

Malaysian Consumers' Perception of Made-in-China Automobile Brand

Siti Zaleha Sahak¹, Siti Aisyah Asrul¹, Nur Balqish Hanum Yakob¹, Nur Farhanah Azman¹

¹Arshad Ayub Graduate Business School, Universiti Teknologi MARA, Shah Alam, Malaysia,

Abstract: The review of the literature indicates that many consumers tend to associate made-in-China products for having low-quality. Nonetheless, there is a limited study on how consumers perceived the made-in-China automobile brand. This study aimed to assess how Malaysian consumers perceived Chery, the made-in-China automobile and the factors influencing their perception of the brand. The factors examined were perceived quality, perceived price, and country of origin effect. 300 questionnaires were distributed to Malaysian urban consumers who were working adults using a 'drop-off and collect' method. 292 completed questionnaires were obtained. The findings of the analyses showed that generally, the respondents displayed positive perception towards Chery. The results of multiple regression analysis indicated that the main predictor to the respondents' perception towards Chery was perceived price. The practical implication of the study was addressed.

Key words: *Perception, Made-in-China brand, High involvement product, Malaysian consumers*

INTRODUCTION

China, an emerging market, represents the world's second-largest economy and is increasingly playing an important and influential role in the global economy [1]. In the automotive sector, the introduction of made-in-China auto to both local and global market place showed the country participation in high technology automotive industries [2]. However, the reputation for the "Made in China" is regarded as still needs a long way to earn the customers confidence [3]. Generally, consumers' perception of buying China products, tend to be negative, as most consumers associated Chinese products as having low quality. Most consumers choose to buy Chinese products as they are cheap [2-5]. There are advantages to offering products at a low price. For instance, in the case of consumer electronic products, the made-in-China brands were preferred by consumers as they were cheap. However, as addressed by [6] a wrong decision on product pricing strategy may give bad impact to the brand and may put the firm's business growth on risk. Low price can cause the consumer to simply perceive the product to be cheap with low quality [6].

It is not easy to change consumers' perception. For instance, a review of Cato's work (2004) in [2] study, demonstrated how the South Korean's automobile brands struggling over years to communicate the value of buying their brand to consumers. Despite the continuous efforts taken in improving the product quality and technology associated with the product, consumers in a developed country still regarded the South Korean auto as having low quality and preferences were put more on the brands which come from more advanced economies countries such as USA, Germany, and Japan.

Chery Auto is one of the China automakers. The company was established in 1997 and the product brand is Chery. As of 2016, Chery models have been exported to over 80 countries [7]. The company was awarded as "The Most Admired Company in China" by the Fortune Magazine for the five consecutive years i. e. 2006 to 2010 [7]. Chery Auto entered the Malaysian market in 2006. Despite being a decade in the Malaysian market, in which Malaysia is regarded as one of emerging markets in South East Asia, the brand ranked 34th, with 0.1% of total market share [8]. Based on the latest data from [9], as of first half 2019, the national car brands i.e. Proton and Perodua and Japanese car brands namely, Honda, Toyota, and Nissan remain as the top 5 brands in the Malaysian automotive industry.

The previous study on Malaysian consumers indicated that price and product quality were regarded as the most important concern placed by the respondents in buying Chinese products [3]. The same study [3] recorded that the respondents' perceptions towards buying Chinese products were not significantly influenced by the country of origin effect. However, the Chinese products examined in the said study were general. A question on to what extent the findings hold for a made-in-China brand of high involvement products remained. Other past studies on 'made-in-China' products in the Malaysian market also referred to products in general [10-11]. Assessing the specific product category is important as the existing study [10] showed that the more expensive a product is, the more significance will the consumer attach to its country of origin.

This study aims to examine how consumers in Malaysia perceived Chinese brand in the high involvement product segment. In detail, this study was carried out to assess the factors which influence the consumers' perception towards Chinese automobile brand known as Chery. The factors examined are perceived quality, perceived price, and country of origin effects.

This study focused on Chery's passenger vehicle segments available in the Malaysian market which are: car, sports utility vehicle (SUV) and multi-purpose vehicle (MPV). The respondents for this study were working adults residing in Shah Alam. Instead of general, this study focused on a specific high involvement product i.e. automobile with a specific brand and in a specific marketplace setting. It is expected that the study may provide some conceptual and managerial insights into assessing the role of country of origin effects, perceived quality and perceived price in determining the perception of consumers towards an automobile brand in which the brand belongs to a country that is commonly associated with producing cheap and low-quality products.

LITERATURE REVIEWS

Perception is the process whereby stimuli are received and interpreted by the individual and translated into a response [12]. Perception is an important factor in stimulating buying decision, and the matching of perception and expectation will give higher perceived value for the products [13]. According to [2], an automobile's price, quality, and benefits are likely to be the first three factors that consumers acknowledge during their decision-making process. These three aspects, as the core competitiveness of products, are also important for manufacturers.

Consumers always looking for the price as a factor in evaluating the goods and may lead the perception of having it [14]. Zeithaml [15] stated that the objective of monetary price was not equal to the target price in the mind of consumers. An appropriate price can enhance the volume of sales, while a wrong pricing strategy can generate problems that have the potential to damage the business [6].

According to Aaker [16], perceived quality can be used as a tool when the company intends to utilize a pricing strategy with a premium price and further extend the brand in several markets. Garvin's work (1984) highlights the importance of identifying and meeting the product perceived quality both from the consumers and manufacturing's views [2]. The product quality framework comprises the basic function of the products, the product's reliability, and the external features. The ability to match the marketing and manufacturing views on product quality may assist the company in producing a product that meets the customers' expectation.

Past studies have shown that many consumers preferred to purchase products which originated or produced by the advanced economy and developed country as the products are associated with high quality [2][10]. Less preference or negative bias towards developing countries' products is often exhibited by consumers in both developed and developing countries [17-19]. Consumers in developing countries seem to associate themselves with status and pride in buying foreign products, particularly those originating from economically and technologically advanced countries [18-19]. Country of origin effect is frequently used as a cue in evaluating a product that may affect the consumers' perception [5][20].

Chinese products were not excluded from this situation. Past study on the country of origin effect involving Malaysian consumers [10] indicated that made-in-China products were at 8th rank of ten countries, after Taiwan. The top three countries in which the products were rated as having the highest quality were Japan, Germany, and the United States. Noticeably these countries represented developed and advanced technological countries. There is a connection between the national image and product-country image [21].

Based on the above, the following were hypothesized, and the research framework of this study was presented in Figure 1:

H1: Perceived price will significantly effect consumers' perception towards made-in-China automobile brand.

H2: Perceived quality will significantly effect consumers' perception towards made-in-China automobile brand.

H3: Country of origin effect will significantly effect consumers' perception towards made-in-China automobile brand.

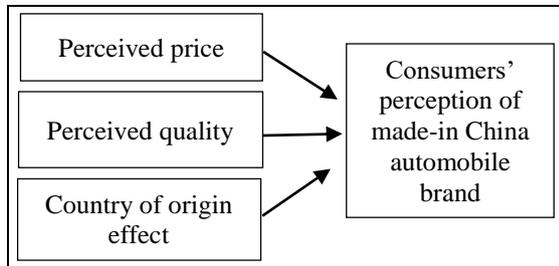


Figure 1. Research framework

METHODOLOGY

This study was conducted as a descriptive study. It used a survey method. The target population of the study was adult consumers who worked in Shah Alam. Shah Alam is one of the major cities located in the central region of Malaysia. Utilizing a convenience sampling technique, the questionnaires were distributed to the respondents through a "drop-off and collect method". This data collection method is seen as useful for local market surveys [22]. In total, 300 questionnaires were distributed to the selected public and private offices as well as the business outlets within Shah Alam. A brief introduction of the survey was given to the respondents. After three to four days of the distribution, the researchers collected the questionnaire from the respondents. In total, the researchers managed to gather 292 completed questionnaires.

The questionnaire consisted of sections on respondents' socio-demographic and level of agreement or disagreement towards statements on the factors examined namely, consumers' perception towards Chery as made-in-China automobile brand (5 items), perceived quality (7 items), perceived price (7 items) and country of origin effect (7 items). The items were adapted from the related past studies and they were measured using five-point Likert scale (1 as strongly disagree – 5 as strongly agree). In this study, the recorded Cronbach alpha value of the items ranged from .911 to .938.

RESULT ANALYSES AND DISCUSSIONS

The total of 292 usable responses was analyzed using SPSS (version 21.0). A descriptive analysis was run to gather the profile data of the respondents. The summary of the findings was given in Table 1. 49% of the respondents were male and 51% were female. A vast majority (80.1%) of the respondents were from the age group of 20 – 39 years and most of the respondents were Malay (86.6%). The findings showed that majority of the respondents were aware of the existence of Chery's brand in the market (87.7%). Further probe indicated that 64.4% of the respondents know that Chery is a made-in-China brand and the remaining respondents (35.6%) said they did not know that Chery is a Chinese automobile brand. Figure 2 showed the automobile brand owned by the respondents. The responses reflected the available automobile brands in the Malaysian market, and these also matched the background data of the respondents, particularly in their age groups and their monthly income levels. On the question regarding what value the respondents' place on Chery, the majority (64.4%) viewed Chery as a brand for a family car and 12.3% perceived the brand as elegance. There were small percentages of the respondents who associated Chery to innovation (6.8%), luxury (5.8%) and safety (3.5%).

Table 1. Respondents' profiles

		n=292	%
Gender	Male	143	49.0
	Female	149	51.0
Age	20-39	234	80.1
	40-59	56	19.2
	60 and above	2	0.70
Marital Status	Single	161	55.1
	Married	128	43.9
	Others	3.0	1.0
Race	Malay	253	86.6
	Chinese	13	4.5
	Indian	23	7.9
	Others	3	1.0
Occupation	Government Sector	101	34.5
	Private Sector	159	54.5
	Self-Employed	32	11.0
Education Level	SPM	60	20.5
	Diploma	81	27.8
	Bachelor degree	132	45.2
	Master and doctorate	20	6.5
Monthly Income	RM 1,000 – RM 2,999	138	47.3
	RM 3,000 - RM 4,999	116	39.7
	RM 5,000 - RM 6,999	16	5.5
	RM 7,000 and above	22	7.5
	Yes	256	87.7

Have you heard about Chery brand before?	No	36	12.3
Do you know that Chery is made-in China auto brand?	Yes	188	64.4
	No	104	35.6

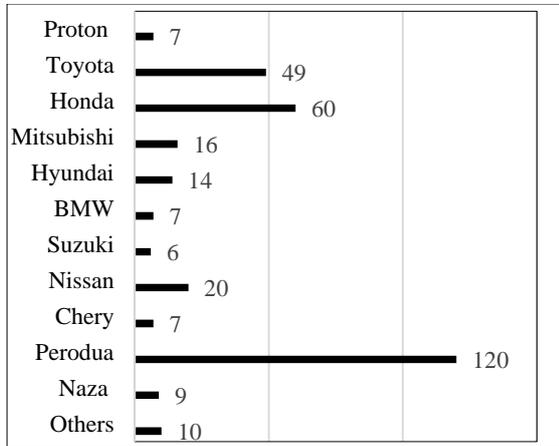


Figure 2. Respondents and automobile brands

Next, multiple regressions analysis was carried out to assess the influence of perceived quality, perceived price and country of origin effect on consumers' perception towards Chery, hence, to test the identified hypotheses. As showed in Table 2, the adjusted R-square of the model was .764. It suggested that 76.4% of the variance in consumers' perceptions towards Chery was explained by the three variables namely, perceived quality, perceived price, and country-of-origin effects. The consumers' perception towards the brand was largely predicted by perceived price ($\beta = .509, p < 0.001$). This was followed by country-of-origin effect ($\beta = .317, p < 0.001$) and perceived quality ($\beta = .115, p < 0.05$). The results indicated that the identified variables significantly influenced the respondents' perceptions of Chery. Based on these findings, H1, H2, and H3 of the study were supported.

Table 2. Regression analysis output

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate			
1	.875 ^a	.766	.764	2.32979			
^a . Predictors: (Constant), country of origin effect (COOE), perceived price (PP), perceived quality (PQ)							
Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients	Mean	t	Sig.
		B	Std. Error				
1	(Constant)	3.953	.560			7.063	.000
	PQ	.078	.038	.115	3.80	2.061	.040
	PP	.348	.033	.509	3.82	10.398	.000
	COOE	.205	.032	.317	3.80	6.352	.000

^a. Dependent Variable: Perception

CONCLUSIONS

Consumers' perception is essential. If consumers hold negative perceptions towards products from a certain country of origin (COO), they may also dislike those products [11]. This study investigated how Malaysian consumers perceived a Chinese automotive brand and the factors influencing their perception. Based on the study findings, overall, the respondents indicated a positive perception towards Chery, the Chinese automobile brand examined. Perceived price appeared to be the most dominant factor that effects the respondents' perception. The respondents addressed their agreement that the price level of the car will lead their different perception of having it. Also, unlike low-cost products, the price was considered as evaluating factor of buying a car, since it involves high investment. These findings suggested the importance of the company to match the perception and expectation the consumers put on the brands. Research has shown that price is used as a quality cue to a greater degree when brands are unfamiliar than when brands are familiar [15]. In this study, although more than half of the respondents said they know that Chery is a Chinese automobile brand, in comparison to other foreign brands available in the Malaysian automobile market particularly the Japanese and the European brands, the made-in-China brands are considered as relatively new. According to [23], consumers tend to evaluate qualities based on their past experiences either satisfied or not using the services and performances of the product. As quality is often difficult for inexperienced consumers to judge, consumers have to revert to surrogate measures of quality by looking at the price.

The previous study showed that Malaysian consumers are concern about the price and product quality in buying Chinese products [3]. The present study indicated that such emphasized was also true for high involvement product. On top of that, this study found that the country of origin effect was more influential than perceived quality in predicting the respondents' perception towards Chinese automobile brand. Managerially, as highlighted in [21], for countries intending to expand their overseas market, a healthy national image may enhance consumers' positive perception of products made in that country. It may also create a welcoming market atmosphere.

This study is not without limitation. As convenience sampling was employed, the results of the study should not be generalized to another context of studies. The conclusion drawn in this study was referred to the respondents' perceptions on one of the Chinese automobile brands i.e. Chery. The findings

may not be generalized to any other brands of Chinese automobile such as Geely, SAIC, and FAW. The selection of Chery was made considering this was the major brand of Chinese automobile available in the Malaysian market in which this study took place.

Research on "made-in-China" brands is seen as prominent as the say goes "Chinese product is everywhere". In multi-cultural country settings which include Malaysia, future studies may examine any differences in the perceptions towards different Chinese products across ethnics. This may provide useful input to the firms in strategizing their market segmentation and marketing communication effort. [12] for instance, demonstrated that although Malaysian Chinese generally identify themselves to China, they do not necessarily purchase products "Made in China" and the Malays do not seem to hold negative perceptions about products "Made in China".

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