



# Impact of country of origin and word of mouth on brand equity

## Abstract

**Purpose** – The purpose of this paper is to explore the effect of the image of country of origin (COO) and word of mouth (WOM) toward brand equity (BE).

**Design/methodology/approach** – Questionnaire was deployed to collect data. Prior to data collection, validity, and reliability tests were performed. Valid and reliable questionnaire was distributed to car customer in Jabodetabek region. It was succeeded to distribute 389 questionnaires and completely filled up by respondents. Structural equation modeling further was deployed to analyze the data.

**Findings** – COO and WOM significantly influence BE indirectly through BE dimensions. WOM exhibited stronger influence toward BE. The influence of COO and WOM toward BE dimension was also investigated. WOM showed stronger influence toward BE dimension, in descending order are brand loyalty (BL), brand association (BAS), perceived quality (PQ), and brand awareness (BA). COO showed weaker influence and different order, in descending order are BA, PQ, BL, and BAS.

**Originality/value** – Role of WOM in marketing has been extensively discussed by researchers. It is generally acknowledged playing a considerable role in influencing and forming consumer attitudes and behavioral intentions. However, up to this date role of WOM on BE has not been explicitly studied by researchers. COO in another hand has been related to BE although in a limited references. Those studies were performed outside of Indonesian consumer. Up to this date study of COO of Indonesian consumer behavior remains unaccounted.

**Keywords** Marketing, Consumer behaviour, Market research, Consumer marketing

**Paper type** Research paper

## Introduction

Research interest in branding started way back in the 1960s with tremendous attention from many researchers. Among other branding aspects, brand equity (BE) has been studied extensively (Ambler, 1997; Batra, *et al.*, 2000; Zeugner-Roth *et al.*, 2008; Swaminathan *et al.*, 2009; Keller, 2010; Hamzaoui-Essoussi *et al.*, 2011).

Despite this considerable interest, the factors specifically influencing BE have been overlooked (Barwise, 1993). Most researches focussed on developing BE constructs (such as Keller, 1993; Agarwal and Rao, 1996; Sinha *et al.*, 2008; Broyles *et al.*, 2009; Menictas *et al.*, 2012). The few researchers who studied factors influencing BE include Bawa and Shoemaker (1987), Kim *et al.* (2008), and Joshy and Sivakumaran. Most researchers studied the relationship between some BE dimensions and various other factors.

Although consumer behavior researchers currently demonstrated an interest in the impact of country of origin image (COO) on BE, the work has generally focussed