# COUNTRY OF ORIGIN, PRODUCT INNOVATION AND RELATIONSHIP QUALITY: THE ROLE OF BRAND EQUITY ASSETS AS MEDIATOR

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*Abstract— Brand equity is firm's superior customer value that essentially intangible offered to the customers. In nowadays' competitive market, brand equity become one of the crucial firm's strategy as higher brand equity achievement is able to provide benefits such as competitive differentiation, premium prices, higher in sales volumes, and greater security of demand that create best guarantee for firm's survival. This study investigated the role of brand equity assets which referring to brand awareness, brand image, brand leadership and brand loyalty as a mediator. Particularly, this study examined the role of brand equity assets as mediator in the relationship between country of origin (COO) and product innovation (PI) on relationship quality (RQ) in Malaysia Consumers' Passenger Cars context. The study is based on survey method. The self-administered questionnaires are randomly distributed among passenger car users in North region of Malaysia. The study showed interesting result due to some of brand equity assets such as brand awareness and brand image are found to be a mediator in the relationship between PI and RQ.  Also, majority of the brand equity assets such as brand awareness, brand image and brand loyalty revealed important role as mediator toward the relationship between COO and RQ.*

*Key Terms—Brand Equity Assets, Country of Origin, Product Innovation, Relationship Quality, Automobile Car Passenger*

## 1.0    INTRODUCTION

Brand equity is firm"s superior customer value that essentially intangible offered to the customers. In nowadays" competitive market, brand equity assets become one of the crucial firm"s subjective performance as higher brand equity assets achievement are able to provide benefits such as competitive differentiation, premium prices, higher in sales volumes, and greater security of demand that create best guarantee for firm"s survival. Hence, the critical of achieving brand equity has caused the investigation of brand equity sources are vital (Aaker, 1991; 1996; Keller, 1993; Yoo, Donthu, & Lee, 2000).

Including in Malaysia context, the effort of investigating the sources of brand equity become critical issues particularly when Malaysia brands still not achieve higher of brand equity (Mohd Sani, 2005; Rafidah, 1997; *Asia's Top 1000 Brand For 2017-Top Three by Market*, 2017; Top 100 Global Brands Scoreboard, 2017). Even, for important industries such as automobile industry (*Eighth Malaysia Plan 2001-2005*, 2001; *Ninth Malaysia Plan 2006-2010*, 2006), facing with this critical scenario is not exempted as well. Wad et al. (2011) affirmed that automotive industry in Malaysia is still struggling to enter the global markets, unlike Japanese and Korean car brands. Indeed, in 2015 the Malaysia automotive industry including passenger car category still remained challenging not only due to stiff market competition but facing with high input costs and high operational and marketing cost as well (The Star, 2015).

The situation becomes harder when the consumers now are more knowledgeable. The greater access to information in nowadays has made them easier in comparing among the brands in the markets. Additionally, the emergence of stiff competitions also increased the lack

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of differentiation between features of individual brand. But still, to achieve the higher retail margin is critical for automobile companies. Therefore, a need to explore more marketing strategies that can create success in building and boosting the brand equity become critical. This is due to the importance of brand equity to business performance has been widely recognized in the literature (Keller, 1993, Aaker, 1991, Nasution, Grant, Mavondo, 2008). Even, brand equity as one of the market-based assets is expected to generate profitability (Srivastava, Shervani, and Fahey, 1998). Thus, besides studying the sources of brand equity building expanding the investigation toward role of brand equity as mediator should not be overlooked. As argued by Nasution, Grant, Mavondo (2008), brand equity could be considered as the mechanism for transmitting the effects of marketing effort or strategy into business performance outcomes. But, little research attention is concerned toward the role of brand equity as mediator. Obviously, there are less studied in car passenger context that focused on the role of brand equity assets as mediator in marketing strategy such as country of origin, product innovation and relationship quality. Hence, the main objectives of this study are as follows:

i)      to examine the relationship between country of origin and relationship quality.
ii)     to examine the relationship between product innovation and relationship quality.
iii)    to examine the mediator role of brand equity assets in the relationship between country of origin and relationship quality.
iv)    to examine the mediator role of brand equity assets in the relationship between product innovation and relationship quality.


## 2.0    LITERATURE REVIEW

The brand equity is a key concept of brand management and it has received significant attention in past researches of different contexts (Boo, Busser, & Baloglu, 2009). The most comprehensive definition of brand equity introduced by Aaker (1991) as, „a set of assets and liabilities associated with intangibles values incurred in a product or service that a brand provides to its customers". Extension by Keller (1993), proposed the brand equity referred to „differential impact of brand knowledge on customers" reactions to various activities designed to promote a brand". Aaker (1991), Keller (1993; 2013) and other brand equity pioneer such as Yoo & Donthu (2000), Gill & Dawra (2010), and Bendixen, Bukasa, & Abratt (2004) have no doubtful towards the importance of brand equity. Brands that enjoy high brand equity assets can easily build up their competitive advantage, charge premium price, and maximize advantages over customer demand (Aaker, 1991; Yoo & Donthu, 2000; Keller, 2013).

In relations, the brands obtaining high equity can empower an organization to enjoy high profit margins, improve customer loyalty, maintaining long term competitive advantage, decrease the threats of competitive attacks, and grant it with better customer reactions (Gill & Dawra, 2010, Keller 2013, Mostafa, 2015). Besides, there are additional advantages for obtaining high brand equity. For example, brand extension will become easier; advertising campaigns would be more appealing to customers; trade power will be enhanced; and the organization becomes less subject to rivalry (Bendixen, Bukasa, & Abratt, 2004). Thus, searching the sources that able to develop brand equity which regards to brand equity assets such as customer brand awareness, associations, quality, loyalty and others customer brand assets are crucial for companies (Aaker, 1991;1996, Yoo & Donthu, 2000).

### 2.1    The Country of Origin (COO) and Product Innovation towards Brand Equity Assets

Despite the importance of searching the brand equity antecedents or sources, majority of researchers highlighted more on developing brand equity measurement constructs but with

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little emphasis on factors influencing it (Valette-Florence et al., 2011).Thus, increase the attention towards the factors that build brand equity assets is necessary. Especially, when facing with globalization issue and competitive international brands have made the exploring of strategy that able to develop brand equity is crucially important.

According to Mostafa (2015), the advances of globalization gave great attention to country of origin COO effect as one of the factors influencing international competitiveness. Concerning by Pappu, Quester and Cooksey (2006), examine how country of origin (COO) impacts brand equity assets (e.g. perceived quality, brand associations) is crucially important as it revealed the means to protect or enhance the core essence of a brand. In particular, Sanyal and Datta (2011) shared the findings by Koubaa (2008) revealed that the effect of COO on brand image is very strong.

Thakor and Kohli (1996) defined COO as the country where the product or brand originally came from. In consumers" decision making the effect of COO comes from the strength and weaknesses that consumers perceived from a specific country. Means, COO is known to lead to associations in the minds of consumers (Aaker, 1991; Keller, 1993). For example, consumers might associate the countries UK, Japan and China with the intangible attributes "reliability" and "durability", to a different degree. These COO associations of consumers could therefore influence the brand equity assets of a brand from a specific country (Pappu, Quester, and Cooksey, 2006). The dangerous is where an inferior COO could damage a brand name as the consumer brand equity assets of the brand erodes.

In addition to COO, past literatures also concerned that product innovation is an important aspect of product strategy (Lages, Silva, & Styles, 2009; Menon et al., 1997) which can determine and significantly impact brand equity (Bayus, Brexendorf, & Keller, 2013). For example product innovation is found to have significant effect on brand equity assets such as brand loyalty (Henard and Dacin, 2010; Ko, Kim, Kim, Li, Zou, and Zhang, 2009; Abdullah, 2012; Shiau, 2014), brand image (Henard and Dacin, 2010; Holland, Schekleton, and Na, 2011) and brand leadership (Gehlhar, Regmi, Stefanou, and Zoumas, 2009). In addition to individual brand equity assets, product innovation are argued to have significant effect on overall brand equity as well (Chien, 2013; Sriram et al., 2007; Yang, 2008; Zhang, Ko, Kim, Hirose & Jeon, 2010; Ngoc, 2014; Abad & Hossein, 2013; Eze et al., 2012).

## 2.2    *Brand Equity Assets and Relationship Quality*

According to Oliver (1999), relationship quality is also called relational bond. A good and maintained relationship quality between a company and its customers is considered long-term marketing success which will eventually leads to loyalty. Due to relationship quality variable plays an essential role in buying behavior, thus, investigating relationship quality should be expanded as well with the brand equity assets (Chen & Myagmarsuren, 2011; Lo and Jusoh, 2013).

Based on Kimpakorn and Tocquer (2010), in their supported to Berry"s (2000) explanation revealed that brand equity assets are able to develop the relationship quality dimension such as commitment. In their findings, high brand equity has more employee brand commitment than low brand equity. Furthermore, the findings by Ching-Fu & Myagmarsuren (2011) indicated that brand images significantly influence relationship quality.

Even though the above evidence concentrated the role of brand equity assets towards the relationship quality, but, there is still need more research attention in studying the brand equity as mediator (Nasution, Grant, Mavondo, 2008) including in relationship quality context. Hence, in this study, the role of brand equity assets as a mediator in the relationship quality context will be examined.

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### 2.3    The Role of Brand Equity Assets as Mediator

The study of brand equity assets as the mediator have been examined by past researchers such as in the context of social media (Severi, Kwek, and Nasirmoadeli, 2014; Norjaya and Abdul, 2011); internet banking (Correia Loureiro, 2013); generic drugs (Sanya and Datta, 2011); and even in brand equity context itself (Yoo and Dothu, 2000). However, the investigation of brand equity assets role as mediator in the context of relationship quality still received less research attention (Nasution, Grant, Mavondo, 2008). Indeed, it is important to remember that brand equity is no longer valued by large sums of money that companies invest. But, customers are determined the value of brand equity by what they are saying to each other (Severi, Kwek, and Nasirmoadeli, 2014).

Basically, brand equity assets are referred to brand equity dimensions that consist of brand awareness, brand loyalty, brand association, perceived quality and other actual proprietary brand assets (Aaker & Joachimsthaler, 2000; Aaker (1991); Aaker (1996). Aaker (1991) defines brand equity in five different dimensions that brings value for brand equity, such as brand awareness, brand association, brand loyalty, perceived quality and unidentified actual proprietary brand assets. However, other researcher classifies the brand equity into the other four different dimensions, consisting brand knowledge, perceived quality, brand loyalty and brand image (Keller, 1993). Furthermore, Keller argued that brand knowledge consists of brand image and brand awareness.

In particular, this study would like to discuss the combination of brand equity assets proposed by (Yasin et al. (2007), Nigam and Kaushik (2011), Aaker (1996); Liaogang et al., 2007), which encompassing brand awareness, brand image, brand leadership and brand loyalty in automobile perspective. These brand equity assets will be further examined in term of source and its role as mediator within the context of COO, product innovation and relationship quality. According to Tam (2008), country of origin was found as a critical factor in purchasing foreign products and it has a strong effect on building brand trust. Country of origin influences the perception of customers about products or brands originating from certain countries, by which customers usually trust well-known brands that originate from developed countries such as Japan (Vida & Reardon 2008). Dehkordi, Rezvani, and Shenyari (2012) conducted a study to examine the effect of country of origin on brand trust and found that there was a reciprocal relationship between the perception of country of origin and brand trust. They also indicated that positive country images develops satisfaction and thus build brand trust.

Furthermore, Jiménez and Martýn  (2010) revealed that brands with positive country of origin image can protect their international business and establish brand trust in foreign market easier than those with less favorable image. This argument was supported by Michaelis et al. (2008) who specified high significant relationship between country of origin and brand trust in the context of risky service. In addition, country of origin has been tested with other relationship quality assets such as brand commitment. For example, Norouzi and Hosienabadi (2011) found that brand's country of origin image had a direct influence on brand commitment. This result is also consistent with that of Ahmed and d"Astous"s (1996) who revealed that customers may develop commitment towards certain countries and lead to continuous purchase preferences from that countries. This is to say, brand commitment can be established through obtaining a favourable country of origin image (Pappu et al, 2007).

The above discussion entails that country of origin plays a vital strategic role in affecting brand relationship quality. Particularly, customers are more  anxious with country of origin when it comes to buying cars (Josiassen & Harzing, 2007). Therefore, the following hypothesis is proposed:

H1: COO has significant effect on relationship quality

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In addition, product innovation is also been proven in the previous research as a significant predictor of brand relationship quality (Hussain et al., 2012). For instance, Dimyati (2011) conducted a study to investigate the influences of product innovation and brand satisfaction on brand trust and brand loyalty. The study found that product innovation and brand satisfaction have significant positive influence on brand trust which in turn affects customer loyalty and commitment. Furthermore, brand innovativeness which is referred to the introduction of new components (Lee & O'Connor, 2003; Daneels & Kleinschmidt, 2001), has been found to be related with brand relationship quality (Eisingerich & Rubera, 2010). Also, there is significant and positive relationship between innovativeness and brand satisfaction (Stock, 2011; Nemati et al., 2009) and behavioral responses of customers (Athanassopoulos, 2001). They demonstrated that it is an important element for the satisfaction of customers, and organizations have to bring new changes and features to attract them. The findings were supported by several studies which reported significant and positive relationship between innovativeness and brand satisfaction (Tatikonda & Montoya-Weiss 2001; Luo & Bhattacharya 2006).

Based on the findings, it can be seen that the majority of the studies indicated that product innovation had significant influence on developing relationship quality and it plays a vital role in helping the business to achieve its objectives. Innovation is one of the most important factors in establishing and maintaining a competitive advantage. Being first to market a new product can provide the brand with significant advantages in terms of building a customer base, and saving the brand from intense competition. Hence, based on empirical studies discussed above, the proposed hypothesis is as follows:

H2: Product innovation has significant effect on relationship quality

As overall, based on the above discussion, the brand equity assets in this study will be examined as a mediator in the following hypothesis proposed:

H3: Brand equity assets mediates the relationship between country of origin and relationship quality

H4: Brand equity assets mediates the relationship between product innovation and relationship quality.


**RESEARCH METHODOLOGY**

This study examined the source and role of brand equity assets in the context of relationship quality within Malaysian passenger car market, whereby the country of origin and product innovation is examined as the important sources of brand equity assets. Unit of analysis in this study is refers to passenger car users in North region of Malaysia (Penang, Kedah, and Perlis). A survey method is used in getting the study data.

Based on the information of Malaysian automotive association, the North region of Malaysia has more than one million cars on road for the year 2013. According to Krejcie and Morgan (1970), a study which has a population of 1 million or more, should have a sample size of at least 384. Therefore, following Krejcie and Morgan (1970), a self-administered questionnaire is randomly distributed to 768 car users located at larger shopping malls.

In determine the random sampling, a systematic random sampling approach is used in selected the respondents. To randomize the sample, the sampling interval, *i,* is determined by dividing the population size N by the sample size n and rounding to the nearest integer (Malhotra, 1993). Based on calculation, the sampling interval, *i,* is rounding figure at 1,300.This means that a random number between 1 and 1300 is selected. Using the statistical table, a

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random number of 6 appeared to be the first number in representing the first random respondent to be selected. For a second random respondent and so on, every of 6<sup>th</sup> person who exit from the shopping mall was asked to participate in the survey. The random selection is ended once all of 768 respondent is successful selected. The data collection is executed for 3 month. However, the total usable response is only 538 with overall response rate at 70%. The unused questionnaires are due to the answers given was incomplete.

In relations, the constructs and measurements scale for this study are based on previous studies. Table 1 represented it accordingly.

Table1: Research Construct and Measurement

| No | Research Construct | No of Items | Author |
|---|---|---|---|
| 1 | Relationship Quality: | | Adapted from: |
| | - Trust | 4 | Mohammad (2012) |
| | - Commitment | 4 | Ok et al. (2011) |
| | - Satisfaction | 5 | Zboja and Voorhees (2006) |
| 2 | Brand Equity Assets: | | |
| | - Brand Awareness | 4 | Yasin et al. (2007) |
| | - Brand Image | 5 | Nigam and Kaushik (2011) |
| | - Brand Leadership | 4 | Aaker (1996); Liaogang |
| | - Brand Loyalty | 4 | et al. (2007 |
| | | | Nigam and Kaushik (2011) |
| 3 | Country of Origin | 5 | Sanyal and Datta (2011) |
| 4 | Product Innovation | 7 | Stock, (2011) |

All of the constructs were measured using seven-point Likert scale. The items were adapted and have been modified to fit the current research. These items were selected because all of them had Cronbach Alpha of more than 0.85. In addition, the items were initially developed by the well-known scholars in the field of branding and have been tested frequently in various contexts.

**FINDINGS**

Table 2 and Table 3 depict the assessment of convergent validity. All indicators achieve satisfactory indicator loadings. Composite reliability (CR) for the constructs range between 0.910 to 0.976, indicate that the items measured the construct possesses high internal consistency. In the similar vein, the Average Variance Extracted (AVE) is higher than the threshold value of 0.5 (Hair, et.al., 2016). We can conclude that convergent validity has been established.

Table 2: Items Loading for Each Construct

| Construct | Items | Loadings | Construct | Items | Loadings |
|---|---|---|---|---|---|
| Brand Awareness | BA1 | 0.891 | | BT1 | 0.876 |
| | BA2 | 0.903 | | BT2 | 0.885 |
| | BA3 | 0.910 | Relationship Trust | BT3 | 0.766 |
| | BA4 | 0.839 | | BT4 | 0.835 |
| | | | | | 0.859 |
| | | | | BT5 | |

| Construct | Item | Loading | | Construct | Item | Loading |
|---|---|---|---|---|---|---|
| Brand Image | BI1 | 0.833 | | | BC1 | 0.880 |
| | BI2 | 0.848 | | Relationship Commitment | BC2 | 0.817 |
| | BI3 | 0.801 | | | BC3 | 0.811 |
| | BI4 | 0.827 | | | BC4 | 0.799 |
| | BI5 | 0.834 | | | BS1 | 0.905 |
| Brand Loyalty | BL1 | 0.855 | | Relationship Satisfaction | BS2 | 0.902 |
| | BL2 | 0.874 | | | BS3 | 0.904 |
| | BL3 | 0.855 | | | BS4 | 0.906 |
| | BL4 | 0.804 | | | BS5 | 0.905 |
| Brand Leadership | BLe1 | 0.821 | | Country of Origin | COO1 | 0.921 |
| | BLe2 | 0.833 | | | COO2 | 0.948 |
| | BLe3 | 0.859 | | | COO3 | 0.958 |
| | BLe4 | 0.852 | | | COO4 | 0.952 |
| | BLe5 | 0.854 | | | COO5 | 0.938 |
| Product Innovation | PI1 | 0.827 | | | | |
| | PI2 | 0.789 | | | | |
| | PI3 | 0.872 | | | | |
| | PI4 | 0.886 | | | | |
| | PI5 | 0.841 | | | | |
| | PI6 | 0.886 | | | | |
| | PI7 | 0.846 | | | | |

Table 3: Convergent validity assessment

| Construct | Item | Loadings | CR | AVE |
|---|---|---|---|---|
| Brand Awareness | BA | 0.839-0.910 | 0.936 | 0.786 |
| Brand Image | BI | 0.801-0.848 | 0.916 | 0.687 |
| Brand Leadership | BLe | 0.821-0.859 | 0.925 | 0.712 |
| Brand Loyalty | BL | 0.804-0.874 | 0.910 | 0.718 |
| Country of Origin | COO | 0.921-0.958 | 0.976 | 0.891 |
| Product Innovation | PI | 0.789-0.886 | 0.948 | 0.723 |
| Relationship Quality | RQ | 0.766-0.906 | 0.976 | 0.743 |

Table 4 depicts the assessment of discriminant validity using the Fornell & Larcker (1981) criterion. From Table 4, it is observed that the square root of AVE is larger than the construct correlation suggesting that discriminant validity is established.

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Table 4: Discriminant validity test (AVE and correlation)

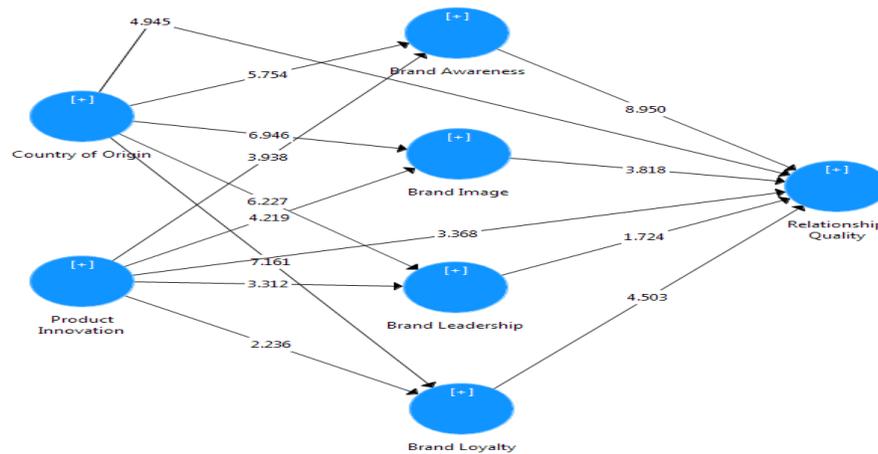| | BA | BI | BLe | BL | COO | PI | RQ |
|---|---|---|---|---|---|---|---|
| Brand Awareness (BA) | **0.886** | | | | | | |
| Brand Image (BI) | 0.453 | **0.829** | | | | | |
| Brand Leadership (BLe) | 0.402 | 0.626 | **0.844** | | | | |
| Brand Loyalty (BL) | 0.358 | 0.63 | 0.613 | **0.847** | | | |
| Country of Origin (COO) | 0.513 | 0.534 | 0.527 | 0.515 | **0.944** | | |
| Product Innovation (PI) | 0.485 | 0.492 | 0.48 | 0.433 | 0.719 | **0.850** | |
| Relationship Quality (RQ) | 0.688 | 0.643 | 0.584 | 0.598 | 0.707 | 0.658 | **0.862** |



**Figure 1:** Structural Model Estimation of Brand Equity Assets as a Mediator

Figure 1 and Table 5 demonstrate the direct relationship involved in the study. The hypothesis testing indicated by the direct standardized beta coefficients produced 14 significant paths as suggested. Country of Origin (COO) is significantly related with Brand Awareness (BA) at $\beta$=0.34, t=5.75), Brand Image (BI) at $\beta$=0.37, t=6.95, Brand Leadership (BLe) at $\beta$=0.38, t=6.23), Brand Loyalty (BL) at $\beta$=0.42, t=7.16; and Relationship Quality (RQ) at $\beta$=0.22, t=4.95. Also, Product Innovation (PI) is significantly related with BA at $\beta$=0.24, t=3.94, BI at $\beta$=0.23, t=4.22, BLe at $\beta$=0.21, t=3.31, BL at $\beta$=0.13, t=2.24, and RQ at =0.16, t=3.37. Lastly, BA is significantly related with Relationship Quality (RQ) at $\beta$=0.35, t=8.95; BI is significantly related with RQ at $\beta$=0.15, t=3.82; BLe is significantly related to RQ at $\beta$=0.06, t=1.72; and, BL is significantly related to RQ at $\beta$=0.16, t=4.50. Hence, in responding to objective i and ii, this result showed that H1 and H2 are supported.

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Table 5: Standardised estimates of direct relationship

| Relationship | Standardized Beta | T Statistics | Sig Status |
|---|---|---|---|
| Country of Origin -> Brand Awareness | 0.34 | 5.75 | Significant |
| Country of Origin -> Brand Image | 0.37 | 6.95 | Significant |
| Country of Origin -> Brand Leadership | 0.38 | 6.23 | Significant |
| Country of Origin -> Brand Loyalty | 0.42 | 7.16 | Significant |
| Product Innovation -> Brand Awareness | 0.24 | 3.94 | Significant |
| Product Innovation -> Brand Image | 0.23 | 4.22 | Significant |
| Product Innovation -> Brand Leadership | 0.21 | 3.31 | Significant |
| Product Innovation -> Brand Loyalty | 0.13 | 2.24 | Significant |
| Country of Origin -> Relationship Quality | 0.22 | 4.95 | Significant |
| Product Innovation -> Relationship Quality | 0.16 | 3.37 | Significant |
| Brand Awareness -> Relationship Quality | 0.35 | 8.95 | Significant |
| Brand Image -> Relationship Quality | 0.15 | 3.82 | Significant |
| Brand Leadership -> Relationship Quality | 0.06 | 1.72 | Significant |
| Brand Loyalty -> Relationship Quality | 0.16 | 4.50 | Significant |

One tailed t-test: t > 1.645 (p<0.05)

Based on Table 6, the bootstrapping analysis showed the mediator effect of majority brand equity assets on the relationship between COO and PI with RQ. In particular, BA, BI and BL mediate the relationship between COO and RQ. Also, BA and BI mediate the relationship between PI and RQ. Except for BLe is not a mediator in the relationship between COO and RQ. In fact, BLe and BL are also not a mediator in the relationship between PI and RQ. Hence, in responding to objective iii (H3), this result showed only BA, BI, and BL mediates the relationship between COO and RQ. BLe is not a mediator toward the relationship between COO and RQ. Otherwise, in responding to objective iv (H4), only BA and BI is a mediator towards the relationship between PI and RQ. BLe and BL is not a mediator towards the relationship between PI and RQ.

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Table 6: Assessment of Brand Equity Assets as a Mediator

| | Relationship | Std Beta | t-value | 95% LL | 95% UL | Result |
|---|---|---|---|---|---|---|
| H4 (a) | COO→BA→RQ | 0.221 | 5.754 | 0.070 | 0.166 | Significant |
| H4 (b) | COO→BI→RQ | 0.221 | 6.946 | 0.023 | 0.090 | Significant |
| H4 (c) | COO→BLe→RQ | 0.221 | 6.227 | -0.004 | 0.049 | Not Significant |
| H4 (d) | COO→BL→RQ | 0.221 | 7.161 | 0.034 | 0.101 | Significant |
| H5 (a) | PI→BA→RQ | 0.158 | 3.938 | 0.060 | 0.107 | Significant |
| H5 (b) | PI→BI→RQ | 0.158 | 4.219 | 0.009 | 0.059 | Significant |
| H5 (c) | PI→BLe→RQ | 0.158 | 3.312 | -0.003 | 0.028 | Not Significant |
| H5 (d) | PI→BL→RQ | 0.158 | 2.236 | -0.001 | 0.042 | Not Significant |

## DISCUSSION AND CONCLUSION

This study concentrated the roles of brand equity assets as mediator towards the relationship between COO, product innovation and relationship quality. In Malaysia automobile, the findings of this study increased the knowledge and guidance for effective strategy to be considered as there is less study have been focused in the area of relationship quality and the role of brand equity as mediator.

Particularly, the findings have demonstrated that COO and product innovation are two important strategies that develop relationship quality. In this study, COO is revealed as important antecedent to relationship quality. Hence, this finding further support the past researchers result such as Tam (2008) and Jiménez and San Martín (2010). Thus, this means that country of origin is one of the most important factors that represent the basis of building customer relationships. Hence, Malaysian automobile strategists can benefit from country of origin to enhance customer relationships through the development and creation of high quality products which would consequently result in the favor and satisfaction of customers.

Besides, the study also revealed that product innovation has significant effect on relationship quality. Thus, the findings supported past researchers in this field such as Nemati et al., (2011) and Ke-yi & Qian (2010), who indicated that product innovation is an important factor for strengthening relationship quality. Indeed, according to Athanassopoulos and Stathakopoulos (2007), in highly competitive markets whereby customers are very demanding for product innovations, it is necessary to meet those needs by introducing new products with creative features in order to maintain existing customers and develop enduring relationships with them. Therefore, it has become vital for car manufacturers to face the aggressive competition by focusing on introducing innovative products that meet quality standards and improve customer relationships.

The most interesting part in this study is the investigation towards the role of brand equity assets as mediator. The study has revealed that majority of brand equity assets mediates the relationship between COO and relationship quality as well as the relationship between product innovation and relationship quality. In particular, the brand equity assets such as brand awareness, brand image and brand loyalty mediates the relationship between COO and relationship quality. Meanwhile, the brand awareness and brand image mediates the

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relationship between product innovation and relationship quality. This means that, these brand equity assets enhance those relationships and verified that the significant relationship between COO and relationship quality as well as product innovation and relationship quality are due to the appearance of these brand equity assets.

Hence, the role of brand awareness, brand image, and brand loyalty is vital in contributing to COO as critical sources of relationship quality. Similarly, the role of brand awareness and brand image is important in contributing to product innovation as critical source of relationship quality. Overall, both of COO and product innovation are two factors that have significant relationship with relationship quality. However, in enhancing the relationship, some of brand equity assets as a mediator are strongly needed. Prominently, this study also highlighted the importance of brand equity assets as mediator in relationship quality context which adding the knowledge and insight, similarly to other perspective such as social media (Severi, Kwek, and Nasirmoadeli, 2014; Norjaya and Abdul, 2011); internet banking (Correia Loureiro, 2013); generic drugs (Sanya and Datta, 2011); and even in brand equity context itself (Yoo and Dothu, 2001).

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