A Study on the Factors Influencing Chinese Consumers' Purchase Intention on Volkswagen Automobiles - Focusing on Country-Of-Origin Image and Corporate Image

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Key words: Country Of Origin Image; Corporate Image; Brand Attitude; Purchase Intention

Abstract. With the fast economic development, China has been the largest automobiles market in the world since 2009. China has been the most important market for global automobiles enterprises in the past years. Germany Volkswagen brand has been enjoying the top popularity in Chinese market and China has been the largest market for Volkswagen automobiles.This study used an empirical way to examine the factors impacting Chinese customers purchase intentions on Volkswagen automobiles including country-of-origin image and corporate image based on the TRA theory. The findings indicated that the positive Germany country-of-origin image and positive corporate image of Volkswagen automobiles both devoted to a positive brand attitude from Chinese customers. Meanwhile, once Chinese customers have positive brand attitude to Volkswagen automobiles, they will have strong purchase intentions.

Introduction

With its fast economic development, Chinese economy has ranked No.2 in the world since 2010. Benefiting from this fast economic development, China has been the world largest automobile consumer market since 2009. German Volkswagen has been enjoying high popularity among the global market including Chinese market. It has gained huge success in the past years and China has been its most important and successful market in the world. In 2013, the total sales of Germany Brands automobiles ranked No.2 with 3.37 million units in Chinese market; in 2014, the total sales of Germany Brands automobiles ranked No.1 with 3.68 million units. in 2015, the total sales of Germany Brands automobiles ranked No.1 with 3.998 million units. In 2012, the total sales reached 2.81 million units which ranked No.2, which increased 24.5% comparing to 2011; In 2014, Volkswagen delivered 2.5 million vehicles which ranked No.1 in Chinese market and China was still the leading market for Volkswagen. In 2015,Volkswagen delivered 2.63 million vehicles in China which continually ranked No.1 in Chinese market and China still acted as the leading market for Volkswagen.

German Volkswagen was the first company entering Chinese automobile industry in 1984 which built up the jointed venture with Shanghai Automobile Industry Corporation which produced the brands including Santana, Passat, Polo, Touran, Lavida, Tiguan, Fabia, Octavia and Superb; in 1991, Volkswagen also built up another jointed venture with First Automobile Works which produced the brands including Audi A6L, A4L, Q5 , Jetta, Bora, Golf, Sagitar, Magotan, CC etc. Volkswagen currently has 12 vehicle and component plants in China. Based on the the success of Volkswagen in Chinese market, this study

employed TRA theory (Fishbein and Ajzen, 1975[1]) to analyze the effect of factors including country-of-origin image and corporate image on their attitude towards Germany automobiles and their intent to purchase Germany automobiles. Meanwhile, this study is to provide suggestions for Chinese Independent automobiles which are implementing globalization in the world market.

Research Model

This study employs the TRA theory as a theoretical framework. TRA suggests that an individual's purchase intention is decided by the attitudes as well as by beliefs of the perceived usefulness and perceived ease of use (Fishbein and Ajzen, 1975; [1]).

Figure 1 presents the proposed conceptual model and causally explains the emotion elicitation process and consequence.
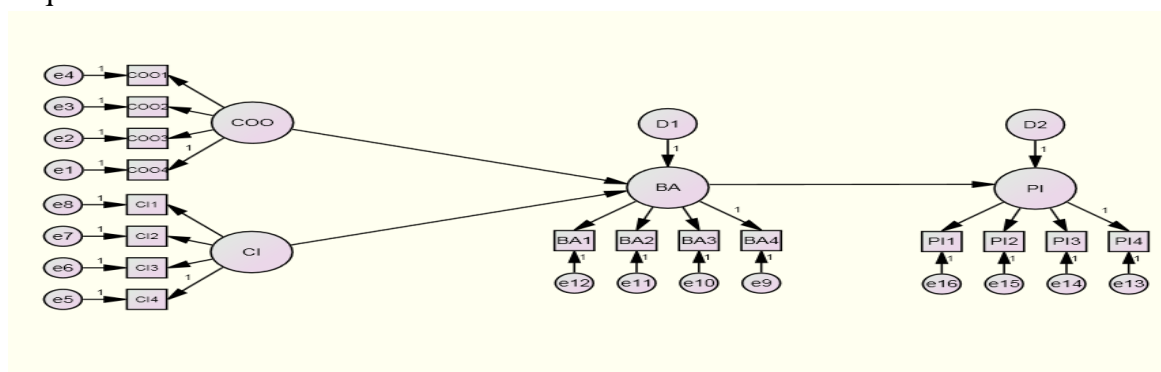

Table 1. Notes of Abbreviation Items

Abbreviation Items	Variables
COO	Country -Of -Origin
CI	Corporate Image
BA	Brand Image
PI	Purchase Intention
COO1	Germany has rich experiences in automobiles manufacture
COO2	Germany has rich knowledge of automobiles manufacture
COO3	Germany has advance technology in automobiles manufacture
COO4	Germany is a developed country
CI1	Volkswagen provides good service
CI2	Volkswagen provides personalized products
CI3	Volkswagen has lots of innovations
CI4	Volkswagen has high social responsibility
BA1	I think Volkswagen automobiles are good
BA2	I believe Volkswagen automobiles are reliable
BA3	Many people purchase Volkswagen automobiles
BA4	My friends have good comments on Volkswagen automobiles
PI1	I will purchase one Volkswagen automobile in future
PI2	I think I will choose Volkswagen automobile when I want to purchase a car
PI3	I will recommend my friends to purchase Volkswagen automobiles
PI4	If I have enough budget, I will purchase a Volkswagen automobile

H1: The positive country of origin image of Germany will significantly increase Chinese consumers' positive brand attitude to Germany automobiles

H2: The positive corporate image of Germany automobiles will bring Chinese consumers' positive brand attitude to Germany automobiles

H3. Chinese Consumers' positive brand attitude to Germany automobiles will significantly increase purchase intentions on Germany automobiles

Findings and Discussions

In this study, there were 300 respondents; males account for 55% and females accounted for 45%. The main age ranges are from 18-49 which accounted almost 93% of the ages of the respondents. 82% of the respondents had a university or higher level of education. 60% of the respondents had an annual income level from 25,000RMB-80,000RMB and have the capacity to purchase automobiles. 80% of the respondents have jobs and stable incomes.

Three steps of statistical data analysis were conducted sequentially. First, confirmatory factor analysis (CFA) was conducted as a preliminary data analysis to verify the positive emotions construct. Second, following two-step modeling recommended by Anderson and Gerbing (1988)[2], a measurement model was first tested using CFA to confirm the measurement reliability and validity. Finally, to test the 11 proposed hypotheses, a structural model test was conducted. The structural equation modeling program, Lisrel 8.80, was used for the analyses.

To assess the overall fit of the models, several model fit indexes were used. The first index is $X^2/df < 5$/CMIN/DF<5, the best $X^2/df < 3$/ CMIN/DF< 3(Bentler & Bonett, 1980[29]). The second index is AGFI AND GFI. AGFI>0.85 and GFI>0.85(Bagozzi, 1988; [30]Bollen, 1989; [31]). At the same time, NFI, IFI AND CFI all should be greater than 0.9; in sum, NFI>0.9. IFI>0.9 and CFI>0.9(Bagozzi, 1988; [30]Bollen, 1989[31]).

Finally, RMSEA should be smaller than 0.1 and the best one is smaller than 0.05. If all above conditions are met, the model fit is accepted. In a sum, the following Table 3 showed the detailed information on CFA requirements.

The following Table 2 summarized the results of CFA of the overall model. Convergent validity test was also examined.

Table 2. Model Fit Summary of Overall Model

Index Types	Index	Measured Value	Evaluation Criterion	Accepted Fit or Not Accepted Fit
Absolute Fitting Index	CMIN /DF	3.23	<5 or<3(the best)	Accepted Fit
	RMSEA	0.067	<0.1 or0.05(the best)	Accepted Fit
	AGFI	0.897	>0.85	Accepted Fit
	GFI	0.928	>0.85	Accepted Fit
Relative Fitting ndex	NFI	0.954	>0.9	Accepted Fit
	IFI	0.947	>0.9	Accepted Fit
	CFI	0.937	>0.9	Accepted Fit

All factor loadings were statistically significant at p<.001. Convergent validity was also verified through C.C.R and average variance extracted (AVE). According to the criterion of convergent validity, if Estimate>0.5, C.R.>1.965, AVE>0.5 and C.C.R.>0.7, than the convergent validity was significant which

is concluded as the following Table3.

Table 3: Criteria of Convergent Validity

Items	Criteria
Estimate	>0.5
C.R.	>1.965
AVE	>0.5

The following Table 4 provided the calculated Estimate, C.R., AVE and C.C.R. scores.

Table4: The Results of the Measurement Model Test

			Estimate	S.E.	C.R.	P.	Standard Estimate	AVE	C.C.R.
COO4	<---	COO	1.000				.75		
COO3	<---	COO	1.232	.068	19.8	***	.89		
COO2	<---	COO	1.376	.067	19.3	***	.84	0.68	0.89
COO1	<---	COO	1.158	.066	18.5	***	.83		
CI4	<---	CI	1.000				.83		
CI3	<---	CI	.932	.042	23.2	***	.85		
CI2	<---	CI	.945	.042	23.5	***	.86	0.82	0.98
CI1	<---	CI	.958	.043	22.2	***	.87		
BA4	<---	BA	1.000				.88		
BA3	<---	BA	.935	.042	23.28	***	.85		
BA2	<---	BA	.520	.042	12.22	***	.5	0.65	0.82
BA1	<---	BA	.768	.045	14.66	***	.67		
PI4	<---	PI	1.000				.82		
PI3	<---	PI	.772	.042	21.22	***	.78		
PI2	<---	PI	1.29	.041	23.34	***	.92	0.69	0.88
PI1	<---	PI	.996	.043	21.56	***	.82		

Note: Significant levels: ***p=0.000

Conclusion and Implications

Based on the result of measuring hypothesis, this study showed that H1, H2 and H3 are all supported which showed that the coefficient were all bigger than "O" and all showed positive scores. It means that the positive country image of German significantly increases Chinese consumers' positive brand attitude to Germany automobiles; the positive corporate image of Germany automobiles brings Chinese consumers' positive brand attitude to Germany automobiles and Chinese Consumers' positive brand attitude to Germany automobiles significantly increases purchase intentions on Germany automobiles. The very positive global image of German greatly devote to its success in automobiles sales. Positive image of German Volkswagen corporation also devoted to its success among Chinese consumers. Eventually, the positive brand attitude from Chinese consumers brought in positive purchase intentions. This study indicated that Chinese customers had very positive comments on Germany country of origin image due to the friendly relationship between China and Germany; due to the popularity of automobiles manufacture and automobiles engineering; due to the fame of Germany which mainly behaved as a

developed country and had rich experiences and innovations in automobiles manufacture and development. This study also indicated that the corporate image of Volkswagen automobile is very positive among Chinese customers due to its heavy advertisements in media; due to the good services and quality assurance;due to its continual innovations and personalized products; due to its devotion to social responsibilities. This study finally indicated that the positive brand attitude to Volkswagen automobiles will probably lead to high level of intent to purchase. Therefore, it is reasonable to explain why Volkswagen automobiles gained huge achievements in Chinese market in the past years.

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