The Effect of Country of Origin and Innovation on Repurchase Intention with Perceived Quality as Mediation in the European Product-Based Marine Engine Industry

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Abstract: The shipping industry in Indonesia has developed into one of the important parts of the country's economy. As a maritime country with thousands of islands and vast search, Indonesia has a growing need for a fleet of ships. One of the key aspects in the construction of marine vessels is the use of reliable and high-quality ship engines. The current trade balance business in Indonesia, the majority of which uses sea vessel transport, reflects the trend of the shipping business in terms of Export Import in Indonesia over the past few years experiencing a surplus. Therefore, this study aims to measure the variables of innovation, country of origin (COO), repurchase intention and perceived quality in the marine engine industry based on European products. This research will make a theoretical contribution by providing and developing a deeper understanding of the variables that impact Repurchase Intention in the context of the European product-based marine engine industry. Expectancy Disconfirmation Theory is a theory used to distinguish between individual expectations and actual experiences affecting perceptions of a product or service. According to this theory, when individuals feel that their experience exceeds their expectations, they will feel satisfied. However, if the experience is not as expected, then there tends to be a feeling of dissatisfaction. The data processed were 150 samples and were taken from 3 major cities of marine engine manufacturing in Indonesia, namely Jakarta, Batam and Surabaya, using nonprobability sampling with purposive sampling technique and processed using Structural Equation Model (SEM) based on Partial Least Square (PLS) through SmartPLS 3 application.

Keyword: Expectancy Disconfirmation Theory, Repurchase Intention, Country of Origin, Innovation, European Product Marine Engines

INTRODUCTION

One of the key aspects in the construction of marine vessels is the use of reliable and high-quality ship engines. According to (Muna *et al.,* 2021) if a production method produces higher output, it is considered more efficient than other methods. Data from 2022-2023 averaged an increase in the number of shipments of sea freight goods. The recovery of the global economy after a period of uncertainty due to the COVID-19 pandemic has increased

trade activity between countries. This has led to an increase in the volume of goods transported by sea transport as the sea is often the main route for international trade. As a growing maritime nation, Indonesia continues to have great potential in the shipping industry, and cooperation with European ship engine manufacturers remains a key factor in achieving success in this sector. In this context, more in-depth research on the impact of Country of Origin, Innovation and Perceived Quality on the acceptance and performance of European-made ship engines in Indonesia can provide valuable insights for further development in the shipping industry. According to (Nasution & Rossanty, 2018) Country of Origin affects perceptions and images in the minds of consumers who will usually have a certain impression of goods made by that country. The study by (Nugroho & Muq'Asfa, 2018) found that product innovation influences repurchase intentions significantly and positively. Customer satisfaction exerts this influence, both directly and indirectly. Research conducted by (Ekaprana *et al.,* 2020) explains that product quality has a positive and significant effect on repurchase intentions. This product quality is a factor that forms consumer perceptions of the quality of goods (perceived quality). Research conducted by (Handoyo & Nugraha, 2020) explains that COO has a positive and significant effect on consumer perceptions of perceived value. Based on this description, it is known that there are several studies that each measure the variables of innovation, country of origin (COO), repurchase intention and perceived quality, but no research has been found that measures all of these variables together so that research is conducted "The Effect of Country of Origin and Innovation on Repurchase Intention with Perceived Quality as Mediation in the European Product-Based Marine Engine Industry". The theory in this study is Expectancy Disconfirmation Theory. Expectancy Disconfirmation Theory is a theory that explains how the difference between individual expectations and actual experience affects perceptions of a product or service.

METHOD
Expectancy Disconfirmation Theory
According to Expectancy Disconfirmation Theory when individuals feel that their experience exceeds their expectations, they will feel satisfied. However, if the experience if things do not match their expectations, they tend to feel dissatisfied. The first originators of this theory were Oliver, R.L., and Winer, R.S. in 1987. They developed this theory in the context of consumer evaluations of products and services. The theory has become an important foundation in understanding consumer behaviors and has been applied in various fields, including marketing, social psychology, and management. In a business-to-business (B2B) context, expectancy disconfirmation theory is important for understanding interactions between companies.

Country of Origin
Country of origin (COO) perception is an important concept in international marketing that refers to the way consumers evaluate or perceive the origin of a product or brand. Some of the factors that influence COO perceptions are the quality, image, and reputation of the country of origin. (Merabet 2020) research shows that consumers tend to associate products from countries known for high quality with positive perceptions.

In addition, political and social contexts can also influence COO perceptions. According to (Hien et al., 2020) highlighted that political or social events in a country can affect negative perceptions of products from that country. According to (Handoyo & Nugraha 2020) found that COO perceptions have a significant impact on purchase intentions and brand preferences.

Innovation

In (Hidayat et al., 2018), the concept of innovation has a central role in meeting changing customer needs and creating competitive differentiation for companies. Research by (Saleksa & Firmansyah 2016) emphasizes that results that are considered unique in their features or design are more likely to be considered innovative by consumers. Designs that have unusual features or benefits have a high appeal in the perception of innovation.

According to (Putra & Kusumadewi 2019), it shows that features that are considered sophisticated by consumers can increase their satisfaction with the product and create a positive perception of innovation.

Perceived Quality

Perceived quality is a key concept in consumer behavior that reflects how customers evaluate the quality of a product or service (Konuk 2018). This concept has become a major focus of research because understanding how customers prepare for product quality has a major impact on purchasing decisions and customer loyalty. An explanation of perceived product quality is important to help companies understand the factors that influence this perception and design effective marketing strategies.

Perceptions of product quality also play a role in creating customer loyalty. Research from (Kristianto & Wahyudi 2019) shows that consumers who have a positive perception of product quality are more likely to become loyal customers and recommend the product to others.

Repurchase Intention

Perceived repurchase intention is an important aspect of the business world that has been the focus of intensive research. This concept relates to how consumers or customers assess their willingness to repurchase products or services from a brand or company. Recent studies have found things that influence this perception. This gives companies a useful understanding of customer behavior and how to create effective marketing strategies (Sullivan & Kim 2018).

One of the main factors that influence the perception of repurchase intentions is customer satisfaction. In (Putra & Kusumadewi 2019) stated that the level of customer satisfaction has a significant impact on repurchase intentions. When consumers are satisfied with the goods or services they buy, they are more likely to repurchase.

The purpose of this study is to determine whether there is a positive and significant relationship between the variables identified and the Repurchase Intention variable. The following is the framework of this research:
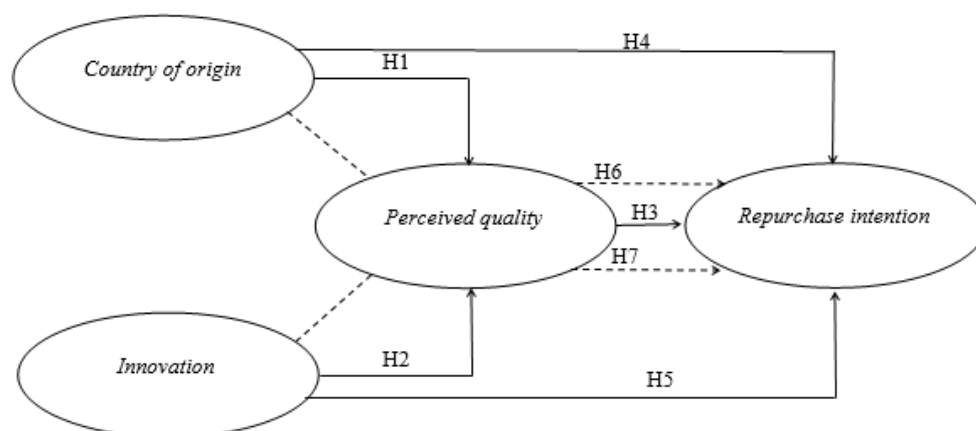
Picture 1. Framework

This research uses a quantitative approach based on statistical information. The population in this study are all employees of maritime companies whose companies have used

European marine engine products during the last one year. The population area includes Batam, Jakarta and Surabaya because these three cities are the largest new shipbuilders in Indonesia. The population in this study were employees of new shipbuilding companies who purchased engines from countries on the European continent totaling 200 samples consisting of 100 samples in the Batam area, 70 samples in the Surabaya area, and 30 samples in the Jakarta area.

Through calculations on G*power 3.1.9.7 software with the value of the relationship between variables ($f2 = 0.15$), parameter error = 5%, degree of confidence or statistical power = 95% and the number of variables behind variable Y or number of predictors = 3. Based on the G*power calculation, the total sample size obtained is 119 respondents. The target for sample distribution is 150 samples to minimize the occurrence of errors. The questionnaire used is a closed questionnaire using Google form which contains several statements to collect data about the variables to be measured in this study through the WhatsApp application.

This research uses structural equation modelling (SEM) based on partial least square (PLS) and the SmartPLS 3.0 application is used as a data processing process. SEM modelling is a further development of path analysis. In the SEM method, the causal relationship between variables can be determined more fully (Memon *et al.,* 2021).

RESULTS AND DISCUSSION

Total of 150 respondents studied based on age, respondents aged 25-35 years dominated, namely 69 respondents (46%), respondents aged 36-45 years, namely 55 respondents (36.7%) and respondents aged over 45 years, namely 26 respondents (17.3%). Based on gender, men dominated, namely 85 respondents (56.7%) and women as many as 65 respondents (43.3%).

Based on position, respondents with technical manager positions dominate, namely 30 respondents (20%), respondents with marine engineer positions, namely 25 respondents (16.7%), respondents with technical supervisor positions, namely 22 respondents (14. 7%), respondents with the position of vessel building manager were 21 respondents (14%), respondents with the position of marine quality control were 19 respondents (12.7%), respondents with the position of technical superintendent were 14 respondents (9.3%), respondents with the position of owner superintendent were 11 respondents (7.3%), and respondents with the position of commissioning engineer were 8 respondents (5.3%). Based on region, respondents with Batam region dominate as many as 75 respondents (50%), respondents with Surabaya region as many as 53 respondents (35.3%) and respondents with Jakarta region as many as 22 respondents (14.7%).

Table 1. Reliability and Validity

Variable	Indicator	Factor Loading	Cronbach's Alpha	Composite Reliability	AVE
Country of Origin	CoO1	0.766	0.911	0.929	0.653
	CoO2	0.791			
	CoO3	0.809			
	CoO4	0.844			
	CoO5	0.834			
	CoO6	0.784			
	CoO7	0.826			
Innovation	I1	0.866	0.934	0.948	0.753
	I2	0.862			
	I3	0.867			
	I4	0.887			
	I5	0.883			
	I6	0.841			
Perceived Quality	PQ1	0.762	0.943	0.952	0.690
	PQ2	0.764			
	PQ3	0.812			
	PQ4	0.907			
	PQ5	0.811			

	PQ6	0.900			
	PQ7	0.864			
	PQ8	0.833			
	PQ9	0.811			
Repurchase Intention	RI1	0.745	0.894	0.919	0.654
	RI2	0.864			
	RI3	0.849			
	RI4	0.803			
	RI5	0.801			
	RI6	0.786			

The standard factor loading value in PLS is at least 0.70. According to (Hair et al., 2017) the factor loading value that is below 0.4 is discarded from the model. Based on the table above, it can be seen that all statement indicators are considered accurate because the value of the addition factor is more than 0.70, so the model evaluation process can begin.

According to (Ghozali & Latan 2015), a variable can be declared to meet composite reliability if the composite reliability value is> 0.6 and Cronbach's alpha if the Cronbach's alpha value is> 0.7. The composite reliability value of all research variables is greater than 0.6 with values between 0.919 to 0.952, and the Cronbach alpha value of all variables is greater than 0.7 with values between 0.894 to 0.943. These results indicate that all variables in the study meet the criteria, so it can be concluded that all variables have a good level of reliability.

Test by comparing the square root of average extracted (AVE), the value must be greater than 0.50 to be considered valid. It is known that all variables are correct because the AVE value ≥ 0.5 and the value is between 0.653 to 0.753. Thus, it can be seen that each variable has good convergent validity and can be said to be valid.

Tabel 2. Path Coefficient

Variable Correlations	Path Coefficient	T-statistics	P-value	Conclusion
Country of Origin → Perceived Quality	0.400	5.464	0.000	Accepted
Innovation → Perceived Quality	0.496	6.657	0.000	Accepted
Perceived Quality → Repurchase Intention	0.228	2.279	0.023	Accepted
Country of Origin → Repurchase Intention	0.291	3.481	0.001	Accepted
Innovation → Repurchase Intention	0.399	4.697	0.000	Accepted
Country of Origin → Perceived Quality → Repurchase Intention	0.091	1.972	0.049	Accepted & Full Mediation
Innovation → Perceived Quality → Repurchase Intention	0.113	2.211	0.027	Accepted & Full Mediation

Based on the results of data processing in the table above, it can be concluded that:
1) T statistic value> 1.96, which is 5,464 with p values <0.05, which is 0,000. This shows that Country of origin has a positive and significant effect on perceived quality with the amount of influence given, namely 0.400.
2) The T statistic value> 1.96 is 6.657 with p values <0.05, which is 0.000. This shows that Innovation has a positive and significant effect on perceived quality with the amount of influence given, namely 0.496.
3) T statistic value> 1.96, which is 2.279 with p values <0.05, which is 0.023. This shows that Perceived quality has a positive and significant effect on repurchase intention with the amount of influence given, namely 0.228.
4) T statistic value> 1.96, which is 3.481 with p values <0.05, which is 0.001. This shows that Country of origin has a positive and significant effect on repurchase intention with the amount of influence given, namely 0.291.

5) T statistic value> 1.96 is 4.697 with p values <0.05, which is 0.000. This shows that Innovation has a positive and significant effect on repurchase intention with the amount of influence given, namely 0.399.
6) T statistic value> 1.96 is 1.972 with p values <0.05, which is 0.049. This shows that Country of origin has a positive and significant effect on repurchase intention with perceived quality as an intervening variable with the amount of influence given, namely 0.091.
7) T statistic value> 1.96, which is 2.211 with p values <0.05, which is 0.027. This shows that Innovation has a positive and significant effect on repurchase intention with perceived quality as an intervening variable with the amount of influence given, namely 0.113.

CONCLUSION

According to the analyses that have been conducted, this study achieved the following results:
1) Country of origin has a positive and significant effect on perceived quality. This means that the country of origin of a product can significantly influence how it is perceived in terms of its quality by consumers, particularly in the context of the European product-based marine engine industry.
2) Innovation has a positive and significant effect on perceived quality. This means that the innovation efforts of the European product-based marine engine industry have a real impact on how the product is perceived in terms of its quality by consumers so that it can improve the perceived quality of its products.
3) Perceived quality has a positive and significant effect on repurchase intention. This means that the higher the perceived product quality of the European product-based marine engine industry, the higher the likelihood of consumers to make repeat purchases.
4) Country of origin has a positive and significant effect on repurchase intention. This means that the origin of products from European countries in the Marine Engine Industry which are seen in terms of quality by consumers can significantly increase the likelihood of consumers to make repeat purchases.
5) Innovation has a positive and significant effect on repurchase intention. This means that the innovation offered in European products in the Marine Ship Machinery Industry is able to significantly increase the likelihood of consumers to make repeat purchases.
6) Country of origin has a positive and significant effect on repurchase intention with perceived quality as an intervening variable. This means that when consumers perceive European products in the Marine Ship Machinery Industry as products with good quality associated with their country of origin, they tend to have a higher tendency to make repeat purchases.
7) Innovation has a positive and significant effect on repurchase intention with perceived quality as an intervening variable. This means that when consumers perceive European products in the Marine Engine Industry as innovative and of good quality, they tend to be more likely to make repeat purchases more positively.

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