

CHAPTER I

INTRODUCTION

1.1. Research Background

In modern times, most Indonesians use cars or motorbikes as their daily mode of transportation. It refers to the centuries-old dependence on fossil fuels that influences us to have to switch. Until now, the mode of transportation that uses fossil fuels is still the main one throughout the world, both as private vehicles and public transportation.

Fossil fuels certainly have a dominant amount and are easy to obtain for users, conventional fossil-fueled vehicles are a source of damaging pollution, especially in big cities like Indonesia. This can happen because the increase in the number of vehicles using fossil fuels that are not balanced with environmental maintenance causes pollution which results in health problems, congestion, and environmental problems.

The following is image 1.1 which is the result of the initial survey of research that has been carried out:

List of The Demand and Supply of

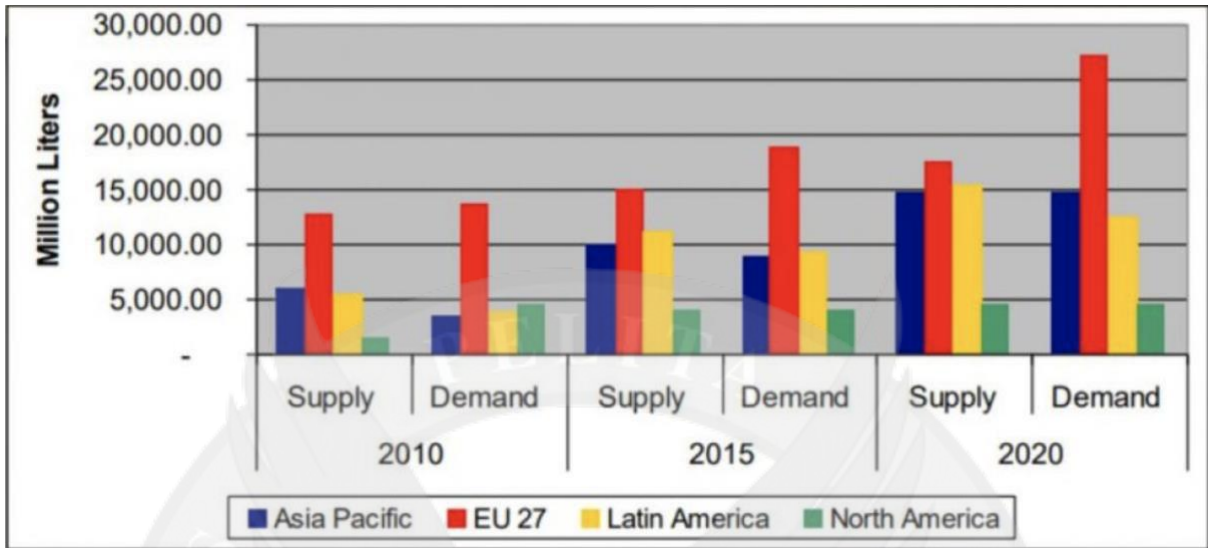


Figure 1.1 List of The Demand and Supply of

Source: (Paspi, 2017)

Norway is the most successful country in Europe in developing electric cars. Late last year, sales of electric cars there grew 40%. Instead, they announced that in 2025 they would only sell electric cars. The rapid development of the use of electric cars in Norway cannot be separated from the support of the country's government. Quoted from wikipedia, since the 1990s, the Government of Norway has actively encouraged and implemented an emission-free vehicle policy since 1990. All electric vehicles are exempt from all fees, including purchase tax, and 25% VAT for purchases.

The impact of the incompatibility of raw materials with demand refers to an increase in market prices. The phenomenon of rising prices of fossil fuels or fuel oil in Indonesia continues to attract attention. Various ways were deployed to overcome the increase in fuel prices, one of which was switching to electric vehicles. Although electric

vehicle products were intensively introduced before fuel prices rose, there are still many who have not fully switched to using electric vehicles. Even the electric car ecosystem still difficult to steal the market's attention. According to Yannes Martinus Pasaribu, the prestige of electric cars will not be significant, because if we talk about the cost of ownership, electric motorcycles are more affordable. Yannes also explained that the price of electric four-wheeled vehicle batteries is currently around \$135 per KWH and concluded that cars with 20 kWh batteries can reach tens of millions. From this statement, it can be interpreted that the price of electric cars is still an obstacle to making this vehicle a transition amid rising fuel prices. The high price of electric cars in Indonesia, according to Yannes, is because the government does not provide subsidies for the purchase of electric cars as is done in developed countries. So until now Indonesia still relies on fossil fuels or fuel oil.

Fossil fuels are resources that harm nature and are non-renewable resources. With the current rate of use of fossil fuels, it is estimated that all the fossil fuels we have will run out in the future. Before reaching that point, the current situation indicates the importance of utilizing renewable energy sources. Electric motorized vehicles offer a good solution to these problems. Electric motorized vehicles can improve air quality because they use cleaner and environmentally friendly energy that contributes to creating a better environment for the community. In terms of technology development, electric motorized vehicles encourage innovation in the technology, engineering, and local manufacturing industries. The Indonesian government hopes that domestic electric motorized vehicles can become a national product and a vehicle export base.

As stated on the website of the Ministry of Industry of the Republic of Indonesia, Indonesia is targeting the production of 400 thousand units of electric vehicles in 2025 and 5.7 million units in 2035. To prepare them, the government has formulated several regulations derived from Law no. 30 of 2007 concerning Energy. In 2017, the government issued Presidential Regulation No. 22 of 2017 concerning the General National Energy Plan, which regulates policies related to KBL development.

President of Indonesia Joko Widodo (Jokowi) has issued Presidential Directive (Inpres) No. 7 of 2022 on the use of battery-based electric vehicles (EVs) as service vehicles for central and local governments (Pemda). A presidential directive signed by President Jokowi on September 13, 2022 reads:

This Presidential Directive was issued in connection with accelerating the implementation of programs for the use of battery electric vehicles (battery electric vehicles) as emergency and/or personal vehicles for central and local government agencies. said there is. First, formulate and stipulate regulations and/or policies to support the accelerated implementation of the program for the use of battery-based electric motorized vehicles (battery electric vehicles) as operational service vehicles and/or individual service vehicles for central government and regional government agencies.

Second, formulate and determine budget allocations to support the accelerated implementation of the battery electric vehicle usage program as operational service vehicles and/or individual vehicles for central government and regional government agencies;

And Third, increasing the use of battery-based electric motorized vehicles (battery electric vehicles as operational service vehicles and/or individual vehicles for central government agencies and local government agencies throughout Indonesia through the procurement of battery-based electric motorized vehicles (battery electric vehicles and/or conversion programs). electric motorized vehicles into battery-based electric vehicles (battery electric vehicle) One example that can be taken from the government's movement is the use of electric vehicles at the G20 moment in Bali.

Not only that, but PLN also provides Public Electric Vehicle Charging Stations (SPKLU) in several malls. Reporting now there are 39 charging station points in Indonesia, namely:

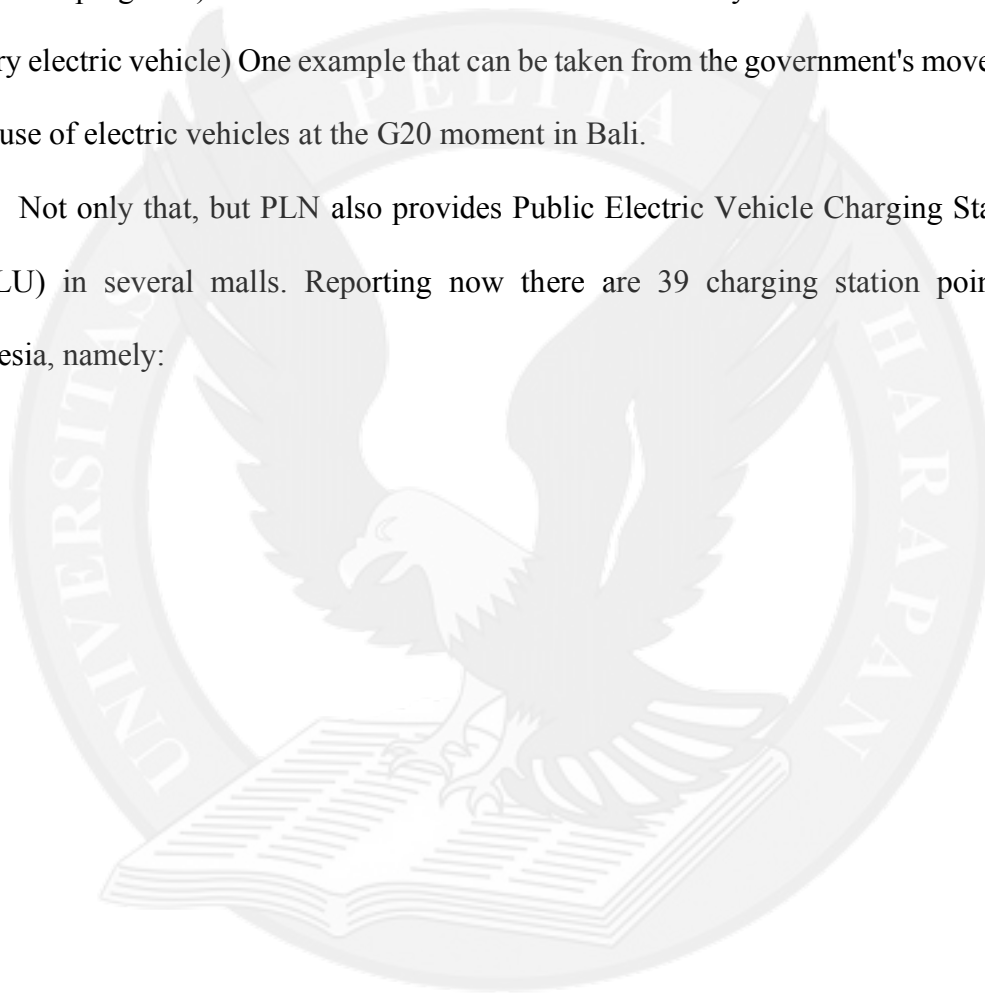


Table 2.1 Charging Station Points

SPKLU List	
No.	Places
1	Senayan City
2	Aeon Mall
3	Tangerang City Mall
4	PLN Kantor Pusat
5	PLN UID Jaya
6	PLN UID Jawa Barat
7	PLN IUD Bali
8	PLN UID Jawa Tengah dan DIY
9	PLN ULP Embong Wungu, Surabaya
10	Terminal 3 Soekarno Hatta
11	SPBU Pertamina Kuningan
12	Kantor BPPT Thamrin
13	BPPT Serpong
14	PT LEN Bandung
15	Rest area KM 207 A Palikanci
16	Rest Area 379 Batang
17	Rest area KM 519 A Sragen
18	Rest area KM 519 B Sragen
19	Mitsubishi dealer
20	BMW dealer

SPKLU List	
No.	Places
21	Mercedes Benz dealer

Source: (Kurniawan, Ini Daftar Tempat Ngecas Kendaraan Listrik di Indonesia, 2021)

South Korean companies Hyundai and LG also warmly welcomed Indonesia's electric vehicle investment policy. The two companies signed a memorandum of understanding to build an electric vehicle battery plant in Indonesia. Under the agreement, Hyundai Motor and LG Energy will invest USD 1.1 billion. The Indonesian government has agreed to provide incentives and incentives to support factory construction. Construction on the facility is expected to begin in the fourth quarter of 2021 and is targeted for completion in 2023. The plant is expected to start operating in the first half of 2024.

PT Hyundai Motor Indonesia and PT Lippo Malls Indonesia signed a cooperation agreement to provide electric car battery charging facilities in shopping centers. Lippo Malls Indonesia provides one parking lot located in an easily accessible area in eleven shopping centers while Hyundai Motor Indonesia provides one wall charging.

Electric Car Selling 2022

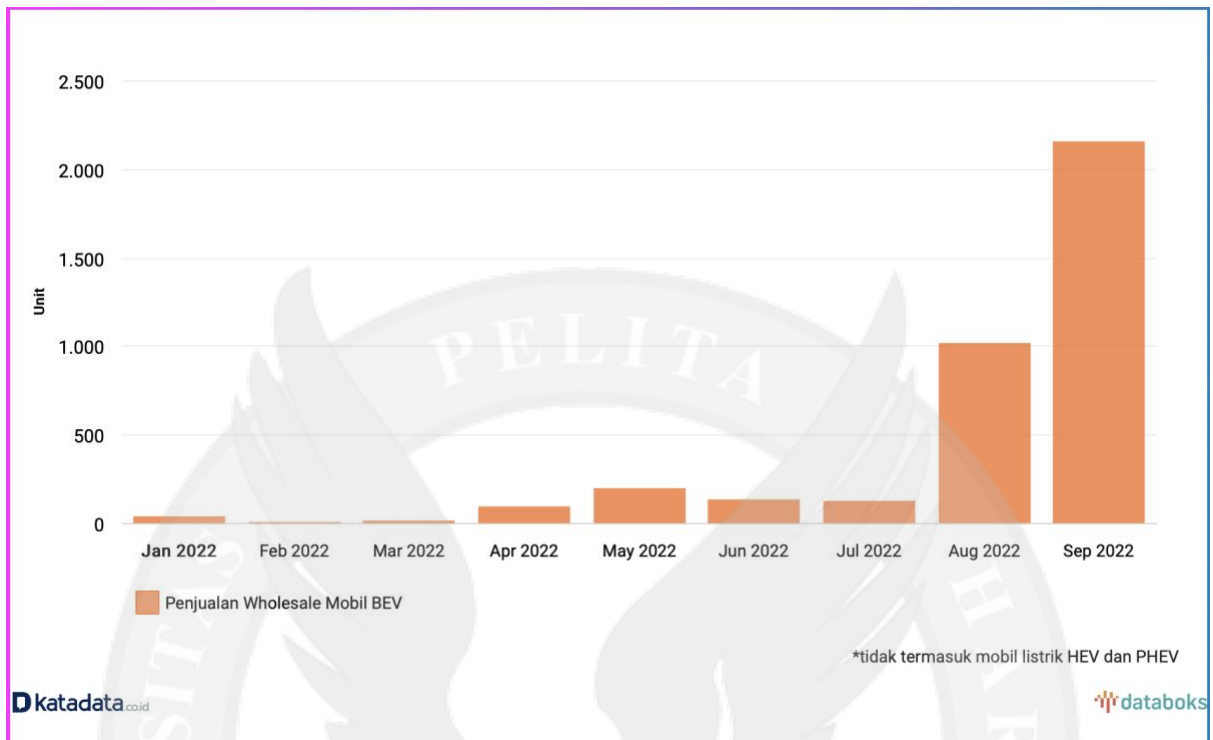


Figure 1.2 Electric Car Selling in 2022

Source: (Ahdiat, 2022)

Chief Operating Officer of PT Hyundai Motors Indonesia (HMID) Makmur revealed that the electric car market is increasingly in demand by the Indonesian people. This is based on a comparison of Hyundai's electric car sales figures last year and now. Last March, Hyundai launched the IONIQ 5 electric car. Makmur said the first orders for the electric car had reached around 1,500-1,700 units.

Table 1.2 Electric Car Sales as of September 2022

Wuling Air ev	1.887 Unit
Hyundai Ioniq	261 Unit
MINI Electric	4 Unit
Nissan Leaf	1 Unit

Source: (Sandi, 2022)

Chief Operating Officer of PT Hyundai Motors Indonesia (HMID) Makmur revealed that the electric car market is increasingly in demand by the Indonesian people. This is based on a comparison of Hyundai's electric car sales figures last year and now. Last March, Hyundai launched the IONIQ 5 electric car. Makmur said the first orders for the electric car had reached around 1,500-1,700 units.

SungJong Ha, President Director of PT Hyundai Motors Indonesia said, "Hyundai's commitment to realizing the future era of mobility is reflected in the presence of a pure electric vehicle, the Hyundai IONIQ 5. The presence of the IONIQ 5 is a milestone that will support Indonesia to become a leader in the era of electrification in Southeast Asia. Not only that, but Hyundai also answers environmental issues through electrification in the form of advanced mobility which aims to help preserve nature. This is our vision to realize Progress for Humanity. Hyundai has succeeded in building a brand image as a leader in electric cars and innovative automotive products. We would like to thank our customers, we believe that our achievements cannot be separated from the support and valuable input from customers. We will also continue to strive to maximize customer satisfaction as a customer-centric brand."

In developing their buying intrigued, a few customers are affected by the nation of beginning of the item. On the other hand more often than not, it can be seen from the “made in” name on a item (Parlina, 2017). The name can be a boost that gives rise to customer discernments of a item from a specific nation. This recognition can afterward impact shoppers in making buys. One perspective that's regularly utilized as a reference related to the nation of root is the brand image. Brand image could be a set of convictions, thoughts, impressions that a individual has of a brand. A great brand picture is an critical thing that must be possessed by a company since it can be the premise for impacting shopper buy eagerly. Brand picture incorporates a positive impact on customer buy purposeful (Fauziyyah et al., 2018). Brand picture can create buyer intrigued in certain items or administrations. The more customers recognize a brand, the greater their buying intrigued (Mohamed et al., 2019). Buying intrigued emerges when somebody has gotten sufficient information almost the required item. Buy deliberate may be a buy intrigued that appears the customer's crave to form a rehash buy (Assael, 2002).

According to Zimmer et al. (1994), EC is a general concept conceptualized as a person's attitude to environmental issues. EC has been reported to be a strong motivator of PI (D'Souza et al., 2007; Wee et al., 2014). On the other hand, previous studies have found that perceived value is a precursor to purchase intention (Calvo-Porrall & Lévy-Mangin, 2017; Hu, 2011).

Therefore, in this current empirical study, we analyze **THE INFLUENCE OF COUNTRY OF ORIGIN, BRAND IMAGE, PERCEIVED VALUE AND ENVIRONMENTAL CONCERN ON PURCHASE INTENTION OF HYUNDAI ELECTRIC CAR.**

1.2. Research questions

The research questions are as follows:

1. Does Country of Origin Testing Have a Positive Influence on Purchase Intention to Hyundai?
2. Does Brand Image Testing Have a Positive Influence on the Purchase Intention of Hyundai?
3. Does Environmental Concern Have a Positive Influence on the Purchase Intention of Hyundai?
4. Does Perceived Value Have a Positive influence on Purchase Intention to Hyundai?

1.3. Research Purposes

1. Examine whether Country of Origin has a positive influence on Purchase Intention of Hyundai.
2. Examine whether Brand Image has a positive influence on Purchase Intention of Hyundai.
3. Examine whether Environmental Concern has a positive influence on Purchas Intention of Hyundai.

4. Examine whether Perceived Value has a positive influence on Purchase Intention of Hyundai.

1.4. Benefits of Research

The benefits of this research are as follows:

1. Theoretical benefits

The results of this study are expected to be an empirical study in support of the PI (Purchase Intention) theory, as well as a reference to support the provision of information and reference materials for further research interested in the influence of Country of Origin, Brand Image, Environmental Concern, and Perceived Value.

2. Practical benefits

The results of this study are expected to contribute to Hyundai in increasing sales and increasing consumer intentions for Hyundai products based on positive electric power so that it can be used as a reference for other consumers to buy electric-powered vehicles and care more about the environment for the future.

1.5. Research Outline

The writing of this research is divided into 5 chapters with the following systematics:

CHAPTER I: INTRODUCTION

This chapter explains why this research needs to be done. This chapter contains the background of the problem, research questions, research objectives, research benefits, and research systematics.

CHAPTER II: LITERATURE REVIEW

This chapter describes the literature of this research which includes theoretical basis, framework, and hypothesis.

CHAPTER III: RESEARCH METHODS

This chapter contains research variables and their definitions, selecting populations and samples, types and sources of data, as well as data collection and analysis methods used.

CHAPTER IV: ANALYSIS RESULTS AND DISCUSSION

“This chapter contains the results of data analysis and discussion.

CHAPTER V: CLOSING

This chapter contains conclusions and suggestions.