains why individuals obtain characteristics and ideas from their association with a particular group (Dees, et al., 2008). The notion of social identification posits that the greater levels of patron identification lead to greater satisfaction, instrumental/input commitment, temporal commitment and attitudinal commitment with the organization (Swanson & Davis, 2006). Thus individuals identify more with the groups they like, even if they are not explicitly categorized (Hogg & Turner, 1985).

Theoretically, the image of a sporting organisation as social representation has a high emotional content (Ferrand & Pages, 1999). As part of the emotional continuum, the functional and symbolic meaning placed upon sport and related objects illustrate the advantages of understanding social-structural and individual forces that shape behaviour (Funk & James,

2006). As concluded by Gwinner and Swanson (2003), “An argument can be made that highly identified fans will exhibit positive sponsorship outcomes (e.g. patronage, increased satisfaction, positive attitudes toward sponsoring brands) without additional promotional expense from the company” (p. 286). By soliciting positive emotional attachments, corporate sponsors are able to alter consumers’ cognitive structures leading them to engage in desirable (from a marketing perspective) behaviours (Mason, 2005).

Scholars have highlighted studies in sport sponsorship lack theories and conceptual foundations on which to base scholarly inquiry (Cornwell & Maignan, 1998). Cornwell et al. (2005) have therefore suggested a model of consumer-focused marketing communications, which include social identity as one of the theories that explain their model. In this study, sport sponsorship is viewed as a social contribution to society. As part of the responsibility of holding a “national car” status, a general expectation is for Proton and Perodua to contribute to the country’s sport/s advancement thus enhancing their national identity. This affects consumer ethnocentrism through national identity enhancement. Based on the discussion presented, the following hypothesis is suggested:

H26: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by the company’s sport sponsorship initiatives.

### **2.12.2 Corporate social responsibility (CSR)**

The core idea of corporate social responsibility is that it reflects social imperatives and the social consequences of business success (Matten & Moon, 2008). CSR is important to businesses because it is “consistent with what the public expects of the business community today” (Carroll, 1999, p. 292). In line with this perception, Basu and Palazzo (2008) define CSR “as the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioural disposition with respect to the fulfilment and achievement of these roles and relationships” (p. 124). In a similar tone, Smith (2003) refers to CSR as company “obligation” to society (p. 53).

Coherently, McWilliams and Siegel (2001) argued that the company’s level of involvement in CSR depends on size, level of diversification, research and development, advertising, government sales, consumer income, labour market conditions and stages in the industry life

cycle. They further explained that for the company must find equilibrium between CSR costs and the revenue generated from implementation. Their understanding of CSR and company involvement in it is well explained from a “financial return” perspective, highlighted by the early CSR researcher, Milton Friedman (1970). Unfortunately, empirical evidence found no link between CSR performance and company profitability (Aupperle, Carroll & Hatfield, 1985). Still on financial perspective, McGuire et al. (1988) recommend that by being involved in CSR, the company can safeguard itself from additional risk such as lawsuits and fines. These findings also showed that companies low in CSR also experience a lower return on assets (ROA), therefore suggesting that ROA is a better predictor of CSR than market measures.

From social perspective, Palazzo and Scherer (2008) introduce the term “political” into CSR literature suggesting that morality should be the ground to legalize CSR, thus framing the responsibilities of corporations within society. Willke and Willke (2008) refute this idea by stating that, among others, morality is a pre-modern mode of creating legitimacy.

Taking another viewpoint, Fombrun and Shanley (1990) established that investing in CSR attributes and activities may be important elements of product differentiation and reputation building. McWilliams et al. (2006) emphasized that CSR should be extended to an examination of the strategic use of CSR activities. In the same vein, Maignan and Ferrell (2004) propose a framework that integrates CSR into marketing discipline, and further suggest that the actions undertaken to display conformity to both organizational and stakeholder norms can increase stakeholder support.

All in all, the prime challenge for business is not so much to define CSR, but to understand how CSR is constructed in a specific context and to take this into account when business strategies are developed (Dahlsrud, 2008). To illustrate this point, Siegel and Vitaliano (2007) show that companies that sell experience or credence goods (e.g., cars or software) are more likely to be socially responsible than companies sell search goods. Their findings indicate that the nature of business influences the degree of company involvement in CSR. The concept of strategic CSR provides an opportunity to measure its benefits in a broader context than simple correlations between philanthropic contributions and profit (Burke & Logsdon, 1996). Considering the points made by the scholars above, CSR in this study is based on two premises: 1) the companies are involved in the automotive sector and 2) Proton and Perodua are national cars. These premises will be used to explain the degree of involvement in CSR activities and why they have taken

such strategies. In addition, CSR activities in this study are strategic marketing tools, particularly in establishing consumer brand equity.

### **2.12.2.1 Brand equity and consumer attitude**

The first rationale for companies to engage themselves in CSR activities is to establish brand identification among consumers. Empirical evidence presented by Ahearne (2005) suggests that customers identify with companies as a result of company marketing effort and such identification has strong, positive consequences in terms of product utilization and word of mouth behaviours. Sen and Bhattacharya (2001) maintained that in order to compete in the marketplace, companies need to establish a relationship between customers and brand/s, and CSR activities provide this opportunity. The primary reason is that once social alliance becomes an integral part of a company (a non-profit culture and strategy) people become part of a “community of social responsibility” (Berger, Cunningham & Drumwright, 2006, p. 135). Besides, where there is a close fit between the company and the cause, company involvement may be seen as the desire to build relationships with customers rather than excessive profiteering (Ellen, Webb & Mohr, 2006). As reported by Einwiller et al. (2006), strongly identified consumers generated significantly more positive than negative thoughts about the company. They added that strongly identified consumers expressed a greater willingness to recommend the company, even when exposed to moderately negative publicity. Therefore, it is vital for companies to make CSR activities known to consumers as individuals who are aware of CSR initiatives have more positive company - related associations, display greater organizational identification with the company and show a greater intent to purchase products from the company (Sen, Bhattacharya & Korschun, 2006).

The second rationale is that CSR activities increase the likelihood of purchase intention among consumers. Creyer and Ross Jr (1997) reported, among others, the following findings: 1) the ethicality of a company’s behaviour is an important consideration during the purchase decision and 2) ethical corporate behaviour is expected. For socially conscious consumers, it is important for companies to behave ethically in their business practice (Auger, Devinney, Louviere & Burke, 2008). CSR activities implemented by companies actually have a significant effect on perceptions of corporate values, and this in turn impacts consumer purchase intentions (David, Kline & Dai, 2005). As Wigley (2008) suggested, consumers who are exposed to information

about a company's CSR activities are more knowledgeable and increased knowledge positively impacts attitudes and purchase intentions.

The third rationale is that CSR activities may assist the company to establish customer loyalty. Du et al. (2007) findings suggested that positive CSR beliefs held by consumers are associated not only with greater purchase likelihood but also with longer-term loyalty and advocacy behaviour. This is because the consumer develops a more positive company evaluation and identifies more strongly with the company (Marin, Ruiz & Rubio, 2009). Once companies can identify with the CSR platform they enjoy long-term, loyal customers (Bhattacharya & Sen, 2004). Therefore it is important to enact the company's commitment to CSR by embracing a solid set of principles and processes that can help to systematically address stakeholder demands and secure stakeholder support (Maignan & Ferrell, 2004), especially existing customers. As suggested by Pirsch et al. (2007), institutionalized CSR is the most effective way to increase customer loyalty, enhancing attitude toward the company and decreasing customer scepticism.

Arguably, company efforts to increase brand identification, trigger purchase intention and loyalty is part of the company efforts to form "favourable consumer attitude" through involvement in CSR activities. As Ajzen and Fishbein (1977) state, "Attitudes are held with respect to some aspect of the individual's world, such as another person, a physical object, a behaviour or a policy" (p. 889). Likewise, a consumer who has a positive attitude towards the company's social initiatives may reward the company for their efforts through purchase behaviour (Becker-Olsen, Cudmore & Hill, 2006). In order to establish a favourable corporate brand, company involvement in CSR activities is part of the image enhancing efforts made by the company. As suggested earlier, type of business dictates the importance of CSR for companies and customers alike. Cars are undoubtedly being categorized as durable products, therefore it is important for Proton and Perodua to be involved in CSR. In addition, according to this study, where both companies are national companies established in Malaysia, CSR may be viewed as not a matter of choice but a duty (Lee, Park, Moon, Yang & Kim, 2009). Taking these points into account, however, only a customer who has a favourable attitude toward CSR initiatives implemented by the company feel its benefit. This view concurs with Sen and Bhattacharya (2001) regarding consumers' personal support for CSR issues and their general belief about CSR as a key moderator of consumer responses to CSR. Based on the discussion presented, the following hypothesis is suggested:

H27: The relationship between corporate brand and customer satisfaction with the car is moderated by the company's corporate social responsibility initiatives.

### **2.12.2.2 Consumer ethnocentrism**

In CSR literature, scholars call the sense of attachment or connection consumers feel towards companies as "consumer-company identification" (Bhattacharya & Sen, 2004, p. 15). According to Bhattacharya and Sen (2003), if consumer-company identification is deemed desirable, companies must articulate and communicate their identities clearly, coherently and in a persuasive manner. They must also consistently monitor consumer support of CSR actions (Marin & Ruiz, 2007). As suggested by Berger et al. (2006), companies may leverage their marketing social alliances to demonstrate values and simultaneously increase positive organizational identification. Such identification is powerful and driven by individual needs for self-definition and social identity to develop a sense of attachment or overlap with select organizations (Bergami & Bagozzi, 2000). Bhattacharya and Sen (2004) however argue that organizational identification research draws on social identity theory (Tajfel & Turner, 1985) suggesting that people are more likely to identify with an organization when they perceive its identity to be enduring, distinctive and capable of enhancing self-esteem.

Based on the discussion, arguably CSR activities implemented by Proton and Perodua increase organizational identification and also increase ethnocentrism among customers. As explained earlier (see section 2.2.4), consumer ethnocentrism in this study is underlined by notions of ethnocentrism, economic nationalism and patriotism that reinforce each other to create customer satisfaction. CSR also affects customer satisfaction. As Perez (2009) stated, "With regard to possible future research, it would be interesting to extend the study to include the influence of CSR based C-C identification on other customer responses: affective or conative," (p. 187). Therefore, this study suggests the following hypothesis:

H28: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by the company's corporate social responsibility initiatives

### **2.12.3 Sport sponsorship and corporate social responsibility as corporate communication**

Sport sponsorship appears to be one of the important tools of marketing communication that seeks to achieve favourable publicity for a company and its brands with a certain target audience (Bennett, 1999). CSR activities however provide an avenue for companies to differentiate themselves and their products and this is another important communication tool (Brønn & Vrioni, 2001). One important implication that can be derived from the previous discussion on sport sponsorship and CSR is that companies are using these corporate activities as part of their marketing strategy. Thus both CSR and sport sponsorship are viewed as “corporate communication” in this study. In the following discussion, media coverage and automotive awards are introduced as opposing corporate communication.

### **2.12.4 Media coverage**

Information about cars is easily available to consumers nowadays. Some magazines are dedicated to cars and generally they are called “auto magazines”. In these magazines, comments about certain brands of car are normally presented by professionals such as mechanics, engineers or professional car racers. In fact, in some Malaysian newspapers, there is a special segment with a few pages about cars. In this study, media coverage refers to these print media. Specifically, media coverage in this study is defined as independent comments or remarks made about cars (Proton or Perodua) by professional independent parties with no known interest or tie with particular automotive companies via specific media channels (auto magazines or newspaper column’s).

#### **2.12.4.1 Media and attitude formation**

The literature suggests that media influences consumer attitude (Olney, Holbrook & Batra, 1991; Russell, 2002; Tan & Chia, 2007). Ball-Rokeach and DeFleur (1976) explained that “The dependencies people have on media information are a product of the nature of the socio-cultural system, category membership, individual needs and the number of centrality of the unique information functions that media systems serve for individuals and for society” (p. 18). Stern et al. (1995) emphasized that a person’s values are linked to the frames used to interpret media information. Accordingly Slater (2007) suggested that the spirals of selectivity impact individual

behaviour in two ways: 1) individual media use and influence over time and 2) how mutually reinforcing media choices serve to maintain political, religious and lifestyle subcultures.

Media influence is best explained using empirical evidence presented in the following studies. Mitchell (1997) found that magazines play an influential role in the lives of adolescent girls and thus coverage of physical activity in teenage magazines motivates them to do physical exercise. Moore et al.'s (1992) findings showed that women's magazines are the most influential source of information about food and health.

There are three main implications from the above studies. First, attitudes are based on available information (Davidson, Yantis, Norwood & Montano, 1985, p. 1194). Second, media is very influential in forming these attitudes. Third, Holbrook (1978) argues that, "the factual/evaluateness of a persuasive message exerts a positive effect on those beliefs considered most important; that these beliefs in turn determine effect; and that these effects of communication on attitude components are mediated by a set of intervening cognitive reactions, such as perceived message credibility" (p. 545).

As defined previously media coverage in this study refers to independent comments or remarks made about the Proton or Perodua by independent parties with no known interests or ties with automotive companies' car-related media channels. As such, the remarks made about cars in the media often reflect genuine opinions about car performance such as safety, economical value, anticipated problems with specific models/brands and value for money. Based on these discussions along with the evidence presented, media coverage forms consumer attitude, specifically in the car purchasing/automotive context.

#### **2.12.4.2 Self-interest and attitude**

Crano and Prislin (1995) have suggested that vested interest influences specific attitudes. In order to enhance this discussion, the following studies provide empirical evidence of the relationship between self-interest and people's attitude.

The first study conducted by Utter et al. (2003) concerns the issue of reading magazine articles about dieting and its association with weight control behaviours among adolescents. Their findings suggested that many girls, regardless of weight status, race/ethnicity and school level

were frequent readers of magazine articles about dieting/weight loss. The success of the magazine industry addresses topics of particular interest to teenage girls. Kim and Ward (2004) who studied young women's sexual attitudes and their reading of contemporary women's magazines found that the frequency with which women read contemporary women's magazines and their motivations behind these choices are significantly related to attitudes about sexual roles and femininity. In one study about consumer behaviour and its relation to sport, Shank and Beasley (1998) suggested that involvement in sport lead to sports-related behaviour, for example, television viewing, magazine and newspaper readership, sporting event attendance and sports participation. In summarizing these studies, arguably people interest in specific subject matter leads them to read vigorously, pursue the subject and this influences their attitude.

As discussed before, corporate brand in this study consists of corporate image and reputation (see section 2.4.1). Corporate reputation refers to a "summary view of the perceptions held by all relevant stakeholders" (Chun, 2005, p. 105). In line with this understanding, individuals who read auto magazines or newspaper columns about cars have a particular interest in cars and their readings consequently shape their attitude about certain brands of car (in this case, Proton and Perodua). Given the argument presented, therefore, the following hypothesis is set forth:

H29: The relationship between corporate brand and customer satisfaction with the car is moderated by non-company generated media coverage about the company's cars.

In the previous discussion, consumer ethnocentrism which is emphasized by notions of economic nationalism and patriotism reinforce each other to create customer satisfaction (see section 2.2.4). Thus depending on various perceptions media, information or news about Proton and Perodua affect consumer ethnocentrism. Ethnocentrism is emotionally based and factual information provided by media coverage may alter ethnocentric beliefs. Only certain individuals who have a special interest in cars feel the impact of media coverage. Consequently, the researcher proposes the following hypothesis:

H30: The relationship between consumer ethnocentrism and customer satisfaction is moderated by non-company generated media coverage about company cars.

### **2.12.5 Automotive Award**

Awarding certain titles to a specific automotive brand like Best Car of The Year, The Most Economical Car of the Year, The Best Model of The Year and many other awards are a common practice in the automotive industry. The award is given after the brand/model has passed through certain criteria set up by a specific independent body. Independent bodies can be automotive associations (the Automobile Association of Malaysia) or even automotive magazines. Despite this occurring phenomenon, little is known about how awards impact brands or consumer response to these awards. In particular, while increasing literature in consumer research suggest that trust mechanisms lead to satisfaction and loyalty (Singh & Sirdesmukh 2000; Sirdesmukh, Singh, & Sabol, 2002), automotive awards provide an avenue for further research.

#### **2.12.5.1 Brand trust and consumer response**

In general, the subject of trust has increasingly gaining considerable attention from academia and practitioners alike. Trust is important as the bridge between satisfaction and personal connection, transforming a positive transactional orientation toward a brand into an enduring personal, even committed relationship (Hess & Story, 2005). Thus trust in a brand is where a consumer willing relies on the brand in the face of risk because of expectations that the brand will cause positive outcomes (Lau & Lee, 1999).

Practically, consumers build their trust on the quality of products (Gurviez & Korchia, 2003) and a company must provide the requisite level of product quality (Doney & Cannon, 1997). As consumers do not trust brands that show inconsistent quality (Lassar, Mittal & Sharma, 1995), trust is therefore fundamentally rooted in past experience with the brand (Delgado-Ballester & Munuera-Aleman, 2005). Another way to obtain product quality is to rely on the company as a trust mechanism to judge quality (Singh & Sirdesmukh, 2000).

Trust also relates to individual risk aversion (Matzler, Grabner-Krauter & Bidmon, 2008). As relationships develop and trust builds, risk will decrease (Mitchell, 1999). Lack of consumer trust is detrimental to a company as high levels of distrust can create an aversion towards the company (Singh & Sirdesmukh, 2000). As suggested by Morgan and Hunt (1994) companies can develop trust by providing resources, opportunities and benefits that are superior to the offerings

of alternative partners and communicating valuable information, including expectations, market intelligence and evaluation of partner performance.

In summary, trust is dynamic in nature (Ambler, 1997). Although customers may be satisfied with the company's product/brand, over time they may acquire knowledge that facilitates independent evaluation about competence and benevolence of the company (Singh & Sirdesmukh, 2000). Likewise, the literature suggests that consumer trust has a strong link with satisfaction and loyalty (Chaudhuri & Holbrook, 2001; Delgado-Ballester & Munuera-Aleman, 2005; Taylor, Celuch & Goodwin, 2004), the two most desirable outcomes for any company.

The above discussion indicates that trust is critical for consumers as well as companies. Auto awards are a symbol of quality and therefore help consumers to make a good choice in car purchasing. This may contribute to a further understanding of the consumer trust phenomenon. The following section discusses why automotive award can serve as an important trust mechanism.

#### **2.12.5.2 Auto award as trust mechanism**

Sirdesmukh et al. (2002) have highlighted that, "the fundamental gaps remain in the understanding of the factors that build or deplete consumer trust and the mechanisms that might explain the process of trust enhancement or depletion in consumer-firm relationships" (p. 15). They also suggested that instead of asking if trust is important or whether trust matters, scholars should refocus their research on more critical questions such as "How can firms build trust?", "What actions will deplete trust?" and "What factors mediate and/or moderate the influence of trust on loyalty?" (p. 33). The researcher's intention is to accept these ideas by proposing that automotive awards are a possible factor in establishing trust among customers.

First the automotive award is presented by an independent body which implies "neutrality" and "credibility". A study by Woodruff (1972) revealed that, consumer perceived neutral sources of information about brand reduced uncertainty more so than either market-dominated or consumer-oriented sources. Biased information further jeopardizes people's trust about the sources of information (Birnbaum & Stegner, 1979). Consumers use credible source to validate positive attitudes when integrity is questionable (Sternthal, Dholakia & Leavitt, 1978). In order to meet the vast series of interrelated behaviours (e.g. media search, interpersonal search and deliberative search component), consumers often rely on sources such as opinion leaders because they are

perceived as having more knowledge about products (Stokburger-Sauer & Hoyer, 2009). In addition, certain professionals or those whose occupation is related to products, will rate highly in opinion leadership (Turnbull & Meenaghan, 1993). In this study automotive awards represent the “expert opinion” in the automotive industry regarding the winning brand/model. As discussed, unbiased and neutral opinion is most welcomed by consumers. Ethically and legally, award committees must have no vested interest that may influence judgement on brands competing for the award. Thus in relation to expertise, automotive awards are more than qualified as a trusted source of information.

Second awards can be a sort of “brand/product endorsement” toward company achievement in producing the finest quality cars, awarded by credible organizations operating in automotive-related businesses. The literature suggests that companies invest quite substantial amounts of money for their brand to be endorsed by a celebrity (Tripp, Jensen & Carlson, 1994) or professional bodies (Daneshvary & Schwer, 2000). Scholars have suggested that empirical evidence showed that celebrity endorsement is one of the most profitable advertising strategies (Agrawal & Kamakura, 1995). As part of business practice, however professional bodies also take part in product or brand endorsements. For example, the National Cancer Institute’s recommendation is 20 to 30 gram of fibre per day (printed on the back panel of the Kellogg’s All Bran cereal box) (Tobin, Dwyer & Gussow, 1992). In a broad sense, endorsement operates as a process of “transfer” from the endorser via the company’s product to consumers (McCracken, 1989). Using an experimental method, Dean and Biswas (2001) found that third party endorsement was particularly effective in enhancing respondents’ perceptions of quality. They defined TPO as “product advertising that incorporates the name of a TPO and a positive evaluation of the advertised product that is attributed to the TPO” (p. 42). Feng et al. (2008) added that when a TPO was honest and endorsed few high quality companies, that endorsement was a signal of high quality. Again, reflecting on the literature on brand/product endorsement, it suggests that endorsement is beneficial to companies to convince customers of product quality. Arguably, by shaping consumer perception about quality products, the company is able to gain consumer trust. Trust is a necessary component that binds two parties, moderates risk, and implicitly guarantees future benefits (Chow & Holden, 1997).

Awards such as The Best Car of The Year, The Most Economical Car of The Year, The Safest Car in The Category, The Best Model of Small Car of The Year and The Trusted Brand of The Year resonate with quality cars produced by winning companies.

Proton and Perodua have won many awards which can be viewed as an “unexplored research opportunity”, particularly in understanding trust phenomenon among customers. The neutrality and credibility of the organization together with quality recognition have an impact on customer trust. The following section discusses how automotive awards can be a possible moderator between corporate brand and satisfaction, and consumer ethnocentrism and satisfaction.

### **2.12.5.3 Auto award as brand equity**

As discussed previously (see section 2.4.2), trust is one of the elements of brand equity. In a similar vein, Ambler (1997) maintained that trust is central in brand/customer relationships. Therefore, in order to enjoy the substantial competitive and economic advantages provided by brand equity as a relational market-based asset, companies must build brand trust (Delgado-Ballester & Munuera-Aleman, 2005). Subsequently, trust is absorbed into brand equity (Raggio, 2007).

As Dutton and Dukerich (1991) described, image is the individual’s sense of what the organization should “stand for” (p. 550). Therefore in connecting trust with image, trust has to be earned beyond just producing good quality products or services (Blackston, 2000). Thus automotive awards not only contribute to the image of the company by presenting customers with a strong and excellent company that produces high quality cars, but most importantly, establishes customer trust. However, the researcher points out that only a customer who trusts automotive awards (in terms of neutrality, credibility, quality) is impacted by awards won by companies, in this study, Proton and Perodua. Given the argument presented, the researcher suggests the following hypothesis:

H31: The relationship between corporate brand and customer satisfaction with the car is moderated by company automotive awards.

### **2.12.5.4 Auto award and consumer pride**

In the previous discussion, the researcher has suggested that pride motivates ethnocentric customers to buy a national car, either Proton or Perodua (see section 2.2.4). In their discussion regarding the role of emotions in consumer research, Laros et al. (2005) highlighted pride as basic emotions along with contentment and love. As a result of pride, consumers may relate the

source of national or ethnic identities to the status and pride of owning products from a particular country (Dmitrovic & Vida, 2010). In the same vein, Vida & Reardon (2008) proposed that a sense of pride is often derived through intangible or symbolic aspects of a product or brand.

As suggested by Bagozzi (1999) the impact of emotions on post-purchase reactions are an important development in marketing. Arguably, “ethnocentrism” is emotionally based. On this basis the researcher argues that by winning automotive awards, a sense of pride as well as national identity is enhanced. As mentioned earlier, automotive awards imply quality cars (see subsection 2.12.5.3). Viewed from this angle, automotive awards impact consumer ethnocentrism through pride. Given the argument presented, the researcher suggests the following hypothesis:

H32: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by company auto awards.

#### **2.12.6 Media coverage and automotive awards as non-corporate communication**

The researcher observes media coverage and auto awards as non-corporate communication. Both sources are considered neutral and independent of company influence. In the case of auto awards, the company can only use these awards for its own benefit.

#### **2.12.7 Gaps in the literature**

From the literature review, a several gaps have been identified:

- a) The majority of satisfaction studies are based on the western perspective. Very limited studies have an Asian context. Addressing this gap allows studies to be comparable across contexts.
- b) Substantial studies conceptualize behavioural loyalty as “repeat purchase”. However, many scholars have struggled to distinguish between repeat purchase and brand loyalty as well as to define brand loyalty in terms of a single behavioural dimension. As a result, more research is required to further understand loyalty.
- c) Although the subject of consumer trust has received considerable attention from the literature, there is still limited knowledge on the factors that may build or deplete consumer trust. Likewise, the knowledge of the impact of trust on customer satisfaction is limited.

The following research questions have been developed to study the gaps:

Research question 1: What factors influence customer satisfaction and loyalty for a national car?

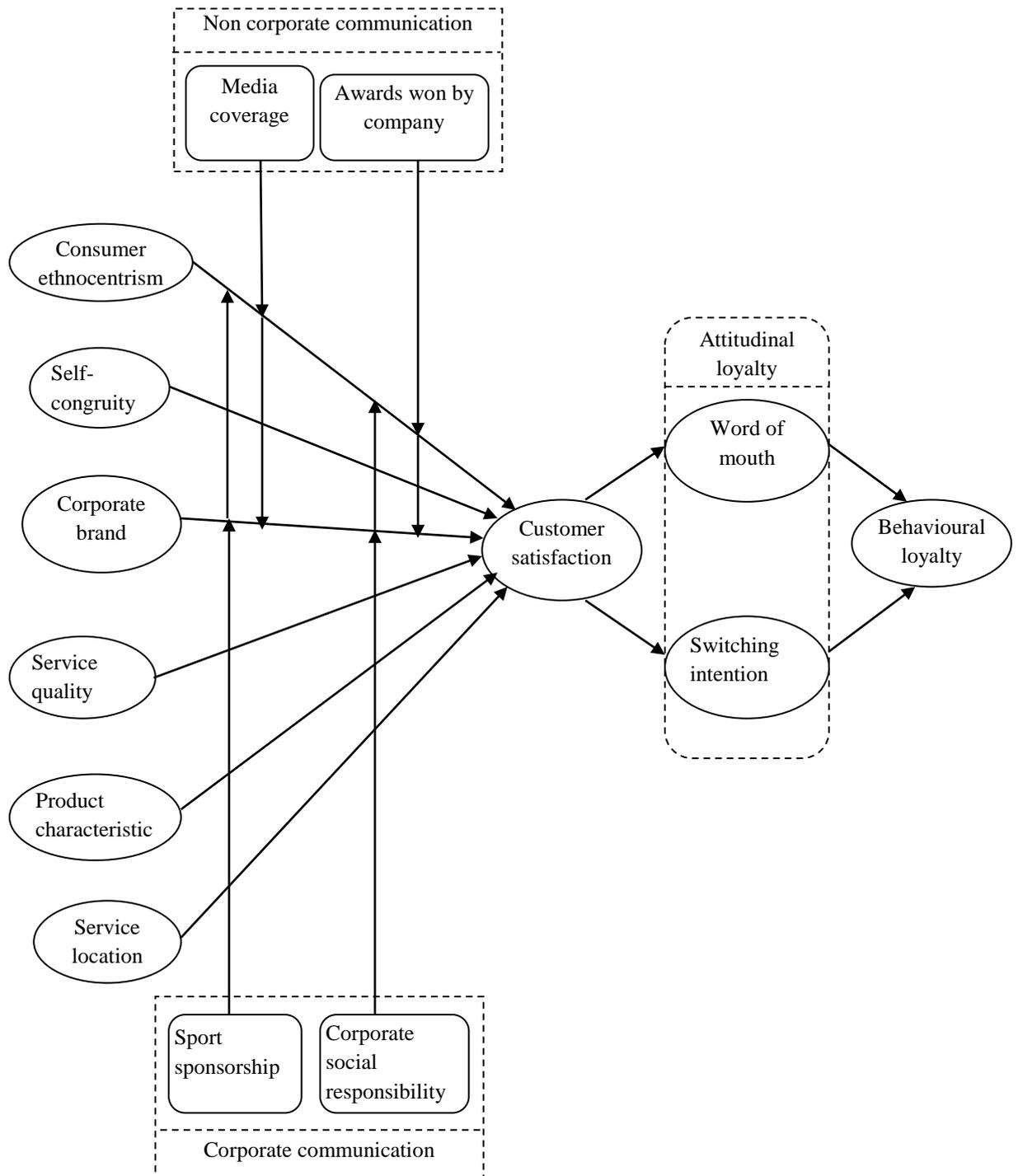
Research question 2: Does attitudinal loyalty lead to behavioural loyalty for national car customers?

Research question 3: Do corporate and non-corporate communication impact customer satisfaction?

### **2.12.8 Chapter Summary**

This chapter outlines the study as a result of an extensive literature search to examine relationships among the studied constructs. Various theories and concepts in consumer behavior literature are revisited and discussed. Consequently, each construct as well as relationships between constructs are underlined by a theory or marketing concept. As stated at the beginning of the literature review, each construct is selected on the basis that it is relevant and suitable for Malaysian automotive customer satisfaction and loyalty framework (see figure 2-22).

**Figure 2-22 Customer satisfaction and loyalty framework for Malaysian car owners**



The following propositions are derived from this conceptual framework.

**Proposition 1:** Behavioural loyalty is a function of: a) i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location b) customer satisfaction with the car and c) attitudinal loyalty.

**Proposition 2:** The following constructs (i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location) have a direct relationship with customer satisfaction.

**Proposition 3:** Customer satisfaction mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and vii. word of mouth.

**Proposition 4:** Customer satisfaction mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and vii. intention to switch.

**Proposition 5:** Customer satisfaction is: (i) positively related with word of mouth and (ii) negatively related to intention to switch.

**Proposition 6:** Corporate communications moderate the relationship between: i. corporate brand and ii. consumer ethnocentrism with customer satisfaction.

**Proposition 7:** Non-corporate communications moderate the relationship between i. corporate brand and ii. consumer ethnocentrism with customer satisfaction.

The next chapter will present the research methodology employed in this study.

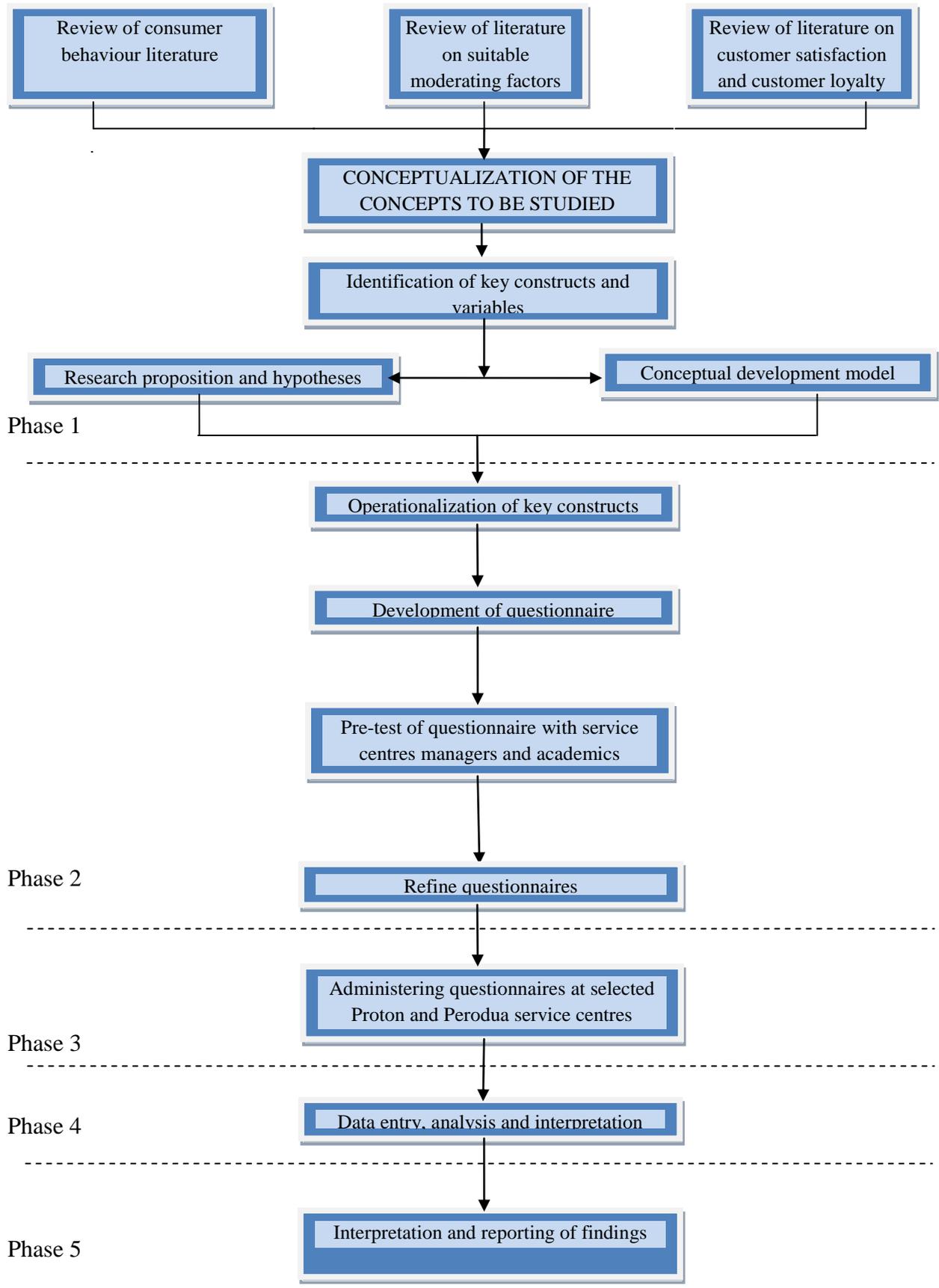
## **Chapter 3: Research methodology**

### **3.1 Introduction**

The previous chapter provided an extensive examination of the literature and this led to the development of several research propositions. This chapter describes the research methodology employed by the researcher to test the hypotheses in this study. The chapter begins by describing the research design and clarifying the unit of analysis. The phases of the research implemented in this study that includes examination of sampling procedure and data collection procedures are then presented. The subsequent discussion explains the research instrument and various issues in this study such as respondent confidentiality, non-response bias and data editing and coding. Measures that were implemented to overcome common method variance issue are also presented. The chapter concludes with a brief overview of data analysis employed in Chapters 5 and 6.

### **3.2 Research design**

The conceptual framework for this study is derived from an extensive review of consumer behaviour literature. As illustrated in figure 3-1, the purpose of the literature review is as follows: to examine the reasons for a consumer to purchase a specific brand; to identify the possible moderating factors that affect consumer purchasing; and to clarify the concept of customer satisfaction and loyalty in this study. The literature review resulted in the identification of key research constructs and the development of research propositions.



**Figure 3-1: Research design of the study adapted from Churchill (1979)**

### **3.3 Selection procedures of the unit of analysis**

According to de Vaus's (2002) definition, "a unit of analysis is the unit about which we obtain information and the unit whose characteristics we describe" (p. 30). The unit can be a specific group of people, an individual or the entire organization (Zikmund, 2003). The identification of the unit of analysis influences the research framework, sampling and data collection method (Zikmund, 2000). In this study, the researcher investigates the current owners of Proton and Perodua cars. Consumer loyalty and satisfaction are examined through the car owners for each brand. These brands were chosen because both are national car companies and this allows us to examine consumer ethnocentrism and corporate brand from the customer's standpoint. The owners of Proton and Perodua cars who meet certain criteria were recruited for this study. The nature and design of this research required the following:

- a. Owners of Proton or Perodua cars
- b. Visitors of select Proton or Perodua service centres
- c. Respondents remain in the service centre while completing the questionnaire

Prior to data collection, an application letter was submitted to the Malaysia Economic Planning Unit (EPU). In that letter, the reasons for choosing these companies and a brief research proposal were included for consideration. The approval letter was used to approach companies along with research pass (see appendix 1). Senior management were briefed including area managers, brand managers and general managers to clarify the nature of this study. In return for their agreement to provide the venues for this research, as an incentive, it was decided they would be offered a report on results of the analysis.

### **3.4 Unit of analysis and sampling elements**

The unit of analysis in this study is the car owners of Proton or Perodua who visit selected service centres during the data collection period. Based on discussion with Proton and Perodua, service centres located in the Penang area were selected for data collection purposes. For Proton, two service centres were chosen: Auto City, Juru and second at Cenderawasih, Prai. For Perodua, service centre at Auto City was chosen. Based on the information provided, these service centres have the highest number of customers. In addition, these service centres are strategically allocated along the north-south highway. For this reason, the customers who visit these service centres are from Perak, Kuala Lumpur and Selangor in the southern region and from Kedah and Perlis of the northern region in Malaysia Peninsular. As Sohail (2005)

suggested, respondents from Penang represent the total Malaysian population because Penang is multi-racial and dense with business activities.

For the field study, the participating service centres had given total freedom to the researcher to choose days and times. The data collection was conducted from 9 am to 4 pm, Monday to Saturday. Data collection started in mid January and finished in mid April 2010. The car owners who visited the service centres during this three month period were recruited for this study.

### ***3.4.1 Sample justification***

The issues of interest of the chosen sample were:

- a) Ownership of the brand under investigation for a year or more
- b) To establish how satisfied they were with the brand
- c) To study the sample likelihood to buy the same brand in their next purchase as proxy for loyalty

### ***3.5 Survey method***

To test the conceptual model, a survey method was selected for this research, which suited the nature of this study because it enabled a large number of respondents to be recruited. A few service centres with the highest number of customers were selected to ensure maximum participation.

### ***3.6 The instrument and survey procedure***

Car owners of Proton and Perodua who visited the selected service centres for car servicing were the respondents in this study. The numbers were enormous and almost consistently distributed according to the days and times of business operation. Monday to Friday dictated around 25 to 30 customers with approximately 40 to 50 on Saturday. Due to the high number of respondents, closed - ended questions with one choice of answer were employed. Closed choice questions allow a number of alternative answers from which respondents choose one (de Vaus, 2002). The type of closed choice survey employed was to study satisfaction and loyalty aspects of chosen respondents. The questions embedded in the questionnaire were aimed to answers the reasons behind their satisfaction level and loyalty behaviour. Ethnocentrism, corporate brand, service

quality, self- congruity and product characteristics were identified in the literature in relation to attitude and loyalty behaviour.

Although respondents were chosen on a voluntary basis, selected service centres were determined after negotiation with participating companies. These centres produced quality respondents in terms of richness of demographic profile. While ‘in principal’ an agreement had been reached, it took approximately one month to obtain internal approval before an official agreement was reached. The survey was conducted only in approved service centres.

Potential respondents who visited designated service centres were approached and the purpose of this study was clearly explained. The respondents were then asked to read the ethics statement on the front page of the questionnaire and were given a chance to view the questions. Appropriate explanations were given to respondents who sought further clarification. Once an agreement was reached, respondents completed the questionnaire. On average, respondents spend around 30 to 120 minutes waiting for their cars, depending on the type of service needed. The questionnaire is designed to take a minimum of 15 minutes and a maximum 30 minutes to be completed. Accordingly, the questions utilized the respondents free time. In total 713 car owners were recruited from selected service centres of participating companies.

### **3.6.1 The data collection approach**

The most crucial element when determining the data collection method is strengths and weaknesses of the chosen method (Roster, Rogers, Hozier Jr, Baker & Albaum, 2007). Considering Roster et al.’s (2007) suggestion, a personally administered self-completing questionnaire is the most appropriate method for data collection in this study. The main reason is face-to-face interaction, which creates a more “personal atmosphere” between researcher and respondents and increases the likelihood of questionnaires to be completed by respondents. The questionnaire was handed to the researcher on completion. In summary, this method was chosen for the following reasons:

- a) To increase the response rate
- b) To administer the survey in specific places
- c) To allow respondents to clarify questions
- d) To ensure the questionnaire is completed by respondents

According to Hill and Alexander (2006), most samples for customer satisfaction surveys should be at least 500. In total 750 were distributed. The number of respondents reflects market share for the brands in this study (*see table 3.4*). The response rates were as follows:

**Table 3-1: Total response rate**

Brand	Distributed	Returned	Percentage
Proton	500	478	95.6%
Perodua	250	235	94%

### 3.6.2 Token incentive

As a token of appreciation, a key ring decorated with Australian maps and native animals were presented to service centre managers. Managers advised that a small non-monetary incentive should also be given to respondents to increase participation in the study. Indeed, a small key ring with koalas and kangaroos had been planned. As suggested by some researchers (Hansen, 1980; Snyder & Lapovsky, 1984; Teisl, Roe & Vayda, 2005), incentives increase response rate. The key ring was given once respondent's agreed to participate in the study.

### 3.6.3 Questionnaire

Professional assistance was sought from Marketing Department staff responsible for graphic design. Based on the soft copy of the questionnaire, layout was designed. A few criteria were met to adhere to the standard of Monash University questionnaires before the approved layout was returned to the researcher. The survey design incorporated the Monash University logo and incorporated pictures of brand logos. Ideally, two sets of questionnaires with different pictures were required in this study. Although the cover picture and brand name in the questionnaire were different, the content and items were similar. In the end, one set of questionnaires featured the Proton model and the other the Perodua model on the front covers. The reasons for having two sets of questionnaires were for identification and to avoid car owner bias. The survey was titled "Antecedents for customer satisfaction and loyalty in the automotive servicing industry" (see appendix 2). The phrase "All the information you provide will be treated as strictly confidential" and the approximate time needed to complete the survey were printed on the inside page. As this survey is self-administered, additional instruction was included illustrated, "We would be most grateful if you could return the completed questionnaire to the researcher".

### **3.6.4 The measurement instrument**

This section discusses questionnaire design, pre-testing, matters relating to non-response and the potential of biased results. The operationalization of theoretical constructs, their reliability and validity will be discussed in Chapter 4.

### **3.6.5 *Measurement justification***

The measures were developed as follows:

- a. Original items were first captured from prior empirical studies
- b. Modifications were made to reflect the context
- c. 5 academics familiar with the measures were consulted to establish face validity
- d. During the pre-test (n=30) this was checked with potential respondents to establish clarity, relevance and completeness
- e. Finally, taking all these into consideration the measures were then used in the questionnaire and found to perform well

### **3.6.6 The questionnaire approval and pre-testing**

Once developed, the questionnaires were presented to several managers of participating companies. Most opinions came from service centres managers as respondents in this study were car owners. The criticism was mostly about the wording of questionnaires. As suggested by Moser and Kalton (1971), preliminary knowledge of the subject matter is crucial for survey planning purposes. Hence, another questionnaire for customers was pre-tested by the researcher. The primary concern was the length of the questionnaire. After all aspects of the questionnaire were examined including wording, layout and instructions, several changes were made. In addition, attempts were made to make the survey look shorter by printing on both sides of the paper. During pre-testing, managers and car owners gave some credit to the design of the questionnaire.

### **3.7 *Questionnaire design***

According to Brace (2004), questionnaire should be designed to achieve two interrelated objectives: to obtain the most accurate response and assist respondents. This section addresses several issues concerning questionnaire design in this study including scaling followed by a comprehensive discussion of structure and sequencing.

### 3.7.1 Questionnaire

The nature of this study required the use of a personally administered survey. The questionnaire was in the form of self-completion with direct assistance from the researcher where necessary. The benefits of this method have been discussed extensively in section 3.5. The method involved one on one approach to increase the response rate (see table 3-1). Although respondents had the opportunity to refer back to the researcher while completing the questionnaire, every possible step had been taken to ensure that the wording were clear and easy to understand. As a result, only a small number of respondents needed clarification in the survey form.

### 3.7.2 Measurement and scaling

All key theoretical constructs in this study employed Likert-type scales. Although the major drawback of the Likert scale is the longer period needed to read each statement, the advantages are that it is easy to construct and administer, especially when using a self-completing survey form (Malhotra, 1996). In addition, the Likert scale is recommended for structural equation modelling (Schumacker & Lomax, 1996) of statistical tools employed in this study. Likert-type scales are widely used in consumer studies such as ethnocentrism (Shimp & Sharma, 1987), corporate brand (Davies & Chun, 2002), service quality (Parasuraman, Zeithaml & Berry, 1988) and self-congruity (Kressmann, et al., 2006). Two types of Likert scale, namely five-point and seven-point, were considered during development. The, seven-point scale was chosen because it has been proven to be more superior. As Churchill (1979) described, “a seven-step rating scale can at most distinguish between seven levels of attribute” (p. 66). For measuring key constructs, respondents were required to responds as illustrated below:

**Table 3-2: Scaling in the questionnaire**

<b>Constructs</b>	<b>Response</b>
Consumer ethnocentrism, self-congruity, car characteristics, corporate brand, service quality, sport sponsorship, media coverage, auto awards, behavioural loyalty	(1) Strongly disagree, (7) Strongly agree
Customer satisfaction	(1) Very dissatisfied, (7) Very satisfied
Attitudinal loyalty	(1) Not at all for, (7) To a great extent

### **3.7.3 Questionnaire content**

The main objective of the questionnaire was to collect information about Proton and Perodua car owners in terms of their satisfaction and loyalty towards these brands. In addition, the questionnaire was meant to examine several variables that could influence answers. The subsequent sections will outline the sequence in which these constructs were presented to respondents.

### **3.7.4 Questionnaire structure and sequencing**

The cover page was printed with a Monash logo, title of the project, Monash University marketing department website address and car image indicating the specific brand of car. The reverse side of the cover page offered detailed instructions to respondents as previously mentioned. Contact details of the researcher and the Standing Committee on Ethics at Monash University were included.

The questionnaire consisted of six sections. In the process of arranging the sequence of sections, the main consideration was to keep the survey form brief. The primary purpose was to overcome a low response rate. In addition, as all questions were considered non-threatening and straightforward, the sequence was not the main issue.

Section 1 A: Consumer ethnocentrism (adapted from Shimp & Sharma, 1987)

The questionnaire began by asking respondents for their opinion on Malaysians purchasing foreign cars. The patriotic sentiment was tested in a few questions. Several questions regarding foreign trade were included. Finally, a more direct question about tax on foreign cars was asked.

Section 1 B: Self-congruity (adapted from Sprott, Czellar, & Spangenberg, 2009)

Section 1 B concerned respondent expressing themselves through brand of car. In brief, the questions focused on the importance of brand.

Section 1 C: Car characteristics (adapted from Kressmann, et al., 2006)

Section 1 C revealed several attributes of the car. Several questions representing these attributes were included for assessment by respondents. These revolved around safety features, comfort, maintenance cost and resale value.

Section 2 D: Corporate brand (adapted from Davies & Chun (2002) and Chun (2005))

This section examined corporate brand from respondents' perspectives. A few questions were included about company image. The remaining questions were about company reputation.

Section 2 E: Service quality (adapted from Raajpoot, 2004)

This section examined the opinion of respondents about the standard of service obtained from the service centre. In short, the questions focused on their experience during the service encounter including staff treatment, service reliability and service centre location.

Section 2 F: Sport sponsorship (adapted from Gwinner & Swanson, 2003)

The attitude towards the company's sport sponsorship was tested. The remaining questions were included to examine respondents' views on product patronage as a result of sponsorship.

Section 2 G: Corporate social responsibility (adapted from Turker, 2009)

This section studied the effect of the company's corporate social responsibility initiatives on respondents. The purpose of these questions was to see whether these initiatives impacted purchasing decision.

Section 3 H: Media coverage (adapted from Grace & O'Cass, 2005)

The influence of media on brand perception was examined. Magazines and newspaper columns were mentioned specifically in these questions.

Section 3 I: Auto awards (adapted from Delgado-Ballester et al., 2003)

This section focused on impact of the automotive awards that the company had received on car owners of winning brands. A few questions were about the feeling of car owners towards the brand and the possibility of buying a similar brand in the future.

Section 4 K: Customer satisfaction with the car, new scale

All questions in this section requested the respondents to rate the degree of satisfaction towards their car, referring to characteristics of the car such as cost, comfort, reliability, safety and acceleration.

Section 5 K: Attitudinal loyalty (adapted from Soderlund, 2006)

This section emphasized attitudinal loyalty of respondents to their brand of car. A few questions were directed towards the possibility of recommending the brand to others. Subsequent questions were explored the probability of searching for another brand of car.

Section 5 L: Behavioural loyalty (adapted from Odin et al., 2001)

This section asked respondents about loyalty behaviour characteristics such as the intention to buy the same brand, switching behaviour and impact of government incentives.

Section 6: Respondent information

The last section of the questionnaire sought demographic information from respondents. The primary reason for placing this section at the end of the questionnaire is that personal information can lead to a sense of uneasiness at the beginning of questionnaires which may have a negative effect on completion and response rate (Malhotra, Hall, Shaw & Oppenheim, 2002).

### **3.7.5 Non-response bias**

A major problem in survey research is non-response bias. This bias occurs when actual respondents differ from those who choose not to participate (Malhotra, Hall, Shaw & Oppenheim, 2004). As the non-response bias increases, the response rate decreases (Malhotra, 2004). Non-response bias can affect the final sample size and subsequent data analysis.

As previously discussed (see subsection 3.6.1), a personally administered face-to-face approach with a self-completing questionnaire method created a more personalized atmosphere between the researcher and respondents. This method may increase the response rate among Asians. Additionally, the Monash University logo and company logo gave credibility to this study.

Every possible effort was made to make the survey appeal to respondents. From the survey method literature, several researchers suggest that the topic under investigation must be interesting to respondents (Kenhove, Wijnen & Wulf, 2002; Turley, 1999). The title of the survey instrument was formulated to encourage respondents to participate.

According to Cavusgil and Elvey-Kirk (1998), the prime reason for respondents to participate in surveys is the 'good feeling' resulting from contributing to society and societal expectations. This motivates respondents to complete and return survey forms. As mentioned in section 3.3,

the results of this study will be submitted to Proton and Perodua. While explaining that the purposes of this study as purely academic, respondents were also informed that their answers would be passed on to the company. Thus, it is very important that respondents provide honest answers. In addition, by informing them that their responses are valuable to car companies, this created a sense of responsibility. As a result, this survey attracted an impressive number of respondents.

### **3.7.6 Ethics and confidentiality**

Like other research involving human subjects, this study must be approved by the Monash Standing Committee on Ethics in Research Involving Humans. Approval was granted based on assessment regarding the nature of risk towards prospective respondents. As part of the assessment procedure a copy of the final survey including the explanatory statement, cover letter and consent letter were submitted for evaluation. The following statement was included in the cover letter and printed on the inside of front the cover of the questionnaire:

*If you have any concerns about the manner in which this research is conducted, you may contact the Standing Committee on Ethics in Research on Humans at the following address: the Secretary the Standing Committee on Ethics in Research Involving Humans, Monash University Wellington Road, Clayton, Victoria 3800, Tel: (613) 9905 2052, Fax: (613) 9905 1420, Email: [SCERH@adm.monash.edu.au](mailto:SCERH@adm.monash.edu.au)*

According to Monash University guidelines, researchers are responsible for storing questionnaires for at least five years in a secure location. The questionnaires are readily accessible by the researcher should any queries arise with regard to the manner in which the study was conducted.

### **3.7.7 Data editing and coding**

The purpose of editing is to identify incomplete or ambiguous responses (Malhotra, 1996). All questionnaires were checked during data entry. After editing, 37 questionnaires were found to be incomplete. Only the first page was answered or most sections were left blank. In total, those were 713 usable questionnaires: 478 for Proton and 235 for Perodua.

Basically, the questionnaire consisted of ordinal and nominal data. Ordinal data was coded exactly the same as the numerical format in the questionnaire. Nominal data was coded according to suitable numerical value, for example, '1' for male and '2' for female. Prior to data analysis, these questions were recorded using Predictive Analytics SoftWare (PASW) version 18.

### **3.8 *Measure Equivalence analysis***

The issue of measure equivalence arises in a study that has two or more potentially distinct types of respondents. There are two central questions that can be answered by implementing measure equivalence analysis: 1) to find out if the same models hold across populations, and 2) to determine if the same frame of reference is being used to answer the same set of questionnaire. The detailed steps for testing measure equivalence can be found in Section 4.7.

### **3.9 *Common Method Variance (CMV)***

Common Method Variance (CMV) is the amount of spurious covariance shared among variables due to the common method used in data collection (Buckley, Cote & Comstock, 1990). Since the majority of social and behavioural sciences research collect data from a single source (Avolio, Yammarino & Bass, 1991), the issue of CMV is alarming. As explained by Podsakoff et al. (2003), various factors can induce CMV including length of questionnaire and respondents' emotion.

A few measures were implemented to overcome CMV including improving scale items. After pre-testing, vague questions were dropped, rephrased or reworded. All questions were simple, straightforward and concise (Lindell & Whitney, 2001; Podsakoff, et al., 2003). In general, the questionnaire was designed to be answered within 20 minutes.

As suggested by Lindell & Whitney (2001) and Malhotra et al. (2006), a marker variable approach can overcome CMV. Adhering to this suggestion, a job satisfaction construct was included in questionnaires. Theoretically, job satisfaction had no relationship with other constructs in this study.

### **3.10 *Data analysis procedure***

The data analysis procedure was designed to address the main research questions and hypotheses. Data analysis was conducted in two stages. The first stage was analysing the data using

exploratory factor analysis. Constructs dimensionality and scale reliability were tested using SPSS. AMOS application was used for Confirmatory Factor Analysis (CFA). The purpose was to check the fitness of the model such as AFI (Adjusted of Fit Index) and AGFI (Adjusted Goodness of Fit Index). In the process of getting the model fit, some items were deleted. Next, measure equivalence analysis was conducted. The results indicated that respondents for Proton and Perodua answered from different perspectives and therefore hypotheses testing should be done independently.

### **3.11 Contextual Background - Malaysia Auto Industry**

As reported by the Malaysia Automotive Institute (MAI), Malaysia is the ASEAN’s third biggest car market. Automotive industry is the focus of an extremely wide range of industrial and related activity ranging from materials supply to production and sales, service and other auto-related operations. The industry consists of 300,000 workforce therefore is considered as one of Malaysia’s economy core sectors. As an important sector, the sales of passenger cars have increased rapidly from 2005 to 2010 as shown in Table 3-3.

**Table 3-3 Summary of new passenger cars registered in Malaysia for the year 2005 to 2010**

<b>Year</b>	<b>Passenger cars</b>
2005	416,692
2006	366,738
2007	442,885
2008	497,459
2009	486,342
2010	543,594

*Data Source: Malaysian Automotive Association 2009*

On average, total passenger vehicle growth was at 11.8% with national car makers, Proton and Perodua jointly controlling more than 60% market.

#### **3.11.1 National Automotive Policy**

In 2006, the Malaysian government introduced the National Automotive Policy (NAP) to ensure the competitiveness of national car makers in the domestic market. The primary purpose of formulating NAP was to facilitate the required transformation and optimize integration of the local automotive industry into regional and global industry networks within the increasingly liberalized and competitive global environment. For effective implementations of NAP, it has been reviewed in 2009. Consequently, NAP objectives are the following:

1. Increase in exports and make Malaysia a production hub for the region
2. Transfer of latest technology and implementation of R&D activities in Malaysia
3. Increase in local content and enhancement of development of the Bumiputera vendor program
4. Increase Bumiputera participation in dealership networks
5. PROTON brand name and its domestic market share for specific segments are to be preserved

*Information obtained from Malaysia Ministry of International Trade and Industries (MITI)*

In line with the government aims, Proton has taken the necessary steps to increase its visibility in Egypt, Syria and Thailand. Perodua currently exports to seven countries namely Singapore, Brunei, Mauritius, Fiji, Sri Lanka, the UK and Nepal.

### **3.11.2 National cars' and major concern**

As part of the strategic plan under Vision 2020 initiated by the former Prime Minister, Tun Dr. Mahathir, Proton was established in 1983. The establishment of Proton is deemed important because Malaysia had not gone through the usual stages (highly skilled, labour intensive) leading to mass production (semi-skilled, single products) to mass customization (multi skilled workers) (Simpson, Sykes & Abdullah, 1998). Subsequently, Perodua was established. Perodua, as the country's second national car, was established in 1993 through a joint venture between Malaysian and Japanese partners. The establishment of Perodua was an extension of the Prime Minister vision for the nation to emerge as a major automobile manufacturer to compete in the global market. With the establishment of Perodua, Malaysia have two national cars.

The downside of having two national cars competing in a relatively small market like Malaysia is that companies need market share. From its establishment, Proton dominated the domestic car market. From 2007 to the present, Perodua has begun to replace Proton as the number one car brand in Malaysia (see table 3.4).

**Table 3-4: Proton and Perodua Market share from 2002 to June 2010**

Company	2002	2003	2004	2005	2006	2007	2008	2009	2010
Proton	52.86%	49.43%	48.61%	44.60%	41.44%	21.3%	26.2%	27.09%	31.5%
Perodua	27.89%	29.31%	34.97%	38.60%	33.47%	34.2%	30.1%	30.7%	26.6%
Others	19.25%	21.26%	16.42%	16.8%	25.09%	44.5%	43.7%	42.21%	41.9%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%

*Data Source: Malaysian Automotive Association 2009*

A major concern towards Proton and Perodua is the ability to compete in the open market when the ASEAN Free Trade Area (AFTA) is implemented. AFTA is a regional free trade agreement involving Malaysia and nine other Asian countries. Participating countries agreed to develop a free trade area that potentially to become the eighth largest automobile market in the world (Bonami, 2005). In order to adhere to the AFTA agreement, the National Automotive Policy (NAP) was announced in 2006. The tax structure slightly declined, specifically due to excise duties and import duties from ASEAN Completely Built Units (CBU) (Rosli & Kari, 2008). The Malaysian Government must gradually remove protection for the domestic market, ensuring Proton and Perodua can compete with well-established foreign brands. The current states of affairs in the Malaysian automobile industry reflect the following:

1. Malaysia's automotive car makers still depend on government support to compete in the domestic market.
2. The need to create strong consumer branding in the domestic market is important for the company's survival.

### ***3.12 Context of the current study***

The choice of Proton and Perodua in this study is due to two reasons. First, as highlighted in the consumer ethnocentrism literature, consumers buy domestic products due to loyalty and to protect national economies (Shimp & Sharma, 1987). Likewise, the general tendency is to study ethnocentrism among general consumers without referring to specific products, for example, the study conducted by Upadhyay and Singh (2006). Besides, by studying Proton and Perodua customers, it may contribute to further understanding of the reasons why some customers prefer one national brand over another.

The second reason is to explore the concept of consumer behavioural loyalty through the notion of government support. In Malaysia, Proton and Perodua are national brands. Although their market share against foreign brands has decreased over the years, both brands continue to dominate the domestic market share (see table 3-3). In the coming years, government support will end due to the AFTA agreement. For this reason, it is important to study the impact of government support on customers' behavioural loyalty.

### **3.13 Chapter summary**

This chapter has summarized the issues of the research design and methodology employed in this study. Key aspects relating to the unit of analysis, sampling elements and survey procedures have been discussed in detail. The issues of questionnaire design and data collection were also presented and explained. The following chapter will discuss matters associated with research reliability and validity, including CMV and measure equivalence analysis.

## **Chapter 4: Results of Construct Measurement**

### **4.1 Introduction**

Examination of the consumer study literature revealed the abundance of existing scales for measuring consumer satisfaction and loyalty. Nevertheless, these scales are constantly refined and new scales are developed to suit current needs in consumer studies. For this study, scales that reflect the theoretical prerequisite, as well as item relevancy to the Malaysian automobile industry, are presented in this chapter, which consists of two sections. Section I describes the operationalization of theoretical constructs. Section II explains the procedures for testing reliability and validity of the constructs. Coefficient alpha, Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were used in this study.

#### **Section I: Operationalization**

### **4.2 Operationalization of constructs**

The majority of consumer studies use an inductive approach. This basically means that the scale is developed based on the previous literature (Hung & Tangpong, 2010; Narver & Slater, 1990; Sabharwal, Soch & Kaur, 2010). A thorough review of the theory that underlined each construct (i.e., consumer ethnocentrism, service quality and service quality) enabled an in-depth understanding of customer satisfaction and loyalty phenomenon. The review revealed an extensive resource of existing scales for most constructs under study. Therefore, an inductive method was utilized.

Existing measures were employed where relevant. The notion of using the existing scales concurs with Hubbard and Verter's (1996) definition of 'replication', where the primary objective of the researcher "is not to alter the conceptual relationships analyzed in the original study, but to test them differently by modifying certain aspects of the initial design"(p. 157). Suitable modifications were made to ensure that the items of the existing scale were relevant to the study context and car owners specifically.

A new scale was developed to represent customer satisfaction in the context of car purchasing. Accordingly, the items for satisfaction construct were developed based on car characteristics

such as fuel consumption, maintenance costs, safety and comfort. Respondents were asked to rate these characteristics from “very dissatisfied ... to very satisfied”. Consistent with Cortina’s (1993) suggestion that a new construct should have at least six items for validity, the new construct had 10 items. These items were then pre-tested by managers and car owners. When testing was completed, all items had been used. The following discussion explains the source of items for each construct.

#### **4.2.1 Consumer ethnocentrism**

Utilizing social identity theory, Shimp and Sharma (1987) developed the Consumer Ethnocentrism Scale (CETSCALE), based on the belief that it is immoral to purchase foreign products. Two reasons that triggered this belief were ethnocentrism and economic nationalism. To date, the scale has been tested in many countries (see Javalgi, Khare, Gross & Scherer, 2005; Upadhyay & Singh, 2006) and proved to be a reliable measure across countries (Netemeyer, Durvasula & Lichtenstein, 1991; Pereira, Hsu & Kundu, 2002).

The CETSCALE developed by Shimp and Sharma was used in this study. However, similar to Hsu and Nein (2008) (i.e., reducing items from 17 to 10 to suit their study), only suitable items were employed in this study.

#### **4.2.2 Self-congruity**

The brand personality measurement developed by Aaker (1997) has been used in several congruity studies (see Helgeson & Supphellen, 2004; Kressmann, et al., 2006). The foundation of the scale is the set of human characteristics associated with a brand (Aaker, 1997). One of the criticisms towards the scale is whether the dimensions are stable across cultures (Supphellen & Grønhaug, 2003). For instance, ‘successful’ in certain cultures may reflect a specific social class instead of the general public.

Another criticism of the brand personality scale is that brands are not people. Consumers practically do not perceive human beings and brands in the same way (Spratt, Czellar & Spangenberg, 2009). To overcome this misconception, Spratt et al. (2009) introduced Brand Engagement in Self-Concept (BESC). BESC differs from brand personality scale for two reasons. First, BESC has general tendencies, which include brands as part of self-concept and

second, attachment to possessions maintains self-concept. The purpose of this study is to measure consumer loyalty towards car brands. Attachment to a particular brand is a crucial component in this study. In the context of the current study, the measurement instrument for self-concept was based on Sprrott et al.'s (2009) work.

### **4.2.3 Corporate brand**

Motivated by the gap in findings between internal and external stakeholders, Davies and Chun (2002) developed the Corporate Personality Scale (CPS). The main idea is that different groups of stakeholders have a different idea of what a corporate image of an organization should stand for. The stakeholders involved in the above study were customers and company employees. Likewise, the issue of corporate reputation and how it differs from corporate image is expanding in the branding literature. A few scholars have made an attempt to differentiate between the concept of image and reputation (Balmer, 1997; Brown, 1998). Dacin and Brown (1997) used terminology such as corporate associations and elaborated as “perceptions, inferences and beliefs about a company” (p. 69). In an effort to overcome misunderstanding between image and reputation, Chun (2005) developed a Reputation Quotient (RQ) measurement. The foundation of the measurement is that its reputation lies in perceptions held by all relevant stakeholders, whereas image concerns the public's current belief about the organization. The theoretical foundation for this study is built on the belief that corporate brands consist of both corporate image and reputation. Therefore, the survey development employed in this study was influenced by the work of Davies and Chun (2002), representing corporate image, and Chun's (2005) discussion of reputation. Where relevant, items from these studies were adopted.

### **4.2.4 Service quality**

By utilizing the differences between consumer expectations and perceptions, Parasuraman et al. (1988) developed a Service Quality (SERVQUAL) measurement with five dimensions. These dimensions are recommended as reliable, valid and applicable across service types. Although the scale is well accepted empirically, scholars criticise the scale based on the following grounds.

First, empirical evidence by Carman (1990) indicated that SERVQUAL is not totally generic, thus the measurement should not be used without modification. Different service settings require

items, wording and dimension modifications. In the current context, an access dimension, which was dropped from the original SERVQUAL during scale purification, is important.

Second, a study by Raajpoot (2004) concluded that a culturally specific service quality measurement should be developed instead of depending on the original SERVQUAL. A cultural context plays a vital role in determining expectations versus perceptions based on personal values that respondents uphold. With cultural adaptation, Raajpoot introduced the Pakistan Service quality measurement (PAKSERV) with three new dimensions (sincerity, formality and personalization) and reassessed the items for tangibility, reliability and assurance. The measurement showed high internal reliability, stable factor structure and discriminant validity.

Considering the abovementioned criticisms (section 4.2.2), the measurement for service quality in this study was influenced by Raajpoot's (2004) work, also conducted in an Asian country. Access, the previously dropped dimension in Parasuraman et al.'s (1988) study, was employed in this study but renamed 'location'. From this study's point of view location is a vital component in the automotive servicing sector.

#### **4.2.5 Car characteristics**

Essentially, car characteristics imply the attributes a car has to offer. Kressmann et al. (2006) used attributes like engine power, appearance, safety, quality, fuel consumption and cost when studying the impact of self-image towards brand loyalty among car owners. In the abovementioned study respondents were asked to rate these attributes on a scale from 1 (strongly disagree) to 7 (strongly agree). This study was influenced by Kressmann et al.'s (2006) work in measuring car characteristics.

#### **4.2.6 Sport sponsorship**

Using three global sporting events, Lee et al. (1997) developed scales to measure consumer attitude towards event sponsors. Using a more 'narrow' approach, Speed and Thompson (2000) suggested that sponsor event fit, perceived sincerity and ubiquity are important factors that affect consumer attitude. In contrast, Madrigal (2001) upholds that belief affects attitude and consequently influences consumers to purchase sponsors' products. From an attitudinal standpoint, Madrigal developed the scale that reflects the belief-attitude spectrum. By and large

most attitudinal scales are ‘event’ related and therefore not useful for this study. Apparently, the scales are developed with reference to a specific sporting event (Dees, Bennett & Ferreira, 2010; Lee et al., 1997).

This study however does not refer to a specific event or sport, but is much more interested in the effect of sport sponsorship by Proton and Perodua on their respective customers. The main objective is to examine the respondents’ views on the company’s product patronage as a result of sponsorship. A measurement developed by Gwinner and Swanson (2003) suit the purpose of this study. They developed a scale that consisted of six dimensions to study the impact of sponsorship on customers including team identification, perceived prestige, domain involvement, attitude towards sponsors, sponsor patronage and sponsor satisfaction. The scale to measure sport sponsorship effects was influenced by Gwinner and Swanson’s (2003) work. Only suitable items were selected for this study.

#### **4.2.7 Corporate social responsibility**

Despite the enormous attention from scholars on this topic, most studies are theoretically based. As Gjølberg (2009) concluded in her article, “due to the definitional disagreements in academia and the wide variety of practices labelled ‘CSR’ in the corporate world, [CSR is] an elusive concept which to a certain extent defies quantification” (p. 20 ). Consistent with this view, across corporate social responsibility literature, scholars have employed qualitative (Abbott & Monsen, 1979; Weber, 2008) or experimental methods (Nan & Heo, 2007) to present empirical evidence. The drawback of using these methods is the difficulty in generalizing results. In an effort to fill the dearth of measurements for quantitative study, Turker (2009) developed a CSR scale that was developed through a systematic process and was assessed to be a statistically valid and reliable measure. The major advantage of the scale is that it can be used to measure various stakeholder expectations. In this study, which is quantitative, the measurement for a corporate social responsibility construct was influenced by Turker’s (2009) CSR scale.

#### **4.2.8 Media coverage**

Grace and O’Cass (2005) have used word of mouth as uncontrolled communication to study the effects of service brand communications towards consumer satisfaction, brand attitude and reuse intentions. The items were adopted from Bansal and Voyer’s (2000) work and were customized

to fit their study. The measurement suits this study because the items refer to publicity and friends as the source of word of mouth. Similar to this study, the focus of the items was to capture personal perception based on 'other source' excluding personal experience resulting from product consumption. The 'other source' in this study refers to comments made by experts in the automotive industry in the media such as car magazines, newspaper columns and television programmes. Consistent with Goyette et al.'s (2010) statement that word of mouth is context dependent, the measurement developed by Grace and O'Cass (2005) is suitable for the current study because the items are relevant. The measurement for media coverage in this study was also influenced by their work.

#### **4.2.9 Automotive award**

Although it is a common practice for independent bodies operating in the automotive industry to confer awards to a specific brand name or car model, there is a dearth of knowledge on the impact of these awards on customers. In the quest to redress this knowledge gap, automotive awards in this study are regarded as 'trust mechanisms'. Since they are theoretically based on trust literature, the scale used in this study was also adapted from trust studies.

Recognizing the lack of trust scales, Delgado-Ballester et al. (2003) undertook a rigorous method to develop a Brand Trust Scale (BTS). Conforming to Churchill (1979), two theoretical dimensions, namely reliability and intentions, were extracted from the literature. The subsequent process of items generation involved long personal interviews, expert opinions and telephone interviews by a market research company. Comprehensive statistical techniques were employed to analyse the data. Among the techniques were principal component analyses and CFA. Psychometric characteristics demonstrated that the scale had high internal consistency and validity based on consumer confidence in brand reliability. In this study, automotive awards signal validation from experts and a guarantee that the brand will meet consumer expectation.

The Brand Trust Scale (BTS) developed by Delgado-Ballester et al. (2003) was employed in this study. The scale had been previously tested and proved to be applicable across product categories (Delgado-Ballester, 2004). Since this research begins with the premise that automotive awards are a mechanism of trust for specific phenomenon, taking a similar approach to Li et al. (2008), the measurement starts with a particular statement, "When brand X wins car

awards, I ...” As recommended by Delgado-Ballester (2004) a BT scale should be tested on durable products or services as applies to this study.

#### **4.2.10 Customer satisfaction with the car**

Customer satisfaction with the car is a relatively new construct. Basically, the scale explicitly asked car owners to rate their satisfaction level with their car according to some features. The items were generated based on factual information about the car such as fuel consumption, maintenance costs, possible resale value, air conditioning, safety, acceleration and comfort. The scale begins with a general statement as follows, “Please indicate to what extent you are satisfied or dissatisfied with your car”. Because it is new, the scale had undergone a review by a panel of experts for validity (Hardesty & Bearden, 2004).

The panel of experts was several managers from Proton and Perodua service centres. These managers were asked to comment on car features listed in the scale. Approval was given after discussion with them. The items were then tested on several owners of these brands for their response. The pre-testing was undertaken to obtain initial information about how people would react to these questions (Moser & Kalton, 1971). The scale employed for customer satisfaction in this study was influenced by the final results of pre-testing.

#### **4.2.11 Customer loyalty**

Until recently, marketing literature has revealed there is no consensus on the most suitable measures for consumer loyalty among scholars (Bennett & Rundle-Thiele, 2002). Due to the disparity, scholars are divided into three schools of thought to measure loyalty, namely behavioural, attitudinal and composite approaches (Mechinda, Serirat & Gulid, 2009). Each school of thought has been explained extensively in Chapter 2. Currently, most scholars are prone to the composite approach, which is a combination of attitudinal and behavioural loyalty. Among the authors who uphold this principle are Rundle-Thiele and Bennett (2001), Rundle-Thiele and Mackay (2001), Bandyopadhyaya (2007) and Odin et al. (2001). Taking a broader view, Odin et al. (2001) expands customer loyalty by including several notions including variety seeking or exploration tendency and repeat purchasing behaviour. Similarly, they developed a scale based on these notions. Soderlund (2006) found that patronage and word-of-mouth intentions are totally different constructs that form customer loyalty. He developed three items to

measure word of mouth and loyalty. This study views consumer loyalty through the lens of composite approach. Both Odin et al. (2001) and Soderlund (2006) developed their measurement using a similar approach. The same notions were explored in the current study. These notions are consistent with Rundle-Thiele's (2005) suggestion that future research needs to consider whether loyalty should be studied as a phenomenon, or for each dimension to be considered separately. This study divided loyalty into two constructs: attitudinal and behavioural. Besides this, a new notion, government support, was added to the behavioural loyalty construct. These items were generated and deemed important to the context of this study. The measures utilized for this study are indicated in table 4-1.

**Table 4-1: Measures for constructs used in this study**

Source	Original measure	Original items	Final items
Shimp and Sharma (1987)	Consumer ethnocentrism scale (CETSCALE)	17	16
Sprott et al. (2009)	Brand Engagement Self-Concept (BESC)	8	8
Davies and Chun (2002), Chun (2005)	Corporate Personality Scale (CPS) Reputation Quotient (RQ)	49 20	6 6
Raajpoot (2004)	Pakistan Service Quality (PAKSERV)	24	11
Kressman et al. (2006)	Product characteristics (functional congruity)	6	8*
Gwinner and Swanson (2003)	Sport sponsorship	6	5
Turker (2003)	Corporate Social Responsibility (CSR)	18	6
Grace and O'Cass (2005)	Media coverage	10	6
Delgado-Ballester et al. (2003)	Brand Trust Scale (BTS)	8	5
Pre-test	New scale for satisfaction with the current car	10	10
Odin et al. (2001), Soderlund (2006)	Customer loyalty scale	15 3	7 3

**Note: Final items were based on the pre-test results**

**\*Some new items were added to suit this study**

### **4.3 Section summary**

This section outlined the procedures occupied in the operationalization of constructs employed in this study. All key constructs were illustrated. The description of the concept measurement was provided for each individual construct. The following section will address the issues of reliability, validity and internal consistency of theoretical constructs in this study.

## **Section II: Reliability and validity of constructs**

### **4.4 Introduction**

This section addresses the analysis employed for the establishment of reliability and validity of measures. Coefficient alpha, Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) were utilized. Discriminant validity was established using structural equation modelling. The section concludes with the results of internal consistency of constructs employed in subsequent analysis.

### **4.5 Reliability**

Attaining reliable measures is fundamental for establishing validity, especially given the dynamic nature of consumer research (Churchill, 1979; Jacoby, 1978). Nunnally (1978) interpreted reliability as “the extent to which measurements are repeatable by the same individual using different measures of the same attribute or by different persons using the same measure of an attribute” (p. 172). With regard to this interpretation, a measure is valid when differences in observed scores reflect true differences on the characteristics one is attempting to measure and nothing else (Churchill, 1979, p. 65). This implies that a reliable measure must exhibit unidimensionality (Anderson & Gerbing, 1982), attained through thorough selection of items from the literature.

In order to obtain better reliability results, Churchill and Peter (1984) suggest that a large number of items in a measure produce greater reliability. The suggestion was supported by Cortina’s (1993) assessment of the Cronbach Alpha. Considering the recommendation by these authors, the minimum number of items was five for each dimension in the survey questionnaire. Moreover, Churchill (1979) and Peter (1979) recommend the utilization of multi-item measures

as opposed to single-item measures for constructs to reduce measurement errors. For a newly developed scale (e.g., car satisfaction), the C-OAR-SE procedure by Rossiter (2002) was used as a guideline to achieve measurement reliability.

Churchill (1979) also suggests that coefficient alpha together with EFA should be the first measure one should calculate to assess the quality of the measurement instrument. As the first measure being employed, the results of EFA only serve as a preliminary technique to test for unidimensionality before conducting CFA for a stricter interpretation (Gerbing & Anderson, 1988). Unidimensionality refers to the existence of a single trait or construct underlying a set of measures (Hattie, 1985) and obtaining unidimensionality is crucial for reliability analysis as well as for construct validity (Anderson & Gerbing, 1982). As posited by Gerbing and Anderson (1988), theory testing using a specific theoretical construct is only meaningful once measurements have acceptable unidimensionality. The process of establishing reliability and validation of the measurement instrument is illustrated in table 4-2.

**Table 4-2: Summary of reliability establishment and validation processes**

Unidimensionality	Principal Component Factor Analysis of a construct (Schwab, 1980)
Reliability	Internal Consistency using Cronbach's Alpha (Cronbach, 1951)
Re-evaluation of unidimensionality	Confirmatory Factor Analysis (CFA) (Bagozzi, Yi & Philips, 1991)
Convergent validity	
Discriminant validity	Percent Variance Extracted (AVE) versus Maximum Interscale Correlation (Fornell & Larcker, 1981)

**Adapted from Ahire and Devaraj (2001)**

The subsequent sections present the results of exploratory factor analysis (EFA) in this study.

#### **4.5.1 Exploratory Factor Analysis**

Technically, factor analysis is a statistical technique that marketers employ to condense the information from a large number of items into a number of information packets (Hair, Lukas, Miller, Bush & Ortinau, 2008). The methods generally attempt to determine which sets of observed variables sharing common variance-covariance characteristics define constructs (Schumacker & Lomax, 1996). The primary purpose of conducting factor analysis procedures are for data reduction and summarization (Malhotra, 2004). By performing factor analysis, a

researcher is able to define the underlying structure of items under analysis (Hair, Black, Babin & Anderson, 2010).

Using factor-analytic techniques, one can either explore how variables relate to factors or confirm that a set of variables define a construct (Schumacker & Lomax, 1996). In the early stages, EFA is conducted to determine the number of dimensions underlying each construct (Churchill, 1979). Since EFA is preliminary in nature, there is no prior specification of the number of factors (Anderson & Gerbing, 1988). Once dimensionality has been established, the analysis can progress from an explanatory to confirmatory program, whereby a measurement model needs to be specified a priori (Anderson & Gerbing, 1988).

In this study, most constructs are drawn from consumer behaviour literature except for satisfaction constructs. This construct was developed directly from car features and owners were asked to rate their satisfaction level with the listed features. Since the constructs were used in the automotive context, EFA is a useful preliminary technique for scale construction (Gerbing & Anderson, 1988) and to obtain unidimensionality (Ahire & Devaraj, 2001). Adhering to Anderson and Gerbing's (1988) recommendation, exploratory analysis was followed by confirmatory analysis to obtain psychometric properties for all constructs.

A suitable number of respondents to perform factor analysis are still debated by many scholars. Earlier scholars such as Guilford (1954) suggested a minimum sample size of 200 for consistent factor recovery. Cattell (1978) proposed that in most scenarios 250 or 200 is acceptable. Hair et al. (1998) suggest that to perform factor analysis, at least 100 respondents are needed. The respondents in this study consist of car owners of Perodua and Proton brands. It was decided that each brand should be allocated a minimum of 200 respondents. Final numbers were 478 for Proton and 235 for Perodua, and this was deemed adequate for both brands. Factor analysis was conducted separately and included scale reliability. Only factors with eigenvalues greater than one were adopted in order to examine the total variance explained by each individual factor. EFA was conducted using varimax rotation because this "orthogonal method of rotation minimizes the number of variables with high loadings on a factor, thereby enhancing the interpretability of the factors" (Malhotra, 2004, p. 568).

Concerning the assumptions in factor analysis, the Kaiser-Meyer-Olkin (KMO), which is the Measure of Sampling Adequacy (MSA) and the Bartlett test of sphericity were employed.

According to Hair et al.'s (2010, p. 104) MSA guidelines, the scores were .80 “meritorious”, .70 “middling”, .60 “mediocre”, .50 “miserable” and below .50 “unacceptable”. Conforming to the above measurements, .50 was retained, since a small MSA in the context of this study resulted from ‘location’, which consists of two items. The Bartlett test of sphericity examines the correlations among all dependent variables and assesses whether significant intercorrelation exists (Hair, Black, Babin, Anderson & Tatham, 2006). During the test, factor loadings below .40 were suppressed.

#### **4.5.2 Unidimensionality**

Basically, unidimensionality refers to the existence of a single trait or construct underlying a set of measures and must therefore measure the same ability, achievement attitude or other psychological variables under study (Hattie, 1985). Unidimensionality is a prerequisite for achieving instrument validity, thus it is important for the development of measurement models (Gerbing & Anderson, 1988). Lack of unidimensionality may cause model misspecification, and generally occurs with preliminary models (Anderson & Gerbing, 1982).

Ahire and Devaraj (2001) suggested that both exploratory and confirmatory factor analysis should be employed for the assessment of unidimensionality. Conforming to this suggestion, at an early stage, an exploratory method was conducted to identify which items were strongly linked to a particular latent variable through factor loadings (O'Leary-Kelly & Vokurka, 1998). Subsequently, as proposed by Gerbing and Anderson (1988) confirmatory analysis was employed to evaluate and refine the results of exploratory findings as well as convergent validity.

#### **4.5.3 Cronbach alpha**

The coefficient alpha or Cronbach alpha is the most notable measure for reliability (Cortina, 1993) for studies in social sciences. Basically, Cronbach alpha is the means of all possible split coefficients (Cronbach, 1951). According to Churchill (1979), Cronbach alpha is the first measure one should calculate to evaluate the quality of the instrument. This measure is a function of the extent to which items in a test have high communalities and thus low uniqueness (Cortina, 1993, p. 100). Although alpha is also a function of interrelatedness, however, it does not imply unidimensionality (Cortina, 1993).

Schmitt (1996), while reviewing the uses and abuses of coefficient alpha, maintains that misinterpretation of measures, when alpha are used as evidence of unidimensionality instead of purely reliability, is quite detrimental. In contrast, the use of coefficient alpha is more meaningful if used to assess measurement scales in marketing research, therefore improving the quality of marketing research and theory (Peter, 1979). Cortina (1993) recommended that a reliable measurement should have an alpha score of at least .70 or above.

Where an alpha score is low, it indicates that some items do not share equally in the common core and need to be eliminated (Churchill, 1979). The elimination of these items should be done cautiously because the items of major importance to the study may be unintentionally deleted to obtain higher alpha scores (Smith, 1999). Given the discussion of the coefficient alpha, all measures employed in this study are accepted, as they show high alpha scores with a minimum of .80. Tables 4-3 and 4-4 provide exploratory analysis and reliability results for Proton and Perodua car owners.

**Table 4-3: Factor analysis and reliability statistics for Proton**

Constructs	Dimensions	Items	Cronbach Alpha	Tests
Consumer ethnocentrism	Nationalism	A1, A2, A5, A6, A7	.896	KMO=.945 Bartlett Test of Sphericity=3746.001 Significance=.000
	Ethnocentrism	A8, A9, A10, A11, A13, A14, A15, A16	.899	
Self-congruity	Brand engagement	B1, B2, B3	.917	KMO=.938 Bartlett Test of Sphericity=3477.872 Significance=.000
	Self-concept	B5, B6, B7, B8	.931	
Car characteristics	Car characteristics	C1, C2, C3, C4, C6, C8	.874	KMO=.880 Bartlett Test of Sphericity=1308.681 Significance=.000
Corporate brand	Corporate image	D1, D2, D3	.846	KMO=.938 Bartlett Test of Sphericity=3082.362 Significance=.000
	Corporate reputation	D6, D7, D8, D9, D12	.933	
Service quality	Service quality	EE1, EE2, EE3, EE4, EE5, EE6, EE7, EE8	.910	KMO=.909 Bartlett Test of Sphericity=2641.644 Significance=.000
Location	Location	EE10, EE11	.895	KMO=.500 Bartlett Test of Sphericity=507.112 Significance=.000
Sport sponsorship	Sport sponsorship	F1, F2, F3, F4	.915	KMO=.785 Bartlett Test of Sphericity=1507.849 Significance=.000
Corporate social responsibility	Corporate social responsibility	G1, G2, G3, G4, G5, G6	.925	KMO=.884 Bartlett Test of Sphericity=2243.024 Significance=.000
Media coverage	Information seeking	H1, H2, H3	.883	KMO=.868 Bartlett Test of Sphericity=1851.319 Significance=.000
	Source credibility	H4, H5, H6	.878	
Awards	Awards' trust	I1, I2, I3	.940	KMO=.883 Bartlett Test of Sphericity=2558.293 Significance=.000
	Intention to purchase	I4, I5	.930	
Satisfaction with the car	Satisfaction with the car	K5, K6, K7, K8, K9, K10	.943	KMO=.916 Bartlett Test of Sphericity=2521.162 Significance=.000
Attitudinal loyalty	Word of mouth	L1, L2, L3, L4	.942	KMO=.774 Bartlett Test of Sphericity=2158.147 Significance=.000
	Switching tendency	L5, L6	.816	
Behavioural loyalty	Behavioural loyalty	M1, M2, M4, M5, M6, M7, M9	.950	KMO=.923 Bartlett Test of Sphericity=3172.315 Significance=.000

**Table 4-4: Factor analysis and reliability statistics for Perodua**

Constructs	Dimensions	Items	Cronbach Alpha	Tests
Consumer ethnocentrism	Nationalism	A1, A2, A5, A6, A7, A16	.905	KMO=.947 Bartlett Test of Sphericity=2294.201 Significance=.000
	Ethnocentrism	A3, A4, A8, A9, A10, A11, A12, A14, A15	.910	
Self-congruity	Brand engagement	B1, B2, B3, B4, B5	.953	KMO=.922 Bartlett Test of Sphericity=1727.201 Significance=.000
	Self-concept	B7, B8	.848	
Car characteristics	Car characteristics	C1, C2, C3, C4, C5, C6, C7	.869	KMO=.851 Bartlett Test of Sphericity=738.585 Significance=.000
Corporate brand	Corporate brand	D1, D2, D3, D4, D5, D6, D7, D9, D10, D11, D12	.946	KMO=.936 Bartlett Test of Sphericity=2036.024 Significance=.000
Service quality	Service quality	EE1, EE3, EE4, EE5, EE6, EE7, EE9	.916	KMO=.905 Bartlett Test of Sphericity=1085.906 Significance=.000
Location	Location	EE10, EE11	.918	KMO=.500 Bartlett Test of Sphericity=294.985 Significance=.000
Sport sponsorship	Attitude towards sponsors	F1, F2	.951	KMO=.709 Bartlett Test of Sphericity=878.134 Significance=.000
	Product patronage	F4, F5	.929	
Corporate social responsibility	Corporate social responsibility	G1, G2, G3, G4, G5, G6	.912	KMO=.885 Bartlett Test of Sphericity=931.191 Significance=.000
Media coverage	Information seeking	H1, H2, H3	.888	KMO=.835 Bartlett Test of Sphericity=729.963 Significance=.000
	Source credibility	H4, H5, H6	.784	
Awards	Awards' trust	I2, I3	.905	KMO=.789 Bartlett Test of Sphericity=660.679 Significance=.000
	Intention to purchase	I4, I5	.858	
Satisfaction with the car	Ownership cost	K1, K2, K3	.812	KMO=.911 Bartlett Test of Sphericity=1453.435 Significance=.000
	Driving experience	K5, K6, K7, K8, K9, K10	.931	
Attitudinal loyalty	Word of mouth	L1, L2, L3, L4	.917	KMO=.738 Bartlett Test of Sphericity=934.889 Significance=.000
	Switching tendency	L5, L6	.884	
Behavioural loyalty	Behavioural loyalty	M1, M2, M4, M5, M6, M7, M8, M9	.942	KMO=.925 Bartlett Test of Sphericity=1498.154 Significance=.000

## **4.6 Validity**

As discussed previously, a measure is considered valid when the differences in observed scores reflect true differences on the characteristics one is attempting to measure and nothing else (Churchill, 1979). According to Hogan (2003), “It is imprecise to refer to the validity of a test. What we need to establish is the validity of a test score when used for a particular purpose” (p. 173). Therefore, it is important to establish a case for validity prior to data analysis and hypothesis testing. Validity is established when the following conditions are fulfilled: (1) a measure correlates with other measures designed to evaluate similar phenomenon and (2) a measure behaves as expected (Churchill, 1979). Ahire and Devaraj (2001) propose a typology for establishing validity that includes two main phases. The first phase of measurement development involves checking content validity. The second phase of instrument validation involves establishing convergent validity and discriminant validity (Ahire & Devaraj, 2001). At the first stage, it is important to establish construct validity because this validity pertains to the degree of correspondence between constructs and their measures, which is a necessary condition for theory testing (Peter, 1981).

### **4.6.1 Content validity**

If the sample is appropriate and the items match, the measure has content validity (Churchill, 1979). Content validity refers to the extent to which a subject’s responses may be considered to be a representative sample regarding a real or hypothetical universe, which together constitute the area of concern for the person interpreting the test (Lennon, 1956, p. 295). Content validity sometimes referred to as ‘face validity’ is a subjective but systematic evaluation of how well the content of a scale represents the measurement developed for a specific study (Malhotra, 2004). Because of its subjectivity, content validity in isolation is not a sufficient measure of the validity of a scale (Malhotra, 2004). Despite its subjectivity, content validity can provide information on representativeness and clarity for each item and a preliminary analysis of factorial validity (Rubio, Berg-Weger, Tebb, Lee & Rauch, 2003). Morgan et al. (2001) outlined three process of establishing content validity: (1) define the concept that the investigator is attempting to measure, (2) conduct a literature search to see how this concept is presented in the literature and (3) generate items to measure the concept. Once items are generated, a panel of experts is asked to review them (Grant & Davis, 1997). Service centre managers for Proton and Perodua are the experts in this study. In addition, a pilot test was conducted to identify elements of the

assessment instrument that require refinement and items that should be omitted (Haynes, Richard & Kubany, 1995).

#### **4.6.2 Construct validity**

Construct validity, which lies at the centre of the scientific process, is directly related to the question of what the instrument is in fact measuring: what construct, trait, or concept underlies a person's performance or score (Churchill, 1979). Failure to provide construct validation evidence may jeopardize the researcher's significance findings (Brahma, 2009). In this study, this form of validity is assessed through convergent and discriminant validity.

#### **4.6.3 Convergent validity**

Convergent validity is the extent to which the scale correlates positively with other measures of the same construct (Malhotra, 2004, p. 269). Statistically, estimates of variance such as square loadings for trait factors are used to assess the existence of convergent validity (Bagozzi, et al., 1991). Two commonly used methods to assess convergent and discriminant validity are the Multitrait–Multimethod Matrix (MTMM) method (Campbell and Fisk, 1959) and the Confirmatory Factor Analysis (CFA) method (O'Leary-Kelly & Vokurka, 1998). Several researchers have demonstrated that CFA is better than MTMM in establishing convergent validity although the user needs to be aware that results are susceptible to sample size (O'Leary-Kelly & Vokurka, 1998; Venkatraman & Ramanujam, 1987). Prior to hypothesis testing, it is important to establish the relationship between constructs through the evidence of convergent and discriminant validation to justify the results of a study (Campbell & Fiske, 1959). CFA was used to establish convergent validity in this study. The results from this analysis were used to determine whether a high correlation existed between items of the same construct. The following section will further discuss CFA.

#### **4.6.4 Confirmatory Factor Analysis**

CFA is a powerful method for addressing construct validity (Bagozzi, et al., 1991). The method has three advantages: (1) measures the overall fit, (2) provides useful information on how convergent and discriminate validity are achieved and (3) shows explicit results such as partitioning variance in trait, method and error components (Bagozzi, et al., 1991). CFA can be

used directly to test unidimensionality as well as internal consistency (Gerbing & Anderson, 1988). The method is common to social science studies to test for convergent and discriminant validity (Brahma, 2009) and, to a great extent, if CFA results do not support construct validity, the scale may need further re-evaluation (MacCallum & Austin, 2000). Provided the model fits the data, this fulfils its psychometric properties (Peter, 1981). CFA also allows hypothesis testing (O'Leary-Kelly & Vokurka, 1998).

#### **4.6.5 Measurement models**

Measurement models define the relationship between variables by linking scores on a measuring instrument with the underlying constructs they are designed to measure (Byrne, 2010). This involves specifying the observed variables which define a construct and reflects the extent to which these variables assess latent variables in terms of reliability and validity (Schumacker & Lomax, 1996). According to Hair et al. (2010), specification of complete measurement models operates on the followings: (1) measurement relationships for items and constructs, (2) correlational relationships among constructs and (3) error terms for items.

A measurement model is different from a structural equation model because the former does not specify causal relations among theoretical constructs (Anderson & Gerbing, 1982). However, while measurement models specify the causal relationship between observed and unobserved variables, the researcher is able to obtain the degree of overall model fit (Bagozzi, et al., 1991). Model fit indices in this study are discussed in subsection 4.6.5.1.

AMOS version 17.0 was employed to assess the psychometric properties of each construct. Latent variables are represented by ellipses and measured items are represented as rectangles. Arrows connect observed variables to latent variables, specifying that these items are theoretically attributed to construct. Values that are adjacent to the arrows linking the latent variables to scale items represent factor loadings and serve as a loading coefficient (Schumacker & Lomax, 1996). Associated with each observed variable is an error term, also known as a measurement error (Byrne, 2010). All measurement models in this study are derived from first order factors.

#### 4.6.5.1 Model fit

Model fit is demonstrated by Goodness-Of-Fit (GOF) for the measurement model and is the evidence of construct validity (Hair, et al., 2006). GOF shows how well the specified model reproduces the observed covariance matrix among indicator items (Hair, et al., 2010). Table 4-5 presents GOF criterion commonly employed by researchers.

**Table 4-5: Model fit statistics**

Goodness of Fit (GOF) criterion	Acceptable level	Interpretation
$\chi^2$	Low $\chi^2$ value (relative to degrees of freedom) with significance level $>.05$	$>.05$ significance reflects acceptable fit
Cmin/df	Ratio of 2:1 or 3:1	Less than 3 indicates a good model fit
Goodness-of-fit (GFI)	0.90 or greater	Value $> 0.90$ reflects a good model fit
Adjusted GFI (AGFI)	0.90 or greater	Value $> 0.90$ reflects a good model fit
Root Mean Square Error of Approximation (RMSEA)	Value close to 0.06 (Hu & Bentler, 1999)	Value less than .06 indicates a close fit. A value less than .08 is acceptable
Tucker-Lewis Index (TLI)	Value close to 1	Value $>.90$ reflects a good model fit
Normed Fit Index (NFI)	Value .90 or greater	Value $>.90$ reflects a good model fit
Comparative Fit Index (CFI)	Value close to 1	Value greater than 0.9 are satisfactory
Akaike Information Criteria (AIC)	Value close to 1	Compares values in alternative models. Small positive values indicate parsimony (compared to independence model )
Parsimonious Fit Index (Pclose)	Value close to 1	Compares values in alternative models. Value $>.90$ reflects a good model fit
Hoelter Test (.01)		Values indicate the model is parsimonious to that sample size

**Adapted from Schumacker and Lomax (1996)**

The use of GOF indices to determine the most acceptable model fit is well documented in the literature and susceptible to sample size (Bearden, Sharma & Teel, 1982; Gagne & Hancock, 2006; La Du & Tanaka, 1989). The index that is most sensitive to sample size is chi-square ( $\chi^2$ )

(Hoelter, 1983) and therefore the use of GOF to exhibit model fit should be approached with caution.

Sharma et al. (2005) suggest that researchers who prefer to use pre-specified cut-off values should employ the Tucker-Lewis Index (TLI) and Root-Mean Square-Error-of-Approximation (RMSEA) because these indices are 'less affected' by sample size. The findings are confirmed by Singh (2009) who found that TLI and RMSEA were not significantly related to characteristics such as sample size, number of indicators per latent variables, number of estimated paths and degrees of freedom. All models in this study had acceptable fit statistics, especially TLI and RMSEA. In summary, the analysis for model fit for Proton and Perodua are shown in tables 4-6 and 4-7.

**Table 4-6 Confirmatory Factor Analysis results for PROTON**

<b>CONSTRUCTS</b>	<b>Cronbach Alpha</b>	<b><math>\chi^2</math></b>	<b>DF</b>	<b>Prob. level</b>	<b>CMIN/DF</b>	<b>GFI</b>	<b>AGFI</b>	<b>RMSEA</b>	<b>TLI</b>	<b>NFI</b>	<b>CFI</b>	<b>HOELTER (.01)</b>
<b>Consumer ethnocentrism</b>	.932	224.645	63	.001	3.566	.932	.902	.073	.946	.760	.772	176
<b>Self-congruity</b>	.956	42.520	13	.001	3.271	.975	.946	.069	.986	.988	.992	251
<b>Corporate brand</b>	.941	62.568	19	.001	3.293	.970	.944	.069	.979	.980	.986	230
<b>Service quality</b>	.910	42.182	18	.001	2.343	.979	.957	.053	.985	.983	.990	327
<b>Car characteristics</b>	.874	16.497	7	.021	2.357	.989	.966	.053	.984	.987	.993	407
<b>Sport sponsorship</b>	.915	4.777	1	.029	4.777	.995	.950	.089	.985	.997	.997	384
<b>Corporate social responsibility</b>	.925	24.899	7	.001	3.557	.983	.949	.073	.983	.989	.992	270
<b>Media coverage</b>	.904	16.634	7	.020	2.376	.989	.966	.054	.989	.991	.995	404
<b>Awards</b>	.953	8.974	4	.062	2.244	.992	.972	.051	.995	.997	.998	505
<b>Satisfaction with the car</b>	.943	11.807	6	.066	1.968	.992	.971	.045	.994	.995	.998	680
<b>Attitudinal loyalty</b>	.780	8.429	7	.296	1.204	.994	.982	.021	.999	.996	.999	797
<b>Behavioural loyalty</b>	.950	16.050	11	.139	1.459	.990	.976	.031	.997	.995	.998	585

**Table 4-7 Confirmatory Factor Analysis Results for PERODUA**

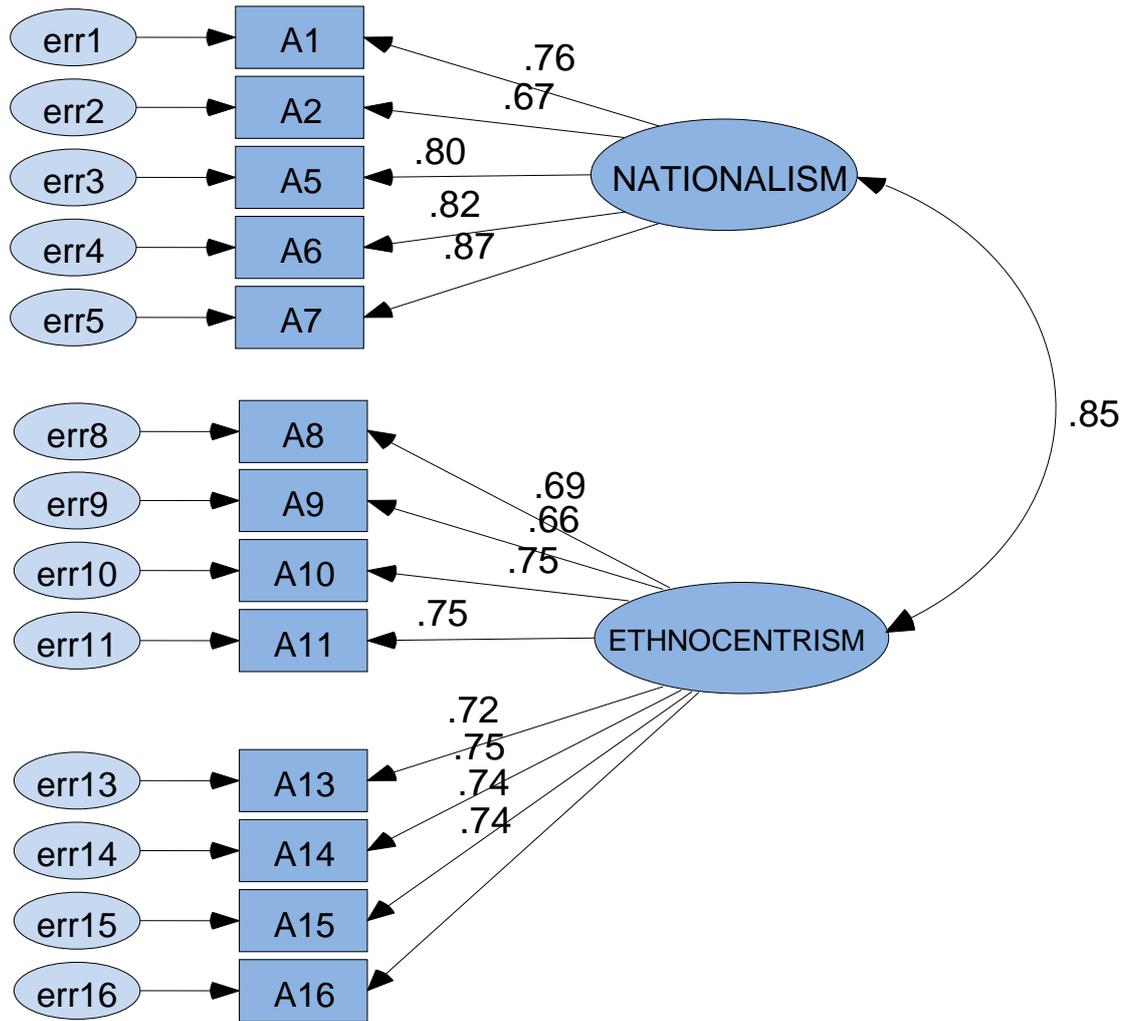
<b>CONSTRUCTS</b>	<b>Cronbach Alpha</b>	<b><math>\chi^2</math></b>	<b>DF</b>	<b>Prob. level</b>	<b>CMIN/DF</b>	<b>GFI</b>	<b>AGFI</b>	<b>RMSEA</b>	<b>TLI</b>	<b>NFI</b>	<b>CFI</b>	<b>HOELTER (.01)</b>
<b>Consumer ethnocentrism</b>	.944	178.355	86	.001	2.074	.910	.874	.068	.950	.924	.959	143
<b>Self-congruity</b>	.954	35.684	12	.001	2.974	.961	.908	.092	.976	.980	.986	138
<b>Corporate brand</b>	.946	87.526	39	.001	2.244	.932	.884	.073	.966	.958	.976	146
<b>Service quality</b>	.916	30.095	11	.002	2.736	.966	.913	.086	.966	.973	.982	193
<b>Car characteristics</b>	.869	35.974	13	.001	2.767	.959	.912	.087	.949	.952	.968	146
<b>Sport sponsorship</b>	.914	2.373	1	.123	2.373	.995	.950	.077	.991	.997	.998	379
<b>Corporate social responsibility</b>	.912	13.876	7	.053	1.982	.981	.943	.065	.984	.985	.993	238
<b>Media coverage</b>	.873	19.944	8	.011	2.493	.973	.930	.080	.969	.973	.984	182
<b>Awards</b>	.908	2.814	1	.093	2.814	.994	.941	.088	.984	.996	.997	320
<b>Satisfaction with the car</b>	.921	49.743	24	.002	2.073	.956	.917	.068	.973	.966	.982	172
<b>Attitudinal loyalty</b>	.730	17.328	7	.015	2.475	.976	.928	.079	.976	.982	.989	190
<b>Behavioural loyalty</b>	.942	40.414	17	.001	2.377	.963	.921	.077	.974	.973	.984	160

#### **4.6.6 Discriminant validity**

Discriminant validity is the extent to which a measure does not correlate with rival constructs from which it is supposed to differ (Malhotra, 2004). Fornell and Larcker (1981) suggest the use of Average Variance Extracted (AVE) to assess discriminant validity. For constructs to discriminate, average variance indicators comprising construct should be greater than the variance latent constructs share with other constructs (Fornell & Larcker, 1981). In certain scenarios, the results exhibit no discriminant validity, opposing the theory which has two or more different constructs in a measurement. For further refinement, a comparison of two CFA model approaches was employed (O'Leary-Kelly & Vokurka, 1998): one in which the correlation of a pair of latent variables is constrained to equal 1 and one in which the correlation is free to vary (Anderson & Gerbing, 1988). The chi-square results of the controlled model are then compared with the chi-square for the uncontrolled model. The difference between the chi-squares after subtraction should be at least 3.84 for the evidence of discriminant validity (Farrell, 2010). If discriminant validity issues still present, constructs are combined into one overall measure (Farrell, 2010). The following subsections 4.6.6.1 and 4.6.6.2 will discuss the discriminant validity results for Proton and Perodua.

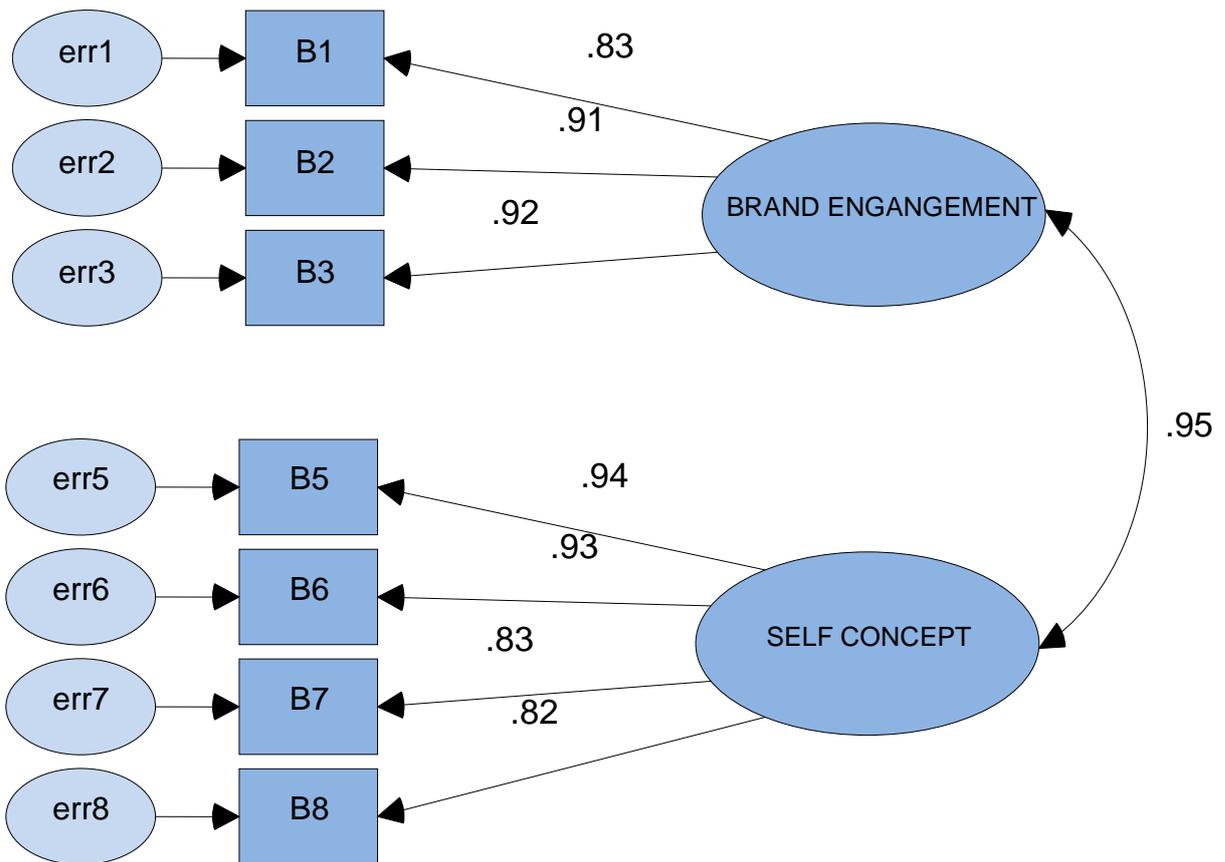
#### 4.6.6.1 Discriminant validity for Proton

##### Dimension 1 Consumer Ethnocentrism (CE)



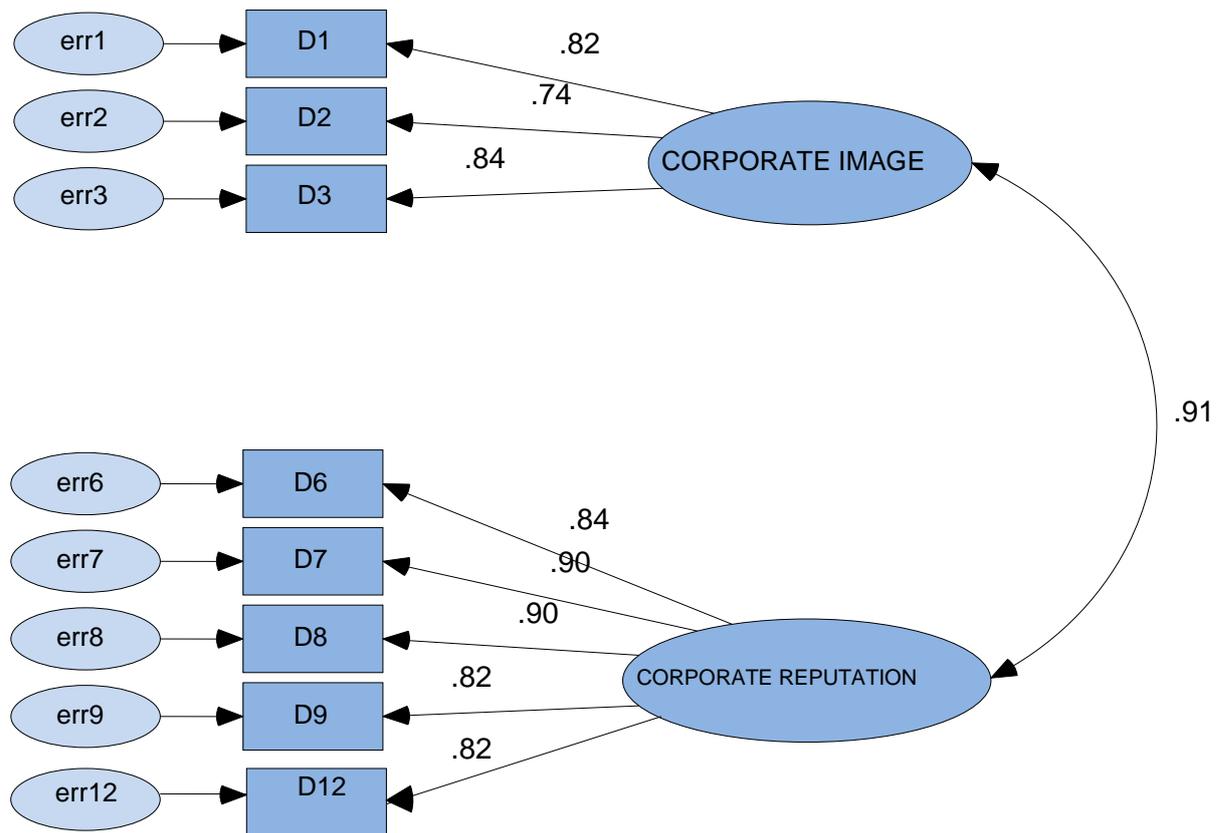
The result shows no discriminant validity between nationalism and ethnocentrism dimensions using the Fornell and Larcker (1981) specification. The chi-square difference test was then used to assess discriminant validity. This test showed that the difference between free and constrained models was  $\Delta\chi^2=67.206$ ,  $\Delta df=1$ ;  $p<.001$  showing evidence of discriminant validity.

Dimension 2 Self-Congruity (SC)



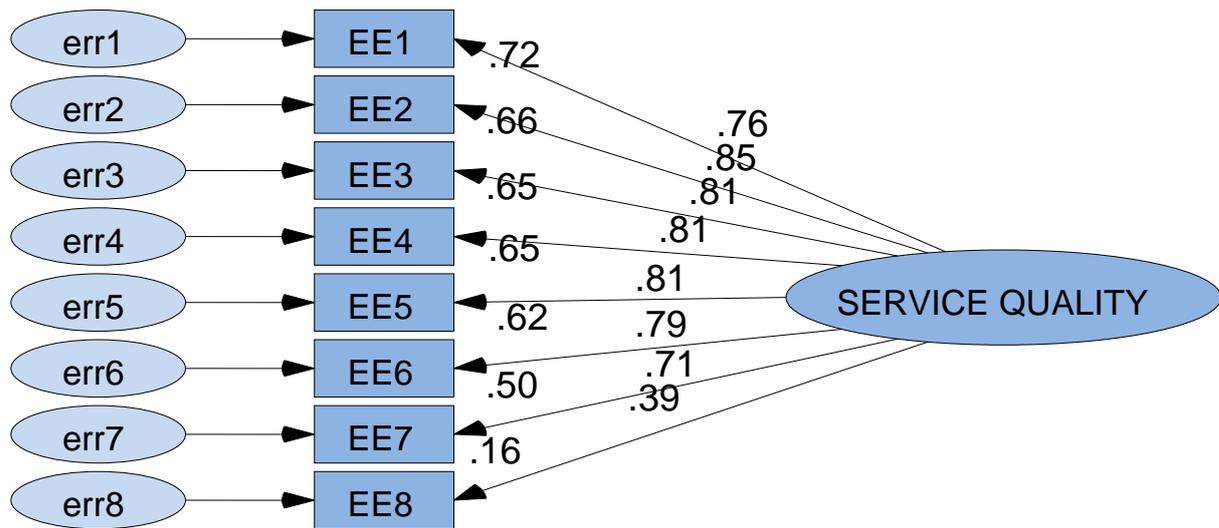
The result shows no discriminant validity between brand engagement and self-concept dimensions using the Fornell and Larcker (1981) specification. The chi-square difference test was then used to assess discriminant validity. The test showed that the difference between the free and constrained models was  $\Delta\chi^2=44.427$ ,  $\Delta df=1$ ;  $p<.001$  showing evidence of discriminant validity.

Dimension 3 Corporate Brand (CB)



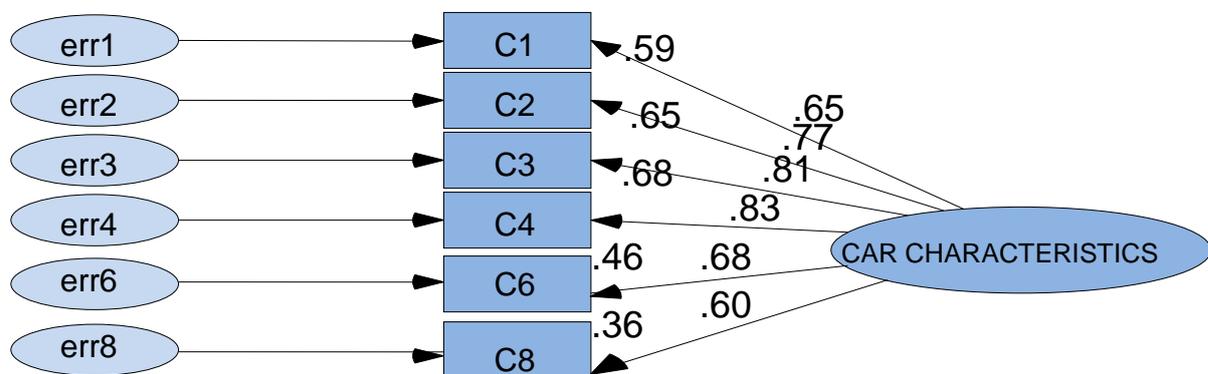
The result shows no discriminant validity between corporate image and corporate reputation dimensions using the Fornell and Larcker (1981) specification. The chi-square difference test was then used to assess discriminant validity. The test showed that the difference between the free and constrained models was  $\Delta\chi=3.974$ ,  $\Delta df=1$ ;  $p<.001$  showing evidence of discriminant validity.

Dimension 4 Service Quality (SQ)



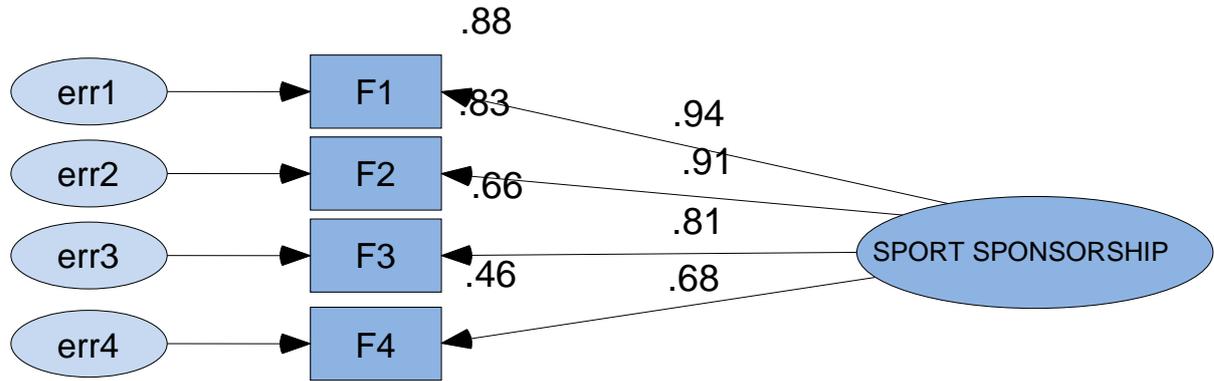
Initially, the service quality dimension consisted of two separate constructs: assurance and personalization. Further analysis shows no discriminant validity between these constructs, and they were therefore combined.

Dimension 5 Car Characteristics (CC)



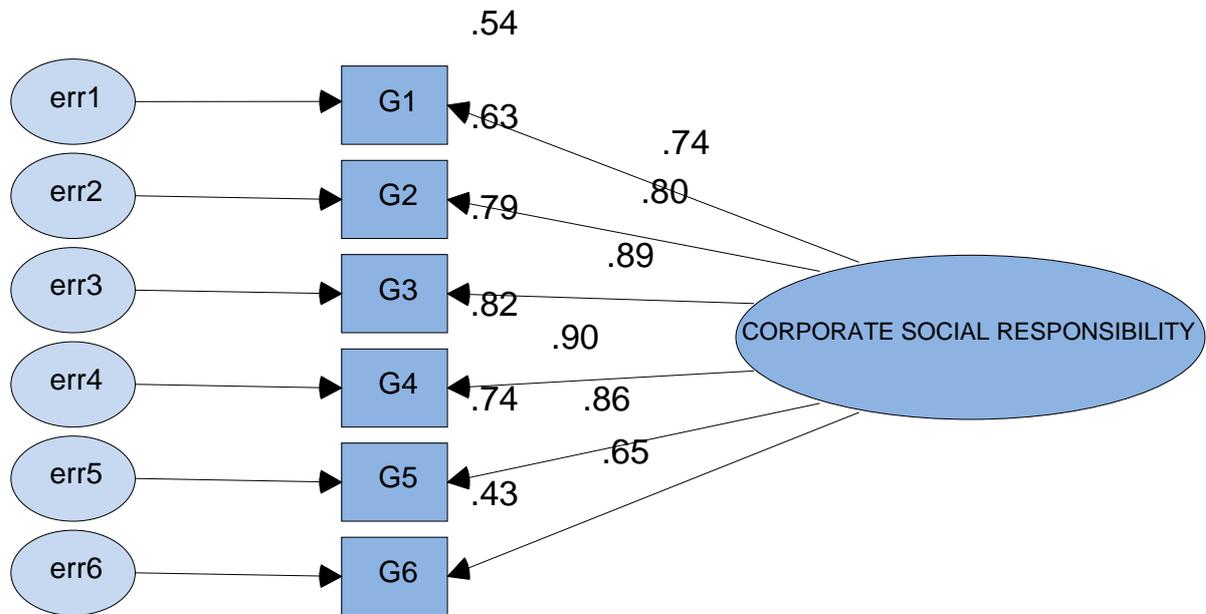
CC are a scale adapted from Kressman et al's work (2006). Several items were added to the scale to suit this study. The analysis shows that the items are one-dimensional.

Dimension 6 Sport Sponsorship (SS)



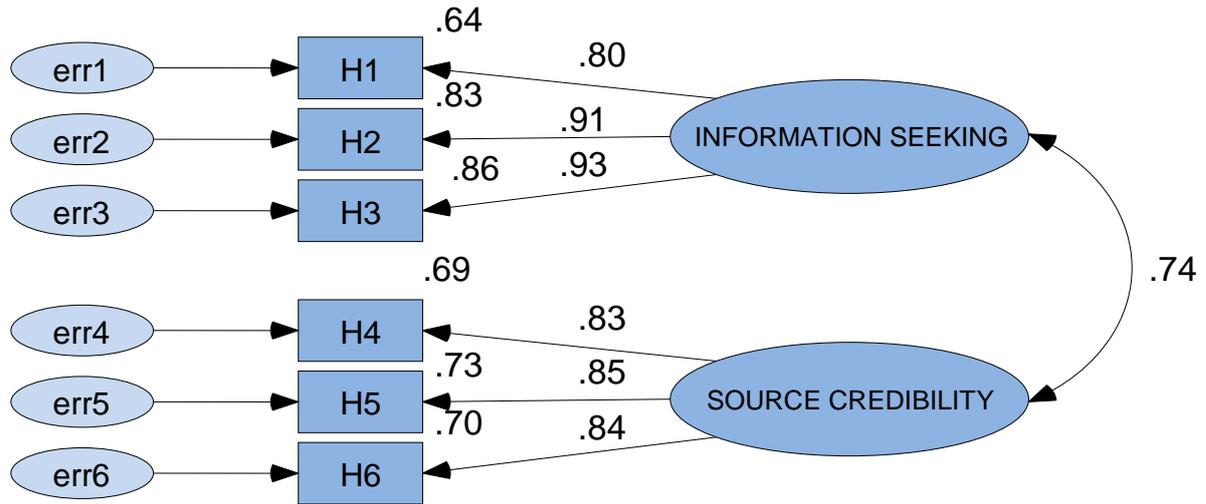
In the beginning, the sport sponsorship dimension consisted of two separate constructs: attitude towards sport sponsorship and product patronage. The result however shows no discriminant validity between these constructs, and they were therefore combined.

Dimension 7 Corporate Social Responsibility (CSR)



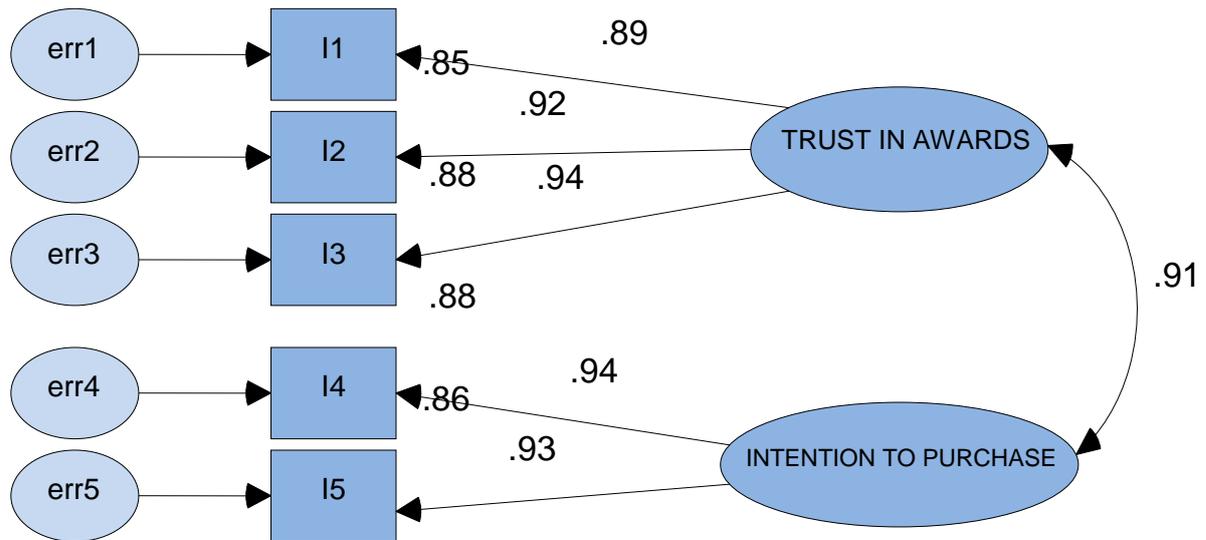
Originally, the CSR dimension consisted of two separate constructs: CSR belief and CSR support. The result shows no discriminant validity between these constructs, and they were therefore combined.

Dimension 8 Media Coverage (MC)



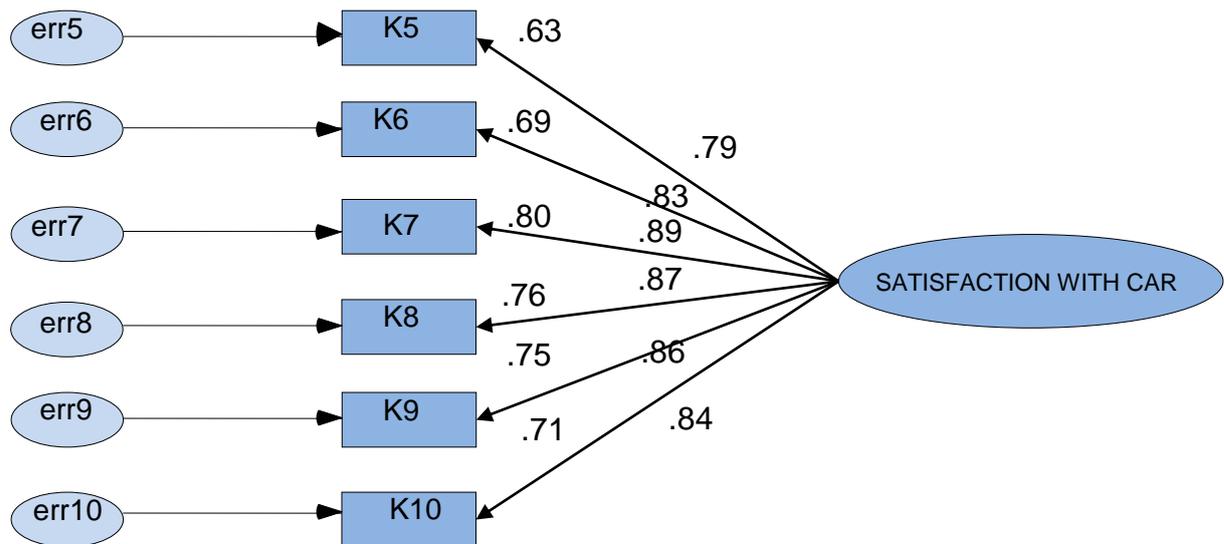
The result shows discriminant validity between information seeking and source credibility for media coverage dimension.

Dimension 9 Auto Awards (AA)



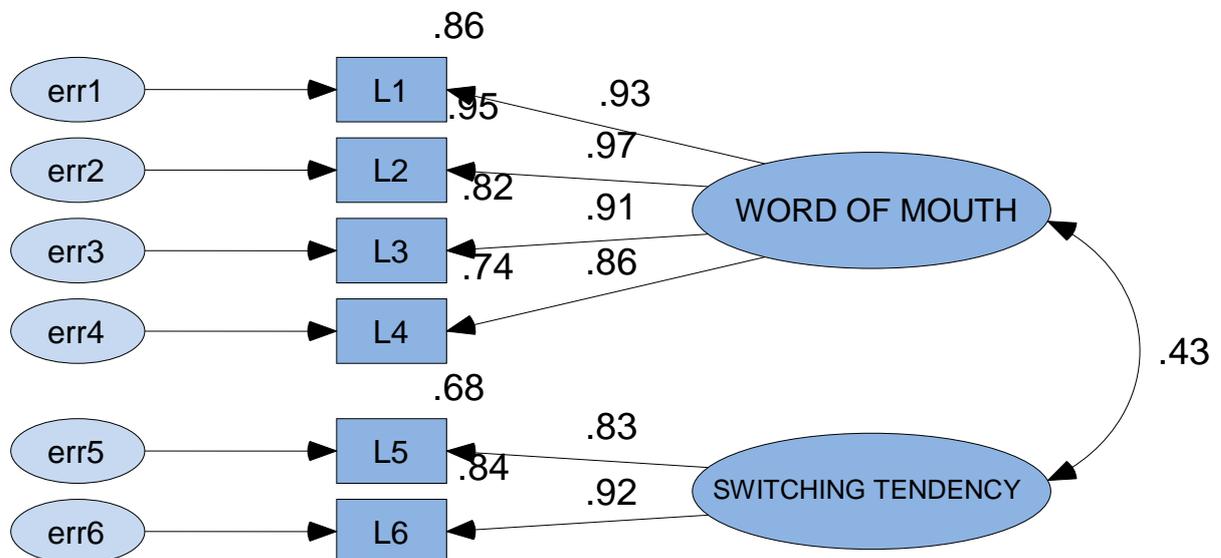
The result shows discriminant validity between trust in awards and intention to purchase for the auto award dimension. Discriminant validity was tested in this case because the correlation was high and it was necessary to ascertain that the two constructs were discriminately valid.

Dimension 10 Customer Satisfaction with Car (CSWC)



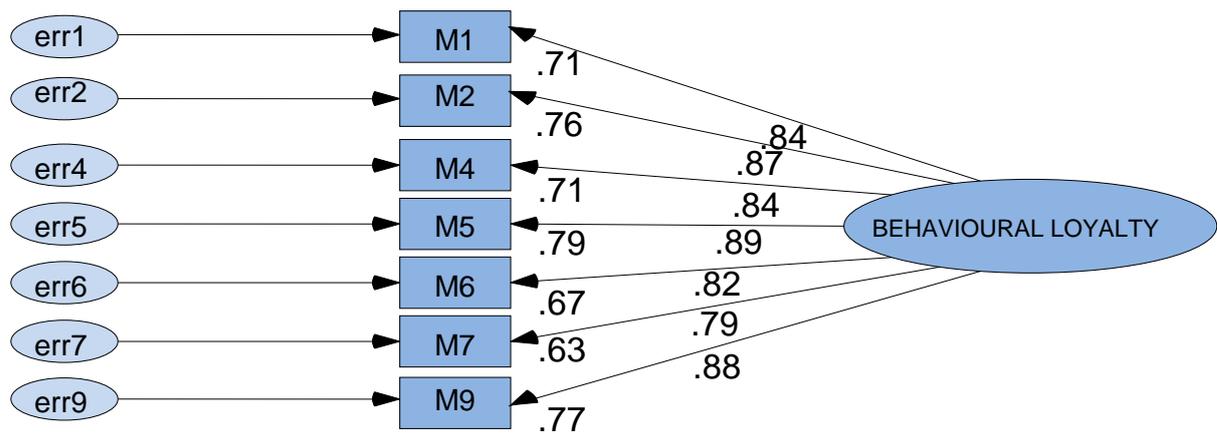
CSWC is a new scale developed to measure the extent to which Proton owners agree with the listed characteristics of their car. The scale is purely ‘pre-existing’. The analysis indicates the items are one-dimensional.

Dimension 11 Attitudinal Loyalty (AL)



The result shows discriminant validity between word of mouth and switching tendency for attitudinal loyalty dimension.

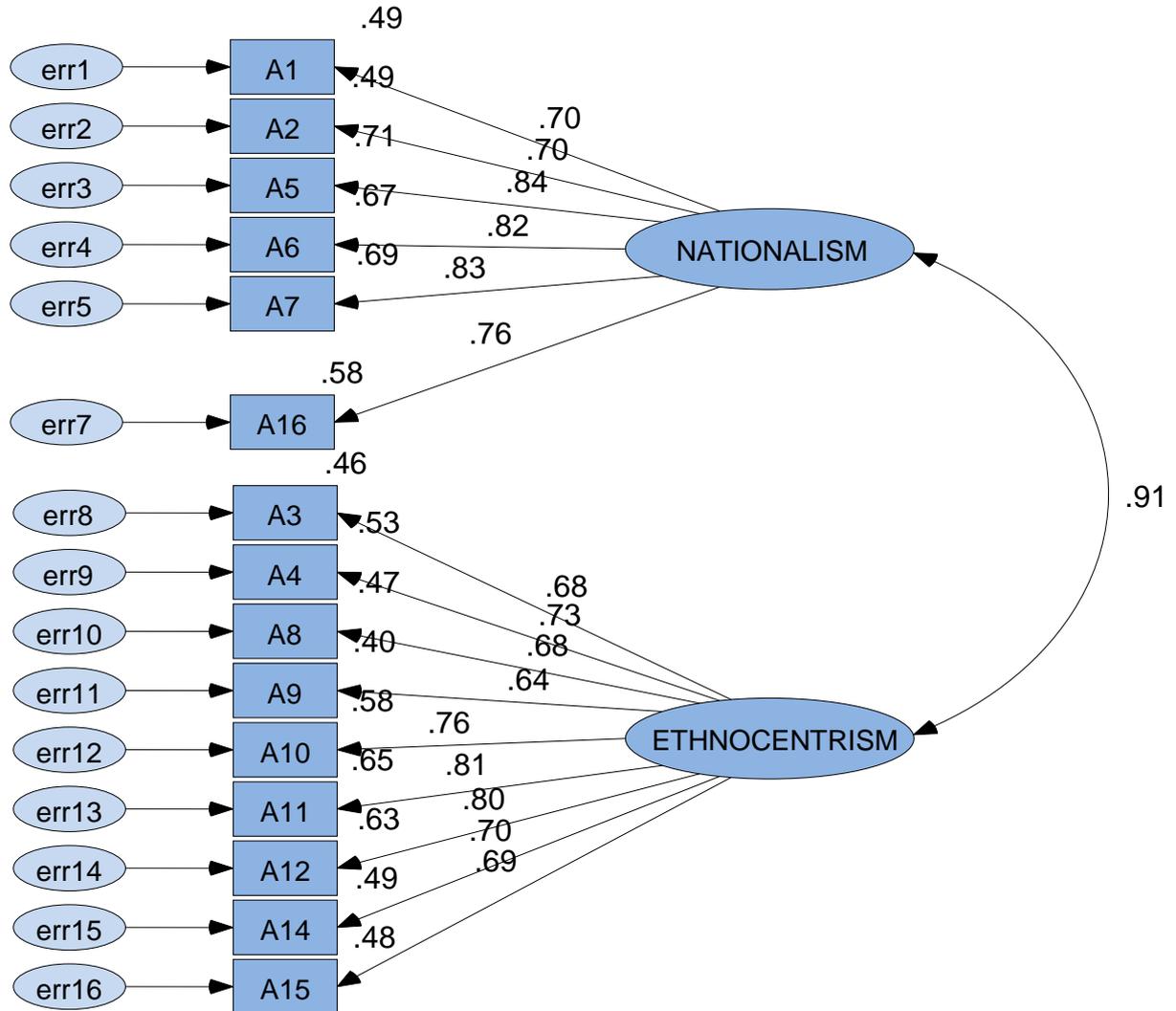
Dimension 12 Behavioural Loyalty (BL)



At first, the behavioural loyalty dimension consisted of two separate constructs: genuine loyalty and finance-based loyalty. The result shows no discriminant validity between these constructs, and they were therefore combined.

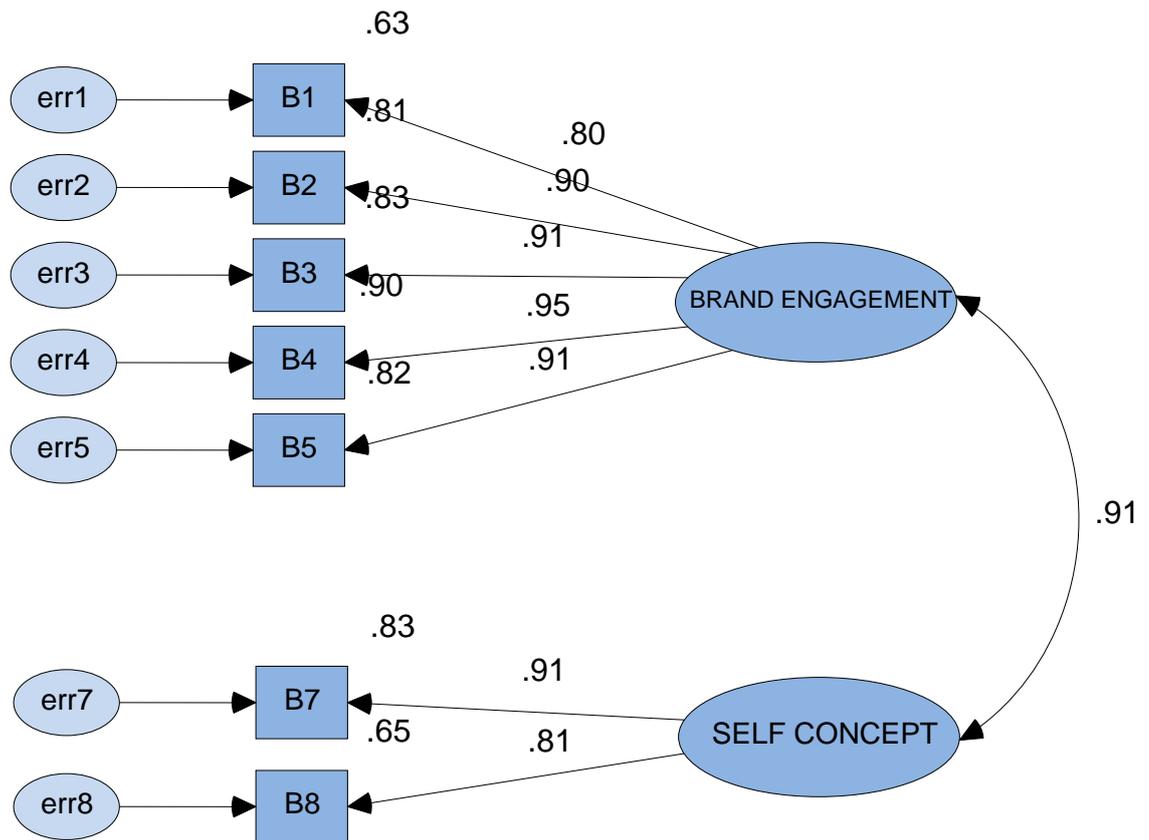
#### 4.6.6.2 Discriminant validity for Perodua

##### Dimension 1 Consumer Ethnocentrism (CE)



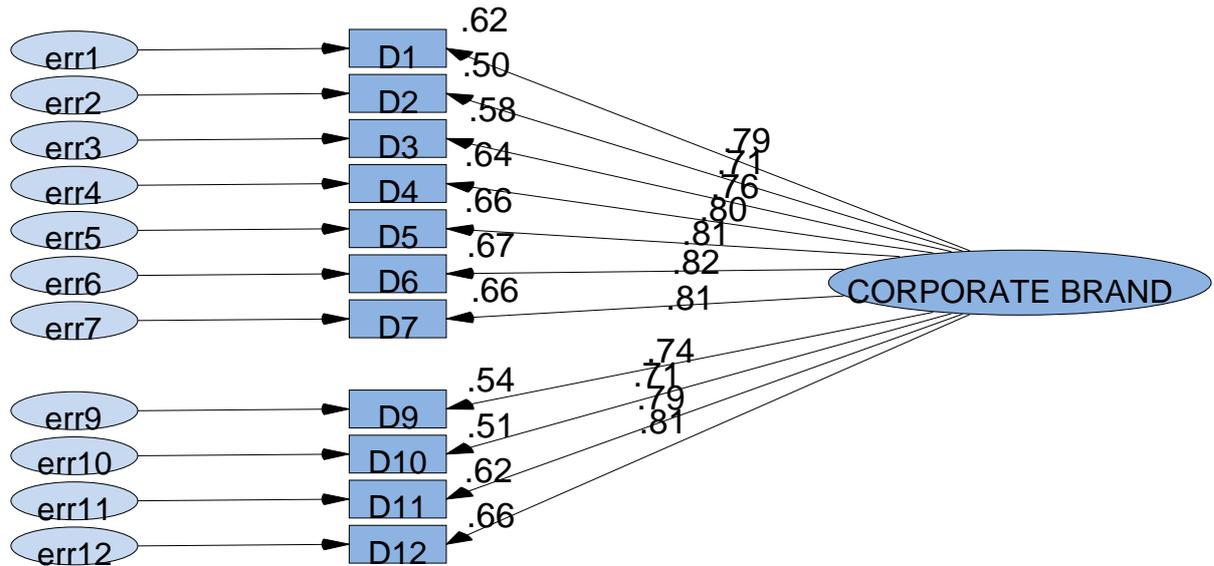
The result shows no discriminant validity between nationalism and ethnocentrism dimensions using the Fornell and Larcker (1981) specification. The chi-square difference test was then used to assess discriminant validity. The test showed that the difference between free and constrained models was  $\Delta\chi^2=8.363$ ,  $\Delta df=1$ ;  $p<.001$  showing evidence of discriminant validity.

Dimension 2 Self-Congruity (SC)



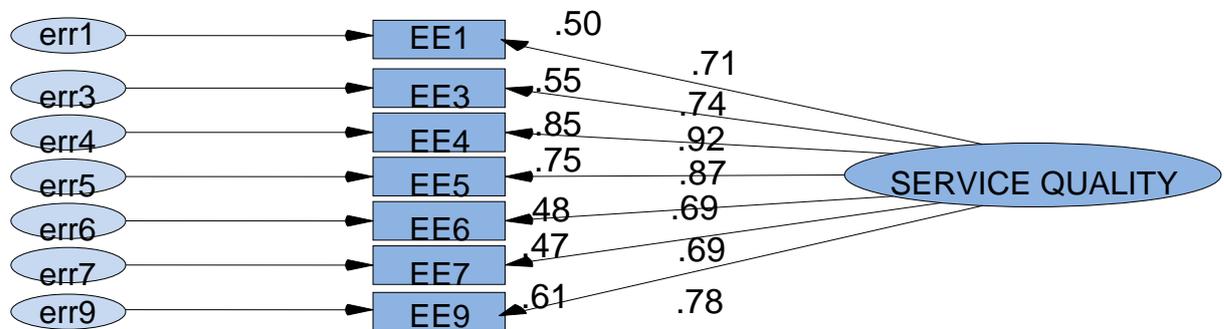
The result shows no discriminant validity between nationalism and ethnocentrism dimensions using the Fornell and Larcker (1981) specification. The chi-square difference test was then used to assess discriminant validity. The test showed that the difference between free and constrained models was  $\Delta\chi^2=11.351$ ,  $\Delta df=1$ ;  $p<.001$  showing evidence of discriminant validity.

Dimension 3 Corporate Brand (CB)



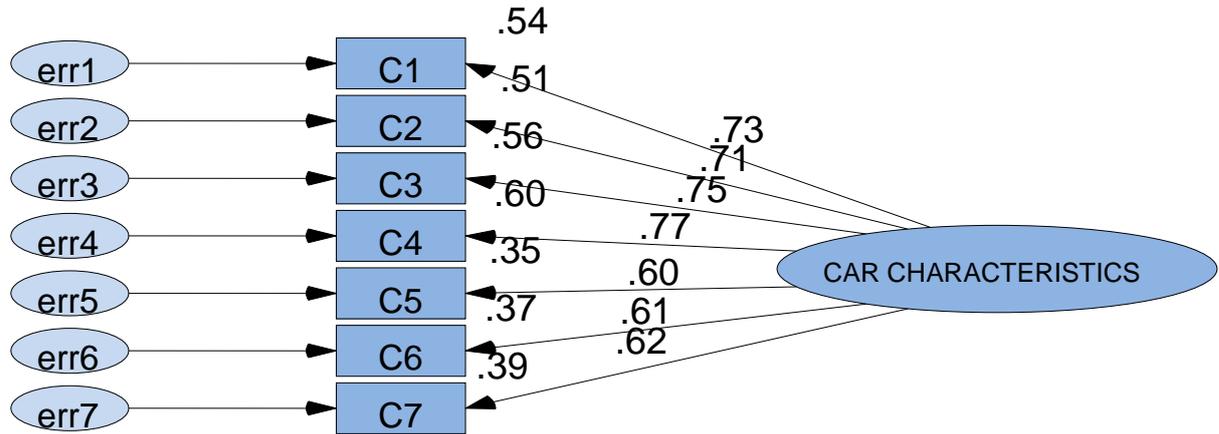
Initially, the service quality dimension consisted of two separate constructs: corporate image and corporate reputation. Further analysis suggests no discriminant validity between these constructs, and they were therefore combined.

Dimension 4 Service Quality (SQ)



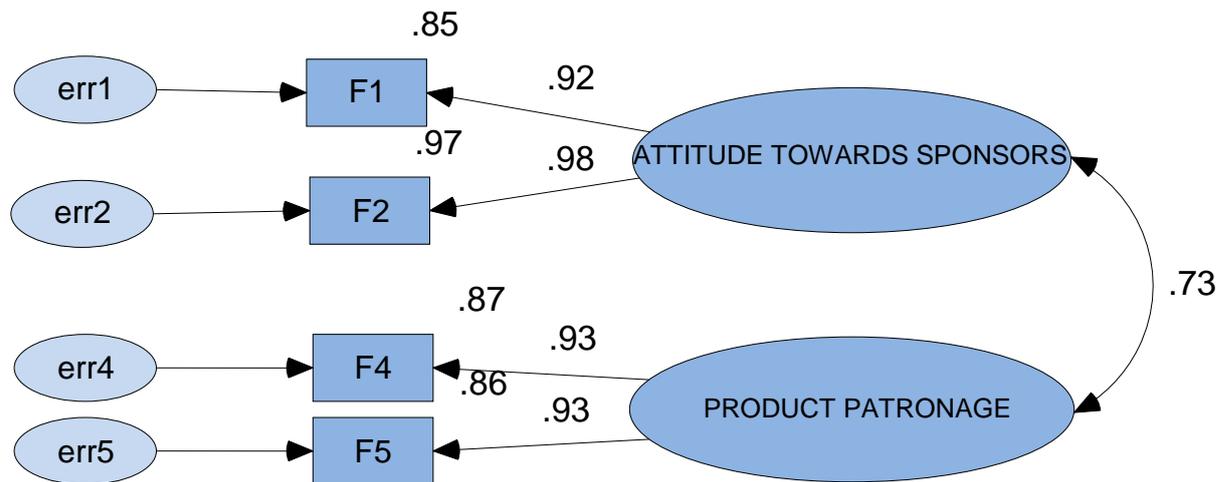
At the start, the service quality dimension consisted of two separate constructs: assurance and personalization. Further analysis suggests no discriminant validity between these constructs, and they were therefore combined.

Dimension 5 Car Characteristics (CC)



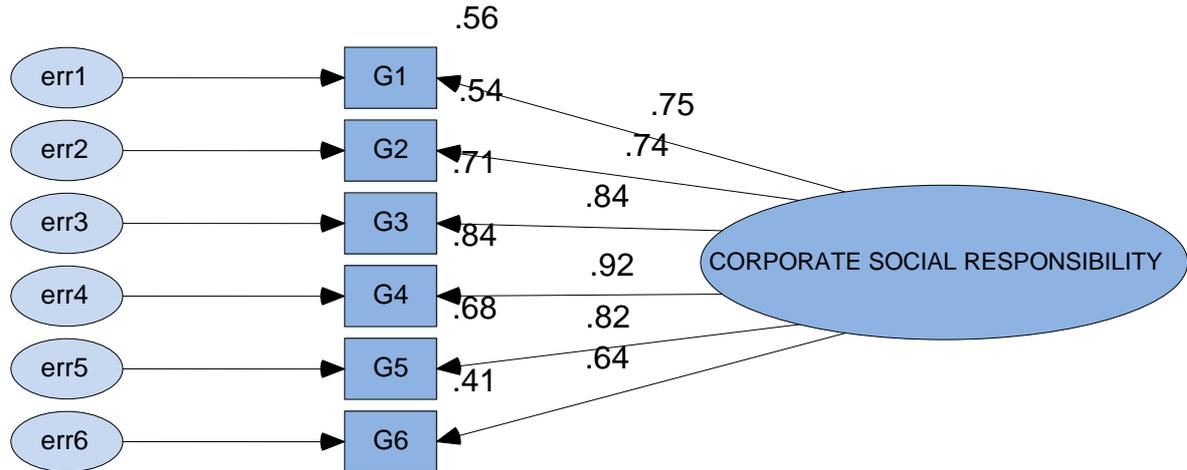
Car characteristics are a scale adapted from Kressman et al's work (2006). Several items were added to the scale to suit this study. Further analysis suggests that the items are one-dimensional.

Dimension 6 Sport Sponsorship (SS)



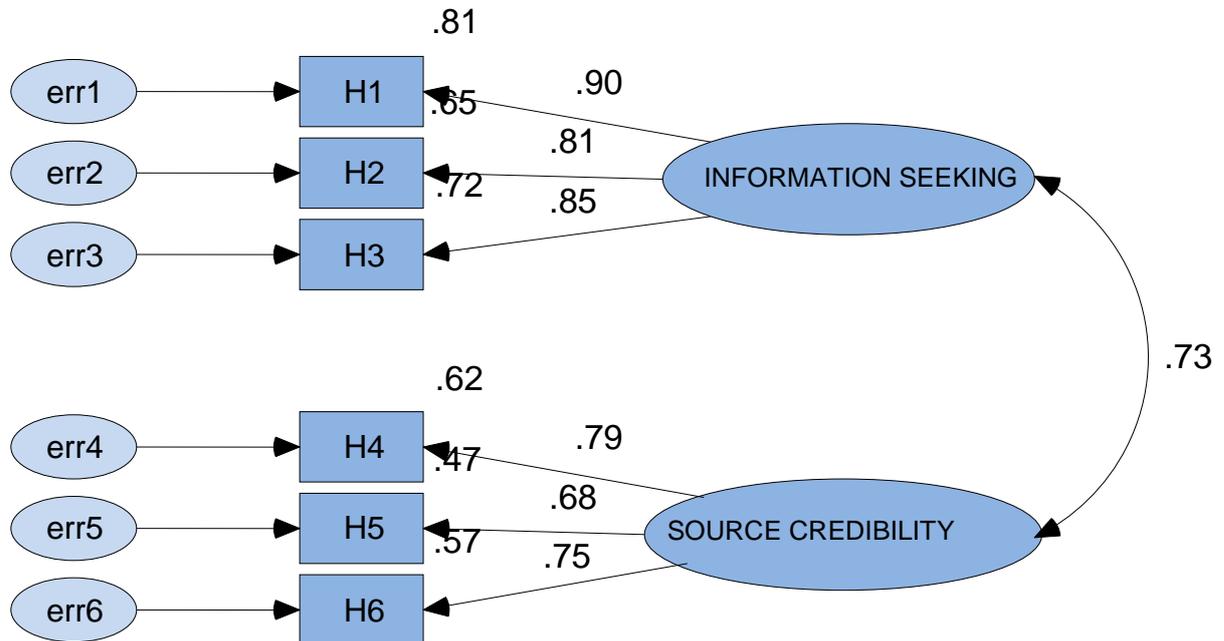
The result shows discriminant validity between attitude towards sponsors and product patronage for the sport sponsorship dimension.

Dimension 7 Corporate Social Responsibility (CSR)



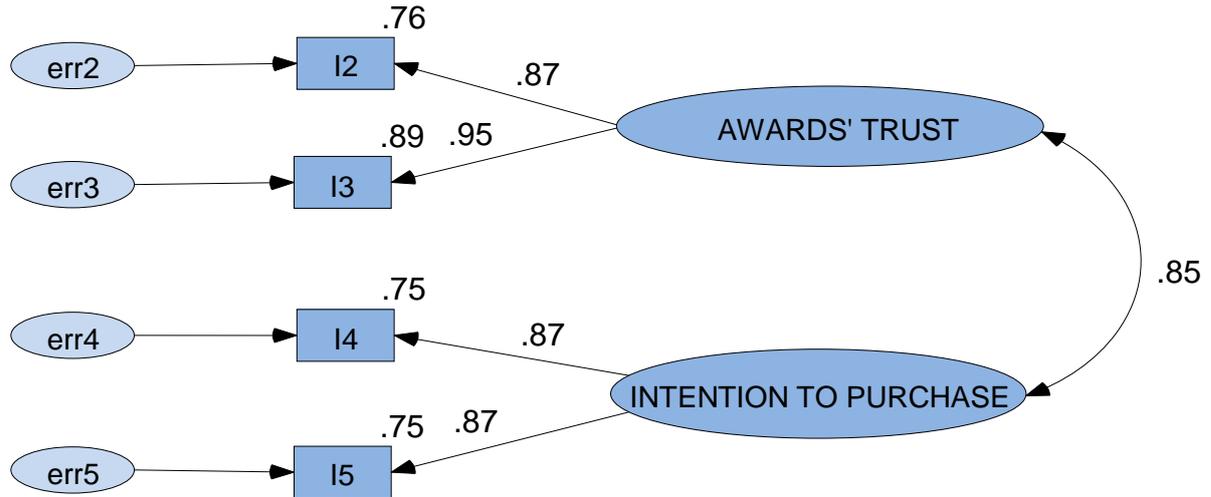
At first, the CSR dimension consisted of two separate constructs: CSR belief and CSR support. The result suggests no discriminant validity between these constructs, and they were therefore combined.

Dimension 8 Media Coverage (MC)



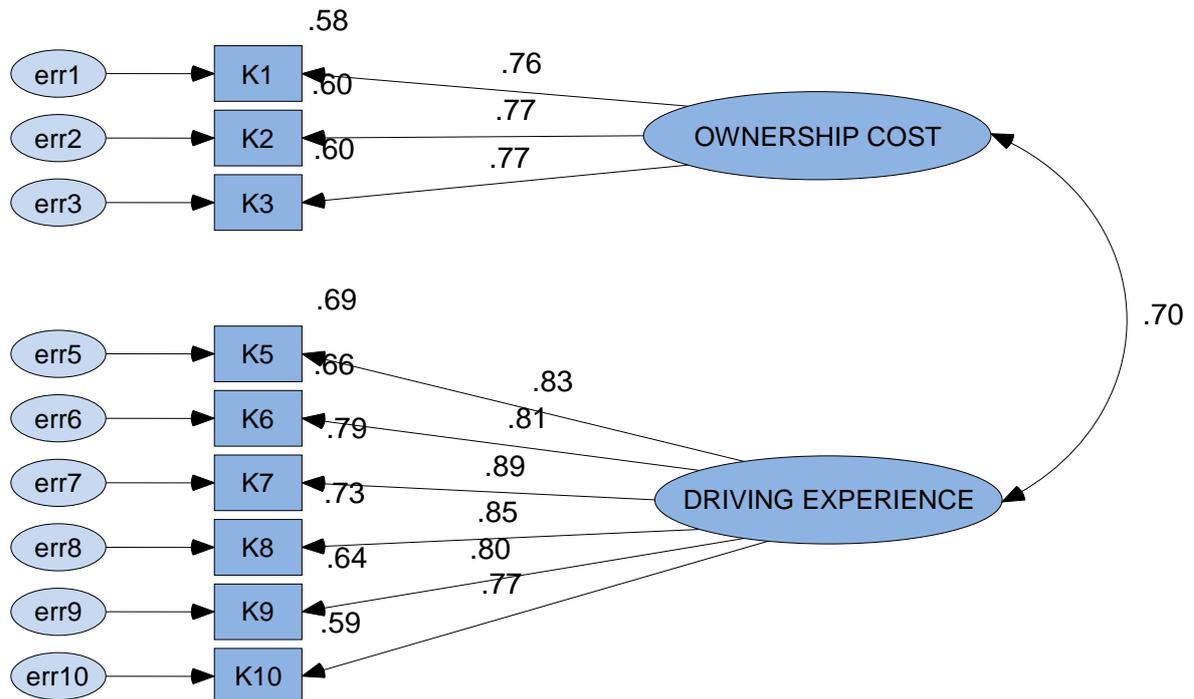
The result shows discriminant validity between information seeking and source credibility for media coverage dimension.

Dimension 9 Auto Awards (AA)



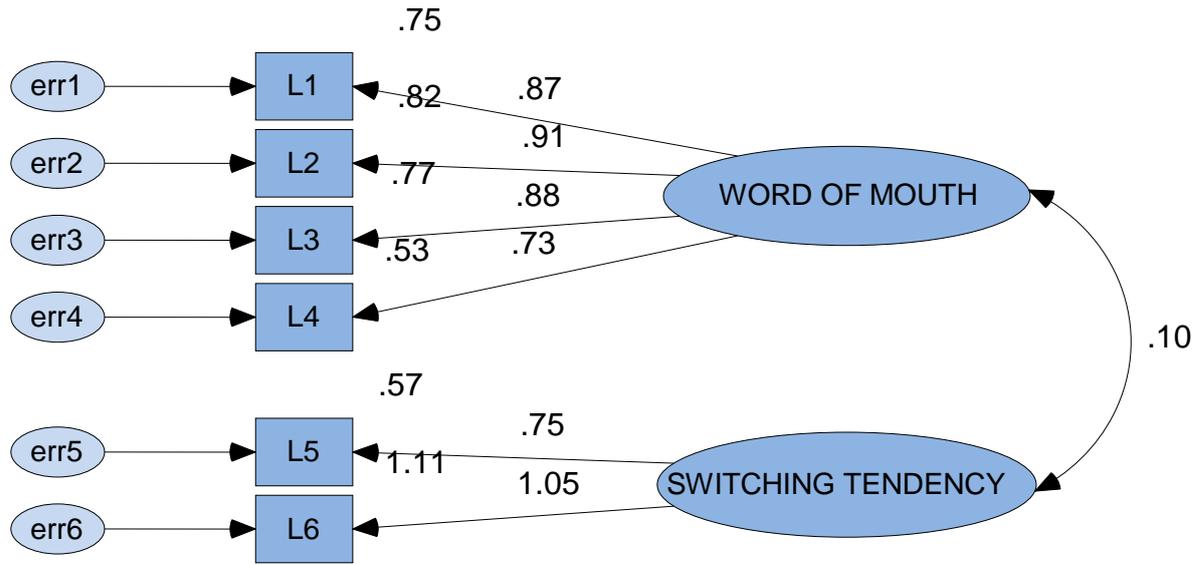
The result shows discriminant validity between trust in awards and intention to purchase for the auto awards dimension.

Dimension 10 Customer Satisfaction with Car (CSWC)



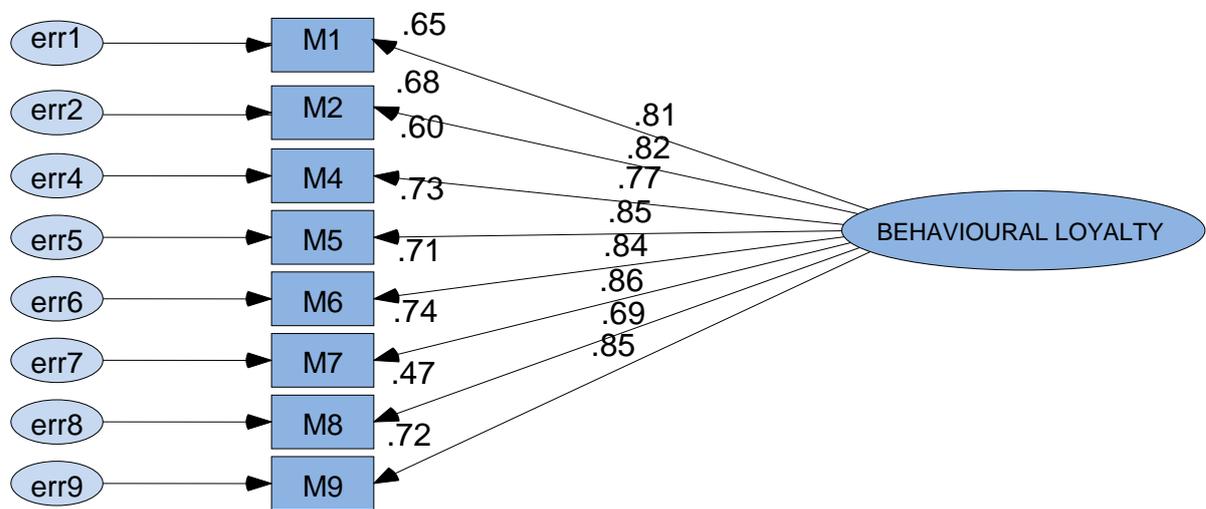
The result shows discriminant validity between ownership cost and driving experience for the car satisfaction dimension.

Dimension 11 Attitudinal Loyalty (AL)



The result shows discriminant validity between word of mouth and switching tendency for the attitudinal loyalty dimension.

Dimension 12 Behavioural Loyalty (BL)



At the beginning, the behavioural loyalty dimension consisted of two separate constructs: genuine loyalty and finance-based loyalty. The result suggests no discriminant validity between these constructs, and they were therefore combined.

#### **4.6.7 Internal consistency**

Internal consistency perspectives are dominant in most social sciences research. Internal consistency reliability is used to assess the reliability of a summated scale, where several items form a total score (Malhotra, 2004). The results of the internal analysis serve as indices for homogeneity (Cronbach, 1951). Valid measures of a unidimensional construct must be internally consistent but not the evident of unidimensionality (Bollen & Lennox, 1991; Gardner, 1995). Gardner (1995) elaborates on this confusion by presenting the facts. According to Gardner, ‘a scale may be composed of several clusters of items each measuring a distinct factor; as long as every item correlates well with some other items, the scale will demonstrate internal consistency (p. 286). As discussed previously, CFA was employed to obtain dimensionality of constructs.

The results for internal consistency for Proton and Perodua are presented in tables 4-8 and 4-9. The following sections will discuss measures taken to overcome common method variance (CMV) issues.

**Table 4-8: Correlation values between major constructs for Proton**

	<i>N=478</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>12</i>
<b>1</b>	Nationalism	<i>.784</i>											
<b>2</b>	Ethnocentrism	.743**	<i>.725</i>										
<b>3</b>	Brand engagement	.653**	.540**	<i>.887</i>									
<b>4</b>	Self- concept	.708**	.584**	.881**	<i>.880</i>								
<b>5</b>	Corporate image	.589**	.483**	.575**	.644**	<i>.800</i>							
<b>6</b>	Corporate reputation	.645**	.575**	.686**	.762**	.798**	<i>.856</i>						
<b>7</b>	Service quality	.509**	.421**	.584**	.594**	.591**	.725**	<i>.741</i>					
<b>8</b>	Car characteristics	.620**	.545**	.675**	.759**	.689**	.779**	.604**	<i>.723</i>				
<b>9</b>	Sport sponsorship	.499**	.428**	.525**	.542**	.491**	.580**	.456**	.472**	<i>0.835</i>			
<b>10</b>	Corporate social responsibility	.533**	.476**	.638**	.665**	.639**	.774**	.682**	.655**	.601**	<i>.805</i>		
<b>11</b>	Information seeking	.248**	.225** <sub>a</sub>	.299**	.304**	.234**	.231**	.211** <sub>a</sub>	.247**	.334**	.293**	<i>.880</i>	
<b>12</b>	Source credibility	.332**	.315**	.379**	.411**	.372**	.392**	.300**	.375**	.372**	.369**	.673**	<i>.840</i>
<b>13</b>	Awards' trust	.537**	.458**	.590**	.611**	.559**	.672**	.565**	.629**	.488**	.610**	.391**	.490**
<b>14</b>	Intention to purchase	.575**	.493**	.576**	.625**	.673**	.651**	.503**	.611**	.449**	.592**	.332**	.445**
<b>15</b>	Car satisfaction	.558**	.488**	.622**	.683**	.591**	.766**	.609**	.746**	.500**	.691**	.320**	.465**
<b>16</b>	Word of mouth	.581**	.499**	.631**	.676**	.716**	.716**	.563**	.690**	.530**	.632**	.317**	.421**
<b>17</b>	Switching tendency	-.049	-.012	-.059	-.055	-.070	-.070	-.043	-.057	.099* <sub>a</sub>	-.017	.241**	.175** <sub>a</sub>
<b>18</b>	Behavioural loyalty	.644**	.593**	.687**	.756**	.657**	.783**	.610**	.717**	.552**	.667**	.272**	.400**
<b>19</b>	Job satisfaction*	.215** <sub>a</sub>	.171** <sub>a</sub>	.242**	.238**	.252**	.267**	.305**	.246**	.219** <sub>a</sub>	.269**	.386**	.388**
<b>Cronbach Alpha</b>		.896	.899	.917	.931	.846	.933	.933	.874	.915	.925	.883	.878
<b>Internal consistency</b>		.890	.899	.915	.934	.843	.932	.921	.870	.905	.919	.820	.804
<b>Means</b>		4.916	4.146	4.483	4.342	4.902	5.837	4.868	4.588	4.724	4.848	5.119	5.128
<b>Std deviation</b>		1.356	1.261	1.360	1.399	1.140	1.511	1.084	1.101	1.281	1.046	1.129	1.090

**NOTES:**

\*Marker variable (MV)

<sup>a</sup> presents the correlations become non-significant after controlling CMV by using the smallest correction for marker variable.

The diagonal (in italics) shows the square root of the AVE for each constructs.

\*= $p < 0.05$ . \*\*= $p < 0.01$ .

**Table 4-8 Correlation values between major constructs for Proton (Con't)**

	<i>N=478</i>	<i>13</i>	<i>14</i>	<i>15</i>	<i>16</i>	<i>17</i>	<i>18</i>	<i>19</i>
<b>13</b>	Awards' trust	<i>.917</i>						
<b>14</b>	Intention to purchase	.845**	<i>.935</i>					
<b>15</b>	Car satisfaction	.659**	.624**	<i>.758</i>				
<b>16</b>	Word of mouth	.654**	.692**	.740**	<i>.916</i>			
<b>17</b>	Switching tendency	-.056	-.100*	-.044	.011	<i>.875</i>		
<b>18</b>	Behavioural loyalty	.708**	.726**	.754**	.814**	-.143**	<i>.847</i>	
<b>19</b>	Job satisfaction*	.365**	.274**	.319**	.282**	.156**	.240**	<i>.723</i>
<b>Cronbach Alpha</b>		.940	.930	.928	.942	.816	.950	.885
<b>Internal consistency</b>		.835	.729	.971	.904	.737	.947	.870
<b>Means</b>		5.220	5.039	4.892	4.562	4.505	4.451	5.443
<b>Std derivation</b>		1.148	1.306	1.023	1.237	1.506	1.324	.911

**NOTES:**

\*Marker variable (MV)

<sup>a</sup> presents the correlations become non-significant after controlling CMV by using the smallest correction for marker variable.

The diagonal (in italics) shows the square root of the AVE for each constructs

\*= $p < 0.05$ . \*\*= $p < 0.01$ .

CMV fraction =0.044 (total number of a / correlations columns with positive value)

**Table 4-9 Correlation values between major constructs for Perodua**

	N=235	1	2	3	4	5	6	7	8	9	10	11	12
1	Nationalism	<i>0.775</i>											
2	Ethnocentrism	.818**	<i>0.721</i>										
3	Brand engagement	.666**	.524**	<i>0.894</i>									
4	Self- concept	.661**	.536**	.814**	<i>0.860</i>								
5	Corporate brand	.571**	.395**	.625**	.682**	<i>0.777</i>							
6	Service quality	.397**	.278**	.372**	.369**	.567**	<i>0.660</i>						
7	Car characteristics	.598**	.442**	.597**	.658**	.775**	.585**	<i>0.717</i>					
8	Attitude towards sponsors	.407**	.325**	.400**	.421**	.572**	.403**	.480**	<i>0.950</i>				
9	Product patronage	.447**	.441**	.429**	.449**	.504**	.348**	.444**	.686**	<i>0.930</i>			
10	Corporate social responsibility	.550**	.449**	.549**	.597**	.751**	.565**	.638**	.561**	.578**	<i>0.785</i>		
11	Information seeking	.329**	.253**	.267**	.368**	.403**	.318**	.379**	.406**	.406**	.449**	<i>0.853</i>	
12	Source credibility	.346**	.268**	.338**	.387**	.404**	.244**	.357**	.359**	.392**	.469**	.622**	<i>0.740</i>
13	Awards' trust	.468**	.350**	.522**	.581**	.733**	.408**	.622**	.508**	.444**	.649**	.459**	.573**
14	Intention to purchase	.439**	.340**	.527**	.561**	.609**	.393**	.577**	.361**	.320**	.502**	.332**	.476**
15	Ownership cost	.370**	.243**	.396**	.328**	.524**	.431**	.599**	.274**	.258**	.454**	.352**	.343**
16	Driving experience	.470**	.351**	.499**	.530**	.591**	.516**	.624**	.394**	.425**	.519**	.296**	.320**
17	Word of mouth	.558**	.415**	.547**	.620**	.709**	.460**	.708**	.441**	.401**	.575**	.341**	.362**
18	Switching tendency	-.087	.034	-.101	-.159*	-.047	-.004	-.106	.081	.126	.044	.052	.149*a
19	Behavioral loyalty	.675**	.553**	.715**	.686**	.654**	.454**	.655**	.423**	.524**	.604**	.340**	.362**
20	Job satisfaction*	.224**	.217**	.263**	.267**	.350**	.326**	.343**	.216**	.219**	.418**	.231**	.223**
<b>Cronbach Alpha</b>		.905	.910	.953	.848	.946	.875	.869	.951	.929	.912	.888	.784
<b>Internal consistency</b>		.901	.908	.973	.870	.965	.917	.883	.654	.882	.908	.791	.695
<b>Means</b>		4.326	3.532	4.494	4.651	5.238	5.333	5.066	4.985	4.592	5.099	5.111	5.097
<b>Std deviation</b>		1.423	1.268	1.402	1.448	.938	1.194	.988	1.431	1.487	.984	1.169	.987

**NOTES:**

\*Marker variable (MV)

<sup>a</sup> presents the correlations become non-significant after controlling CMV by using the smallest correction for MV.

The diagonal (in italics) shows the square root of the AVE for each constructs

\*= $p < 0.05$ . \*\*= $p < 0.01$ .

**Table 4-9 Correlation values between major constructs for Perodua (Con't)**

		<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>
<b>13</b>	Awards' trust	<i>0.910</i>							
<b>14</b>	Intention to purchase	.766**	<i>0.870</i>						
<b>15</b>	Ownership cost	.473**	.460**	<i>0.767</i>					
<b>16</b>	Driving experience	.535**	.492**	.612**	<i>0.825</i>				
<b>17</b>	Word of mouth	.598**	.570**	.528**	.695**	<i>0.848</i>			
<b>18</b>	Switching tendency	.029	-.042	.007	-.112	-.079	<i>0.900</i>		
<b>19</b>	Behavioural loyalty	.572**	.607**	.529**	.651**	.657**	-.100	<i>0.8112</i>	
<b>20</b>	Job satisfaction*	.290**	.154*a	.320**	.311**	.340**	.065	.298**	<i>0.724</i>
<b>Cronbach Alpha</b>		.905	.858	.812	.931	.917	.884	.942	.863
<b>Internal consistency</b>		.627	.627	.690	.912	.830	.692	.940	.849
<b>Means</b>		5.615	5.391	5.180	5.134	5.063	4.496	4.601	5.472
<b>Std deviation</b>		.991	1.156	1.123	1.050	1.161	1.645	1.212	.912

**NOTES:**

\*Marker variable (MV)

<sup>a</sup> presents the correlations become non-significant after controlling CMV by using the smallest correction for marker variable.

The diagonal (in italics) shows the square root of the AVE for each constructs.

\*= $p < 0.05$ . \*\*= $p < 0.01$ .

CMV fraction =0.011 (total number of a / correlations columns with positive value)

#### **4.6.8 Common Method Variance**

Common Method Variance (CMV) has become a major concern among scholars across fields. CMV can shake the body of knowledge that has been built for decades through showing empirical evidence to be in doubt (Malhotra, Kim & Patil, 2006). CMV is the amount of spurious covariance shared among variables due to the common method used in data collection (Buckley, Cote & Comstock, 1990).

One of the major causes for CMV is that data is obtained from the same respondents mainly through the self-reporting method and an attempt is made to interpret any correlation(s) among them (Podsakoff & Organ, 1986). Nevertheless, the self-reporting method of data collection is common in social sciences research.

CMV poses a serious threat to the validity of the research findings (Bagozzi, et al., 1991). Method variance may bias the results by inflating observed relationships among variables measured with the common method (Bagozzi, et al., 1991). If common method variance biases estimates of true relationships among key constructs, theories that appear to have been empirically supported may not be valid, and theories abandoned for lack of empirical evidence may in fact be some of the best theories in the field (Doty & Glick, 1998). Podsakoff et al. (2000) suggest that CMV is a methodological issue that requires serious attention.

Lindell and Whitney (2001) recommend the use of the marker variable as the solution for CMV. According to them, marker variable analysis needs to be conducted whenever researchers assess correlations that have been identified as being most vulnerable to CMV. They further propose two criteria for using marker variable analysis in a study. First the marker variable must show evidence of high reliability. Second, the marker variable must be theoretically unrelated to at least one of the other variables.

In this study, job satisfaction was used as a marker variable. The construct is deliberately included in the questionnaire to be answered by respondents. The construct is theoretically unrelated to the other constructs as customer satisfaction and job satisfaction are different concepts. Similar to other constructs, the reliability and model fit for job satisfaction is analysed and presented in subsections 4.6.8.1 and 4.6.8.2.

#### 4.6.8.1 Job satisfaction for Proton

This section presents the results of measurement reliability for Proton’s customer job satisfaction. The procedures employed to achieve desired reliability are similar to the rest of the constructs used in the conceptual framework of this study.

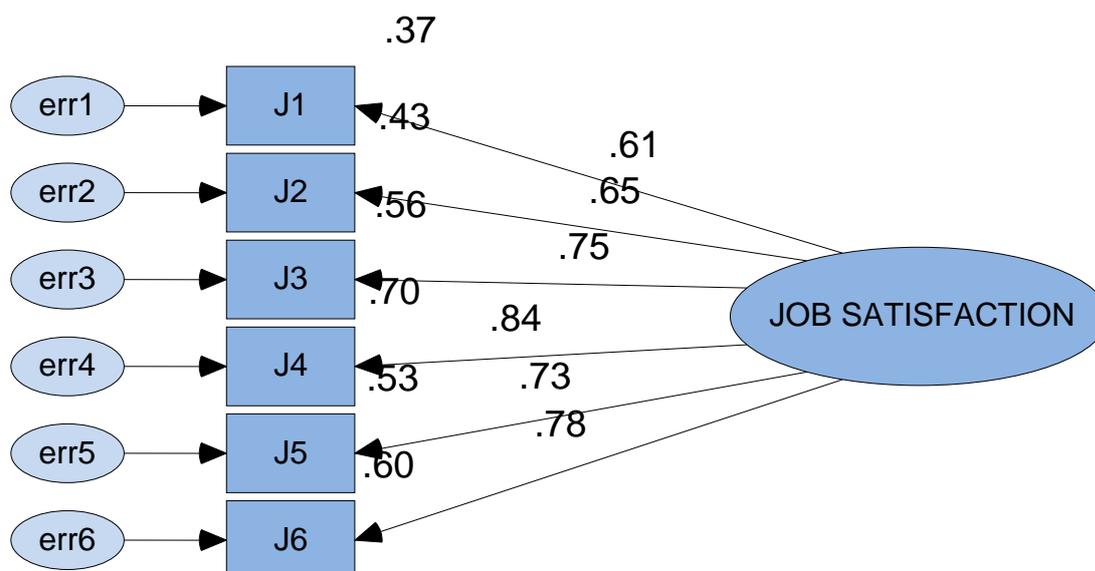
**Table 4-10 Factor analysis and reliability statistics for Proton’s customer job satisfaction**

Construct	Dimension	Items	Cronbach Alpha	Tests
Job satisfaction	Job satisfaction	J1, J2, J3, J4, J5, J6	.885	KMO=.834 Bartlett Test of Sphericity=1652.108 Significance=.000

**Table 4-11 Reliability and model fit for job satisfaction for Proton**

Reliability	Model fit
Cronbach Alpha = 0.885	$\chi^2=16.215$ , CMIN/DF=2.316, GFI=.989, AGFI= .967, RMSEA=.053, TLI=.988, NFI=.990, CFI=.994

#### Dimension for job satisfaction – Proton



*Note: Marker variable construct is not included in the conceptual framework but appeared in the Proton questionnaire and Proton correlation table*

#### 4.6.8.2 Job satisfaction for Perodua

This section presents the results of measurement reliability for Proton’s customer job satisfaction. The procedures employed to achieve the desired reliability are similar to the rest of the constructs used in the conceptual framework of this study.

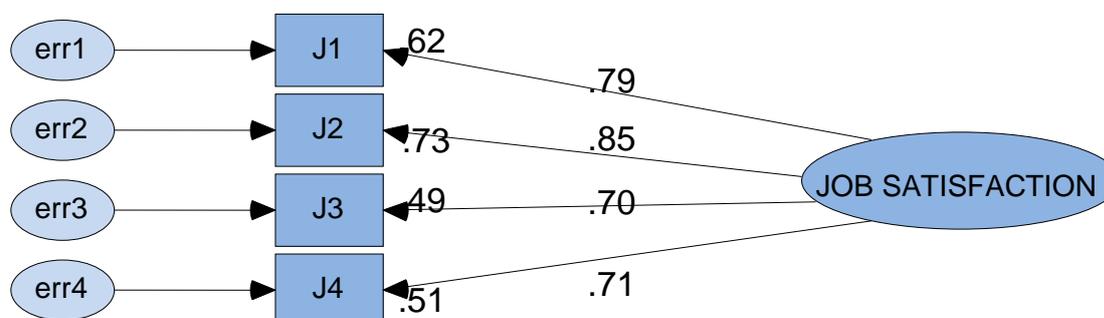
**Table 4-12 Factor analysis and reliability statistics for Perodua’s customer job satisfaction**

Construct	Dimension	Items	Cronbach Alpha	Tests
Job satisfaction	Job satisfaction	J1, J2, J3, J4, J5	.860	KMO=.806 Bartlett Test of Sphericity=421.468 Significance=.000

**Table 4-13 Reliability and model fit for job satisfaction for Perodua**

Reliability	Model Fit
Cronbach Alpha = 0.860	$\chi^2=.002$ , CMIN/DF=.002, GFI=1.000, AGFI=1.000, RMSEA=.000, TLI=1.014, NFI=1.000, CFI=1.000

#### Dimension for job satisfaction – Perodua



*Note: Marker variable construct is not included in the conceptual framework but appeared in the Perodua questionnaire and Perodua correlation table*

#### 4.7 Measure equivalence analysis

Measurement equivalence addresses the question of whether the same models hold across different populations (Mullen, 1995). Likewise, the issue prevails where a study consists of two

or more subpopulations, e.g., healthcare and retailing (Drasgow & Kanfer, 1985). The reason for this is that different frames of reference are used to answer the same set of questionnaires (Drasgow & Kanfer, 1985). Measure equivalence analysis provides the researcher with empirical evidence by establishing construct equivalence between subpopulations (Riordan & Vandenberg, 1994).

In order to obtain empirical evidence, measure equivalence analysis involves several embedded procedures that need to be performed by researchers (Vandenberg & Lance, 2000). Mavondo and Farrell (2000) have demonstrated in detail the steps needed to perform measure equivalence analysis using the CFA approach. The first step is to specify a baseline model that fits the data adequately. Second, working from the baseline model, weak factorial invariance is tested by adding additional constraint so that the factor loading matrices are invariant across groups. Third, the elements of intercept matrices are constrained to be invariant across groups.

Three baseline models were used in this study: (1) ethnocentrism and self-congruity, (2) corporate brand, service quality and car characteristics and (3) sport sponsorship, corporate social responsibility, media coverage and automotive awards. The procedures used for measure equivalence analysis is similar to Mavondo and Farrell's (2000). A chi-square distribution table (Malhotra, 2004) was used to obtain the p value. The results of measure equivalence analysis are displayed in tables 4-14, 4-15 and 4-16.

**Table 4-14: Measure equivalence analysis for ethnocentrism and self-congruity**

	$\chi^2$ (df)p	$\Delta\chi^2$ ( $\Delta$ df) p	$\frac{\Delta\chi^2}{\Delta df}$	RMSEA	NFI	TLI	CFI
1. Model 1	1080.156 (406) p= .001	—	—	.048	.917	.939	.946
2. Model 1 vs. testing invariance (weak factorial invariance)	1109.132 (424) p= .001	28.976 (18) p>.05	1.610	.048	.915	.940	.945
3. Model 2 vs. testing invariance (strong factorial invariance)	1175.215 (446) p= .001	66.083 (22) p<.005	3.003	.048	.910	.940	.942

**Table 4-15: Measure equivalence analysis for corporate brand, service quality and car characteristics**

	$\chi^2$ (df)p	$\Delta\chi^2$ ( $\Delta$ df) p	$\frac{\Delta\chi^2}{\Delta df}$	RMSEA	NFI	TLI	CFI
1. Model 1	631.557 (250) p=.001	—	—	.046	.937	.952	.961
2. Model 1 vs. testing invariance (weak factorial invariance)	646.430 (263) p=.001	14.873 (13) p<.25	1.144	.045	.935	.954	.961
3. Model 2 vs. testing invariance (strong factorial invariance)	788.192 (281) p=.001	141.762 (18) p<.005	7.876	.050	.921	.943	.948

**Table 4-16: Measure equivalence analysis for sport sponsorship, corporate social responsibility, media coverage and automotive awards**

	$\chi^2$ (df)p	$\Delta\chi^2$ ( $\Delta$ df) p	$\frac{\Delta\chi^2}{\Delta df}$	RMSEA	NFI	TLI	CFI
1. Model 1	465.807 (208) p=.001	—	—	.042	.954	.966	.974
2. Model 1 vs. testing invariance (weak factorial invariance)	488.691 (219) p=.001	22.884 (11) p<.01	2.080	.042	.952	.966	.973
3. Model 2 vs. Testing invariance (strong factorial invariance)	554.774 (236) p=.001	66.083 (17) p<.005	3.887	.044	.946	.963	.968

It is crucial for scientific inference to present the evidence of measurement equivalence (Steenkamp & Baumgartner, 1998). Lack of evidence creates ambiguity regarding conclusions and therefore casts doubt on theory (Horn & McArdle, 1992). In line with these alarming statements, the results for measure equivalence suggest that Proton and Perodua respondents have answered the questionnaires from two different perspectives, therefore both should be analysed separately. However, the same statistical procedures were used for analysis.

#### **4.8 Item parcelling**

A parcel is used to refer to an observed variable, which is the sum of several items assumed to be conceptually similar, psychometrically unidimensional and used to assess the same construct (Kishton & Widaman, 1994). The use of parcelling is largely accepted by researchers for the following reasons: (a) circumvents problems with so-called difficulty factors, (b) provides a useful approximation to continuous scales, (c) provides more stable results than are often

obtained with item-based analysis and (d) creates indicators with greater reliability and more definitive rotational results (Rushton, Brainerd & Pressley, 1983). Item parcelling differs from subscales for two reasons. First, subscales are based on theory, whereas parcels are created in an ad hoc manner and second, subscale scores are usually interpretable but parcel scores do not have any meaningful interpretation (Bandalos, 2008). From a Structural Equation Modelling (SEM) perspective, recent research on item parcels is driven by the need for improving statistical estimation (Hagtvet & Nasser, 2004).

Nasser and Wisenbaker (2003) have demonstrated that goodness-of-fit for models based on 12 single items per factor was poorer than models based on parcels. Another study by Bandalos (2002) reported that even though parcelling improved model fit, parcelling produced high levels of parameter estimate bias. Therefore, for effective parcelling, the number of items per parcel is vital in obtaining a good model fit (Nasser & Takahashi, 2003).

Although parcelling in SEM is widely accepted, the technique must be used with caution. A major issue in parcelling is construct dimensionality. The use of parcelling depends on the unidimensionality of the items being combined, and this is often not tested by researchers (Bandalos, 2002). The prerequisite for parcels is echoed by Meade and Kroustalis (2006) and Little et al. (2002). According to these authors, if parcels are to be used, (a) structural rather than measurement aspects of the model should be the primary focus and (b) great care should be taken in forming parcels from strictly unidimensional factors. Given that the constructs being parcelled are not strictly unidimensional, the use of parcelling may result in high levels of bias in estimates of structural parameters as well as high Type II errors (Bandalos, 2008).

In this study the parcelling technique was used for three constructs for Proton, namely car characteristics, car satisfaction and behavioural loyalty and two constructs for Perodua, namely car characteristics and behavioural loyalty. As previously explained (see section 4.6.3), unidimensionality was obtained by using confirmatory factor analysis (CFA) to parcel the items. These items were sorted by size to facilitate the parcelling process. The item with the highest component matrix was paired with the item with the lowest component matrix. The process continues until all items are fully parcelled. Little et al. (2002) advocated that the use of parcelling must be justified by the objectives of the study. In this study, the researcher rationalizes the use of item parcelling as follows: (a) to keep the ratio of manifest indicators to latent constructs manageable, (b) to reduce the number of free parameters in the model to

decrease sample size requirements and (c) to increase the chances of adequate model fit (Hall, Snell & Foust, 1999).

#### **4.9 Chapter summary**

This chapter 4 has discussed the measurement issues relating to research methodology. Key aspects relating to reliability and validity have been discussed in detail. Methodological issues such as CMV and measure equivalence were also discussed. The next chapter will present the results of hypotheses testing.

## Chapter 5: Results and discussion

### 5.1 Introduction

As stated in Chapter 4 (see section 4.7), Proton and Perodua customers have answered the questionnaires from two different frames of reference. Therefore, hypotheses testing and interpretations of results need to be conducted separately. Two models have been developed for Proton and Perodua. Basically, this chapter presents results of data analysis to investigate the relationships between independent variables (consumer ethnocentrism, self-congruity, corporate brand, service quality, product characteristics, service centre location) and dependant variables (customer satisfaction with the car, word of mouth and switching intention) included in the first model. In the second model, the dependent variable was customer satisfaction while behavioural loyalty was the independent variable. Subsequent to data analysis, this chapter commences with a discussion of the direct relationship between constructs using hierarchical regression. In particular, the direct relationship between antecedents (customer satisfaction with the car, word of mouth, switching and loyalty) will be addressed in detail. The chapter then focuses on analysis of mediating effects of customer satisfaction with the car, word of mouth and switching intention. Structural Equation Modelling (SEM) is employed to study the mediation relationships as highlighted in Propositions 2 to 5. Finally, an investigation of the moderating effect of corporate and non-corporate communication between corporate brand and consumer ethnocentrism, with customer satisfaction with the car, is presented in Propositions 6 and 7.

### 5.2 Hierarchical multiple regression

#### 5.2.1 Proton

In this section, the results of the following propositions are presented and discussed for Proton:

***Proposition 1a: Behavioural loyalty is a function of: a) i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location b) customer satisfaction with the car and c) attitudinal loyalty.***

The first model consists of four variables, namely gender, race, age and household income. These are entered as control variables due to their potential influence on behavioural loyalty. The results are summarized in table 5-1. According to this table, Model 1 shows that among the three variables, gender, race and household income are significantly related to behavioural loyalty,

whereas only gender is positively related to behavioural loyalty. As a result, this model explains only 3.5% variance in behavioural loyalty.

The next model consists of six constructs (consumer ethnocentrism, self-congruity, corporate brand, service quality, car characteristics, service centre location). These constructs are entered to produce Model 2. The results of this analysis indicate that self-congruity ( $b= 0.104$ ,  $t= 2.190$ ,  $p<0.05$ ), corporate brand ( $b= 0.380$ ,  $t= 7.089$ ,  $p<0.001$ ), car characteristics ( $b= 0.317$ ,  $t= 6.634$ ,  $p<0.001$ ) and location ( $b= 0.074$ ,  $t= 2.204$ ,  $p<0.01$ ) are significantly related to behavioural loyalty, thus supporting H2a, H3a, H5a and H6a. The findings are consistent with Kressmann et al. (2006) who found that self-congruity had a direct effect on brand loyalty. Anisimova (2007) reported that corporate brand attributes impact consumer behavioural loyalty and Wang et al. (2004) found that functional value has a direct and positive effect on brand loyalty. However, consumer ethnocentrism and service quality are not significantly related to behavioural loyalty, thus H1a and H4a are not supported. The result for H1a suggests that consumers make a rational purchase decision. According to Bazerman (2001), consumers develop knowledge to assist them to make a good decision. Therefore, being ethnocentric does not necessarily impact consumer loyalty as ethnocentrism is emotionally based. For hypothesis H4a, consumers are unable to evaluate services due to their intangibility (Miller & Foust, 2003). As a result, consumers fail to develop expectations toward services they will obtain (Bebko, 2000). The variance of behavioural loyalty explained increases to 65.7% ( $R^2 = 0.657$ ). The  $R^2$  change values indicate that compared to control variables, antecedents explain an additional 62.2% variance for behavioural loyalty ( $F\text{-ratio} = 89.571$ ;  $p<0.001$ ) compared to the first model.

The next model, customer satisfaction with the car, is entered to produce Model 3. According to the results, satisfaction ( $b= 0.336$ ,  $t= 5.673$ ,  $p<0.001$ ) is positively and significantly related to behavioural loyalty. Therefore, H7a is supported. This finding is consistent with Mittal (1999) and Olsen (2002). H2a ( $b= 0.166$ ,  $t= 2.317$ ,  $p<0.01$ ) is positively and significantly related to behavioural loyalty, which suggests that consumers prefer brand images compatible with their perceptions of self (Belk, Bahn & Mayer, 1982; Jamal & Goode, 2001; Sirgy, 1985). Conversely, consumer ethnocentrism, corporate brand, service quality, car characteristics and location are not significantly related to behavioural loyalty. Therefore, H1a, H3a, H4a, H5a and H6a are not supported. The result for H1a shows that consumers are rational and will therefore search for more information to develop knowledge when making a purchase decision (Bazerman, 2001), rather than merely being ethnocentric by buying a domestic product or brand. The finding

for H3a indicates that because of a “higher level of intangibility” (Simoes & Dibb, 2001, p. 218), consumers are unable to form evaluations toward the company’s corporate brand. The result for H4a shows that consumers fail to develop expectations towards services they will obtain (Bebko, 2000) due to service intangibility (Miller & Foust, 2003). The result for H5a suggests enduring involvement, which represents a consumer’s ongoing, day-to-day level of interest in a class of class of product which ranges from very low to very high across consumers (Houston & Rothschild, 1978; Zaichkowsky, 1985). Although most consumers use their cars daily but they spend little time thinking, reading and talking about the product, this indicates low enduring involvement (Richins & Bloch, 1991). For H6a, Khalifa (2004) explains that scholars often refer to location as “basic product features” (p. 659), therefore location is mostly ignored as one of the factors that may affect customer satisfaction and loyalty. This model explains only 43.9% variance in behavioural loyalty.

The next model, attitudinal loyalty, is entered to produce Model 4. In this model, the results illustrate that attitudinal loyalty has significant influence over behavioural loyalty, thus H8a is supported. The results from Model 4 imply that attitudinal loyalty affects brand loyalty. This finding is in agreement with the previous findings by Bandyopadhyay and Martell (2007). Model 4 also shows that antecedents, specifically, consumer ethnocentrism, self-congruity, corporate brand and service centre location, have a significant effect on Proton customers’ behavioural loyalty. These results also indicate that customer satisfaction has a significant impact on behavioural loyalty. This is consistent with Devaraj et al’s (2001) and Zeithaml et al’s (1996) findings. In summary, H1a, H2a, H3a, H6a and H7a are also supported in Model 4. However, H4a and H5a are not supported. For H4a, the result suggests that consumers fail to develop expectations towards services (Bebko, 2000) due to service intangibility (Miller & Foust, 2003). The rationale may be that customers have little knowledge about car servicing. The result for H5a suggests the effect of enduring involvement (Houston & Rothschild, 1978; Zaichkowsky, 1985). It means that although consumers use cars daily, they spend little time thinking, reading and talking about the product which shows low enduring involvement (Richins & Bloch, 1991). This model explains only 73.8% variance in behavioural loyalty.

**Table 5-1: Hierarchical regression model for Proton**

Control variables	Direction	Model 1 with customer satisfaction with the car as DV		Model 2 with customer satisfaction with the car as DV		Model 3 with attitudinal loyalty as DV		Model 4 with behavioural loyalty as DV	
		beta	t-value	beta	t-value	beta	t-value	beta	t-value
Gender	+	0.090	<b>1.986*</b>	-0.016	-0.560	-0.111	<b>-3.118***</b>	0.022	0.897
Race	+	-0.089	<b>-1.973*</b>	0.012	0.432	-0.091	<b>-2.495**</b>	0.044	<b>1.760*</b>
Age	+	0.077	1.559	-0.006	-0.204	-0.044	-1.142	0.033	1.232
H/hold income	+	-0.144	<b>-2.908**</b>	-0.002	-0.056	0.009	0.223	-0.062	<b>-2.293**</b>
<b>Antecedents</b>									
H1aEthnocentrism	+			0.000	-0.012	0.069	1.341	0.139	<b>3.939***</b>
H2aSelf-congruity	+			0.104	<b>2.190**</b>	0.133	<b>2.165**</b>	0.217	<b>5.147***</b>
H3aCorp. brand	+			0.380	<b>7.089***</b>	0.050	0.697	0.222	<b>4.498***</b>
H4aService quality	+			0.044	1.042	0.013	0.240	0.058	1.563
H5aCar characteristics	+			0.317	<b>6.634***</b>	0.099	1.541	0.020	0.453
H6aLocation	+			0.074	<b>2.204**</b>	0.059	1.350	-0.090	<b>-3.021***</b>
<b>Satisfaction</b>									
H7aCustomer satisfaction with the car	+					0.336	<b>5.673***</b>	0.250	<b>5.953***</b>
<b>Attitudinal loyalty</b>									
H8aAttitudinal loyalty	+							0.157	<b>4.958***</b>
<b>R<sup>2</sup></b>		<b>0.035</b>		<b>0.657</b>		<b>0.439</b>		<b>0.738</b>	
<b>Adjusted R<sup>2</sup></b>		<b>0.027</b>		<b>0.650</b>		<b>0.425</b>		<b>0.731</b>	
<b>ΔR<sup>2</sup></b>				<b>0.622</b>					
<b>ΔF Ratio</b>				<b>89.571***</b>					
<b>df</b>		<b>4, 473</b>		<b>10, 467</b>		<b>11, 466</b>		<b>12, 465</b>	

Note: p<0.05\*, p<0.01\*\*, p<0.001\*\*\*

ΔR<sup>2</sup> are not computed for Model 3 and 4 because the dependent variable changes

## 5.2.2 Perodua

In this section, the results of the following propositions are presented and discussed:

***Proposition 1a: Behavioural loyalty is a function of: a) i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location, b) customer satisfaction with the car and c) attitudinal loyalty.***

The first model consists of four variables, namely gender, race, age and household income. These variables are entered due to their potential influence on behavioural loyalty. The results are summarized in table 5-2. According to this table, Model 1 shows that among the four variables, race, age and household income are significantly related to behavioural loyalty, whereas age is the only variable positively related to behavioural loyalty. As a result, this model explains only 7.2% variance in behavioural loyalty.

The next model consists of six antecedents (consumer ethnocentrism, self-congruity, corporate brand, service quality, car characteristics, service centre location). These are entered into the regression model (Model 2). The results of this analysis indicate that service quality ( $b= 0.140$ ,  $t= 2.222$ ) and car characteristics ( $b= 0.374$ ,  $t= 4.654$ ) are significantly related to behavioural loyalty, thus supporting H4b and H5b. The findings are consistent with Zeithaml et al. (1996) findings that customers' behavioural intentions are influenced by service quality, and Wang et al. (2004b) reported that functional value has a direct and positive effect on brand loyalty. In contrast, consumer ethnocentrism, self-congruity, corporate brand and service centre location are not significantly related to behavioural loyalty, thus, H1b, H2b, H3b and H6b are not supported. The result for H1b suggests that consumers make rational purchase decisions as they are looking for information to assist them in making a good decision (Bazerman, 2001), rather than ethnocentric purchasing. For H2b, Kressman et al's (2006) study may provide some explanation for this finding. They found that the level of involvement affects self-congruity. Involvement can be interpreted as personal connection to cars, expertise with cars and relative knowledge about cars. With low involvement, self-congruity may have little effect on loyalty. The result for H3b indicates that because of a "higher level of intangibility" (Simoes & Dibb, 2001, p. 218), consumers may be unable to form their evaluations toward the company's corporate brand. Maybe they do not have sufficient knowledge about company branding activities or the company's performance is comparable to other automotive companies. As for H6b, Khalifa (2004) explains that scholars often refer to location as "basic product features" (p. 659), therefore location is mostly being ignored as one of the factors that may affect customer

satisfaction and loyalty. The variance of behavioural loyalty increases to 52.4% ( $R^2 = 0.524$ ). The  $R^2$  change value indicates that antecedents account for an additional 45.2% variance in behavioural loyalty (F-ratio= 24.635,  $p < 0.001$ ) compared to the first model.

The next model, customer satisfaction with the car, is entered to produce Model 3. According to the result, satisfaction ( $b = 0.286$ ,  $t = 3.879$ ,  $p < 0.001$ ) is positively and significantly related to behavioural loyalty. Therefore, H7b is supported. This is similar to Cronin Jr. et al's (2000) findings. In addition, H1b and H3b are also supported. However, H2b, H4b, H5b and H6b are not supported. For H2b, Kressman et al's (2006) study may provide some explanation for this result. They suggested that the level of involvement may influence self-congruity. They explain involvement as personal connection to cars, expertise with cars and relative knowledge about cars. With low involvement, there may be no self-congruity between customer and car. For H4b, the result suggests that consumers fail to develop expectations toward the services (Bebko, 2000) due to service intangibility (Miller & Foust, 2003). The reason may be that consumers have little knowledge about car servicing. The result for H5b suggests enduring involvement may be involved. Enduring involvement represents a consumer's ongoing, day-to-day level of interest in a class of class of product and ranges from very low to very high across consumers (Houston & Rothschild, 1978; Zaichkowsky, 1985). Most consumers use a car daily but spend little time thinking, reading and talking about the product, showing low enduring involvement (Richins & Bloch, 1991). For H6b, Khalifa (2004) explains that scholars often refers to location as "basic product features" (p. 659), therefore location is mostly ignored as one of the factors that may affect customer satisfaction and loyalty. This model explains only 42.1% variance in behavioural loyalty.

The next model, attitudinal loyalty, is entered to produce Model 4. For this model, the result illustrates that attitudinal loyalty is not significantly related to behavioural loyalty. Thus, H8b is not supported. Oliver (1999) explains that ultimate loyalty emerges as a combination of perceived product superiority, personal fortitude, social bonding and synergistic effects. He explains further that if this combination cannot be attained by companies that serve the consumer market, the potential for loyalty may erode. According to the current context of this study, customers may perceive that Perodua cars are not superior to other brands. This finding is different when compared to Proton. This means that Proton customers see Proton as a strong national brand, allowing the emotional bond between brand and customers, thus giving a higher level of customer loyalty. H4b and H5b are also not supported. For H4b, the insignificant result

suggests that customers do not know how to form expectations towards car servicing (Bebko, 2000) due to service intangibility (Miller & Foust, 2003). Perhaps this is because they have little knowledge about car serving. As for H5b, the insignificant result may be due to low enduring involvement. Enduring involvement represents a consumer's ongoing, day-to-day level of interest in a class of product and ranges from very low to very high across consumers (Houston & Rothschild, 1978; Zaichkowsky, 1985). As suggested by Richins and Bloch (1991), most consumers use a car daily but they spend little time thinking, reading and talking about the product, showing low enduring involvement. The rest of the hypotheses, H1b, H2b, H3b, H6b and H7b are supported. This model explains only 70.5% variance in behavioural loyalty.

**Table 5-2: Hierarchical regression model for Perodua**

Control variable	Direction	Model 1 with customer satisfaction with the car as DV		Model 2 with customer satisfaction with the car as DV		Model 3 with attitudinal loyalty as DV		Model 4 with behavioural loyalty as DV	
		beta	t-value	beta	t-value	beta	t-value	beta	t-value
Gender	+	0.018	0.271	0.021	0.433	-0.031	-0.585	0.035	0.905
Race	+	-0.158	<b>-2.419**</b>	0.065	-1.180	-0.037	-0.671	0.036	0.910
Age	+	0.274	<b>3.771***</b>	0.089	1.599	-0.128	<b>-2.077**</b>	0.097	<b>2.177**</b>
H/hold income	+	-0.163	<b>-2.323**</b>	-0.029	-0.524	0.102	<b>1.693*</b>	0.018	0.414
<b>Antecedents</b>									
H1bEthnocentrism	+			-0.003	-0.042	0.166	<b>2.317**</b>	0.215	<b>4.147***</b>
H2bSelf-congruity	+			0.101	1.372	-0.040	-0.490	0.333	<b>5.711***</b>
H3bCorp. brand	+			0.121	1.447	0.285	<b>3.080***</b>	0.112	<b>1.655*</b>
H4bService quality	+			0.140	<b>2.222**</b>	-0.005	-0.072	0.033	0.644
H5bCar characteristics	+			0.374	<b>4.654***</b>	0.066	0.709	0.034	0.505
H6bLocation	+			0.096	1.596	0.035	0.530	-0.098	<b>-2.053**</b>
<b>Satisfaction</b>									
H7b Customer satisfaction with the car	+					0.286	<b>3.879***</b>	0.302	<b>5.532***</b>
<b>Attitudinal loyalty</b>									
H8bAttitudinal loyalty	+							0.047	0.972
<b>R<sup>2</sup></b>		<b>0.072</b>		<b>0.524</b>		<b>0.421</b>		<b>0.705</b>	
<b>Adjusted R<sup>2</sup></b>		<b>0.056</b>		<b>0.503</b>		<b>0.392</b>		<b>0.689</b>	
<b>ΔR<sup>2</sup></b>				<b>0.452</b>					
<b>ΔF Ratio</b>				<b>24.635</b>					
<b>df</b>		<b>4, 230</b>		<b>10, 224</b>		<b>11, 223</b>		<b>12, 222</b>	

Note: p<0.05\*, p<0.01\*\*, p<0.001\*\*\*

ΔR<sup>2</sup> are not computed for Model 3 and 4 because the dependent variable changes

### **5.3 Structural Equation Modelling (SEM)**

This term implies two important aspects: (a) causal processes under study are represented by a series of structural equations and (b) these structural relations can be modelled pictorially to enable a clearer conceptualization of the theory under study (Byrne, 2010). Kline (2005) lists six SEM techniques: model specification, model identification, constructs operationalization, model estimation/model fit, model respecification and analysis explanation.

#### **5.3.1 Model specification**

Several hypotheses were proposed based on the literature examined and articulated in the form of a structural equation model. The process involved drawing two models for data analysis. The first was named “SEM for word of mouth and intention to switch”. The second was named “SEM for behavioural loyalty”. Statistical software AMOS application Version 17 was then used for data analysis.

#### **5.3.2 Model identification**

A model is deemed identified if two distinct parameter values yield the same population variance-covariance matrix (Baumgartner & Homburg, 1996). Models may not be estimated unless they are identified (Tabachnik & Fidell, 1996). A good structural equation model must not only be identified but overidentified (Hoyle, 1991; Raykov & Marcoulides, 2000). Over identification happens when there are more equations for the model than unknown parameters (Holbert & Stephenson, 2002). While identified models meet the criteria to run the SEM analysis, unidentified models may not perform (Holbert & Stephenson, 2002).

#### **5.3.3 Constructs operationalization**

Preparation of data to perform SEM analysis was discussed extensively in Chapters 3 and 4.

### **5.3.4 Model estimation/model fit**

Joreskog (1973) suggested the use of Maximum Likelihood (ML) to test structural equation models. ML is a large sample estimator and assumes multivariate normality and thus normally distributed errors (Holbert & Stephenson, 2002). The ML estimator is unbiased in a small sample, provided distributions assume multivariate normality (Curran, West & Finch, 1996). ML was employed to test structural equation models in this study. Model fit and goodness-of-fit measures previously discussed in Chapter 4 (see section 4.6.5.1) were used to assess model fit.

### **5.3.5 Model respecification**

Depending on assessment results, the models were respecified by deletion, addition or modification of paths to improve model fit. As with a model's initial specification, its respecification is also guided by the study's hypotheses (Kline, 2005).

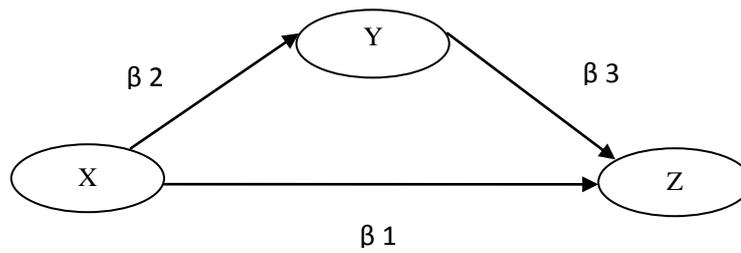
### **5.3.6 Direct, indirect and total effects**

Three types of effects are normally analysed in SEM: direct, indirect and total (Bollen, 1987). Direct effects are the most commonly analysed and often remain of primary interest in most studies (Holbert & Stephenson, 2002). Direct effects are shown in a model where a single directed line or arrow connects between two latent variables (Schumacker & Lomax, 1996). The arrow implies that the direct effect of one variable on another is simply that part which is not transmitted through intervening variables (Alwin & Hauser, 1975).

Indirect effects are transmitted or mediated by variables specified as intervening between cause and effect of interest in a model (Alwin & Hauser, 1975). The study of indirect effects allows researchers to evaluate the level of mediation associated with particular variables (Bollen, 1987).

Total effects between two latent variables are the sum of any direct and indirect effects that connect them (Schumacker & Lomax, 1996). This constitutes the degree to which a change in an upstream (exogenous) variable has an effect on a downstream (endogenous) variable (Cole & Maxwell, 2003). The relationship between direct, indirect and total effects is depicted in figure 5-1.

**Figure 5-1: Direct, indirect and total effects**



Direct effects =  $\beta 1$

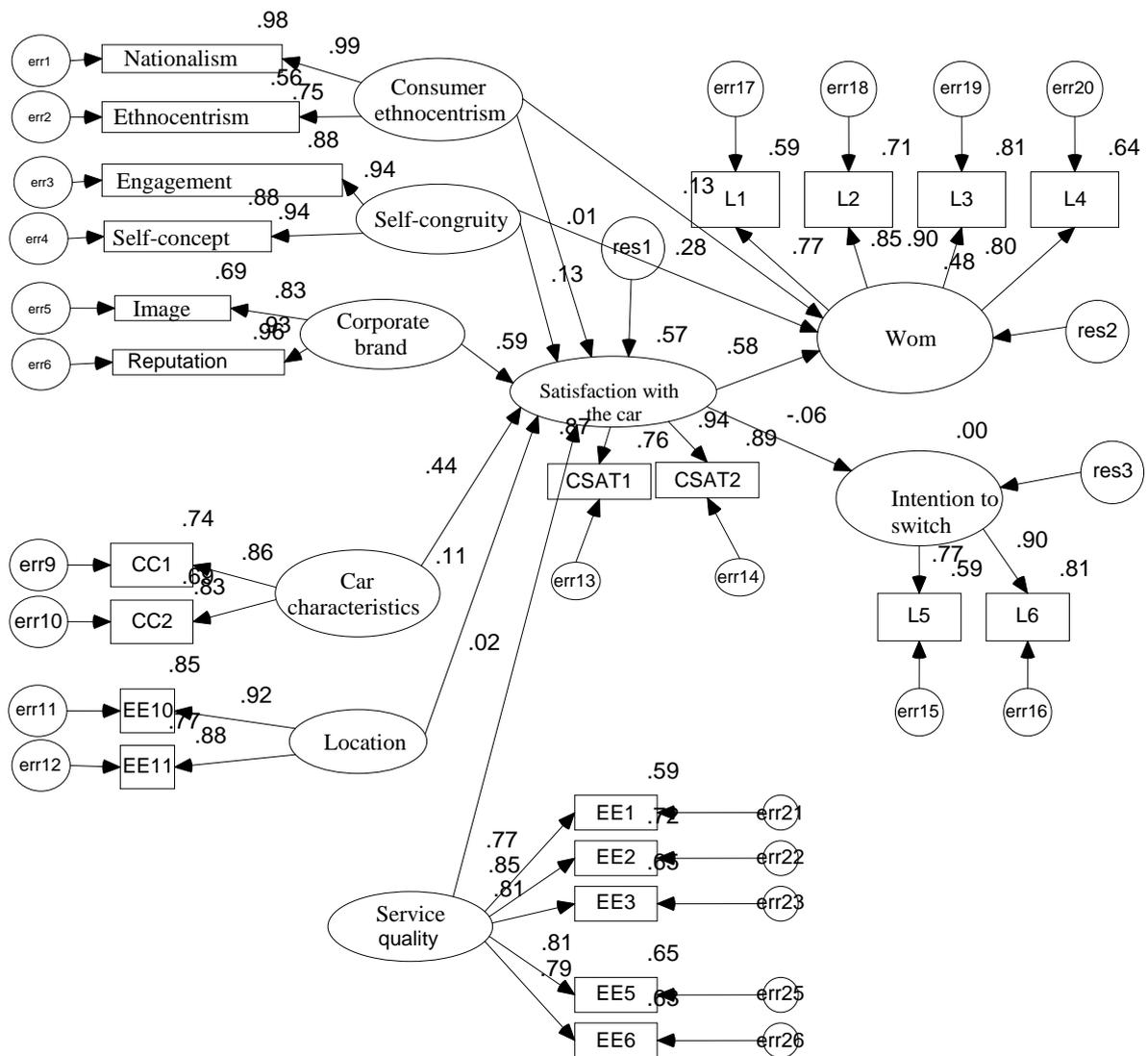
Indirect effects =  $\beta 2 \times \beta 3$

Total effects =  $\beta 1 + (\beta 2 \times \beta 3)$

### 5.3.7 Direct, indirect and total effects for Proton

The relationship between consumer ethnocentrism, self-congruity, corporate brand, service quality, car characteristics, service centre location, customer satisfaction, word of mouth and intention to switch is depicted in figure 5-2. The results based on the structural equation model for figure 5-2 are presented in tables 5-3 and 5-4 and followed by hypotheses discussion.

**Figure 5-2 SEM for word of mouth and intention to switch – Proton**



#### Goodness-of-fit statistics

$\chi^2=619.149$ ,  $df=208$ ,  $p=.000$ ,  $Cmin/df=2.977$ ,  $GFI=.911$ ,  $AGFI=.881$ ,  $RMSEA=.064$ ,  $NFI=.938$ ,  $TLI=.949$ ,  $CFI=.958$

**Table 5-3: Direct, indirect and total effects of SEM for word of mouth and intention to switch – Proton**

Variables	Direction	Direct effect		Indirect effect		Total effect		Supported (YES/NO)
		Coefficient	T-Value	Coefficient	T-Value	Coefficient	T-Value	
<b>Consumer ethnocentrism (CE) is related to:</b>								
H1a. Satisfaction	+	.005 (.030)	.158	-	-	.005 (.053)	.094	NO
-Word of mouth	+	.131 (.038)	3.490***	.003(.036)	.083	.134 (.065)	2.062*	YES
- Switching	-	-	-	.000 (.007)	0	.000 (.007)	0	NO
<b>Self-congruity (SC) is related to:</b>								
H2a. Satisfaction	+	.080 (.022)	3.620***	-	-	.080 (.022)	3.620***	YES
- Word of mouth	+	.197 (.029)	6.732***	.054(.036)	1.500	.250 (.058)	4.310***	YES
- Switching	-	-	-	-.008 (.010)	-8	-.008 (.010)	-0.8	NO
<b>Corporate brand (CB) is related to:</b>								
H3a. Satisfaction	+	.325 (.023)	13.847***	-	-	.325 (.062)	5.242***	YES
- Word of Mouth	+	-	-	.218 (.047)	4.638	.218 (.047)	4.638***	YES
- Switching	-	-	-	-.032 (.028)	-1.143	-.032 (.028)	-1.143	NO
<b>Service quality (SQ) is related to:</b>								
H4a. Satisfaction	+	.018(.031)	.563	-	-	.018 (.060)	.300	NO
- Word of mouth	+	-	-	.012 (.041)	.293	.012 (.041)	.293	NO
- Switching	-	-	-	-.002 (.008)	-.25	-.002 (.008)	-.25	NO
<b>Car characteristics (CC) is related to:</b>								
H5a. Satisfaction	+	0.321(.031)	10.434***	-	-	.321 (.077)	4.168***	YES
- Word of mouth	+	-	-	.215 (.057)	3.772***	.215 (.057)	3.772***	YES
- Switching	-	-	-	-.032 (.028)	-1.143	-.032 (.028)	-1.143	NO
<b>Service centre location (SCL) is related to:</b>								
H6a. Satisfaction	+	.089 (.029)	3.054***	-	-	.089 (.040)	2.225**	YES
- Word of mouth	+	-	-	.059 (.028)	2.107**	.059 (.028)	2.107*	YES
- Switching	-	-	-	-.009 (.009)	-1	-.009 (.009)	-1	NO

Note: \*p<.05 \*\*p<.01 \*\*\*p<.001 refers to standardised regression coefficients, ( ) refer to standard error

**5.3.7.1 Direct effects of the following; i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location on customer satisfaction with the car**

***Proposition 2a: The following (i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location) have a direct relationship to customer satisfaction with the car.***

The following hypotheses are tested for direct effects:

H1a Consumer ethnocentrism is positively related to customer satisfaction with the car

H2a Self-congruity is positively related to customer satisfaction with the car

H3a Corporate brand is positively related to customer satisfaction with the car

H4a Service quality is positively related to customer satisfaction with the car

H5a Car characteristics is positively related to customer satisfaction with the car

H6a Service centre location is positively related to customer satisfaction with the car

Consumer ethnocentrism has no direct relationship to customer satisfaction ( $b = .005$ ,  $t = .158$ ). Therefore, hypothesis H1a *Consumer ethnocentrism is positively related to customer satisfaction* is not supported. The result of H1a suggests that ethnocentrism does not affect customer satisfaction. Although scholars have suggested that consumers formed favourable evaluation towards domestic products (Vida & Reardon, 2008), this purchasing may be due to social concerns, ethnocentric orientation and patriotic loyalty and therefore does not necessarily affect customer satisfaction.

Self-congruity has a significant direct relationship to customer satisfaction ( $b = .080$ ,  $t = 3.620$ ,  $p < .001$ ). Hypothesis H2a *Self-congruity is positively related to customer satisfaction* is supported. Thus hypothesis H2a results show that consumers prefer brand images that are compatible with their perceptions of self (Belk, et al., 1982; Jamal & Goode, 2001; Sirgy, 1985). In this regard, customers consider Proton to “fit their own self-concept”.

Corporate brand ( $b = .325$ ,  $t = 13.847$ ,  $p < .001$ ), car characteristics ( $b = 0.321$ ,  $t = 10.434$ ,  $p < .001$ ) and service centre location ( $b = .089$ ,  $t = 3.054$ ,  $p < .001$ ) are found to be significant and have a strong direct relationship to customer satisfaction. Thus hypotheses H3a *Corporate brand is positively related to customer satisfaction with the car*, H5a *Car characteristics is positively related to customer satisfaction with the car* and H6a *Service centre location is positively related*

to customer satisfaction with the car are supported. H3a concurs with da Silva and Alwi (2006), who reported that corporate brand image brings together the concept of functional brand attributes (i.e., positive motoring experience or high quality cars) and emotional brand attributes (i.e., honest company, admired and respected brand), which has an effects on customer satisfaction. For hypothesis H5a, the finding is consistent with Wang et al. (2004) who found that the functional value of a product has a significant effect on customer satisfaction. As for H6a, the result suggests that in these circumstances the customer is required to obtain a periodical maintenance package from the company, which is required by the purchase agreement. Thus service centre location should affect customer satisfaction. As proposed by Zeithaml (1988), “value is what I get for what I give”, referring to consumer’s perceived value (p. 13), service centre location is important for car owners. Therefore, automotive companies need to set up their service centres at strategic locations. This finding enhances Brito et al’s (2007) recommendation that the study of service centre location in the automotive context could shed some light on customer’s perceived value and add to the service quality literature. This study provides empirical evidence for this suggestion.

Service quality ( $b = .018$ ,  $t = .563$ ) has no direct effect on customer satisfaction. Thus, hypothesis H6a *Service quality is positively related to customer satisfaction with the car* is not supported. One possible reason is that consumers are unable to evaluate services due to intangibility (Miller & Foust, 2003). The consumers may know little about car servicing so they fail to develop expectations toward services (Bebko, 2000).

#### **5.3.7.1.1 Unexpected findings – Proton**

Two results that have no hypotheses have been found for Proton, as follows:

- (a) Consumer ethnocentrism is positively related to word of mouth
- (b) Self-congruity is positively related to word of mouth

These findings suggest that for (a), there is a significant relationship between consumer ethnocentrism and word of mouth. As De Cremer and Van Vugt (1999) have reported, social identification is a powerful instrument for increasing cooperation among people who are normally reluctant to cooperate. In the context of this study, cooperation emerges among Proton customers via the dissemination of positive word of mouth about Proton to others in order to enhance group identification. For (b) above, the finding is in agreement with Chung and Darke

(2006). They found that customers are more likely to engage in word of mouth for products that are relevant to self-concept than for more utilitarian products. In addition, self-relevance had a greater impact on word of mouth in individualist cultures than collectivist cultures. However, the result contradicts Chung and Darke's findings; given Malaysia is a collectivist Asian country. It shows that the impact of self-congruity on word of mouth may be applicable across cultures (individualist/collectivist), because the focus is on the individual, not their respective culture.

### **5.3.7.2 The mediating effect of customer satisfaction with the car – Proton**

*Proposition 3a: Customer satisfaction with the car mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and vii. word of mouth.*

In line with Wu and Zumbo's (2008) explanation about the importance of mediators in social science research, this study focuses on "why" customers are motivated to engage in positive word of mouth. In addition, customer satisfaction have been used extensively in consumer studies (Caruana, 2002; Fullerton & Taylor, 2002; Olsen 2002). The relationship between satisfied customers and positive word of mouth is also well explained in marketing literature (Babin, Lee, Kim & Griffin, 2005; Söderlund, 1998). As discussed in Chapter 2, this study introduces customer satisfaction as a mediator between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and vii. word of mouth. The details on how the following hypotheses have been derived are also explained in Chapter 2.

H7a The relationship between consumer ethnocentrism and word of mouth is mediated by customer satisfaction with the car.

H9a The relationship between self-congruity and word of mouth is mediated by customer satisfaction with the car.

H11a The relationship between corporate brand and word of mouth is mediated by customer satisfaction with the car.

H13a The relationship between car characteristics and word of mouth is mediated by customer satisfaction with the car.

H15a The relationship between service quality and word of mouth is mediated by customer satisfaction with the car.

H17a The relationship between service centre location and word of mouth is mediated by customer satisfaction with the car.

***Proposition 4a: Customer satisfaction with the car mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and vii. intention to switch.***

Wu and Zumbo (2008) also explain that mediation is important in social science research because it explains the process of “why” and “how” with regard to cause and effect. Similarly, this study focuses on “why” customers switch to other brands. Marketing literature explains that an intention to switch to an alternative brand occurs if customers are having a negative experience with products or services (Anton, Camarero & Carrero, 2007), due to disconfirmation or fulfilment of expectations (Oliver & Bearden, 1985). In the case of durable products such as cars, a negative effect may be caused by dissatisfaction with certain car attributes (Oliver, 1993). Regarding dissatisfaction, Westbrook and Oliver (1991) maintained that negative valence is not simply translated into dissatisfaction. They further argued that the angry/upset pattern is more suited to lowest satisfaction. As discussed in Chapter 2, this study introduces customer satisfaction as a mediator between the following; i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and vii. intention to switch. Details on how the hypotheses below have been derived are explained in Chapter 2.

H8a The relationship between consumer ethnocentrism and intention to switch is mediated by customer satisfaction with the car.

H10a The relationship between self-congruity and intention to switch is mediated by customer satisfaction with the car.

H12a The relationship between corporate brand and intention to switch is mediated by customer satisfaction with the car.

H14a The relationship between car characteristics and intention to switch is mediated by customer satisfaction with the car.

H16a The relationship between service quality and intention to switch is mediated by customer satisfaction with the car.

H18a The relationship between service centre location and intention to switch is mediated by customer satisfaction with the car.

Due to the complexity of the model in figure 5-2, it was important to disaggregate the mediating effect of customer satisfaction with the car. The approach used in this study is to run another simplified model to obtain a more parsimonious model.

**Table 5-4 Mediating effect of customer satisfaction with the car**

Hypothesis	Coefficient (se)	T-Value	Supported/Not supported
H7a CE ---- CS ---- word of mouth	.014 (.049)	.286	Not supported
H8a CE ---- CS ---- intention to switch	-.001 (.007)	-.143	Not supported
H9a SC ---- CS---- word of mouth	.094 (.047)	2.000*	<b>Supported</b>
H10a SC ---- CS---- intention to switch	-.010 (.011)	-.909	Not supported
H11a CB ---- CS---- word of mouth	.304 (.061)	4.983***	<b>Supported</b>
H12a CB ---- CS---- intention to switch	-.031 (.028)	-1.107	Not supported
H13a CC ---- CS---- word of mouth	.305 (.074)	4.122***	<b>Supported</b>
H14a CC ---- CS---- intention to switch	-.031 (.028)	-1.107	Not supported
H15a SQ ---- CS---- word of mouth	.020 (.056)	.357	Not supported
H16a SQ ---- CS---- intention to switch	-.002 (.008)	-.250	Not supported
H17a SCL ---- CS ---- word of mouth	.084 (.038)	2.211**	<b>Supported</b>
H18a SCL ---- CS---- intention to switch	-.009 (.009)	-1.000	Not supported

Note: \* $p < .05$  \*\* $p < .01$  \*\*\* $p < .001$  refers to standardised regression coefficients, ( ) refers to standard error, CE=Consumer ethnocentrism, SC=Self-congruity, CB=Corporate brand, CC=Car characteristics, SQ=Service quality, SCL=Service centre location, CS=Customer satisfaction

With reference to H7a, the results from table 5.2 show there are no mediating effects for customer satisfaction between consumer ethnocentrism and word of mouth ( $b = .014$ ,  $t = .286$ ). Thus, H7a *The relationship between consumer ethnocentrism and word of mouth is mediated by customer satisfaction with the car* is not supported. The insignificant result for H7a suggests that ethnocentric feelings may influence a customer to spread the news about the Proton car but it is not necessarily done through mediating satisfaction. This may suggest that even when customers are not entirely satisfied with Proton cars they may still spread positive word of mouth to others because of nationalism or ethnocentrism, supported by unexpected findings that show that consumer ethnocentrism is positively related to word of mouth (see section 5.2.7.1.1).

As for H9a, the results indicate that the relationship between self-congruity and word of mouth ( $b = .094$ ,  $t = 2.000$ ) is mediated by customer satisfaction. Consequently, H9a *The relationship between self-congruity and word of mouth is mediated by customer satisfaction with the car* is supported. This finding is consistent with Dick and Basu's (1994) customer loyalty framework. These authors have argued that "the degree to which an attitude toward a brand is related to the value system of an individual indicates the centrality of attitude" (p. 103). They explicitly elaborated that the role of centrality could be explained by, for example, the congruity between self-image and stored image (Sirgy & Samli, 1985) and satisfaction occurs as a result of a matching of expectations and brand performance. Furthermore, they argued that word of mouth is one form of attitudinal loyalty resulting from satisfied customers. This finding enhances this work by providing empirical evidence for their framework. A strong, direct relationship between self-congruity and word of mouth ( $b = .197$ ,  $t = 6.732$ ,  $p < .001$ ) and the significant mediating

effect of customer satisfaction suggest that customer satisfaction partly mediated the relationship between self-congruity and word of mouth (Baron & Kenny, 1986). It shows that for Proton's customers, the congruity not only caused positive word of mouth but concomitantly affects satisfaction.

Regarding hypotheses H11a and H13a, the results indicate that the relationships between corporate brand ( $b = .304$ ,  $t = 4.983$ ), car characteristics ( $b = .305$ ,  $t = 4.122$ ) and word of mouth are significant. Therefore, H11a *The relationship between corporate brand and word of mouth is mediated by customer satisfaction with the car* and H13a *The relationship between car characteristics and word of mouth is mediated by customer satisfaction with the car* are supported. The result for H11a adds to further understanding of positive word of mouth activity among customers who purchase a certain product. As the literature regards corporate brand as "brand promise" (de Chernatony, 2001), favourable reputation and image along with brand performance impact customer involvement in spreading positive word of mouth about the company, provided customers are satisfied with the company's product. Furthermore, the result for H13a indicates that where customers are satisfied with product characteristics, they are motivated to spread positive word of mouth about the brand. From the customers' point of view, Proton cars are worth buying and have an acceptable product value.

With reference to H15a, *The relationship between service quality and word of mouth is mediated by customer satisfaction with the car* ( $b = .020$ ,  $t = .357$ ) is not supported. According to Baron and Kenny (1986), there must be a relationship between independent variables and mediators to obtain mediation effects. However, the findings suggest there is no direct effect between service quality and customer satisfaction. The reason is that customers fail to develop expectations towards services (Bebko, 2000), due to lack of knowledge about car servicing.

As for hypothesis H17a, the result exhibits mediating effects of customer satisfaction between service centre location ( $b = .084$ ,  $t = 2.211$ ) and word of mouth. Therefore hypothesis H19a *The relationship between service centre location and word of mouth is mediated by customer satisfaction with the car* is supported. The result indicates that it is important for customers to have service centres in strategic and convenience locations. The reason may be due to the fact that customers are obliged to visit manufacturer's service centres for periodical maintenance as part of the purchase agreement for a certain period of time. The results also indicate that service

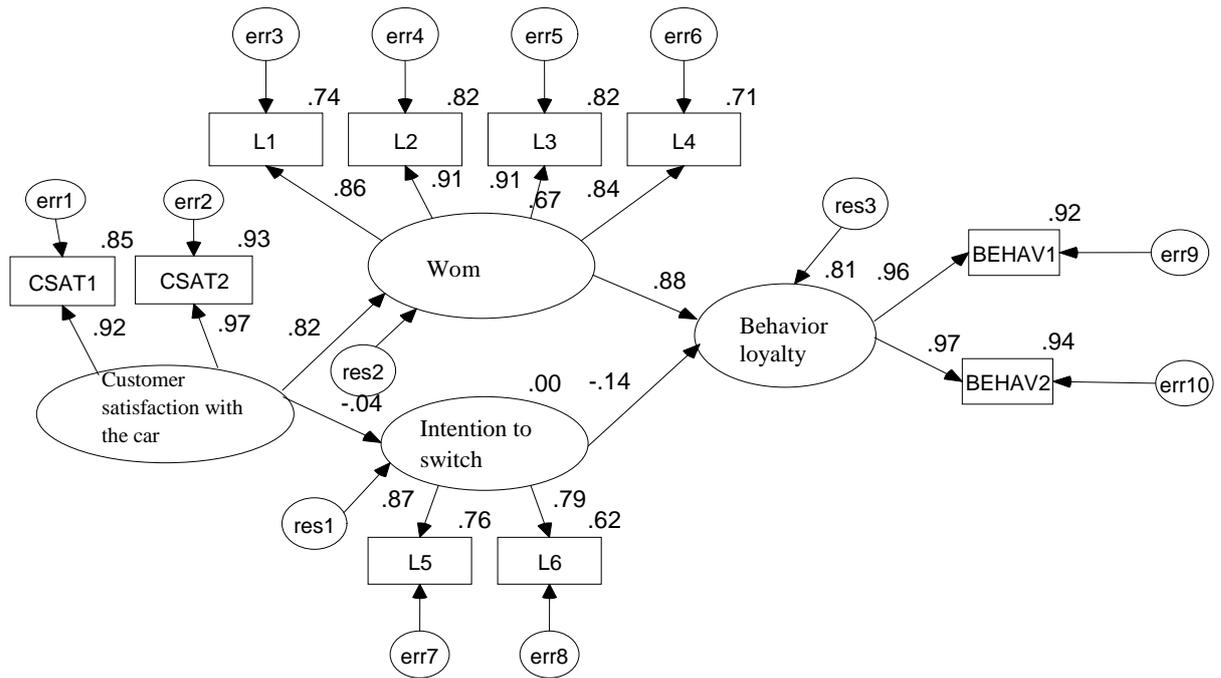
centre location is valuable for customers, in line with Zeithaml's (1988) abovementioned proposition, "value is what I get for what I give" (p. 13).

Hypotheses H8a, H10a, H12a, H14a, H16a and H18a show no mediation effect of customer satisfaction between the antecedents and switching intention. There are a few implications from these findings. First, switching intention for durable products may take longer. It also shows that disconfirmation and negative emotion as a result of dissatisfaction may not necessarily trigger switching intention as "exit barriers" or switching costs may be involved, consistent with Patterson and Smith's (2003) findings. Second, negative relations indicate that customer satisfaction is negatively related to switching intention, implying that satisfied customers do not switch intentionally.

### **5.3.7.3 Direct, indirect and total effects between customer satisfaction, word of mouth, intention to switch and behavioural loyalty for Proton**

This subsection explains the direct effect between Proton's customer satisfaction, word of mouth, intention to switch and behavioural loyalty. The relationship is illustrated in figure 5-3. The results are presented in table 5-5 followed by discussion.

**Figure 5-3 SEM for Proton customers' behavioural loyalty**



**Goodness-of-fit statistics**

$\chi^2=99.565$ ,  $df=29$ ,  $p=.000$ ,  $Cmin/df=3.433$ ,  $GFI=.961$ ,  $AGFI=.926$ ,  $RMSEA=.071$ ,  $NFI=.980$ ,  $TLI=.978$ ,  $CFI=.986$

**Table 5-5: Direct, indirect and total effects for Proton**

Variables	Direction	Direct effect		Indirect effect		Total effect		Supported (Yes/No)
		Coefficient	T-Value	Coefficient	T-Value	Coefficient	T-Value	
<b>Satisfaction is related to:</b>								
H19a. Word of mouth	+	1.054 (.051)	20.666***	-	-	1.054 (.051)	20.666***	YES
H20a. Intention to switch	-	-.058 (.088)	-.659	-	-	-.058 (.088)	-0.659	NO
- Behavioural loyalty	+	.000 (.000)	-	1.000 (.050)	20***	1.000 (.050)	20***	YES
<b>Positive word of mouth is related to:</b>								
H21a. Behavioural loyalty	+	.941 (.037)	25.432***	-	-	.941 (.037)	25.432***	YES
<b>Intention to switch is negatively related to:</b>								
H22a. Behavioural loyalty	-	-.142 (.029)	-4.896***	-	-	-.142 (.029)	-4.896***	YES

Note: \*p<.05 \*\*p<.01 \*\*\*p<.001 refer to standardised regression coefficients, ( ) refer to standard error

**Proposition 5a: Customer satisfaction with the car is: (i) positively related to word of mouth, (ii) negatively related to intention to switch.**

H19a Customer satisfaction with the car is positively related to word of mouth.

H20a Customer satisfaction with the car is negatively related to intention to switch.

The following hypotheses are tested:

H21a Word of mouth is positively related to behavioural loyalty.

H22a Intention to switch is negatively related to behavioural loyalty.

Customer satisfaction has a strong, direct relationship to word of mouth ( $b= 1.054$ ,  $t= 20.666$ ,  $p<.001$ ) but no relationship to switch intention ( $b= -.058$ ,  $t=-.659$ ). Therefore, H19a *Customer satisfaction with the car is positively related to word of mouth* is supported and H20a *Customer satisfaction with the car is negatively related to intention to switch* is not supported. The H29a result concurs with Babin et al. (2005), Ladhari (2007) and Mangold et al's (1999) findings. As for H20a, the result suggests that customers who purchase cars need more time for switching intention to take effect because of the exit barrier and switching cost (Patterson & Smith, 2003). In addition, negative values for switching intention signify that satisfied customers do not have an intention to switch to another brand.

Word of mouth ( $b= .941$ ,  $t= 25.432$ ,  $p<.001$ ) has a strong relationship to behavioural loyalty. Intention to switch ( $b= -.142$ ,  $t= -4.896$ ,  $p<.001$ ) is significant and negatively related to behavioural loyalty. This means that switching intention affects behaviour loyalty negatively. Therefore, H21a *Word of mouth is positively related to behavioural loyalty* and H22a *Intention to switch is negatively related to behavioural loyalty* are supported. Hypothesis H21a suggests that word of mouth has an impact on behavioural loyalty. It means that Proton customers engaging in positive word of mouth are also loyal, consistent with Bowman and Narayandas (2001) and Gremler and Brown's (1999) findings. For H22a, the result suggests that a customer who is loyal does not have switching intention. The finding supports Odin et al's (2001) recommendation that suggests exploration tendency should be included in studying customer loyalty.

#### **5.3.7.4 The mediating role of word of mouth and intention to switch in the relationship between customer satisfaction with the car and behavioural loyalty for Proton**

In this study, word of mouth and intention to switch are introduced as mediators between customer satisfaction and behavioural loyalty. As suggested by Oliver (1980), consumer satisfaction is a function of expectation. Expectancy disconfirmation and satisfaction in turn are believed to influence attitude change and purchase intention. In line with disconfirmation theory, the general rule is that satisfied customers tend to engage in positive word of mouth (Westbrook, 1987) and dissatisfied customers tend to switch (Bolfing, 1989). Westbrook and Oliver (1991) however maintained that negative valence is not simply translated into dissatisfaction. They further argued that the angry/upset pattern is more suited to lowest satisfaction. As Baron and Kenny (1986) have stated, "mediators explain how external physical events take on internal

psychological significance” (p. 1176). The use of word of mouth and intention to switch as mediators between customer satisfaction and behavioural loyalty may further explain customer loyalty phenomenon. Accordingly, word of mouth has a positive mediation effect, while intention to switch has a negative mediation effect. Details on how the hypotheses below have been derived are explained in Chapter 2.

H23a The positive relationship between customer satisfaction with the car and behavioural loyalty is mediated by word of mouth.

H24a The negative relationship between customer satisfaction with the car and behavioural loyalty is mediated by intention to switch.

**Table 5-6: Mediating effect of word of mouth and intention to switch**

Hypothesis	Coefficient (se)	T-Value	Supported/Not supported
H23a CS ---- word of mouth ---- BL	.940 (0.053)	17.736	<b>Supported</b>
H24a CS ---- intention to switch ----BL	.014 (0.030)	.466	Not supported

Note: \*p<.05 \*\*p<.01 \*\*\*p<.001 refer to standardised regression coefficients, ( ) refer to standard error, CS=Customer Satisfaction, BL= Behavioural Loyalty

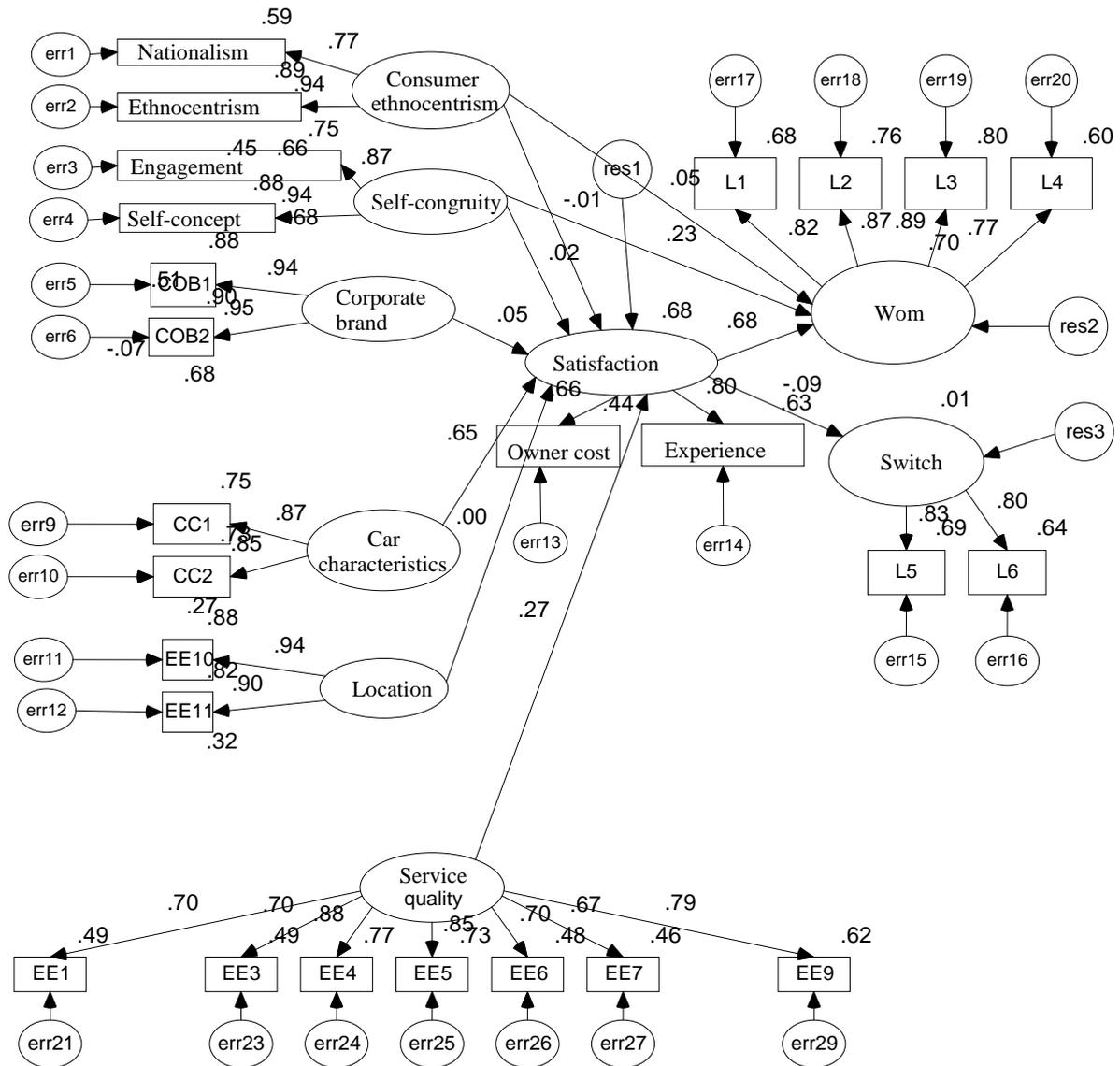
For hypothesis H23a, the results show that the relationship between customer satisfaction and behavioural loyalty is mediated by word of mouth (b= .940, t= 17.736, p<.001). Thus, H23a *The positive relationship between customer satisfaction with the car and behavioural loyalty is mediated by word of mouth* is supported. This finding conforms to Bowen and Chen’s (2001) study. They suggest that customer satisfaction leads to behavioural loyalty, and word of mouth is a behavioural consequence of satisfaction outcomes as well as an indicator of customer loyalty. Thus satisfied Proton customers tend to spread good news about Proton as part of their loyalty outcome.

However, the relationship between customer satisfaction and behavioural loyalty is not mediated by intention to switch (b= .014, t= .466). Accordingly, H24a *The negative relationship between customer satisfaction with the car and behavioural loyalty is mediated by intention to switch* is not supported. The reason is that the exit barrier or switching costs (Patterson & Smith, 2003) may be involved. Customers will incur some financial loss if they sell their current cars to purchase another brand due to depreciation value.

### 5.3.8 Direct effects, indirect effects and total effects for Perodua

The relationship between consumer ethnocentrism, self-congruity, corporate brand, service quality, car characteristics, service centre location, customer satisfaction, word of mouth and intention to switch is depicted in figure 5-4. The analysis results based on structural equation model for figure 5-4 are presented in table 5-7 and followed by the hypotheses discussion.

**Figure 5-4 SEM model for word of mouth and intention to switch – Perodua**



#### Goodness-of-fit statistics

$\chi^2=617.436$ ,  $df=251$ ,  $p=.000$ ,  $Cmin/df=2.460$ ,  $GFI=.833$ ,  $AGFI=.783$ ,  $RMSEA=.079$ ,  $NFI=.882$ ,  $TLI=.911$ ,  $CFI=.926$

**Table 5-7: Direct, indirect and total effects of SEM for word of mouth and intention to switch – Perodua**

Variables	Direction	Direct effect		Indirect effect		Total effect		Supported (YES/NO)
		Coefficient	T-Value	Coefficient	T-Value	Coefficient	T-Value	
<b>Consumer ethnocentrism (CE) is related to:</b>								
H1b. Satisfaction	-	-	-	-	-	-.004 (.073)	-.054	NO
- Word of mouth	+	.031 (.083)	.373	-.004 (.071)	-.056	.027 (.072)	.375	NO
- Switching	+	-	-	.001 (.016)	.062	.001 (.016)	.062	NO
<b>Self-congruity (SC) is related to:</b>								
H2b. Satisfaction	+	.005 (.086)	.058	-	-	.005 (.086)	.058	NO
-Word of mouth	+	.181 (.089)	2.033**	.005 (.078)	.064	.186 (.096)	1.937*	YES
- Switching	-	-	-	-.001 (.019)	-.053	-.001 (.019)	-.053	NO
<b>Corporate brand (CB) is related to:</b>								
H3b. Satisfaction	+	.039 (.189)	.206	-	-	.039 (.189)	.206	NO
- Word of mouth	+	-	-	.036 (.170)	.211	.036 (.170)	.211	NO
- Switching	-	-	-	-.006 (.047)	-.128	-.006 (.047)	-.128	NO
<b>Service quality (SQ) is related to:</b>								
H4b. Satisfaction	+	.233 (.121)	1.926*	-	-	.233 (.121)	1.926*	YES
- Word of mouth	+	-	-	.215 (.109)	1.972*	.215 (.109)	1.972*	YES
- Switching	-	-	-	-.037 (.047)	-.787	-.037 (.047)	-.787	NO
<b>Car characteristics (CC) is related to:</b>								
H5b. Satisfaction	+	.568 (.190)	2.989**	-	-	.568 (.190)	2.989**	YES
- Word of mouth	+	-	-	.523 (.171)	3.058***	.523 (.171)	3.058***	YES
- Switching	-	-	-	-.090 (.114)	-.789	-.090 (.114)	-.789	NO
<b>Service centre location (SCL) is related to:</b>								
H6b. Satisfaction	+	NE	-	-	-	NE (.090)	0	NO
- Word of mouth	+	-	-	NE	-	NE (.082)	0	NO
- Switching	+	-	-	NE	-	NE (.020)	0	NO

Note: p<.05\*p<.01\*\* p<.001\*\*\* refer to standardised regression coefficients, ( ) refer to standard error

Where NE means the value was <.001

**5.3.8.1 Direct effects of the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location on customer satisfaction**

***Proposition 2b: The following (i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location) have a direct relationship to customer satisfaction.***

Similar hypotheses to Proton are tested again on Perodua respondents. The hypotheses for direct effects are:

- H1b Consumer ethnocentrism is positively related to customer satisfaction with the car.
- H2b Self-congruity is positively related to customer satisfaction with the car.
- H3b Corporate brand is positively related to customer satisfaction with the car.
- H4b Service quality is positively related to customer satisfaction with the car.
- H5b Car characteristics are positively related to customer satisfaction with the car.
- H6b Service centre location is positively related to customer satisfaction with the car.

From table 5-7, the results indicate that consumer ethnocentrism has no direct relationship to customer satisfaction and word of mouth. Thus, H1b *Consumer ethnocentrism is positively related to customer satisfaction with the car* is not supported. Although scholars have suggested that consumers formed favourable evaluation towards domestic product (Vida & Reardon, 2008), purchasing may be due to an instinctive responsibility to support domestic businesses, social concerns, ethnocentric orientation and patriotic loyalty (Baughn & Yaprak, 1996) rather than satisfaction with the product.

Self-congruity has no direct relationship to customer satisfaction ( $b = .005$ ,  $t = .058$ ). Therefore, H2b *Self-congruity is positively related to customer satisfaction with the car* is not supported. Kressman et al's (2006) study may lend some explanation for this result. They suggested that the level of involvement may affect self-congruity. According to these authors, involvement means personal connection to cars, expertise with cars, and relative knowledge about cars. Low involvement with these aspects indicates that respondents may have little interest in the product, thus affecting their self-congruity levels.

Car characteristics ( $b = .446$ ,  $t = 4.168$ ,  $p < .001$ ) and service quality ( $b = .218$ ,  $t = 2.247$ ,  $p < .01$ ) are found to have a significant, direct relationship with customer satisfaction. Thus, H4b *Service*

*quality is positively related to customer satisfaction* and *H5b Car characteristics is positively related to customer satisfaction* are supported. The H4b finding is in agreement with mainstream service quality literature (Parasuraman, Zeithaml & Berry, 1988; Ravichandran, Mani, Kumar & Prabhakaran, 2010; Woodside, Frey & Daly, 1989). The results generally suggest that customers observe Perodua as a good brand with good after sales service.

Corporate brand and service centre location have no direct relationship to customer satisfaction. Consequently, *H3b Corporate brand is positively related to customer satisfaction* and *H6b Service centre location is positively related to customer satisfaction* are not supported. The result for H3b suggests that because of a “higher level of intangibility” (Simoes & Dibb, 2001, p. 218), consumers are unable to form their evaluations toward corporate brand. As for H6b, Khalifa (2004) explains that scholars often refer to location as “basic product features” (p. 659), therefore location is mostly ignored as one of the factors that may affect customer satisfaction. In line with Zeithaml (1996), “value is what I get for what I give” (p. 13), service centre location may be not one of the desired values for Perodua customers.

#### **5.3.8.1.1 Unexpected findings – Perodua**

To make the model identical to Proton, the same hypotheses have been tested on Perodua SEM 1. The results are as follows:

- (a) Consumer ethnocentrism is positively related to word of mouth.
- (b) Self-congruity is positively related to word of mouth.

These findings suggest that (a) there is no significant relationship between consumer ethnocentrism and word of mouth and (b) self-congruity is related to word of mouth. The finding for (b) above shows that maybe customers are more likely to engage in word of mouth for products that are relevant to self-concept (Chung & Darke, 2006).

#### **5.3.8.2 The mediating effect of customer satisfaction with the car – Perodua**

Similar to Proton, the mediating effect of customer satisfaction for Perodua is disintegrated to obtain a more representable mediation effect. A simplified model is used to study the mediation effect of customer satisfaction

**Table 5-8 Mediating effect of customer satisfaction with the car**

Hypothesis	Coefficient (se)	T-Value	Supported/Not supported
H7b CE ---- CS ---- word of mouth	.008 (.061)	.131	Not supported
H8b CE ---- CS ---- intention to switch	-.001 (.013)	-.076	Not supported
H9b SC ---- CS---- word of mouth	.098 (.084)	1.166	Not supported
H10b SC ---- CS---- intention to switch	-.014 (.023)	-.608	Not supported
H11b CB ---- CS---- word of mouth	.064 (.193)	.331	Not supported
H12b CB ---- CS---- intention to switch	-.009 (.046)	-.195	Not supported
H13b CC ---- CS---- word of mouth	.598 (.190)	<b>3.147***</b>	<b>Supported</b>
H14b CC ---- CS---- intention to switch	-.088 (.106)	-.830	Not supported
H15b SQ ---- CS---- word of mouth	.250 (.128)	<b>1.953*</b>	<b>Supported</b>
H16b SQ ---- CS---- intention to switch	-.037 (.045)	-.822	Not supported
H17b SCL ---- CS ---- word of mouth	-.014 (.097)	-.144	Not supported
H18b SCL ---- CS---- intention to switch	.002 (.019)	.105	Not supported

Note: \*p<.05 \*\*p<.01 \*\*\*p<.001 refer to standardised regression coefficients, ( ) refer to standard error, CE=Consumer ethnocentrism, SC=Self-congruity, CB=Corporate brand, CC=Car characteristics, SQ=Service quality, SCL=Service centre location, CS=Customer satisfaction

***Proposition 3b: Customer satisfaction with the car mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and vii. word of mouth.***

A brief explanation that justifies this proposition is similar to that of Proton.

Structural equation modelling (SEM) is used to test the following hypotheses:

H7b The relationship between consumer ethnocentrism and word of mouth is mediated by customer satisfaction with the car.

H9b The relationship between self-congruity and word of mouth is mediated by customer satisfaction with the car.

H11b The relationship between corporate brand and word of mouth is mediated by customer satisfaction with the car.

H13b The relationship between car characteristics and word of mouth is mediated by customer satisfaction with the car.

H15b The relationship between service quality and word of mouth is mediated by customer satisfaction with the car.

H17b The relationship between service centre location and word of mouth is mediated by customer satisfaction with the car.

***Proposition 4b: Customer satisfaction with the car mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and vii. intention to switch.***

A brief explanation that justifies this proposition is similar to that of Proton.

Structural equation modelling (SEM) is used to test the following hypotheses:

H8b The relationship between consumer ethnocentrism and intention to switch is mediated by customer satisfaction with the car.

H10b The relationship between self-congruity and intention to switch is mediated by customer satisfaction with the car.

H12b The relationship between corporate brand and intention to switch is mediated by customer satisfaction with the car.

H14b The relationship between car characteristics and intention to switch is mediated by customer satisfaction with the car.

H16b The relationship between service quality and intention to switch is mediated by customer satisfaction with the car.

H18b The relationship between service centre location and intention to switch is mediated by customer satisfaction with the car.

With regard to H7b, the results show no mediating effect of customer satisfaction between consumer ethnocentrism and word of mouth ( $b = .008$ ,  $t = .131$ ). Therefore, H7b *The relationship between consumer ethnocentrism and word of mouth is mediated by customer satisfaction with the car* is not supported. The insignificant direct effect of consumer ethnocentrism with satisfaction, ( $b = .054$ ,  $t = 0.870$ ) and insignificant mediated effect of satisfaction between ethnocentrism and word of mouth show that purchasing of domestic products is not necessarily due to ethnocentrism. This finding is inconsistent with Vida and Reardon (2008) who suggest that normative affective and normative constructs (i.e. consumer ethnocentrism and patriotism) are stronger determinants of domestic consumption than rational considerations, for example, perceptions of relative product quality. The significant direct effect of car characteristics ( $b = .446$ ,  $t = 4.168$ ,  $p < .001$ ) and service quality ( $b = .218$ ,  $t = 2.247$ ,  $p < .01$ ) further suggest that consumers are rational when gathering information to assist in making a better decision (Bazerman, 2001), rather than simply buying a domestic product because of ethnocentrism.

As for H9b, the results indicate that customer satisfaction does not mediate the relationship between self-congruity and word of mouth ( $b = .098$ ,  $t = 1.166$ ). Therefore hypothesis H9b *The*

*relationship between self-congruity and word of mouth is mediated by customer satisfaction with the car* is not supported. As suggested by Kressmann et al. (2006) the level of product involvement may influence self-congruity. This finding further suggests Perodua customer's lack of connection with cars, low expertise with cars and minimal relative knowledge about cars. These factors affect insignificant self-congruity between customer and car.

Regarding H11b, the result indicates that the relationships between corporate brand ( $b = .064$ ,  $t = .331$ ) and word of mouth mediated by customer satisfaction is not significant. The result for H11b shows that because of "higher level of intangibility" (Simoes & Dibb, 2001, p. 218), consumers may be unable to form their evaluations towards corporate brand due to lack of knowledge about Perodua. In order to evaluate Perodua's corporate brand, customers must have some knowledge regarding Perodua such as its branding activities, news and public opinion relating to Perodua cars and Perodua's position among automotive companies in Malaysia.

As for H13b and H15b, the results indicate that the relationships between car characteristics ( $b = .598$ ,  $t = 3.147$ ), service quality ( $b = .250$ ,  $t = 1.953$ ) and word of mouth mediated by customer satisfaction are significant. The result for H13b suggests that car characteristics appear to be among the factors that give value to customers and therefore has significant impact on satisfaction. It also shows that if customers are satisfied with product characteristics, they are motivated to spread positive word of mouth about the brand. Furthermore, the result of H15b concurs with service quality literature that maintains that service quality has a significant effect on customer satisfaction (see Parasuraman, et al., 1988; Ravichandran, et al., 2010; Woodside, et al., 1989). From the customers' point of view Perodua is a good brand, supported by good service quality.

For H17b, the results show that the relationship between service centre location and word of mouth ( $b = .044$ ,  $t = .341$ ) is not mediated by customer satisfaction. Khalifa (2004) explains that scholars often refer to location as "basic product features" (p. 659), therefore location is mostly ignored as one of the factors that may affect customer satisfaction. The reason may be due to the fact that customers are obliged to visit the manufacturer's service centre for periodical maintenance and be obliged to honour the purchase agreement for a certain period of time. In relation to, "value is what I get for what I give" (Zeithaml, 1988, p. 13), service centre location does not fit into Perodua customers' description of value. Therefore, H17b *The relationship*

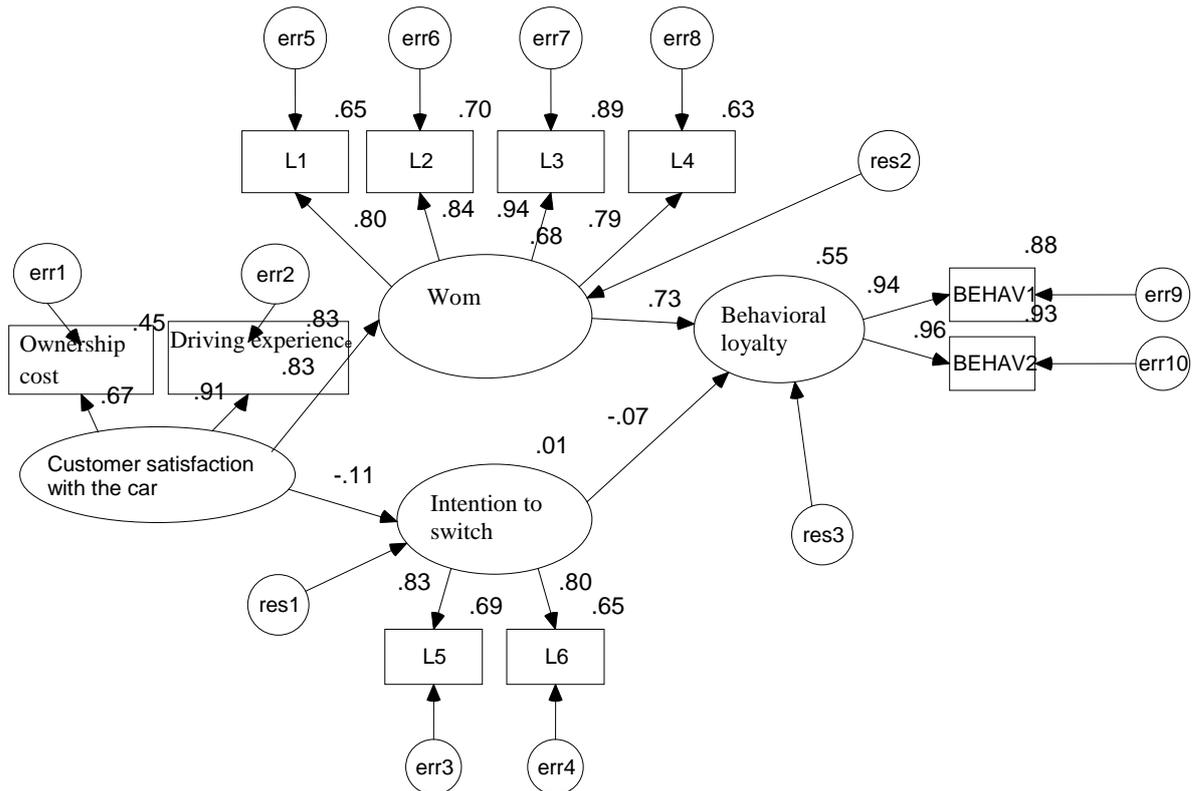
*between service centre location and word of mouth is mediated by customer satisfaction with the car* is not supported.

Hypotheses H8b, H10b, H12b, H14b, H16b and H18 show no mediation effect of customer satisfaction between antecedents and switching intention. From these findings, it may be inferred that disconfirmation and negative emotion as a result of dissatisfaction may not necessarily trigger switching intention as “exit barriers” or switching costs may be involved, in agreement with Patterson and Smith’s (2003) findings. The possible exit barriers are financial limitation and high depreciation value for products like cars.

### 5.3.8.3 Direct, indirect and total effects between customer satisfaction with the car, word of mouth, intention to switch and behavioural loyalty for Perodua

This section explains the direct effects between customer satisfaction, word of mouth, intention to switch and behavioural loyalty. The relationship is illustrated in figure 5-5. The results are presented in table 5-9, followed by discussion.

**Figure 5-5 SEM for Perodua customers' behavioural loyalty**



#### Goodness-of-fit statistics

$\chi^2=63.050$ ,  $df=31$ ,  $p=0.001$ ,  $Cmin/df=2.034$ ,  $GFI=.951$ ,  $AGFI=.914$ ,  $RMSEA=.066$ ,  $NFI=.965$ ,  $TLI=.974$ ,  $CFI=.982$

**Table 5-9: Direct, indirect and total effects for Perodua**

Variables	Direction	Direct effect		Indirect effect		Total effect		Supported (Yes/No)
		Coefficient	T-Value	Coefficient	T-Value	Coefficient	T-Value	
<b>Satisfaction is related to:</b>								
H19b. Word of mouth	+	1.185 (.141)	8.404***	-	-	1.185 (.141)	8.404***	YES
H20b. Intention to switch	-	-.205 (.182)	-1.126	-	-	-.205 (.182)	-1.126	NO
- Behavioural loyalty	-	-	-	.945 (.115)	8.217***	.945 (.115)	8.217***	YES
<b>Word of mouth is related to:</b>								
H21b. Behavioural loyalty	+	.786(.089)	8.831***	-	-	.786 (.089)	8.831***	YES
<b>Intention to switch is related to:</b>								
H22b. Behavioural loyalty	-	-.064(.056)	-1.142	-	-	-.064 (.056)	-1.142	NO

Note: \*p<.05 \*\*p<.01 \*\*\*p<.001 coefficient refer to standardised regression coefficients, ( ) refer to standard error

*Proposition 5b: Customer satisfaction with the car is: (i) positively related with word of mouth (ii) negatively related to intention to switch.*

The following hypotheses are tested:

H19a Customer satisfaction with the car is positively related to word of mouth.

H20a Customer satisfaction with the car is negatively related to intention to switch.

The following hypotheses are tested:

H21b Word of mouth is positively related to behavioural loyalty.

H22b Intention to switch is negatively related to behavioural loyalty.

Customer satisfaction has a strong direct relationship to word of mouth ( $b= 1.185, t= 8.404, p<.001$ ) but no significant relationship to intention to switch ( $b= -.205, t=-1.126$ ). Consequently, H19b *Customer satisfaction is positively related to word of mouth* is supported but also H20b *Customer satisfaction is positively related to intention to switch* is not supported. The result of H19b is consistent with mainstream customer satisfaction literature (Babin, et al., 2005; Ladhari, 2007; Mangold, et al., 1999). As for H20a, the result suggests that customers who purchase cars need more time for switching intention to take effect because of the exit barrier and switching cost (Patterson & Smith, 2003). Additionally, negative values for switching intention signify that satisfied customers do not intend to switch to another brand.

Word of mouth ( $b=.786, t= 8.831, p<.001$ ) has a strong direct relationship to behavioural loyalty but intention to switch ( $b= -.064, t= -1.142$ ) has no direct effect on behavioural loyalty. Therefore H21b *Word of mouth is positively related to behavioural loyalty* is supported and H22b *Intention to switch is positively related to behavioural loyalty* are not supported. H21b suggests that word of mouth has an impact on behavioural loyalty. Thus Perodua customers engaging in positive word of mouth activity are also loyal, consistent with Bowman and Narayandas' (2001) and Gremler and Brown's (1999) findings. The insignificant effect of intention to switch on behavioural loyalty suggests that customers who purchase cars need more time for switching intention to take effect because of the exit barrier and switching cost (Patterson & Smith, 2003).

#### **5.3.8.4 The mediating role of word of mouth and intention to switch in the relationship between customer satisfaction with the car and behavioural loyalty for Perodua**

A brief explanation that justifies this proposition is similar to that of Proton.

H23b The positive relationship between customer satisfaction with the car and behavioural loyalty is mediated by word of mouth.

H24b The negative relationship between customer satisfaction with the car and behavioural loyalty is mediated by intention to switch.

**Table 5-10: Mediating effect of word of mouth and intention to switch**

Hypothesis	Coefficient (se)	T-Value	Supported/Not supported
H23b CS ---- word of mouth ---- BL	.934 (0.114)	8.193***	<b>Supported</b>
H24b CS ---- intention to switch ----BL	-	-	Not supported

Regarding H23b, the results show that the relationship between customer satisfaction and behavioural loyalty is mediated by word of mouth ( $b = .934$ ,  $t = 8.193$ ,  $p < .001$ ). Hence, H23b *The relationship between customer satisfaction with the car and behavioural loyalty is mediated by word of mouth* is supported. The finding conforms to Bowen and Chen's (2001) study, that suggests that customer satisfaction leads to behavioural loyalty and word of mouth is one of the behavioural consequences of satisfaction outcome as well as an indicator of customer loyalty. It also shows that Perodua customers who are satisfied tend to spread good news about Perodua as part of their loyalty outcome.

In contrast, the relationship between customer satisfaction and behavioural loyalty is not mediated by intention to switch. The reason is that a short ownership period may not elicit switching. As a consequence, H24b *The relationship between customer satisfaction with the car and behavioural loyalty is mediated by intention to switch* is not supported. The reason may be the switching cost (Patterson & Smith, 2003), which might prevent customers from switching to another brand. As the car has a high depreciation value, consumers may incur some financial loss if they sell their current cars to purchase another brand.

#### **5.4 Moderating effect MODPROBE**

As discussed previously in Chapter 2, sport sponsorship and corporate social responsibility represent corporate communication, whereas non-company-generated media coverage and automotive awards represent non-corporate communication. In this study, these are treated as moderators between the following: i. corporate brand, ii. consumer ethnocentrism and iii. customer satisfaction. The moderating effect is examined using SPSS Mod Probe (Hayes & Matthes, 2009). This technique is important to probe the interaction effect between moderators and specific patterns of independent variables in this study. The results of analyses for proposition 6 *Corporate communication moderates the relationship between: i. corporate brand, ii. consumer ethnocentrism and customer satisfaction with the car* and proposition 7 *Non-corporate communication moderates the relationship between: i. corporate brand, ii. consumer ethnocentrism and customer satisfaction with the car* will be presented and discussed in the following section. As suggested by measure equivalence analysis results in Chapter 4, Proton and Perodua customers did not have measure equivalence hence the analyses were separate.

## 5.4.1 Moderating effect for Proton

### 5.4.1.1 Moderating effect of corporate communication

This section presents and discusses the moderating effect of corporate communication on the relationship between the following: *i. corporate brand and ii. consumer ethnocentrism and customer satisfaction with the car* as presented in proposition 6. Accordingly, the following hypotheses are tested:

H25a: The relationship between corporate brand and customer satisfaction with the car is moderated by sport sponsorship.

H26a: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by sport sponsorship.

H27a: The relationship between corporate brand and customer satisfaction with the car is moderated by corporate social responsibility.

H28a: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by corporate social responsibility.

**Table 5-11: The moderating effect of sport sponsorship – Proton**

	Customer satisfaction with the car					
		beta	t-value		beta	t-value
<b>Focal predictor variable</b>	<b>Corp. Brand</b>	.7045	21.5486***	<b>Consumer Ethno.</b>	.3643	9.9696***
<b>Sport sponsorship</b>		.0737	2.6222**		.2567	7.5794***
<b>Interaction</b>		.0416	<b>2.6136***</b>		.0484	<b>2.3011**</b>
<b>R Square</b>		.6313			.3969	
<b>F Ratio</b>		270.5673			103.9735	
<b>Slope analysis</b>						
<b>1 SD above mean</b>		.7585	18.3421***		.4271	8.7399***
<b>Mean</b>		.7045	21.5486***		.3643	9.9696***
<b>1 SD below mean</b>		.6505	18.1709***		.3014	7.1589***

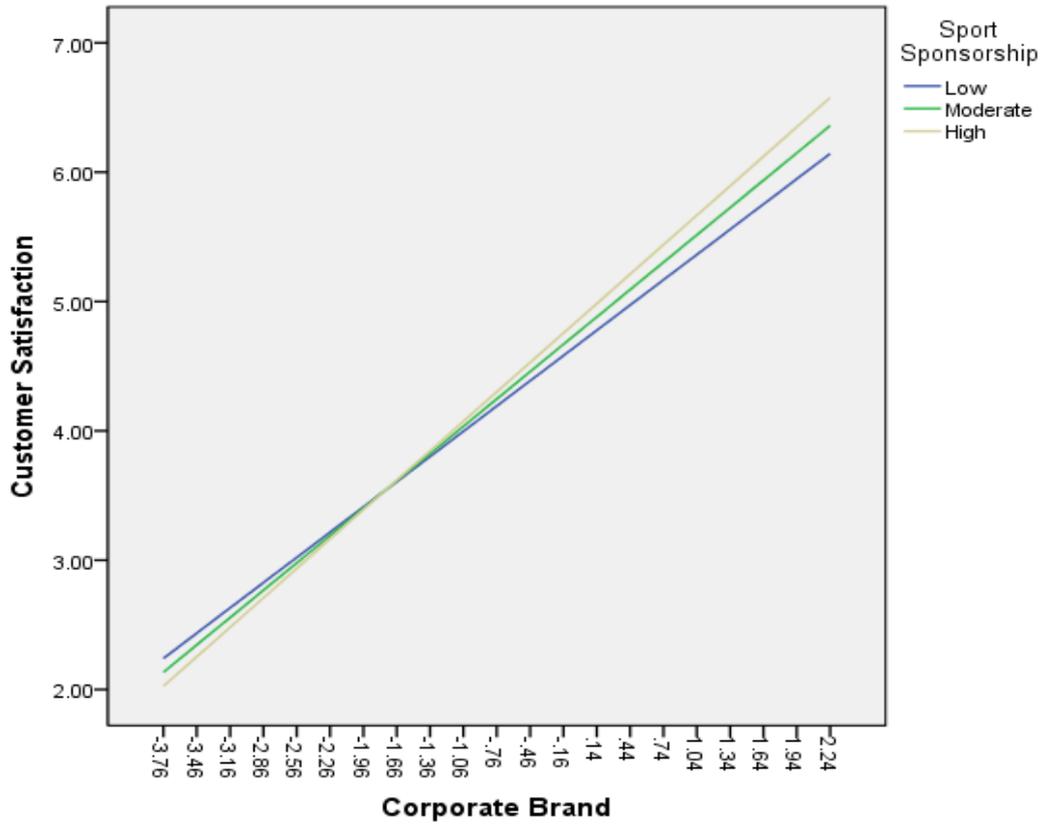
Note: \*p<0.05 \*\*p<0.01 \*\*\*<0.001, SD = Standard Deviation

From table 5-11, the results show that sport sponsorship moderates the relationship between corporate brand and customer satisfaction (b= .0416, t= 2.6136, <0.01) as well as between consumer ethnocentrism and customer satisfaction (b= .0484, t= 2.3011, p<0.01). Thus, hypotheses H25a and H26a are supported. The finding for H25a concurs with other arguments (see Bauer, Stokburger-Sauer & Exler, 2008; Cornwell, Weeks & Roy, 2005; Quester & Farrelly, 1998) that customer involvement in sporting activities has an impact in building a

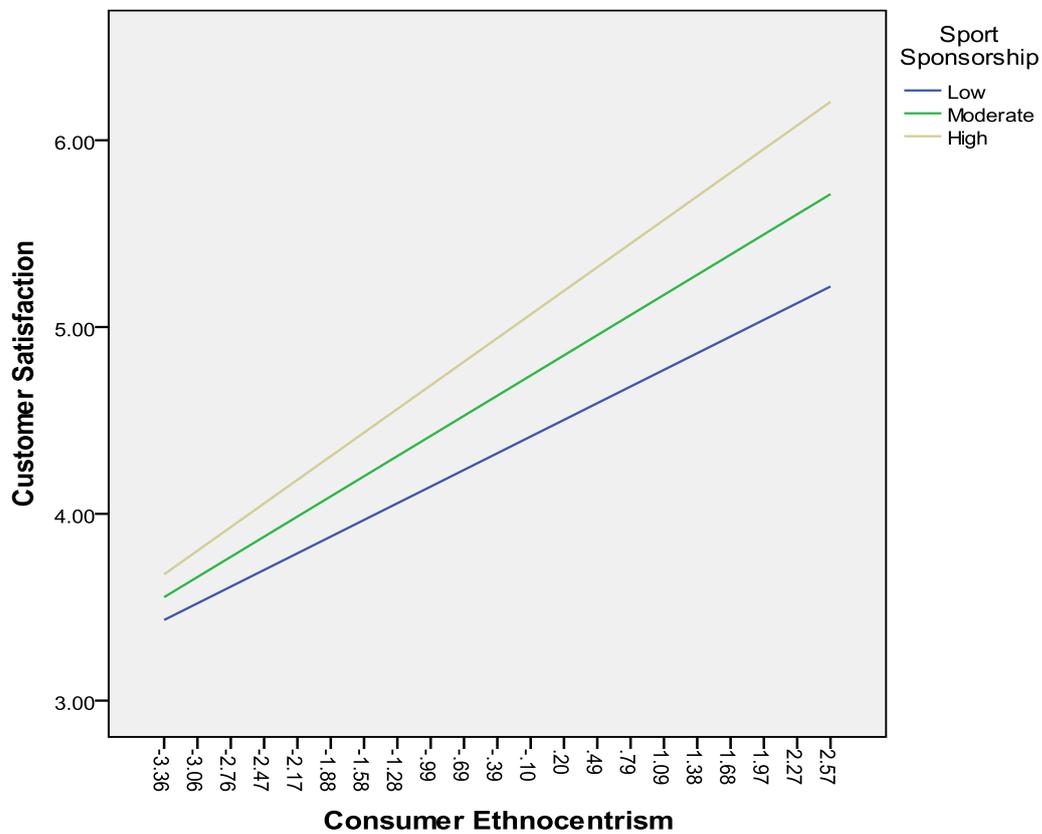
favourable corporate brand image. For Proton, their involvement in sport sponsoring activity is deemed worthwhile; therefore sport investment should continue to be made to build a strong brand. The result for H26a however shows that as part of the responsibility of holding a “national car” status, a general expectation is for Proton to contribute to the country’s sporting advancement, thus enhancing its national identity. This finding has an important implication for social identity theory, especially in studying the effects of sport sponsorship as suggested by Gwinner and Swanson (2003). It also indicates that consumer ethnocentrism can be nurtured through corporate communication.

To gain further insight into these findings, Aiken and West (1991) approach was employed. In order to explore conditional regression, sport sponsorship is split into three levels, namely high (one standard deviation above mean), moderate (mean) and low (one standard deviation below mean). The results of this slope analysis are shown in table 5.11 and a useful visualizing graph is further illustrated in figures 5-6 and 5-7. Figure 5-6 shows that the positive link between corporate brand and customer satisfaction is strongest when the level of sponsorship is high ( $b = .7585$ ,  $t = 18.3421$ ,  $p < 0.001$ ) than when it is low ( $b = .6505$ ,  $t = 18.1079$ ,  $p < 0.001$ ). Figure 5-7 also indicates the positive relationship between consumer ethnocentrism and customer satisfaction. The line graph shows that sport sponsorship effect is strongest when a high level of sponsorship is implemented ( $b = .4271$ ,  $t = 8.7399$ ,  $p < 0.001$ ) than when it is low ( $b = .3014$ ,  $t = 7.1589$ ,  $p < 0.001$ ). The results for figures 5-10 and 5-11 imply that it is important for Proton to be involved in sport sponsorship as this strengthens the relationship between the following: *i. corporate brand* and *ii. consumer ethnocentrism with customer satisfaction*.

**Figure 5-6: Moderating effect of sport sponsorship on the relationship between corporate brand and customer satisfaction with the car– Proton**



**Figure 5-7: Moderating effect of sport sponsorship on the relationship between consumer ethnocentrism and customer satisfaction with the car– Proton**



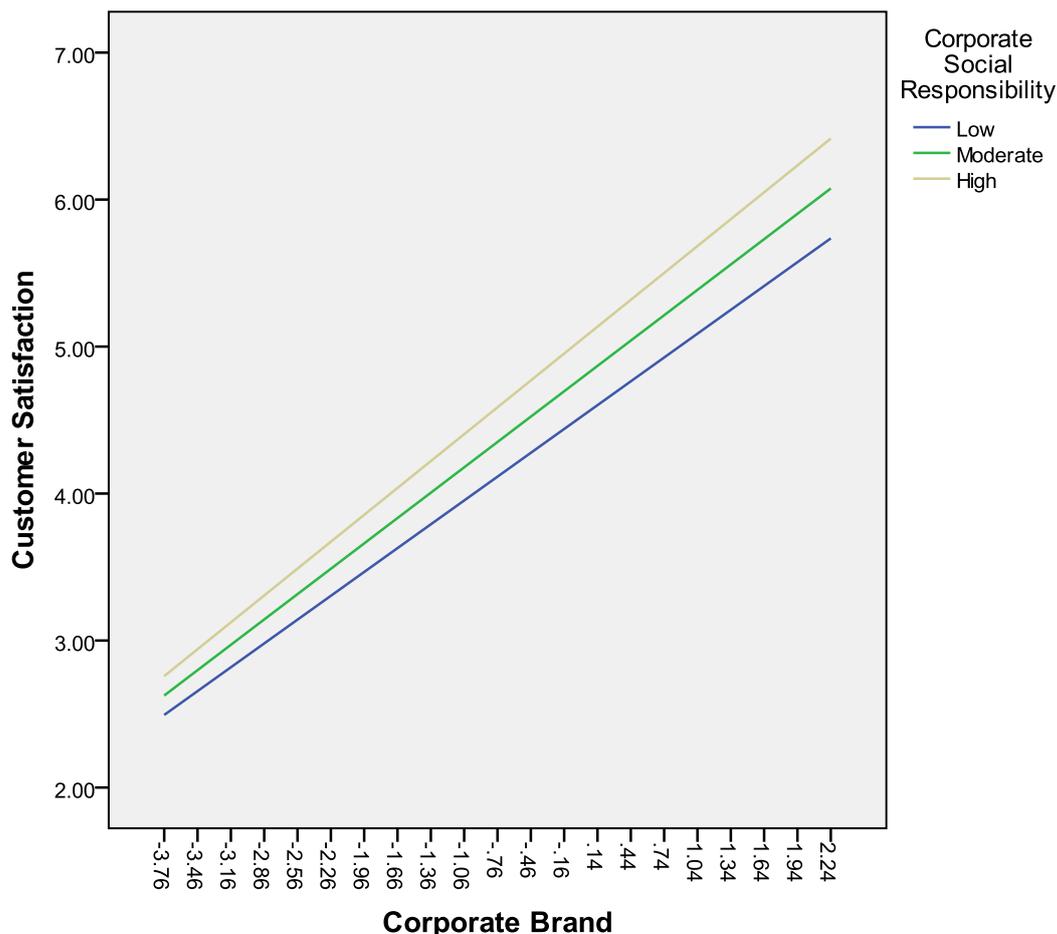
**Table 5-12: The moderating effect of corporate social responsibility – Proton**

		Customer satisfaction with the car					
		beta	t-value			beta	t-value
<b>Focal predictor variable</b>	<b>Corp. Brand</b>	.5750	14.5056***	<b>Consumer Ethno.</b>		.2334	7.3003***
<b>Corp. social responsibility</b>		.2505	5.8598***			.5641	15.1658
<b>Interaction</b>		.0331	<b>1.7580*</b>			.0097	.4214
<b>R Square</b>		.6477				.5428	
<b>F Ratio</b>		290.4462				187.5483	
<b>Slope analysis</b>							
<b>1 SD above mean</b>		.6096	13.1826***			.2436	5.8196***
<b>Mean</b>		.5750	14.5056***			.2334	7.3003***
<b>1 SD below mean</b>		.5404	12.8167***			.2233	5.5843***

Note: \*p<0.05 \*\*p<0.01 \*\*\*<0.001, SD = Standard Deviation

From table 5-12, the results indicate that corporate social responsibility moderates the relationship between corporate brand and customer satisfaction ( $b = .0331$ ,  $t = 1.7580$ ,  $p < 0.05$ ) but not the relationship between consumer ethnocentrism and customer satisfaction ( $b = .0097$ ,  $t = .4214$ ). Thus, H27a is supported but H28a is not supported. The results show that the implementation of the corporate social responsibility initiative by Proton may not be viewed as a matter of choice but more duty (Lee, Park, Moon, Yang & Kim, 2009). This is mainly due to Proton's national brand status. Figure 5-8 which shows the positive link between corporate brand and customer satisfaction, indicates that the corporate social responsibility effect is strongest when a high level of corporate social responsibility is implemented by Proton ( $b = .6096$ ,  $t = 13.1826$ ,  $p < 0.001$ ) than for a low level ( $b = .5404$ ,  $t = 12.8167$ ,  $p < 0.001$ ). This means that Proton should increase its corporate social responsibility initiative as part of its branding strategy. H28a however suggests that the implementation of corporate social responsibility by Proton does not moderate the relationship between consumer ethnocentrism and customer satisfaction. One possible explanation is that Proton customers perceived the company's corporate social responsibility efforts as merely branding strategy, thus insincere (Schuler & Cording, 2006).

**Figure 5-8: The moderating effect of corporate social responsibility on the relationship between corporate brand and customer satisfaction with the car – Proton**



#### 5.4.1.2 Moderating effect of non-corporate communication

This subsection presents and discusses the moderating effect of non-corporate communication on the relationship between antecedents and customer satisfaction as presented in proposition 7. Accordingly, the following hypotheses are tested:

H29a: The relationship between corporate brand and customer satisfaction with the car is moderated by non-company-generated media coverage.

H30a: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by non-company-generated media coverage.

H31a: The relationship between corporate brand and customer satisfaction with the car is moderated by auto awards.

H32a: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by auto awards.

**Table 5-13: The moderating effect of non-company generated media coverage – Proton**

		Customer satisfaction with the car				
		beta	t-value			t-value
<b>Focal predictor variable</b>	<b>Corp. Brand</b>	.6893	25.0141***	<b>Consumer Ethno.</b>	.4204	12.6352***
<b>Media coverage</b>		.1571	4.9875***		.2655	6.5236***
<b>Interaction</b>		.0245	1.2094		.0347	1.2800
<b>R Square</b>		.6403			.3755	
<b>F Ratio</b>		281.1992			95.0050	
<b>Slope analysis</b>						
<b>1 SD above mean</b>		.7141	21.1188***		.4556	10.6481***
<b>Mean</b>		.6893	25.0141***		.4204	12.6352***
<b>1 SD below mean</b>		.6644	19.0244***		.3852	8.8438***

Note: \*p<0.05 \*\*p<0.01 \*\*\*<0.001, SD = Standard Deviation

The results in table 5-13 show that non-company-generated media coverage does not moderate both the relationship between corporate brand and customer satisfaction (b= .0245, t= 1.2094) and consumer ethnocentrism and customer satisfaction (b= .0347, t= 1.2800). Thus, H29a and H30a are not supported. Basically, the results suggest that non-company-generated media coverage has no mediating effect on the relationship between customer satisfaction and the Proton brand or consumer ethnocentrism.

**Table 5-14: The moderating effect of auto awards – Proton**

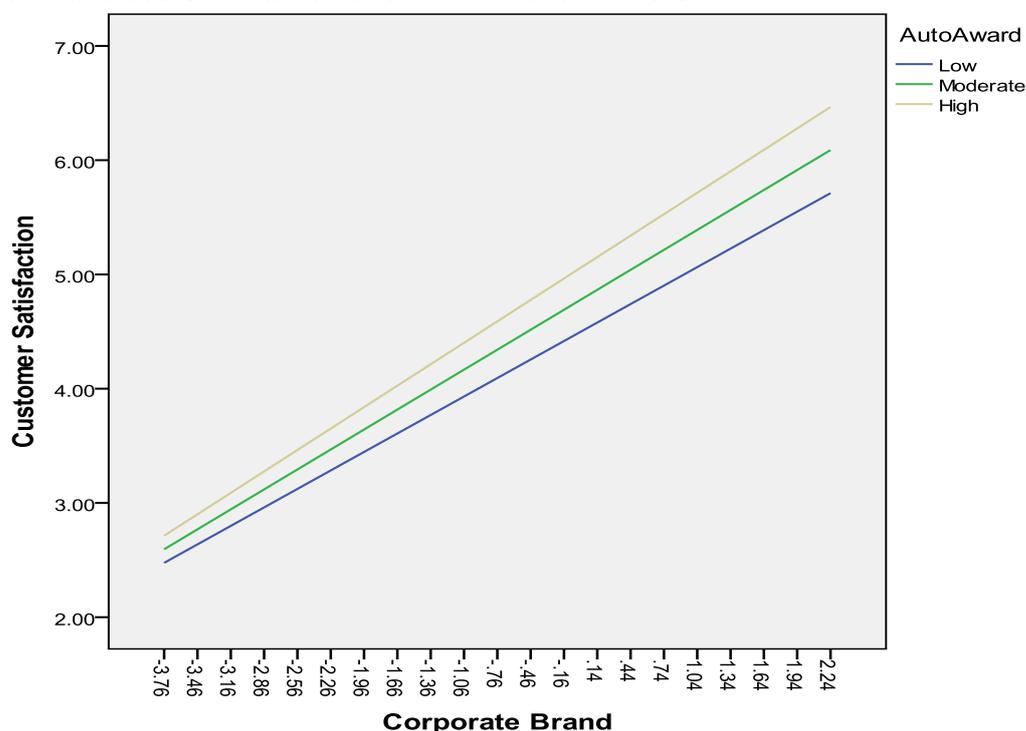
		Customer satisfaction with the car				
		beta	t-value			t-value
<b>Focal predictor variable</b>	<b>Corp. Brand</b>	.5824	16.6287***	<b>Consumer Ethno.</b>	.2401	7.0455***
<b>Auto awards</b>		.2408	6.8594***		.4764	13.1220***
<b>Interaction</b>		.0370	2.2024***		.0164	.7756
<b>R Square</b>		.6557			.5049	
<b>F Ratio</b>		300.8566			161.0963	
<b>Slope analysis</b>						
<b>1 SD above mean</b>		.6254	15.3475***		.2592	5.8649***
<b>Mean</b>		.5824	16.6287***		.2401	7.0455***
<b>1 SD below mean</b>		.5393	13.6691***		.2210	5.5576***

Note: \*p<0.05 \*\*p<0.01 \*\*\*<0.001, SD = Standard Deviation

From table 5-14, the results indicate that auto awards moderate the relationship between corporate brand and customer satisfaction (b= .0370, t= 2.2024, p<0.01) but not the relationship between consumer ethnocentrism and customer satisfaction (b= .0164, t= .7756). Thus, H31a is supported but H32a is not supported. The results for H31a provide an important implication in understanding trust phenomenon among customers. Sirdesmukh et al. (2002) have highlighted

that, “fundamental gaps remain in the understanding of the factors that build or deplete consumer trust and the mechanisms that might explain the process of trust enhancement or depletion in consumer-firm relationships” (p. 15). In this study auto awards have been described as a trust mechanism. There are two possible reasons for this suggestion. First, an automotive award is presented by an independent body, which implies the “neutrality” and “credibility” of the award. Second, auto awards can be a form of “brand/product endorsement”. This finding indicates that auto awards impact corporate brand as well as customer satisfaction. More importantly, this finding provides empirical evidence that within the context of the current study, an auto award is the source of consumer trust. Figure 5-9 shows the positive link between corporate brand and customer satisfaction, and that having auto awards strengthen the relationship between corporate brand and customer satisfaction ( $b = .6254$ ,  $t = 15.3475$ ,  $<0.001$ ) when the winning award is high, rather than low ( $b = .5393$ ,  $t = 13.6691$ ,  $<0.001$ ). It suggests that Proton should strive to win more awards to show that the company is indeed a respectable brand. In contrast, the result of H32a suggests that auto awards won by Proton do not moderate the relationship between consumer ethnocentrism and customer satisfaction.

**Figure 5-9: The moderating effect of auto awards on the relationship between corporate brand and customer satisfaction with the car– Proton**



## 5.4.2 Moderating effect for Perodua

### 5.4.2.1 Moderating effect of corporate communication

This section presents and discusses the moderating effect of corporate communication on the relationship between the following: *i. corporate brand*, *ii. consumer ethnocentrism* and *customer satisfaction with the car* as presented in proposition 6. In view of the above, the following hypotheses are tested:

H25b: The relationship between corporate brand and customer satisfaction with the car is moderated by sport sponsorship.

H26b: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by sport sponsorship.

H27b: The relationship between corporate brand and customer satisfaction with the car is moderated by corporate social responsibility.

H28b: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by corporate social responsibility.

**Table 5-15: The moderating effect of sport sponsorship – Perodua**

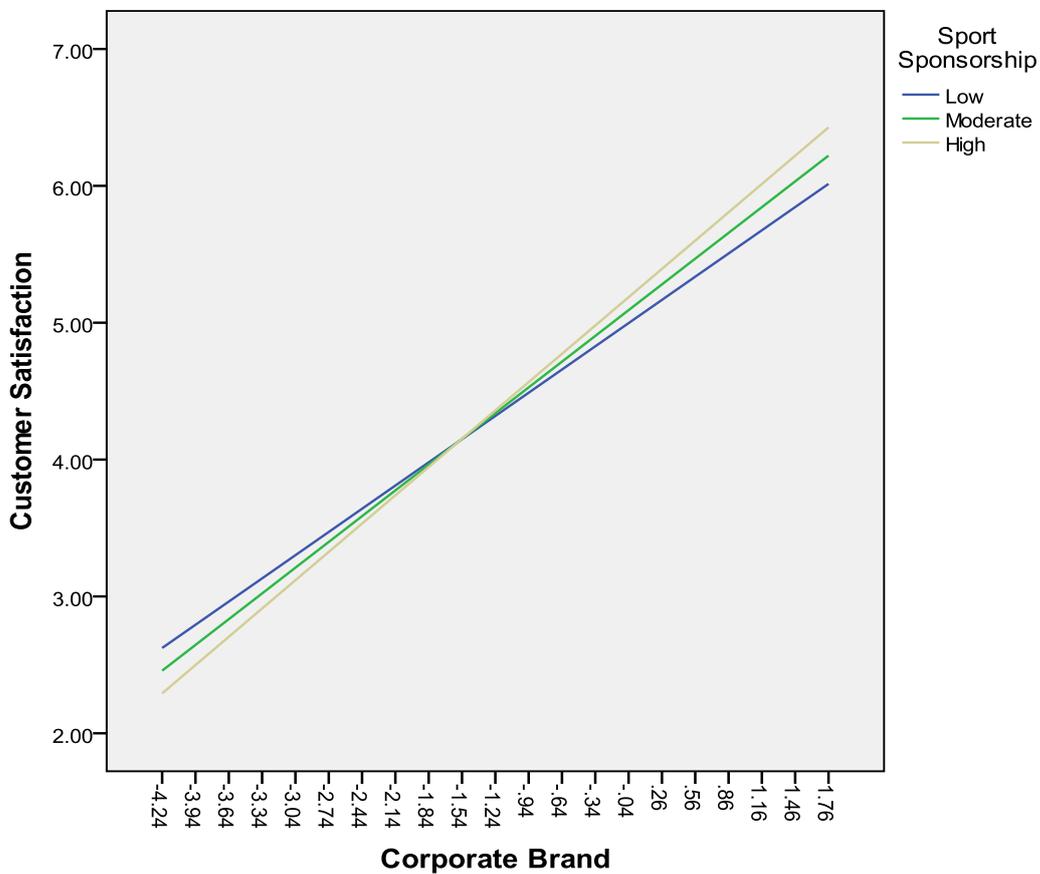
	Customer satisfaction with the car					
		beta	t-value		beta	t-value
<b>Focal predictor variable</b>	<b>Corp. Brand</b>	.6272	9.1491***	<b>Consumer Ethno.</b>	.2132	4.3397***
<b>Sport sponsorship</b>		.0724	1.5925		.2334	4.9090***
<b>Interaction</b>		.0463	<b>1.7330*</b>		.0391	1.4004
<b>R Square</b>		.4059			.2560	
<b>F Ratio</b>		52.5977			26.5010	
<b>Slope analysis</b>						
<b>1 SD above mean</b>		.6893	7.9289***		.2656	4.4344***
<b>Mean</b>		.6272	9.1491***		.2132	4.3397***
<b>1 SD below mean</b>		.5652	8.5150***		.1608	2.5289**

Note: \*p<0.05 \*\*p<0.01 \*\*\*<0.001, SD = Standard Deviation

From table 5-15, the results indicate that sport sponsorship moderates the relationship between corporate brand and customer satisfaction (b= .0463, t= 1.7330, <0.05) but not the relationship

between consumer ethnocentrism and customer satisfaction ( $b = .0391$ ,  $t = 1.4004$ ). Thus, H25b is supported but H26b is not supported. The findings for H25b concur with other arguments (Bauer, et al., 2008; Cornwell, et al., 2005; Quester & Farrelly, 1998) that customer involvement in sporting activities has an impact in building a favourable corporate brand image. Figure 5-10 shows that the positive link between corporate brand and customer satisfaction is strongest when a low level of sponsorship is implemented by Perodua ( $b = .5652$ ,  $t = 8.5150$ ,  $p < 0.001$ ) than a high level ( $b = .6893$ ,  $t = 7.9289$ ,  $p < 0.001$ ). The results suggest that Perodua's involvement in sport should be in moderation. However, the result for H26b is not supported, indicating that sport sponsorship has no effect on customers' ethnocentrism.

**Figure 5-10: The moderating effect of sport sponsorship on the relationship between corporate brand and customer satisfaction with the car– Perodua**



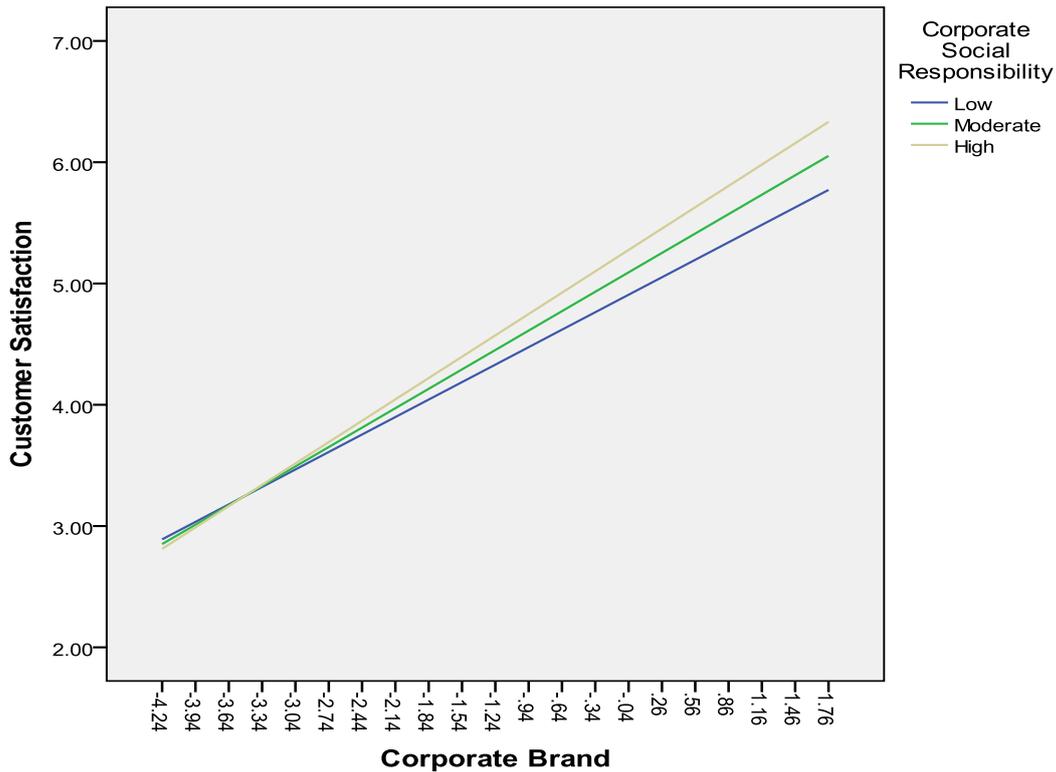
**Table 5-16: The moderating effect of corporate social responsibility on antecedents – Perodua**

		Customer satisfaction				
		beta	t-value			t-value
Focal predictor variable	Corp. Brand	.5335	6.6350***	Consumer Ethno.	.1322	2.7378**
Corporate social responsibility		.1897	2.4948**		.4791	7.5180***
Interaction		.0542	<b>1.6503*</b>		.0775	<b>2.1944**</b>
R Square		.4123			.3399	
F Ratio		54.0189			39.6486	
Slope analysis						
1 SD above mean		.5868	6.4101		.2085	3.7435***
Mean		.5335	6.6350		.1322	2.7378**
1 SD below mean		.4802	5.8953		.0560	.8872

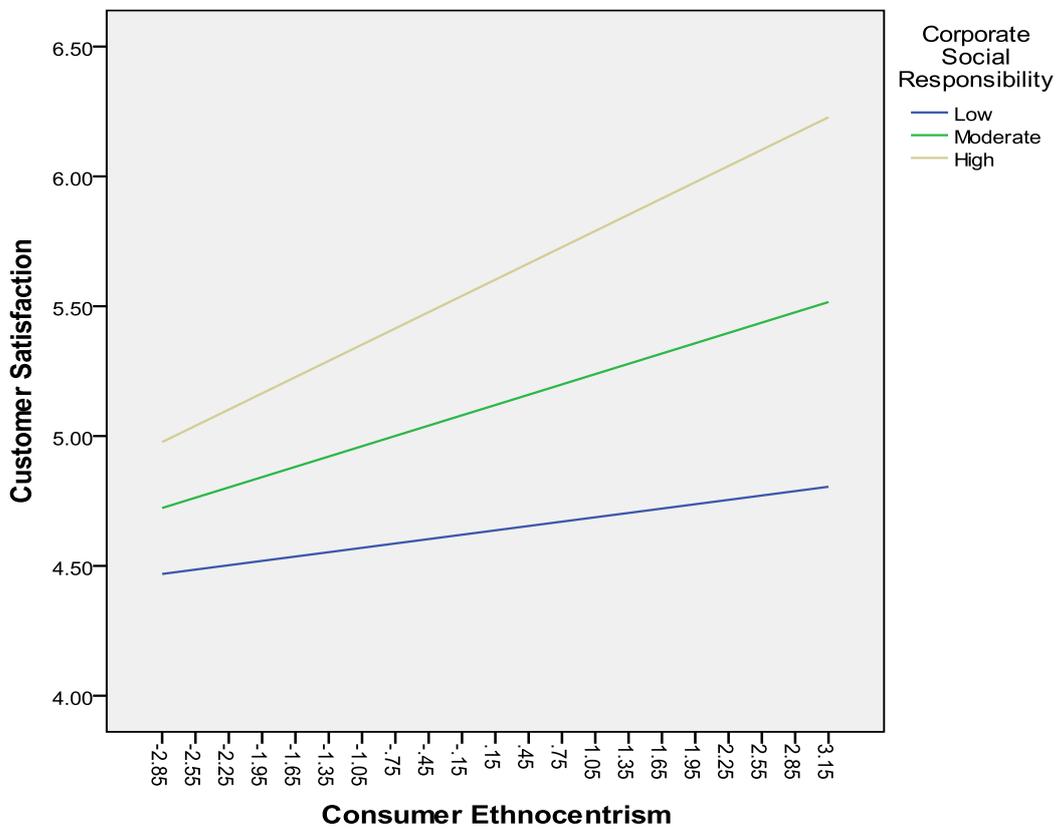
Note: \*p<0.05 \*\*p<0.01 \*\*\*<0.001, SD = Standard Deviation

From table 5-16, the results indicate that corporate social responsibility moderates the relationship between corporate brand and customer satisfaction ( $b = .0542$ ,  $t = 1.6503$ ,  $p < 0.05$ ) as well as the relationship between consumer ethnocentrism and customer satisfaction ( $b = .0775$ ,  $t = 2.1944$ ,  $p < 0.01$ ). Thus, H27b and H28b are supported. The results show that it is important for Perodua to involve itself in corporate social responsibility because the implementation of corporate social responsibility initiative by Perodua may be seen not as a matter of choice but duty (Lee, et al., 2009), mainly due to its national brand status. Figure 5-11, which shows the positive link between corporate brand and customer satisfaction, reveals that corporate social responsibility effect is strongest when a high level of corporate social responsibility is implemented by Perodua ( $b = .5868$ ,  $t = 6.4101$ ,  $p < 0.001$ ) than a low level ( $b = .4802$ ,  $t = 5.8953$ ,  $p < 0.001$ ), suggesting that Perodua should engage more in corporate social responsibility initiatives as part of its branding strategy. In addition, the finding for H28b (see figure 5-12) suggests that corporate social responsibility implementation may increase organizational identification as well as ethnocentrism among Perodua customers. In the context of this study, Perodua is a national brand. This finding contributes to an understanding of customer-company identification phenomenon. As suggested by Perez (2009), “With regard to possible future research, it would be interesting to extend the study to include the influence of CSR based C-C identification on other customer responses; affective or conative,” (p. 187). The empirical results suggest that customers respond to corporate social responsibility from an ethnocentric perspective within specific context.

**Figure 5-11: The moderating effect of corporate social responsibility on the relationship between corporate brand and customer satisfaction with the car– Perodua**



**Figure 5-12: The moderating effect of corporate social responsibility on the relationship between consumer ethnocentrism and customer satisfaction with the car – Perodua**



### 5.4.2.2 Moderating effect of non-corporate communication

This section presents and discusses the moderating effect of non-corporate communication on the relationship between antecedents and customer satisfaction as presented in proposition 7. Consequently, the following hypotheses are tested:

H29b: The relationship between corporate brand and customer satisfaction with the car is moderated by non-company-generated media coverage.

H30b: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by non-company-generated media coverage.

H31b: The relationship between corporate brand and customer satisfaction with the car is moderated by auto awards.

H32b: The relationship between consumer ethnocentrism and customer satisfaction with the car is moderated by auto awards.

**Table 5-17: The moderating effect of non-company-generated media coverage on antecedents – Perodua**

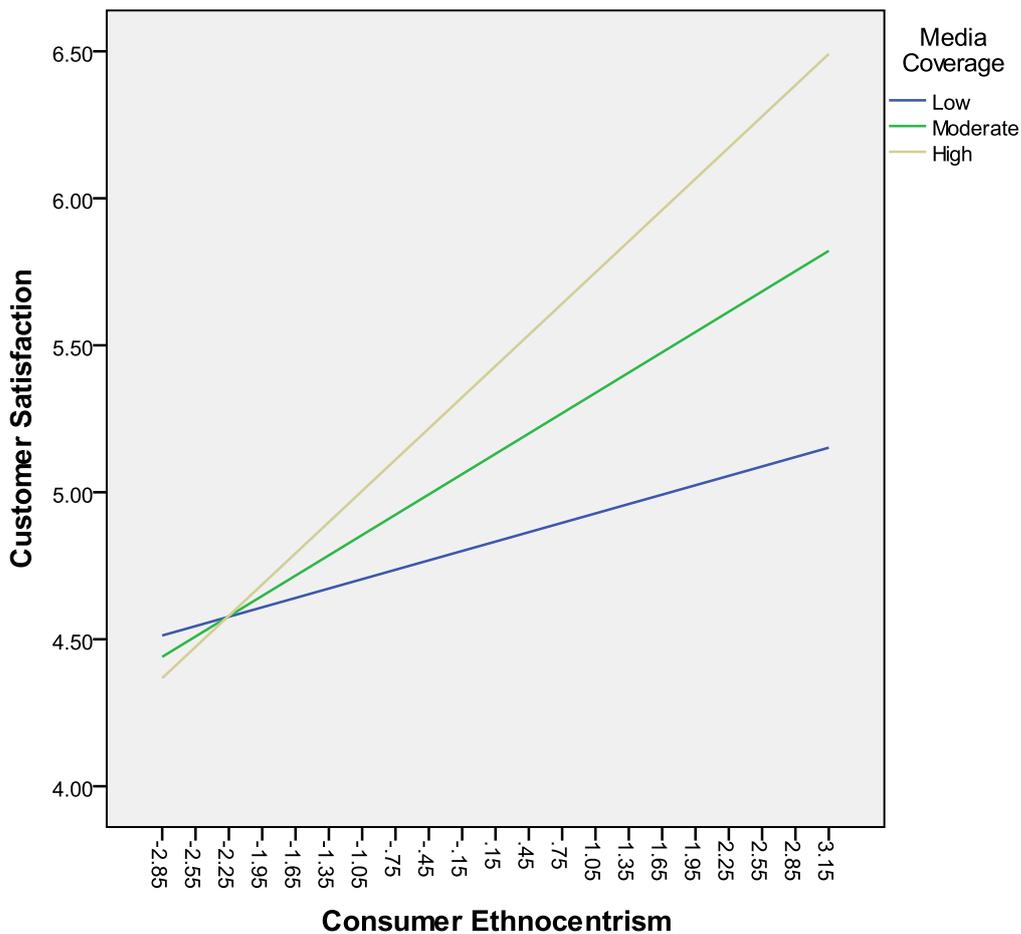
	Customer satisfaction with the car					
		beta	t-value		beta	t-value
<b>Focal predictor variable</b>	<b>Corp. Brand</b>	.5845	9.9419	<b>Consumer Ethno.</b>	.2302	4.9617***
<b>Media coverage</b>		.1424	2.5033		.2883	4.8117***
<b>Interaction</b>		.0188	.3782		.1273	<b>2.7512**</b>
<b>R Square</b>		.4078			.2721	
<b>F Ratio</b>		53.0186			28.7769	
<b>Slope analysis</b>						
<b>1 SD above mean</b>		.6028	7.8898***		.3539	5.9672***
<b>Mean</b>		.5845	9.9419***		.2302	4.9617***
<b>1 SD below mean</b>		.5663	7.4753***		.1065	1.5322

Note: \*p<0.05 \*\*p<0.01 \*\*\*<0.001, SD = Standard Deviation

From table 5-17, the results indicate that non-company-generated media coverage does not moderate the relationship between corporate brand and customer satisfaction (b= .0188, t= .3782) but moderates the relationship between consumer ethnocentrism and customer satisfaction (b= .1273, t= 2.7512, p<0.01). Thus, H29b is not supported but H30b is supported. The results for H29b suggest that Perodua’s corporate brand is not affected by non-company-generated media. In contrast, the finding for H30b suggests that the news reported in the non-company-generated media may affect ethnocentric beliefs among Perodua customers. This finding is significant in explaining the reason behind ethnocentric beliefs held by domestic consumers. It

also indicates that ethnocentrism is more complicated than it may seem, rather than merely a simple mechanism that dictates consumer choice between domestic or foreign products (Hamin & Elliott, 2006; Shimp & Sharma, 1987; Upadhyay & Singh, 2006). In addition, figure 5-13 shows the positive link between corporate brand and customer satisfaction, suggesting that non-company-generated media coverage is strongest when Perodua receives more positive media coverage ( $b = .3539$ ,  $t = 5.9672$ ,  $p < 0.001$ ) than when the company receives low media coverage ( $b = .1065$ ,  $t = 1.5322$ ).

**Figure 5-13: The moderating effect of non-company-generated media coverage on the relationship between consumer ethnocentrism and customer satisfaction with the car – Perodua**



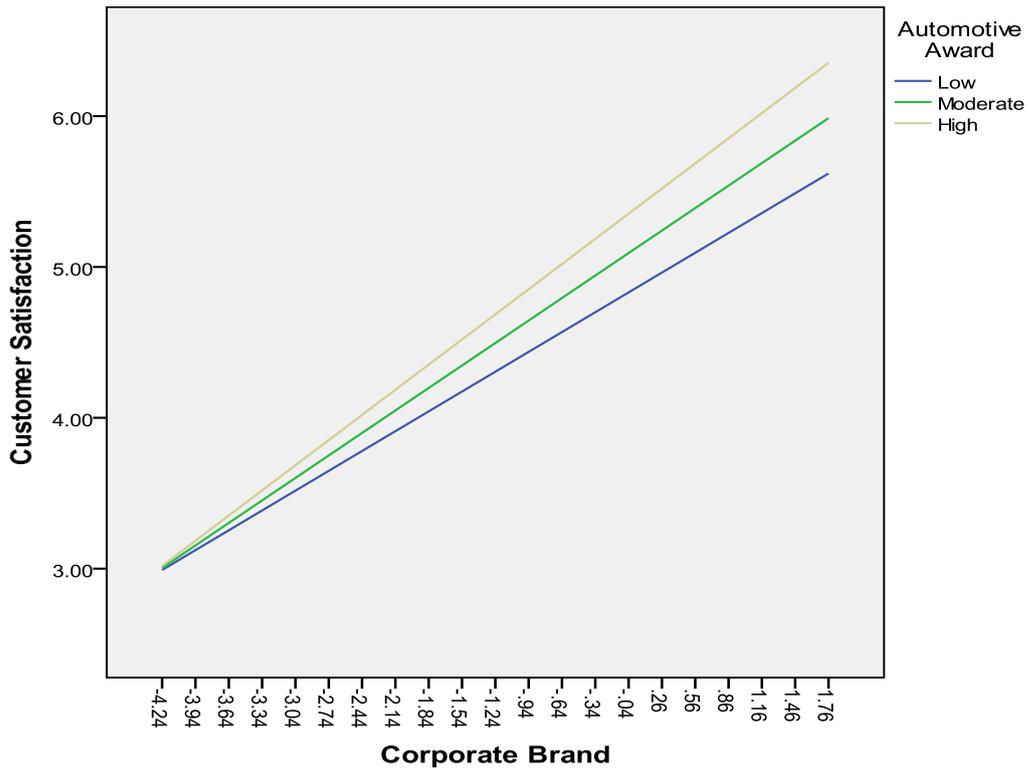
**Table 5-18: The moderating effect of auto awards on Antecedents – Perodua**

		Customer satisfaction with the car					
		beta	t-value			beta	t-value
<b>Focal predictor variable</b>	<b>Corp. Brand</b>	.4970	6.8019***	<b>Consumer Ethno.</b>		.1584	3.5351***
<b>Auto awards</b>		.2620	3.8323***			.4840	8.3699***
<b>Interaction</b>		.0586	<b>1.9854*</b>			.0697	<b>1.9829*</b>
<b>R Square</b>		.4320				.3694	
<b>F Ratio</b>		58.5594				45.0992	
<b>Slope analysis</b>							
<b>1 SD above mean</b>		.5558	6.6613***			.2283	4.3801***
<b>Mean</b>		.4970	6.8019***			.1584	3.5351***
<b>1 SD below mean</b>		.4381	5.9234***			.0884	1.4373

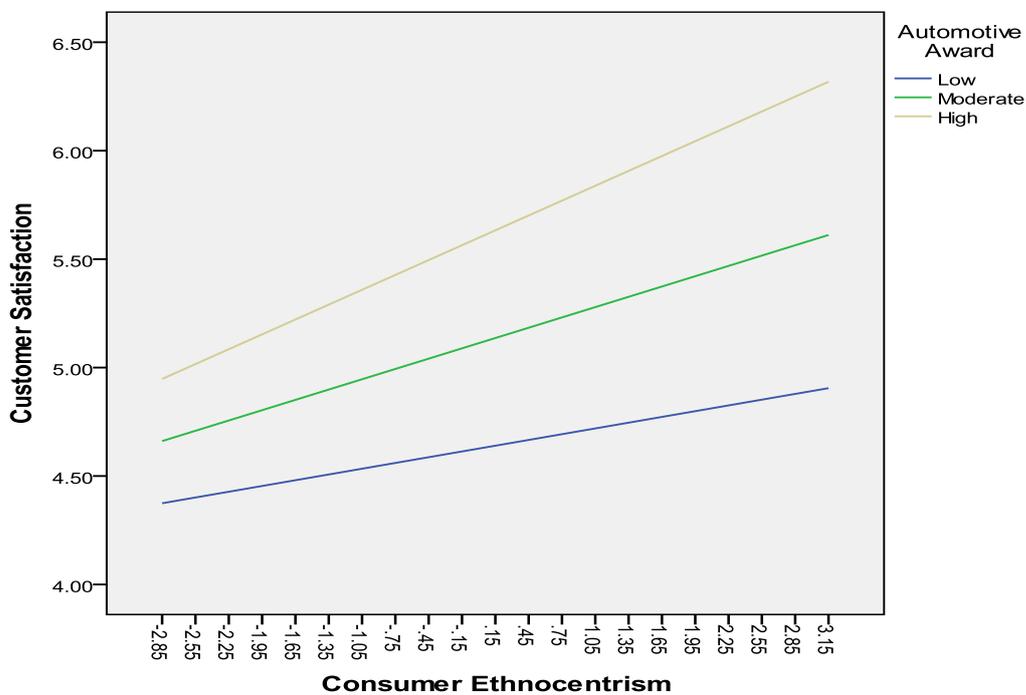
Note: \*p<0.05 \*\*p<0.01 \*\*\*<0.001, SD = Standard Deviation

From table 5-18, the results show that auto awards moderate the relationship between corporate brand and customer satisfaction ( $b = .0586$ ,  $t = 1.9854$ ,  $p < 0.05$ ) as well as consumer ethnocentrism and customer satisfaction ( $b = .0697$ ,  $t = 1.9829$ ,  $p < 0.05$ ). Hence, H31b and H32b are supported. The finding for H31b provides empirical evidence that auto awards are a trust mechanism. As Sirdesmukh et al. (2002) highlighted, “fundamental gaps remain in the understanding of the factors that build or deplete consumer trust and the mechanisms that might explain the process of trust enhancement or depletion in consumer-firm relationships” (p. 15). This finding adds to a further understanding in relation to the source of trust among customers. Figure 5-14 shows the positive link between corporate brand and customer satisfaction, and that auto awards strengthen the relationship between corporate brand and customer satisfaction ( $b = .5558$ ,  $t = 6.6613$ ,  $p < 0.001$ ) when award levels are high, rather than when they are low ( $b = .4381$ ,  $t = 5.9234$ ,  $p < 0.001$ ). As for H32b, the finding suggests that awards affect Perodua customers’ ethnocentrism through a sense of pride. The result is consistent with the general rule of ethnocentrism, which maintains that, “Each group nourishes its own pride and vanity, boasts itself superior, exalts its own divinities and looks with contempt on outsiders” (Sumner, 1906, p. 13). In addition, figure 5-15 shows the positive link between consumer ethnocentrism and customer satisfaction, suggesting that auto awards effect is strongest when Perodua wins more awards ( $b = .2283$ ,  $t = 4.3801$ ,  $p < 0.001$ ) than when it wins less awards ( $b = .0884$ ,  $t = 1.4373$ ). The result also suggests that auto awards are important for Perodua customers as they boost ethnocentric levels and satisfaction.

**Figure 5-14: The moderating effect of automotive award on the relationship between corporate brand and customer satisfaction with the car – Perodua**



**Figure 5-15: The moderating effect of automotive award on the relationship between consumer ethnocentrism and customer satisfaction with the car – Perodua**



The final chapter will discuss in detail the contributions of this thesis from methodological, theoretical and managerial perspectives.

## Chapter 6: Conclusion and implications

### 6.1 Introduction and research questions

The main aim of this study was to investigate why Malaysian customers purchased a national brand of car, and in particular, to explore customer satisfaction and loyalty phenomenon for Proton and Perodua customers respectively. The same propositions, hypotheses and statistical procedures were applied to both Proton and Perodua respondents. Accordingly, the following research questions were addressed:

RQ1: What factors influence customer satisfaction and attitudinal loyalty for a national car?

RQ2: Does attitudinal loyalty lead to behavioural loyalty for national car customers?

RQ3: Do corporate and non-corporate communication have an impact on customer satisfaction?

### 6.2 Summary of propositions and key findings

Table 6-1 summarises the relationships that were found to be significant using hierarchical regression analysis. Table 6-2 summarises SEM analysis and the holistic picture of the relationship among constructs in this study. Table 6-3 however shows results for moderated relationships that were found to be significant and tested using SPSS Mod Probe.

In addressing the first research question (RQ1: *What are the factors that may influence customer satisfaction and attitudinal loyalty for a national car?*) this study identified factors that influenced Proton and Perodua customer satisfaction. Proposition 1 was postulated and analysed using hierarchical regression. Propositions 2 to 5 were postulated and analysed using SEM. The results were depicted in tables 6-1 and 6-2. The propositions are as follows:

**Proposition 1:** *Behavioural loyalty is a function of: a) i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location, b) customer satisfaction with the car and c) attitudinal loyalty.*

It was found that Proton customers perceived Proton as a strong, authentic national brand, worthy of their loyalty. In contrast, Perodua customers were not loyal to Perodua, implying that customers perceived Perodua as no different to other brands of car.

**Proposition 2:** *The following (i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location) have a direct relationship with customer satisfaction with the car.*

It was found that consumer ethnocentrism had no effect on customer satisfaction, implying that customers are rational in making purchase decisions. Ethnocentrism alone is not the strong motivational factor in purchasing decisions. It was also found that self-congruity is important for customers who project symbolic consumption by purchasing brands, not products. The brand, therefore, is the ultimate source of symbolic meaning. As can be seen from table 6-2, corporate brands impacted Proton customer satisfaction but had no effect on Perodua customers. From this result, it can be concluded that the success of corporate brands in relation to customer satisfaction largely depends on how companies deliver their promises, or at least make their efforts visible to customers. In the end, this factor determined customer perception of corporate brands. It was found that service quality impacted Perodua but not Proton customers. With regard to car characteristics, it was found that utilitarian benefits are very important because customers perceived value through how well the product performed. As for service centre location, it was found that Proton customers perceived location as important in contrast to Perodua customers. This finding suggested that the ways in which value is interpreted is different for Proton and Perodua customers. Therefore it is critical for a company to understand and fulfil customer values.

**Proposition 3:** *Customer satisfaction with the car mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and word of mouth.*

Customer satisfaction was found to be mediating the relationship between self-congruity, corporate brand, car characteristics, service centre location and word of mouth for Proton customers. These results showed that customer satisfaction is one of the principal mechanisms for transmitting the benefits of various factors into positive word of mouth. However for Perodua, customer satisfaction was found to be mediating the relationship between car characteristics and service quality with word of mouth. Only car characteristics were perceived as a significant factor for both Perodua and Proton customers. This factor also had a significant effect on customers engaging in positive word of mouth. This finding showed that product quality is closely related to various characteristics such as spaciousness, safety, low maintenance and second-hand value of the car. Indeed, these car characteristics are visible and assessable for customers. An important finding was that Proton customers were different to Perodua customers.

**Proposition 4:** Customer satisfaction with the car mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and intention to switch.

Customer satisfaction had no mediation effect for both Proton and Perodua customers. This finding suggested that for durable products, such as cars, customers do not immediately think about switching to another brand, even though they are dissatisfied with their car. The main reason is switching barriers and financial limitations.

**Proposition 5:** Customer satisfaction with the car is: (i) positively related with word of mouth, (ii) negatively related to intention to switch.

It was found that customer satisfaction affects the tendency to engage in positive word of mouth. This result basically suggested that when car performance matches customer expectation, this triggers positive word of mouth about the car. Thus customers may willingly recommend the car to other people. However, low customer satisfaction did not affect intention to switch to another brand. It showed that switching barriers may prevent customers from switching to other brands.

**Table 6-1: Summary of hypotheses and results of hierarchical regression analysis**

<b>PROPOSITION 1: Behavioural loyalty is a function of: a) i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location, b) customer satisfaction with the car and c) attitudinal loyalty</b>			
<b>Hypotheses</b>	<b>Model 2 with customer satisfaction with the car as DV</b>	<b>Model 3 with attitudinal loyalty as DV</b>	<b>Model 4 with behavioural loyalty as DV</b>
<b>Proton</b>			
H1: Ethnocentrism	Not supported	Not supported	Supported (p<0.001)
H2: Self-congruity	Supported (p<0.01)	Supported (p<0.01)	Supported (p<0.001)
H3: Corporate brand	Supported (p<0.001)	Not supported	Supported (p<0.001)
H4: Service quality	Not supported	Not supported	Not supported
H5: Car characteristics	Supported (p<0.001)	Not supported	Not supported
H6: Location	Supported (p<0.01)	Not supported	Supported (p<0.001)
H7: Customer satisfaction		Supported (p<0.001)	Supported (p<0.001)
H8: Attitudinal loyalty			Supported (p<0.001)
<b>Perodua</b>			
H1: Ethnocentrism	Not supported	Supported (p<0.01)	Supported (p<0.001)
H2: Self-congruity	Not supported	Not supported	Supported (p<0.001)
H3: Corporate brand	Not supported	Supported (p<0.001)	Supported (p<0.05)
H4: Service quality	Supported (p<0.01)	Not supported	Not supported
H5: Car characteristics	Supported (p<0.001)	Not supported	Not supported
H6: Location	Not supported	Not supported	Not supported
H7: Customer satisfaction		Supported (p<0.001)	Supported (p<0.001)
H8: Attitudinal loyalty			Not supported

**Table 6-2: Summary of hypotheses and results of SEM analysis**

<b>Proposition 2: The following (i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location) have a direct relationship with customer satisfaction with the car</b>		
	<b>Proton</b>	<b>Perodua</b>
H1: Consumer ethnocentrism	Not supported	Not supported
H2: Self-congruity	Supported (p<0.001)	Not supported
H3: Corporate brand	Supported (p<0.001)	Not supported
H4: Service quality	Not supported	Supported (p<0.05)
H5: Car characteristics	Supported (p<0.001)	Supported (p<0.01)
H6: Location	Supported (p<0.001)	Not supported
<b>Unexpected findings: Consumer ethnocentrism and self-congruity have a direct effect on word of mouth</b>		
Consumer ethnocentrism	Supported (p<0.001)	Not supported
Self-congruity	Supported (p<0.001)	Supported (p<0.05)
<b>Proposition 3: Customer satisfaction with the car mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and word of mouth</b>		
<b>Proposition 4: Customer satisfaction with the car mediates the relationship between the following: i. consumer ethnocentrism, ii. self-congruity, iii. corporate brand, iv. service quality, v. car characteristics, vi. service centre location and intention to switch</b>		
H7: CE ---- CS ---- word of mouth	Not supported	Not supported
H8: CE ---- CS ---- intention to switch	Not supported	Not supported
H9: SC ---- CS---- word of mouth	Supported (p<0.01)	Not supported
H10: SC ---- CS---- intention to switch	Not supported	Not supported
H11: CB ---- CS---- word of mouth	Supported (p<0.001)	Not supported
H12: CB ---- CS---- intention to switch	Not supported	Not supported
H13: CC ---- CS---- word of mouth	Supported (p<0.001)	Supported (p<0.001)
H14: CC ---- CS---- intention to switch	Not supported	Not supported
H15: SQ ---- CS---- word of mouth	Not supported	Supported (p<0.05)
H16: SQ ---- CS---- intention to switch	Not supported	Not supported
H17: SCL ---- CS ---- word of mouth	Supported (p<0.01)	Not supported
H18: SCL ---- CS---- intention to switch	Not supported	Not supported
<b>Proposition 5: Customer satisfaction is: (i) positively related with word of mouth (ii) negatively related to intention to switch</b>		
H19: CS is positively related to word of mouth	Supported (p<0.001)	Supported (p<0.001)
H20: CS is negatively related to intention to switch	Not supported	Not supported
<b>The following hypotheses are tested:</b>		
H21: Word of mouth is positively related to behavioural loyalty	Supported (p<0.001)	Supported (p<0.001)
H22: Intention to switch is negatively related to behavioural loyalty	Supported (p<0.001)	Not supported
H23: The positive relationship between customer satisfaction with the car and behavioural loyalty is mediated by word of mouth	Supported (p<0.001)	Supported (p<0.001)
H24: The negative relationship between customer satisfaction with the car and behavioural loyalty is mediated by intention to switch	Not supported	Not supported

In addressing the second research question (RQ2: *Does attitudinal loyalty lead to behavioural loyalty for national car customers?*), four hypotheses were posited to answer this question. The hypotheses are:

H21 Word of mouth is positively related to behavioural loyalty.

H22 Intention to switch is negatively related to behavioural loyalty.

H23 The positive relationship between customer satisfaction with the car and behavioural loyalty is mediated by word of mouth.

H24 The negative relationship between customer satisfaction with the car and behavioural loyalty is mediated by intention to switch.

The results were depicted in table 6-2.

It was found that word of mouth led to behavioural loyalty, which suggested that customers who spread positive word of mouth about products are indeed loyal to the brand. It was also found that customer satisfaction plays an important role in motivating customers to engage in positive word of mouth. One important implication from these results is intention to switch. This was shown to be significant and negatively related to behavioural loyalty for Proton customers. It showed that loyal customers do not have switching intention, therefore exploring alternative products or brands, which are part of switching tendency, should be included in a study on customer loyalty (Odin, Odin & Valette-Florence, 2001).

Two unexpected findings were that consumer ethnocentrism and self-congruity both had a direct effect on word of mouth. The first result showed that ethnocentrism is a powerful feeling that motivates ethnocentric customers to spread positive word of mouth about national cars to others. The second result suggested that where the product or brand matched the customer's personality and/or self-concept, this customer was likely to engage in positive word of mouth. This may also justify the customer's choice so others perceive the customer as a clever and/or responsible car buyer.

In addressing the third research question (RQ3: *Do corporate and non-corporate communications have an impact on customer satisfaction?*), this study identified company and non-company communications and their respective impacts on customer satisfaction. Propositions 6 and 7 were postulated and examined using MODPROBE analysis. The results were depicted in table 6-3. The propositions are as follows:

***Proposition 6:*** *Corporate communication moderates the relationship between: i. corporate brand, ii. consumer ethnocentrism and customer satisfaction with the car.*

It was found that corporate communication in the form of sport sponsorship and corporate social responsibility had a significant moderating effect on the relationship between corporate brand and customer satisfaction. Sport sponsorship contributes to favourable corporate brand perception. A customer who perceives the importance of a company to be involved in corporate social

responsibility activities may tend to reward the company by purchasing its products. Corporate social responsibility initiatives taken by the company increased customer perception of goodwill, enhancing corporate brand image.

It was also found that corporate communication in the form of sport sponsorship and corporate social responsibility had a significant moderating effect on the relationship between consumer ethnocentrism and customer satisfaction.

**Proposition 7:** *Non-corporate communication moderates the relationship between: i. corporate brand, ii. consumer ethnocentrism and customer satisfaction with the car.*

It was found that non-corporate communication in the form of non-company-generated media coverage had a significant moderating effect on the relationship between consumer ethnocentrism and customer satisfaction. This result suggests that customers who have an interest in cars may find that articles in auto magazines about national cars impact customer satisfaction. Negative publicity may weaken the relationship, while positive publicity may increase the relationship because it is more credible and independent. When a national car wins an award, this increases customer confidence. Accordingly, it will enhance the company’s corporate brand.

**Table 6-3: Summary of hypotheses and results of moderators**

<b>Proposition 6: Corporate communication moderates the relationship between: i. corporate brand, ii. consumer ethnocentrism and customer satisfaction with the car</b>		
	<b>Proton</b>	<b>Perodua</b>
H25: The relationship between corporate brand and customer satisfaction is moderated by sport sponsorship	Supported (p<0.01)	Supported (p<0.05)
H26: The relationship between consumer ethnocentrism and customer satisfaction is moderated by sport sponsorship	Supported (p<0.01)	Not supported
H27: The relationship between corporate brand and customer satisfaction is moderated by corporate social responsibility	Supported (p<0.05)	Supported (p<0.05)
H28: The relationship between consumer ethnocentrism and customer satisfaction is moderated by corporate social responsibility	Not supported	Supported (p<0.01)
<b>Proposition 7: Non-corporate communication moderates the relationship between: i. corporate brand, ii. consumer ethnocentrism and customer satisfaction with the car</b>		
H29: The relationship between corporate brand and customer satisfaction is moderated by non-company generated media coverage	Not supported	Not supported
H30: The relationship between consumer ethnocentrism and customer satisfaction is moderated by non-company generated media coverage	Not supported	Supported (p<0.01)
H31: The relationship between corporate brand and customer satisfaction is moderated by auto awards	Supported (p<0.01)	Supported (p<0.05)
H32: The relationship between consumer ethnocentrism and customer satisfaction is moderated by auto awards	Not supported	Supported (p<0.05)

This study adds to the understanding of Malaysian customers' purchasing behaviour, particularly in the automotive industry, in the following ways.

### **6.3 Contributions and implications**

#### **6.3.1 Academic contributions**

First, consumer behaviour literature suggests that consumers prefer domestic products due to ethnocentrism (Hamin & Elliott, 2006; Shimp & Sharma, 1987). Within the context of the Malaysian automotive industry, this study shows that there are many more factors other than consumer ethnocentrism in relation to purchasing domestic cars. These factors include branding, self-congruity, car characteristics and service quality along with consumer ethnocentrism. Although many studies have argued that ethnocentrism may motivate customers to purchase domestic products (Nguyen, Nguyen & Barrett, 2008; Upadhyay & Singh, 2006), this study reported that the purchasing of a national car is not necessarily related to ethnocentrism. Since ethnocentrism is basically rooted in patriotic sentiment, it was found that consumers are indeed rational in their purchasing. For instance, factors such as branding and product features are highly regarded by customers.

Second, the domain of corporate brand studies implicitly emphasized that a strong brand can be developed and controlled by a company (Balmer, 2008; Balmer & Greyser, 2006; Urde, 2003). This suggests that if a company carefully plans its branding strategy, customers will prefer the brand over competitors. This study has shown that non-corporate communication in the form of auto awards impacted corporate brand. As highlighted by Chun (2005), the company's reputation is presented by the idiom "how others see us". This study has suggested that customers make a significant contribution to defining corporate brands. Consequently, it emphasised that corporate branding can be affected by non-corporate communication. It has also shown that more studies that explore the effect of non-corporate communication on corporate brand are needed.

Third, scholars have suggested that it is important to consider cultural elements in defining "service quality" within a specific cultural setting (Keillor, Hult & Kandemir, 2004). In response, Raajpoot (2004) measured service quality in a non-Western, Asian context. This study adapted this measurement and it was found that service quality measurement had acceptable psychometric properties with high reliability (see Chapter 4, Section II). This finding also shows that it is

important for service quality measurement to reflect cultural perspectives to ensure that “intended” service quality in a specific cultural research setting is accurately measured.

### ***6.3.1.1 Theoretical implications***

The findings from this study have important implications to the following areas:

1. Ethnocentrism studies. The result showed that ethnocentrism is a powerful feeling that motivates ethnocentric customers to disseminate positive word of mouth about national cars to others. This finding provides an opportunity to enhance ethnocentrism study by linking it to word of mouth.
2. Service quality studies. The result indicated that cultural and industry setting is fundamental in defining service quality in a unique research setting. This finding showed that theoretically, a Western service quality is different from the Asian. Thus, studies need to emphasise contextual issues
3. Trust studies. The result showed that automotive awards are a source of customer trust towards the brand. It indicates that consumer trust is context dependent and may vary from one industry to another. This suggests that the source of trust may be context specific.
4. Loyalty studies. The majority of loyalty studies only focus on repeat purchase as an indicator for loyalty. The results for this study show that switching tendency should be considered in the context of studying customer loyalty.

### **6.3.2 Methodological contributions**

This study has made two important methodological contributions. To begin with, CMV has become an important issue in social science research. According to Bagozzi et al. (1991), CMV poses a serious threat to the validity of research findings. In order to overcome this problem, Lindell and Whitney (2001) have suggested that scholars could use a marker variable as the solution for CMV. This study used their suggestion by introducing a job satisfaction construct in the questionnaire. As a result, the current study has been able to overcome the CMV issue (see Chapter 4 for details).

The second methodological contribution lies in measure equivalence. Horn and McArdle (1992) emphasized that lack of evidence of measurement invariance equivocates conclusions and casts doubt on theory. Taking this into account, measure equivalence analysis was conducted in this study, similar to the method introduced by Mavondo and Farrell (2000). The results suggested that Proton and Perodua respondents have answered the questionnaires from two different perspectives. Both were analysed separately, however the same statistical procedures were employed. There are two implications that arise from these results. First, it is important to perform measure equivalence analysis if the study has two or more types of respondents. Second, by treating these respondents separately, many more theoretical and managerial contributions can be made, contributing to the value of the study.

### **6.3.3 Managerial implications**

This research provides useful insights for managers of national cars, especially in a developing economy. Given that corporate branding is one of the main focuses of this study, the results suggest that a primary area of focus for managers is allocating investment dollars to sport sponsorship and corporate social responsibility initiatives. The current study indicates that company investment in particular areas is crucial in building a strong corporate brand.

The findings in this study indicate that automotive awards are an important moderator in the relationship between corporate brand and customer satisfaction. By winning an award, it assists the company in enhancing its corporate brand, and customers view the company as trustworthy. Thus, beyond establishing a strong brand through corporate communications, if the company has won automotive awards, these awards should be used extensively in their branding strategy, which should be made visible to customers.

#### ***6.3.3.1 Implications for national automotive companies***

The findings from this study may assist the national companies in formulating their business strategies in the following areas:

1. Referral reward program. Ethnocentric customers were found to engage in the positive word of mouth about the brand. The company should use their existing customers to obtain more customers. This can be achieved by rewarding word of mouth communication. This may be done by rewarding those who provide word of mouth for new car purchases.

2. Enhancing service encounter. Service quality was found to be an important factor for customer satisfaction. Thus, national car companies should consider service quality a critical issue in customer retention and customer loyalty. This may mean more personalised service encounters, better feedback on vehicle condition and effective scheduling of service.

#### **6.3.4 Policy implications**

The findings from this study may assist the Malaysian government to formulate a better strategy for national cars. Specifically the findings could:

1. Provide input to the government in formulating a better National Automotive Policy (NAP). The results of this study could lend more insight into the current position of the national cars in the market.
2. The result showed that the customers perceive Proton and Perodua as two different brands. Proton customers see Proton as an authentic national brand. On the contrary, Perodua customers see Perodua as “no different with other cars in the market”. Therefore, the government has to use a different approach in supporting the two brands.

#### **6.4 Limitations of the study**

Although this research makes several contributions to consumer behaviour and marketing studies, there are a few limitations that emerge from this study, which, however, present a number of opportunities for future research. The first limitation is associated with the survey method and lies in its restricted ability to fully understand customers purchasing behaviour. However, the survey method was deemed important to identify factors that may contribute to such purchasing behaviour. More in-depth qualitative research would provide further understanding on the topic of consumer behaviour in regard to purchasing national cars. Another limitation is that this study was designed specifically to study purchasing behaviour from a consumer perspective. A study which also includes the viewpoint of managers would provide additional insight into purchasing and, more specifically, the national car phenomenon.

#### **6.6 Suggestions for future research**

The context of this research was the Malaysian automotive industry. Other applications of the model, where consumers are confronted by domestic versus foreign products (domestic banks versus foreign banks) would be beneficial. Replication of this research would also extend insights

into domestic purchasing behaviour. It is also suggested that future research could focus on consumer purchasing of national versus foreign cars. This research would provide more information about the consumer domestic purchasing phenomenon.

As corporate and non-corporate communications were found to be moderators between corporate brand and customer satisfaction, there is an opportunity for researchers to undertake an examination of the moderating effects of communication on customer satisfaction and loyalty. Such a study would enable scholars to better understand the relationship between customer satisfaction and behavioural loyalty and further deepen scholarly knowledge on consumer loyalty.

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**Appendix 1: Research pass from Malaysia Economic Planning Unit (EPU)**

No. [REDACTED]

UNIT PERANCANG EKONOMI  
JABATAN PERDANA MENTERI

**PAS PENYELIDIKAN**

Nama ..... MOHD AZWARDI BIN MD ISA

No. Pasport/No. K.P. [REDACTED]

Warganegara ..... MALAYSIA

Sah Hingga ..... 17 MAC 2010

Rujukan [REDACTED]



Kepada Ketua-tetua Jabatan yang berkenaan:

Penyelidik yang namanya terasbut dan garabanya tertera dalam pas ini telah berhubung dengan Unit ini. Penyelidikan yang beliau akan jalankan atas aspek berikut akan memberi faedah kepada negara ini. Ditinjau akan dapat memberi balai kerjasama yang difikirkan wajar tertakluk kepada peruntukan-peruntukan dalam Akta Arkib Negara, 1966 dan Akta Rujukan Rasmi, 1972.

THE DETERMINANT FACTORS FOR MOTOR VEHICLE PURCHASING PREFERENCES AMONGST MALAYSIAN CONSUMERS: THE DOMESTIC AND NON-DOMESTIC EFFECTS

Tarikh ..... 17/12/2009

b/p Ketua Pengarah  
Unit Perancang Ekonomi  
Jabatan Perdana Menteri

IS/MS/1 - ENNO - XL

**Appendix 2: Survey instrument**

# Department of Marketing PhD research project

Antecedents for customer satisfaction  
and loyalty in automotive servicing  
industry

# ANTECEDENTS FOR CUSTOMER SATISFACTION AND LOYALTY IN AUTOMOTIVE SERVICING INDUSTRY

A research project conducted for PhD programme in the Department of Marketing, Monash University, Australia

## ALL THE INFORMATION YOU PROVIDE WILL BE TREATED AS STRICTLY CONFIDENTIAL

This questionnaire will take approximately 10-15 minutes to complete. We sincerely wish to thank you for your time and support in this study. We would be most grateful if you could return the completed questionnaire to the researcher.

### Instructions

The following instructions will assist you in completing the questionnaire:

- Please be assured that the information you provide is **strictly confidential**.
- It is important that you **answer all questions**, even if some may appear to be similar.
- If you have any queries about the questionnaire, please do not hesitate to ask the researcher at the service centre where the survey is being conducted.
- If you are unable to fill up the questionnaire at the service centre, a self-addressed stamped envelope will be provided for you to post the completed questionnaire. Please do not hesitate to contact Mohd Azwardi Md Isa on mobile: 012-5705590, or e-mail: [REDACTED] if you have any queries about the questionnaire.
- If you have any concerns about the manner in which this research is conducted, you may contact The Standing Committee on Ethics in Research on Humans at the following address:  
The Secretary  
The Standing Committee on Ethics in Research Involving Humans  
Monash University  
Wellington Road  
Clayton, Victoria 3800  
Tel: (613) 9905 2052  
Fax: (613) 9905 1420  
Email: [SCERH2@adm.monash.edu.au](mailto:SCERH2@adm.monash.edu.au)

## SECTION ONE

The following statements relate to your **opinions about buying domestic cars and your relationship with Perodua**.

1	2	3	4	5	6	7
Strongly disagree	disagree	Somewhat disagree	Neutral	Somewhat agree	Agree	Strongly agree

Your opinion about Malaysians <b>buying foreign cars</b>	Please circle						
	Strongly disagree					Strongly agree	
A1. Malaysians should choose Malaysian cars, first, last and foremost	1	2	3	4	5	6	7
A2. It may cost more in the long run but I prefer to support Malaysian cars	1	2	3	4	5	6	7
A3. Purchasing foreign cars is un Malaysian	1	2	3	4	5	6	7
A4. It is not right to purchase foreign manufactured cars	1	2	3	4	5	6	7
A5. A patriotic Malaysian should always buy Malaysian made cars	1	2	3	4	5	6	7
A6. It is always best to purchase Malaysian made cars	1	2	3	4	5	6	7
A7. Malaysian people should always buy Malaysian made cars instead of imports	1	2	3	4	5	6	7
A8. Foreign car companies should not be allowed to enter Malaysian market	1	2	3	4	5	6	7
A9. We should buy from foreign countries only products that we cannot obtain within our country	1	2	3	4	5	6	7
A10. We should purchase cars manufactured in Malaysia instead of letting other countries get rich from us	1	2	3	4	5	6	7
A11. Malaysian consumers who purchase cars made in other countries are responsible for putting their fellow Malaysians out of work	1	2	3	4	5	6	7
A12. Malaysians should not buy foreign cars because this hurts Malaysia businesses and causes unemployment	1	2	3	4	5	6	7
A13. Only products unavailable in Malaysia should be imported	1	2	3	4	5	6	7
A14. Curbs should be put on all imports	1	2	3	4	5	6	7
A15. There should be very little trading or purchasing of goods from other countries unless needed	1	2	3	4	5	6	7
A16. Foreign cars should be taxed heavily to reduce entry into Malaysian market	1	2	3	4	5	6	7

The following statements relate with <b>your relationship</b> with Perodua	Please circle						
	Strongly disagree					Strongly agree	
B1. I have a special bond with Perodua	1	2	3	4	5	6	7
B2. I consider Perodua to be part of my life	1	2	3	4	5	6	7
B3. I often feel a personal connection between Perodua and me	1	2	3	4	5	6	7
B4. Part of me is defined by the importance of Perodua in my life	1	2	3	4	5	6	7
B5. I feel as if I have a close personal connection with Perodua	1	2	3	4	5	6	7
B6. There are links between Perodua and how I view myself	1	2	3	4	5	6	7
B7. My Perodua car says a lot about who I am	1	2	3	4	5	6	7
B8. Perodua is my favourite brand of car	1	2	3	4	5	6	7

To what extent you <b>agree or disagree</b> with the following statements about Perodua cars	Please circle						
	Strongly disagree					Strongly agree	
C1. Perodua cars have up-to-date safety devices	1	2	3	4	5	6	7
C2. I will survive an accident if I drive Perodua car	1	2	3	4	5	6	7
C3. Perodua cars are spacious	1	2	3	4	5	6	7
C4. I feel comfortable when driving a Perodua car	1	2	3	4	5	6	7
C5. Perodua cars are economical to maintain	1	2	3	4	5	6	7
C6. Perodua cars have low fuel consumption	1	2	3	4	5	6	7
C7. Perodua cars have high resale value	1	2	3	4	5	6	7
C8. It is easy to sell Perodua cars to other people	1	2	3	4	5	6	7

## SECTION TWO

The following section seeks to understand a number of aspects of your **perception, experience and opinions** with respect to Perodua.

1	2	3	4	5	6	7
Strongly disagree	disagree	Somewhat disagree	Neutral	Somewhat agree	Agree	Strongly agree

To what extent you agree or disagree that Perodua.....	Please circle						
	Strongly disagree						Strongly agree
D1. represents a reliable company	1	2	3	4	5	6	7
D2. is the leading car brand in Malaysia	1	2	3	4	5	6	7
D3. is an up-to-date car brand	1	2	3	4	5	6	7
D4. is an innovative car brand	1	2	3	4	5	6	7
D5. is a symbol of a prestigious company	1	2	3	4	5	6	7
D6. is an honest company	1	2	3	4	5	6	7
D7. is associated with positive motoring feeling	1	2	3	4	5	6	7
D8. represent an admired and respected brand	1	2	3	4	5	6	7
D9. is strongly supported by excellent services	1	2	3	4	5	6	7
D10. is associated with high quality cars	1	2	3	4	5	6	7
D11. has a clear vision for further growth	1	2	3	4	5	6	7
D12. is a well managed company	1	2	3	4	5	6	7

In your experience with Perodua or Perodua dealers to what extent do you agree that ...	Please circle						
	Strongly disagree						Strongly agree
E1. Service centres have modern equipment	1	2	3	4	5	6	7
E2. Servicing is always done within the promised time	1	2	3	4	5	6	7
E3. Car servicing is usually available when needed	1	2	3	4	5	6	7
E4. Perodua employees are knowledgeable to answer car related questions	1	2	3	4	5	6	7
E5. Perodua employees are willing to give details advice on car	1	2	3	4	5	6	7
E6. Perodua employees are polite	1	2	3	4	5	6	7
E7. I am addressed by correct names at Perodua	1	2	3	4	5	6	7
E8. I get immediate attention	1	2	3	4	5	6	7
E9. I get customized solutions	1	2	3	4	5	6	7
E10. Service centres are easy to find	1	2	3	4	5	6	7
E11. Service centres are located at strategic locations	1	2	3	4	5	6	7

To what extent do you agree or disagree with the following statements about <b>Perodua's sponsorship of sports</b>	Please circle						
	Strongly disagree						Strongly agree
F1. It is important for me that Perodua is involved in sports sponsorships	1	2	3	4	5	6	7
F2. I have positive feelings towards Perodua sports sponsorships	1	2	3	4	5	6	7
F3. I prefer products from companies that sponsor sports that I like	1	2	3	4	5	6	7
F4. I prefer to buy cars from a company that sponsor sports	1	2	3	4	5	6	7
F5. Sport sponsorship enter into my buying decision	1	2	3	4	5	6	7

To what extent do you agree or disagree with the following statements <b>Perodua's corporate social responsibility</b>	Please circle						
	Strongly disagree						Strongly agree
G1. Staff give full and accurate information about their cars to customers	1	2	3	4	5	6	7
G2. Perodua has favourable business ethics when dealing with customers	1	2	3	4	5	6	7
G3. Perodua participates in activities to improve the environment	1	2	3	4	5	6	7
G4. Perodua emphasizes the importance of social responsibility	1	2	3	4	5	6	7
G5. I have positive feelings towards Perodua because of its corporate social responsibility practices	1	2	3	4	5	6	7
G6. In general, social responsibility practices enter into my buying decision	1	2	3	4	5	6	7



## SECTION FIVE

The following section seeks to understand your **support** and **loyalty** towards Perodua.

1 Not at all      2 To a minimum extent      3 To a slight extent      4 To some extent      5 To a moderate extent      6 To a large extent      7 To a great extent

To what extent you <b>undertake</b> the following with respect to Perodua cars	Please circle						
	Not at all						To a great extent
L1. I have recommended this brand to many people	1	2	3	4	5	6	7
L2. I 'talk up' this brand to my friends	1	2	3	4	5	6	7
L3. I try to spread good word about this brand	1	2	3	4	5	6	7
L4. I give this brand positive word of mouth	1	2	3	4	5	6	7
L5. Currently, I am looking for another brand of car	1	2	3	4	5	6	7
L6. I like to look for alternative brand of car in the future	1	2	3	4	5	6	7

1 Strongly disagree      2 Disagree      3 Somewhat disagree      4 Neutral      5 Somewhat agree      6 Agree      7 Strongly agree

Please indicate to what extent you agree or disagree with the following statements	Please circle						
	Strongly disagree						Strongly agree
M1. I intend to buy Perodua cars in the future	1	2	3	4	5	6	7
M2. If I were to buy a new car today, I will buy a Perodua model	1	2	3	4	5	6	7
M3. Even if I can afford to buy another brand of car I will still choose Perodua	1	2	3	4	5	6	7
M4. I have no intention to switch to another brand of car	1	2	3	4	5	6	7
M5. I will stick with Perodua cars for the value they give me	1	2	3	4	5	6	7
M6. I am satisfied with the financial incentive to purchase Perodua cars	1	2	3	4	5	6	7
M7. I will buy new models of Perodua because of its access to finance	1	2	3	4	5	6	7
M8. The government has supported the purchase of this brand	1	2	3	4	5	6	7
M9. I am very loyal to Perodua cars	1	2	3	4	5	6	7

## SECTION SIX

The following section relates to your **demographic profile**. Can you tell us a little bit about yourself?. Please X in the relevant box.

1. Gender:

Male  Female

2. Race:

Malay  Chinese  Indian  Others

3. Age:

Below 20 years  20-30 years  31-40 years  41-50 years  above 50 years

4. Household income in RM (per month)

Less than 2000  2001-3000  3001-4000  4001-5000  5001-6000  Above 6000

5. Occupation

Government servant  Private sector  Self-employed  Unemployed

6. When did you purchase the Perodua car that you currently own?

Less than 1 year  1-2 years  3-4 years  Above 5 years